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CONVENTION

JANUARY 29-FEBRUARY 1 | MANDALAY BAY | LAS VEGAS, NV

# Not Your Grandma's (or Grandpa's) Development Strategy Anymore! The Next Generation of Development Strategies Revealed.

## *Part 1: Mature/Medium/Large Brands*

Lori Kiser-Block

Certified Executive Coach and Consultant



# Key Takeaways

Expect seekers to arrive at the franchisor armed with data and very educated about your brand.

Yet they are still filled with questions about how to be a successful franchisee.

Science and Art have truly collided.

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## Metrics Matter

The use of analytics is imperative for budgeting, projections and meeting goals.

You must prepare, train and coach your development folks in order to build a strong, cohesive and productive team.

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Franchising has changed dramatically and yet hasn't changed at all!

It's still offers amazing opportunities to many different kinds of individuals that have the desire to follow the American Dream!

**Thomas Scott**

*CEO*



**Christina Chambers**

Vice President of Franchise Development



**Pete Lindsey**

Vice President

Franchising



**Tim Courtney**

*Vice President,*

*Franchise & Network Development*

**CRUISEONE**

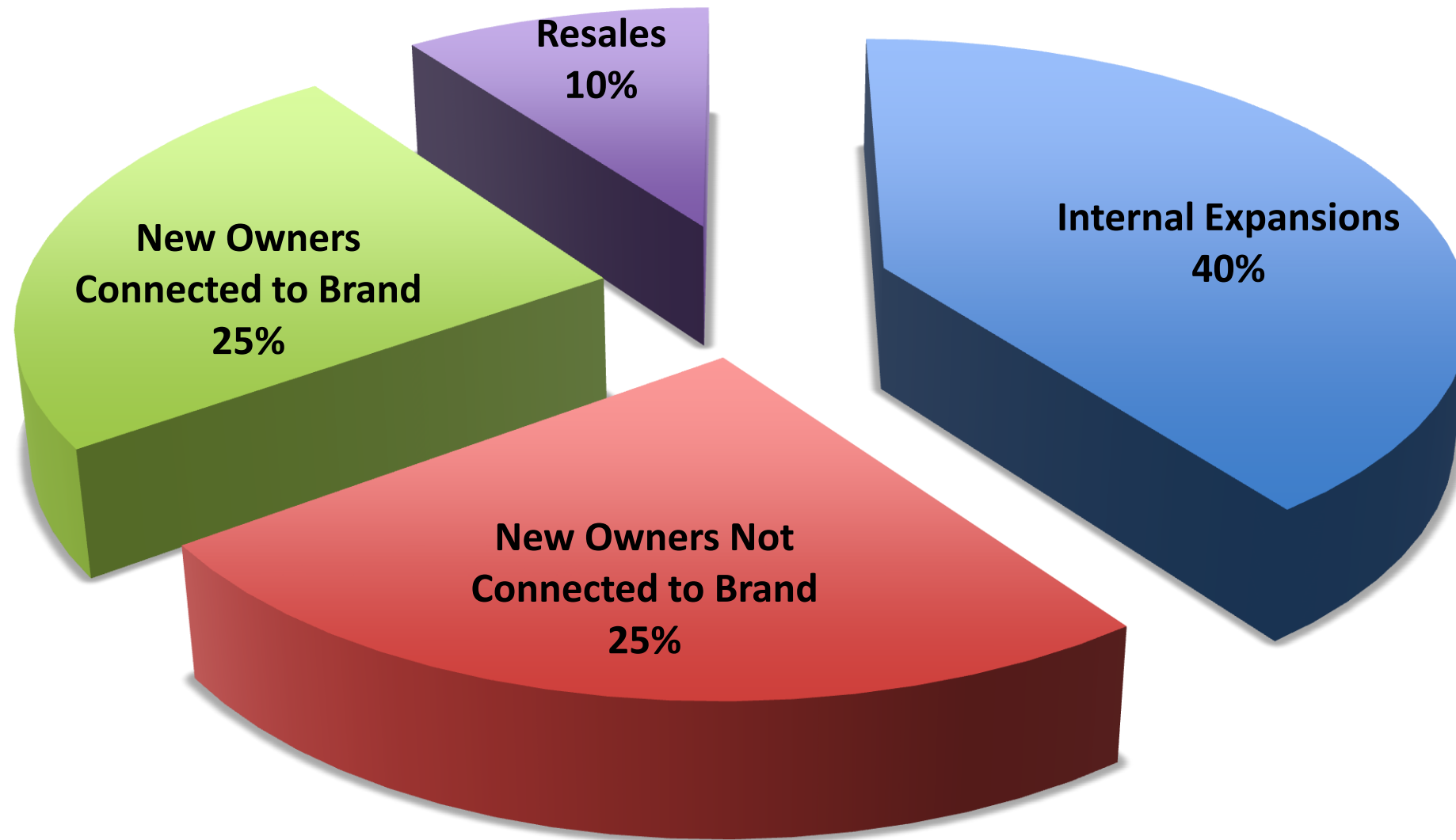
**DREAM VACATIONS**

**CRUISES INC.**

*A Division of World Travel Holdings*

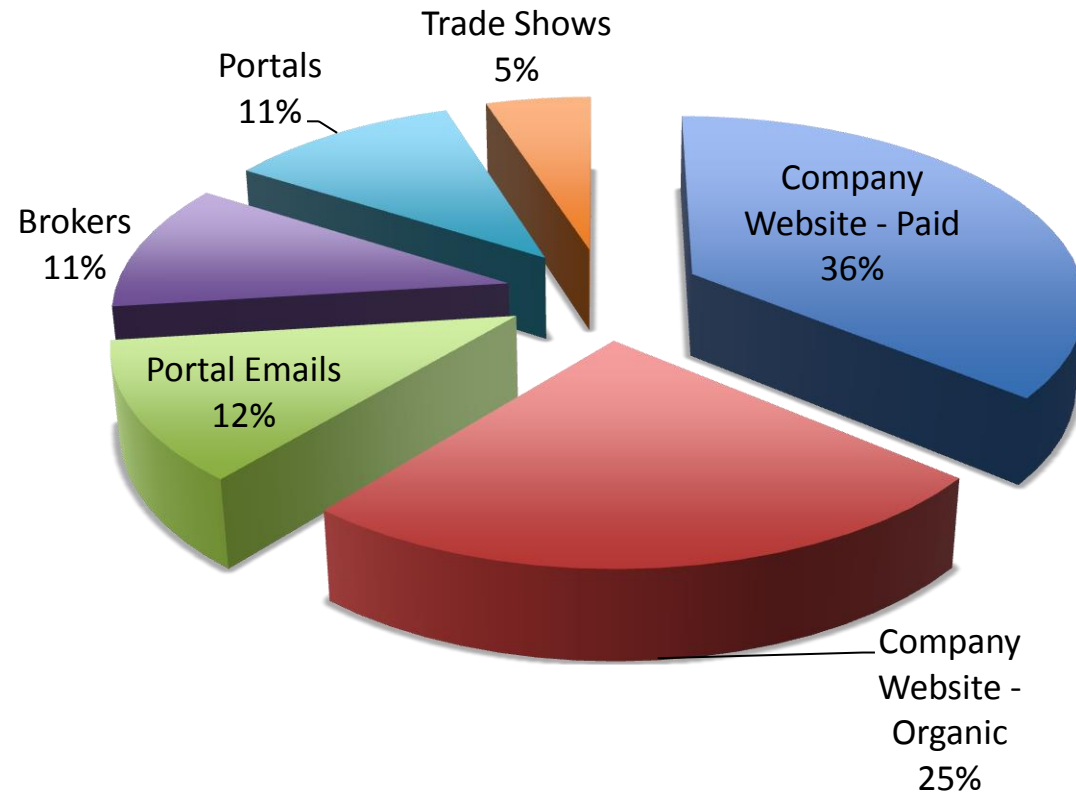
# What's New in 2017?

# Deal Sources





# Deal Sources



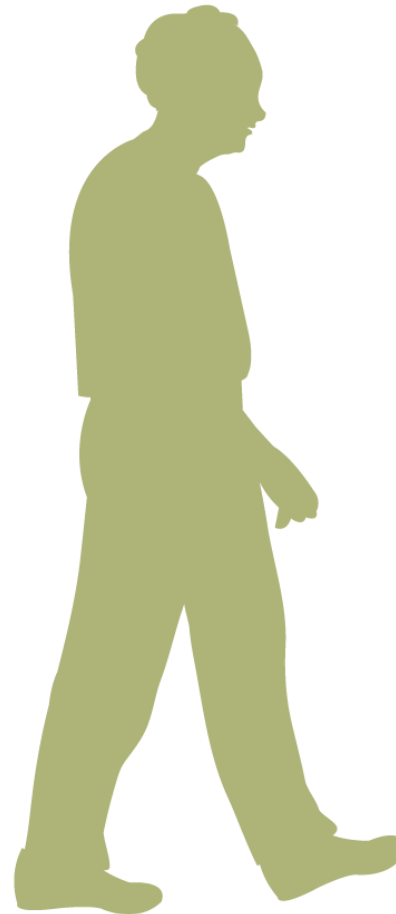
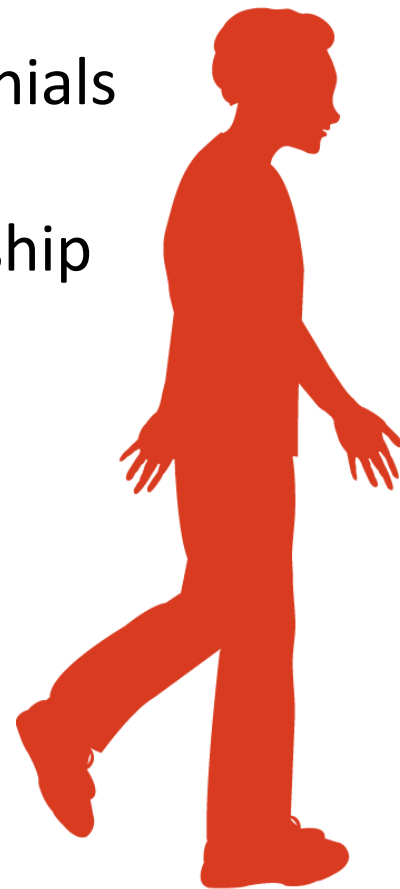
\*Paid includes Adwords, Retargeting, Banner ads, Facebook and LinkedIn ads

	CPL	CPD
Company Website Leads (Organic)	\$52	\$6,500
Company Website Leads (Paid)	\$141	\$7,200
Email Marketing Leads	\$80	\$5,200
Portal Leads	\$42	\$11,200
Trade Show Leads	\$212	\$18,400
Broker Deals (per closed deal)		\$25,000
<b>AVG</b>	<b>\$105</b>	<b>\$12,250</b>

**Millennial** Born 1981-96

**Boomer** Born 1946-64

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3 Groups of Franchise Buyers Today – each different in how the research and buy franchises

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# Persona Marketing For Franchise Buyers

- Define your Target Buyers
- What is the Value Proposition for each?
- Define a marketing and lead gen strategy for each buyer type
- Create sales process content for each



What's your story?



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# Important SEO Changes for 2017

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Source: BrainShark.com

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# The Growth Plan



# Definitions

- Inquiry – Any person who has requested information. Cost per inquiry equals total advertising spend / total inquiries generated = \$180
- Lead – Any inquiry which has been contacted, pre-qualified and scheduled by qualification specialist. Cost per lead equals total advertising spend / total leads generated = \$552
- Contract – Signed contract that results in licenses being acquired by a new franchisee. Cost per contract equals total advertising spend / total transactions completed =15,733

# Conversions & Goal Setting

	2016 Actual	2017 Plan
Inquiry to Lead = Total Number of Leads / Inquiries	= 30.1%	32.0%
Lead to D-Day = D-Day Attendees / Leads	= 5.2%	5.5%
D-Day to Transaction = Transactions / D-Day Attendees	= 68.6%	65.0%

# Building the Plan

27 Contracts / D-Day to Contract Conversion Rate (65.0%) =  
42 D-Day Attendees / Lead to D-Day Conversion Rate (5.5%) =  
755 Leads / Inquiry to Lead Conversion Rate (32.0%) =  
2,360 Inquiries X Cost per Inquiry (\$180) =  
**\$424,800 Advertising Budget**

# Daily Tracking

	10/30	10/31	11/1	11/2	11/3	11/4	11/5	TOTAL	2015
Inquiries	2	5	7	5	8	4	1	32	33
Leads	0	5	2	2	3	2	0	14	13
	11/6	11/7	11/8	11/9	11/10	11/11	11/12	TOTAL	2015
Inquiries	3	6	4	2	4	1	1	21	48
Leads	0	2	1	3					
	11/13	11/14	11/15	11/16					
Inquiries	3	9	5	12					
Leads	0								
	11/20								
Inquiries	2								
Leads	0								

Representative/Group	Inquiries	Leads	Conversion %
Stephanie	52	25	48.1%
Jennifer	56	19	33.9%
Total	108	44	40.7%

	<u>ANNUAL PLAN</u>	<u>YTD PLAN</u>	<u>YTD ACTUAL</u>	<u>% EFF.</u>
<b>Inquiries</b>	2,525	2,468	2,426	98.3%
<b>Leads</b>	909	888	892	100.4%
<b>D-Day</b>	50	50	47	94.0%
<b>Contracts</b>	30	29	27	91.7%

	VAR	% CHANGE
	(29)	-21%
	(7)	-14%
	(3)	-100%
	1	50%

	100.0%	100.0%	-	40.0%
Conversion rate from D-Day to Contract				

# Accountability

Name	Planned Inquiries	Actual Inquiries	% effective
Pete	5112	5083	99.43%
Dave	5112	5083	99.43%
Karen	4340	4268	
Jennifer	2455	2372	
Stephanie	1975	1982	
Jean	571	576	
Jerry	1455	1432	
Jim	1354	1338	98.82%
<b>Total</b>	<b>3380</b>	<b>3346</b>	<b>98.99%</b>

January	
Plan	Actual
3	6
11	19

Name	Planned Lead to D-Day	Actual Lead to D-Day
Jean	4.70%	4.98%
Jerry	4.70%	4.64%
Jim	4.70%	4.53%
<b>Total</b>	<b>4.70%</b>	<b>4.74%</b>

Name	Planned Suspect to Lead
Karen	34.00%
Jennifer	34.00%
Stephanie	34.00%
<b>Total</b>	<b>34.00%</b>

Name	Planned Money	Actual Money	% effective
Pete	\$3,813,500	\$3,803,300	99.73%
Dave	\$3,813,500	\$3,803,300	99.73%

# Designing your Development Team

# What Metrics are Important to You?

Leads Created 1/1/2016- YTD Current Funnel and Close Ratio CONE CINC

12/31/16

	Assigned	Initial Contact	Application Sent	Application Received	Begin Due Diligence	End Due Diligence	Sold	Recycled	Total Leads	Close	Recycle Rate	Close w/o Recycled	Total Fee Revenue	Avg Fee Revenue
FDS A		392	3	4	0	11	40	1018	1468	2.72%	69.35%	8.89%		
FDS B		266	6	0	0	13	35	1105	1425	2.46%	77.54%	10.94%		
FDS C	6	158	22	3	0	7	20	655	871	2.30%	75.20%	9.26%		
FDS D		715	0	4	1	19	32	673	1444	2.22%	46.61%	4.15%		
FDS E	8	585	50	1	0	14	30	870	1558	1.93%	55.84%	4.36%		
FDS F		651	12	5	0	8	27	779	1482	1.82%	52.56%	3.84%		
FDS G		383	49	1	0	24	26	1017	1500	1.73%	67.80%	5.38%		
<b>Totals</b>	<b>14</b>	<b>3150</b>	<b>142</b>	<b>18</b>	<b>1</b>	<b>96</b>	<b>210</b>	<b>6117</b>	<b>9748</b>	<b>2.15%</b>	<b>62.75%</b>	<b>5.78%</b>		

# Sales Contest





# Lead Generation and Sales Strategies

## Target your “buyer archetypes”

- Profiles of successful franchisees, what are their drivers, use messaging that speaks to the value proposition
- Example: Huddle House Hometown Heroes are serial entrepreneurs not necessarily in food industry, focused on giving back to local community and tend to be involved in local politics, big players in small towns; want property acquisition plus cash flow, high reward as community “savior” and job creator; lead generation includes local PR, real estate brokers, EDC, videos of zees like them

## Diversity groups

- Millennials
  - 50-75% have interest in entrepreneurship\*; family investment may be available; attracted to franchising as quicker startup option with training and support
  - Recruitment messaging should focus on *purpose* and *taking control of financial future*; website SEO, social media, interviews with other millennial franchisees
- Immigrant entrepreneurs
  - Seek brand stability and trust, opportunity to “own” a market; expect negotiations
  - Use testimonials from successful immigrant entrepreneurs; go where they are ... Ismaili biz groups, AAHOA

\*Bureau of Labor Statistics, 2016

# Next Biggest Generation of Travelers

## Do you know the millennial traveler?



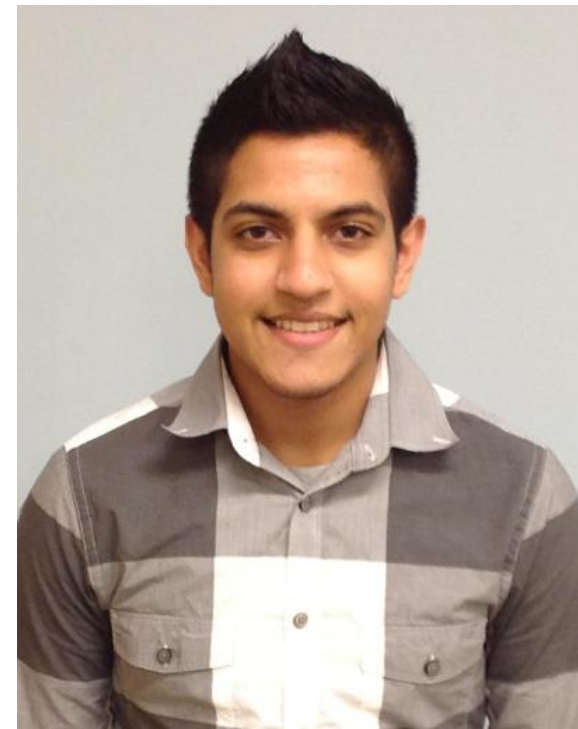
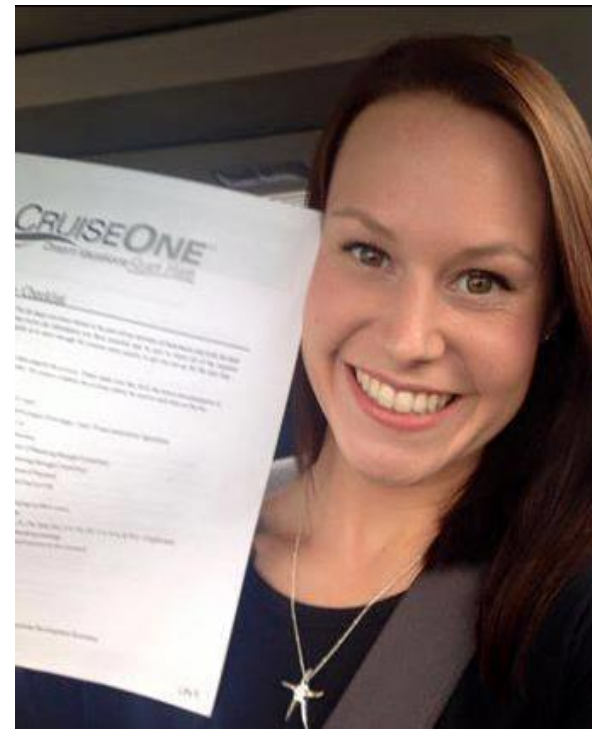
Born between 1980-2000

Next largest generation to Baby Boomers  
with future high-spend potential

Tech savvy: researching, booking, and sharing  
their travels via mobile devices

Seeking out “authentic” travel experiences

# Millennial Franchisees

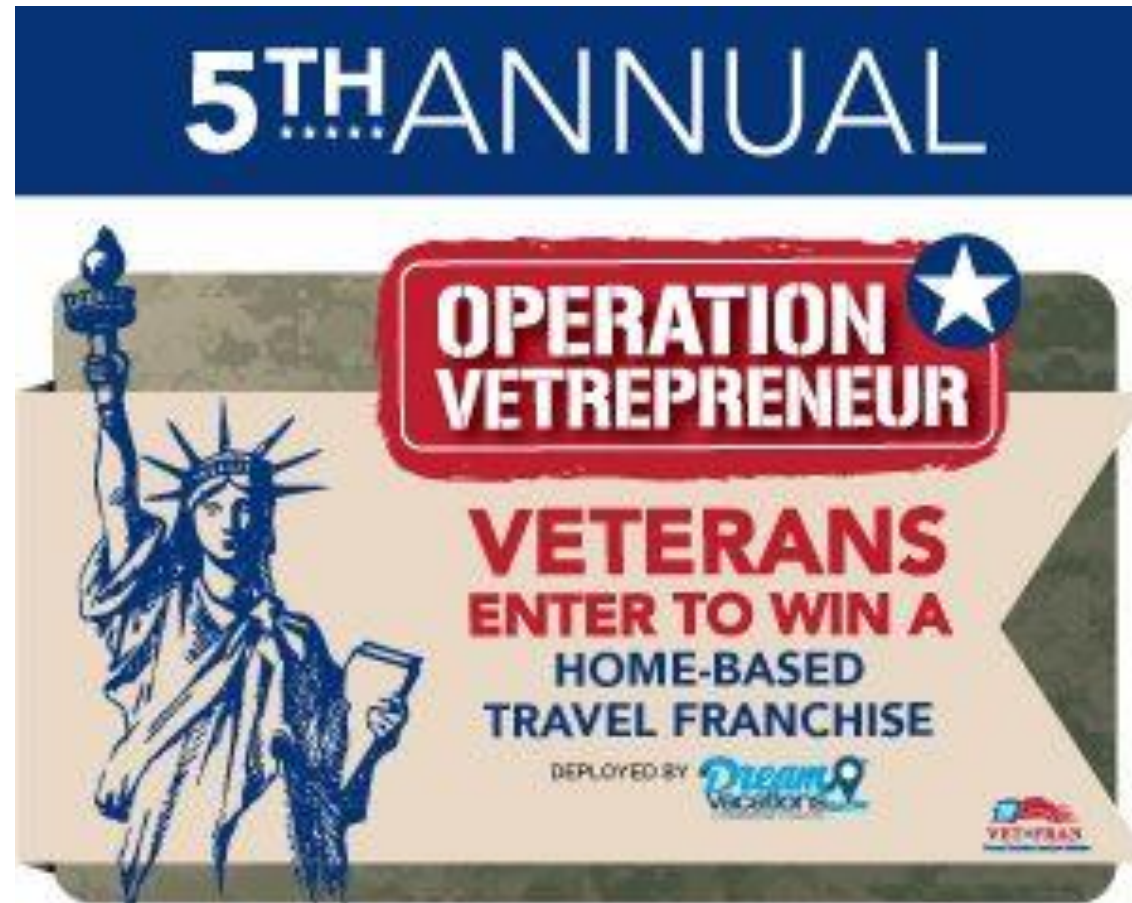


## MILLENNIALS: THE GENERATION THAT CHANGES EVERYTHING



- Inclusion Mentality
- Entrepreneurial Schools and Think-Thanks
- Technologies and On-The-Go Mentality

# Proud Supporter of VetFran



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# Operation Vetrepneur Winners







- Immensely Diverse Group
- Strong Work Ethic
- Embrace Community

# Growth Opportunities with existing franchisees

## Internal expansion

- Tiered franchise fees based on size; fee incentives can help spur growth
- Unit level economics must be strong ... if they're not happy and successful, they will not build more!
- For brick & mortar, zees may be reluctant to grow without site identified; utilize real estate resources for “site driven sales”

# Dealing with Poor Validators

- Ongoing communication between franchisor management and franchisees is a must ... align behind growing the brand/all boats rise
- Engage naysayers in Advisory Committees
- If validation is an issue, arm candidates with “why” questions

# Preparing for Validation

- What does a great operation look like?
- Following the system vs. NOT following the system
- Promote transparency by embracing challenges



# Debriefing Validation



- Don't sell, question
  - Lead them to their own conclusion
- Sample questions:
  - How well was the franchisee following the system?
  - How was employee engagement?
  - How would you feel as a customer?

# Focus on the Problem

- **Be picky** - best way to correct bad validation is by not letting it take root to begin with
- **Engage immediately** - Don't be afraid to have the difficult conversation
- **Align expectations** – This is critical to the harmony of an area. Identify stress points and address.



# Key Takeaways

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*Part 2: Small/Emerging Brands*

# Key Takeaways

Detailed websites with a journalistic approach  
win the day!

Key executive involvement is paramount in  
telling the story.

Finding the best/first franchisees is vital for  
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Understand and measure your metrics out of the  
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# What's New in 2017?

# The Current State of Franchising

Number of Active Franchise Systems with more than 100 Units

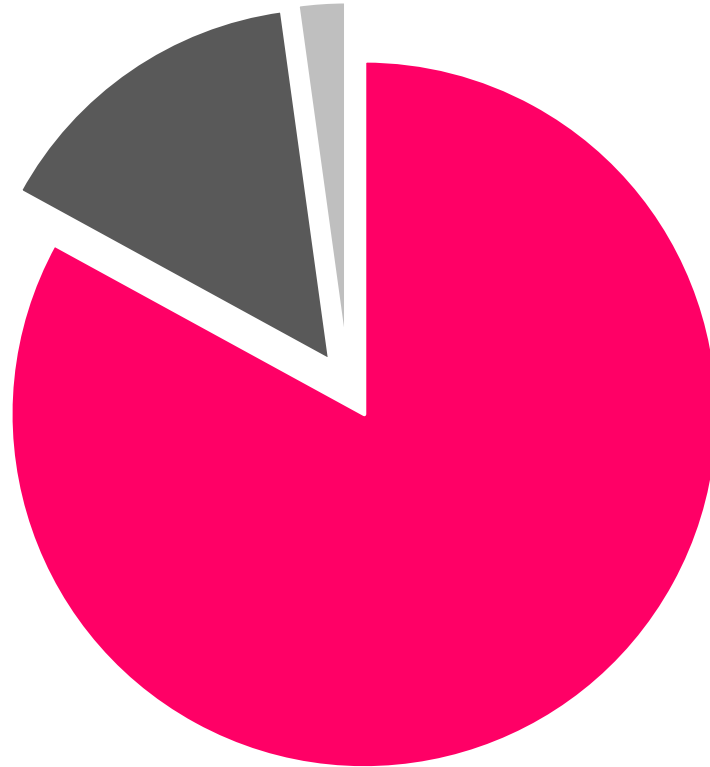


- Approximately 3,800 Active Franchise Systems in the U.S.
- Approximately 680 with > 100 Units



# The Current State of Franchising

Number of Systems with more than 100 Units  
and Operating less than 10 years



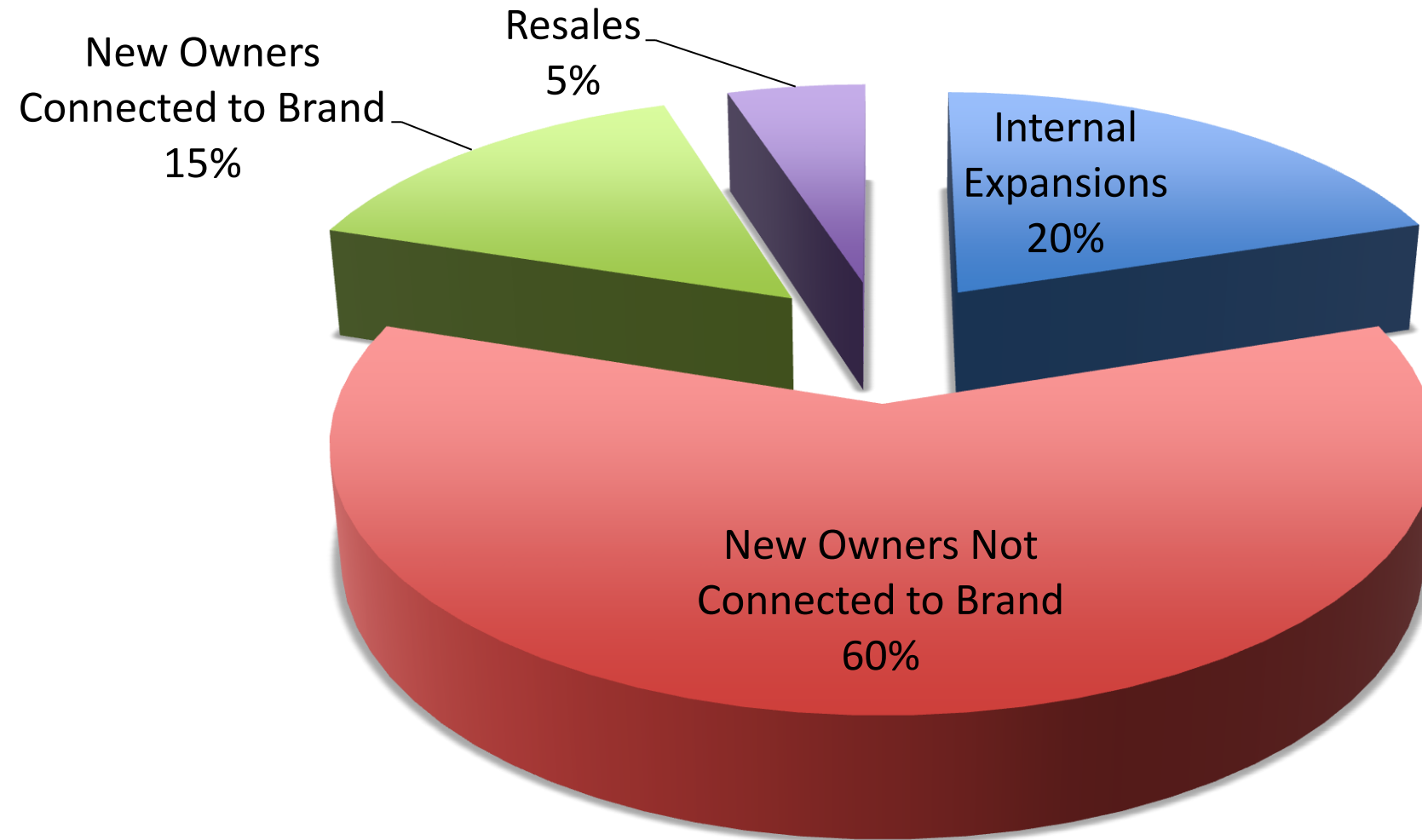
- Approximately 3,800 Active Franchise Systems in the U.S.
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- Less than 90 of the active franchise systems with > 100 Units have been operating < 10 years

# The Current State of Franchising

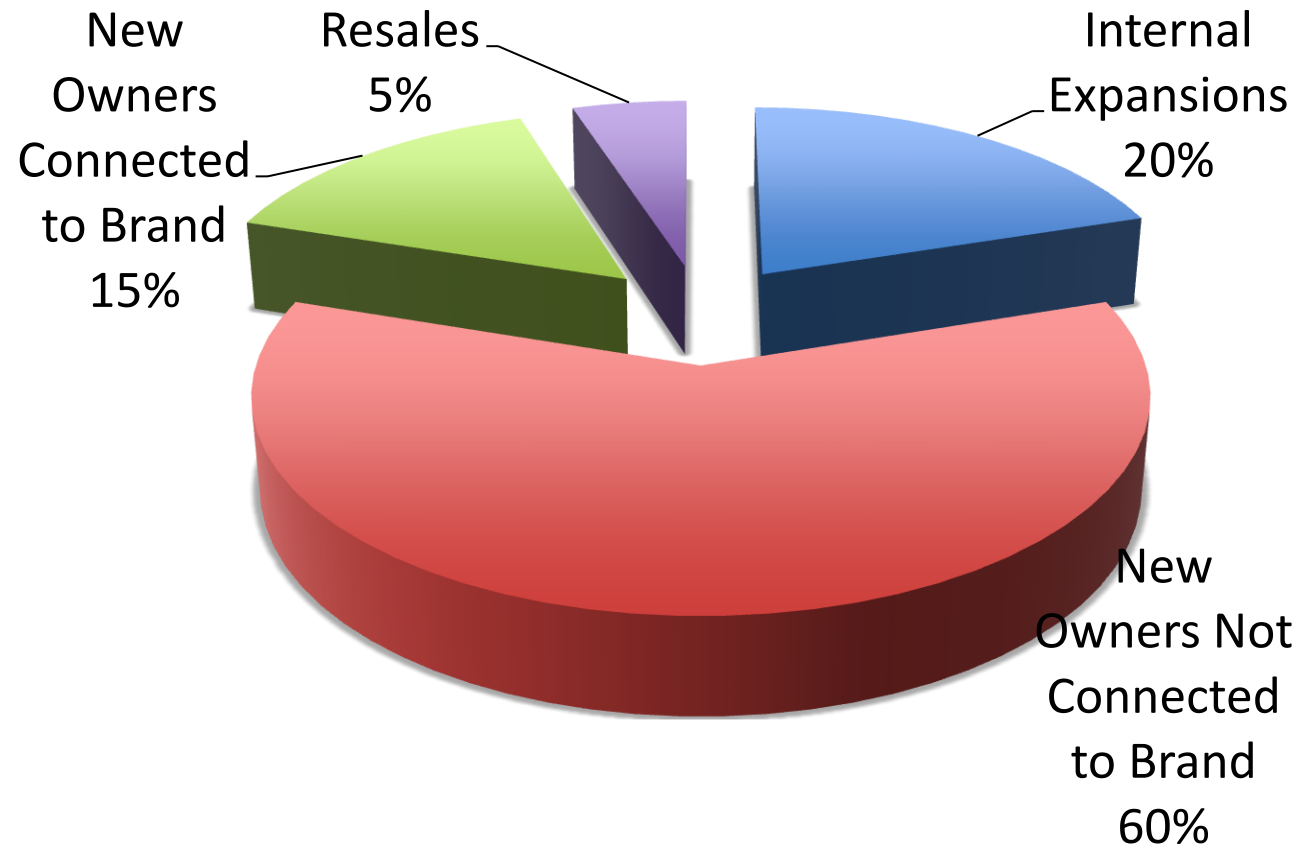
Growing to 500 Units

<b>BRAND</b>	<b>FRANCHISE START DATE</b>	<b>YEARS TO REACH 500 UNITS</b>
Jersey Mike's	1987	25
Smoothie King	1988	20
SUBWAY	1968	17
Jimmy John's	1993	14
Great Clips	1983	12

# Emerging Brands Deal Sources



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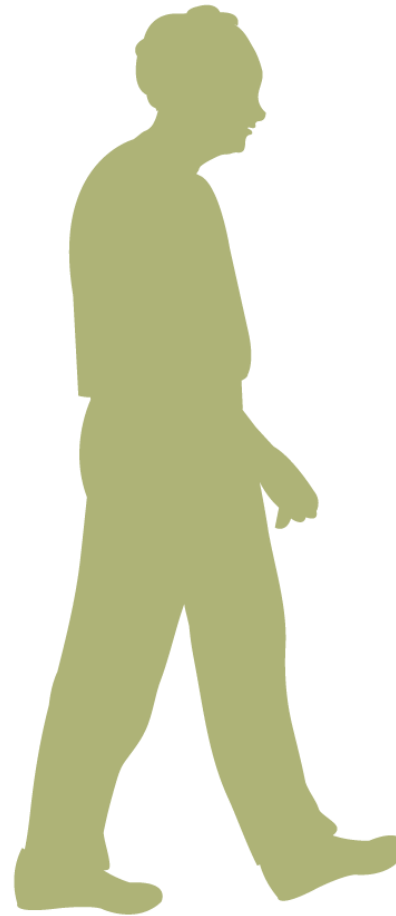
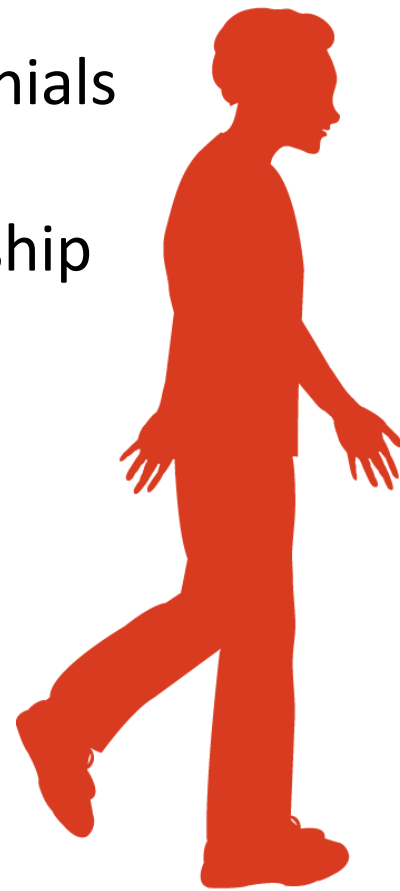
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# Lead Generation and Sales Strategies

# The Role of Public Relations in Lead Generation

Qualified leads that come from a robust lead generation program.  
elements that high quantity of high quality leads: SEO, SEM, Content Marketing, Social Media.

Public relations will help:

- Position you as an industry expert
- Get third party coverage that generates more leads
- Generate buzz about your company
- Increase traffic to your site

## 4 Effective Ways to Generate Leads with PR

- 1) **Editorial Outreach** — When your franchise, products, services, etc. are featured in the media people (i.e. prospects) take notice!
- 2) **Press Releases** — Create a steady stream of press releases that will keep content fresh for Google searches.
- 3) **Extending the Shelf Life of Earned Media** — Post all media hits to your website and share them through relevant social media channels.
- 4) **Participating in Events** — Getting involved with an event positions you as an expert in your field and helps to connect your brand with attendees who may be prospective leads.

## I'm Just a Startup! I Can't Afford a PR Agency.

For many startups and emerging brands, there is no budget available for hiring an agency or outsourcing the PR, but there are several ways to achieve free or very cost-effective publicity.

- **Do It Yourself.** The best stories come directly from you, the brains behind the operation. Create a media list and send out several pitches a week. It's a numbers game, and the bigger the net you cast, the more chances you have to reel something back in for your company.
- **Hire an Intern.** Try to hire a local college student majoring in public relations, at a substantial discount.

# What to Look for When Assessing Which PR Agency to Hire

- A Great Track Record
- A Specialization in Franchising
- Experienced Account Team
- Trending Knowledge
- Transparency
- The Right Price Point

# Telling your story

## Whoops

- Very detailed franchise website with a journalistic/blog approach with article and video content
- Founders/Key Exec get involved prior to discovery day and walk through how the franchise started and what is important?
- Actual walk through the “timeline” of the business on discovery day (beginning location, bakery, newest locations) etc.

## Cookie Cutters

- Great consumer facing and franchise development website
- Identify key markets – drive impressions via PR
- Drive a social media agenda
- Don’t get caught in the “bigger is better” trap
- Focus on geographic target markets and work out from there as you scale



# Lead Gen

## Whoops

- Predominantly online through adwords/search
- Micro-targeting through facebook, LinkedIn
- Email lists forwarding people to our franchise website
- Franchise website with a journalistic angle sells itself
- Annual pop up shops (Bryant Park, NYC)
- Portals → Franchise Direct and FranchiseGator

## Cookie Cutters

- Finding enthusiastic buyers as a young brand
- Existing stores and franchisees – these are you biggest assets
- Website and optimizing traffic
- Insource / Outsource – franchise development (lead gen, call, webinars etc)

# Sales Process

## Whoops

- Absolutely critical!
- Getting the wrong franchisees creates stress to the system
- Creating the right funnel with the right check points is important
- Looking at non-tradition, modern targeting methods is important for conversion and cost saving

## Cookie Cutters

- Competitive Market – you only get one opportunity
- Have a process and make it intimate
- Be patient
- Don't promote
- CEO/Founder/President is best sales person and franchisees are your sales team

# Validation burnout

## Woops

- Still facing this as a young brand
- Early franchisees are usually happy to validate as it helps the system grow, hence benefiting them as franchisees
- Important to keep early franchisees involved in the strategy and growth process so they can speak smartly and see the fruit of their labor

## Cookie Cutters

- Find a third party and do pre-recorded calls that answer top 10 questions
- Provide incentives - \$25 in marketing credit for each call the franchisee takes
- Set expectations with the prospect that calls are limited to 15 minutes

# Metrics

## Whoops

- Google and Facebook advertising have direct ROI figures
- Same with portals
- Need to start measurement process a.s.a.p. and track all leads and source (plus cost of source) → use any CRM

## Cookie Cutter

- Most important to start measuring Day 1
  - POS
  - franchisee feedback
  - ROI marketing initiatives
- Data should drive solid decision making and shifts in direction



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