



Closing the Sale

Today's Best Practices for Franchisors

Agenda

- About us
- Factors influencing the sale – Paradigms for Success
- Buyer Motivation and Profile
- Marketing Planning and Tools
- Generating Qualified Leads
- The sales process
 - Step-by-step approach
 - Classifying prospects
 - Differentiating yourself
 - Overcoming objections
 - Closing the sale
- Options for franchise sales
- Assessment and Refinement



Who is here today?

- ***Considering franchising your business?***
- ***Franchising less than one year?***
- ***Franchising more than one year?***

We are happy to send you a copy of this presentation, so you can limit your note taking if you so desire.

Strategy



Leverage

Growth

Time

inform

Capital

compressed
compressed
compressed

About Us



The iFranchise Group



- More hands-on experience than any other firm
 - 27 consultants with over **500 years of franchise experience**
 - **98 out of the top 200 franchise companies**
 - Offices in Toronto, Chicago, Dallas, Los Angeles, Dubai, Jeddah
- More “senior level” experience
 - Hands-on experience at start-up and established franchisors
 - Former CEOs, CFOs, EVPs of **two dozen major franchise companies**
 - Adia (now Adecco), Armstrong Tile, Auntie Anne’s, Dunkin Donuts, LINE-X, Pearle Vision, McDonald’s, PIP Printing, Schlotzsky’s, Snap-on Tools, Snelling & Snelling, and other national brands
- The ability to bring more resources
 - Faster completion
 - Ability to provide assistance in several areas simultaneously
- Breadth across four functional areas
 - Strategic planning
 - Quality control
 - Marketing
 - Organizational development
- Franchise experience in 50+ countries

Franchise Dynamics

- Top Sales Performers
 - 25 sales and marketing professionals
 - Collectively sold over 7,000+ franchises
 - Former Senior Executives at Cendant, Chem-Dry, The Dwyer Group, LINE-X, Management Recruiters International, Ponderosa, TCBY, Ziebart, and other national brands.
- Performance
 - Sold 2,000+ franchises since 2010
 - Equivalent to sales generated by the top five fastest selling franchisors on Entrepreneur's Franchise 500 list
 - Recently included in Inc. 500/5000
 - Chicago Innovation Awards, Illinois Excellence Award, Crain's 100 Growing Businesses
- Over 400 years of franchise experience
- Real world data on sales and marketing
 - Over 200,000 leads tracked



TopFire Media

- A Premier fully-integrated digital media firm specializing in franchised businesses
 - Public Relations
 - Social Media Publishing
 - Search Engine Marketing
 - Pay-Per-Click Advertising
 - Website Development
 - Search Engine Optimization
 - Mobile Websites and Mobile Marketing
 - Video Production
- Both franchise development and consumer branding
- **Team with Top Agency Experience**
 - Edelman
 - Burston-Marsteller
 - Golin-Harris
 - Porter-Novelli
 - MWW Group
 - Fox News
- **Recent honors and awards:**
 - Best New Agency (Ragan & PR Daily Ace Awards)
 - Best Website Finalist (PR News)
 - Best Media Relations Campaign Finalist (PR News)



A Fully Integrated Approach to Franchise Marketing & Sales



- Primary Research
- Marketing Plans
- Brochures
- Videos
- Collateral

- Websites
- Public Relations
- SEO Services
- Social Media
- Pay-Per-Click

- Media Placement
- Trade Shows
- Direct Contact
- Performance Monitoring
- Reporting

Feedback Loop
- 200,000 leads
- 500/sales/year

Note: TopFire Media Does Consumer Marketing for Franchisees Too

Franchise Sales and the Law

(Disclaimer)

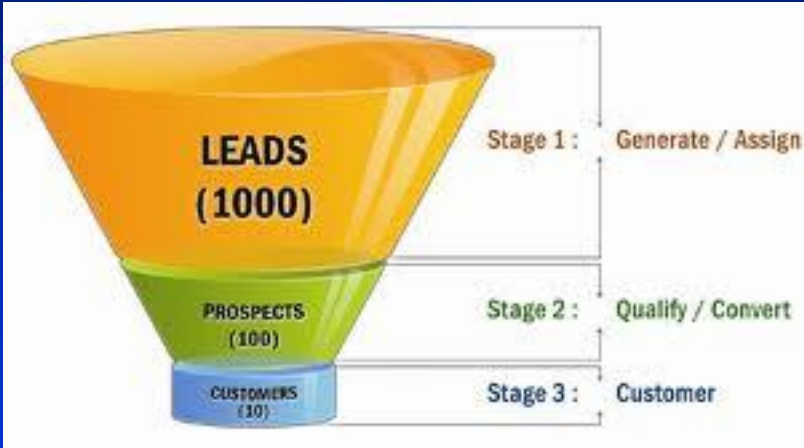
- Franchise sales are regulated
- Issues
 - Disclosure
 - Regulate what you can and cannot say
 - Fines and penalties are significant
- Given our limited time, we are not planning on covering those laws in today's session, but are instead going to focus on the practical aspects of franchise sales
- Laws are not difficult to follow, but you need a good franchise attorney
 - a specialist, not a generalist



Guidance

Paradigms for Success

Franchise Sales are Predictable



A good concept
+ The Right Message
+ Marketing Plan
+ Adequate marketing budget
+ Good sales technique

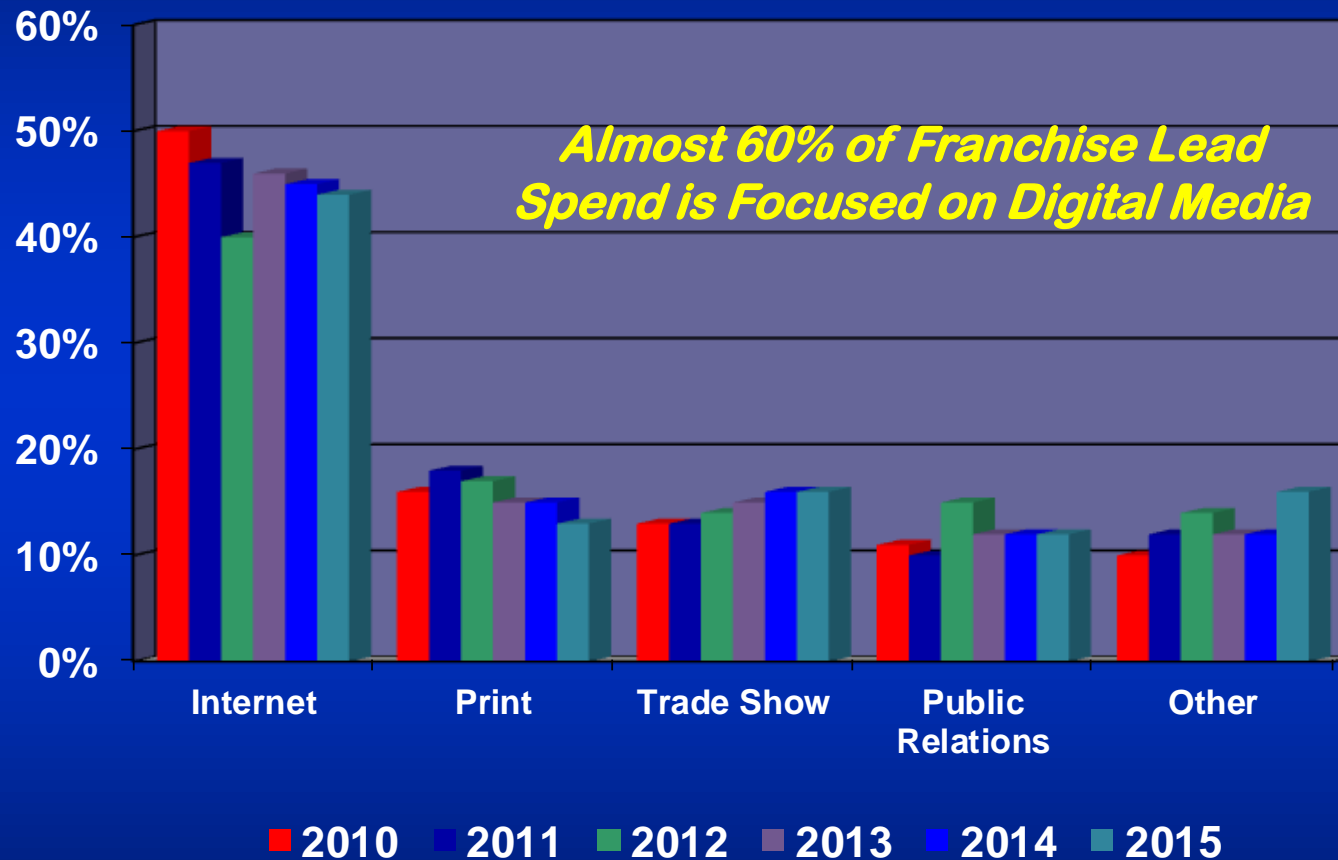


Some studies have indicated the average new franchisor will sell:

- ✓ An average of 9, 11, and 13 franchises in their first three years
- ✓ Median sales of 4, 5, and 6 sales in their first three years

Franchisor Marketing Dollars by Media

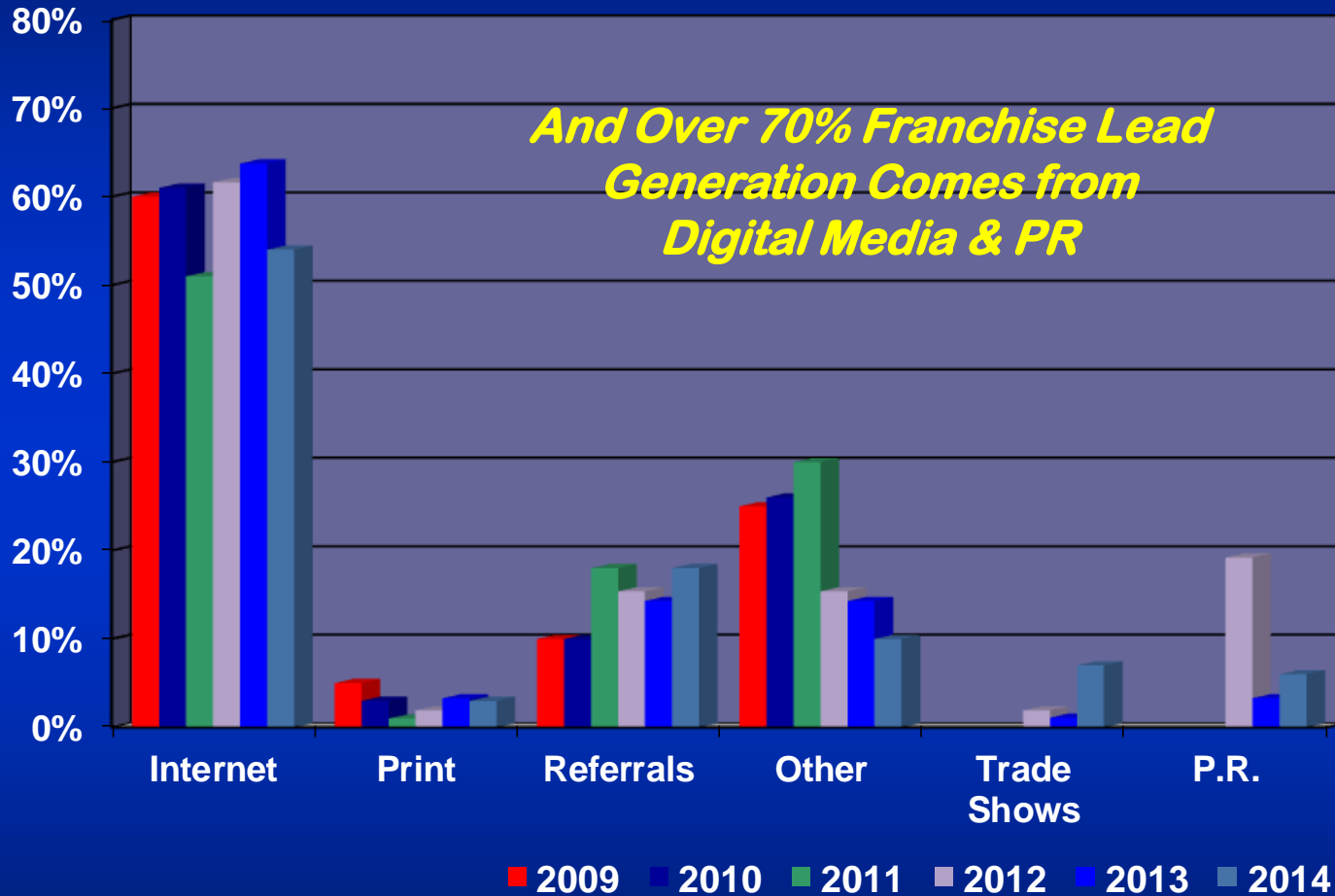
Percentage of Total Expenditures: 2010 - 2015



Source: Franchise Update

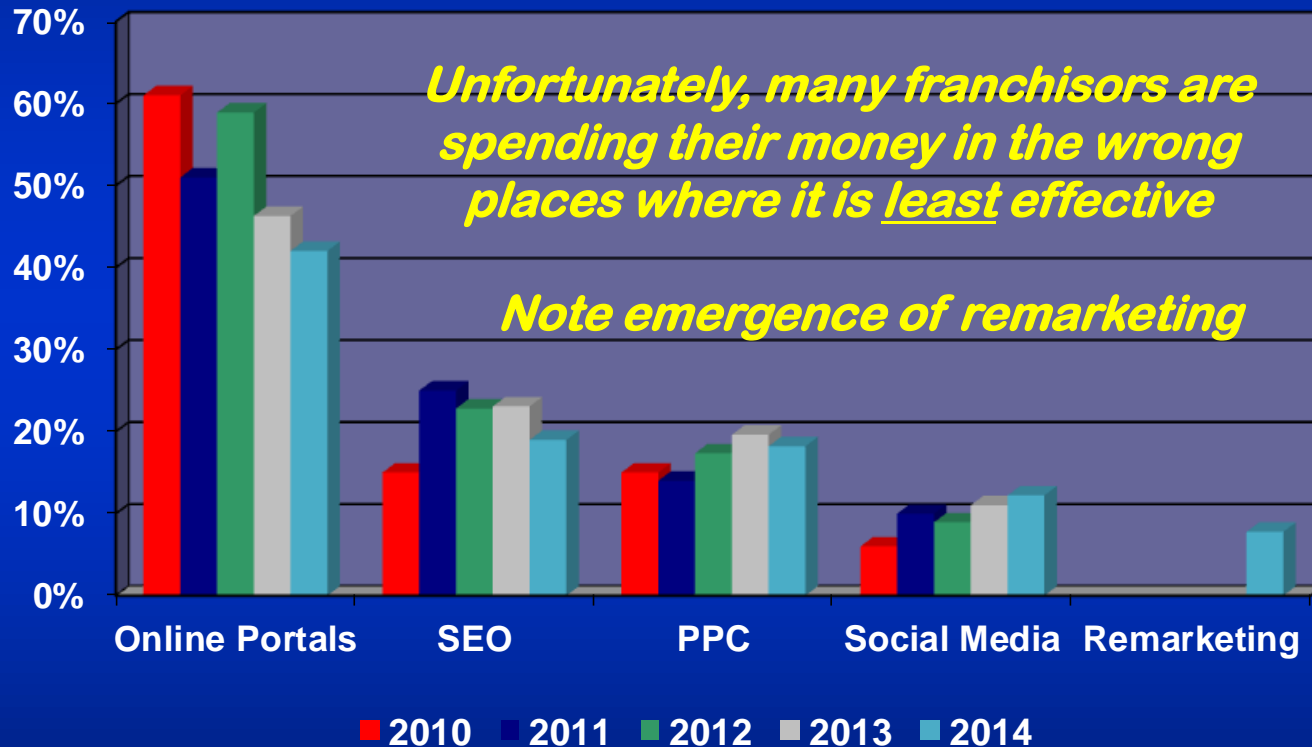
Source of Franchise Leads by Media

Percentage of Total Leads Received: 2009 - 2014



Source: Franchise Update

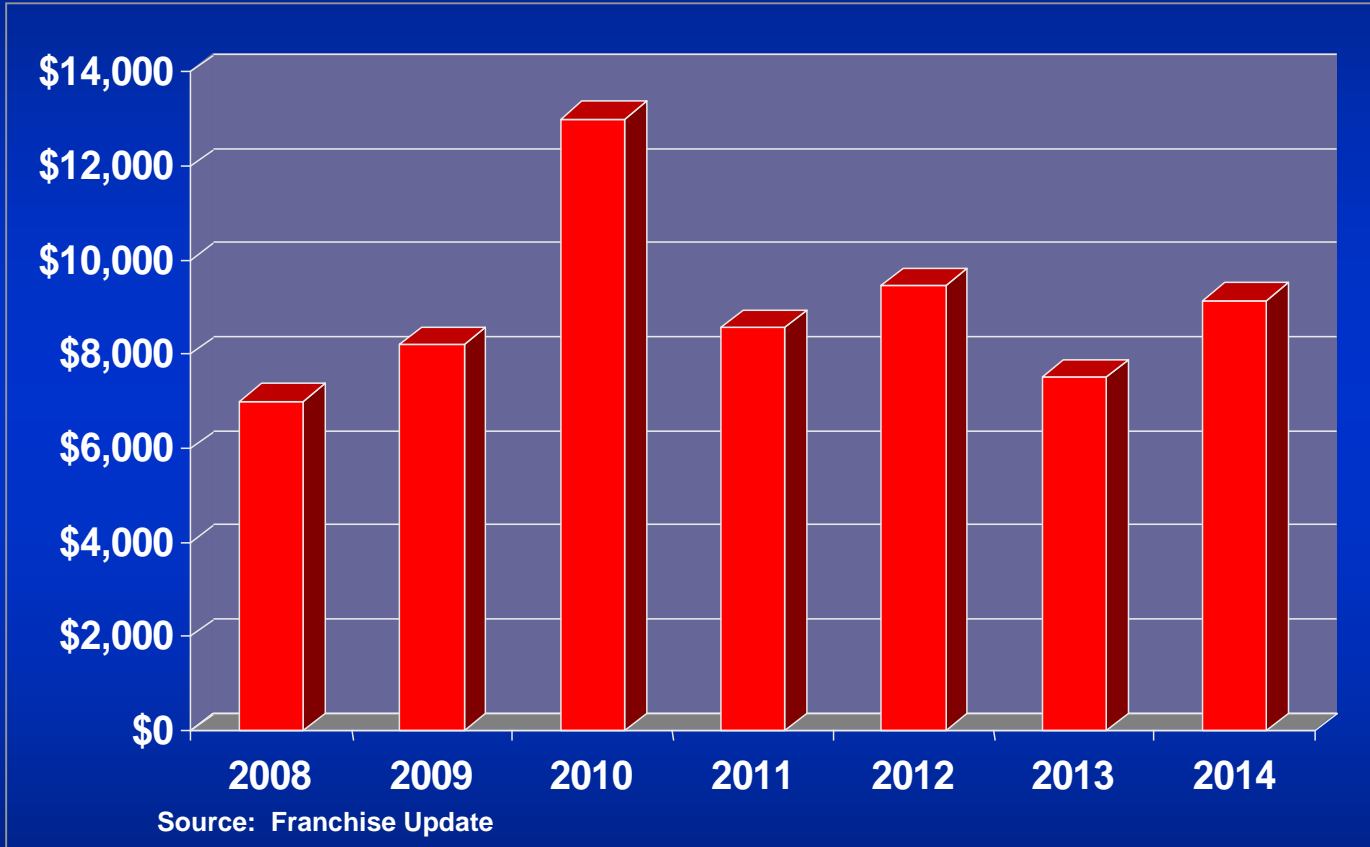
Breakdown of Expenditures on the Internet (2010 - 2014)



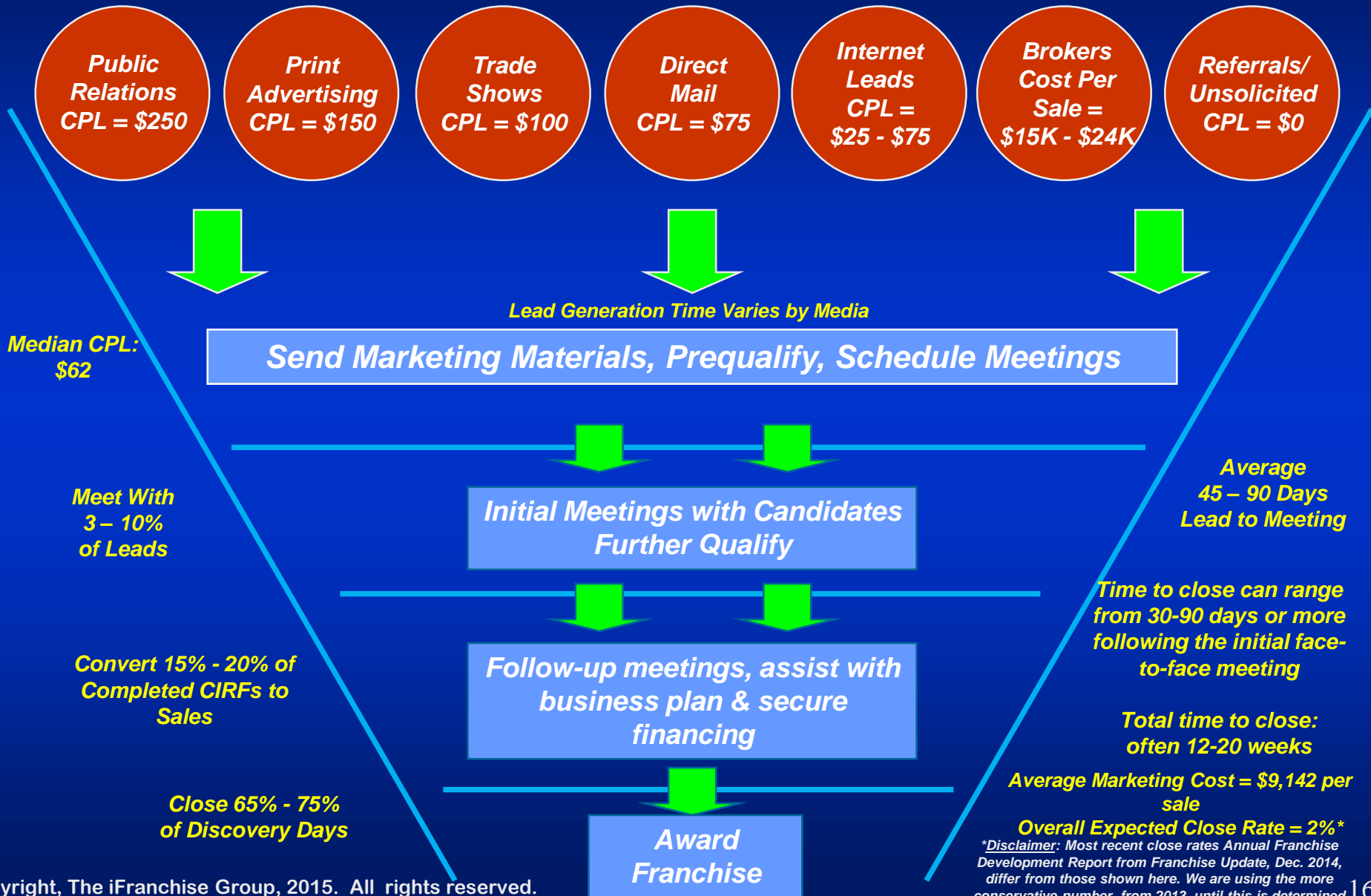
Source: Franchise Update

Average Closing Costs

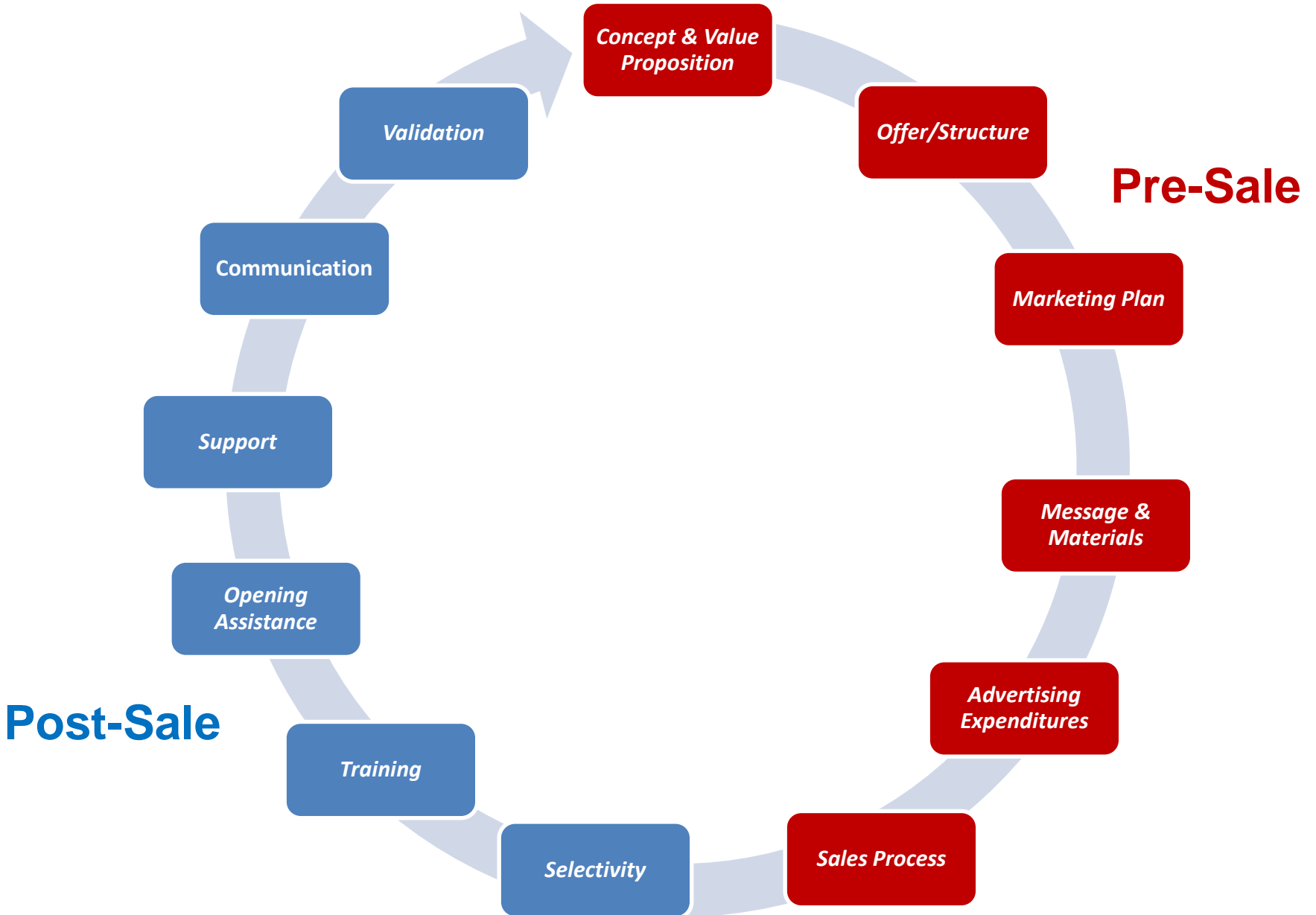
(Media Dollars Per Sale)



The Franchise Sales Pipeline



The Franchise Sales Cycle



Pre-Sale

Post-Sale

Present Value of a Single Franchise

- Important concept to understand when measuring hiring decisions, advertising and marketing related expenditures – Present Value of a Franchise (PVOF)
- Should use this principle in decision-making
- PVOF = Net Present Value of franchise fees, royalties, product/equipment sales, advertising fees, and other revenue, less any direct expenses, discounted to today's dollars
- The sale of a single franchisee paying 6% royalties on AUVs of \$500,000 can result in \$600,000 in revenues, plus advertising, product purchases, increased buying power, etc.

Strategy

Leverage

Growth

Time

Capital
compressed
compressed
compressed

inform

Buyer Motivation and Profile

What Motivates Franchisees?

Value Proposition:

- ✓ Proven systems
- ✓ Established brand
- ✓ Advertising economies
- ✓ Operating economies
- ✓ Shared knowledge
- ✓ Support services provided



This assumes that most people looking to buy a franchise are logical in their approach.....

....which is often not the case.

The Logical Franchise Buyer...

- ✓ Chooses an industry that best suits their background and lifestyle
- ✓ Checks overall financial investment and financial return of the franchise concept
- ✓ Undertakes thorough due diligence...carefully reviews the Disclosure Document and Franchise Agreement
- ✓ Determines if they “fit” with the franchise culture
- ✓ Compares the franchise offering to competitors
- ✓ Follows the above steps prior to arriving at the decision to purchase the franchise



The Emotional Reality...

- ✓ Some people buy franchises on emotion (spouse, job, home, car, etc.)...do not follow a logical path
- ✓ A candidate's research is often imperfect
 - **May not even read the Disclosure Document**
- ✓ They are motivated:
 - To be the boss and be independent
 - Anticipated Financial Return
 - Fun and excitement



Fear vs. Greed

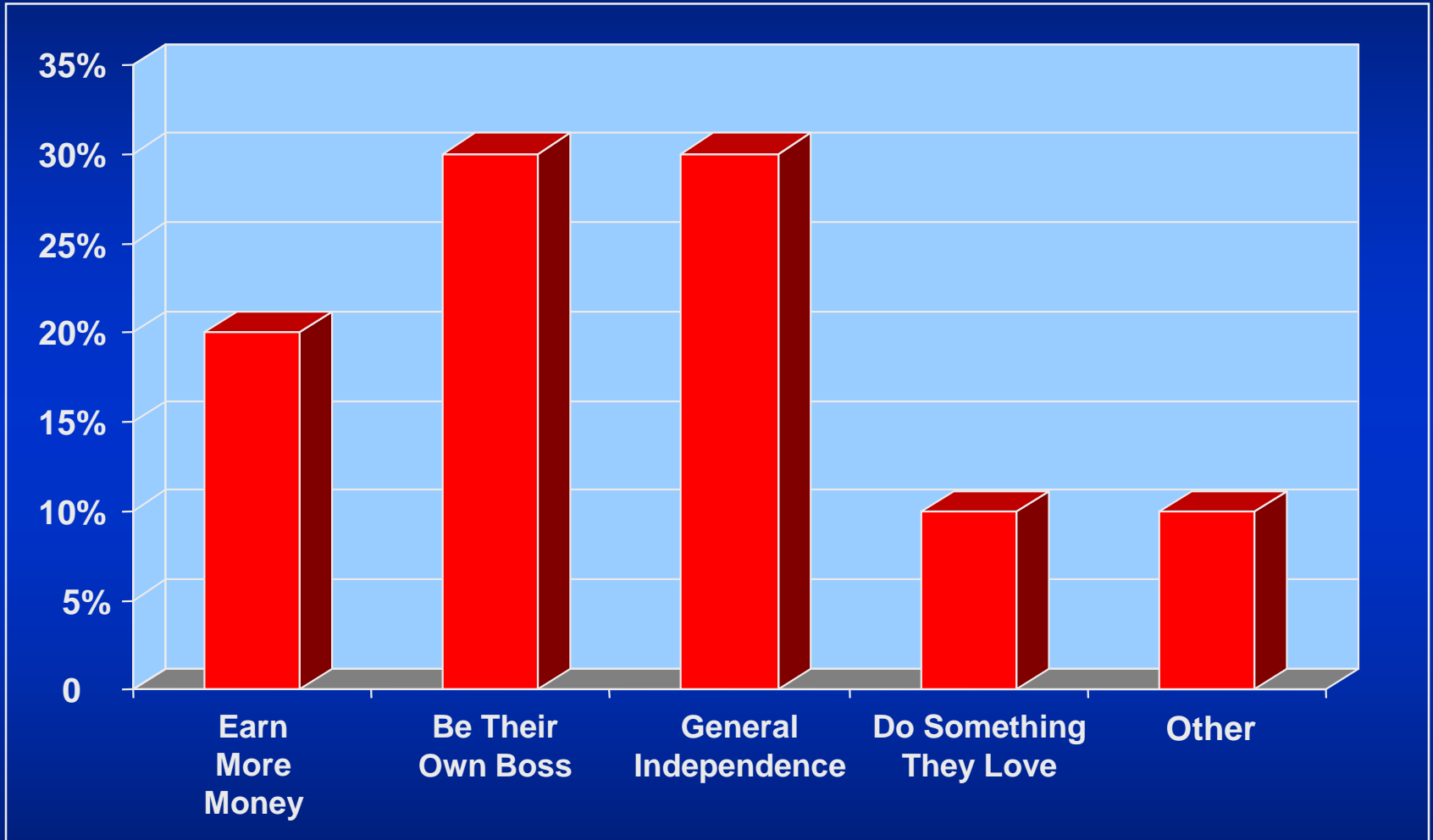
- Motives for going into business -- “wants”
- Motives for franchising are often different
- Fear they will not be successful alone
- The fine line we walk
 - Reinforce fear
 - Without scaring the prospect



Exercise: How would you answer the question, “How difficult is it?”

- When we first started, it was extremely difficult. But we didn't know what we were doing. Today, with the systems we've developed . . .
- If it were easy, everyone would be doing it
- It is tough. Long hours. Hard work.
- That's why you should come to us.
- “I can't tell you how many mistakes we made along the way.”
- I wouldn't want to be our competitor today
- Tell a failure story. (We have learned from our mistakes. Others have failed alone.)
- **Key Message:** We give you the proven system to succeed.

What Really Motivates Franchise Buyers?



The Average Franchise Candidate

- ✓ Name Recognition
 - 40% say joining a “known brand” is not vital
 - 40% would prefer a known brand, but are open to newer concepts
- ✓ 70% or more will visit the corporate office... 100% should visit yours
- ✓ Perhaps 20% to 30% or more are looking because of job loss in the current environment
- ✓ 80% will talk to your franchisees... 100% should talk to your franchisees

Success

Generating Qualified Leads

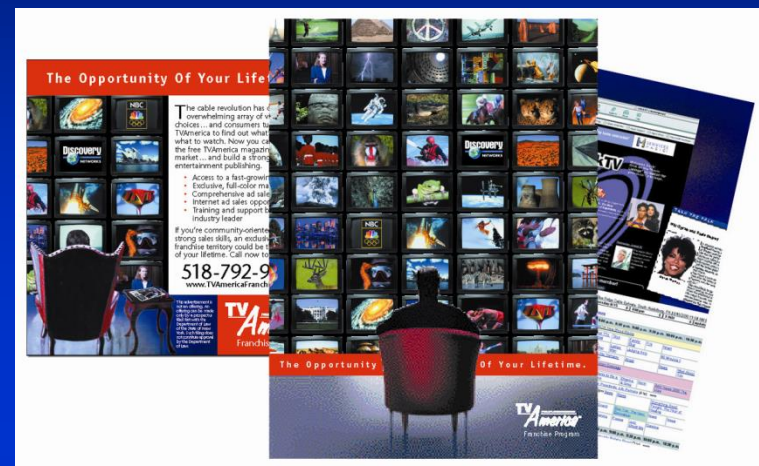
Growth

Opportunity

Marketing Materials

Essential for Speed

- Franchise marketing is very different from consumer marketing
- Franchise marketing is highly regulated
- Tools:
 - Your web page should be your first concern
 - Develop a mini-brochure for the sake of economy
 - A full-sized brochure is essential for credibility
 - Video – the New Brochure
- Be sure to have your attorney review all materials



Marketing Planning

A Requisite for Rapid Growth

- Start locally, then regionally
 - Cluster support
 - More effective franchise advertising
 - Consumer advertising economies
 - Brand building
 - Buying economies
- Don't expand faster than your support capability
 - Quality control is key
 - Nothing sells franchises as well as happy and successful franchisees
 - Three hour drive time

Marketing Effectiveness

Different franchises requires us to target different types of franchisees – affecting the media and message used for effective marketing.



- ❖ Identify your prospect as narrowly as possible
 - Survey Competitors
 - Background
 - Hot Buttons
 - Media
 - Survey Franchisees
- ❖ Are we selecting the right lead generation strategies?
- ❖ Is the advertising message appropriate for our targeted franchisee profile?
- ❖ Are we targeting the right prospects and using the right media based on our development strategy?

The Problem with Most Planning Efforts

- Everyone believes they have the solution to lead generation
 - PR practitioners – credibility
 - Ad agencies – predictability
 - Social media firms – engagement
 - Search engine optimizers – visibility
 - Mobile web designers – an untapped market
 - Video houses – compelling storytelling
 - Trade shows – active buyers
 - Brokers – pre-qualified
- Messaging not coordinated across media professionals
- When your only tool is a hammer, then every problem is a nail



The Reality

- Most franchise companies do not have an unlimited budget
- Circumstances will be very different
 - Goals
 - Budgetary restrictions
 - Geographic focus
 - Profile of your franchisee and your customer
 - Quality of existing websites and materials
 - In-house resources and their capabilities
 - Competitors
- Need to allocate resources based on strategy
- A canned approach will not work



Using a Webcentric Approach



Your Message Is No Longer Centered On Print Media

Focus Should Integrate All Media Around The Website

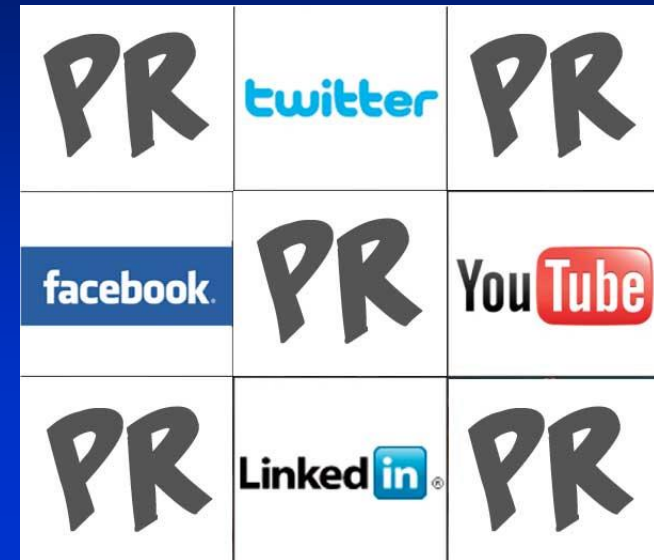
Your Website Needs a Plan!

- A focus on visual appeal alone can be a disaster
- Too many websites
 - Provide non-optimized content
 - Provide too much content
 - Flash over substance
- Develop a plan
 - Plan must do more than increase unique visitors
 - Responsive design with mobile in mind
 - Create effective calls-to-action
 - Increase the length visitors stay on your site
 - You need a website design that converts traffic
 - Improve franchise lead capture rates



Integrating Public Relations

- Public Relations as a next step
 - Builds credibility
 - Generates franchise sales leads
 - Creates brand awareness
 - Amplifies marketing initiatives
 - Focus the quality of key audience engagement with your brand
- By creating inbound links, PR also helps with SEO efforts



PR: Measuring Success

- Consumer audits – accountable for predetermined increase over base levels
- Participation in digital activities, social media, web traffic
- Consistent increase of Likes, Tweets, reposts, shares and Links
- Event attendance (as scheduled)
- Analysis of PR spend vs. ROI
 - Measure year over year increase in coverage, impressions
- Inbound leads
- Impression goals
- Quantify positive, neutral content vs. negative content



Search Engine Optimization: Your First step to franchise lead generation

- *“The best place to hide a dead body is on the second page of a Google Search.”*
 - 75% of users never scroll past the first page of search results
 - There are 17,000,000 Google results for the word “franchise”
- Google is more than 70% of search
 - Google’s algorithm — a closely held secret
 - The algorithm changes up to 500 times a year
 - Most recently: **Hummingbird Algorithm**
 - Google’s goal: Deliver fresh and relevant to the searcher
- Ranking factors fall into four basic categories
 - On-Page coding
 - On-Page content
 - Inbound Links
 - Social Media



SEO is a PROCESS

Not a “one-and-done”



- Google Algorithm changes constantly
- It searches for “fresh” content
- It searches for “relevant” content
- Your competitors are optimizing while you do not – driving them to the top

Social Media Publishing

- Social Media is vital for SEO – 7 out of top 11 factors
- Why it is so important on its own merits
 - Defines the image of your franchise brand
 - First stop for many prospective franchise investors
 - 72% of all internet users are now active on a social media
 - *60% of the 30-60 year old bracket are now active on social media
 - Google + has over 1 billion users
 - Pinterest has more than 70 million users
 - Your customers expect you to have social media
- Conversations
 - Average person sees 3,000 ads a day
 - Only 14% of people trust advertisements
 - But 78% trust the recommendations of others



*<http://www.jeffbullas.com/2014/01/17/20-social-media-facts-and-statistics-you-should-know-in-2014/>

LinkedIn Marketing

Why LinkedIn

- Largest network of professionals online
- More decision makers are on LinkedIn
- LinkedIn use is highest among the 30-49 (27%) and 50-64 (24%) age groups, and is also far above-average among those with a college degree (38%)
- LinkedIn uses trends upwards alongside household income (HHI), reaching 38% among those with HHI of at least \$75k, more than triple the rate for those with less than \$30k in HHI (12%)

Marketing
Advertising
Networking
LinkedIn


The hub of Social Media and key component of SEO



Pay-Per-Click Management

- Why it is so important
 - Highly targeted marketing
 - Google fields 1.2 trillion queries per year
 - Top 3 sponsored links account for 41.1% of the clicks
 - Poorly managed accounts drive up costs quickly
- Test-Refine-Test
 - Keyword research (including negative keywords)
 - Campaign development, budgeting, and bids
 - Ad design and testing
 - Build custom landing pages
 - Ongoing PPC monitoring and management
 - Google display retargeting advertising
 - Google display advertising

The screenshot shows a Google search for "food franchise". The search results include organic links from Entrepreneur.com and Forbes.com. On the right side, there is a column of sponsored advertisements. A red arrow points from the text "Pay Per Click Advertisements" to the sponsored ads. The ads include:

- Best Food Franchises 2013 - FranchiseBuy.com**
Ad www.franchisebuy.com/Food
Want To Start Your Own Food Franchise? Submit Free Today!
- Food Franchise - FranchiseExpo.com**
Ad www.franchiseexpo.com/
Find out all about franchising and what it takes to own a franchise.
- Food Franchises - FranchiseClique.com**
Ad food.franchiseclique.com/
Compare 100s of Quality Food Franchises. Get Free Info Today!
- Top Food Franchises**
www.franchisedirect.com/Food
Start Your Own Business Today!
Comprehensive Info 100s Franchises
- Top Franchises 2014**
www.americasbestfranchises.com/
Find Top Franchises Starting Under \$10,000. Get Franchise Info & More.
- Top Food Franchises**
www.franchisehelp.com/FoodFranchise
Invest in a Lifestyle You Can Enjoy
Compare Food Franchises For Sale
- Food Franchise For Sale**
www.franchisesolutions.com/Food
Want to Own a Food Franchise?
Request Ownership Info Now!
- Fresh & Authentic Italian**
www.marcofranchising.com/free-report
#1 Growing Pizza Franchise in USA
Download Our Free Franchise Report!
- Franchises Under 20k**
www.franchiseprovider.com/
Hundreds of Low Cost Franchises
Get Free Information!

The Pay-Per-Click Advertising Conundrum

A company with a large PPC budget can still get out-positioned by smaller competitors with lower budgets.

Competitor's
Budget = \$300

Bid of \$10.00 per click at
50 clicks per day =
\$500 per day

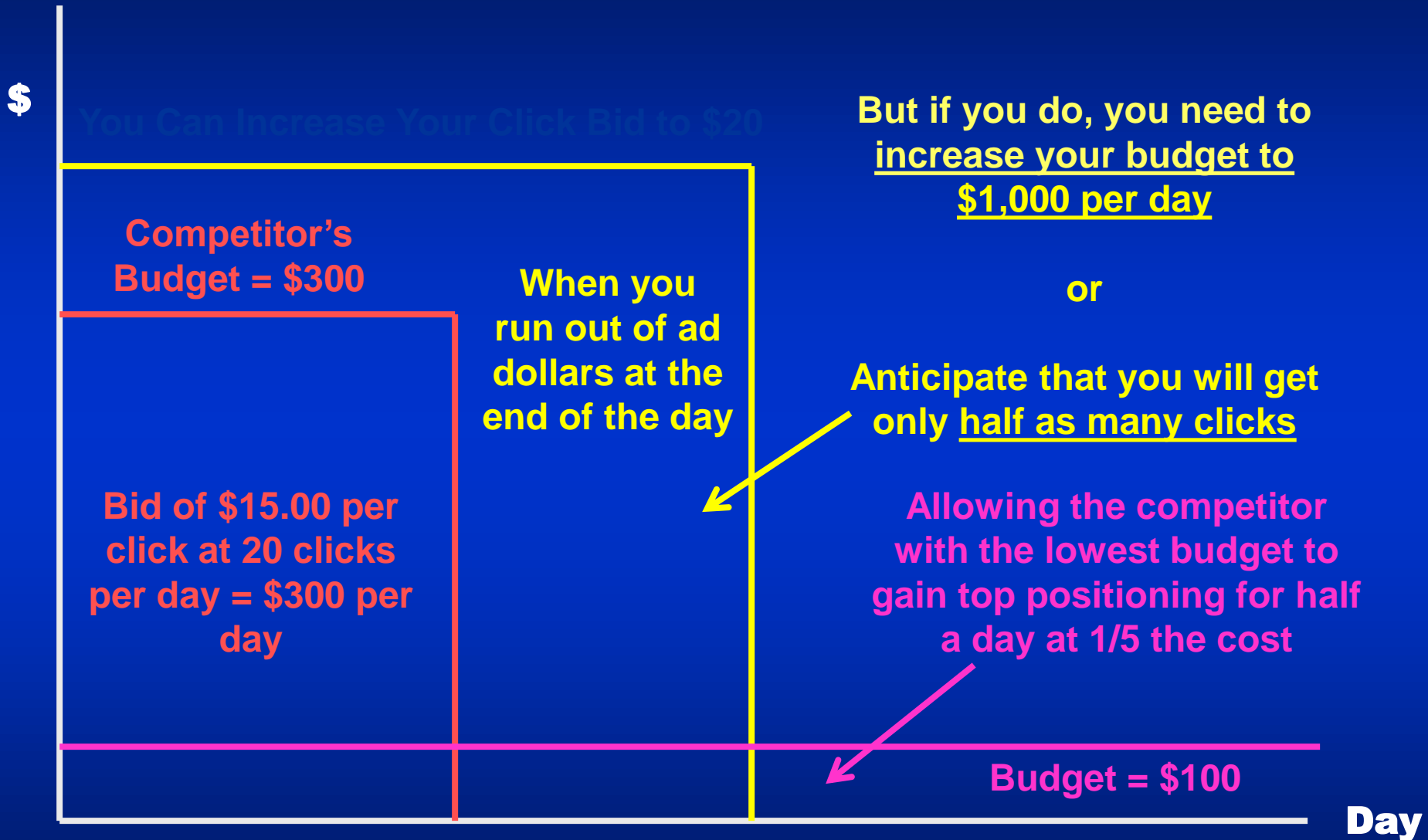
Budget = \$500

Bid of \$15.00 per
click at 20 clicks
per day = \$300 per
day

And if there were only 30 clicks to be had
that day, you might just be out of luck.

Day

The Pay-Per-Click Advertising Conundrum



Integration is Key

You need to create an **Integrated Strategic Marketing** plan tailored around your prospect, your budget, and your goals!

Review your existing efforts

- SEO
- Social Media Channels
- Website
- LinkedIn Profile
- PPC campaign
- Online Reputation

Prioritize your efforts based on results and budget

Online assessment for today's attendees



Understanding

Vision

The Sales Process

Planning

Drive

Courage

The Franchise Sales Process

- ✓ Unique process unlike any sale
 - Quit your job
 - Give up your benefits and security
 - Trust someone you just met
 - Change your life
 - Invest your life's savings
 - Make a “Lifetime” commitment
 - In a business in which you have no experience
- ✓ *“And oh, by the way, I cannot tell you how much money you will make...”*

Keep in mind, however, that . . .

- ✓ There are many different strategies
- ✓ Not every strategy works for every franchisor
- ✓ What's right for other franchisors may not be an ideal strategy for you

Be Sure You Understand That You “Award” a Franchise

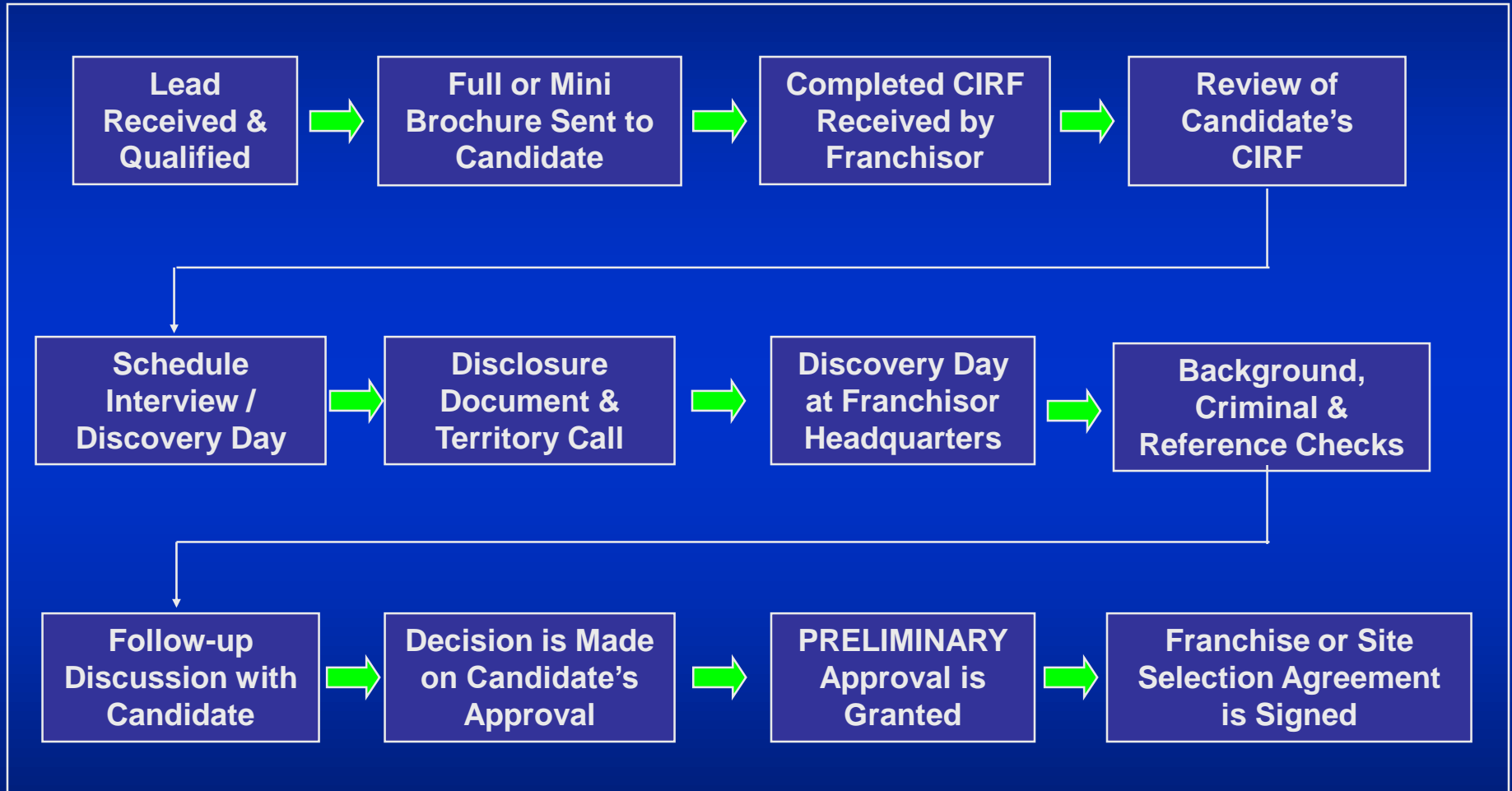
- ✓ First lesson of franchise sales: Nobody ever “sold” a franchise
- ✓ Psychology of “the award”
 - Two way street, you must qualify
 - If you do qualify, you are special
 - You must follow our rules
- ✓ This psychology must permeate your thinking and your technique -- we are not salesmen, we are facilitating an award
- ✓ “Buy” vs. “Invest” in a franchise
- ✓ “Franchise Support Center” vs. “Headquarters” or “Director of Franchise Development” vs. “Franchise Salesman”

Five Critical Points of Qualification

- ✓ Intelligence
- ✓ Capitalization
 - Biggest reason for failure
 - Can cause franchisees to cut corners
- ✓ Work Ethic
- ✓ Job Specific requirements
- ✓ Personality
 - Experience in leading a team
 - Tendency toward being an entrepreneur
 - Honesty and ethics
 - Philosophy and cultural fit
 - Nature (Confrontational or adaptive)
 - Compatibility (you are “married” for the next 20 years)
 - Entrepreneurial
 - Confrontational



Recommended Flow of the Sales Process



Every Call Must Have A Goal

- ✓ Gain continual agreement for what your mutual “next steps” are throughout the process...
- ✓ Goals with the prospect should be committed for both in terms of actions and timelines
- ✓ Internal goals should be set for each contact with the candidate:
 - Each goal should **ADVANCE** the sale
 - Get them into the habit of saying “**YES**” in the process!
 - Have several goals for each contact with the candidate

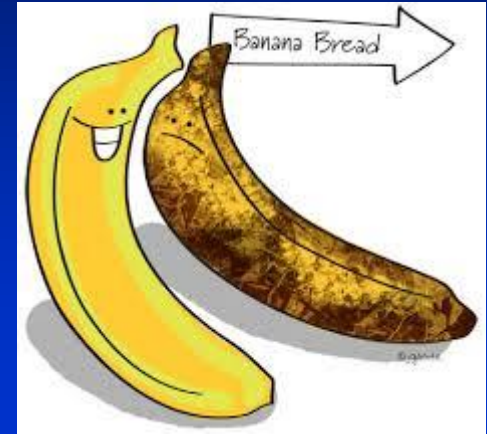


Examples of Some Advances

- ✓ Review our materials
- ✓ Submit the evaluation form
- ✓ Get spouse or partner on a conference call
- ✓ Check out competition; pricing in market
- ✓ Measure market demographics
- ✓ Evaluate the market for potential sites
- ✓ Schedule a “Face-to-Face” or “discovery day” meeting
- ✓ Get the candidate to call franchisees
- ✓ Talk to banker, lawyer, accountant, investor
- ✓ Schedule a closing meeting

Like bread and bananas . . .

- Prospects go “bad” quickly!
- Must follow-up promptly
- Failure to do so provides
 - A message about your level of interest
 - A message about your professionalism
 - Your competitor an opportunity to cut you out
- Must create urgency
 - Do not allow your prospect to dictate time frame
 - Use territory availability, the prospect’s own goals, opportunities to meet key players, visits to the market, etc., to create urgency!
 - Set a “Decision Day”



Personality

- We buy from people we like
- We like people who are interested in us
- Our favorite topic: Ourselves
- Be yourself:
 - This is a long term relationship
 - If you don't have a fit, better to find out now
- Enjoy yourself in the process or find someone else to do it
 - We like people who are having fun
 - If you are not enjoying the process, it comes across, and will send the wrong message

Positioning Against Your Competitors

- ✓ Expect that you are being compared to other franchise opportunities
- ✓ Don't assume that they are only looking at your category!
- ✓ Don't assume your prospect will proactively share this information with your salesperson
- ✓ Determine who your true "competitors" are
- ✓ Know your points of difference as a franchise system...be prepared to "sell what you have"...
- ✓ **NEVER** speak negatively about other franchise systems
- ✓ Focus on your competitive advantages
- ✓ Practice answering common objections before taking your first call

Uncovering Objections

- ✓ Objections are an important part of communication...
- ✓ Need to be patient with your prospects!
- ✓ If we do not know the candidate's objections, we can't overcome them and move forward...
- ✓ If they are not asking questions, you are unlikely to move the sale forward
- ✓ Key to uncovering them is to ask questions
 - What's preventing you . . .
 - What other information . . .
 - It seems as if you're concerned about . . .
- ✓ Look for objections to discuss with your prospective franchisee whenever you cannot get an "advance"...
- ✓ **ROLE PLAY BEFORE YOU FACE LIVE FIRE**

Turning Objections into Advantages

Control → *Quality*

Royalties → *Services*

Newness → *Ground Floor*

Small Territory → *Clustering Power*

The First Call

The introduction of the franchise “Evaluation Process”:

- Who we are? Business concept – why are we different?
- Introduction of clients “territory” concept
- Investment level (single unit or multi-unit or Area development concept for franchising)
- Commitment for prospective franchisees to engage in “Evaluation Process”
- Introduction to the ‘evaluation’ (sales) process
- Introduction of the “discovery day” ...
- Introduction of Marketing Packet and CIRF (‘Confidential Questionnaire’)



Commitment to return CIRF

Introduction to the “Second Call” ...

Two ears, One mouth

- The key to franchise sales is asking appropriate questions
 - Get through “situation” questions early
 - Most should focus on needs, motives, & actions
- **Wait for them to ask; otherwise you ask**
- Don't “sunburn” your prospects
- Remember, your prospect is looking for reasons to DISQUALIFY your franchise -- not for reasons to buy



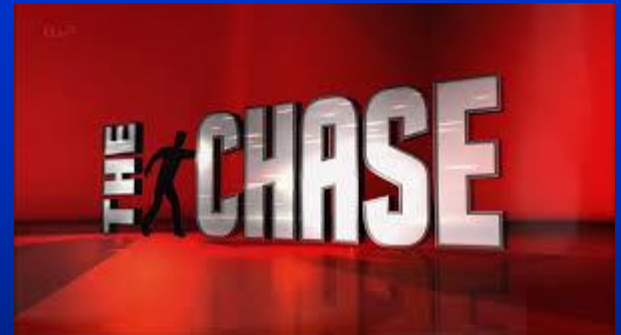
The Need for Speed

- Why did they call today?
 - Something motivated them
 - Overbearing boss went overboard
 - Didn't get a needed raise
 - Got frustrated with work situation
 - Received an inheritance
 - Call while they still “feel the pain” or while they are in the ether
- If you cannot take the call, you must call back within 24 hours!



Problems with many systems: The Chase

- Too much time on the chase
 - 10% yes
 - 10% no
 - 80% think it over (hide & seek)
- Salesman gets buried in “Think it Over”
- Thinks there is a lot of action



Qualify and Prioritize Your Prospects

- **"A" Prospects: 3% - 5%** The "A" prospect is one who will fully engage in the "Evaluation Process". As you have taken them through the First Call they have been responsive; and have made a commitment to complete assigned tasks to stay involved. Statistically an "A" prospect will complete his/her Confidential Questionnaire (CQ (FRANCHISE APPLICATION)) and return promptly after receiving it. We expect 80% of "A" prospects complete the required paperwork 24-48 hours after receiving it.
- **"B" Prospect: 12% - 15%** The "B" prospect is one who is willing to partially engage in the process. They are not communicative and lack energy. The "B" prospect can work their way to an "A" prospect. The "B" prospect will have to be guided through the process. History shows this type of lead will take a longer period of time to close. The "B" prospect may have money issues, a less than supportive spouse or partner, be evaluating many different opportunities or unsure if they want to be in business for themselves. You will need to ask probing questions to determine if the "B" prospect can be moved to "A" status or should be removed from your pipeline.
- **"C" Prospect: 80% - 85%:** The "C" prospect is one who you determine either cannot or will not engage in the process. The "C" prospect should be put in a 6 month contact file. We do not chase a "C" prospect. There will be too many variables in the mix to understand, manage and/or resolve. Every call placed to a "C" prospect takes away from moving "A" to close and "B" to "A".

Set Timetable & Expectations on the First Call

- Discuss process
- Ask them their timeline
 - If it is the distant future
 - ask why
 - re-engage later
 - If it is in the near future
 - Ask if they will be ready to make a decision by end of process
 - Discuss what they need to understand to make decision
 - Lay out timeline and steps for achieving knowledge
 - Turn it into a collaborative effort
 - Give them permission to opt out at any time



Getting to “no”

- Build rapport
- Develop contract up front
- Explain it is OK to say no if you don't get a “yes”
- “We are looking to have a good fit for both of us. So if this doesn't appeal to you for one reason or another, just let me know. Likewise, if I feel we don't have a fit, I'll let you know. That way we won't waste each other's time. ”

Assume You Are Being Shopped

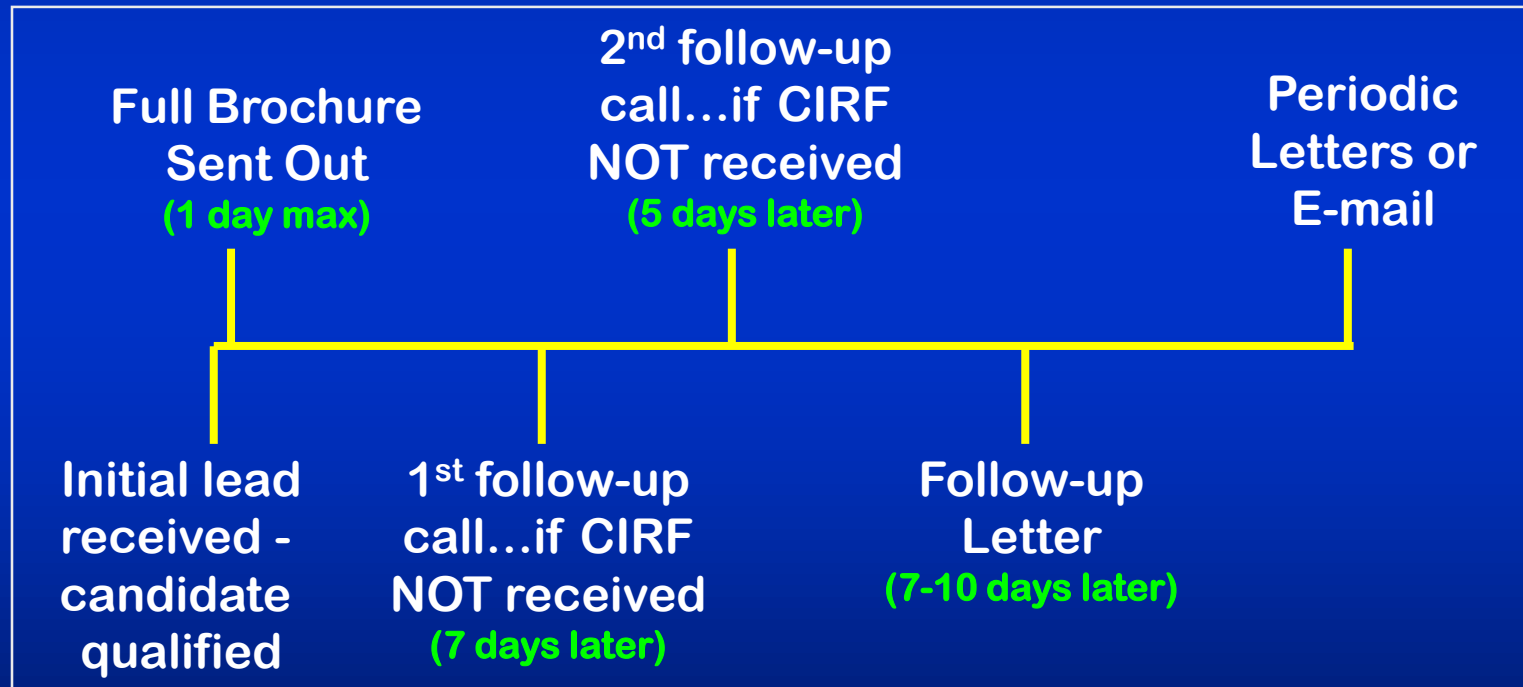
- ✓ Looks at your competitors as well as your concept
 - 30% will look at six or fewer
 - 30% will look at 6 - 12
 - 30% will look at 12 – 20
- ✓ So Ask!
 - Who?
 - Why?
 - Appeal of each?



How Often Should I Contact the Candidate?

Establish mutual expectations for follow-up during the initial lead call, and confirm in the cover letter you send out

Typical Follow-Up Schedule



The Second Call

- Starts when we have reviewed the CIRF
- This call is meant to engage the prospect in continuing the franchise “Evaluation Process”
- It is a give and take dialogue
- It introduces their self assessment of the Entrepreneurial skill sets
- Helps the prospective franchisee understand that they are a franchise “partner” (“Desire to be in business for yourself and not by yourself” -“We achieve our success through you”)
- We are seeking a commitment to the “discovery day” and the prospect’ s (and our) validation process begins



Invitation to Discovery Day



- Upon review of the CIRF, and any related data, an invitation to attend a “discovery day” event should be extended to the qualified prospective franchisee.
- It should be made known to that individual that this invitation is extended only selectively.
- No obligation on either side
- We want to see you and you want to get to meet leadership
- Purpose is to gather information!
- Determine our mutual interest level
- Gives you great ‘tools’ to ask better questions...
- Complete “due diligence” for everyone follows this event...

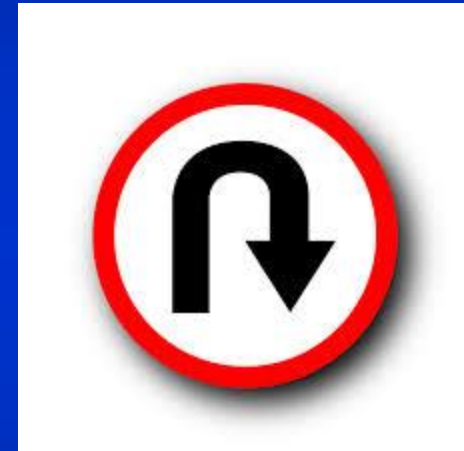
Selling the Discovery Day

- Offered rarely, **not** a daily occurrence!
- An exploratory visit and a learning day
- No one makes a decision during that day
- Is a requirement for approval that we have in place to ensure everyone in the process makes a great decision!
- “Bring your spouse, not your checkbook.”
- Keys to selling Discovery Day:
 - Do not sell the franchise over the phone
 - Emphasize the value of the Discovery Day
 - Talk about the “Genius in The Other Room”



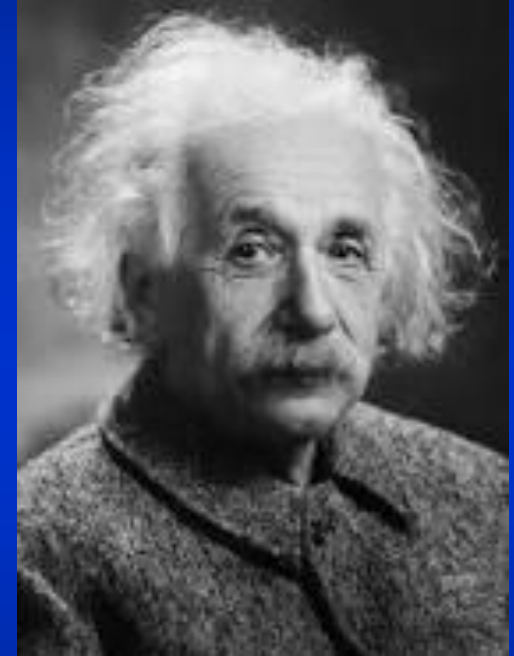
Turning the Question

- The Politician's Favorite Trick
- Often used for selling Discovery Day
- Start with a brief answer
- Explain how much more there is to that answer (or why it is impossible to answer)
- Answer with what you wanted to say, not with what they asked
 - Sell expertise of others
 - Sell the value of the meeting



The Genius in the Other Office

- It is impossible to tell people what a genius we are, but it is easy for someone else to do so
- No one likes a “know-it-all” -- even if you do
- Everyone likes humble people and people who share credit
- It helps reinforce the message that the prospect will be getting help from numerous people
- Relying on the “Genius in the Other Office” when turning the question builds the value of the face to face meeting



Disclosure Document and Territory Call

- In preparation for the 'Discovery Day' event, this call is to review the Disclosure Document (in detail) until all prospect questions have been answered
- Territory is defined, reviewed and confirmed with your prospective franchisee BEFORE your "Discovery day"
- The prospective franchisee remains engaged through this process and is continuing to ask questions...
- This call addresses territory issues and continues to answer any questions that may have arisen from Disclosure Document review...
- Neither of you wants any "surprises" when you meet in person!
- Confirmation of participation in the "Discovery Day" is made



Discovery Day

- Meet socially the night before
- A prepared agenda for that event should include:
 - ✓ An overview of the business and franchise opportunity
 - ✓ A meeting with senior company management
 - ✓ A visit to a franchised business location (if available)
 - ✓ Mutual evaluation – “bring the wife, leave the checkbook”
 - ✓ Expectations of the franchisee should be managed...
 - ✓ A Disclosure Document should be presented not later than at this event.
- Wrap up by providing the “committee’s assessment” and ask for a preliminary commitment



Validation Call

- Occurs once both parties makes a preliminary positive decision and before franchise agreements are prepared
- Follows the participation in our “discovery day”, completion of “due diligence” on everyone’s behalf and a positive decision is made, a final validation call on behalf of the franchisor is made
- In this call, both the Development Staff and the Franchise Company leader review the prospective franchisee’s application, territory, business entry plan and qualifies the candidate as a prospective franchise owner.
- This should be done before the candidate acceptance is finalized



Closing Meeting or Call

- Following the validation call or meeting, the final requests for contracts is submitted and franchise agreements are prepared for the new franchisee
- Once agreements are prepared the prospective franchisee must hold them for the required time
- Once the prospective franchisee has received and reviewed all documents and is ready to sign an agreement, this can be done by mail (overnight service recommended) or with franchise company leader
- Your franchise sales staff is now prepared to take possession of all documents and the Franchisor can collect the initial fees



What to measure...

(everything)

- Total Leads: by major media, source & cost per lead
- Qualified leads (eliminate duplicates, not available)
- Total Marketing kits sent
- Applications received
- Disclosures completed
- Discovery days attended
- Total franchise sales (transactions)
- Total franchise units (franchises)
- Lead and franchise sales cost analysis
- Time to close

Success

Franchise Sales Options

Growth

Opportunity

The Do-It-Yourself Strategy

- May be best option for franchisors looking for slower initial growth
 - Need to honestly assess your internal sales ability
 - Spend the time and resources to invest in the development of a sales plan and a professional advertising/marketing program
- Good option for less aggressive growth
- Good for new franchisors before pipeline is built



Recruit an Internal Sales Team



- Challenge for “emerging” opportunities
- Levels of compensation
- Nearly 30% of sales professionals do not last one full year in a new position*
- Increased fixed costs
- Increased control
- Best option for franchisors looking for much faster growth – if they have the budget
- Good option for those experienced in franchise recruitment

*SOURCE: Salesforce.com

Franchise Sales Outsourcing

- Newer concept
- NOT a “broker”, but work with Franchise Brokers
- Outsourcing companies are dedicated to a specific franchisor client...
 - Allows emerging franchisors to obtain the same level of talent previously only available to large franchisors
 - Greater level of experience; Can be a way to diminish risk
 - Removes burden of hiring, training, retaining sales force to management
 - Generally more expensive...Look for a “full cycle – full service” provider
- **Best practices:**
 - Franchisor doesn't give up any royalty or equity
 - Model should be heavily performance based

Process Summary

- Be selective
- Hire the best you can afford
- Let brand maintenance and the potential for franchisee success be your guideposts
- Train and monitor your franchise sales staff
- Measure everything
- And, most of all, be sure a standard process is in place for handling each prospect



Understanding

Vision

Assessment and Refinement

10
9
8
7
6
5
4
3
2
1

Planning

10
9
8
7
6
5
4
3
2
1

Driv
Courage

Diagnosing Sales Problems

Publicity

Print

Trade Shows

Direct Mail

Internet

Referral

Brokers

Pot

**Could Indicate
Concept Problems
media selection problems**

Low conversions

**In short, close analysis of
various media-specific, marketing,
and sales statistics,
can be indicative of where
problems may exist, allowing
for appropriate corrective action.
poor validation**

12 weeks

Marketing and Sales Audit Process

Sales Factor

Franchise Concept Itself

Potential Problems

- High unit investment
- Financial performance
- Look and feel
- Franchise structure
- Value proposition
- Franchisee validation

Symptoms

- Bad/No P.R.
- Low unsolicited inquiries
- Losing sales to competitors
- Repeat objections not overcome
- Prospects go dark after validation

Diagnosis

- Evaluate design/construction model
- Comparative financial analysis
- Evaluate unit economics/ops
- Contract comparison
- Marketing comparison
- Phone interviews of franchisees
- Franchisee satisfaction surveys (web)
- Evaluate real estate portfolio
- Survey “lost” sales

Franchise Lead Generation

- Media Selection
- Media Mix
- Message
- Ad Spend
- Target Audience
- Timing

- High lead costs
- Low close rates
- Message confusion
- Few qualified prospects
- Low quality lead sources predominate

- Historical vs. norms
- Media specific analysis
- Performance vs. competitors
- Message vs. competitors
- Franchisee or competitor surveys

Franchise Marketing Materials

- Target Audience
- Materials Used
- Message
- Inadequate differentiation
- Design Quality
- Production Quality

- Bad/No P.R.
- Low unsolicited inquiries
- Losing sales to competitors
- Repeat objections not overcome
- Lose sales to market leader
- Low application rate

- Review for best practices
- Message based on surveys
- Application rate vs. norms

Sales Process & Technique

- Lead handling
- Follow up
- Effective Process
- Sales Skills
- Salesperson Motivation
- Sales Tools
- Staffing v. Goals

- Low application rate
- Low discovery day rate
- Low close rate
- Long “time to close”
- Variances in salesperson close rates
- Un- or under-worked leads
- Few broker leads

- Historical vs. norms (close, speed, etc.)
- Salesperson vs. salesperson
- Historical vs. past performance
- Develop sales process map
- Mystery shop sales force
- Leads per salesman
- Sales per salesman
- Broker validation calls

Problem Resolution – Phase Two

Sales Factor

Confirmed Problem

Potential Solutions

Franchise Concept Itself

- Unit investment
- Financial performance
- Look and feel
- Franchise structure
- Value proposition
- Franchisee validation
- Real estate model

- Value engineer design and construction process
- Suspend sales and work on business model, support, franchisee training
- Retain design firm, consumer marketing firm, or PR firm as appropriate
- Revise franchise business structure
- Provide incremental value or reposition concept
- Communications plan, FAC, address survey-specific concerns
- Improve real estate process
- Develop third-party financing programs

Franchise Lead Generation

- Media Selection
- Media Mix
- Message
- Ad Spend
- Target Audience
- Timing

- Develop formal marketing plan based on survey results
- Alter marketing mix to focus on higher-quality lead sources
- Alter message based on survey results
- Increase advertising expenditure based on goals
- Optimize website and PPC campaigns
- Develop and measure benchmarks; rotate bottom 10% quarterly

Franchise Marketing Materials

- Target Audience
- Materials Used
- Message
- Inadequate differentiation
- Design Quality
- Production Quality

- Rewrite, redesign, and reprint materials as appropriate
- Develop or revise standard sales correspondence
- Rewrite and redesign web pages as appropriate
- Add technology improvements (auto-responders, sales software, etc.)
- Develop additional promotional tools (video, etc.)

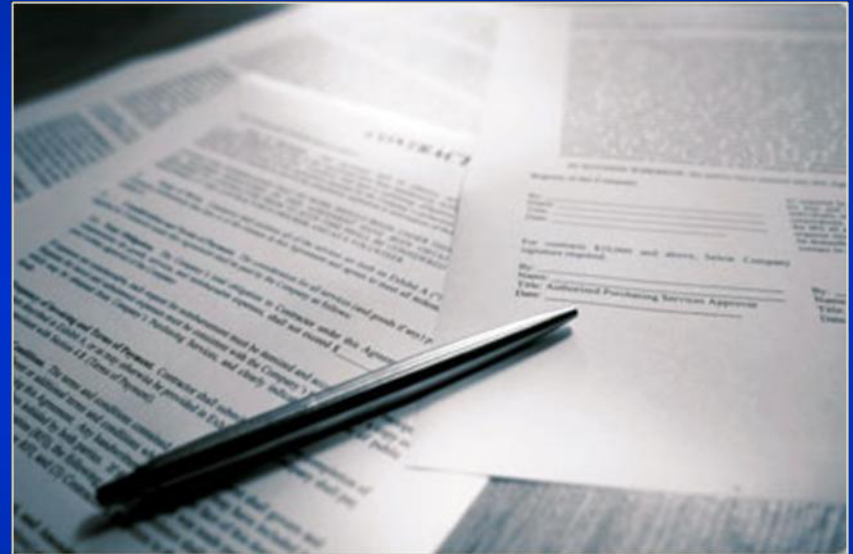
Sales Process & Technique

- Lead handling
- Follow up
- Effective Process
- Sales Skills
- Salesperson motivation
- Sales Tools
- Staffing v. Goals

- Develop and map effective sales process
- Train sales staff and provide guidelines to non-sales staff
- Replace poor sales personnel
- Benchmark and measure performance
- Alter compensation
- Evaluate external resource opportunities (FSO, LQS, software solutions)
- Add sales professionals, support staff, or both
- Proactive broker programs

Done Right, It's A Numbers Game

- If the concept does not work, do not franchise
- Use franchisee success as your capacitor of growth
- Understand that the post sales support you provide will be more important to your long term success than will the cash generated by franchise sales
- With those caveats, franchise sales are a natural result of a well executed sales and marketing strategy





Questions