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Building a Digital Franchise Organization

Technology strategies for franchise growth and profitability

Thanks to the rapid growth of technology and an Internet savvy population, building a dynamic and paperless franchise organization has become extremely easy and cost-effective. Today, a large number of growing franchise organizations are actively implementing technology solutions to create new revenue opportunities, streamline their operations and cut costs associated with paper-based processes. In fact, some of the fastest growing franchise concepts (with growth rates of over 40-50%) out there are more than 90% paperless and attribute a big part of their success to technology.

Current technology solutions can help to enhance all aspects of franchise operations including sales, marketing, operations, support, financials, customer management, training, supplies, etc. Implemented properly, they can provide franchisors and franchisees with the competitive edge necessary to win over new franchisees and customers while reducing costs to improve profitability. Let's take a look at some of the franchise operations that can be enhanced by leveraging technology.

Customer Acquisition and Retention

No matter what kind of a franchise concept you run, technology can help you acquire more customers. There are success stories of service based franchisors converting 80% of their prospects into paying customers because of the professional impact they create on their customers by leveraging technology to food-service chains and specialty retail chains leveraging emails to send out recipes and coupons to increase customer loyalty.

For franchise organizations, looking to increase their top-line through better customer management, one of the easiest ways to start is by building an electronic customer database. By encouraging franchisees to put their customer lists online, corporate can have a complete knowledge of their end customers and have the ability to conduct national and regional marketing campaigns. Creating electronic newsletters that can be sent to customers, promotes customer loyalty and a community feeling. Depending on the franchise concept, providing online support or e-Commerce capability, can further enhance the customer experience. Franchise organizations can also improve customer service by providing online support in addition to phone based support.

Attracting New Franchisees

Most individual franchise prospects conduct extensive online due-diligence before choosing a franchise. Creating a powerful franchise opportunity section can be key to converting some leads into franchisees. There is a simple question you can ask yourself – Would you buy the concept based on what you “see” on your website? Good design and interface are critical for branding and marketing a professional organization. Leveraging email as a powerful one-to-one marketing, branding and communication tool for automatically following-up with franchise inquiries can be a powerful and cost-effective mechanism for converting more prospects into franchisees.

Top Implementation Strategies

- “My franchisees are not ready for technology!”. Not true anymore. Most small businesses and new franchisees use computers, Internet, email, etc on a regular basis. If they don’t, you can pretty much be assured that they are not your *top* performing franchisees either.
- Increase your awareness about available technology solutions and the impact they can create for your organization’s growth and success. Most vendors are more than happy to talk about the ROI and the benefits of their solutions.
- Talk to fellow franchisors and vendors for best practices and solutions that have helped them succeed. There are thousands of success stories that talk about gaining new customers, signing-up new franchisees and reducing costs by leveraging technology.
- Draw out a 5-year road map of your organization’s technology strategy. When you finally decide to implement a solution, don’t start with a 5 year old solution. Smart organizations plan for solutions that will reduce their integration costs in the future.
- Ensure that all your franchise agreements are reflective of your technology roadmap. Most of your older contracts are likely to renew in the near future and it is a good idea to list out your technology plans and requirements in the agreement.
- Looking for a technology budget? – There are more answers then you think. Identify the cost savings from the solutions you are implementing. Most solutions out there pay for themselves in less then a few months. The Franchise marketing and development fund can be a source if you implement electronic marketing solutions. Have you thought of implementing a technology fee? \$20 /month / franchisee can help implement more solutions then you would expect. Have you thought about your suppliers paying a fee or discounts for gaining direct access to your franchisees?

Tracking Sales and Franchisee Performance

Sales data analysis is critical to identifying best selling products and services, measuring effects of marketing promotions, tracking inventory (with some franchise concepts), measuring franchisee performance and taking steps that makes franchise organizations more profitable. The typical challenge lies with collecting sufficient data daily. However, the Internet allows an extremely low cost method of collecting sales data. Franchisees can use web-forms to upload a daily sales report or an excel file. Adapters to financial programs like QuickBooks can transmit sales data directly to HQ. PC based POS systems can be network enabled and can directly transmit the sales report.

Analysis of this data can yield valuable information on trends and franchisee performance. Allowing franchisees to compare their performance with regional and national averages on a daily basis can

motivate them to look for factors to improve their own performance. The collected sales data can also be used to automatically generate royalty invoices and transfer funds electronically.

Communication, Collaboration, Training and Support

Franchisees are partners in success of any franchise organization. Providing tools that allow franchisees and franchisors to share information and ideas while providing 24/7 support build the foundation of a dynamic community v/s a static organization. Discussion forums, real-time chat, instant messaging, email messaging, online and wireless alerts are powerful and low-cost tools for building the foundations of a growing franchise organization. Providing online support tools including searchable knowledge-bases and trouble-ticket systems in addition to phone based support can provide valuable and real-time help while reducing support costs substantially.

Similarly, online training can be a powerful tool for providing a continuous and self-paced learning environment. There are franchise organizations that have been able to reduce their class-room training time by letting new franchisee learn basic concepts before visiting HQ. Similarly, other franchisors have been able to roll out new products and services with relative ease by using online training to bring their franchisees up-to speed.

Eliminating Paper-based processes

Putting franchise manuals, forms and newsletters online in electronic format has been one of the most common and popular methods for eliminating paper, printing and mailing costs. Online libraries also provide franchisees with 24/7 access to current information. By integrating POS and accounting systems or providing online forms for sales data upload, franchise organizations can eliminate the paperwork, faxes and phone calls involved in collecting sales data and collecting royalties.

Implementing Technology Solutions in this Economy?

One may argue that while the benefits of implementing technology solutions are obvious, setting aside money for technology solutions in this economy is impossible. However, the cost of technology solutions has dramatically fallen down in the last few years and a large number of solutions out there start at as little as \$5000. Add to this the cost-savings that you can get from eliminating manual processes or the revenue growth achievable from adding new franchisees and customers and the payback can take less than a month.

About FranConnect

FranConnect is an **ISO:9001** certified software development organization that builds, manages and hosts applications that allows franchise organizations to achieve growth, streamline internal processes, increase productivity and improve profitability. Through its design labs in Washington D.C., London and New Delhi, FranConnect serves a global customer base and supports 24x7 operations and development.

