

The Sad Truth

Franchisors continue to miss goals

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Year after year, 80 percent of franchise companies do not hit their recruitment goals. What's going on?

How many white papers, studies, reports, and surveys must franchise executives read to realize and accept there is a problem? How many will it take to convince leaders to stop looking for a quick fix as the answer to their recruitment prayers? The answer seems to be there will never be enough. Why do I say this? Consider these industry statistics:

Is it any surprise 80 percent of brands are *not* meeting recruitment goals? Or that 71 percent have under 100 units after 10 years of franchising? Year after year we see similar outcomes from the data. And while there are always some individual brand success stories, the picture for the industry improves very slowly, if at all. In some areas it's getting worse.

What are the issues? In speaking with executives and recruitment teams weekly, here is what I often hear:

"We need more leads."

"We need a better CRM."

"Our franchisees aren't validating."

"We need better marketing materials."

"We need a better team."

"We need a bigger budget."

"We're trying (insert silver bullet) for a quarter and see how it goes."

The problem is franchise companies mistakenly think these are their real problems, and that these issues are only symptoms. For any real change you must identify, properly diagnose, and address the root cause.

Learn from the winners

After 25 years in franchising, with a heavy focus on development, I've found some common traits of companies that are winning at recruitment.

The business model and franchisor training/support works. Best practices are crystal clear, documented, and validated. There is a meaningful Item 19 that shows strong profitable units. They can effectively demonstrate turnkey systems for HR, marketing, sales, operations, finance, and technology... no mysteries. And there is a well-documented and comprehensive onboarding and start-up program.

A true leadership team. This means executives who are growth-oriented, transparent, and "unit economics" focused. The company has a single vision with target dates and the leadership group is aligned to win. Resources match the targets and initiatives. And the team understands there will be challenges and struggles and has the trust and character to persevere through tough times.

One defined and documented recruitment system. No jumping from one format, model, or recruitment program to the next. No "trying silver bullet for a quarter to see if it works." Year after year, recruitment delivers results. It's a business within the business and executes on this defined system for lead generation, turning suspects into candidates, and winning the top candidates as new franchisees so successful new units are opened to make the future vision a reality.

The sad truth is that the same story surfaces year after year and the outcome is that 80 percent of franchise companies are not winning with recruitment—which often leads to frustration and even doubt about the overall business model. Even brands with excellent business models struggle to get the recruitment piece right. However, there is good news. Getting it right doesn't require luck or knowing a secret. But getting it right is not simple either. It's complex and complicated. Implementing an effective recruitment system is not an easy undertaking. It's not for the fainthearted. But the journey will be worth the trip. You can do it.

Let's go to work! ■



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RECRUITMENT STATISTICS

CGIFRANCHISE.COM

64%

of brands in the FLDC mystery shop did not return the prospect call

35%

do not track cost per lead

53%

do not track total cost per sale

300+

organic leads are required to get one signing

38%

give no financial qualifications on the recruitment website

50%

have no visual graphic or wording outlining their discovery process