

**Graduate School of Business**

**Australia's Entrepreneurial Spirit: The Contribution of Franchising**

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## **Declaration**

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature: .....

Date: .....

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This research is very closely related to my business journey as a franchisee in a major retail chain. The very special franchisees who freely gave of their time and described their franchising success not only provided the essential data for this research but also motivated and enthused the researcher to strive for excellence in all aspects of his business life.

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This work is dedicated to Lisa, her short life was truly inspirational.

## **Abstract**

This research identifies the experiences, behaviours, attitudes, values and beliefs of Australia's most successful franchise owners in order to understand the reasons for their outstanding success in a business environment designed to encourage replication and uniformity.

In this study, twelve of Australia's best franchisees have been interviewed to find out their personal qualities that have enabled them to succeed in the franchise business environment. A qualitative methodology within a constructivist ontology and interpretivist epistemology has been used.

Interviews were conducted, coded, analysed and models developed using NVivo software. The coding and analysis led to the development of six key characteristics or behaviours of successful franchisees.

Australia's best franchisees are successful because they are highly motivated, have outstanding business skills, are committed to franchising, demonstrate remarkable personal qualities reflected in highly ethical leadership with exceptional communication skills and create a business environment that has real customer focus.

Human qualities are difficult to isolate and quantify. This research highlights those necessary to succeed in franchising and business generally. The findings from this research have been presented as a framework for franchisee success. The framework provides the basis of human characteristics and elements to consider in franchisee selection and business skill development.

The title of this research is in many ways its conclusion. The contribution of franchising to Australia's entrepreneurial spirit is the growth and development of the business skills of franchisees, many of whom are entrepreneurs in the making.

## **Operational Definitions**

**Entrecode:** The Entrecode is a model developed by David Hall (2003a) which focuses on how entrepreneurs interact with their business in order to understand the cause and effect of their ‘way of being’ on entrepreneurial success. It collects and uses qualitative data from potential entrepreneurs to make comparisons with established entrepreneurs to highlight strengths and weaknesses and prescribe solutions based on behaviours of established entrepreneurs (Hall 2003a).

**Entrepreneur:** The term is usually only applied to people who have shown exceptional ability and imagination in launching and succeeding with new business ventures. The Macquarie Dictionary defines an entrepreneur as ‘someone who organises and manages any enterprise, especially one involving considerable risk’ (Macquarie 2004, p. 391). A broader definition of entrepreneur is used in some research literature to refer to any person who organises and runs a business.

This broader definition would include franchisees. For the purposes of this research the more narrow definition of the term entrepreneur is initially used which refers to those with the exceptional abilities to identify new and innovative opportunities to create wealth.

The question ‘Are franchisees entrepreneurs?’ is asked in the literature review (Chapter 2). The literature suggests that the distinction between small business entrepreneurs is not as great as some researchers would suggest.

**Franchising:** The relationship between franchisor and franchisee. The franchisor sells the right, or franchise, to the use of the intellectual property, usually a trademark, tradename and business system, usually for a fixed period of time. At the end of the term, the business reverts to the franchisor (Nathan 2000). Franchise owners pay an entry fee as well as recurring royalties and advertising fees to a franchisor in return for the right to use the trademark or business format as well as services provided by the franchisor such as legal advice, advertising, training etc. (Grnhagen & Dorsch 2003, pp. pp. 366-384). In this study, the term franchising refers to all aspects of the relationship between franchisor and franchisee.

**Small Business:** A business that is independently owned and operated, it is closely controlled by owners/managers who also contribute most, if not all of the operating capital, and the principal decision-making functions rest with the owners/managers. In this study small businesses are identified as those businesses which employ fewer than 20 people (SBDC 2004). Individual franchises can be defined as small businesses.

**Successful Franchisees:** For the purposes of this research, successful franchisees are Australia's very best franchisees between 2003 and 2006. They are Franchise Council of Australia's, State and National Franchisee of the Year award winners and in one case the Woman in Franchising award winner.

## Table of Contents

<b>Acknowledgements</b>	iii
<b>Abstract</b>	iv
<b>Operational Definitions</b>	v
<b>List of Tables</b>	x
<b>List of Figures</b>	x
<b>Chapter 1 – Introduction</b>	1
1.1 Introduction	1
1.2 Research Objectives	3
1.3 Research Questions	4
1.4 Research Significance and Background	4
1.5 Motivation for the Research	5
1.6 Outline of the Thesis	6
<b>Chapter 2 – Literature Review: Formative</b>	8
2.1 Introduction	8
2.2 Literature Review	8
2.2.1 Characteristics of Entrepreneurs	8
2.2.2 Reasons for Studying Entrepreneurs	11
2.2.3 The Entrecode	12
2.2.4 Franchising	14
2.2.5 Franchising Relationships	15
2.2.6 The Franchisee E Factor	15
2.2.7 Are Franchisees Entrepreneurs	17
2.2.8 Business Skills	19
2.2.9 Personal Qualities	20

2.2.10 Leadership	23
2.2.11 Communication	23
<b>Chapter 3 – Methodology</b>	<b>28</b>
3.1 Research Paradigm	28
3.1.1 Ontology, Epistemology and Methodology	30
3.2 Research Design	35
3.2.1 Selection of Interviewees	35
3.2.2 Ethical Issues	36
3.2.3 The Interview Guide	36
3.2.4 Pilot Interview	37
3.3 Interview Process	38
3.4 Data Analysis	38
3.4.1 Introduction	38
3.4.2 Coding	38
<b>Chapter 4 – Findings</b>	<b>40</b>
4.1 Introduction	40
4.2 The interviews	40
4.3 Findings	43
4.3.1 The Motivation Construct	44
4.3.2 The Business Skills Construct	69
4.3.3 Franchising Relationships Construct	99
4.3.4 Personal Qualities Necessary for Franchising Success Construct	125
4.3.5 Communication Construct	138
4.3.6 Customer Focus Construct	143



<b>Chapter 5 – Discussion</b>	158
5.1 Introduction	158
5.2 Characteristics of Successful Franchisees	159
5.2.1 Motivation	160
5.2.2 Business Skills	174
5.2.3 Franchising Relationships	191
5.2.4 Personal Qualities Necessary for Franchising Success	202
5.2.5 Communication	213
5.2.6 Customer Service	220
5.3 The Emergent Framework	234
5.3.1 The Models	234
5.3.2 The Franchisee Success Relationship	240
5.3.3 Characteristics of Successful Franchisees and the Entrecode	242
5.3.4 The Framework	247
5.4 Franchise Industry Utility and Feedback	252
<b>Chapter 6 – Conclusion</b>	255
6.1 Research Objectives	255
6.2 Suggestions for Future research	260
<b>References</b>	262
<b>Appendices</b>	268
Appendix 1 Interview Script	268
Appendix 2 Selection Criteria for Franchisees of the Year	273
Appendix 3 Franchisee Performance Enhancer Measures	274
Appendix 4 Sample Interviewee Contact Email	275
Appendix 5 Node listing 1	276
Appendix 6 Revised Node Listing	278
Appendix 7 Information Sheet	280
Appendix 8 Consent Form	283

## List of Tables

5.1	Outstanding Customer Service: What Successful Franchisees Do	222
5.2	The Entrecode and Successful Franchisees	243
5.3	Recruiting Successful Franchisees Framework	247
5.4	Training for Franchisee Success Framework – Skills to Develop	250

## List of Figures

2.1	Literature Review Pathways	26
5.1	The Relationships and Elements of the Motivation Construct	170
5.2	Motivation: Links To Other Constructs	172
5.3	The Relationships and Elements of the Business Skills Construct	187
5.4	Business Skills: Links To Other Constructs	190
5.5	The Relationships and Elements of the Franchising Construct	199
5.6	Franchising: Links To Other Constructs	201
5.7	The Relationships and Elements of the Personal Qualities Construct	210
5.8	Personal Qualities Links To Other Constructs	212
5.9	Communication: Links To Other Constructs	216
5.10	Customer Focus Link to Profit Maximisation	231
5.11	Successful Franchisees Constructs and Categories	235
5.12	Overlapping Links Between Categories and Constructs	237
5.13	The Franchisee Success Relationship	241&257

## **Chapter 1 – Introduction**

### **1.1 Introduction**

Franchising has provided ease of entry into small business for more than 50,000 Australians (FCA 2007). As a business model, it provides a means for franchisor entrepreneurs to grow and expand their business whilst sharing investment costs and risk. For the franchisee, it enables them to participate in a proven business system and reduce the risks involved in new business start-ups. It provides access to capital, which may not otherwise be available as banks are more likely to lend money for a proven business venture. For business service providers it creates an environment of greater certainty by dealing with known brands and proven business systems.

Franchising is about producing a business model that can be replicated. Theoretically, in a well developed franchise system all franchise outlets should enjoy similar success. Even the very best franchise systems have their successes and failures. An indicator of a good franchise system is how it encourages success and deals with franchisees experiencing difficulty. The backgrounds and viewpoints of franchisees affect attitudes, behaviours and outcomes in their businesses. The personal qualities of the franchisee are likely to determine whether they are the dynamic small business operators or the pensioned off retiree in waiting. Dynamic franchisees seem to stand apart from those that merely survive.

The Small Business Development Corporation citing earlier research than that used by the Franchise Council of Australia in its 2005-2006 Annual Report highlights the importance of franchising as a small business model. In Australia there are '56,200 business format franchised outlets, 5,660 franchisor owned outlets, and 426,500 employees. There are 960 business format franchise systems, of which 93% are Australian based. Impressive statistics, but not a guarantee of success. Not all franchises succeed' (SBDC 2004). The Deloittee Franchisee Satisfaction Survey 2004 notes that some franchisees, find that the business growth necessary to succeed is difficult for a number of reasons, including 'the ability and capacity of a franchisee to want to grow... (and) the ability or commitment of franchisees to undertake their own local marketing campaigns' (Deloitte 2004, p. 9). Given that franchising is such

an important part of the small business landscape and despite the replicable nature of the franchise business model, franchisee success is by no means guaranteed. There is good reason to study the factors that lead to franchisee success.

In Australia, franchising has matured in a regulated environment. In a message to the Franchise Council of Australia celebrating the 2006 franchising awards, John Howard, Prime Minister of Australia pointed out, 'The introduction of the Franchising Code of Conduct and the Office of the Mediation Adviser in 1998 have been significant in supporting fair trading in the franchising sector. To ensure that the rules have kept pace with changes in this dynamic sector, the Small Business Minister is currently reviewing the Franchising Code's disclosure provisions' (FCA 2006). Whilst some would argue that this restricts business freedom and growth and does not regulate for ethical behaviour, it is likely that the confidence in franchising has been provided at least in part by such a regulated environment (Evans 2006 p. 145-146).

'In June 2004 there were 1,660,000 operators of the 1,269,000 non-agricultural small businesses in Australia' (Australian Bureau of Statistics 2004). This suggests that the desire to own a small business is strong in the Australian psyche. It possibly is related to the spirit of independence based on national tradition and folklore and the notion that 'Jack is as good as his master,' or more likely the desire for economic security that emerges in a community with strong immigrant roots and a determination to provide an economically secure base for the family. 'Although the appeal of being one's own boss continues to be a driver of franchising, I believe wealth creation is now more important' (Giles 2006, p. 6).

The strong small business sector and the growth of franchising in Australia, suggests a possible paradox. Franchise systems by their very nature have rules, well defined operating procedures and measures to protect the brand. These constraints seem at odds with the desire for independence and autonomy valued by many who own their own businesses. How can these entrepreneurial desires of individual initiative fit with the systems and rules of a franchise system? How do individual franchisees that seemingly must have many characteristics of entrepreneurs succeed in such an environment?

There is considerable emphasis on dealing with conflict in franchising research with observations such as the following on the franchise relationship. They are ‘difficult to manage given the very different goals and objectives of franchisors and franchisees...it is very important to establish a strong partnership relationship in the franchise system to reduce the negative side of relationship conflicts’ (Chiou, Chia-Hung, & Yang 2004, pp. pp. 19-36).

There is relatively little research on franchisee success. The Entrecode (Hall 2003a) provides a framework for identifying characteristics of successful entrepreneurs. By initially adapting and applying, the Entrecode model, by transferring the elements for identifying success from entrepreneurs to franchisees, it is possible to identify the behaviours that have led to success in franchising by outstanding franchisees. The resulting framework provides the basis for an examination of the very best franchisees that identifies what exactly is it about them that enable them to succeed in the franchised business environment.

## **1.2 Research Objectives**

The purpose of this study is to:

1. Develop a framework utilizing the Entrecode (Hall 2003a) as a starting point, that identifies the experiences, behaviours, attitudes, values and beliefs of successful franchise owners.
2. Explain how the experiences, characteristics, attitudes, behaviours and beliefs of successful franchisees have led to outstanding business success.
3. Enhance existing practices in franchisee selection.
4. Explore how successful behaviours can be transferred to others in existing franchise systems.

Identifying the personal attributes of successful franchisees will contribute to improved business performance of the franchising sector, particularly in recruitment and training, by industry professionals having a better understanding of their best performers.

### **1.3 Research Questions**

The research questions are:

1. Why do some franchise businesses grow, prosper and thrive, whilst others seemingly in a similar business environment, merely survive?
2. How do the attitudes, behaviours, values and beliefs of dynamic franchisees affect the performance of their business?
3. Do successful franchisees who demonstrate individual initiative and independence, regarded as desirable in small business owners, succeed under the apparent constraints of a franchise system?
4. Can knowledge of successful franchisees be used to benefit the franchise business model?

The first question will enable an analysis of the positive attributes of the very best franchisees, which will provide the explanation of their business success, required by the second research question. This is the focus of the research, to identify how their attitudes, behaviours, values and beliefs create a successful business environment. The identification and description of these attributes will enable questions three and four to achieve the third and fourth research objective.

### **1.4 Research Significance and Background**

The franchise sector consists of 700 franchisors, 50,000 franchisees and 700,000 employees (FCA 2007). It contributes 12% to the national GDP (Franchise Council of Australia 2004). 'Many publications point to the important role of the franchisee in the success of a franchise network...few researchers have tried to understand their motivation, although several researchers stressed the importance of it' (Guilloux et al. 2004, pp. pp. 218-224). This research addresses the issue of franchisee motivation.

Many successful business entrepreneurs and franchisors gained their initial business experiences and developed their business skills as franchisees. This research identifies the human qualities of successful franchisees. An understanding of the human qualities of successful franchisees adds to the potential for success of

franchising and ultimately the bank of small business success stories so necessary for continued economic growth in Australia.

There may be a dichotomy between the perceived freedom and flexibility of owning and running a small business and the constraints imposed by a franchise system. For many Australians franchising is the entry point to small business ownership. A potential franchisee enters the more secure world of brand recognition and economies of scale not available to independent entrepreneurs, whilst franchised chains benefit from the drive and dedication that entrepreneurs bring to unit level operations (Lafontaine 1999, p. 10). Because of these constraints and the higher degree of security, highly successful franchisees may not exhibit all the characteristics of the outstanding entrepreneurs. Frameworks developed by this research however, can be utilized to determine just what the personal qualities are of highly successful franchisees and have the transferability of utility to new and existing franchisees just as the Entrecode framework (Hall 2003a) does for new and existing entrepreneurs.

Financial institutions, large retail shopping centre managers and commercial property landlords prefer dealing with the greater certainty of success provided by franchise systems and the certainty of known brands. This research provides a framework for such franchise service providers and franchisors to identify what to look for in potential franchisees and further develop in existing franchisees. It provides a means for successful franchisees to identify attitudes and skills for further development.

## **1.5 Motivation for the research**

The title of this research *Australia's Entrepreneurial Spirit: The Contribution of Franchising*, suggests that franchising has made and continues to make a significant contribution to exciting new business enterprises in Australia.

In Australia, the focus of franchise research to do with franchisees has been on recruitment and dispute resolution. The focus on franchisee success has been from the point of view of franchisors. There has been little franchise or entrepreneur research focusing on franchisees. For example, *Franchising* magazine which often

carries articles based on recent franchise industry research, lists 347 articles on its website, yet only 20 titles are listed under a search for 'franchisee' and few of these articles discuss matters to do with franchisees in any detail (Franchising 2006). The franchisee has been one of the least studied of entrepreneurial types. The lack of interest is explained as due to entrepreneurship researchers over-looking the latitude and flexibility that entrepreneur- franchisees have to pursue their own strategic goals primarily because franchise contracts never specify all contingencies (Phan, Butler & Lee 1996).

Nathan (2000) gives appropriate recognition to the importance of the franchisee as an integral element of the franchising relationship. The title of his work, *Profitable Partnerships* reflects the reality that franchising success in the Australian business environment is due to the partnership and cooperative effort of both franchisees and franchisors. In the introduction the observation is made that 'Many franchisees sell themselves short when it comes to the contribution they can make and the value they can gain from their franchise system' (Nathan 2000). Nathan points out the importance of franchisee performance as the ultimate key to the success of a franchise system, 'After all it is their performance that drives sales, enhances customer satisfaction, creates brand loyalty and delivers the franchisor its royalties' (Nathan 2000).

Australian researchers focus on the franchisee success elements from the point of view of the franchisor. An extensive search of franchising research has found little research that identifies reasons for success in franchising based on successful franchisees' behaviours, values, attitudes and beliefs.

## **1.6 Outline of the Thesis**

The title of the thesis *Australia's Entrepreneurial Spirit: The Contribution of Franchising* suggests that franchising is a very real element of Australian business enterprise. Chapter 1 outlines the research questions, objectives, significance and motivation. This research highlights the role and potential contribution of Australia's very best franchisees.



In Chapter 2 the literature search conducted into entrepreneur theory, franchising, the skills necessary for business success and personal qualities required for business success is described. Because this research utilises grounded research methods and techniques the literature search was formative and required further review as theory emerged.

Chapter 3 outlines the constructivist ontology, interpretive epistemology and qualitative assumptions and grounded research methodology chosen for this research. Entrepreneur theory and in particular the Entrecode as described by David Hall (Hall 2003a) provides a starting point by describing the characteristics of successful entrepreneurs. This framework of Entrecode descriptors was used to structure the interviews of highly successful franchisees.

Twelve of Australia's very best franchisees between 2003 and 2006 were interviewed. All of those interviewed had been Franchise Council of Australia's, State and National Franchisee of the Year award winners. Over the time that the interviews were being conducted, they were coded and re-coded, using NVivo analysis. From this analysis, the key constructs or characteristics of successful franchisees emerged which provided the structure for the Findings in Chapter 4.

In Chapter 4 the selected units of meaning from the transcript of the interviews are identified which contribute towards the development of the constructs.

Chapter 5 discusses and analyses the findings. An extensive use of models and diagrams illustrating the links between the constructs illustrates the complexity of describing human characteristics. Chapter 5 then develops a framework that will benefit the franchising industry for franchisee selection and training. The findings are also used to compare the characteristics of Australia's best franchisees with the Entrecode.

The findings of the research are discussed in Chapter 6 in the context of the research objectives and questions and suggestions made for future research.

## **Chapter 2 – Literature Review: Formative**

### **2.1 Introduction**

This research uses grounded research methods and techniques (Whiteley 2000). The literature review is in two parts. The formative literature review is outlined in this chapter. This is an overview of the early reading prior to the research interviews. According to the basic principles of grounded research, ‘once an area of research has been identified, the researcher should enter the field as soon as possible. Consequently the literature is not exhaustive prior to the research, as in many (positivist) studies, rather it is consulted as part of an iterative, inductive and interactional process of data collection, simultaneous analysis, and emergent interpretation’ (Goulding 2005, p. 294). The purpose of this part of the literature review was to gain a broad overview of the topic in order to start collecting detailed data.

Because grounded research methods have been used, there was a need to further review literature in light of the emergent theory. Chapter 5 discusses the research findings. For each of the key constructs of successful franchisees that emerged a further more detailed literature review is included with the discussion in Chapter 5.

### **2.2 Literature Review**

A large volume of literature exists on the prerequisites needed to succeed in business and become a successful entrepreneur. Because of the prescriptive nature of franchising, there is considerable debate as to whether franchisees can be considered entrepreneurs. A good starting point for this research however, is to examine entrepreneur theory and the characteristics of entrepreneurs.

#### **2.2.1 Characteristics of Entrepreneurs**

A behavioural investigation into entrepreneurial success listed the many factors that researchers have investigated which included: ‘achievement motivation; proactivity, need for autonomy, risk taking, marginality, creativity, commitment to others,

tolerance of ambiguity, Type A personality, initiative, assertiveness, determination, speed, agreeableness, endurance, experimentation, excellence, sense of humour, decisiveness, patience, energy, vision, locus of control, opportunistic, imaginative, restless, adventurous, innovative, deviance to name but more than a few (Johnson & Ma 1994). The review of literature by Johnson and Ma (1994) identified the following characteristics as commonly distinguishing successful from non successful entrepreneurs; 'vision, need to achievement, calculated risk taking, internal locus of control, need for autonomy, opportunistic, creative and innovative' (Johnson & Ma 1994). In attempting to identify the characteristics of successful franchisees, these characteristics of successful entrepreneurs are a worthwhile reference point.

In some contexts, the term entrepreneur has been used to describe those involved in doubtful business practices, especially in Western Australia in the economic boom of the nineteen eighties. *In the Company of Heroes An Insiders Guide to Entrepreneurs at Work* David Hall is quite explicit about the economic contribution of entrepreneurs, 'Entrepreneurs are heroes. They make their contribution by creating successful businesses through their vision, passion and obsessive commitment' (Hall 2000).

Hall (2000) observes that entrepreneurs behave in completely different ways to textbook business people. In explaining how to understand entrepreneurs, he describes their characteristics. They start with a dream of a better more secure future. Many are refugees from large corporations. Most have little money to begin with; they create value from practically nothing. Entrepreneurs are risk takers. Family and friends are often the source of start up capital and resources. They build long lasting businesses and contribute to their community. Possibly the key characteristic is that they can spot and exploit opportunities (Hall 2000). Given the security of proven franchise systems, it is unlikely that franchisees would meet Hall's requirements of being risk takers that are a part of the heroic makeup of entrepreneurs. However, the economic contribution of franchising in Australia and the motivation of the dream of a better future and support from family and friends suggest that some elements of Hall's (2000) heroic entrepreneurs may be present in franchisees.

Many entrepreneur researchers, such as Hall (2000) have an almost idealistic view of the dedication, talents and drive of entrepreneurs. The very title of Hall's book *In the Company of Heroes* (2000) reflects this sentiment. They see them as very different people with unique abilities. The descriptions of the attributes of such entrepreneurs are almost reverential. Their argument for such admiring descriptions of the talents of entrepreneurs, are to do with the jobs and wealth that are created from the innovations of these entrepreneurs.

Research and psychological tests on entrepreneurs have been carried out that suggests they demonstrate: a high need for achievement, autonomy, change and dominance; an internal locus of control; characteristics of risk taking, energy and social adroitness; a preference for learning through action and experimentation; and a preference for intuition and thinking (Caird 1993, p. 11). Once again, risk taking is listed as an entrepreneurial characteristic. There is an element of risk in any small business undertaking and some examination of risk and franchising will be necessary

Entrepreneurs love their work, 'they report the highest levels of personal satisfaction, challenge, pride and remuneration' (Timmons 1998, p. 20). Timmons suggests that the reason why they love their work so much is because it is 'invigorating, energizing, and meaningful' (Timmons 1998, p. 20). Given that success in any human endeavour requires high levels of engagement, it is highly likely that successful franchisees will share these characteristics.

Alan Davidson asked Sir Alan Sugar founder of Amstrad consumer electronics, what makes a good entrepreneur? His unequivocal reply was, 'It's the way you are born, what's in you, brain power, fast brain, aptitude for business you are in, quick understanding of what can be done and what can't be done, watching the way markets change, jumping in quickly and exploiting them, and having a sense of what the end user wants' (Davidson 2004). Whilst a study of whether successful franchisees have inherited traits and characteristics is well beyond the scope of this research, there may well be background character influences that kindle the desire to enter and succeed in small business.

### 2.2.2 Reasons For Studying Entrepreneurs

The reasons for researching entrepreneurship are likely to align with the reasons for researching the characteristics of successful franchisees. Entrepreneurship aligns with business leadership and it can occur, or fail to occur, in any type of organisation (Timmons 1998, p. 20). Timmons argues that in the last quarter of the 20<sup>th</sup> century business leadership provided by the E generation of entrepreneurs has provided over ninety-five percent of the wealth in America. The importance of this new breed of entrepreneurs to economic well being warrants entrepreneurial research. It could similarly be argued that the importance of franchising to the national GDP in Australia warrants the undertaking of research on successful franchisees. It is unlikely however, that the researchers cited to date in this literature review would support such an argument. This is because it is unlikely that they would see the characteristics of the Australian franchisee in the same light as those of the entrepreneur. Other researchers however, suggest that franchisees can be described as entrepreneurs.

The argument has been put forward that business schools should become involved in teaching and research in the field of entrepreneurship and small business (Allan A Gibb 1996, p. 309). Posing the question in a paper titled, *Can We Build 'Effective' Entrepreneurship Through Management Development?* Gibb puts forward the suggestion that the skills and characteristics of entrepreneurs may be transferable (Allan Gibb 1999, p. 1). It is equally likely and worthy of exploration that the knowledge of characteristics of successful franchisees be used to benefit franchising in particular and small business generally. This argument is consistent with the objectives of this research.

A social benefit is seen by Caird (1993) in identifying and possibly developing the characteristics of entrepreneurs in other business people, Timmons (1998) in the import role that entrepreneurs play in wealth creation and Gibb (1999) in identifying and transferring characteristics of entrepreneurs to business managers and leaders. Such a social benefit can also be seen from the identification and transfer of the characteristics of successful franchisees.

Whilst some of the research suggests that entrepreneurship may be a transferable skill set, apparent in many organizations, Hall (cited in Atterton 2003, pp. 1-3) describes entrepreneurs as very special individuals who exhibit outstanding personal characteristics. “Entrepreneurship is about passion and energy, sheer will and persistence. These people are really driven and that’s what makes them a success”. Once again Hall (2002) emphasises the outstanding characteristics of entrepreneurs, even if successful franchisees only partially meet Hall’s special criteria for entrepreneurs the exercise of identifying the ways in which the characteristics of the two groups align is likely to be worthwhile.

Three broad categories can be identified as reasons for research into personal qualities of entrepreneurs: to enable entrepreneurs to further develop their businesses by providing a framework against which to compare themselves; to provide a framework for organisations that offer financial support to aspiring businesses to make assessments; and to provide a framework against which to structure training and consultancy interventions (Johnson & Ma 1994). The research objectives of this study of franchisees fit with all three of these broad reasons for studying entrepreneurs.

### **2.2.3 The Entrecode**

Differentiating high growth entrepreneurs from ordinary start-ups is of ongoing interest to researchers. Recent research has used interviews, modelling and self assessment of entrepreneurs to identify behaviours which predict success (Atterton 2003, pp. 1-3). The Entrecode model has been developed from studies into the habits of ‘high growth and serial entrepreneurs’ (Hall 2003a). The Entrecode model collects anecdotal evidence from entrepreneurs and provides a process to develop personal strategies for improvement in the way in which entrepreneurs go about their business.

Because of the lack of research into successful franchisees and to allow for comparisons between franchisees and entrepreneurs, as a starting point, this research will utilise the Entrecode (Hall 2003a) that identifies the experiences, behaviours,

attitudes, values and beliefs of entrepreneurs to develop a framework that identifies the characteristics of successful franchise owners.

The Entrecode is a model developed by David Hall (2003a) which focuses on how entrepreneurs interact with their business in order to understand the cause and effect of their 'way of being' on entrepreneurial success. It collects and uses qualitative data from potential entrepreneurs to make comparisons with established entrepreneurs to highlight strengths and weaknesses and prescribe solutions based on behaviours of established entrepreneurs (Hall 2003a).

The Entrecode model has 10 parts that describe how entrepreneurs start and build successful businesses.

1. Getting into the Zone: describes how entrepreneurs think and stay focused. Entrepreneurs are driven to succeed. They are highly motivated, have a clear vision for the enterprise, they are very proactive, persistent and tenacious.
2. Filters: highlight how entrepreneurs see the world in particular ways. Entrepreneurs learn by doing and taking action, they have internal locus of control, they trust their own intuition and judgment. They are problems solvers and learn by taking action. Entrepreneurs are strategic thinkers, they see the big picture and are comfortable with change.
3. Spotting Superior Opportunities. The opportunities that entrepreneurs create, are likely to have many or all of the following characteristics: solve customer problems, major market growth potential, high gross margin, a defensible competitive advantage, and stand out, attracting attention from the media and investors (Hall 2004).
4. Compelling Vision: how entrepreneurs create a clear vision of the future they want to create.
5. Goal Directed Energy: how entrepreneurs stay focused on strategic and critical issues, and avoids distractions.

6. Open Up To the World: how entrepreneurs engage in networking and identified opportunities everywhere will help them achieve their vision.
7. Need for Others: entrepreneurs recognise their personal strengths and weakness and select people with complementary skills.
8. Acquiring Resources: how entrepreneurs use all means possible such as joint ventures, alliances and partnerships, to acquire the resources necessary to achieve the goal.
9. Doing the Business: entrepreneurs learn how to manage the business professionally and properly.
10. Building Capability: entrepreneurs constantly build the capability of their business.

(Hall 2004)

Hall emphasises the fact that entrepreneurs view the world differently to others. Entrepreneurs create value from nothing and only entrepreneurs create wealth. He identifies three key drivers that enable entrepreneurs to create wealth. They are the abilities to spot superior opportunities, marshal resources and build capacity to increase and improve the business. They ask different types of questions and create new markets. They are very different types of individuals (Hall 2003b).

#### **2.2.4 Franchising**

It is necessary to describe the franchise model in order to clarify how the understanding of the characteristics of successful entrepreneurs can assist with identifying the characteristics of successful franchisees.

The Chief Executive Officer of the Franchise Council of Australia describes franchising as ‘a marketing concept involving a legal arrangement between the original risk taker who is expanding a brand and another smaller entrepreneur who



invests in the brand. Franchisors do not provide any solid tangible assets, what they provide is a proven business operations model which underpins the brand, as well as a marketing and support' (Evans 2006). In essence, franchising involves a franchisee entering into an agreement to pay a fee or royalty to the franchisor in return for the use of a brand based business system. The fee is usually based on sales. In this definition of franchising, it is implied by Evans (2006) that the risk taker is the franchisor rather than the franchisee.

### **2.2.5 Franchising Relationships**

The importance of positive franchisor, franchisee relationships is fundamental to franchising. Considerable research focuses on difficulties that can arise when the relationships fail. Franchise relationships are “difficult to manage given the very different goals and objectives of franchisors and franchisees...it is very important to establish a strong partnership relationship in the franchise system to reduce the negative side of relationship conflicts” (Chiou, Chia-Hung. & Yang 2004, pp. pp. 19-36). The emphasis of franchise research on the importance of positive franchise relationships almost suggests that franchising is a potential minefield of dispute. It further emphasises the lack of research into the franchisee aspect of franchising and especially the contribution of franchisees to successful franchising.

### **2.2.6 The Franchisee E Factor**

A maturation process is noticeable in franchise relationships from the initial excitement of a new business venture, to both parties working cooperatively with the common goal of profitability. This process has been developed into a six part model for enhancing relationships in franchising which is described as the *Franchise E-Factor* (Nathan 2003). The six stages towards franchise relationship maturity described by Nathan (2003) are:

- The glee stage, is where the new franchisee is excited and optimistic about the future
- The fee stage, is when the franchisee experiences growing concerns about the cost of the franchise fees and the services provided by the franchise system in return

- The me stage, is where the franchisee considers that success is due to the franchisee's efforts rather than the advantages provided by the system
- The free stage, is characterised by the franchisee asserting independence and testing the franchise system's boundaries
- The see stage, is the development of growing respect and understanding between the franchisee and the franchisor's points of view
- The final stage of the maturation process is the successful we stage, where the franchisee works in cooperation with the franchisor (Nathan 2003).

This model provides the basis for sound advice and explanations for positive franchisee, franchisor relationships. A positive relationship or partnership is an essential prerequisite for franchising success but it does not identify why some franchisees enjoy outstanding success.

The key to success in franchising is all about having the right attitude and following the system. The concluding comments in *Successful Franchising Your Key to a Profitable Future* emphasise the importance of following the system, 'Understand the rules and the importance of sticking to the rules and work on developing and maintaining a good relationship with those in your system, and you'll immediately find yourself so far ahead of the pack it won't be funny. Then all you need to do is play the game – or follow the system' (Sugars 2003). Franchisees pay large amounts of money for access to brands and business systems, it makes sense that they take advantage of what they pay for.

There is a very strong emphasis in the franchising research literature on the importance of compliance, attitude and cooperation. The work of Nathan (2000, 2003), Evans (2006) and Sugars (2003) emphasise the need for compliance and cooperation. The very title of Nathan's work *Profitable Partnerships* (2000) suggests that franchising success will result from such cooperation. The reason for this emphasis is that compliance and cooperation is the very core of franchising. An unfortunate impression, that franchising is fraught with dispute, can result when examining this aspect of franchising literature and reading numerous journal articles that describe franchising disputes.

### **2.2.7 Are Franchisees Entrepreneurs?**

The degree of entrepreneurial activity in the franchising sector is the subject of considerable discussion and debate. The literature reviewed so far seems to suggest that there is a considerable difference in entrepreneurial ability between entrepreneurs and franchisees. The element and degree of risk suggested by Caird (1993) and Hall (2000) that entrepreneurs undertake is likely to be a significant point of difference. Another significant and seemingly unique characteristic of entrepreneurs is the sense of being special suggested by Hall and inferred by the founder of Amstrad when he suggests that entrepreneurs are born into it (Davidson 2004).

The conventional viewpoint that constraints imposed by franchise agreements prevent entrepreneurial activity by franchisees has been challenged by researchers (Clarkin & Rosa 2005, p. 303; Falbe, Dandridge & Kumar 1999, pp. 125-140) who suggest that the need for team work in a competitive environment encourages rather than inhibits entrepreneurial activity by franchisees.

The prescriptive nature of franchising aligns franchisees with the role of manager, whilst franchisors can be seen as having many of the attributes of entrepreneurs. The role of the franchisor as entrepreneur is generally assumed and entrepreneurial activity by a franchisee is sometimes viewed as a paradox. 'Franchisors often state that they prefer to select a manager rather than an entrepreneur as a franchisee to protect their business from unauthorised change' (Falbe, Dandridge & Kumar 1999, pp. 125-140). Entrepreneurial activity by franchisors provides a competitive advantage for the franchise system and entrepreneurial activity by franchisees implying a partnership that becomes increasingly more important as the environment becomes more competitive. In this situation franchisors face a challenge 'managing new ideas from the field while the same time preserving the integrity of the franchising system' (Falbe, Dandridge & Kumar 1999, pp. 125-140).

The concern of a potential threat by entrepreneur franchisees to established franchise system practices may have been overstated in the past by franchisors and this concern has been reflected in the research. Researchers such as Clarkin and Rosa

(2005) and Falbe, Dandridge and Kumar (1999) recognise that the competitive environment, especially in franchising, create a real need to entrepreneurial activity by franchisees especially in marketing activities. Such has been the emphasis in franchise research of highlighting the importance of following the system and maintaining harmonious relationships that the realities of franchisees developing the model in the field and adapting to meet the needs of a very competitive environment have been overlooked by many researchers.

A study comparing the marketing and management practices of high performing franchisees with average franchisees in given franchise systems found that franchise system performance could be enhanced by recognising the attributes of successful franchisees. According to Merrilees and Frazer (2004) 'the superior marketing machine of high-performing franchisees seemed to be largely invisible to both the franchisees and the franchisor' (Merrilees & Frazer 2006, p. 76-80). The importance of preserving the model can create a blindness to the possibility of system enhancement by franchisees. Merrilees and Frazer (2004, 2006) suggest that franchisors have much to gain from recognising the work of innovative franchisees. These franchisees could be described as entrepreneurial.

Research describing franchisors as the owners and creators of the franchise concept, with the risk taking and innovative profile of entrepreneurs; and conversely, franchisees as operating in a highly prescribed manner, over a limited period of time, with restrictive provisions, leaving little or no room for entrepreneurial creativity is cited by several researchers (Clarkin & Rosa 2005, p. 303). Exploration of the nature of franchisor and franchisee relationships suggests that a much more complex and dynamic pattern of relationships between franchisors and franchisees actually exists. Restrictive franchise agreements that can be viewed as an impediment to entrepreneurial activities by franchisees are not always rigorously enforced unless problems occur. 'Entrepreneurial teamwork is possible within franchising's context... contrary to widespread assumptions that relationships in franchise firms are built on managerial subordination, with franchisee behaviour defined, and governed by nonnegotiable detailed legal agreements' (Clarkin & Rosa 2005, p. 303). This research suggests that it is worthwhile investigating the extent to which successful franchisees feel constrained by their franchise agreement and whether

they believe that they have the ability to contribute positively to the development of their franchise system.

The attitudinal and behavioural definitions of entrepreneurs to do with new venture creation, small business ownership and a need for achievement, risk taking and innovation make the assessment of who is an entrepreneur and what distinguishes an entrepreneur, quite difficult (Grünhagen & Mittelstaedt p. 207). In attempting to distinguish between investor and entrepreneur franchisees, some franchise owners (franchisees) deny that their involvement in franchising is purely based on monetary earning potential, but instead is motivated by the opportunity to become one's own boss, and the hands on work experience is a type of entrepreneurial self fulfilment (Clarkin & Rosa 2005, p. 303). Franchisees realising the dream of working for themselves are in alignment with the need for independence cited by entrepreneurs.

Franchising shifts risk and capital raising from the franchisor to the franchisee and therefore franchisees can rightly be regarded as entrepreneurs. Franchising provides the means for expansion for an increasing number of geographically dispersed outlets. Franchisees provide the means for opening and creating new markets and assuming the associated risks. 'In this way, franchisees become partners in the entrepreneurship of the retail franchisor, creating a distinct form of entrepreneurship...This entrepreneurial partnership is another unique feature of franchising worthy of investigation within the distinctive research domain of entrepreneurship' (Kaufmann & Dant 1999, pp. 5-16). This shift of the risk of capital raising from the franchisor to the franchisee suggests that the element of risk that franchisees undertake is understated in some research. The distinction between small business entrepreneurs and franchisees may not be as great as some researchers suggest.

### **2.2.8 Business Skills**

Research literature that reflects an understanding of Australian franchising is particularly important in this research. The work of corporate psychologist Nathan (2000, 2003) uses data gained from Australian fieldwork that is recent and highly relevant to this research. Nathan's background in working with Australian franchise

industry professionals, franchisors and the Franchise Council of Australia adds to the credibility of his work. Similarly, the work of Merrilees and Frazer (2004, 2006) and their ongoing research contributions to the Franchise Council of Australia provides relevant and credible background research material. The publication of the *Australian Franchising Handbook* by the Chief Executive Officer of the Franchise Council of Australia, Richard Evans (Evans 2006) provides a very practical and descriptive explanation of Australian franchising and its requirements.

There is a wealth of literature relating to business strategies. The Virgin business guides publication, *Doing the Business* Hall (2002), provides a toolbox approach is very practical and specific strategies. The strategies range from self-development, staff development, customer relations, sales and profitability. Hall (2002) provides a detailed explanation of most of the skills required to succeed in a franchise business. *Step by Step Business Plan* (2003), provides a detailed guide to business planning in the Australian context.

*In Search of Excellence* (1994) tells the stories of America's best run companies. Peters and Waterman break down these stories into eight basic business truths. Several of these are particularly appropriate to this research examining the businesses of successful franchisees. Managing ambiguity and paradox, close to the customer, autonomy and entrepreneurship, productivity through people, and stick to the knitting all business truths that are equally applicable to America's best run companies or Australia's best franchises.

### **2.2.9 Personal Qualities**

Personal qualities of successful franchisees are at the core of this research. Daniel Goleman's first and last sentences in *Working with Emotional Intelligence* (1998) define the importance of such qualities in the workplace. 'The rules for work are changing. We are being judged by a new yardstick: not just by how smart we are, or by our training and expertise, but also by how well we handle ourselves and each other' (Goleman 1998, p. 3). In conclusion Goleman quotes a review of training trends, "it is often the mundane and low technology factors of the training system that make the difference between a successful training program and wasted

organisational resources,” he goes on to point out, ‘ these low-tech factors are people with the essential competencies of emotional intelligence’ (Goleman 1998, p. 330).

*Working with Emotional Intelligence*, (Goleman 1998) and *The New Leaders Transforming the Art of Leadership into the Science of Results* (Goleman, Boyatzis & McKee 2002), provide excellent insights into the personal qualities of effective leaders. Goleman (1998, 2002) talks about honesty, integrity and trust in the context of leadership and customer service. The yardstick of *Emotional Intelligence* defined by Goleman (1998, 2002) provides a good measure of the essential competencies of successful franchisees.

Michael Gerber maps seven essential disciplines for building a world-class company in his work *E Myth Mastery* (Gerber 2005). Gerber's description of the attributes of a world-class company is highly relevant to this research. Gerber points out that whether the company is a company of one or 3000 doesn't matter. It is the determination to act in a world-class way that matters (Gerber 2005, p. xxxi). The seven essential disciplines followed by world-class companies are:

- Leadership
- Marketing
- Money
- Management
- Fulfilment
- Lead Conversion
- Lead Generation (Gerber 2005)

The concept of a world-class company can be applied to the successful franchisees enterprise as a measure of the business's success.

*Classic Drucker* (2006) is a collection of his most significant work. In discussing *What Makes an Effective Executive* Drucker describes the practices of the CEO's that he has worked with overtime. He points out that there were great variations in their personalities, attitudes, values, strengths and weaknesses. ‘What makes them all effective is that they have followed the same eight practices:

- They asked, "what needs to be done?"

- They asked, "what is right for the enterprise?"
- They developed action plans.
- They took responsibility for decisions.
- They took responsibility for communicating.
- They were focused on opportunities rather than problems.
- They ran productive meetings.
- They thought and said "we" rather than "I" (Drucker 2006, p. 115).

Drucker lays down the blueprint for not only effective CEO's, but also effective franchisees.

*The Fifth Discipline* (Senge 1998) combines a number of the themes described by Drucker (2006), Gerber (2005) and Goleman (1998, 2002). Senge (1998) describes the learning organisation. He lists the core disciplines in building the learning organisation as:

- Personal Mastery
- Mental Models
- Shared Vision
- Team Learning

Senge's introduction quotes Archimedes "give me a lever long enough... and single-handed I can move the world" (Senge 1998, p. 13). The implication being that the core disciplines applied in the learning organisation provide the lever that can bring about such movement. He describes his book as being about collective learning and points out that for managers it will help identify specific practices, skills and disciplines to be about and build a learning organisation. Senge emphasises the human skills and communication skills that create the effective team is central to the creation of the learning organisation. He points out that the knowledge of these skills and disciplines are equally important to parents and citizens (Senge 1998, p. 16).

Senge (1998), Drucker (2006), Gerber (2005) and Goleman (1998, 2002) all describe in detail the personal qualities that an individual business leader needs to exhibit, in order to create an outstanding enterprise. Whether it be described as *The Learning Organisation*, *Emotional Intelligence*, the *Essential Disciplines for World Class Company*, or the practices of an *Effective Executive* they have many elements in



common. They are all great communicators, effective leaders and ethical in the sense that they do what is right. The emphasis is that it is the human qualities that are most important to leadership and business success. All of the authors discuss the technical competencies of management but emphasise the human competencies as being of greater importance. They also point out that the human competencies necessary for such success can be learned and developed.

### **2.2.10 Leadership**

The key theme that is emerging from the review of literature so far is that business success is inextricably linked to leadership. To Warren Bennis leadership 'is like beauty: it's hard to define, but you know it when you see it' (Bennis 1998, p. 1). In his book, *On Becoming a Leader* (Bennis 1998) outlines a range of strategies on leadership. Most importantly, it focuses on self-knowledge and self-development and it is based on the premise that leadership skills can in fact be learned.

The forward to *Leadership in Enhancing the Lessons of Experience* points out that 'often the only difference between chaos and smoothly functioning operation is leadership' (Hughes, Ginnett & Curphy 1993, p. vii). The chapter headings emphasise that the authors believe that leadership: is a process and not a position, is developed through education and experience, is both a science and an art and involves power, influence, and influence tactics (Hughes, Ginnett & Curphy 1993). Both leadership texts place an emphasis on personal qualities and behaviours to do with honesty and ethics.

### **2.2.11 Communication**

Effective communication skills are essential in business. Griffin (1998) in his introduction to *How to Say It at Work* advises, 'when you speak, speak as if your life depended on it. Because it does—at least when you're on the job... In business, the way you put yourself across is always about getting something unique or something you want. It's about making a difference in your life and the lives of those who depend on you. *Putting yourself across*. Nothing you do in business is more important.' (Griffin 1998, p. iii). The importance of leadership, staff management

and communication have been stressed as essential elements of the world-class company, the effective executive, the learning organisation and emotional intelligence Senge (1998), Drucker (2006), Gerber (2005) and Goleman (1998, 2002). Griffin (1998) spells it out. He provides practical strategies for real-world communications and business sense. He describes how to put yourself across: to supervisors, to colleagues, to subordinates, to prospective clients and customers, to current clients and customers, when handling credit collection and customer complaints, to vendors and suppliers, and to lenders and investors.

*How to Say It at Work* (1998) starts with very simple advice to every businessperson. It lists three words as the most important of the 50 words that every businessperson should know and use. They are *we*, *us* and *our*. From these three words he explains that logically the next is *rapport* (Griffin 1998, p. 11-12). Griffin is making the point in a practical way that effective communication is inclusive and empathetic. Whilst *How to Say It at Work* (1998) is a very different style of reference *E Myth Mastery* (2005), *Working with Emotional Intelligence* (1998) and the like, the message is very much the same. To be truly effective in business owners, managers or franchisees must engage with their employees and customers in such a way that their vision and passion is fully understood and appreciated.

Outstanding personal qualities that highly effective managers or franchisees exhibit are not necessarily innate. Individuals can and do develop personal skills essential for business success. 'Any effective system for management development must increase the manager's capacity and willingness to take control over and responsibility for events, and particularly for themselves and their own learning' (Pedler, Burgoyne & Boydell 1986, p. 3). *A Manager's Guide to Self-Development* is established on this basic premise that people are responsible for their own personal and professional development. Like *How to Say That Work* (1998), *A Manager's Guide to Self-Development* (1986) is a very practical set of strategies for workplace leadership.

Sport provides many messages for business in terms of dedication and achievement. In Australia, sporting heroes not only command tremendous respect for their on track achievements but also for the positive messages and lessons they provide in business

and life generally. The parallels between success in business and sport have been drawn by many. Ric Charlesworth coach of the gold-medal winning Australian women's hockey team is one whose experiences provide many valuable business lessons. *The Coach Managing for Success* (2001) is part biography, part Olympic success story but more importantly outlines what sporting success can teach business. Herb Elliott and 13 of Australia's top sports people share sport's messages for achievement in life in *Winning Attitudes*, introduced by Herb Elliott (2000). The extent to which parallels may exist, between the personal qualities of highly successful people in sport and Australia's best franchisees, are worthy of examination.

Figure 2.1 Literature Review Pathways

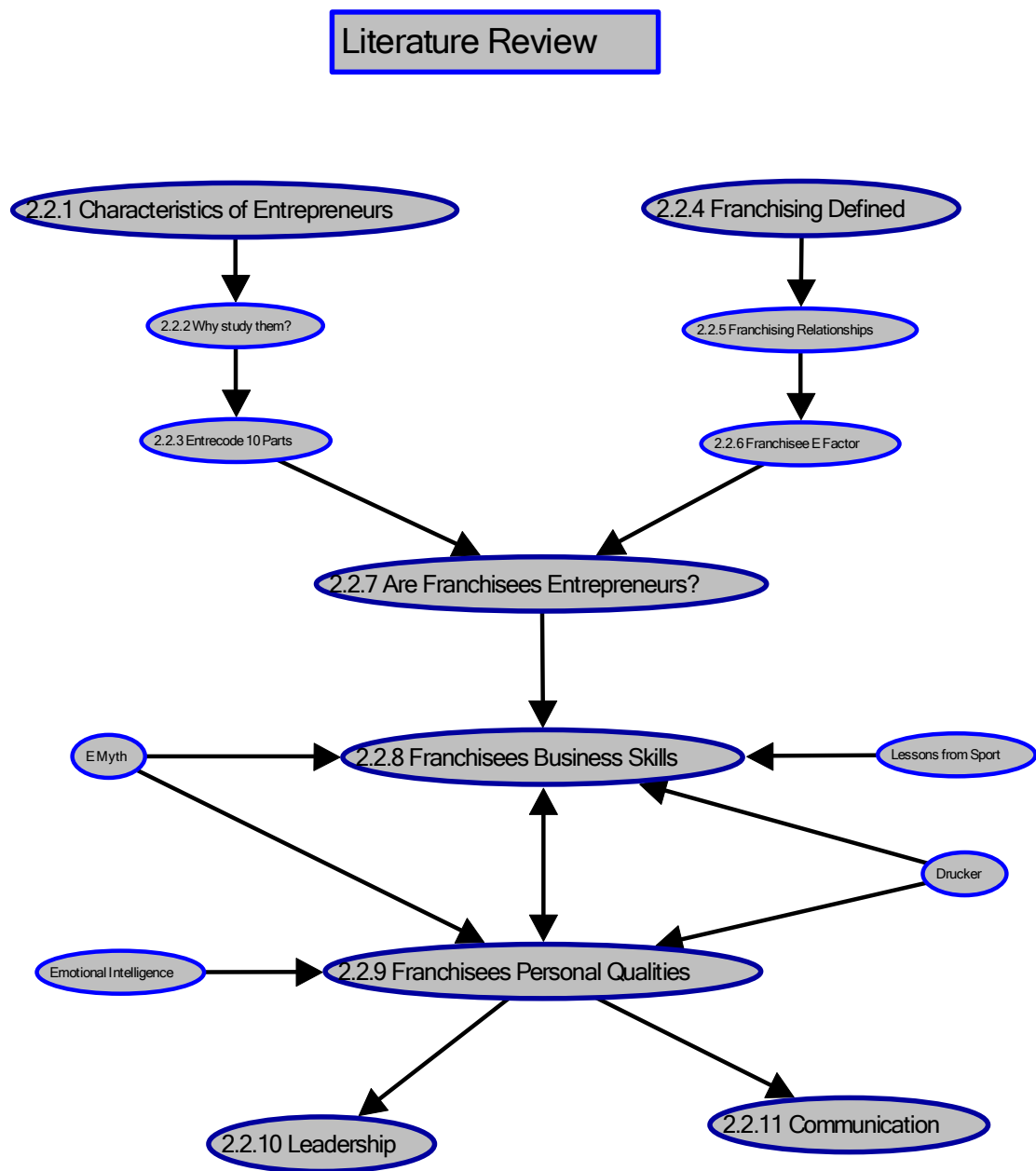


Figure 2.1 shows the pathways through this literature review. The starting point was examination of the characteristics of entrepreneurs. A review of the reasons the study entrepreneurs provide insights to the benefits of studying the characteristics of successful franchisees. The focus of the study of entrepreneurs was the Entrecode. It is this 10 part model that provides the starting point of a framework to identify the characteristics of successful franchisees. A separate strand of the literature review is to develop an understanding of franchising. The key to franchising success is strong

franchisor franchisees relationships. The *Franchise E Factor* (2003) neatly summarises the development and characteristics of successful franchise relationships.

The question "are franchisees entrepreneurs?" was examined. Whether franchisees are or are not entrepreneurs can be debated however, in order to succeed in business, similar skill sets are necessary. Interlinked with business skills as a requirement for success, are highly effective personal qualities. Several iconic business authors and texts were reviewed. The key qualities to emerge centred around leadership abilities and communication skills.

The literature as it applies to the emergent theory is examined in Chapter 5. The key constructs of successful franchisees require a more detailed discussion of the literature. This is included with the discussion of the research findings in Chapter 5.

## **Chapter 3 – Methodology**

### **3.1 Research Paradigm**

A research paradigm is the overall perspective that contains the researcher's epistemological, ontological and methodological premises (Creswell 1998, p. 74-76). The basic research assumptions determine the appropriate paradigm. The constructivist ontology, interpretive epistemology and qualitative methodology have been chosen for this study of attitudes, behaviours, values and beliefs to enable the researcher to get close to and gain an understanding of what drives successful franchisees.

A key motivator for this researcher was a genuine interest in finding out and understanding the story of why some franchisees are successful. Having experienced early national recognition for what seemed to be normal business behaviour, an appreciation of the different, in a structure of franchise similarity, developed. The desire to get the inside story to understand why individuals could create stand out success would not only have a social benefit but also be of great interest to the researcher and maintain motivation for the researcher to continue to strive for ongoing business success. The constructivist ontology, understanding the specific realities of the research subjects. The interpretive epistemology where the researcher attempts to understand and interpret their reality and methodology grounded in the behaviours and words of the research subjects determine the research paradigm. It is this genuine interest in attempting to gain knowledge by understanding the story of successful individuals and interpreting what could be gained from these stories determined the qualitative research paradigm.

Denzin and Lincoln (2000) define qualitative research 'a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible...qualitative research involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them' (Denzin & Lincoln 2000). In this case, the observer is attempting to make sense of and interpret the business experiences of the subjects. The focus of the research is on why some franchise businesses succeed

whilst other in what appears to be similar environments merely survive. When the business environment is seemingly similar then the personal attributes of the franchisee warrant examination and suggest that appropriate methodology be selected to understand social or human characteristics. Creswell's definition of qualitative research further clarifies the choice of the qualitative research paradigm by emphasising a 'complex , holistic picture' that participants in this project provide. 'Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in a natural setting' (Creswell 1998). This research attempts to create the complex holistic picture of the research subjects' world and reports detailed views the informants and conducts the study in a natural setting of the participants' world.

In this study, the prime focus is on individuals who have been successful in franchise businesses and the multiple realities that they describe; therefore, the interpretivist paradigm is appropriate. 'The phenomenologist, or interpretivist, is committed to understanding social phenomena from the actor's own perspective and examining how the world is experienced. The important reality is what people perceive it to be' (Taylor. & Bogdan. 1998). Taylor and Bogdan (1998) sum up precisely the intention of this work by pointing out how, the researcher seeks understanding through qualitative methods such as in depth interviewing, that yield descriptive data and strives for *verstehen* (understanding) on a personal level the motives and beliefs behind people's actions (Taylor. & Bogdan. 1998).

Denzin and Lincoln (2000) comment on the challenges to qualitative research and the criticism that qualitative researchers are called journalists, or soft scientists. Qualitative research is seen by such critics as an assault on the notion that 'truth' can transcend opinion and personal bias. The term qualitative, itself suggests an emphasis on qualities, in the case of this research of people, and meanings that are not scientifically examined or measured. Goulding (2005) points out that qualitative research is no longer viewed as 'speculative' or 'soft' and points to the need for 'the application of qualitative methodologies in their truest and most fundamental sense

in order to gain insights, develop theory and aid effective decision making' (Goulding 2005, p. 294 p. 296).

Qualitative researchers 'stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied...such researchers emphasize the value laden nature of inquiry. They seek answers that stress how social experience is created and given meaning' (Denzin & Lincoln 2000, p 8). This research places an emphasis on individual qualities and identified collective similarities. The research is very much an outcome of the intimate relationship between the researcher and what is being studied. It seeks to identify how in the case of this research the business experience is created by the individual and given meaning.

### **3.1.1 Ontology, Epistemology and Methodology**

The philosophical stance of the researcher combine beliefs about ontology, human nature and reality; and epistemology, the relationship between the researcher and the knowledge that is sought or already known; and methodology, how we gain knowledge of the world. These beliefs shape how the researcher's paradigm or interpretive framework are defined (Denzin & Lincoln 2000, p. 19). The constructivist ontology, interpretive epistemology and qualitative methodology that have been chosen for this research reflect the philosophical stance of the researcher.

The three generic activities define the qualitative research process. 'The gendered, multiculturally situated researcher approaches the world with a set of ideas, a framework (theory, ontology) that specifies a set of questions (epistemology) that he or she then examines in specific ways (methodology, analysis). That is, the researcher collects empirical materials bearing on the question and then analyses and writes about those materials' (Denzin. & Lincoln 2005).

Constructivist ontology is interested in ways human beings individually and collectively interpret the world. It assumes that all things are becoming. Reality is constructed by individuals and is an evolving, changing multiple reality such as the realities of the researcher, those individuals being investigated, and those of the



reader or audience interpreting the study (Creswell 1998). For the subjects of this research the reality of their business story and their journey to success is subjective and what they relate is an understanding and interpretation of their world. The researcher is also a part of the business world, empathises, and interacts with the subjects. The understanding and interpretations of the successful franchisees life worlds, the multiple realities constructed by the subjects assumes the becoming, constructivist ontology.

Interpretivist epistemology emphasizes the understanding of situations in which human actions acquire meaning. Knowledge is derived from the researcher interacting with the subjects of the research in order to gain understanding. In making the case for qualitative sociology Schwartz and Jacobs (1979) point out that in order to understand social phenomena, the researcher needs to discover the actor's perception and interpretation of reality and in order to come to such an understanding 'he must be able (albeit imperfectly) to put himself in the other person's shoes' (Schwartz & Jacobs 1979).

Lincoln and Guba (2000) discuss the critical theory, constructivism and participatory/cooperative post modern paradigms in contrast to the positivist and post positivist paradigms. They define the ontological, epistemological and methodological bases for the paradigms. In relation to the constructivism paradigm: the ontology is relativism – local and specific constructed realities; the epistemology subjectivist – created findings and; the methodology hermeneutic or interpretative (Lincoln & Guba 2000, p. 168). Denzin and Lincoln (2005) summarise the constructivist paradigm as assuming a 'relativist ontology (there are multiple realities), a subjectivist epistemology (knower and respondent co create understandings) and a naturalistic (in the natural world) set of methodological procedures' (Denzin. & Lincoln 2005).

Lincoln and Guba (2000) identify major issues across the major paradigms that have been summarised as follows, in the constructivist paradigm:

- in relation to the nature of knowledge individual reconstructions coalescing around consensus compare to the hypothesis, facts and laws or probable facts or laws of the positivist paradigms;

- in accumulating knowledge there are informed and sophisticated reconstructions compared to the building blocks adding to the edifice of knowledge, generalisations and cause effect linkages in the positivist paradigms;
- trustworthiness and authenticity in the constructivist paradigm compare with rigour, external validity and objectivity;
- values are included;
- ethics are intrinsic;
- the inquirer posture is a passionate participant as facilitator of multivoice reconstruction in the constructivist paradigm compared to the disinterested scientist or transformative intellectual inquirer in the positivist and postpositivist paradigms;
- the emphasis of training in the constructivist paradigm is social and historical compared to technical training for positivist research (Lincoln & Guba 2000).

The focus of this research on the interpretation and understanding of individuals of their realities and their relationship and shared real world with the researcher reinforce the suitability of the constructivist paradigm.

Grounded research methods are consistent with the ontological and epistemological assumptions underpinning this research. Grounded research allows for the selection of grounded research methods. In this research, the procedures of grounded theory are only partially met. Glaser (2001) stresses the distinction between Grounded Theory (GT) method and other qualitative data methods (QDA). 'I wish QDA, no matter which type, not to be called or seen as GT. This bit use of GT in QDA has to stop or be done carefully' (Glaser 2001). Whiteley (2000) resolves this dilemma of terminology for when the principles and procedures of grounded theory can only be partially met. 'A solution suggested here is that if the judgment is that the conditions are not met then an alternative term such as grounded research might be in order' (Whiteley 2000).

Grounded theory is an approach where 'the researcher collects primarily interview data, makes multiple visits to the field, develops and interrelates categories of information, and writes theoretical propositions or hypotheses or presents a visual picture of the theory' (Creswell 1998). It was described by Glaser and Strauss in

1967 as a process where theories, especially those relating to social processes should be grounded in data that emerges from the field (Glaser & Strauss 1967).

‘Grounded theory is meant to be an iterative process in which the researcher begins to collect data guided by a rather general view of the research issue, theorises about the data (for example, by noting interesting general categories and their connections), examines these initial theoretical reflections by carrying out further data collection, theorises further, collects more data and so on...What is crucial is that the theory is grounded in and a product of the data’ (Bryman & Burgess 1999, pp. IX-XLVI). The interplay between researchers and the data in analyzing data is both a science and an art. Creativity manifests itself in the researcher’s ability to ‘aptly name categories, ask stimulating questions, make comparisons, and extract an innovative, integrated, realistic scheme from masses of raw unorganized data’ (Strauss & Corbin 1998).

The grounded research methods used in this research are designed to gain an understanding of why individual franchisees have been able to be successful in their enterprises. The researcher will be relying on the views of participants and will discuss their views ‘within the context in which they occur to inductively develop, from particulars to abstractions’ (Creswell, 1998, p. 254). This research method uses strategies selected from grounded theory that enables the attitudes, behaviours, values and beliefs of the dynamic franchisees interviewed to formulate the theory. ‘The methodology....was labelled grounded theory to reflect , as the name suggests , theory that is grounded in the words and actions of those individuals under study’ (Goulding 2005, p. 294).

The grounded research methods used in this study are as follows. The researcher started with a general view of the research area, having a background in successful franchising. An initial overview of the literature and research was carried out. Interview data is the primary source of evidence. Numerous visits to the field to interview subjects were carried out with the data being interpreted and reinterpreted as a result of further interviews and further analysis. The information was initially categorised into interesting general categories and various connections noted. Further research of the literature was conducted throughout the ongoing data

collection (interview) process. As a result of the analysis of the additional interviews a more informed categorisation developed. Categories of information were interrelated, theoretical propositions developed and picture of the information interrelationships created. The theory developed is a direct product of the data.

The non-standardised interview as a primary data collection tool is particularly useful and consistent with the ontological, epistemological and methodological assumptions underpinning this research. In comparing the characteristics of the non-standardised interview with standardised interviews Healey and Rawlinson (1993) link the methodological tool to qualitative research design compared to quantitative design for standardised interviews and realist and phenomenological theoretical approaches for non-standardised interviews compared to the positivist approach for standardised interviews. Non standard interviews are particularly useful when exploring new topics, sensitive or emotive issues, and when businesses are highly variable in their characteristics (Healey & Rawlinson 1993, pp. 339-355). The utility of this data collection tool is consistent with the topics, issues and variability of this research.

The researcher was conscious of his own experiences in the field of successful franchising and the need to set aside preconceived notions and biases. Creswell (1998, pg 54) discusses the concept of epoche 'where the researcher brackets his or her own preconceived ideas about the phenomenon to understand it through the voices of the informants'. In this study, the researcher has bracketed his understanding of the subject in order to hear and report the voices of those interviewed.

This research focuses on successful franchise owners selected from the Franchise Council of Australia's 2003 to 2006 State and National Franchisees of the Year. Goulding (2005) notes how grounded theory differs from other qualitative methodologies by the purposeful 'commonsense' process of talking to informants most likely to provide early information. 'One of the appeals of grounded theory is that it allows for a wide range of data, the most common of which are in depth interviews, observations and memos which describe situations, record events, note feelings and keep track of ideas' (Goulding 2005, p. 294).

In this research, the Entrecode (Hall 2003a) provides the initial tentative framework for formulating the initial interview guidelines and the basis of the initial coding exercise. The data gained from the first interview and the initial round of interviews then informed the interview guidelines and provided for revised coding categories that could then be applied to all interviews.

The Entrecode was used to develop an initial tentative interview guide to identify the characteristics of successful franchisees (Appendix 1). The interview based on the adapted Entrecode sought franchisee beliefs, perceptions, attitudes, behaviours and experiences. It examined the worldview of franchisees, and their personal and business traits. It brought to the surface perceptions on business skills relating to processes, leadership, communication, delegating and networking. The aim of the interviews was to discover perceptions that would help understand: why these people are different; what successful franchisees do; what they think they do differently; what we can learn from them; and what characteristics they share.

The face to face interviews were semi-structured to allow for the experiences, characteristics, attitudes, behaviours and beliefs of the successful franchisees to be fully explored, yet flexible enough to pursue any interesting observation or deviations. 'The qualitative interview is a data collecting device that is unique in the sense of allowing clarification 'testing' and re-expression to take place so that those concerned can negotiate the understanding of what is being asked' (Whiteley et al. 1998).

Qualitative grounded research methods allow the researcher to utilize his own understandings in order to understand and empathise with the realities in identifying the qualities that led to the subject's success.

## **3.2 Research Design**

### **3.2.1 Selection of Interviewees**

The Franchise Council of Australia selects a Franchisee of the Year for each state by September each year. The State Franchisees of the Year then become finalists for the National Franchisee of the Year. The National Franchisee of the Year is then

selected from this group and the winner announced at the National Franchise Council Conference.

Until 2005, candidates for the Franchisee of the Year had to be endorsed by their franchisor and address criteria by demonstrating excellence relating to: sales performance, marketing and public relations, community involvement, customer service and leadership. The judging panel then selected the winners from the submissions and franchisor endorsement. The criteria are listed in Appendix 2.

Since 2005 the Franchisee of the Year judging panel has determined Regional winners and the ultimate National winner of the Franchisee of the Year using Greg Nathan's *Franchisee Performance Enhancer* which measures franchisee best practice behaviors on 66 specific dimensions (Franchise Council of Australia 2006). The areas explored in the *Franchisee Performance Enhancer* are listed in Appendix 3.

### **3.2.2 Ethical Issues**

As a safeguard to confidentiality and anonymity, all participants received an information sheet containing a written guarantee of privacy and anonymity and pseudonyms would be used in the written content of the research with any other identifiable information removed (Appendix 7). All participants were required to sign a consent form outlining the nature of the project, requirements of the participants, the effects and benefits of their participation and the rights in relation to the research process (Appendix 8).

### **3.2.3 The Interview Guide**

The Entrecode outlined in Chapter 2 was used as the starting point in developing the interview guide. Specific questions were prepared under the following broad headings:

- Background, participants were asked about their prior business experience, ambitions, business philosophy and what they thought had led to them becoming a Franchisee of the Year.

- Personal traits, participants were asked about their leadership and management styles, motivation and ethics.
- Business Skills, participants were asked about their vision for the business and relations with staff and customers.
- Franchising, participants were asked about why they chose this franchise system, their brand and its value to them.
- Conclusion, participants were invited to discuss the highs and lows of their business experience.

The interview guide is included as Appendix 1.

Given the semi-structured format, it was never intended for all questions to be formally asked but rather they were to act as a guide for the interviewer to ensure that the broad headings listed above were fully covered. As expected, the respondents talked freely covering many of the broad and specific areas with minimal questioning or prompting.

### **3.2.4 Pilot Interview**

A pilot interview was carried out to test the data collection interview using the questions from the interview guide. The pilot interview assisted in developing the initial coding categories and establishing connections between concepts. The interview guide was found to cover the topics sufficiently and was not altered as a result of the pilot interview. The pilot interview has been included in the research as Interview 1. In total there were 12 participants interviewed for this study. The participants came from all states of Australia except Tasmania.

### **3.3 Interview Process**

Interviews allow for the interviewee to express themselves freely and the interviewer to seek clarification. The process of question, explanation, if necessary clarification allows for 'testing' and negotiation of understanding (Whiteley et al. 1998). It is a tool that should ensure that the qualitative data the interview process collects is understood by both the interviewer and the interviewee.

All potential interviewees who were approached agreed to participate in the research. The interviewees were initially approached by way of an introductory email followed up by telephone contact. A typical introductory email is included as Appendix 4.

To assist this process the timing and location of the interview were negotiated to best allow the interviewee to be at ease and ensure appropriate surroundings for full and free communication. In some cases, the most appropriate interview location was the franchisee's business and in others, a neutral location was chosen. The interviews were carried out at a location convenient for the interviewee, often at their business premises or a nearby coffee shop. The 2005 National Franchise Council Conference was a convenient venue for three of the interviews.

Only one candidate who was approached was not interviewed due the scheduling difficulty of not being available when the researcher was in the state.

### **3.4 Data Analysis**

#### **3.4.1 Introduction**

The interviews were recorded, reviewed and analysed using qualitative study software QSR NVivo. The NVivo analysis allowed the transcripts of the interviews to be browsed, linked and coded into meaningful categories, given attributes and values and managed in sets (Richards 1999). Units of meaning, grouped into categories were given labels from which concepts were developed to allow theory to emerge. Richards (1999) provides an outline of the processes used to import the interview document and carry out the analysis described below.

#### **3.4.2 Coding**

The first step taken in the coding process was to identify major headings (nodes) that related to the interview questions and possible theme. The Entrecode provided the initial coding nodes. It must be stressed that the researcher was cognisant of not forcing units of meaning into these predetermined categories. The pilot interview



transcript was then coded using these nodes. As the first read through progressed, some other categories emerged and these were noted.

On completion of the first read through the document was printed using the coding stripes. This was very useful in providing some direction but, at this stage, it was hard to link the nodes and develop an emerging theme. An attempt to develop a model was useful in developing skills in using the software, however at this point it was difficult to identify emerging themes, trends or links.

The progress from open coding and the constructs developed, to axial coding that establishes the relationships and makes sense of the data, to selective coding that enables themes and concepts to emerge is described in the next chapter on the research findings.

## **Chapter 4 – Findings**

### **4.1 Introduction**

The findings are based around the constructs that emerge from analysis of the interview data. Sections of text from the interviews are used to illustrate the categories determined as the basis for each construct from the NVivo coding.

The first research objective enabled the analysis of the positive attributes of the very best franchisees by assisting with the framework for the interview guide. The interviews provided the explanation of business success by the franchisees, required by the second research objective. This is the focus of the research and rich quotes are used to highlight the explanation throughout this chapter. The identification and description of these attributes enable questions three and four to achieve the third and fourth research objectives relating to franchisee recruitment and training and this is treated in the discussion in Chapter 5.

### **4.2 The interviews**

The interviews were carried out at either a neutral location or the subject's place of business. The negotiations for the interview were as far as possible on the interviewee's terms in relation to time and place. A consequence of this was that the researcher undertook considerable travel in order to meet with Australia's best franchisees. An overview of each interview follows; each interviewee will be referred to by the number given below.

#### **Interview 1**

The subject for interview 1 was a married couple who own a retail sport and leisure equipment franchise in a suburban location. They have twice, won the Franchisee of the Year for their State and on the second occasion they also won the Franchise Council of Australia's National Franchisee of the Year award.

The interview took place on 12 May 2004. The initial interview was undertaken as part of coursework and can be considered a pilot interview. This interview established the pattern for the subsequent interviews and provided valuable insights into the process and the characteristics of successful franchisees.

The interview took place in the coffee shop located near the retail premises during normal business hours. One partner answered most of the questions while the other contributed in between attending customers.

### **Interview 2**

The subject of this interview runs a successful mobile pet service covering a suburban territory. The interviewee was a State Franchisee of the Year award winner. The interview took place on 21 February 2005, in a hotel lounge, located within the subject's service territory, at the end of the business day.

### **Interview 3**

The interview subject owns a franchise that is both production and service oriented, in a suburban location. The interviewee has been a State and National Franchisee of the Year. The interview was conducted at the interviewee's business premises on 24 February 2005, shortly after the business day commenced. There were some interruptions during the interview as a subject attended to pressing business matters.

### **Interview 4**

The interviewee is a master franchisee in a home help franchise system. The interview subject was a State Women in Franchising award winner. The interview took place in a coffee shop located near the business premises, on 10 May 2005, during business hours. As a master franchisee who engages and sells local franchise territories, the subject considered herself more as a franchisor than franchisee and had some different perspective on their role in franchising to other subjects.

### **Interview 5**

The interviewee owns a finance industry related franchise in an up market beachside suburb. The interviewee was a State Franchisee of the Year award winner. The interviewee has been highly successful in the industry and has developed a national profile. The interview was conducted at the interviewee's offices on the morning of 19 July 2005.

### **Interview 6**

The subject of this interview owns a successful mobile equipment related service territory, located in a suburban area. The interviewee was a State Franchisee of the Year award winner. The interview took place on 25 August 2005 in a coffee shop located within the interviewee's territory. There was a minor interruption to the interview recording, however no material was lost.

### **Interview 7**

The interviewee owns a successful design and install home improvement franchise. The territory is based in a regional centre and includes outer suburban areas. The interviewee was a State Franchisee of the Year award winner. The interview took place on 10 October 2005 at the Franchise Council of Australia's National Conference.

### **Interview 8**

The interviewee owns four retail and service related franchises all located in large suburban shopping centres. The interviewee was a State and National Franchisee of the Year award winner. The interview took place on 11 October 2005 at the Franchise Council of Australia's National Conference.

### **Interview 9**

The interviewee owns three fast food related franchises all located in regional centres. The interviewee was a State Franchisee of the Year award winner. The interview took place on 11 October 2005 at the Franchise Council of Australia's National Conference.

### **Interview 10**

The interviewee owns four fast food outlets in a metropolitan area. The interviewee was a State Franchisee of the Year award winner. The interview took place on 5 December 2006 at the interviewee's home office.

### **Interview 11**

The interviewee and their partner have owned three hospitality related franchises in a metropolitan area. They have twice been State Franchisees of the Year award winners. The interview took place on 3 May 2007 in a restaurant.

### **Interview 12**

The interviewees are a married couple who own three hospitality related franchises in a metropolitan area. The interviewees have twice been State Franchisees of the Year and once National Franchisee of the Year award winners. The interview took place on 22 June 2007 at a Franchise Council of Australia state conference.

## **4.3 Findings**

Though the initial open coding was based on the interview headings, which were established from the key areas of the Entrecode the research was open to discovering new headings that surfaced from the analysis.

The selected initial nodes or headings: background, business skills, communication, leadership, motivation and personal traits were individually browsed through the

node explorer element of the software and the coding process repeated. This exercise proved very useful and possible links became apparent as well as nodes that could become major headings and subheadings. The NVivo software has a feature called coding stripes. Stripes in different colours alongside the printed text highlight the node titles or headings that have been given to a section of text. The stripes were used to assist with model development. By printing off the selections of text categorised into individual headings links between different categories of text or headings and subheadings could be easily identified and models developed.

Initially all nodes were created as free nodes, that is they stood alone independent of each other. As more nodes or headings were created, the list became large and it was obvious that groups were emerging. Background, franchising, business skills, personal traits and success were initially chosen as major headings and the remaining nodes were pasted as subheadings. The findings in this chapter are arranged into the categories or constructs that ultimately emerged from this process.

Quotations have been selected from the interviews to illustrate the categories identified as motivators. This pattern of selected quotations to illustrate construct categories has been used throughout this chapter.

Note that quotations have been selected from interviews to provide support for the themes. They are indicated by the use of italics. The symbol ‘//’ has been used to indicate a different interviewee. In order to protect confidentiality names of individuals, franchise systems, businesses and words or terms that indicate the business or industry have been deleted or replaced by an alternative, this is indicated by the use of parentheses. To assist with clarity words or phrases have been inserted in parentheses. These conventions are used throughout this chapter.

### **4.3.1 The Motivation Construct**

There were many motivators for business success. Those that emerged can be categorised as:

- Security in terms of money and business survival;
- Vision and goal realisation;
- Ambition;

- Passion for the product;
- Lifestyle, family commitments, personal health and getting the work family balance right.

### **Security in terms of money and business survival**

Security, money and business survival were reported by the interviewees as being very important primary motivators. They frequently commented on the fundamental importance of this category of motivation but then quickly commented on other more personal or satisfaction based motivators reported later in this section.

Profit was taken as almost an unnecessary motivator to discuss, such is its fundamental reason for being in business. Security by way of improving the business asset as something that would eventually be sold was discussed. At least one interviewee used the term reward and another described this aspect in commenting that a business was more than just a job. The fact that the franchisees had invested their life savings, usually with the family home for security further underlined comments relating to security and because it was implied that they had so much to lose if things went wrong.

Mere survival is in itself a key motivator.

*We had invested basically everything our whole lives into the business. To us there was no point of return there was no option. // I guess my ambitions were probably to just get through the first day and the first week and just see how things went. And I don't think I ever envisaged that it would be as successful as it is...I was just really taking baby steps and wasn't really sure of how it was going to go and if it was to work at all. // We had to make it succeed we put everything on the line okay, ay um we they're our objective was day to day was to make this work, our objective after six months was to make it to twelve months our objective after twelve months was to make it to the second year...You know so it was very short term but it was survival.*

The drive of financial security is a very strong motivator.

*Dollars just dollars. It's a I mean its dollars and stress levels. Um my business is doing exceptionally well obviously if my stress levels are down. // (name of partner) is very much into the GP (gross profit) and he always says that "I don't care if we do more than this month last year; I care about the dollar profit." // okay the most appealing thing I suppose, I mean obviously there's plenty of loot at the bottom,*

A critical difference between owning a franchise and working in paid employment is the value of the asset. A successful business is the means for ensuring future security.

*Rather than just treating it as a job that you discard when you are finished. Getting that value back in your pocket when you sell it (is important). // When you do retire and at the end of the day you have got to work, I've got a ah chapter in my life when I've got to work very hard, so that I can achieve financial freedom, when you know 20 - 30 years time um I can do what I want to do.*

A motivator in the search for financial security may well be family experiences. The sentiments expressed here clearly articulate the desire of successful franchisees to be better off than their parents and a desire not to work as hard.

*Yeah financial freedom. Because you know, I don't want to work as hard as my dad did in his 50s. // I suppose I just have one goal and that's where I'm aiming for and without sort of revealing too much and it is what keeps me going and this is something that I thought of when I was about 14 or 15. I wanted to be self-sufficient and I realised very soon after that that you have to be damn rich to be self-sufficient so it's really trying to achieve that.*

In this case, the franchisee had already established an independent business. They took it under a franchise umbrella in order to provide that extra security for the family.



*... but our number one reason for joining (the franchise) was really stability. We were just having our second child, I wasn't going to be going back teaching so we really wanted the stability of knowing that the franchise was sort of going to be there as our backbone...I think a good franchise system can not guarantee money, but it sort of guarantees that you don't fail if it's set up well. We wanted to know that we would be able to survive on income that we could get out of the shop and that so I think just piece of mind really was what I wanted.*

Nevertheless, for at least one of the successful franchisees who were interviewed survival was important; the family provided the grounding.

*...my wife said to me... (that) even if we lost it all we would still have each other. And I got to tell you man, that was just amazing to me. Because that just changed my perspective. It wasn't like I had to make a million dollars a year to be happy, if we are making \$100,000 a year and we are happy with that, we have been where we have made no money at all when we first opened the business, you know what it was hard but we were happy*

The following franchisees recognise the fundamental importance of money as a motivator, however, they see that there is more to their satisfaction with the business than just money. Money was seen as important from the point of view of business survival however, in one case, the real motivator appears to be pride in proving the doomsayers wrong. These people are very proud of their business and their achievements and this pride was evident throughout most interviews.

*I mean the money that has come with the success has been, has been really nice, but it's been fantastic but that certainly, I don't know, didn't really motivate me in the first instance my first goal was to replace my teaching wage and then once I reached that stage and anything on top of that was a bonus. So I guess, what one thing, that really motivates me and always sticks in the back of my mind is just to have proven everyone that told me I couldn't do it in the first place, wrong. // It doesn't matter what the graph is, you know, it's got to be right and I've got extensive graphs here that just show me*

*what's happening in the stores and really I make a hell of a lot of money ... it's like none of that motivates me, what does is the graph going up or is it going down or whatever.*

Once again, the interviewee here enjoys what goes with the money; however, a bigger motivator seems to be pride in her achievements. Not surprisingly, rewards such as lifestyle, the house and travel are discussed.

*Money is definitely a big motivator and the lifestyle that I aspire to. The goals that I have to, you know your got to have your personal goals and then it's down to you, how your business performs as to whether you get what you want. As far as travelling goes and the house that we want to buy, you know we own a house here but we want to move over to the eastern suburbs and you're looking at three times the amount the property is worth over here. To get our business going as well as what I need it to go so that I can do that sort of thing that's really motivational and also I absolutely loves business.*

A contradiction between the importance of money and other motivators also emerged.

*Apart from (doing the job)...I love to make money and that was the idea in the beginning. Apart from all the benefits that come along with being a franchisee it was the money and at 20 years old there's not too many 20 year olds that can make \$1000 in a week in the first few weeks. So it was really good, that was probably the main drive for it in the beginning. // other than turnover and staff your bank account is always... a good indicator (that the business is doing well). // What I enjoy the most is um the rewards, um that you can give to your staff and your family, and also the recognition for your hard work from your peers. // That's a motivator to give our kids the best. // But I have had to come to terms with not being number one anymore(in turnover in the franchise system) and it doesn't... worry me. Because I know that, I'm making a lot more money than they are. // what does(motivate me) is the graph going up or is it going down or whatever. That's a representation of me doing my job properly. If the... cost starts moving down*

*by half a percent, that means I've trained the staff right and they're doing their job right. That's all it is, that's what gets me up. // I mean the return on the investment is great, the bottom line is great but dealing with the people is great as well.*

Certainly, money is recognised as an important motivator but it is clearly recognised the source is business profits and profit provides the rewards including personal recognition of being good at what you do.

### **Vision and Goal Realisation**

Many of those interviewed were well aware of the importance of goal setting and establishing a vision as a means of remaining motivated. All interviewees had a positive view of the future that was reflected in their goals. Most articulated short term business strategies as a means of achieving a longer term goal. Rapid success meant that short term goals had to be revised upwards for some. The long term was very much part of the goal setting with a vision of reaping the rewards of hard work in their retirement.

The desire to be the best or number one was common. The desire to be seen as successful is discussed. There was little false modesty in articulating this desire, most seemed to consider it to be perfectly logical to be the best at what they do.

*I think reminding yourself of those goals that you're after helps keep you motivated. That keeps the energy levels up and when you start reaching those goals it's a real bonus // Always keeping a long term vision in mind. (Doing the job), you do it blindfolded, that's just the running of it, that's what makes you the money you just go and do it. It's not stressful or anything like that, you just keep your goals in mind I think and that's what keeps you going. // I think for me you have got to have a purpose, you have got to be content in what you want to do, and if you don't I am happy where I am now. Do I want to succeed any more of course I do. // our vision in our business plan is to become the leader in the (name of industry) in our area so that is our vision. We always try and maintain (this) by keeping above the industry standard*

*like try and you know, check out the industry, check out your competition, try and stay above it, try and come up with new ways of delighting guests more and you know and all that sort of stuff ... you know, becoming the leader in that industry,*

Another key aspect of the franchisees' vision was how they wanted their business to run. Many recognised that there were further improvements to be made and had a clear understanding of what was needed.

*The first day I walked in, I just wanted just some form of discipline or uniformity in the store. The stock was err messy, everyone no-one had any type of uniform on, umm people were coming in late, and there was it was just embarrassing. // I guess in the short term, I guess you can always see a corner of the shop that you can change for the better... Long term, I guess it would be more keeping control of everything to the level where is it controllable without it becoming too big...So long term, I think is to create a very strong healthy business without it getting too big. // I've got a plan to have ten stores in the next five years, right, so I've got to start building up the foundations now in terms of relationships with ... the managers and such, getting them to enjoy their jobs and want to continue as a career rather than just as a job and also establish the management structure so that ... the operations manager can be fully productive in her role but also be able to put people beneath her to start ... changing (her role) into more supervisory, more admin sort of role. It's a plan but the structure's in place now.*

Specific goal setting was identified by several interviewees as a means of achieving a longer-term vision.

*... so what motivates me really is umm is achieving goals. Personal goals that I set to be the number one..., which I have done and then umm to improving my stores images..., improving my contribution to communities...*

In many cases, the goal was a simple one such as being the best or number one or the biggest or greatest.

*So my goal is always to remain the number one (name of franchise system) in and the number (name of industry) retail store in Australia. // then they were sort of double the turnover and that was our goal and I said, 'right that's it we are chasing them' and then our closest competitor who is actually the biggest sales store in (name of city) and I want to get to what they do... Okay yeah I think we are there now. // I guess in long term be the Coca Cola of the (industry name). // We did go in thinking we were going to make the store very, very successful. // Um also to probably expand in that where we are at the moment, to be just a bit bigger and just to continue to be the market leaders. // I just said to the builder (the new office) it's got to be smick, I want it smick. I want it to be the best in Australia. // we just thought that from day one, we're going to be the best in this system... win the National Local Store Marketing Award and then win the Franchisee of the Year Award*

Other specific goals for the individual and longer-term vision for the franchisees businesses were to do with lifestyle and eventual retirement.

*Okay I'd love my businesses to be at a stage where ah they are run to a point where they're; that I don't need to be there every day. // It's a fine line between keeping it all balanced. We actually, we want a really good quality of life. // I have a very, very clear ...vision of where I am going. // From a personal point of view, I have a very clear strategy... I have to prepare for retirement... and I have an exit strategy too. // Vision for my business over in 6 months it's as we go. In 2 years, I want it to expand to another few towns just to see what happens... Ah in 6 years, 6 years is probably when I will want to call it quits.*

For some immediate success meant that they had to reassess their goals.

*And it was only about 3 or 4 months after I started they sent out some national figures and I was about number four or five in Australia. And I went I thought what is everybody else not doing. Like I haven't even got started yet and I just couldn't believe it. // No, I think something that's been*

*pleasantly a surprise, the things that limit you are sometimes, your imagination. Sometimes, like before we were in a franchise, maybe the highest priced (name of product) you could sell, you always thought, oh, we could only sell \$1000 (name of product) and that's all you could sell. Then all of a sudden, the bar goes to \$1500. Now just last week we a \$13000 (name of product). You know the bar can raise, you're not limited by those limitations.*

Goals relating to ethical and non-business aspects of life were also articulated.

*franchising is a tool to provide for my family and to provide for others who are less fortunate than myself. // I really see that... an honest culture you know doing it and really meaning it not doing it because you think you had to, or falseness or whatever, it definitely helps in our industry. // In actual fact we share a common faith, my faith is that um I believe in God. I believe that he has a purpose for us and part of that purpose is to look after people and that's what I like and part of our business is to help others... And it's what you do with your money that makes I think who identifies who you are. // Yeah, it's the vision of having the daughters involved in the business... there's a legacy that we're creating for them*

The goal of realising a dream was very much a part of the reality of these highly successful business people. The interviewees have clear goals and are confident that they are going to get there.

*I always knew I'd be my own boss. I'd always knew that I'd end up in retailing. // Whereas being an optimist you might not reach everything you have dreamed of but you are certainly going to get somewhere. Yeah I honestly think it doesn't mean you daydream or got your head in the sky, you have to be sometimes a realist, but yeah you have to be an optimist.*

## **Ambition**

Successful franchisees people are very ambitious and were not embarrassed in describing their ambition. The comments are similar in sentiments to those described in the earlier section with the goal of being the very best.

*I could say I'd like my business to make this amount of money, but to me its not the monetary... my goal is always to remain the number one... retail store in Australia. // No, its just I think um you put me in any franchise in the world, and I think I'd two or 3 years, I'd get to the top. Just because you know, I've got a burning hunger. // I could see that I could operate that business much better than (the previous owners) simply like they would not do the job properly and I wanted to prove that it could be done better. // I think I could do equally well in any business, but this just happens to be a niche that works for me at the moment.*

Being recognised by others and being seen to be successful underpins this ambition.

*Um whereas me you know, I as soon as I thought 5 years ago, ah I'm going to do this, I'm going to do it and I'm going to make everyone proud and make myself proud. // And a lot of people when I entered into this told me how mad I was and there was no way that I would succeed. So I guess in a way that made me even more determined that I was going to. // I'm just a little old country girl and as I said, I can't believe. I pinch myself when I'm driving around in my car (a large black new Mercedes Benz with personalised number plates).*

The desire for excellence and to be simply the best, has been described elsewhere, it also reflected the individual's ambition.

*To be the best that I could be um and I suppose if I'm really honest, I wanted to be the best amongst our group. Not so much as in being the best (occupation) necessarily but certainly encompassing the whole business. Just being professional in everything that I did. // I just love to win. I love to*

*win. In whatever I choose to do. I hate, I hate losing... I set myself goals in my mind and I will do my absolute damdest to hit those goals, hit those targets. // ... whatever I do, I want do it well is my motivation. You know, I'm a mum, but I want to be the best mum I can be. Yeah, whatever I do, I want to do it well. // Yes definitely, a couple of years ago, I said to (my partner), our goal is that we are going to work so hard until we are the best (name of product) shop.*

There are many motives that created the ambition, sometimes it was just proving the job could be done well.

*What, what I've really enjoyed about this is to show up the other the rest of the (name of product) trade. Where they won't return calls, the quotes are late, the quotes are wrong, um they're rude, they're crude, they are repulsive and they are dirty and my guys are clean tidy turn up on time and they answer calls just a totally different scenario. And I love doing that because I just show the others up. // I implemented what I thought was the right way to run a business and really what I went in there to do was to prove that um, that I could do it and also um, that I was right.*

Ambition could be a shared passion or an individual one.

*It's what's right you want to succeed and (be) very competitive but I'm passionately sure that if I can if I can bring together all the, the ah franchisees together to make me more successful. // Sometimes you get there and somebody says gee we've achieved this. My goal is to be successful within myself, within our business, and if I'm successful within myself and our business, it means that I would have or should have been successful with our customers with our staff and with our suppliers. // I suppose the catalyst in that is that you always want do better, not just for you but you want to do better for your staff...*



The following two interviews also reinforce the idea that success in itself is the real motivator and being seen as being successful is most important. The determination expressed is going to prevent any possibility of failure.

*What motivates me is being successful. And seeing things done like having this place the premises. You know, having a business that is successful. I like to have good sales. // Oh yeah. I have a motto that failure is not an option for me. Nothing is going to fail for me because I just won't let it. It isn't going to happen.*

### **Passion for the Product**

It is likely that passion or enthusiasm, or love of what they do is at the core of success for the interviewees. The passion expressed in this section also demonstrates pride, motivation and the goal realisation described earlier.

It is clear that these interviewees very much enjoyed doing what they actually do and also their enthusiasm was reflected by the standards that they set.

*I love the business aspect...Marketing, the running of the business, customer service I take a lot of lot of pride in what I do, and it's only to be the best... I think the pride in your business is what makes you different to everyone else, just the high standards you set yourself those high standards, those goals and just go for it I think. // You're motivated by a job, you're always thinking about other things and you're doing the stuff um, the job motivates me and keeps the energy there, the interacting with five or six people on shift um, handling customers and you know, following procedures and systems...*

Clearly, the following interviewee was very aware of the link between the enjoyment that she derived from the service that she provided and the standard of work that she did. This pride was also evident in the business relationship with the brand and franchisor.

*I love that our franchise system, is Australian owned and run. I love that the fact that franchisors are so approachable...The actual brand of (name of franchise system) I am very proud of it so its does mean a lot to me because I think (name of franchise system) is the best company to be with as far as (type of industry) is concerned. I think it's the best in its field and for me to be a part of it that is valuable for my business because I think I'm with the best company.*

The passion or enthusiasm clearly extended to a broader level. These franchisees clearly saw a greater social good in the work that they did.

*I've been given one life, I'm going to make a difference and I really want to make a difference in this and if I can help people improve their lives, reach their goals, do whatever you know for my family, friends or anyone around me, well I'm going to do it and if I can use business to inspire other people (it would be a benefit)... // I think what is really important with being in this (type of industry) we; we get to see the (job) on a regular basis we are there for responsible...ownership.*

In a similar way, this interviewee who produced a product also sees the customer satisfaction that it provided is more than just a completion of the process.

*I feel... is a quality brand and so I feel I have a quality product. I believe very much in what I'm doing and we don't just offer service we actually supply a quality product to a customer and I take it (to the customer) and the customer looks at it and he says that looks great and its something we have made and it is great it is a good product.*

The actual process of creating a product that makes peoples lives better produced an enthusiasm for what successful franchisees do. Making people's lives better, helping people, caring provide a very real reward for these franchisees.

*What, what I can do my difference between other franchisees (name of franchise system). I get I get to create something and its there for life. I get*

*to drive past and say I built that and its going to be there for the next 30 years. And every street I go down in (name of city) we did one, up there we did two, down there and its not I'm selling a cookie, I'm selling a lifestyle and its great because everyone is happy, yeah! // We are talking healthy food, fresh food fresh and the brand just resonates that those attributes. It's just all full of good stuff to me.... What we are saying is if you want to be healthy, you can be healthy with our food. // Yeah, I pinch myself everyday nearly...Passionate really passionate really emotional about the whole thing. It is terrible if we can't help somebody get that (name of product) when we believe they should get it...So we are very are very closely emotionally tied to everything we do and we care, immensely care.*

This person was very much motivated by the product and the production process. The idea of producing a quality product in its entirety to the customer's satisfaction was the key motivator.

*I feel (name of franchise) is a quality brand and so I feel I have a quality product. I believe very much in what I'm doing and we don't just offer service we actually supply a quality product to a customer and I take it and the customer looks at it and he says that looks great and its something we have made and it is great it is a good product... So I find that motivating because I don't feel that I'm always dealing with loose threads, I don't feel, I feel at the end of the day, there's a sense of totality to it.*

In this case, the actual production process of the franchise was not the motivator but the ability to be able to contribute creative business processes to the franchise system.

*...all I've done is (I have) employed a few ideas and a few things that people have advised me on in the past and to pass those on to other people is greatly rewarding... (the production process is) boring, it's hell boring but doing these other things, these social things are really a part of the job but also you know, they create interest and they are creative I suppose.*

Several of those interviewed were aware of the importance of their attitude as leaders on their staff and the impact of channelling their enthusiasm into business and staff performance. They felt that their enthusiasm for the business was an important in running and managing the business well. This link between enthusiasm or passion and success was articulated.

*I sort of feel like its almost like my baby in the fact that I came up with a lot of the beginnings as I said sort of the name the logo all that sort of thing... I put a lot a lot of time and effort into building the whole business and getting it to where it is today. // Special qualities. I guess other than you can know, you can get as much product knowledge in the industry as you want but at the end of the day it comes down to a bit more your enthusiasm for the business, for what you are doing. // No, I just think that if you love what you are doing and you get such a kick out of it. And it's the needing factor and knowing more...*

At the core of the passion for what they actually did lay the enthusiasm for the product or service as summed up by the provider of a service.

*I've always liked (nature of the product)... I like to (provide the service). I love business...*

A recurring theme was to do with being the best, doing a job well, just getting it right and valuing the satisfaction of the outcomes. This sentiment comes up repeatedly throughout most interviews.

*I suppose also knowing that I am in fairly high demand and people are happy to see me generally speaking. // It's not the money, the money is great, but it's not driven by the money, money is a by product of what we are doing. But it's more because we have national results every month. Still number one in Australia // I am hard working and I'm willing to put in pretty much whatever it takes for something to be successful if that's what I'm wanting. So I guess you could say I'm fairly determined. And in the first few years of the business, I did really work long hours and put in a lot of time and effort.*

*// I am working longer hours than what I was before. But it that that feeling that you get knowing what you put into it you are getting out of it as well. // Winning, winning. Not winning as in winning the deal coming home, I think another franchisee told me once she said its great when you get back in your car and you've got a deal she said... There's another deal. // You just have to love what you do. Like I love coming to work every day. It's so different every day. // You know I could retire now but I've got too much to give back.*

Passion as a motivator absorbs a lot of energy and this franchisee was aware of the danger of exhaustion that passion brings and later outlined lifestyle and work balance choices that are necessary to offset the potential negatives.

*I'm motivated by achievement. I'm passionate, but passion... is a good thing, it's a driver but the other thing it can be also it can be a negative thing, it can burn you out.*

## **Lifestyle**

Many successful franchisees, as a motivating factor, expressed the reward of an enhanced lifestyle. By and large owning a successful franchise business had a beneficial impact on lifestyle.

The sentiment of initial hard work and growing confidence as experience was gained which was apparent in most interviews, it is summed up in the following excerpt.

*I think it's great being in business for yourself, I think it gives you more flexibility in your life. In the early days we really wondered because it was very hard to let go so it was like, oh, we're there all the time but I think as you build up your management structure, you build up your structure, you learn to have confidence in people and it's an ongoing thing but I think that it's given us the flexibility to do what we want to do, when we want to do it*

In this case, the franchisee believed that they didn't work as hard as they would have to, if they were in paid employment.

*...the gradual change of lifestyle has been really good for me, the money factor, and not working as hard as you would be if you worked for someone else*

Later in the interview, the same person expressed appreciation for the flexibility of being able to work a four day week. Given that the enterprise has been very successful, it is likely that the flexibility that comes from hard work is what was really appreciated.

Working from home can be both an advantage and disadvantage as shown here. Working from home for some does not really feel like work. For others a home office makes it feel like they never leave their workplace.

*I don't see my job as work. Its different you know people say to me you work a few hours, but it's not work to me, but I work from home so it's okay. // Um in the first few years, it had a fairly big impact(on my lifestyle) um especially because I was running it from home...So it had a big impact so I would say a bigger impact when I was running it from home and then once I've moved into the office it's much easier to um leave work behind and go home have a more normal sort of home lifestyle.*

The flexibility of being able to do things on their own terms that was appreciated, especially when it meant that they could attend family events that would not have been possible in conventional employment.

*I think any sort of job impacts on your lifestyle but the good part about it is does give me a little bit more flexibility than what I used to have ...So it does give me that flexibility where I am able to if necessary take my children to school, maybe get to the sports carnivals and that sort of thing. So it gives you a little bit more flexibility that way.*

The business did not always impact positively on lifestyle.

*Anyway but what happened, when we first opened, we were going to straight into 24 hours and the manager we had trained up... manager broke his arm just the day before we opened up so he was out of action so what it meant was (name of partner) had to work long shifts and I had to work long shifts...we drank that many coffees so we could stay awake, it was just out of control.*

When you own your own business, it is always with you, even on holiday. Sometimes this mindset is recognised and acted on.

*As far as your lifestyle, I do find um the harder part about it is being the sole type operator is um taking holidays. I tend to um just make long weekends here and there so um that's a bit of a downside to it because you cant afford to leave it for any great period of time. // but I mean certainly it's always in the back of your mind you're always thinking about it. You know even on if I go away for holidays... you know you can't just leave it its always with you.*

One interviewee found that not working the longer hours made no difference to the business performance and acted on it.

*I think the keys to that have been is that (having owned my franchise for so long) I haven't burnt myself out...I had to make a decision you know, because I don't want my family to resent the business, and even though it's earning good, it's paying for a nice house and a good school for the kids, if you're working long hours they are going to resent it. So I just kind of stopped doing, going in at 6.30, and I started going in at 7.30, I stopped leaving at 7 and leaving at 6 so I was home at 7.*

Most of the successful franchisees pointed out how they enjoyed a better lifestyle due to their business success. The business provided the opportunity for travel, better holidays and lifestyle options. In discussing the benefits it almost appeared that several of the interviewees were convincing themselves that the sacrifice and hard work were worthwhile.

*I get to go to also a lot of countries around the world, ah whether (name of product supplier) will send me to Vegas, or (name of product supplier) will send me to Singapore, (name of product supplier) will send me to Paris, so that part gives me a lot of perks // My business philosophy is to make us a comfortable living, keeping the family close together, so we can have holidays together, and do anything we can together. I mean this year was my first big break I had a boy's weekend for golf a boys' week for golf. // The most I enjoy about my business is giving (name of partner) and the family the things we need, the lifestyle we've got...*

### **Family Commitments**

A real sense of pride and fulfilment was common when family started to be discussed. The sense that family provides the grounding and purpose to go into business comes through in this category of the motivation construct.

*My proudest achievement is having my (family) in the business because they want to be in the business, that is my proudest achievement. // Um what motivates me?...my family. I am a little bit like Peter from boy genius. // I can go to my daughters graduation, I can go to an awards thing anytime I want to I have that freedom.*

For this interviewee the ability to repay his parents for what they did for him clearly drives his success.

*...my parents are everything to me, so when I was younger and being immigrants they worked very hard in the country where it was foreign to them, everything was foreign to them so I look at you know I will work hard now and repay back my parents who have so many years of their life now, so I believe that if I um if I have good businesses my parents will never need to work again.*

The ability to repay family for their support is important and this sentiment is articulated here. When asked what the biggest highlight their business careers was,



two franchisees with multiple outlets and having won numerous awards did not reflect on success or wealth, but they expressed their delight to be able to do something positive for their families.

*...creating employment for (their daughter with an intellectual disability) because we didn't know what she was going to do for the rest of her life so that is a really big high // The best thing that happened was when I was financial enough to buy my father a brand new car.*

The desire to do be able to provide better for their families than their parents were able to provide for them, has already been identified as a financial motivator for business success. However, it seems that difficult family financial circumstances were an important part of the character building necessary for success.

*And also when I do have kids, um not have them in the same position that I was in, to miss out on a lot of things that I would have liked to have in my childhood. Um having said that I appreciate everything my parents, did um because its made me into who I am. // as kids we've had a pretty tough upbringing so ... and it was either you know, fight for survival or die, it wasn't literally that, but you know...I was always a fairly positive kid and no matter what happened to us, I always found a positive side of things and luckily I've been able to bring that into business.*

Two franchisees saw a real value in building their businesses so that other members of their families could participate.

*And also you know um I'm the eldest son, it rubbed off onto my two other brothers, who are both about to graduate from uni and my other sister is a uni graduate. And they're all going to join (name of business) and its going to become quite a quite an energetic um environment so it will be good. // and we've created something special, we've created something unique... the family all working together and... communicating honestly and respecting my daughters as business partners is very critical.*

The ability to spend time with their family was mentioned in several interviews. In several cases, long hours were involved in the early days of the business. It seemed that a goal, that was achieved by many, was the ability to spend time with their family. The comments below almost suggest an element of guilt in devoting time to the business instead of the family.

*I have a got family, I used to work in the early days long hours and then I had a family and then we had kids, I just couldn't do it. I had to make a decision you know, because I don't want my family to resent the business... // I work long hours during the week; but we always have dinner together every night... I actually see my kids for breakfast usually, so being able to provide for them. We live, you know we live modestly but we live well. // The other thing is the first few years we had sacrificed a lot of time with my wife and my family. We just had a my first two years of my second daughters life I can't remember. So I needed to take some time out. You know I had to spend some time with my family, and in order to do that I had to um let go.*

For some others time spent in the business had the potential to reduce family time; however, they found ways to ensure that they got to spend time with their families.

*...it does impact a bit on our lifestyle but it also gives me that freedom. We sit down and have a cup of coffee a couple times while I'm in my office we see more of each other now then we ever did. // Seven days a week you know... we see a lot of each other and all those thing(s) but for us, one of us, is always in the store...our store is open over sixty hours a week // I don't work (longer hours than other people) any more. I might initially for a few months to open up another business okay but then I can sit back and I can actually take more time I can go away any time I want to...*

The single operator businesses had other challenges and frequently the partner was an integral part of the business.

*Obviously there's, being a sole operator it can be difficult. There is no doubt about that, um I am able to delegate um a couple of things to my spouse. Um she regularly does the banking for me and that sort of thing.*

For some having the partner in another job provided the security to take the risk of purchasing the franchise.

*My other half has a really good job anyway so there was money to support us and the mortgage; we knew that...*

One of the more mature franchisees when discussing business and family summed up his approach to business and life generally. It is all about having the right attitude.

*There is a simple way to get through life fairly comfortably... if you have the right attitude and you don't let a lot of things worry you, you know. I pick up the paper every day, I look at it, and I think, you know those people have problems. We don't have problems.*

Clearly, the sense of family is an important factor underpinning the motivation for franchisee success.

## **Personal Health**

A healthy lifestyle was mentioned by most franchisees as essential in maintaining energy and enthusiasm at work. Regular exercise was cited as an important part of the daily or weekly routine.

*Um I really ah I bounce out of bed at a quarter to six and I walk with a girlfriend for an hour everyday even when its really cold if its raining we don't. That gets me going because that clears my head we talk about property loans whatever usually. // Um I go to the gym, I play football, I play cricket I find time to do all this and ...So I like go to the gym and workout then bench press, but if my mind is not stimulated, then you know its just a muscle like every other part; so that to me is getting the brain*

*stimulated, // But I'm fit, I'm well, I swim, I play golf, I um life's to short not to enjoy it. So you got to be vital you've got to keep moving it's um life is too short (not) to do any of that.*

For the sole operator service providers maintaining energy at work had a direct link to productivity and turnover, so energy foods and health take on a greater significance.

*Um it comes down again we spoke about before positive attitude, um also make sure I keep my, keep my liquid uptake up, because I am in a fairly demanding job physically, I make sure I eat. Um take energy drinks as well and also having your own business you can't afford sick days and that so I make sure I stay on top of my health as well, as far as taking vitamins and trying to eat right the bulk of the time, which I think, is important too. // I guess as far as keeping up energy levels um eat lots of lollies. I try and I guess and maintain a reasonably healthy lifestyle, you know exercise quite bit so that when I am at work I can stay motivated and focused.*

### **Getting the Work Family Balance Right**

Despite the awareness of the need to be positive, healthy, and to feel good most acknowledged stress and were at least aware of the need to cope with it.

*you know that stress to me means that you know you are feeling pain and pain means you're alive // I think the keys to that have been is that I haven't burnt myself out // I find it physically hard these days, that's the biggest thing... I am 56 it really it gets physically tiring and it gets very hot out here...but I find usually that once I'm out there I quite enjoy it.*

Long hours were necessary at the time of business start up for most and achieving a better balance was seen as important. The initial hard work was seen as a necessary to achieve the reward of a better lifestyle.

*And that's the same way you know first 3 or 4 years, I spent a lot of time in my business. 6 or 7 days 12, 13, 14 hour days. Now that I'm here and I'll take holidays and spend more time you know, working on my business from outside, so yeah umm at first there's not much flexibility but the harder you work the more flexibility you get towards the end. // And in the first few years of the business, I did really work long hours and put in a lot of time and effort... I would not leave the store alone with any staff member initially for the first few years because I was afraid that they could never do the job that I could do. And that was I had to get out of that mindset, because it was killing me.*

Taking holidays, organising breaks or just providing obvious rewards for the effort and hard work was very much part of achieving an appropriate work life balance for these successful franchisees.

*The flexibility of my lifestyle. So I can actually cross off Friday afternoons and say, this is (name of partner) time. We're going to lunch like; I can do that, I can take off Wednesday afternoons for golf... I do a lot of work to set that up but I can do it. // we balance that more now because we have five or six overseas trips a year. // you try and do too much and so we put people in place and delegated. We you know, had bookkeepers and you know, we got a cleaner for the house and we got you know, we tried to do all this and you know, and we tried to get some meditation in when we could and played golf when we could and so more holidays and you know, did a lot of personal development stuff so that was a big part of what we were doing...*

Maintaining a positive mental attitude was a key part of getting the balance right.

*I look at the big picture whereas others sometimes nit pick (chasing bad debts) and they get caught up like a dog with a bone, I don't, I try and move on. // My business is really simple...I love that because my life is really pretty simple. We have a great relationship, she is easy to live with, we have got two kids we really like. So my life is really quite uncomplicated and my work is really quite uncomplicated. // life's too short to be in a bad job. // I*

*know that we need a break and I say, come on, and so I'll just get on the computer and book something. (Name of partner) loves to get on his bike (a Harley Davidson), I've got to tell him, hey get on your bike and go for a ride.*

For at least one interviewee long hours were essential for his small business success. It came as a surprise when he found that cutting back on the time spent at work made no difference.

*No, I haven't worked a weekend in ages in our business. And it had no impact on the business. I expected to see this, it had no impact none, everything just continued exactly as it had before...So I dunno, I just, I enjoy the business. // I don't have to work flat out, I don't have to work too hard. I do what I need to do.*

For all Australians to assist in maintaining a work life balance there was always sport, especially cricket and football.

*(I have) enough energy for the next 2 to 3 months then you've got December which is a Christmas buzz anyway...Then you've got January and the cricket is on and it's just its never ending then you come to Easter and then it's umm I love football I barrack for Essendon so there...*

Or going for a ride on a Harley.

*I recently went for a ride on a full weekend away with a group of guys and had a fantastic time um, and I came back from that as clear as a bell and I think the whole family could tell that, wow, that weekend did Dad the world of good, you know, he's just so relaxed, he's so cool, he's calm, you know, I'm looking at things rationally, whatever.*

Getting a better balance in the future, for some franchisees was a goal and motivator in itself.

*Because I'm going to someday, wind down a little bit. You know I don't need to earn \$200,000.00 a year. // Because once I do that I can then build up my other part of the territory again and um hopefully sell that and maybe move on and do something else. // long term, medium term really is to be out of manual type of work within two to three years... to get to that point where I don't have to be physically working so hard. // It's a fine line between keeping it all balanced. We actually, we want a really good quality of life... We had to work hard and do long hours and we just want to streamline it. // At the moment I don't have balance... I detected that I didn't have balance when I had my first store because I was working so much in there... (what) I thought of doing was to buy a second store so that I could have two managers in each so that I could extract myself a bit. That didn't work so I thought well I'll have to get a third one to make that happen and that didn't work so I bought the fourth one and now it has happened.*

Whilst many of the interviewees discuss the implied autonomy of being one's own boss very few, if any, identified it directly.

*The part of the business that I do enjoy is the customer contact because I enjoy that part of the business so um I suppose that keeps me motivated. Compared to what I was doing previously, the autonomy as you spoke of is good. Although um because I always try and say yes.,*

#### **4.3.2 The Business Skills Construct**

There were many business skills identified as necessary for business success. Those that emerged can be categorised as being to do with:

Profit and sales;

Planning;

Business systems;

Staff;

Product and product knowledge;

Marketing;

Training and development;

Business philosophy.

Well developed business skills were fundamental to business success and the interviewees recognised the need for a wide range of sound business skills and the importance of skill development.

Not surprisingly all successful franchisees had an excellent range of the business skills categorised above and more. A typical response such as this lists accounting, computing, communication, follow up, personal development and training.

*... like (name of partner) accounting is fantastic, and his computing and he's very knowledgeable in all of those areas....Yes very good business skills, whereas my strength would be communication skills and the following up... he does a lot of courses on business management... and I do a lot of courses on customer service and get the latest books and go on line and download the audio type of thing, so both of us are in a constant state of in servicing (training).*

### **Profit, Sales**

Business skills relating to sales and making profits are fundamental to business success. They are so self evident that many of those interviewed did not discuss this aspect of their business in detail. A successful business almost by definition is a profitable business. Profit and sales are related but not the same. Good sales results do not necessarily generate profit, however they are necessary to get profit.

Once the franchisees were in the business, they found that they were able to adapt or work the franchise model to enhance profits. Some components or types of production or sales are more profitable than others are, not surprisingly, business owners like to focus more on profitable activities.

*I quickly discovered that the real success, the real money in the business was in business to business and the, some of the more successful shops were in industrial locations rather than on the shop front, retail // The balance can*



*change there are some types of work that we do that are more profitable than others. (One part of the production process) is sometimes less profitable because the margins are lower... so, if we have a month where we do a huge amount of (one product) and not so much (another product) then it can alter balance. // And that's been a fabulous part of being in this business and seeing opportunities and jumping on them.*

A potential key to profit maximisation was increasing sales.

*I mean obviously your turnover has to be up or else you will be out of business pretty quick... Now um I tend to look at the winter months if I can do approximately \$350 to \$400 a day I'm more than happy doing that. Um through summer I am looking at somewhere between \$400 and \$500 a day // You know, having a business that is successful. I like to have good sales. You know we get a league ladder, every month and I like to, I try really, I like, you want to be up there in the top 25 percent in terms of turnover // Key indicators. Ah, the staff turnover, sales and efficiency levels that would be to do with the... costs and wastage and all that sort of thing ah, and of course the growth in customers.*

The key to profit was not only excellent sales, but also a sound appreciation of the bottom line, that is sales revenue less the cost of production. The importance of keeping business costs down is explained.

*...we are the biggest misers in the whole group. We will do everything ourselves to save money at the end of the day. // my focus is on the bottom line at the end of the day. I discovered we might be in the top 25 shops in terms of turnover. But in terms of the bottom line and results and how you run your business, we're very well up on the ladder if you like. That is important to me. // We run very, very lean. // We do, whether it's a delivery or what, we just see that if you look after all those little dollars that's actually going to make your business profitable. // If the... cost starts moving down by half a percent, that means I've trained the staff right and they're doing their job right.*

In business, the major costs are to do with inputs, wages and rent. The importance of the three aspects is highlighted here.

*And we are profitable, we're profitable because I follow the system develop a system I keep costs down to a minimum and we follow the system, we plug in software, (if the franchise system) develop a software system we use it. // but we want to work smart. Our vision is that you can streamline things more, there's no point in (going) the whole lot for the dollar, if you have to put on another staff member that eats away all that gain. // I was dissatisfied renting. So then we brought our own premises here, we moved in. And with in two years we were in our own premises. // we were told by accountants when we started, if you can keep your cost of goods under control and if you can keep your labour costs under control, they're your major two indicators. // the rent percentage was going to be too high for us to sort of be viable... so we did a deal... that would get us out of the problem and the rest was history so our rent went back down and we got that sorted out.*

Margin is closely related to profit. It is that part or percentage of the sales revenue that the business owner gets to keep. These successful franchisees were very aware of the margins in the sale of different products or services.

*I know very quickly because I know margins now I know very quickly usually if we have achieved a certain level of sales I have a pretty good idea how that is going to translate into the bottom line. // Because I um because with what I do(a sole trader providing a service) you really are exchanging your time for money...you are always keeping an eye on the dollar value of your bookings per day, then on a weekly basis... (to make) sure you are achieving your goals each month.*

Most franchise systems operate in very competitive markets. This means that they have to sell at the going price in order to achieve sales. It is highly desirable but not common to be able to avoid price competition. Only one of the successful franchisees who were interviewed was fortunate enough to be able to set prices.

*I pay no attention to pricing of my competitors. We set our prices on the basis of what is profitable for us. That's not to say an individual job, a big job that I won't negotiate it's just I don't worry.*

At other times sales fluctuations are simply inexplicable as summed up by the partners in this business

*We've had weeks of great figures and we've had weeks of figures that aren't so great and that can sort of concern you and you think, oh what are we doing wrong, what's going wrong but it's just, it's a cycle... (Other partner continues) I've talked about this to our consultant before, you know the figures this month, the figures that month and those figures the next month and they said,*

*'Okay you went from here to here to here, what did you do different here?'*

*And I look at them and I honestly say,*

*'Nothing, we did the same thing the whole way through'.*

Unfortunately, the quest for maintaining sales was not always consistent and when business conditions change, successful franchisees had to be prepared and plan and adapt to maintain profit levels.

*But in the last 6 months, business has gone down 15 - 20%. My costs have stayed the same if not gone up more. But okay can I afford it, but where do I want to go to in the next 12 months?*

## **Planning**

Every franchisee interviewed set some sort of performance target that was usually set in turnover or sales. Plans varied from breakeven minimum levels of trade necessary to survive upward. Many business plan targets were based on the calendar month but at least one in a busy retail centre had a plan based on hourly targets. The common theme was that all franchisees interviewed reported that they regularly exceeded their forecast turnover or sales indicated in their plan.

*Well it's goal setting, it's um you know financials, looking at financials, looking at percentages. (Other partner continues) Looking at operations, looking at human resources, looking at marketing, um, all of those aspects in there and...personal goals are in there as well um ... // Yes its not too hard with (my service business), its very basic I only started doing that the middle of last year with the business plan , setting the standard of the income that I wanted. // Okay I keep it simple because um you have, you have...a target sheet of every day where you must reach a certain amount of money. Then we break it up in every hour, and so every hour my staff will check the point of sales and say this is what we should be on and this is what we are on now, so we do it hourly, and then by daily, then by weekly. // I had a monthly budget that says this is what I need to sell to break even. This is to cover advertising, car costs, other office costs, and royalties that's it. Now there has only been one month in six years that I've ever gone below that. So I'm not real stressed about it the most times it is three or four times that.*

For others the planning was a means of organising their business on a short term basis. Prioritising and making lists of what must be done provided a method of focussed activity and a peace of mind that what needs to be done will be done.

*I just look at the top ten for each day issues for each day... I actually have a spreadsheet, which is probably about 50 things, and every day I just go through and prioritise each one of them... I found that time and time again, if you write it down you'll get it done, and if you don't write it down means you don't want to do it in the first place, and it will never get done. I have a Nike attitude I suppose, Just do It. // So I am very focused, in the short run every day you know it's a production thing, it's quite easy... I will number them, I will do 1,2,3,4 and then something will happen and I will change it and I will change the order // Before I go to bed every night I basically put my business to bed I make sure that what needs to be done is done and make a list for the next day and then I can go to bed knowing that if there is anything else that needs to be done that there is a list made.*

Detailed longer term planning for some franchisees was either not done or not formalised other than goal setting.

*A lot of people say you know what's your ten year plan your five year plan I have got to tell you that I don't really have one. I'm um. You know we would like to open up new stores. Ahh I want to kind of measure the debt factor in there too // I did a 5 year business plan,(after taking on a staff member) which we exceeded after two years...But that made me look at the dollars side of it. And since then I have done business plans every year and sort of projected forward what we are going to do. // everyone keeps telling me to do a business plan, I suppose we better do the one so we'll be working on that and obviously he's (the franchisor) going to ask me to do something like that before I move into the fifth store so I would like to do it as a project.*

After discussing detailed budgets and sales objectives, some franchisees were unsure of what the planning process involved and seemed to feel that it was a task that they should be doing more rigorously. Despite this, they all had a very clear vision and usually well defined goals. It was almost as if the business planning process had to be an exercise that got in the way of achieving business outcomes and therefore they were not doing the process properly.

*We do a budget I don't, I don't as such (do a business plan) any more, I did in the early years, I don't as such really have formal business plans. I have a very, very clear ...vision of where I am going. // At the moment its chaos, because I am very busy, um but um well um, that is a hard one (doing a business plan) because really I am just managing myself more than anything else um. // I guess that sort of thing like sitting down and setting goals and business plans again is probably one of my weaker areas. I tend, I guess I prefer to be getting out there and talking to people rather than sitting behind a desk typing up business plans. // Look, if a bank manager comes and asks me a question, I'll give him a business plan, I'll speak to him and tell him but if you ask me to write it down, it's a hell boring job*

Others were very detailed in specifying exactly how they wanted their businesses to perform.

*Yes, we have a business plan and we regularly update it. // Yeah for example I, I divide my business because (it) has so many different parts umm in the business. I'll have for example, a business plan for (each product and service). And then what I do is I break it up into this is what the business should make every so often, and then give it P and L's (profit and loss statements). Because I do my own book keeping um because I love accounts... so I love to analyse every aspect of my business // My contractors see me um as a good planner. Everything is planned, and if there is nothing if something is wrong, it's fixed straight away. So I'm a good project manager. // Yeah, we have a business plans, we have a business plan each year, we break it, we also have a six monthly plan. We break that down into um goals and tasks for all our managers and staff and they all get their own little sheet ... they've got the vision, they've got the business plan ... here's all your duties and responsibilities and we go through them on a weekly basis. We look at stuff so we break it right down into chunks.*

Some were very relaxed about their targets having supreme confidence in their ability to achieve them.

*Ah, the business plan I don't set a specific number on my business plan at all, it's just let it roll. Because I know it's going to work, it's going to work. // I think on a day-to-day basis you don't need to be too worried about the long-term goals. Not on a day-to-day basis, as long as um you are reviewing it fairly regularly and making sure that um you are staying on top of it*

## **Business Systems**

Franchising is all about the systematic way that business is carried out. It is apparent that for some franchisees this systematic approach provided the real attraction of their franchise business. Effective business systems were often in reality effective systems for personal organisation.

*Yes ah I'm pretty organised and I love discipline, umm love structure, love having a routine, having all my staff being organised punctual having things organised so then I know exactly where everything is so its just that that's how I like my business to in terms of structure I like everything organised and disciplined. // I'm a very lazy person and I'm not just saying that, I am really lazy so the reason that I've got some very superior and very um, creative systems is that they allow me to do less // Well I, we just monitor basically, if you have got your system here its quite evident. There's a work flow and I, all my work is there with the tags on it I can more or less see, and I can walk over and see if it's been there for a long time ... so it's easy to see if jobs are sitting.*

The link between sound business systems and customer satisfaction was not lost. The systematic approach is a tool for making sure that the job is done properly and that the customer is satisfied.

*I always, always once I have um completed a job and I always um I keep the same method on every job that I do. So I follow the same method every time, um once I have completed a job... I always do a final (check) to make sure, everything is as it should be. Um and I then once I have done that I do a final walk around... standing back to make sure that everything is as it should be. So that I haven't missed anything, that sort of thing. Then go and talk to the customer to make sure they are happy with it. // if it's a new customer, the process is to record their details, record the serial number of the (product) ... I always really like to be very efficient... // We just, yeah we work closely together, and we all handle everybody's files... It's like that's okay I have got your file here. What did you want to know? I've got your file here. What do you want to know can I help you?*

Effective business systems involved investment in technology, which could have more than just improved productivity spin-offs. In this case the link between investment and employee satisfaction is noted.

*I have tried to invest in technology rather than people which has had two really positive spin-offs, we look after our equipment we have got good gear, for ah we have got very good gear for ...and stuff, and the staff get new toys... A computer costs about \$2000 but a person costs a lot more.*

Employee satisfaction is derived from explicit standards that are a feature of good business systems.

*Systems are in place, absolutely, but also I think further from encouraging and empowering our management team, we've also encouraged and empowered our general team so that they all know the standards and it comes, there are a whole heap of things there...that are all interwoven together, the attitudes of the people, are they hard workers? Do they want to be there? You know the standards that we've put in place, the management team, the encouragement, the power, you put the whole package together ...*

Franchising involves the purchase of proven business systems and successful franchisees follow the system.

*I've got strong views because I've proven in 3 or 4 stores, in all my stores that my methods work and my method is just following the (name of franchise system) structure and we have umm a whole manual called the 1 percenters // Um well yeah a lot of things because when I came on board none of it was developed... So I guess I had a lot to do with like the operations manual the training manuals um generally the whole system. // what we have concentrated on... (is) to use those systems that are in place and don't think that you're above it or better than it... to the best of your shop's ability and make them work for you rather than being at loggerheads.*

Strong systems were essential for delegation. The systems are about standards, replication, productivity and ultimately profits.

*It's a big responsibility and so I had to put systems in place and to do that I had to have faith in my staff and had to actually train my senior staff to make*



*sure they knew the standards and to release that power into them so they had the freedom... I set the standards and I give them the responsibilities to go and achieve that. // if I follow them, then I ensure that my staff follow them then I believe if I manage my staff and delegate them to do the same things and follow the same criteria's then there shouldn't be a problem in running a store. // It is all systems. You have got to have systems. With us, we have certain systems in place where we can identify whether someone is doing their job or not...we have systems in place that I can show you now whether someone was working productively or not. // It's very easy. Every single job that I've got in the store, I'll have a run-down of the job, this is how you do it... So they're actually managing themselves.*

A key reason why many of the people interviewed went into business was related to the need for control and this does not always sit easily with delegation. Delegation, follow up and set standards are all features of good business systems.

*... one of my downfalls is delegation. I tend to like to control things so I have trouble delegating um but I'm slowly learning to delegate. And I guess, yeah, when I do delegate it is bit of a hard process for me and I will sort of delegate and then I will usually personally follow up and check up to make sure that, that's been done. // Check it I mean I've got only two people who that I delegate to. Two people, the admin person to follow up all the crap I call it. And another person who helps me write up the deals and he's fantastic... I just give them a date, a time basically, that I have to have it back by. You know you don't give them something and then say do this where is it now. You know you have to give them a deadline of what you expect. // So if I can go into a store and have everybody self-managing with lists and with systems and being able to pass on duties down the line then virtually the manager has very little to do in a store. A lot of management is about managing of people and keeping them on task but if they're doing their task and more, it virtually eliminates your role.*

There is a close link between delegation and leadership.

*I guess I'm not, I'm not a difficult dictatorial individual in terms of running my business. I guess I'm quite demanding but the nature of the work is demanding I guess I sort of lead by example a bit because we get very busy. But we do have a very, very warm and close relationship, people are individuals, // They know that I am giving them the support and so they kind of almost feel not so much obligated, but kind of feel like they are letting me down, as well as themselves down if they don't come through with it. So that's how I operate the business. // Our three culture cornerstones are hard work, teamwork, positive attitude and if a team member falls below those things, they know that they are going to be sat down and communicated with, not screamed at, but given one hundred percent honesty and the way that process works is that they will sit down with their team leader, the team leader will be the first point of call to sit down with them and say, hey you're off track, you should be doing this, that, whatever.*

An outcome of sound business systems is effective time management. Effective time management, was not only of staff time, but possibly more importantly, of the franchisees own time.

*So I really worked to get stuff done during the day, a sales rep comes in well I don't spend a lot of time with them if I need something I am often very brusque because with them fifty minutes I spend with might be fifty minutes that I have to stay back. // I am usually booked up a week, week and a half in advance. So generally just running out of a diary... very rarely do I actually go to a job to quote it before I start the job. It's all done over the phone just because it saves time. // I also, like other people, for two reasons, to self-manage. One would be because if they understand their job and are able to manage other people, then they can do their job better but also it takes pressure off me having to manage that person.*

The link between business systems, staff, productivity, profitability and the ability to get the time to enjoy the rewards of the business was summed up by this franchise owner.

*I notice that the more successful owners were the ones that are out of the shop rather than in the shop ... If you are running the business whether big or small, I believe you should run the business; and not let the business run you. You don't become an integral production part of that you run your business you run your people you get people to do the tasks if you become a part of that you really lose all the economies of scale of having a business... The success really comes from maximizing the productivity of the components with in your business. One of the big components is people, and you keep your components to a minimum to reduce your costs and you just really try to maximize the output of those.*

## **Staff**

Not all the successful franchisees interviewed employed staff. The importance of the right staff in achieving business goals and providing excellent customer service was recognised by all employer franchisees. In selecting staff there seemed to be no one selection strategy that was common except an emphasis on the necessity to get it right.

Strategies for staff selection discussed included interview, head hunting and trial periods. Personal presentation was seen as important and one interviewee placed an emphasis on employing locals. A potential employee's personality and attitude was seen as important both from the point of view of customer service and fitting into the team.

*Fortunately it's not a process that I have to go through frequently because we have (low staff turnover). But I advertise in the local papers...I basically look for local people, because a lot of people travel to the city and there is a huge pool of people out here and it can be hugely beneficial for people in the local area to work locally. // I look for someone I guess, who fits in with the whole team. Hopefully is qualified obviously, but that has a nice personality that you want to be around. I usually have a 3 month probation period and I take into consideration, we very quickly, because we know each other very quickly, you can see how other staff relate to(them). // Yes yeah we have sort*

*of clear standards and we only sort of, we are quite choosy with who we take on because obviously we don't (just choose) anyone. In the (name of service the franchise provides) it's very easy to get a bad reputation and a bad name if you just take on anyone. // ... and the thing is that I'm looking for attitudes over skills base every single time um and their work ethic and yeah, they use their background, all that sort of stuff. I'm more interested in that than the skills. I can teach the skills and I can train them and I can mentor them and I can develop them, I can do all sorts of things but I can't teach an attitude and if an attitude's not there then they're bad for your business. // we want them to have some sort of experience however their attitude's very important to us and being able to get someone to buy ... you know, someone's going to buy into your vision... it's hard to train someone in attitude but you can train them in systems and processes and all that... the attitude's also important, very important.*

There was some wariness about the effectiveness of advertising for employees and the use of resumes as a selection tool.

*Select them by just by interviews. I really don't believe in resumes, because resumes, you know the way you can get them off the internet now you can get the best resumes. More by just watching them, observing them as I ask them questions. And you can sort of you can sort of judge a person by just the way that they, if they chew gum you know they are not interested. The way they present themselves at the interview, then you trial them, and then you see the way that they umm they perform, and then you hopefully take it from there. // Well I must say it really is in the first couple of minutes after they sit down that I make my judgements. The rest of all the fluff with resumes and references, I hardly ever read those and that does go to my detriment a little bit. // Hand picked all of them. We did advertise once for someone and that was a disaster because all the wrong people applied and we had to go through the process and probably won't do that again. So we really sort of head hunted and asked around and ask around in the industry which is what we are doing now for the next person. // when you run an ad (for the franchise service) position in the paper you get a lot of idiots calling up for it*

*because they think its fun... I needed somebody who was going to cope... somebody who had brains in their head and someone who was organized and also happy to take instructions... She was the only person who turned up to the interview with a resume, that was a bonus that is why I selected her because she seemed really keen.*

Management style was discussed directly and indirectly in relation to staff. A fair and inclusive style was most commonly advocated.

*We have a team culture and everybody's a team member. We don't say the word staff, everybody's a team member, um, I'm a team member, // The way I deal with my employee, you know she's, it's a very relaxed style, we don't, there is no coming down heavy on anybody if they are not performing well // okay, so my philosophy is it's all about the people. Um I want to succeed but I don't want to do it at the expense of my staff. I don't want to do it at the expense of any person okay . Um I want them all to be able to achieve what they want to...*

Energy, passion, the desire for an egalitarian workplace, positive interrelationships and respect for individuals demonstrate their inclusive management styles.

*... so I put a lot of energy into my staff ah amazing ah and a lot of my energy and my passion has rubbed off onto them so they'll do anything. // I guess we are very egalitarian. I don't believe in walls... we have a good relationship with our staff, and I think everybody is pretty motivated they don't feel I'm breathing down their neck // Well at the end of the day you know I want to make sure that the staff, they are my responsibility and I they are not just employees okay. How I treat them is extremely important okay. You want to treat them with respect I want that back and your not going to get that back if you don't invest that in them first okay. // I see no point in really micromanaging, you know you very quickly find out if people, you know everyone makes mistakes and things can go off the rail but you very quickly find out if people are competent or not competent and you know. // They spend a lot of time in the job and most of them don't actually work for*

*their wages at the end of the week. They work because they enjoy their job or they enjoy the culture or the company within the store... // we're actually team leaders, um, as opposed to being a boss type culture and we have a leadership style which we profess and I think it starts at the top and filters its way down and it's one that we've...permeated through our management team to have a leadership style of firm but fair. Firm meaning we have a high standard and we will never go away from those high standards and we won't let complacency come into our operation. Fair meaning that we treat people the way we'd like to be treated ourselves.*

All interviewees were excellent communicators and this came through when discussing staff communication channels.

*There's no point in you having this grand plan or vision and you keep in all in your head... We communicate it to staff, let them know what our vision is, letting them know how we can achieve it, // I wanted the staff to own it. I wanted them to come up with the answer that I had already come up with. But I was also open to if they had any other ideas... // Yeah on the phone, phone and face to face. I don't believe in e-mails cause um none of my staff really um ah big into IT and I don't believe in SMS'ing so I communicate to them by umm by either ringing them on the phone or coming to see them face to face. // I delegate this by probably having a weekly staff meeting with all my managers and um probably talk to them 10 times a day over the phone; and I just go from one store to another store // We communicate via our managers' meetings where we get our managers, all our managers, there's 20 managers between our three stores who we put together in one room off-site for two hours a month... it's more about cultural and vision type issues, about where we're heading and what we're doing and how we're doing it and things like that... // We do have a newsletter that goes from store to store... which binds the four stores together under the one company but I usually work locally with the people, mainly talking to them, understanding them and training them so that they can understand what their job is so that they feel comfortable in their job and confident that they can do it*

The comment of a cost saving on recruitment, customer service training and development was almost assumed self evident and not articulated. A positive working environment was seen as the key to staff retention.

*I think I've had umm two staff leave one went because umm she went interstate and um the other one was pregnant or something. So out of 48 or 50 staff I've only had two ever leave, so my staff turnover is um very, very good. Umm I have had staff leave but that they've come back because they have realised, you know, that the environment they are working with is fantastic // You know we have only had a few staff changes, but one staff member who we loved... two days off in five years and he got poached by another shop... He had been good to us and he helped us along our journey and you know we said take that, but with our best and we are happy for you. // He is the one I have to look after to keep. Um at this stage there is no doubt that he will stay here he loves what he is doing. I just have to look after him, develop his family life and work life, and also money but its not always money as well. // And I have found and again I'm fortunate with my staff. You can say oh well, you get the people you deserve. But I believe you also have got to be very fortunate you know. // And I've got from day one, some of the staff that are still with me.*

Salary and staff rewards were discussed. Whilst the working environment was seen as important most discussed the relevance of non monetary reward in the workplace.

*... indirect profit sharing, where I reward them financially, because no matter what they say because every staff member is only working for money. Umm you know they say otherwise but that's not true. I umm will pay, for example a lot of companies, because I'm the biggest spender in the group, will send me TVs, LG TVs, microwaves, there is only so many TV's I have in my house. I pass them onto my staff. I give them an incentive of which I know that they can, they will reach, and you know I give them that, I give them holidays. Umm just the environments, the pays, everything you know the lunch breaks I don't dock them for a lot of things that I. When I worked for other people that I always wished that, my boss would be, the way that I*

*am now going being, to my staff. Umm so, if you always treat your staff, like you wished your boss treated you, then you're half way there. // And if I'm happy with them sometimes sending them sending a team say (one store) out performed (another store) umm sending them umm communicating to them by sending them a big bunch of flowers and tickets to the movies is a better communication then going and thanking them. So I think sometimes just little things like that. // Like my staff, I pay my staff well and by keeping my staff (numbers) down I may well have the best of both worlds where I have a relatively low wages percentage(of turnover) and my staff I feel are looked after well in industry standards. // What I do is every job I start, I go out and see them on the job. This is what I want. This is how I want it done. They are getting paid something like 30% more than other(s)... // And you know pay staff accordingly and that sort of thing. But I look after my staff to the enth degree. Because I couldn't do this without them, and they get looked after with salaries, bonuses, conferences free trips things like that. So we have a great team. // I take them on a conference every year where we don't do any work um we just went up to the Gold Coast for four nights and four days and got picked up in a limo, went Holden racing driving when to a Japanese restaurant and had breakfast together. And you know it was just a great bonding // So when they see their boss taking an interest in their private and personal life and I'm treating them like partners, and ah not just as the staff then they start to ah raising the bar. So with my staff you know if it means I have to help them get a loan, or ah I have to aid them in anything ah in their private life, then I'll help them and that inspires them to continue to work hard and to stay with me as long as possible. // to get new guys to buy into your vision, you've also got to buy into their vision of what they want and what they need so you've really got to understand new guys and so, you know, you've really got to help each other and if you show an interest in them, they'll show an interest in you.*

Issues to do with staff or people problems, were seen by many as being one of the most difficult challenges in business. The issues ranged from workplace problems such as poor performance and theft to dealing with personal problems when it affected the workplace.



*Ah, people often if people have issues, or often if there are things going on in people's lives usually within your organisation, then that can be a matter of stress. Because they may be undergoing stress and then it translates into how they are doing their work, you know, and that can be ongoing and those people issues can be very difficult to deal with. But I have to say that I have been very fortunate over the years // People are very draining. I think the work ethic has changed over the last 20 odd years um, obviously // And it was just a really shoddy piece of work, and um I called him back and said fix it. You've got to fix it and you've got to fix it now. The customer was furious and I stood there in the pouring rain well I made him fix it... I used to get horribly stressed especially with that one (employee) that I sacked, he used to stress me bad. // a lot of them have personal issues and situations that will come up which affect their performance in their business or will affect how they carry on their business. And you have to become involved in that because you can't let it affect the ...brand. And so when those situations arise it's quite draining and hard to keep up energy levels at times. // The best (thing) about my work is it gives me the ability to manage I love managing. I love being able to manage staff and help them see success. The worst part about that is similar, is dealing with staff who will not take on responsibility, people who steal from you. // I am very focused on work and stuff, but I try to be sensitive to issues. I am sometimes not immediately sensitive to things that are happening. Once I know about it I'm sensitive but I am not that sensitive that I pick up things, I can be doing things and maybe there are issues there that just never occur to me that maybe an issue and as soon as I find they are I will do what I can to accommodate that. So I rely on my staff, you know to make sure they let me know. // I think there's a fine line between this, um there's high standards that we set, and that our expectations of our people to do those jobs to that level um, however there's also the fairness side of it that comes in with our leadership style and you know, you've got a team member whose mother's dying of cancer or something, you've got to allow for the individual's situation right.*

The desire to be a good employer was common to all interviewees. That involves more than just fairness, safety and payment but a real desire to accommodate as many of the employees needs as possible.

*I said I think they would see that I was fair and reasonable and also approachable... And if there's problems they can approach me, they know that they will be dealt without them becoming a big issue. // Yes but I think that's important that you respect, you respect and mutual respect. // I try to provide a good working environment, a safe working environment and I always do the right thing by them. If they need holidays, I'll try and accommodate that, I'll extend holidays to them. If they work overtime I pay them for that overtime, you know I don't try to get blood out of a rock. // I think, yeah, I think they see us as mentors... // I've got a store manager at the moment... being mentored because she wants to one day open her own (franchise name) and she says to me, I'm sticking with you because it's going to take me quite a while to save up some money to be able to do it and in that meantime, I intend to learn as much from you as I can so, you know, it's one of a mentor development type culture.*

A strong positive staff team relationship was an outcome of effective leadership. The successful franchisees were proud of their leadership and aware of the importance that they played in making sure that employees contributed positively to their businesses.

*Um how do I inspire staff? I don't know, I guess just try and always be positive and motivating I have rewards... I guess just treating them properly and you know providing them with little incentives and bonuses // And we are just a great team and we all help each other. We are very careful when we have a new staff member that they have to fit into our culture // Their strengths are basically they have learnt everything off me in the manner of how you look after clients. And the team we all talk to each other about deals... Yeah we work together as a team. // Yep very happy very place to work very proud of what we have done as well. // And, that comes from*

*knowing your people. And I know that my people are smart, I know my people know what to do and I know that they have got my interests at heart...*

### **Product, Product Knowledge**

An enthusiasm for and knowledge of the product or service was demonstrated by the successful franchisees by the way that they almost took it for granted that they were just the best at what they do. This reflected by being able to charge more than competitors for a service in a very competitive industry, attempting and providing the extraordinary, ensuring that staff provide the best customer service and just always getting it right.

*I charge more than my competitors because they are getting a better service and my customers know that because I make sure they do know that. And if they ask I will point out the differences between me and my competitors its not a problem. // Um there's, oh way back when I first started a customer wanted... and no one had ever built one like this. He came up with an idea, oh, I can create it, and so we designed it... It was nothing too hard to do. // all my staff are well presented, they are always well presented in uniform, and in just the ...skills that they have are always to be ah better, and higher than anyone else. ...all my staff get regularly trained... // Anyone can get someone a (name of product) but it's the other bits and pieces that go with it. So I think you need to know what you're doing there. // I think it is important that the store must have ah ultimate ah merchandise and always be well stocked because if a customer comes in you can give them the best customer service but if you don't have the product there they won't come back again // Giving them the right information... We don't have all the answers, we go this is this, and this is this and make up your mind yeah and it's but we have never had any problems with any clients.*

Product knowledge also related closely to the successful franchisees passion and enthusiasm as well as their ethics, consistency and confidence. What successful franchisees do or sell is different or better as far as they are concerned. They have no doubt about their capability to provide the best for their customers. They have the

confidence to confront problems or mistakes because they are confident in their product knowledge.

*I think also in other franchise systems that we (they) are just selling something objective, it's different to our industry because there's emotion... in our franchise system it's different. // And I don't ever sell a customer something that they don't need, whereas a lot of people will just sell stuff because its making them money, be honest with the customer... and tell them what's going on or if you happen to (make a mistake) always tell your customer. // I suppose that comes down to um being consistent... I have got some clients that I do on a weekly basis. Each time um like, it wants to look exactly the same every time ... So consistency is the word for me um and obviously, the quality of work has got to be high. Otherwise, they don't want you back. // I don't actually get stressed specifically about the work because I am very confident that I am capable of doing that.*

## **Marketing**

Two of the franchisees had large multi national organisation marketing experience and had been able to bring this experience to advantage their franchise business and the system. In one case, the contribution to a national advertising campaign cemented the success of the brand in Australia.

*I basically organised the first national campaign when there was about 100 stores at that particular time. Now because the franchisees controlled the, the um advertising we had to get buy in (approval) from all the stores okay. So I had to spend considerable amount of time going out to the franchisees and getting them to buy into the national campaign, which we did. Um I think it was 97... I basically organised the very first national campaign. Well that just threw sales through the roof. Um and there was a few stores that didn't get involved and because we went back and gave them the figures of what was happening that gave us some credibility or gave me some credibility.*

This franchisee went on to be actively involved with the brand's international marketing program and now spends a considerable amount of time overseas.

The other franchisee with a marketing background has also contributed expertise that has been picked up by the franchise system with a very practical cold calling strategy.

*I had a map initially, I had a map when I first came in and I mapped out the whole territory and I just started going around and calling on it, it was easy. Because I think that marketing a lot of people don't like doing cold calling, because its hard... So I always, I have a little book in my car and I keep a record of where I was the last time... I don't sell' I just say I'm (name from business name) and I'm just doing a few sales calls can I speak to the person who does sales, and I have been saying that for 15 years... I just want to let you know I am leaving promotional material, here is my card can I have your card, and I try to get their card and their name.*

He went on to describe how he would then send out a personalised example of his product that would be useful to the business that he has called on and a very quick and efficient way of doing this.

*...and I always write a note personally... I basically try and create a presence... I don't try to, I don't hard sell people. If they want information, I will give it to them... Yeah and so it's not a stressful thing. Often this cold calling (is stressful for people), I quite like meeting people any way,*

Other franchisees gave examples of simple and effective strategies such as networking and sponsorship.

*I have got a lot of business contacts around here as well from just using their services, and getting out there and nattering their ear off. Telling them all about myself, or businesses that I have approached the like the (name of related businesses) things like that, where we have a business relationships where we scratch your back and you scratch mine that sort of thing. //*

*Related business network relationships, everybody knows me around this area. And my name is really, really highly regarded and I know that. // I think that's when I knew I was successful when the first time someone rang up and said such and such gave me your name I've never heard of such and such a person. // We are heavily involved with all of those... (local sports clubs) my husband was at a Mouse Cup day for one of the football clubs... and we sponsored that day so it was the (brand name) Mouse Cup day. // So yeah all those things make me feel really good of being involved. And like I sat across the table from a guy on Friday night at this Ball and I said I'm (interviewee) and he said yes I know. Your name precedes you... He knew who I was so its great. I know that we do the right thing and no one can ever say anything bad about us, which is great.*

## **Training & Development**

Amongst the successful franchisees, a strong commitment to staff training was apparent, primarily with the goal of improved customer service, but also for enhanced productivity.

*My number one goal is that we need to formulate a training system for new and existing franchisees that will that will help them get a new employee from a you know start to basically finish in a certain category of employment... One, because it's important so that customers aren't suffering from their learning. Two that it costs a ton of money to train someone, and anyone who is inefficient because of lack of training, is costing more money every single day you put them on. And three you can never build your business with staff who are at 80% or 70%, 60% efficiency. // basically, you know we've got... 5-600 products you can't remember everything. So the best thing is to just ask each other. We all go to (training) sessions... // So they come to me as fantastic (service providers), but poor retailers. So then, I need to teach them how to be a retailer and a salesman. // I go to some of the Franchise Council of Australia functions, Franchise Council functions so try and network with other business people that way. // Um when I first established this business I went to the Small Business Development Corporation and was*

*um had a mentor through them... that was really helpful for someone who hadn't studied business before or had no prior business experience to have someone who did have business knowledge and knew what they were talking about to give was able to give me some guidance. // The bottom line is there is a problem at any level of the business if the person at the top hasn't fixed it first and you are always going to have those problems that's why its constant evaluation (of training needs).*

For some staff performance issues training could only go so far. If training did not alter behaviour, other measures had to be taken.

*So it became a really big concern that one of our staff members didn't relate well to a) to them and b) to women who challenge, challenge may not be the right word but challenge their work... well we spoke to our worker over a period of time and tried training, but for some people to take on the lessons of life and make adjustments and for other people, no. So for a period of time, yes, his behaviour towards the women was better, but then, you know it sort of slipped back... round one is you try to speak to the person, round two maybe get some training and that particular case that worker wouldn't read books, he said he would only see it if it was on the big screen. Which is sort of a ridiculous situation... so for us our answer was to transfer, do an in store transfer. // So if I say that I am going to train someone 10 times how to cut bread in the 11th time if they haven't learnt after 10 times I'm going to have to let them go. Not because I don't like them but simply because there if someone can learn it after 5 (times) 90% of the staff can learn it after 5 or 100 or 99.9% can learn it after 7 times someone at 10 (times) is not going to be there. So I want to tell them be honest with them up front about my expectations. I want to make sure that they understand.*

The franchise systems also provided training and successful franchisees contribute to training in their franchise systems.

*I'm really good friends now with our state manager so we are always throwing ideas backwards and forwards. I'm sort of like her helper with the*

*training and that sort of thing so that has been really good for me to have someone like that to talk to. // I do a lot of training within ...the group, as well. I train new franchisees coming into the group and train new managers...*

## **Business Philosophy**

In this section titled business philosophy, several key quotes that indicate an aspect of each successful franchisee's values or business philosophy were selected. They sum up a fundamental view that the person has about their business or their success.

Constant improvement and development is a core value for many of these businesses. For this particular franchisee, the evolutionary process is very much a part of the business philosophy and fundamental to the business's continual improvement.

*... I think it's always evolving. I think a really good thing that we've learnt that we could take away from here is that your philosophy can change and be reshaping as you go and the whole key is to keep enthused but also to have lots of mini challenges going on within your store... the only way to make your business better is to change what you're doing. You know if someone is doing something and getting a lot of the market share your choices are to sit there and be grumpy and feel hardly done by and grumble or bitch and backstab or actively do something and think yeah I can do it and the whole thing is that being a pessimist you're only going to fail...you know things have gone wrong and we think oh that's bad but you just got to get on with it. Not forget about it, learn from it just the way to go, keep going onward and upward if you can.*

Many interviewees commented that the organisation and procedures of a well-developed franchise system appealed to them. For one of the interviewees being part of the system and doing well is a cause of great pride. Importantly she identified that when things run well it suits her style to the extent of the alignment of values is quite relaxing.



*Probably just to have I think the pride in your business is what makes you different to everyone else, just the high standards you set yourself those high standards, those goals and just go for it I think...Look I'm very organized things run very smoothly. Because, they have a set way of going, have it set out the way I need it to go. I'm also pretty relaxed as well, you know... I think that's (name of franchise system) sort of rubbing off on me as well, because it's a very relaxed company it is all very easy to get along with.*

The importance of the alignment of values of the franchisee with the franchise system is reflected in this interview. For this interviewee whose business is long established and comparatively large, following the system is the key to success.

*If you are running the business whether big or small, I believe you should run the business; and not let the business run you... but I think the key secret is that I follow I the system...I have got my basic philosophy I've been in the system a long time and I we just really run our own business the philosophy hasn't changed much since day one as to how you would do it... Essentially, I think we are just better at following the system than anybody else. Does that make sense?...I think, you know, if you deal honestly with your staff, deal honestly with the tax office, and deal honestly with (name of franchisor) then you know you can make a good living. I'm not greedy, but I'm greedy in the sense that I want to build my business and get more but within the system.*

The importance of valuing the needs of the group applies to both the franchise system and the individual workplace for this franchisee.

*I think if you bought into the system then you should take all the ah, all the exchange of a system. You succeed in a group because everyone works together to promote the group and that's a benefit and that's why you take a role in the franchise system however I think it works the other way around and I think a lot of franchisees forget to pay back to the group, not necessarily in cash but when they've got ideas and such, they'll put it on into their own business without considering how the impact into the group plus you have participations at meetings and such. A lot of comments I hear come*

*from their business like, my own business is different to that so we should have a policy that suits my business but sometimes you need to give and take considering that the group is more important than each individual person... I think the main value that we have is that everyone should function in their role to the best that they can do so that everyone can enjoy their role in the store as well so the value there would I suppose be to (do your job well so that others can do their jobs well).*

For this master franchisee, core values of a highly ethical standard underpin the success and once again demonstrate a strong alignment between the franchisee's business philosophy and the franchise system.

*I guess a fundamental belief would be is that I am very honest and upfront with everyone sort of with from customers to the franchisees and I think that follows through the whole franchise system I see that if I'm if, my franchisees aren't successful then the business, the whole business itself isn't going to be successfully. So I just think being probably yeah, I think it just a philosophy that it has to be fair and equitable for everyone for things to work.*

Outstanding customer service is a core business practice for all those interviewed. In this case, a very positive belief in people fosters a positive attitude that is reflected in the customer service provided.

*I always try and say yes. Yes is a very important word. Um what else I also take the attitude that every customer is important. Doesn't matter how much they are spending on any given day because um as far as when I go to a customer I expect to have them as a customer for the life of my business, so I expect that next time they have (a job to be done) they will be calling me...I think there is more good people out there than bad... But um I think when, if you knock about and meet the average Joe on the street that the bulk of people out there are good people out there and they will do the right thing. I mean occasionally, very occasionally, you know it goes the other way but they just proves the rule I think. So um, I think but yeah you have to be an optimist that comes back to attitude.*

Customer service and treating staff well is at the core of this franchisees business.

*Our business philosophy is to ah ... a primary purpose of being in business ... well the reasons why we went into business was to have a better quality of lifestyle working for ourselves, creating something for ourselves and also to have a harmonious team of people working with us. Um, it's driven by two things, one is that we have a culture, a philosophy of delighting guests, not serving customers and the secret to the success is treating other people the way you'd like to be treated yourself and that's whether it is as a team member or as a guest. We do not say staff, we do not say customers, they are not in our vocabulary, they are not in our culture. What is in our vocabulary and in our culture is team members and guests.*

The desire for independence and financial reward has been discussed as a motivator for people to go into business. In the case of this interviewee enthusiasm for the product as well as the financial motivation align with entrepreneur theory and go a long way to explaining the remarkable financial success of this particular franchisee.

*Compared to what I know now, I had no idea. I it's a big world out there if and I've said to people, a lot of my clients, if you can find something that you can do and be self employed that you love you will make a lot more money than working for someone else. But really all you have to do is work really hard for a couple of years but a lot of people don't.*

This interviewee kept returning the theme of outstanding customer service as central to the values that underpin his business.

*And there is so many different things that I do that others don't do. I am different, and a lot of it is because I'm customer focused, not money focused. So in other words so I have a saying do unto others as others would do unto you but do it first. In other words, be proactive with your customer, show them that you care and they show it back to you. And they'll give you the job because they trust you, they will really trust you, um its it's a way of really*

*dealing with customers... I can I see the good in things. I don't see the bad and if there is bad, I just forget it. I'll fix it then forget it so it's gone out of my mind and don't let the bad worry (you... I think the bottom line is I'm really, really happy with where we've got to... I've got a diploma you don't need a degree to do this job, you need common sense. And anyone with good common sense and the ability to talk to customers will win in this business.*

The confidence of a strong belief in the strengths of your own business is an excellent antidote from competition. For this interviewee the structure that the franchise system brings and a focus on the customer are at the centre of his business philosophy.

*Yes ah I'm pretty organised and I love discipline, umm love structure, love having a routine, having all my staff being organised punctual having things organised so then I know exactly where everything is so its just that that's how I like my business to in terms of structure I like everything organised and disciplined... I believe life is too short to really worry about negative aspects in life. I don't worry about, like I told you before, I don't worry about... Four doors away from me I've had competition there that was there 20 years before me, and who will sell below cost, yet my business has grown because I won't worry about what he does. All I worry about is my business my customers my service and if I focus on that then you know everything will take place.*

A positive can do attitude is at the core of this interviewee's philosophy. He quite correctly identifies people, both staff and customers, as to where his energies need to be directed. In dealing with the issues that people raise is all about attitude, enthusiasm and perspective.

*I suppose my business philosophy is that people count... It's all about people. We're in the people business I don't care what anyone says (it's all about) people... This is not brain surgery. So I kind of say if you are negative and you are down you have got to re think the whole process, get...into an environment that you should be thankful for. I have got to tell*

*you, that I am over the moon, that we have been able to do what we have been able to do with the brand... I have a Nike attitude I suppose, Just do It... I think just in business you have to continue to change your perspective... And if you're in a position that your getting stressed you better change your perspective really quick, cause otherwise the things that are outside that perspective could start to get bad, and then that will put more pressure on you. So you gotta click yourself out of it, you have got to change your perspective and get into the right frame of mind so there is no use moping about me. That's for me.*

Being able to look at your business from the outside in order to gain the bigger picture is at the core of this franchisee's business philosophy.

*Well, it really depends on your system and it depends on your style whether you know, you're an entrepreneur or whether you're a manager or whether you're a technician at heart. There's some people who can't let go and want to be on that register... and they end up buying themselves a job but it's up to you to decide whether you've bought yourself a job or you've bought yourself a system so you can grow your business or not. Sometimes people don't have a choice in it because the business is that bad but they've got to save labour costs and they've got to you know, work at it day or night and I understand people having to do that because we had to do that in the beginning to save labour costs but really you've got to work on your business and not in it.*

### **4.3.3 Franchising Relationships Construct**

The franchising relationships construct is to do with franchisor franchisee interactions. The following categories emerged during the interviews:

- Compliance with the franchise system
- Contribution to the franchise system
- Constraints the franchise system imposes
- Recruitment and background of the franchisee

## Compliance with the Franchise System

Successful franchisees do more than simply comply with their franchise system they were very keen advocates of their brand and franchise system. They are such enthusiasts for the brand or product they extol its virtues at every opportunity.

*I make sure my customers know all about how wonderful (name of franchise system) as a company is. We present a very high level of service our (equipment is) designed to be customer friendly whereas a lot of the other companies are not customer friendly at all // So everyone to them I am an ambassador for their company...So that's why they will use me as their biggest asset and commodity in the business, like Wayne Carey for North Melbourne...I'm the Wayne Carey of (name of franchise system) // I love that our franchise system, is Australian owned and run. // I just love, I love (name of franchise system) like I think they are fantastic. I bought over 100,000 shares when they floated. // The brand is known as (name of franchise). The mission is to create a welcome, relaxing atmosphere enriching contemporary lifestyle. I focus on two words, welcome and relax... Um, what it means to us is quality, what it means to us is excellence... // We'll talk about (name of franchise system), I think it's got a great brand, it's got a great product, there's some really good people in the system. I think it's got a great vision that everyone wants to achieve and it's a simple system, it's a good simple system, something that's great. // I'm certainly proud of it. It's certainly you know, something that I've participated in developing in terms of its success within my business so I'm proud of that.*

They valued positive relationships with their franchisor. There is a real sense of belonging that may well be fostered by the franchisor but is accepted with alacrity by successful franchisees. The positive relationship is almost respected as much as a family or spousal relationship.

*Yeah we are like a big family... that makes it very easy for someone like me who wants to learn and try new things it's not scary to go to somebody to*

*tell them what you think. // I think my franchisor realises that, we and have a very open relationship, I am happy for them. There is a lot of trust it's...like a marriage, as soon as that link is broken. It's very hard, you know you can try and you can mend things but it really doesn't. I think that's the key. // We have a very open relationship and we sort of, I guess can speak frankly to each other and yeah it is a good relationship. We have I guess a strong relationship and I think that, that's extremely important in any franchise business. That your relationship you have with your franchisor and franchisees is a strong one and is one of fairness and understanding. // I always had a very good relationship with the franchisor... I think there's a respect thing there as well and as on equal terms and such but he's the boss and I recognise that and we maintain the relationship in that way but I think there's a hell of a lot of appreciation and understanding of each other as operators as well as, you know, co-beneficiaries of the business relationship.*

Successful franchisees recognised that the key to successful franchising was compliance, which meant following the system. The link between the system and financial success was apparent and they just could not understand the point of not complying.

*The franchise system is very easy to follow, I think a blind monkey could follow it if they are organized enough to do it a very simple basic business and its very good for somebody like me who had never done anything like this before. Follow the steps and off she goes, // Our mystery clients (survey), ah think our lowest mark has been 98%, every other time it has been 100%, our KPI are still compliant to always 100% of the store always looks according to the ...plannogram. I follow the (name of franchise system) manuals and structure to a tee. // We basically follow the system. I don't try and reinvent the wheel // I think the key secret is that I follow I the system. You pay a lot of money for a franchise. And franchising is enormously successful worldwide and one of the reasons is that it gives you, a recipe it gives you a system that works and I follow the system and I always have...we have done that since day one // Essentially, I think we are just better at following the system than anybody else. Does that make sense? // If you have a good area*

*and if you apply the system I believe you will make money, and you follow the system and you do your sales calls, and do all the hard work; I believe you will make money.*

One area of possible dissatisfaction related to franchise fees, successful franchisees recognised that the fees have to be paid and were a cost of business.

*Its like paying taxes, I feel taxes are an expense you know, it's like a franchise a lot of franchisees object after (a period of time). It's a fact that when you open your franchise you get the greatest out of the system in the earliest years of your business. When your franchise fees, which in our case are a percentage of sales are at their lowest then as you become more successful you need your franchisor less, you pay your franchisor more and more and a lot of people get upset. I don't (get upset), I think that's great...I consider it an expense that I build it into my costing.*

In this case, the flat rate rather than percentage rate fee system was attractive.

*(I) went to this (franchise system) because um basically the main reason being was um the basis that they ran their royalties on. The other one had a percentage based royalty and (name of franchise system) has a um a flat rate. So therefore if you are doing more work that the average um franchisee, then you are reaping the benefits, because your not paying as much in royalties*

In relation to franchise fees, there was an honesty and ethical stance. Successful franchisees were well aware that they had entered into a contract and that they had an obligation to honour that contract.

*... there's not been one dollar of black cash gone out or missing in the last four years and the reason is that it does affect the others in the group and that's terribly unfair... // I also have very realistic expectations about what my franchisor can do for me and what he can't. And I think I have never had a problem honestly, I have never had a major problem, in 15 years...I don't hassle them, they let me run my business. I follow the rules. I don't have, I*



*don't do I don't have cash accounts. I bill, I don't, there is nothing in my system that I would be worried about honestly them walking in. // I don't tend to have any problems with the franchisor um I don't particularly like every decision that they've made and I tell them so. At the end of the day, I agreed to um the terms of the contract and um at the end of the day if I don't like it I can get out. I agreed to pay them my royalties and the advertising fund I agreed to follow by their rules and I agreed to everything the operations manual says*

All of the successful franchisees had a sense of reality about the franchisor/franchisee relationship and recognised the different points of view. The realisation that there are differences of viewpoint reflects a maturity in understanding the relationship to ensure their business success.

*I feel their focus has been on my bottom line. They are obviously interested in the top line because their royalties. But I have always had the impression that (name of franchise system) believe that their interest as a franchisor will always be best served by having successful owners as their franchisees. // And that if your helping each other that's just got to be the way to go forward but we do see a lot of the them and us attitude, but lots of things like in our own particular case. We try to think of it from the franchisors point of view and then we also try to think of it from the other franchisees who aren't, not being derogatory, but aren't at our level of sales. // Because I am always careful to develop relationships, not just with my customers, but also with my franchisor. Um but I am a great believer in not burning bridges. Um not to say that I agree with everything that he says and does but um I certainly see the need for a relationship there // I think some of them (other franchisees) might see me, I not sure the best way to put this, but maybe as bit of suck I suppose with the franchisor. Because I am always careful to develop relationships, not just with my customers, but also with my franchisor. // I hear people that do whinge and bitch at franchisee meetings about things... you knew that when you started, you knew that you have to conform as to being part of a franchise. That's why you joined a franchise.*

Successful franchisees had little tolerance for disaffected franchisees. The feeling is that the system would be better off without them and that they should just leave.

*I think if your ambition for independence is greater than the restraint of the franchise, you need to get out. Because what you are really saying is that, I can do this better but I want the protection of the franchise to do it. What you are really saying in that is I can do this better but I'm not willing to do it better. In that case, you had better either shut up and come into line, or you better go and prove it. If you think you, can do it better go and do it better // So the key to me to be a successful franchisee is go and do your research go and get the right information. Don't go and be half hearted then expect the franchisor to pull you out of the water because you were too lazy to do what you should have done in the first place. Ok and to some degree I kind of, the glee, the me, the fee, bit is a result of you didn't look at the information properly in the first place. // when you go to franchise meetings and you hear a lot of whinging and bitching about you've got to do this and you've got to do that and we think, well when you signed up, you knew before you signed up*

The key to franchising success was seen as the ability to get on with the business and avoid the pitfalls of dispute. Use the system, pay the fees and make money.

*use the systems that are in place to the best of your shop's ability and make them work for you rather than being at loggerheads. // I don't get involved in politics. There is a lot of politics that goes on, as you would know in franchising when someone is not happy... I have never given them any problems at all. // So for us, and a lot of people say to us, more so since we've won this "do you ever care about giving your percentage off, you know, to them, you know they are making money out of you". You know, absolutely not, you know we could never ever say that we could be there without it because you wouldn't have been. You wouldn't have been. They have taken us, you know and knocked off the ragged edges and that's really a great thing. // It works extremely well in terms of the consultant side of things and because of this middle management politics crap that's in there,*

*um we choose to work through our consultant to go and address ten different departments and then come back to us, to disseminate the information back to us. It just proves more effective and I'm not getting involved in the rot (of franchise politics).*

The value of being a franchisee in terms of reduced business costs was also recognised. The advantage of using group buying power to reduce costs was welcomed along with the credibility that a professional brand brings with it.

*if you're a big franchise um you are getting you are reaping benefits that you may not even know your reaping. Rent negotiations, product pricing, um uniform price you pay now all those elements that you would be paying what 10, 15, 20% more for your getting 20% less because you are part of that chain so if you were out on your own you would be making less money. // There is definitely in a franchise more pull. The franchisors can keep a few of those wolves off the door and help them just avoid disaster // The appeal is definitely appearing to be a lot more professional outfit and not just the small corner store. You get that image and the branding of the name of the store and then certainly we have had access to better brands, better buying power and the advertising certainly a lot more professional.*

A positive franchise relationship was seen as good business

*I think I actually stick with, you know, what (the franchise system) recommend to do, the advice that we are given and the training that we do take on board. I actually use it, rather than just getting it my head and then not telling the customer about it. I make sure they know what I know and how I can help them. // Okay I think the best of the franchise system is it is based on success at all levels from the national franchisor, to the master franchisees down to the franchisees and I guess down to the customers again, everyone has to be happy and content and successful otherwise, the system isn't going to work. // Well I think that we have a better name. I think because we are all business owners we are not commissioned people... we have invested time and money and set up a shop front in certain*

*circumstances. And um I just think that they are just seen to be honest, professional, and ethical.*

An enthusiasm for the brand and product by the franchisee eliminated most compliance issues

*I think that the concept is unbeatable. It's umm it's trendy, and it's also a market that every demographic wants... and it's about making people feel good so it rubs off onto us. // To me it's like it's like a part of me, it's been a part of me for about 8 - 9years. So it's I've how is it to me, to me it's second nature its my life at the moment, so umm I can't umm say anything I can't imagine not being in it and not being part of it at the moment. // this is appealing we have a absolutely unique piece of software. The actual franchise is a piece of software that's been developed over fifteen years. It is so unique that nobody else in the world has got it anything like it. // franchising is fantastic in that you've got professionalism of what is a known name and the bar is raised and everyone thinks it's a professional outfit and organization and just the backup. // Well, um it's been a great journey for us. We've learnt so much and we owe a great deal to the franchising and to (name of franchise system). You know, we've served an apprenticeship and it's been a journey we've had. We've had obstacles but sure enough those obstacles have been stepping stones for success so yeah, what we've learnt here, you know, you couldn't learn in a lifetime in a corporate world so it's just been great so yeah, that's what I love about it.*

### **Contribution to the Franchise System**

Successful franchisees can and do make worthwhile contributions to their franchise systems. Franchisees valued and appreciated the opportunity to contribute. They see their contribution as a personal benefit more so than recognising that their contributions benefit the system as a whole. Even though it did not provide a direct financial return, it seemed to enhance their sense of satisfaction with the franchise system.

*I'm really good friends now with our state manager so we are always throwing ideas backwards and forwards. I'm sort of like her helper with the training and that sort of thing so that has been really good for me to have someone like that to talk to. // I've developed a lot of the (name of franchise system) things that are in the manual. I've developed a lot of them through time through the 8 years that I've been with them in terms of customer service reports, budgets, umm a lot of things in there have been my ideas. So I feel like I take ownership even though it's not my company. // I do recognise that I am valued within the group um, above a normal sort of franchisee/franchisor relationship because I am actively interested in the group as a whole and understand that the group's success contributes to my own success or the other way around. So I like to develop systems and present them to the franchisor where he can implement them or encourage more development on them. // I think the franchisor and ourselves have a very strong relationship and understand each other very clearly. They have a vision of what they want to achieve and we share that. We never detract from it. We try to enhance it by putting on that (franchisees name) spice...*

All of the successful franchisees who were interviewed were positive contributors to their franchise system. In at least three cases, the franchisees were foundation franchisees of the system and contributed to numerous procedures and practices.

*I gave the franchisor an idea that he should duplicate this system and after a while I think they started to think thinking seriously about it and they started franchising. And after about 3 or 4 years in 2001, August 2001, I had enough equity to go into ah buying a (name of franchise system)...so I have 4 stores at the moment. // I came on board none of it was developed so I developed the whole logo, I developed, I pretty much came up with the name um designed all the stationery, the uniforms all those aspects. So I guess I had a lot to do with like the operations manual the training manuals um generally the whole system. // So I created a lot of systems that they've taken up and they sort of didn't realise the resources in the system were there until they saw them and bought them into their system... I feel that I own the (name) franchise system as much as (name of franchisor) does you know, that's how*

*I feel because generally I've contributed a lot to it but you know, there's that sense of ownership as well*

Being involved in the bigger picture of the organisation was a source of pride and fulfilment. Successful franchisees contributed by active participation on committees, organising conferences and advising franchisors.

*Whereas now I sit on every single (committee) ...you know if were going to have a conference in Queensland, they will ring me and ask what do you think so to me umm they have made me feel like a partner in their business. Why because I think I've proven to them that I'm their biggest (asset). // But I'm also chairing the Franchisee Advisory Council that (name of franchise system) has set up. Um I'm the person... the franchisor, comes to, to ask the questions. Um when we get to the conference, our annual conference, I run it basically. Um I run the conference. I come up with the ideas of what we're going to talk about and set it all up. // when he (the new franchisor) came in he was asking for my advice a lot and I was sort of saying you know these are the areas and he was sort of asking for areas that he thought we could improve the whole system. And I was telling him those areas. // I was on the marketing committee so one of my goals was to get on the marketing committee to get voted on, (I) got voted on within the first year. (The) Marketing committee doesn't really do much rather than marketing. They had no bite. So I thought we need to start a Franchise Advisory Council or Franchise Partners Committee... Anyway there was a number of issues that were happening within the system... So I talk to the owner of the company and he agreed, so we started up the Franchise Partner's Committee which I've been on and running ever since and you know so being really heavily involved in helping the system grow and manage issues and giving strategic advice to the franchisor.*

The ability to be able to shape and develop the direction of the overall business was appreciated. They believe that they are able to bring about changes in the system for the better.

*In fact, we (the franchisees) have changed a lot of things the franchise organisation...Then there is also the Franchisee Association and we get together on a regular basis in Australia because it is here um to determine some of the changes that take place three of those five groups are franchisee based, we have a lot of input. // I mean our franchisors are very open to innovations and change I think. They have certainly got their ideas of where they want to take it, but they certainly don't stomp out individuality. Which has been good. // As I said, because this is a growing and expanding group, a lot of things do have to change and I'm fortunate to be in a position where my voice is heard a little bit... Well, I suppose the other way around... my voice is a little louder than the others, but I think because of that mutual respect thing... // ... there was never a 24 hour store in the world and... you know (name of franchise system) didn't really want us open 24 hours because they (didn't) have systems in place. But I thought, you know what, let's maximise the rent we're paying here and open 24 hours and we'll build the systems in place.*

The ability to contribute was part of the maturity of the franchisee/franchisor relationship. It creates a sense of being able to be onside with the franchisor and a recognition of their common business goals.

*I think as times have gone on I'm more involved with the franchisor rather than when I was first starting because I have become more involved in the franchise system itself rather than just being a franchisee who is paying their royalties and getting on with (the business), so it's sort of evolved really that way. // I don't try to rock the boat, I don't want to rock the boat, I don't want the boat to go fast I'm not high profile, but if they need us for anything I will do whatever I can to help them and vice versa.*

The importance of maintaining standards across the system was seen as important. For this franchisee encouraging high levels of presentation was a form of contribution to the franchise system.

*I often speak to guys (other franchisees) about the way they present themselves, their image. That's one thing that certainly affects everybody as a group. Is um like if you have got a dirty van driving around, you know looks a bit shoddy that um doesn't auger well for the whole group. How you present yourself you know look good, smell good I think that's critical.*

Contributing to the wider franchise system was often done through networking opportunities with other franchisees.

*There is a bit of networking that goes on there. Where we help each other out. // I network with other franchisees a lot. We all bounce of each other and we all meet obviously at the yearly conference everyone gets on well. // I'll quite often, two or three times a day, get calls from other franchisees to assist them in functioning in their store, a bit of advice and that sort of thing but also existing franchisees... They sometimes see me as an opinion leader within the group so when they're dealing with certain issues with head office, they'll sometimes run it past me before they go and approach head office.*

The successful franchisees were leaders within their franchise systems. They provided leadership by encouraging other franchisees to contact them if problems arose, mentoring, advising and representation.

*The other stores know that we are always contactable and that's a very important thing...but we have become the leaders because we are the ones with the knowledge and the shortcuts and everyone knows that they can get us or one of us is in the shop all the time we see each other, we bounce ideas off each other all the time. // So there is bit of a mentoring type of thing there, if someone has come against a problem that I have spoken to before come up with before they seem to be able call me. // A lot of the even the other master franchisees from other states will ring and ask for advice from me. And I guess it's probably because I have been involved for the longest and have been going for the longest. I have being going the longest. // Since I have been on the board, I have been elected 3 times to the board by my fellow franchisees and we basically do all the marketing um campaigns, promotions,*



*the strategies for the whole chain. // ...some of them who have been in the system for ten years or so will ring me up and ask about operational stuff. How do you get past this problem or how do you deal with this?*

They saw the opportunity to help others and contribute their ideas as adding value to the system.

*just by sort of filtering your attitude and your positiveness through the business and proving every factor of the culture and the framework and taking it to another level. And if you believe that you have got an idea that you think is fantastic, then you go to your franchisors and ask them, you know, what do you think of this and just communicating with them. // (I) had to do quite a bit of um not really research, but I suppose trial and error in regard to um the best ways to go about it. And um that's certainly has helped a lot of the other guys. // here I like people to see what we do...I like my customers to see what we do but also, I want my staff at any point in the building to see when a customer comes in the door because we are often busy with other things. And just from an efficiency point of view, we set it up like that and we had quite a few discussions because (name of franchise system) actually had a model where...you can't see all the production that's going on. And we worked with them to modify that to suit us and develop a suburban model if you like.*

One franchisee suggested a note of caution to franchisors blindly accepting franchisee input. Many ideas are excellent but not every suggestion put forward by franchisees adds value to the brand.

*we need to kind of share this information, because they might have a ton of ideas. I can tell you now a lot of franchisees have a great idea and that can develop into some brilliant success. But to do everything the franchisee says the franchisee wants you to do your going to damage your brand.*

## **Constraints the Franchise System Imposes**

The potential conflict imposed by the franchise system to the freedom of decision making opportunities provided by owning your own business and the requirement to follow the franchise system, emerges from this category of the franchising relationship construct. The successful franchisees were however realists. The following comment sums up this potential conflict and the way that is typical of how it is dealt with.

*Um, people can say that to be your own boss, I don't think ever, ever you are able, there's not many people that are their own boss, I mean... you're still in partnership with the bank who's giving you the loot and they dictate terms to you anyway. Even if you're totally independent, you've still got to conform to certain things in that regard. Within a franchise system, what you do is you abdicate your creativity for the protection of the group and that's the choice you need to make before you sign the documents. Once you've made that choice then you need to honour that commitment.*

This franchisee recognised that there are constraints in franchising but did not see that they were any constraint on the way she operated, especially in the hours that she worked.

*So there is the flexibility to sort of run your own business there as well as following the system you know within the guidelines of the system, its not very rigid like say your McDonalds, where everything is bang, bang, bang, bang. Everybody does it exactly the same way and everyone gets out of bed the same side of the bed every morning. There is a flexibility there even to do your own hours as well most people work 5 days a week but I don't want to so I work four. Things like that.*

Many felt that the advantages of a proven system overrode the disadvantage of any constraints in methods of operation the franchise system imposed. One person saw the constraint as a barrier to prevent mistakes being made.

*we don't do (a particular procedure) like a lot of companies do. So and that's not something that (name of franchise system) don't want anyone to do and I can see the reasons why, other operators can't see why that is so some people would say that that is a constraint, but to me its not, that's actually making me more money. // You do have certain constraints, because when you're out there on your own you can do what you whatever you like but you can also make mistakes that way. The franchise system for me has been fantastic in that way because if I'm going to do something stupid they will tell me. There's someone there who has been in the business for 15 years to go no don't do that because we have tried it and it didn't work. So to me its not a constraint it has actually helped me get further along.*

A franchise territory can be seen as a business constraint but it also provided the advantage of being sole provider of that product in a particular area.

*I'm not sure how it works in all franchises I presume it's similar. You are not allowed to market yourself outside your territory. Which I don't have a drama with obviously, because I would hate someone to come and do that to in my territory. But I mean that at the end of the day is a constraint on your business...I don't find it personally a constraint because I am flat out anyway*

Problems and difficulties arise in all businesses from time to time. It is how they are dealt with which determines whether franchising was seen as a constraining factor when a problem arises. In this case, the franchisee identified a real difficulty to do with the brand.

*Um in this particular business yes it does (provide a constraint) a little bit, because I identified four years ago that the name was wrong and it has taken me four years to get the others to see it.*

Expanding franchise systems provided challenges for some franchisees, however, despite the frustration mentioned here, they recognised the benefits that come with expansion.

*because it is growing, it's always changing and there's things that exist there that should not and some things that should exist but that don't within the system and people sometimes they can't see the forest for the trees and you know... // It's changed over the years because when we started (name and low number of the store). Head office was a few people... that were in this small building and it was like three directors and a couple of store openers and you know, one in marketing and it was just small, and we've got about 160 stores now so I think, so the whole structure has changed. We don't have as much individual dealings with the directors like we use to have, so the dynamics of the whole thing has changed and it's working through more a consultant now than actually working with um ... which works very well.*

This franchisee recognised that the benefits of the system, despite the flaws clearly outweighed the problem that the constraint provided.

*Um look this is a lovely gravy train I'm on here so I don't want to spoil it. The gravy train, I can make it better... He (the franchisor) sells it as a lifestyle where you work the hours that you want to, if I get too big, I'm the only one that's going to suffer... Um the brand itself constrains me because of the name, but the business is quite the reverse.*

The importance of keeping the communication lines open was illustrated by this franchisee's experience with a difficult client.

*They (dissatisfied customer) spoke to the franchisor, um because their perception was that he was my boss, which aggravated me a little bit. But um so he dealt with it initially, it looked like it was going to be um an insurance claim... It was assumed that whilst I was performing my duties that I ahh I had (made a mistake)... in subsequent conversations that the franchisor had with the customer it was revealed that it wasn't the case... they (the client) engaged a lawyer to write a couple of letters to me. I replied to two of those letters, the third one that I received was quite rude and I chose to ignore it and I still haven't heard from them to this day.*

Communication was also seen as an issue for expanding franchise systems.

*Communication's a big issue as franchise systems grow they become a bit more bureaucratic. Ah, the communication channels get layered and layered and there's all these gatekeepers and so on and the franchisor doesn't have the finger on the pulse. Um, so they lose touch with reality and don't become as dynamic anymore or they can't sort of respond to market demands or internal issues with the franchisees so communication's a big key.*

Factors involving the franchise system outside the franchisees control are a business constraint. One off cases such as a change in franchise system ownership could also be a constraining factor.

*I guess there was probably about six months where the national franchisor changed. So it was sold and um although I get along very well with the new national franchisor, he just had a different approach and a different style and way of doing things. And I guess I, I don't know for about six months I'm not sure for whatever reason but sort of stopped going forward...And it just got to a point where I thought well I can't wait any longer what I have been doing has been working fine, so I'm just going to keep doing what I've been doing*

*the constraints are that you do have to comply with the system and the way that the national franchisor wants to move things. And you might not necessarily want to move in that direction but because you're under them and because you're under a franchise system even if you not wanting to move in that direction you're forced to. And I think that can be quite frustrating.*

Several franchisees had little time for other franchisees who complain about the constraints of the franchise system.

*I think if your ambition for independence is greater than the restraint of the franchise, you need to get out. Because what you are really saying is that, I can do this better but I want the protection of the franchise to do it. What you are really saying in that is I can do this better but I'm not willing to do it*

*better. In that case, you had better either shut up and come into line, or you better go and prove it. If you think you, can do it better go and do it better. // a lot of the other franchisees are simply in the business to make money and that's the difference I make, you know, their focus is on that bottom line and not even in a sensible way... it's like let's put another \$150 in per week per store into our advertising fund. No, can't do it, don't want to but here's all the proof...to show that that \$150 will turn into \$600 or \$1,000. Nah, costs me \$150, can't afford it... Some people focus on the loot. // time and again I speak to a franchisee who doesn't want to, implement the software that (name of franchisor) have gone to a lot of trouble and expense to develop. And it has made my life so easy and he has had the old system and he is digging in his heels he doesn't want to. // And I think that's the hardest thing a lot of people that buy franchises have just been wage earners and just expect a pay cheque every month and just don't understand the concept that you have to go out and work for it. I think that's a lot and I can see that a lot with (name of franchise system)*

*'Well I'm not going to work on the weekends',*

*" Well don't then!"*

The interviewees also had answers to the dilemma. If you have a better, idea then get the franchisor to adopt it. If you don't like the franchise system then get out.

*But there are some people who can say 'I can do this better, I can be independent,' but I understand that I am in within a franchisee restraint but that wont stop me. I am going to go and work with the franchisor and convince them that what I'm saying is right. // I think that's really, really important, you know that they just don't pick the franchisee just to get that franchisee fee and thinking we will worry about that later because it could be disastrous because I mean one weak link could break that chain. // If you're not happy, get out and I've actually said that to a couple of franchisees, franchisees who've been extremely negative, empty vessels, loudmouths, absolute, you know, morons...*

It was most important to successful franchisees that the franchisor had strategies for dealing with negative or poor performers.

*Like we certainly in our group have negative people that always want to find a reason, "why not" rather than why or why we shouldn't rather than let's go and that can be negative to the group and it can really unravel the group in some ways. Yeah I see that as a negative if all the stores aren't sort of profitable or attend a meeting, or, all those little things that can be... Bad eggs is probably not the best word, but in whatever you do, there is always going to be a couple of bad eggs. A good franchisor, I mean it's people skills, will maybe deal with each of those differently, but I guess the key is good franchisor training and good franchisee training at the beginning. // (An) aspect which I am disillusioned about (the franchisor) seem to pitch their standard or their whatever to the lowest denominator... (they) treat every franchisee the same but what I'm frustrated about is they pitch it to the lowest denominator. Now, what my belief is, particularly if you're running a franchise, you should be middle of the road and recognising who's above the line and trying to get those people to come and help those people who are below the line um, to raise them up to the line. And then you've got your top five percent, if you like, of people who are vastly exceeding your goals and are there now, they're (the franchisor is) not doing that.*

The reality of working cooperatively was apparent in the following responses. There is a recognition that the franchisor is not always right but if you are going to remain and be successful then you have to get on with it.

*they are the franchisors at the end of the day if the franchisor stuffs up and makes wrong decisions then you have to understand if you want to be part of that franchise any more you either get out; or stay in and work with them. You know they are not always going to make the right decision just because they are the franchisor. // You know if someone is doing something and getting a lot of the market share your choices are to sit there and be grumpy and feel hardly done by and grumble or bitch and backstab or actively do something and think yeah I can do it and the whole thing is that being a*

*pessimist you're only going to fail. // I mean I knew what I was getting into before I started. So look it's a constraint, but I understand it and um it's got to be fair for everybody across the board.*

Most successful franchisees saw no constraints in the franchise system, in some franchise systems successful franchisees are allowed freedoms because of their success.

*I don't think there is anything holding you back from, you know, doing anything outside of the model in the franchisors eyes. Certainly as (for) most franchises, I assume anything you do, do technically you need to ask them and get their approval to do it and maybe they will take those ideas on. And luckily, we are in a situation to do that you know you can make changes yourself without it being a problem to the overall image of (name of franchise system). // I've seen people being constrained and I've seen people buy themselves jobs, and you know, for us, no, it's actually helped us.*

Constant reporting and change is a feature of all good franchise business systems. The analogy to a premiership football team illustrates the positive approach successful franchisees saw to what others may regard as a constraint.

*there's a lot of reporting you know you got to do a lot of reporting, which is good. But you know and also you know, being a market leader, you've always gotta be proactive, and you've always gotta be you know continuously changing and so to stop being complacent. So there is no time to really relax. It's like your win a premiership in football, you've got to start pre-season in a month so there is no time for a holiday.*

### **Recruitment of the Franchisee**

Many of the successful franchisees had multiple reasons for going into a franchise business. The means of recruitment varied considerably as did the amount of research that they did.



*I just went in with my blinkers on, I didn't do any research this was the first company that I came across and I seen the ad and I was like, oh wow that sounds like fun, I could make money out of this so this is really good. I've always liked (aspects of the industry)...I will be the first one to tell you that this could have gone the other way so easily. I was very lucky with the company that I chose; well I didn't really choose it. // I won't leap of an edge. I will really research it before I will do it. I knew how good (name of franchise system) could be before I jumped in. I had a fair idea you know // I did, just a small business management course just to learn a bit about business before I entered into it. Um and then I went to different business opportunities and expos and had a look around at what was available. I was looking in the papers on a regular sort of basis just talking to people who were already in business just trying to get some of idea of what sort of business I wanted and what sort of industry I wanted to go in. // We knew that this was what we wanted to do but we also knew that we needed the backing of somebody like a quality franchisor to assist us to get us where we wanted to get to. Um, we went on a hell of a journey over that period of time and did a lot of research and we researched a lot of other (name of franchise system) spoke to a lot of other people.*

The means by which successful franchisees found out about the franchise opportunity included advertising, expos, and word of mouth.

*In the Herald Sun, they had an ad in the Herald Sun that was it. I will be the first one to say I was very young and stupid but it worked out lucky that it worked out, I suppose but there out there was no education in it. // And along the way, I sort of ripped out this little ad for (name of franchise system). And an advertisement floating around on the kitchen table as things do. And you look at it and didn't sort of mean anything and then sort of as it got closer to me not getting the job and not getting the job that I wanted, I thought I would go and see them and ring them up. And um I just made a very quick decision and people have said to me since did you check all the other (competing franchise systems)? I said no there was just something about (name of franchise system) I liked it. // we saw an expo...where they*

*had a little (name of franchise system) setup. A very primitive (setup) in comparison to now, ah and you got some brochures regarding that and basically looked at it and thought, hey didn't want to continue on with the ridiculous hours that I was (then) working...what was happening within the company was that they were getting rid of the older employees, allowing people like myself the younger employee to come through, and I thought to myself well you know in 20 years time is that going to be me. // I had a very a good friend ...we went to the same high school...five years prior to my purchasing my own (name of franchise system) he bought a (name of franchise system)...and he is one these guys that really meticulously checks things out in detail...And I watched and his success really over a five year period...And it was quite successful // (I) was invited to work as a manager at the (name of franchise system and location) store. // (We) First met (name of franchise system) um five years prior to us actually being in it... at a franchise expo... and was extremely impressed with the director at that time, I... was very impressed, (he) seemed to be a very genuine type guy...*

The advice of other franchisees in the system was helpful to several interviewees in making their choice.

*Before I bought mine, I did visit other (name of franchise system) franchises. // We went and spoke to them, we went and talked to them (other franchisees), you know are you happy, you know we didn't get a lot of information but what we did we got enough information to make... an educated guess, that this is what we wanted to do.*

Checking what the competition had to offer, especially in relation to franchise fees helped this franchisee determine his choice.

*I looked at another one of our competitors...I spoke to them about how they were set up and how they run their franchise business. And went to this one because um basically the main reason being was um the basis that they ran their royalties on.*

The motivation to buy a franchise also varied considerably.

*I always wanted to go into business for myself that was sort of the plan right from the beginning. But then I seen the ad for (name of franchise system) in the Herald Sun and I got onto it. That's basically how I got onto it; I was only 20 at the time so I didn't even know what franchising was. No concept of what it meant I just thought (the industry sounded like) like fun. // I was definitely looking for something, when I took on the supervisory type roles and that actually wasn't it. So I started um looked at potential ways of getting into my own business and in franchising, seemed like in inverted commas, a safe way to go about it. // So I wanted to kind of establish ah I suppose a business where what I put in I was going to get something out of it more than just a pay check. // Then doing along the way I (had) gone to a clairvoyant and its funny because she said she could see money and travel and I thought that's really good. Um in hindsight now, it means I drive all over town and on the other side of that, there has been a lot of money and travel for myself as well so. I think I was sort of had a yearning for what could I to do. // the store I was working in before as a manager was sold to a group of people um and I worked with them for about a year and I could see that I could operate that business much better than they did ah, so that prompted me to buy (location of franchise).*

All of the successful franchisees felt that they made the correct decision.

*I fell into a really good company, which has taught me so much along the way and got me to where I am today. // it was just chance, it was just chance I, I always knew I'd be my own boss. I'd always knew that I'd end up in retailing umm and it's just by chance. Umm a lot of hard work a lot of set backs. When I used to work for that one store because I had so many staff so many more mature aged staff that had been there longer that were trying to umm put me down and get me out of the picture but yeah at the end of the day I've survived. // I guess I could see having the opportunity of purchasing the master franchise as opposed to just a franchise or a just a stand alone business was an excellent opportunity... I just saw it as just, just an amazing*

*opportunity to be able to have the master franchise... for a business. So I guess that was my main my main decision and I had looked around at a lots of other businesses and didn't think that they seemed to offer the same opportunity. // And he rang me and said, do you want a piece of the action. I'm going to sell my franchise I'm to busy, and I because he owned the business as well, he also owned the franchise. And I saw that he wasn't working very hard and making reasonable money. I thought well if he can do it, I can do it. And within, well my first ever quote was an immediate sale signed up on the spot and I said how easy is this?... in one month I was the highest selling (name of franchise system) franchisee, within one month of sale, so something must be working right.*

### **Background of the Franchisee**

The successful franchisees came from a variety of backgrounds.

*I left school when I was 15 and went and did a hairdressing apprenticeship and that didn't work out so well for me because I was allergic to all the chemicals that go along with hairdressing. // I was 20 years old and I was at Deacon university studying commerce and thinking of transferring to commerce law and I had a few part time jobs umm I was a pizza delivery driver, and I was a door to door salesman, and I did paper rounds on weekends. // I actually studied business, I went to Queens, and got a Bachelor of Commerce Degree in Marketing then I subsequently travelled for a year after I finished school in Europe. When I came back, I started working for a big retail mail order chain... and I eventually became the marketing manager for liner services to South East Asia, the Far East, Indian Subcontinent, South Africa, Papua New Guinea, trans shipment services to Korea and the Far East. // I'm an engineering surveyor by trade, so measuring distances, designing things is my mathematical background I'm a mathematician.. I kept on moving along the train until I ended up here I came down here as the accounts manager for... // I started work when I was fifteen. Ahh I qualified from my apprenticeship as a fitter at 19 years of age at that time.... I then worked in the air conditioning trade for just under 15*

*years // I studied at Edith Cowan University as a high school teacher. A high school drama teacher and I taught in various schools throughout Western Australia for eight years teaching English and drama. // I had a job with ah Pizza Hut ah for 18 months as a trainee manager. Ah, I left that position to take on a position as a sales executive role with Coca Cola as a sales rep. Ah was promoted after a few years to a sales manager, from there onto manager a managers position and I was there for a total of 7 years. // My background is teaching. So, I was a teacher for fifteen years, ah Bachelor of Education but before that I have worked, my parents had lots of businesses so I worked in their, they had restaurants and they had a lodge. // I started with the old Bank of Adelaide, which became the ANZ bank um when I was 17. And I worked um my way up in the bank. // I started off working as an apprentice boilermaker ... I finished my apprenticeship, that was 4 years and then 3 years in the trade. After that I was invited to um, take an assistant manager's position with um, (name of franchise system). // I had spent 23 years in banking and finance industry and five of those years as a human resource manager... (Partner continues) Well, I was about ten years as a service supervisor with Woolworths, I did about four years as a manager with McDonalds and then I went in and did some part-time work in the Commonwealth Bank as a teller.*

Most could identify an actual cause that led to a change in direction into their franchise.

*What actually happened was a friend of ours dropped dead playing tennis on his tennis courts with his kids and it really motivated me because I thought he was 45 years old at the time and he dropped dead and you know, you get one chance at life and ah, I thought you know if I'm going to do this and this is what we want to do with ourselves, we've got to stop talking about it and start doing it. // I worked at a law firm for 18 moths and was really glad that I decided not to go and do law because I didn't really enjoy it at all. That when I decided started looking around for a business. // I also needed another job this was to fund my uni so I wouldn't have to pay HECs and my best friend at that time was ay umm working at ay business called (name and*

*location of franchise). // But flying out of here at 5.30 in the morning, at -7 degrees and getting home two to three days later at 10 o'clock at night, having not seen my four kids and then out again the next morning to Sydney, or it could be Burnie, or it could be over to Perth, could be anywhere. And um that wasn't great for the family. // I then moved up to supervisory type roles and I was definitely looking for something, when I took on the supervisory type roles and that actually wasn't it (what I was looking for). // I also spent a year travelling overseas and when I came back from overseas, I guess I felt quite restless. // we had a restructure and they gave me a job I didn't want and it was a job in an area I didn't want to go to. It was like the booby prize I thought and I thought I deserved better than that and it was a promotion but I just couldn't do it. // I had to step out of the (previous) business and go into sole parenting um, but the 3 children were all under 5 years old so I had to intensify my focus there and once they were more independent then I could start again and that's the evolution there. // I was just sick of working for the government.*

The motivational aspect of going into business and the sense achievement and success is very much related to background .

*People look at me as um as someone who is very, very motivated someone that has got a lot of energy, someone that believes in themselves, someone that is ah not scared to fail, um who dares to dream, who and everyone said I would never make it because I was only 19 or 20 um and that leaving uni would be the biggest mistake of my life so people look at that as you know as a story in itself and they, they hope that it will inspire them to also achieve something in life.*

Franchising's emphasis on system and process most likely led to this interviewee's involvement in a franchise business.

*I always laugh and say that you know, my dad was my hardest teacher I ever had, cause he insisted on protocol and processes every time. I'm really that type of person, that I think if something is done the same way every time then*

*everyone knows how it's done and that's really going to lead to success in that the, the chances of changing the rules or how its done. Just get it stuck in your head is a much better way to go so.*

There was sense of inevitability for some of the franchisees, they just saw the fit as appropriate.

*I thought is this really what I wanted to do and I knew I wanted to go into business and then I thought, you know what, I'm not going to achieve what I want to do by working at a corporate job in a corporate life and I just thought well, you know, I've got to go into business, it's all about using the whole entrepreneurial spirit, it's all about being your own boss, its about you know, achieving your vision and your dream and I had some pretty lofty dreams and visions and I just thought well these are my dreams and my visions and this is what I'm doing now, currently working for the government, there's no way in the world, they're sort of incongruent. // I always wanted to go into business for myself that was sort of the plan right from the beginning. // First of all ah see my background my father also had a milk bar for 11 or 12 years and I used to help him a lot so retail is in my blood.*

#### **4.3.4 Personal Qualities Necessary for Franchising Success Construct**

There were many personal qualities for franchising business success. Those that emerged can be categorised as qualities to do with:

- Ethics
- Leadership
- Family and work family balance
- Community involvement

#### **Ethics**

When discussing ethics in business, honesty was the most discussed aspect. Honesty with customers was almost assumed as a given however it was stressed that honesty

was important in all business dealings. The point about establishing an honest culture was widely emphasised. Interestingly honesty to the point of telling the franchisor when things are not right was made which makes the point that sycophancy is not a characteristic of a successful franchisee.

*The way that I do business. I think honesty comes down to it; you have to be honest with everything that you do. Be honest with your customers; honest with your franchisor if you're not happy with something you might as well tell them otherwise they won't know. // an honest culture you know doing it and really meaning it not doing it because you think you had to, or falseness or whatever, it definitely helps in our industry. // just be honest and fair in everything I do, no matter who I deal with I try to be as honest as I can. // Um again I think, honest business ethics, being honest all the way through with everyone.*

Honesty was seen as more than a personal ethic, but also as being important as part of the wider franchise concept. There are two aspects of the importance of honesty made here: one in relation to the protection of the franchise brand, and the other on the importance of making the franchise partnership work.

*Honesty, integrity, up front, which I think (name of franchise system), are now. Um there new advertisements are about being transparent. You know there are a lot of (competitors) out there that aren't honest, that (do) what suits them, not the client. Putting them (on) to more expensive products where they get more commission things like that. Whereas we get paid the same no matter...So the ethics (are) there, which I really like that...the ethics is paramount. // I follow the rules... I don't have cash accounts. I bill, I don't, there is nothing in my system that I would be worried about honestly them (the franchisor) walking in. // I'm not greedy, but I'm greedy in the sense that I want to build my business and get more but within the system.*

It was recognised that franchising simply would not work without a high degree of honesty.



*I guess a fundamental belief would be is that I am very honest and upfront with everyone sort of with from customers to the franchisees and I think that follows through the whole franchise system... I think it just a philosophy that it has to be fair and equitable for everyone for things to work. // I think (it) is crucial to anything is that things have to be two ways, whether its franchisor to franchisee, wholesaler to franchisee or customer to shop is that, the moment someone feels badly done by, been taken or whatever, the relationship is never going to be same, it's never going to work. So the wholesalers definitely respect us in the fact that we are people who follow a system and pay their accounts. // we try and emphasise that at our franchise meetings as far as to the customers, it's through all of our marketing material we sort of push the fact that we work on those that there are ethics there are company ethics. Through all of our marketing materials, that sort of thing that side of things is pushed. // I mean there's so many things that could have happened in this job that, if I hadn't been ethical and honest about it, they would have been disastrous things.*

Honesty was also seen as good business. Honesty develops a good reputation amongst customers and suppliers, which is fundamental to sound business relationships.

*I think because we are all business owners we are not commissioned people...you know it's such a good name (the franchise brand) and I never knew that that was going to happen, but I suppose I have been responsible for it as well. // A lot of wholesalers visit stores that are both in the franchise and not in the franchise and they definitely have markers, for example, you (they) know who pays their account on time. // I think you can trick that person one time or two times or three times but it (is) going to come and bite you in the end. Even things like warranty situations, there are definitely, there are stores who take advantage of that and in the end, the wholesalers realise that and that's not going to build respect. You know we both feel very, very strongly about being moral and honest. // We've got a reputation within the local area of being very um, very professional and very business ethic oriented...*

Prompt payments of accounts were also seen as a form of honesty.

*You know if you haven't paid your bills in 60, 90, 120 days then you are doing something wrong. You're taking money that's not yours. // So the wholesalers definitely respect us in the fact that we are people who follow a system and pay their accounts.*

Acting ethically can be difficult in business but successful franchisees believe in doing the right thing.

*we pay exorbitant rents in a shopping centre at the present moment, a percentage rent on turnover and I think we were challenged, greatly challenged, when we've had to sit down and write a cheque for \$xx,xxx to the landlord just for no other benefit other than our hard work that we've done. It's the first time in my life that I've ever been challenged or not incentivated for doing the right thing or working hard. We have a very professional business ethic policy and that is one hundred percent honesty. Um, we were contemplating, and I'll say this in all honesty, we were contemplating working out a way how we could minimise that percentage rent by manipulating ah, the three store structure that we've got by channelling funds into one store and not putting it into another and we looked at that and it just proved not to sit tight with us in terms of our business ethics and we decided that we would do the way that it is in each store.*

This franchisee viewed honesty in staff as being particularly important and also saw it as his role to instil an honest ethic. There is a wider good described here in that establishing an honest business culture can change how some young staff behave outside the business.

*So I want to tell them (the staff) be honest with them up front about my expectations. I want to make sure that they understand. I suppose its ethics. A lot of people don't understand that gee if I take a drink out of the fridge that's stealing. We give discounts to our staff and if they give it to a friend*

*because they know how to do it on the register that's stealing. If um they are being lazy and not working hard they're stealing, they use the phone and not pay for it that's stealing okay. I tell you a lot people don't understand a lot of kids don't understand cause it was never instilled into them. If I, if I can't am having them under my control, so to speak for 3 years I need to be able to let them go at the end of 3 years having learnt something from that business other than just (making a product).*

Refraining from poaching competitor's staff and dealing with company sale representatives was also discussed in the context of ethical behaviour.

*so for example a couple of things, if your in my industry that you don't do, um I don't ah approach or poach any of my competitions staff, or anyone else in my industry, so its it's a well known etiquette that you leave your oppositions staff um. I don't bad mouth suppliers or reps or franchisees or anyone else... a lot of the reps in our business get treated poorly because you know they are just a rep; whereas I treat them all as humans.*

Operating the business legally related to operating ethically. Being legal means paying tax and not colluding by entering into price fixing arrangements with competitors.

*I suspect if they (taxation auditors) came in, they may find things, but things that they find things that they would find are things that we are not intentionally doing, you know. // I daren't go talk to my other competitors in the area because you get charged with collusion because of price fixing or whatever...oh I'll chat to them in the street have a talk how's it going and but that's as far as it goes.*

Ethical business behaviour was seen as good customer service. Honesty leads to a willingness to admit and fix mistakes. If someone is treated unfairly then that relationship is ruined and this recognition should prompt honest business dealings. Being fair and honest makes everyone, including the customer, happy.

*Um I think they are sound I think um business ethics are sort of related to your own moral ethics. Um especially just on a personal level. So um, look, everybody makes mistakes and that. So if something happens to a client's (property) I'm an always upfront um in regards to anything like that. // Yeah it is but its just being open and upfront and everybody wins. You know no one's ripping anyone off as people say. You leave a bit in it for everybody in any deal that you do and if you leave a bit in it for everyone is happy and there's is enough for everybody. // if there is a dispute... I will always um try and resolve it in a way that the customer is happy with and I can comes to terms with so. I suppose just being fair you know to all your clients.*

That ethical business behaviour was simply common sense and the observation that truth makes life simple is good advice.

*You know we are happy to say sorry to someone, because honestly the buck stops with us. We don't want to say, "Oh our salesman did this" or "someone didn't send it" when it's not true. In the end if you tell the truth it's a very easy story to remember cause it's the truth. // I've always said... honesty is the best policy. If you tell me honesty and you be honest with everybody that you come in contact with and you treat people the way you would like to be treated yourself every day with every contact you have, I promise you, you will sleep well at night.*

## **Leadership**

Successful franchisees were capable of looking beyond their own business and seeing the big picture. Their contribution was more than just to their own business.

*I suppose basically, what happened was I took was a national perspective. Took the national perspective then took it globally. // I probably am a leader within the (name of franchise system) group. A lot of the even the other master franchisees from other states will ring and ask for advice from me. And I guess it's probably because I have been involved for the longest and have been going for the longest. // the local guys have been trying to get one*

*together (a Chamber of Commerce) and they've been fighting with each other for ten years. So I walked up and down the street and met everyone and talked to everyone and anyway finally when I got everyone together and started the first Business Partnership, I was the director of the Business Partnership and we used that as a lobby group and you know, with council.*

Different leadership styles were demonstrated. Participation and good relationships were emphasised but there was also an underlying desire to get on with the business.

*I sort of like people to be involved and it is more of a facilitation and participation style of leadership that I believe that I have. // I'm not, I'm not a difficult dictatorial individual in terms of running my business. I guess I'm quite demanding but the nature of the work is demanding I guess I sort of lead by example a bit because we get very busy. But we do have a very, very warm and close relationship, people are individuals, yeah. // (We) have a leadership style of firm but fair. Firm meaning we have a high standard and we will never go away from those high standards and we won't let complacency come into our operation. Fair meaning that we treat people the way we'd like to be treated ourselves.*

There was a strong desire expressed by some to be a leader. The idea of leading and making things better is attractive.

*I like to be one of the pioneers of (name of franchise system) and a leader...I look at Peter Irvine and what he has done with Gloria Jeans turn it from, in the last 6 years he's had 300 stores; and I look at ah you know Cornel Sanders how he got KFC happening at the age of 80 odd. So I get inspired by um by stories like that, so I believe that I want to be a leader in retail industry, in the franchise industry. // You know they are happy they are smiling and the reason I got involved in the first place was because...The franchisees were unhappy but no one knew what to do, um so I took the initiative and we did it and that's where we are at. // I do a lot of training within... the group, as well. I train new franchisees coming into the group and train new managers... I think that the leadership aspect... would be more*

*in the being able to do it very well and trying to bring people into that same level of operation...*

Various strategies for effective leadership were outlined. The ability to delegate was seen as important as well as leading by example and working hard and being assertive.

*... enthusiasm breeds enthusiasm you know. If you're looking at the business positively and how can we do it better or how can we do it smarter or whatever, then your management pick up on the flavour and follow it. // when I first started I was probably the leader that wanted to do everything, now I delegate, so now I feel that if I have staff and if I have area managers who are at my level and better, then my business will grow so I like to employ staff that I believe can share the same passion as myself. // Just lead by example. Basically, I do the things I have got an admin person who I give her all the things that I don't want to do. And she loves doing that so she is the right person to do that and follow up stuff. Which you know I have got basically I work harder than they do and lead by example and they respect me for that. // You have to (be assertive), I think when you're so young you do, because you don't automatically get the respect that you should be getting...*

Leadership was demonstrated in the work place by assisting staff identify and achieve their goals.

*I ask them what their goals are...some are to buy a house, some are to buy a car, and then we break it down well how are we going to do this...So with my staff you know if it means I have to help them get a loan, or ah I have to aid them in anything ah in their private life, then I'll help them and that inspires them to continue to work hard and to stay with me as long as possible. // we foster this culture of hard work, teamwork, positive attitude. It would be hypocritical of us if we said it but didn't live it. We live it and they follow it and they're happy to come for the ride with us.*

Leadership was demonstrated by the franchisees participation in the franchise system. The contribution was in formal contributions to the system such as the marketing campaign outlined below, informal because they are good or simply because they have the knowledge and are available.

*we had to get customers in. So what we did was, we I basically organised the first national campaign when there was about 100 stores at that particular time...I basically organised the very first national campaign. Well that just threw sales through the roof. Um and there was a few stores that didn't get involved and because we went back and gave them the figures of what was happening that gave us some credibility or gave me some credibility. // And others um look up to me and any question that they've got on the e-mails or phone calls all the time send me yeah. I'm the guru there, others who are right up with me trying to get up there, they see me as a challenge they want to beat. // I guess I don't know I would say I'm a leader, I feel I'm a part, I'm am a team player...I don't try to rock the boat, I don't want to rock the boat, I don't want the boat to go fast I'm not high profile, but if they need us for anything I will do whatever I can to help them and vice versa. // we have become the leaders because we are the ones with the knowledge and the shortcuts and everyone (other franchisees) knows that they can get us or one of us is in the shop all the time. // I'll quite often, two or three times a day, get calls from other franchisees to assist them in functioning in their store...*

Strong leadership was not always appreciated. As good leaders successful franchisees saw that they were not always popular.

*I think so yeah. I am not sure how others would perceive me but yeah I would see that I think my opinion is fairly valuable to the group is I am damn sure I could help a lot of the guys if they wanted it. // I've forced the issue with them (other franchisees),  
' come on we've really got to make a decision now',  
they don't, and so sometimes, they get a little bit snarly... Sometimes they say I rule with an iron fist at the meetings. Well so, you have to sometimes so you have to.*

Consequently, some were cautious in their leadership approach. They recognised that they were leaders but were not necessarily comfortable with it.

*if I am going to express an opinion I am I guess careful about it, um and make sure that I have all the information before I go about doing that...but people don't just bite me off when I do have an opinion to express at a meeting. // I don't like the power at all and feel that yeah I don't really like being in that position of power. I would prefer just for someone else to make the decisions than being in a position of power.*

All of the successful franchisees interviewed for this research demonstrated leadership qualities. People would seek them out, they acted as mentors, they were capable of motivating others by their actions and they assume leadership roles. Most successful franchisees were outstanding leaders.

*Well anybody who wants to come and see me can come and see me. Even if it's a competitor to talk to me. We had numerous (name of franchise system) people from interstate come over here to see the office...The mentoring program, we have a mentoring program with (name of franchise system) that if any new people come along and I'm involved in that program. // They sometimes see me as an opinion leader within the group so when they're dealing with certain issues with head office, they'll sometimes run it past me before they go and approach head office. // People look at me as um as someone who is very, very motivated someone that has got a lot of energy, someone that believes in themselves, someone that is ah not scared to fail, um who dares to dream...as a story in itself and they, they hope that it will inspire them to also achieve something in life. // I chair the meeting, at state meetings...I'm also chairing the Franchisee Advisory Council that (name of franchise system) has set up. Um I'm the person (the franchisor) comes to, to ask the questions. Um when we get to the conference, our annual conference, I run it basically. Um I run the conference. I come up with the ideas of what we're going to talk about and set it all up.*



## **Family and Work/Family Balance**

This category is included as part of this construct to do with personal qualities as well as a category of the motivation construct. Excerpts from the interviews relating to family work balance are not repeated here. There is discussion on family work/family balance in the context of personal qualities, as distinct from being a motivator for franchising success, in Chapter 5.

## **Community Involvement**

Being involved with the community was seen as good business.

*I live in town and outlying areas and I've played sports in that town most of my life, I'm known in by I by say by 5% of the people. Because there is a lot of newcomers in there but because I sponsor the local sporting clubs um, I get involved, um in lots of things that people see me. And I always wear my (name of franchise system) jacket they can see me everywhere, and it they put two and two together. // Respect is something you can't just get overnight. But if you define the industry as a whole I do triathlons, I do a lot of coaching so that has bought respect and bought has bought kudos to the shop. We have the most percentage of women shop in our store out of any triathlons store, some of that is a) I do triathlons, b) I compete, c) I'm the only female owner in the industry who competes, d) I'm passionate and probably lastly, you know I do, do a lot of free service. I do a lot of coaching for free. And probably the kickback for us we have a huge amount of females that shop with us in the loyalty, they see that three times a week they see that I give three hours a week to coach free of charge they will come in and buy their stuff. // I've got a lot of relationships with professionals in the area, solicitors, accountants... But you know the way that we have our relationships with so many people and it's about a people industry, it's a relationship industry but you know, we've got landscape gardeners and brickies and you know the whole gambit and I always say, you slide up and down this communication style until you click in... I can pretty much talk to anybody.*

Most saw community involvement as being more than just business, however.

*... well I want to be a force for good... we've got two sponsored kids sometimes people say can you afford to have em? Probably not, but with some of the stuff, you've got to find out ways you can afford to have them and it's about helping other people and inspiring other people too. So you know, sure, there's something in it for you if you want to show that you can reach the top, you've set a goal and all the rest of it, that's all. So you've got to do something else with it which is of good greater value to everyone else. // I do a lot of charity work with school cricket clubs and umm and churches and mosques and all religions and a few other things. So just getting a thankyou from um from someone in the community sometimes is more motivation than anything else // we do a lot of leadership within the community, we do all sorts of fundraising and that sort of thing we get out there. I think being part of the community as well, rather than hiding your business away from the world, It's very approachable. We take a lot of pride in the fact that we do a lot of fundraising and things like that for the RSPCA, lost dogs home and even local schools and community groups things like that we get involved with quite a lot around here.*

Another term for community involvement or participation is networking.

*Not in the centre but for example umm outside like a cricket club is a business because its customers are the players so you go there and you try to sponsor them. And you know and um network with the landlords... so I go and network with them and umm really try to do my umm bit everywhere. // I network everything I do is, um I'm on the golf course committee things like that, I do that, ah as a um as something for the community. But I used to be I did Apex for sixteen years, I'm a life member of Apex. // I'm involved in a local network breakfast that I have once a month. We are having a ladies lunch on 29 July. Saturday I've got an auction for the... football club. We have donated one of our apartments for five nights there so I'm heavily involved. And we have a football club lunch every two months and take my*

*referral points. I just try and do everything that I possibly can I was at the... Ball on Friday night for... because doing some sponsorship with them and I'm going to join... all those things make me feel really good of being involved. // we've given over \$10,000 to the gay community here... half our staff are gay, all my managers have been gay... we've been flying the gay flag in our store, our place is a safe place, you know, we've got our staff trained up so it's a safe place for gay people... // I'm a Rotarian. Um, we've been involved with the Chamber of Commerce. I've also got a very good working relationship with our local city council um, a matter of fact, (this morning) I had a phone call from one of the councillors just talking to me about a couple of things or whatever and you know, that sort of stuff blows me away.*

Sponsorship was a common form of community involvement.

*Thursday I'm doing a session at our state meeting about sponsorships, local sponsorships that I have done because that is another thing I have done. I have spent more money than any other franchisee. // The school just got them new jumpers and there is about 10 or 12 sporting clubs that we support with money, we get our name branded on the jumpers or tennis shirts new bowling club over here is another one so I'm giving back to the community that made me money basically. // like a cricket club is a business because its customers are the players so you go there and you try to sponsor them. // We sponsor a lot of different things like charities and schools and churches and sporting organisations in the local area. We have a belief of giving back to the community because it's the community that supports us and we give back to the community um and they know that. // We worked really hard even since Day 1 for our local community, you know sponsoring all the gay charities, the Bobby Goldsmith Foundation, you know and other local charities so we worked very, very, very hard for the local community since Day 1.*

Several of the successful franchisees implied a sense of appreciation and thanks as articulated in this comment.

*And that's what I want to do, people say you know do you want to write a book or do seminars. No, I don't want to do that but I'm happy to talk to people and give something back and try and help other people to get to where I am. That's where I'm coming from now. Not awards, not recognition, not awards, I want to give something back.*

#### **4.3.5 Communication Construct**

The communication construct could be treated as a category of the business skill or personal quality constructs. Such is the importance of successful communication to business success that it requires detailed examination. Many comments already quoted in this research indicate exceptional communication skills. Success in many of the categories of other constructs is the result of outstanding communications skills.

*I guess the leadership qualities that I would say that I have just I guess again communicate effectively to people, guide people, not in a bossy way but is in a way that is a helpful. // communication is critical to the clients. // I enjoy being around people and I think that has helped with um just communication skills and being a people person with dealing with clients. // I have a saying and I've always said it, communication fixes everything, you've just got to communicate a bit, you know.*

Communication is sharing the vision. Successful franchisees make sure that staff know the direction in which they want the business to go.

*There's no point in you having this grand plan or vision and you keep in all in your head. Well, what is the point of that? We communicate it to staff, let them know what our vision is, letting them know how we can achieve it... // We communicate via our managers' meetings where we get our managers, all our managers, there's 20 managers between our three stores who we put together in one room off-site for two hours a month. And they are now at a point where they are taking ownership of it and setting the agenda and it's more about cultural and vision type issues, about where we're heading and*

*what we're doing and how we're doing it and things like that and it really strengthens up, it firms up that united message and approach by everybody.*

Communication was seen as the means of resolving problems with customers.

*it's just very much just being up front with customers and um negotiating any problems that might crop up with doing their (job). // But if a problem does arise then I do one of two things, I either negotiate with the customer at the time to come back out at a later date to and finish the work, or I um ring the next customer because they are always just bang, bang, bang in a row. Um speak to the next customer check to see if it's ok to be late for the job, communication. // I have always found that people don't really mind if you're late as long as you let them know.*

Delegation, which is an important category of the business skills construct, involved sound communication skills.

*I delegate this by probably having a weekly staff meeting with all my managers and um probably talk to them 10 times a day over the phone; and I just go from one store to another store; but they sort have a structure that they follow and then they delegate to the staff beneath them, so then in the event I lose my area manager umm the assistant manager can step up straight away and know the role that's expected of area manager.*

Good lines of communication were essential to the workplace.

*But we communicate, it's small enough (the workplace) that for the most part, we all know what is happening. A job comes and we verbally communicate we follow the system and we have work orders that go through and in theory our system should function without us speaking to each other. It's really important, you can get friction in a place if because it wasn't done a (tradesperson) can spend a lot of time doing a job and its wrong, and because it wasn't properly communicated to them. // You don't fell bad about saying I've made a mistake. Because no one's going to say... // What I*

*do is every job I start, I go out and see them on the job. This is what I want. This is how I want it done. // We communicate a lot. // (How do you communicate standards?) Usually by example but also interacting with these people directly and knowing their story and you know, being interested in that story, generally interested you know. I mean it certainly can't be faked. Each one of them (employees), bar the last few that have been employed over the last month, I know them all by name and usually know what nights they're working. // I've got to talk to them about it, I'm pretty big about talking to them about it so you know and I'll sit down and... I'll talk to them about their own issues.*

Franchising was seen as being built around good communication.

*And if you believe that you have got an idea that you think is fantastic, then you go to your franchisors and ask them, you know, what do you think of this and just communicating with them. // We have a very open relationship and we sort of, I guess can speak frankly to each other and yeah it is a good relationship. We have I guess a strong relationship and I think that, that's extremely important in any franchise business. That your relationship you have with your franchisor and franchisees is a strong one and is one of fairness and understanding. // I think both the franchisee and the franchisor have a duty of responsibility to communicate... // Communication's a big issue as franchise systems grow they become a bit more bureaucratic. Ah, the communication channels get layered and layered and there's all these gatekeepers and so on and the franchisor doesn't have the finger on the pulse. Um, so they lose touch with reality and don't become as dynamic anymore or they can't sort of respond to market demands or internal issues with the franchisees so communication's a big key.*

Establishing a means to facilitate communication was important.

*The other thing was the message book which is just a ring binder message book with an initial of who's message it is and then the message who to ring. If the person who answers the phone can't help them rather than those little*

*bits of paper that you rip off a pad and that book is kept up the front of the office with a diary and if you've been out you just look at that and who you have to ring. And the book just gets passed around. // No, no what we talk daily. I set 8 o'clock to 10 o'clock every morning on my calendar to talk to (contractors). So I either go to see them on site, or I ring them and have a chat. How's it going, what do you need, is there anything nothing wrong is the customer happy and that two hours nothing goes in there if I can help it. And then appointments start from then on. So that they know, they can get me in that two hours as well so but some of them live quite close to me so they can actually come round to my place and pick up all that they need if they need. // when they're in the stores communicating with each other that again needs to be polite and respectful and of course when they're speaking to the customers,*

Meetings were important for good communication.

*There needed to be lines of demarcation as to who was going to do what and who reported to who and it's (regular family team management meetings) proven once again to be so beneficial to us by way of just clearing any confusion, having honesty and communication and the team family working as a closer, more tight knit operation. // But I don't know I suppose when we are at meetings if I do have something to say I always make sure that I'm listening. Because God gave you two ears and one mouth and there is a good reason for that. Um so, I make sure I take it all in. // We now have safety, we call them OH&S meetings. And every two months we meet. And we discuss OH&S issues and other issues that come up. // We do have some sort of meetings and staff parties and that sort of thing but they're not the main thing, it's all in-store stuff... But I usually work locally with the people, mainly talking to them, understanding them and training them so that they can understand what their job is so that they feel comfortable in their job and confident that they can do it*

Communication is all about getting the relationships right.

*...that comes from knowing your people. And I know that my people are smart, I know my people know what to do and I know that they have got my interests at heart and I know if something goes wrong. // I dealt with customers on a daily basis with their disputes or, yeah with the whole with the whole shooting match...that's where I realised at that I actually had a good relationship or I could develop a good relationship with most people. // I don't know. Just I have just a very open mind...everyone's good, everyone's got a bit on good in them you know. And um I suppose I focus more on people's good points rather than bad points. // Critical is maintaining communications, definitely. Communications in terms of reporting, but also communications of people and their relationship with me but also their relationship within the store, communicating policies and ideas, congratulations and you know training is a part of communication as well. So to keep that flowing and running smoothly and clearly and where people ... you know, a 14 year old can ring me up on my mobile and query things, you know that's probably the key to running what we're doing. // we have a policy called zero tolerance of bitchiness policy and if I hear about it, detect it, whatever, I call the people together who are involved... and say, 'hey, you know why we're here guys' and they say, 'nup' and I'll say, 'I'll tell you why, now you think she's a bitch so why don't you tell her to her face why she's a bitch. Now I'm going to get two coffees over here and I'm going to leave you alone and let you sort it out. Now I'm coming back in five to ten minutes and I gotta tell you, you'll tell me how you've sorted it out because if you can't, I will sort it out.'*

*I think the other thing that works very well for us is that we are not frightened to confront a situation. If a situation needs addressing and communicating about, we will do it.*

Some interviewees were naturally good communicators while others had to work at it.



*Yes very good business skills, whereas my strength would be communication skills and the following up. You know following up every thing that really is my forte, // I decided I was going to have do and show them I am successful at this, I'm going to be good at this, if you want to have (the job done) by me you have to do it my way. We have a lot of problems with customers like that trying to tell you when you are going to turn up and how much it's going to cost them. Things like that. // I tend, I guess I prefer to be getting out there and talking to people...*

Communication is the foundation of customer service and good business.

*generally I think it's the way that you deal with other people, they (staff) deal with other people (customers and other staff) in a similar fashion and it just goes around and I suppose the culture's created in that way. // And you're in, you are in, it's the way you communicate with people, eyeball to eyeball, and they see honesty in your face, and they can come to me at any stage and come back. I sometimes might do 12 or 13 quotes before I get the job, and sometimes I still don't get it, doesn't matter. // I did have problems when I first started being as young as I was with customers. People that would try and run my business for me. I had customers trying to tell me how to run my business and things like that, I learnt very quickly that this is my business and I've got to not to let them walk over me. // Then go and talk to the customer to make sure they are happy with it (the job). // I think in a lot of cases its attitude. There are lot of other guys (franchisees) out there, not a lot have got quite a good attitude as well. I think most of those guys are doing well because of that, its also being consistent, reliable all those things. I think they all sort of come under the similar bracket. It's all those things being consistent, reliable, communication with you clients is really important.*

#### **4.3.6 Customer Focus Construct**

The key to success in business is looking after the needs of your customers. Every successful franchisee provided numerous examples of outstanding customer service.

The following define customer service according to successful franchisees.

*We call it guest service, we don't call it customer service, we call it guest service about treating people the way that you'd like to be treated yourself and going out of our way to delight them, just not serve them so we think that's one of our strengths. // I have to say that customer service is a reflection of the, the expectations in the market place. I mean McDonalds have done a phenomenal job with trying to delivering excellent customer service. And customer service is not just me talking to the customer, customer service is how clean the store is, how well dressed the employees are, how they are speaking, um how what the quality of the product is, okay um you know speedy service, you know there are a lot of elements in there, okay, in customer service. // For customers our management style is to be out there to be very approachable and personable that would be our style. We want to make sure that we know their name, for us, the regular customers, it would be very, very rare that a regular customer... I wouldn't know their name. So, I think that sense of making someone feel welcome and wanted is good and that's our style. We take an interest in their lives like we will always say "how's your training" or "how's your kids" or "how's work" so for us our approach to our customers is to be interested in their lot, but to make sure that we are listening to what they want. It may not be what we think is best or right but we want them to walk out knowing that every single little request wasn't too big or too small or too quirky or too silly.*

Customers are the core of any successful business.

*We knew that we were in the right position; we knew that we had the right staff okay; we knew we had the passion okay, but what we didn't have was customers and without that were dead. So we had to get customers in.*

Customer service is about making people happy.

*I've always look at ah you know if, if a customer is unhappy I will try to find a way to make them happy. // My customers see me, as they're friend. They*

*want to see me as someone that they can trust, who is going to do the right thing by them give them what they wanted at the price. Now obviously you can't have a Rolls Royce for a Mini's money, so you have to measure. Balance it in between somewhere. // Somebody enters our stores, they are greeted within thirty seconds and they are served within sixty. Within sixty seconds they'll have (excellent service described) ... with a smile or whatever and ask them about their day, every time, not just once and I think it's that consistent flavour which won us the award, standing by your standards and having the consistency. One of the greatest and I think best comments that I ever hear from our guests is, and I ask every single one of them, how is everything today, how did they look after you, and we constantly get back, (franchisee's name), it was excellent ...*

Several outstanding examples of customer service were provided.

*My success I think is my service to my clients. Like I just love them and I do everything for them. You know if they were sitting in here and they've got a letter to post, I'll put that with our letters. You know I'll put a stamp on it for you like nothing is to much trouble. // sometimes they'll bring something back and say this isn't right and ...(the staff) say I've adjusted this, just try this. So you know he's not lying but in a nice way...steering them in the (right direction), how to use the apparatus and they go away happy and they haven't felt bad...and that's the way to go is you don't belittle people.*

Customer service is about understanding and meeting the customer's needs.

*Um there's, oh way back when I first started a customer wanted (a complex job)...It kept on getting bigger and bigger but we achieved it. It was nothing to hard to do. // (The most important aspect of retailing) by far customer service, and ah, number two would be that at any given time the store is always well stocked. // Yes so that the city people, which I call the plains people, and then we have the hills folks. Two different people altogether and you treat them differently. Um you learn how they think and how these people think. // Something, like mechanically not good, we would say " we*

*wouldn't do it for this reason but if that's what you want" and something that is becoming more and more obvious is never ever make people feel bad in telling you that something is wrong. // Customer focus is the most important thing. It's also the ability to get inside the persons mind. Now you might come to me and say, '(franchisee's name) I want a ... Now if you're Chinese I'll bring feng shei into it, right I will talk about a water feature over here and I'll talk about, just subtly...*

Customer service is about setting high standards.

*Marketing, the running of the business, customer service I take a lot of lot of pride in what I do, and its only to be the best. Second best is not good enough for me and I think that everything has to be of the highest standard within my business from the accounts to how you treat your customers and how you treat your (work), how you present yourself. // Fast paced environments with high standards of guest service um and personalised attentive service to the point where people know and come to us because they know that they will get that attentive service. // As far as with service goes you've always got your customer service standards, treat every (job) as if its your own, the standard of the (job) when it goes back to the customer and the advice you give them, always know what your talking about and things like that. // so the customers are up there and they're number one priority.*

Dealing positively with difficult people is part of good customer service.

*occasionally, you get horrible customers every now and then that is usually the only thing that will stress me out is if I get a nasty customer...You know take a breather; have a smoke get onto the next one with a smile on your face. The next customers don't want to see your shit. They don't want to know that you've had a bad day they want to know that you're feeling good, you want to love their (job) and just get on with it. // But I also have the ability to shrug off if I've got a bad customer, I just we're losing the money doesn't matter, shrug it off, forget about it, there's plenty more fish in the sea. // every now and again you'll strike a customer from hell and they you know you can't*

*pick them...and they want it for nothing and they grizzle, grizzle, grizzle all the way. Sometimes, sometimes they are great you can't pick it. Um you just wear it and say well okay burnt a bit here, but in the end, they have got what they wanted and they're happy. // You have got to you know everyone has bad days and um you have got if a bad situation occurs you gotta pick yourself up and put that smile back on your face and start again.*

Honesty is a part of customer service.

*I don't ever sell a customer something that they don't need, whereas a lot of people will just sell stuff because its making them money , be honest with the customer. If the (job) is playing up for a certain reason be honest with the customer and tell them what's going on or if you happen to (make a mistake) or something like that, always tell your customer. // You know we are happy to say sorry to someone, because honestly the buck stops with us. We don't want to say, "Oh our salesman did this" or "someone didn't send it" when it's not true. In the end if you tell the truth it's a very easy story to remember cause it's the truth. // Yeah it is but its just being open and upfront and everybody wins. You know no one's ripping anyone off as people say. You leave a bit in it for everybody in any deal that you do and if you leave a bit in it for everyone is happy and there's is enough for everybody.*

Customer service is about having the right attitude.

*Yeah they are not written down but most certainly, I always try and say yes. Yes is a very important word. Um what else I also take the attitude that every customer is important. Doesn't matter how much they are spending on any given day because um as far as when I go to a customer I expect to have them as a customer for the life of my business, so I expect that next time they have a (job to be done) they will be calling me. // And anyone with good common sense and the ability to talk to customers will win in this business. // The part of the business that I do enjoy is the customer contact because I enjoy that part of the business so um I suppose that keeps me motivated. // So we*

*are very are very closely emotionally tied to everything we do and we care, immensely care.*

It is important to tell your customers how good you are.

*Well (name of franchise system) is the largest franchise (service) in Australia and we are also in five countries which I make sure my customers know all about how wonderful (name of franchise system) as a company is.*

Good customer service is good business.

*I charge more than my competitors because they are getting a better service and my customers know that because I make sure they do know that. And if they ask I will point out the differences between me and my competitors its not a problem. // You get people ringing up all the time you know I can it done for \$20 over here, well that's fine but we are the best at what we do, come and try us and you will find out for yourself why we are this price and they are that price. // We consult...so I will ask them (staff) okay what's the customer average? If the average (purchase is) on \$27.00 or \$24.00, then you are not reminding the customer that when they're buying a treatment. They need to buy a... (complimentary product) so these little things, that I say to the staff, inspire them to sort of beat their hourly (target),... So what that means is a) my staff has the knowledge to be able to consult...the customers, on you know buying more products, which as owners that is what we want. // Now I don't expect to win every job. I don't want to win every job. I'd be a nut farmer if I won every job. But its if I can get there, I can get inside their brain and inside their mind and say what does this person really want, it appears I can do it, because in the end I'm the one that comes out and wins the job. You know of ten quotes I do, five of those quotes I do are tyre kickers...They're not interested in going ahead, yet, they might later on. Of the other five I will win three to four of them and its just because of my personality the way I treat them. // And you're in, you are in, it's the way you communicate with people, eyeball to eyeball, and they see honesty in your face, and they can come to me at any stage and come back. I sometimes*

*might do 12 or 13 quotes before I get the job, and sometimes I still don't get it, doesn't matter.*

Good customer service meant more customers.

*we get lots of referrals from clients ... such and such gave me your name from such and such person a person, and you go like oh I've never heard of that person but its like that's fantastic. That's really good. So where do you work? Anyway, so word just happens...I think that's when I knew I was successful when the first time someone rang up and said such and such gave me your name I've never heard of such and such a person. // Obviously you want more to be fortnightly (customers) so you have got that as part of your plan is to convert more into fortnightly customers, that sort of thing...Converting them into regular customers. // But they are a my old customers ... and I've still got a lot of those clients from 7 and a half years...they will you know refer people to me, and I've hardly even met them but I know their name.*

Good customer service is an effective way of dealing with competition.

*Four doors away from me I've had competition there that was there 20 years before me, and who will sell below cost, yet my business has grown because I won't worry about what he does. All I worry about is my business my customers my service and if I focus on that then you know everything will take place. // I do get into networks with the suppliers. So we have so I talk to the suppliers a lot on what products is here. What, what can you do here? Do you do anything like this? Do you know anybody else who does that? So we are almost looking for an edge. That gives me a ah something better to sell something that nobody else has got. // then I started focusing on, on the extra services; the free gifts the love that I could show my customers and in the end that beat him (a competitor). // So we arrange everything...and they don't have to anything. And it means they don't have to do anything. They just sit and wait for us to everything and when we do everything properly you*

*know, that was so easy, and go to these people they make it so easy. Just try to take them out of the market away from everybody (the opposition).*

Speedy customer service not only pleases the customer it also stops the opposition from getting them.

*If they think that your taking to long and someone else will be you know another friend might say don't go to them go to this one. They are really quick so you really need to capture that very quickly. So you really need to know what your doing... and get it done quickly ... People say that your team is fantastic because whenever I've rang here everybody was really helpful and knew what they were doing.*

Good customer service is dealing with things promptly.

*I like my customers to see what we do but also, I want my staff at any point in the building to see when a customer comes in the door because we are often busy with other things. // You know, so there's a problem and so you might, you know, if the customers waiting for it, rather than wait that extra half hour you go to them and you tell them and then it gets fixed. And then they do get their job and say what was that big hullabaloo all about. // I discuss this to endless lengths with my (staff) if there is a problem ring me straight away. Don't let the customer get fretted. I'll talk to the customer if there is a problem we'll sort it straight away. // Yeah professional, very professional being on time yeah is very important.*

Customer service is problem solving.

*Problems are opportunities, you know. I have found that if you have a problem, I always say this, if you have a problem and you solve the problem your customer remembers you solved the problem he doesn't remember that you created it and it builds, in theory, you could make problems... customer loyalty, it's a fact. // If there's a problem we solve it. // It's the same with issues that we have a problem, we stuff up a job, or someone makes a*



*mistake, and the customer complains I really try and fix it, even though I feel it wasn't us that created the problem. // The customer was furious and I stood there in the pouring rain well I made him (the contractor) fix it. Um it cost me well I made no profit on the job. I could have made a thousand; I made no profit on the job. But in the end, the customer said thank you for doing that. Now um that would probably lead to a referral, later on, because it because I came back and did the right thing by them. // So um, look, everybody makes mistakes and that. So if something happens to a client's (property) I'm an always upfront um in regards to anything like that. So um if there is a dispute with um what I am charging or something like that, which very rarely happens but occasionally when it does I will always um try and resolve it in a way that the customer is happy with and I can comes to terms with so. I suppose just being fair you know to all your clients. // it's just very much just being up front with customers and um negotiating any problems that might crop up with doing their (job). // Just, the people. The best thing is someone rings you up that you haven't heard from them in a while... and they need you. Its that need factor they need you they need you to fix something. They need to ask you a question about ... and as soon as you do that... you think about what you can do to help them. And that's what drives me. // You know okay sometimes things go wrong with a customer you know ...where its not my fault (I have paid to fix it) just to keep them happy because at the end of the day you want them to come back to you. If you have got one unhappy person, they will tell so many other people. // Giving them the right information, you know there is a lot of things that could go wrong; in that process so you have got to be very careful of what you are telling people. What advice you are giving them... We don't have all the answers, we go this is this, and this is this and make up your mind yeah and it's but we have never had any problems with any clients. // ... the customer's always right within reason. And so there's times where someone's given us (negative) feedback and we find out who it is, we talk to that person, find out what the issue is. We'll get our manager to write them (the customer) a letter as to what happened and apologising and we'll get them to ... If they're close by, to take out a gift basket to them at their work. You know, basically apologise, so we always try to win them back. You can't always win them*

*back over but they're very grateful so, yeah, (customers) they're very important.*

Customer service is about providing value for money.

*And things like that, just always if the customer is not happy you go back and do it again it's their right, because they've given you the money. // I feel (name of franchise system) is a quality brand and so I feel I have a quality product. I believe very much in what I'm doing and we don't just offer service we actually supply a quality product to a customer and I take it and the customer looks at it and he says that looks great and its something we have made and it is great it is a good product. It's not like I'm selling deals or financial services something that maybe is bells and whistles, or smoke and mirrors. // the important thing is that I give the customers something that they wanted, at a price that they can afford, with no hassles. In other words no call backs... So what I'm doing is I'm giving the customer, I enjoy this, giving the customer what they wanted on time within budget.*

Good customer service is treating people like how you would want to be treated.

*Okay and I have often said to my staff, don't go and be rude to someone else in another business because they make (a mistake). Because if you're a customer for someone else and you're trying to give them a hard time okay for whatever reason remember that person may walk into our business one day and then they are our customer, and you don't want to be treated like you treated them. If you have treated them unfairly, okay, so my philosophy is it's all about the people. // I am different, and a lot of it is because I'm customer focused, not money focused. So in other words so I have a saying do unto others as others would do unto you. But do it first! In other words, be proactive with your customer, show them that you care and they show it back to you. And they'll give you the job because they trust you, they will really trust you, um its it's a way of really dealing with customers. // Well as I said, the I love to treat the customers, as they would like to be treated. I want to treat them as if it is me, turn it around. So if I've asked a plumber to come*

*and do a job, I want a good job done. I want a good job for the price. I don't want to be messed around and so if I can do that for the customers that's great and every job it's aimed to do that.*

In this case, the franchisee took the how I would like to be treated concept one step further and applied it to how he would like his mother treated.

*I've got in my shop, I've got (name of franchise system) number one rule, treat umm, treat all customers like (franchisee's) mum...because my mother doesn't speak English well and um so when she walks in to a shop, I expect any store whether it's K-Mart or Target any store to treat her like royalty. So if every single staff member treated every customer like their parents, I'd never have a problem so when a customer comes in and wants to return it and my staff you know doesn't really want to help her, that offends me, and it just stresses me out.*

Customer service is building relationships.

*We are not in the (name of industry) business, we are in the people business. // My customers are my friends because they are my bread and butter and you have got to treat them like that. Treat them how you want to be treated give them the service that they are paying for. // When I first go to a house I introduce myself, here's my business card, I'll pat the kids on the head, I'll pat the dog, I'll sit down we'll have a cup of coffee, and talk about what they need, rather than zip, zip, zip measure, measure, measure here's you're quote. Um so, by the time I've left the house after the first visit, I'm already part of that family. They can talk to me in the street, even if they don't give me the job they'll still come up and talk to me in the street because they know me.*

Customer service is building rapport.

*That's what I really like about it. I love going to see people that I already know I love going to see people that I already know like my last night my last clients. I said,*

*'Have the glass of red ready for me and the cheese platter' and he said to me last night he said,*

*'How come you're still so thin' and I said*

*'Why'? I didn't get it. He thought every customer did it and I said,*

*'No, no, no your are very special, I remember you do that'. // So I sit down with them and say while the kids are there the kids have got their fingers running around their mouths like this, and we're patting the dog as well you're working away having a cup of coffee, life's easy that's good that's (name of franchise system). // You know when I'm seeing customers I'm sitting like this and I am talking like this. And I say what are you going to do? How are you going to do it? I think it's a bit of a theatre and bit of an act in front of people coz you pitch yourself to where you can talk to them and what you can say to them. I might say crap to some people, like crap that bank, you know that you can say that to people that you have already built up a rapport with and that's the whole thing that they trust you. It's a very personal thing.*

Customer service is more than just selling something.

*I explain how do you guys (other franchisees) sell, one guy says he says to the customer I've got a special on I'll just ring the boss I'll, and (he is a) real carpet salesman. And I mean no, that's what you're doing is selling an item; I'm selling a lifestyle to people. I'm selling a lifestyle that's ...A lifestyle, a different way of doing it. // Something little we have just done in the last two weeks we have just installed a Café (bar) in our shop. And we are really excited about it, you know we have pulled out a dingy dark bit of thing and put in a commercial coffee centre and you know we have put it in our newsletters you know come in, drop in for a coffee. // Every person wants products for their...and when we re-educate the customers to buy professional products other than supermarket products umm and we also look at it as recession proof. You know umm no matter what type of economy*

*we're in (the customers will still come to us)... it's about making people feel good so it rubs off onto us.*

Good customer involved putting the customer first.

*I think initial contact with customers is very important. Um when I say that what I mean is um if a customer can see that you are bending over backwards to try and help them. Um you know they might need a (job done) at short notice...and they give you a call if you go out of your way to help people. People really appreciate that, and it just sets a really good tone for the start of your relationship with your customer, and I think that's really important. // on a Friday night we might like to go out for tea, but no, I've got to an appointment to do. Very important ah that I don't try and change appointments on people. // The mission is to create a welcome, relaxing atmosphere enriching contemporary lifestyle. I focus on two words, welcome and relax and, to the point where, off our own volition we have got the handwritten words carved in wood um, put in our three stores, welcome and relax, // I'll fight tooth and nail to win a customer over.*

Good customer service is making sure that the job is done properly.

*Um and I then once I have done that I do a final walk around (job) standing back to make sure that everything is as it should be. So that I haven't missed anything, that sort of thing. Then go and talk to the customer to make sure they are happy with it. Generally speaking, they don't even bother looking at it. So yeah, that's pretty much how I go about it. // in a quality type um position I suppose that comes down to um being consistent. Every time like, each time that a customer goes out to look at his (job). I have got some clients that I do on a weekly basis. Each time um like, it wants to look exactly the same every time ...So consistency is the word for me um and obviously, the quality of work has got to be high. Otherwise, they don't want you back. // the customer service was absolutely supreme at that store simply because as a manager and a business owner, you are interested in that because it is an (important) aspect of the business... As I have moved out a little bit, I*

*have noticed that the customer service levels have started to drop a little bit... (To fix this) Just this morning we decided to put on another (manager)... to release her (a senior manager) to start moving from cashier to cashier and start training them in their customer service.*

Customer service training is important for franchisees and staff.

*Do I think we can we better? Oh definitely. That's why I was saying the emphasis on training at the end of the day. What happens is you get employees who aren't trained well or a lapse where the employee has presumed (something incorrectly) and you shouldn't have, the customer is paying for it (lack of staff training) at some point in time. // we are also continual training with our company... just general stuff that we can help with our customers giving advice and that sort of thing. Whereas a lot of people they just think that they are there to (do the job) and we are not, we are a (industry) care company. I think that is what makes (name of franchise system) different. // I actually stick with, you know, what (franchise system) recommend to do, the advice that we are given and the training that we do take on board. I actually use it, rather than just getting it my head and then not telling the customer about it. I make sure they know what I know and how I can help them. // They (staff) also have to be, have, good customer service skills and be, I know that they are going to be, acceptable to the customer when they go into a customer's home. // My number one goal is that we need to formulate a training system for new and existing franchisees that will that will help them get a new employee from a you know start to basically finish in a certain category of employment. For example if we have a junior staff member and they are supposed to know and a-z about these things, we have got to formulate a training that will help them get them to that point as quickly as possible. One, because it's important so that customers aren't suffering from their learning. // Like on Sunday night (I) just got a video from Singapore on customer service, I had read his book, and he did a very good service, and you get a free video so I sat down on Sunday night and watched it for forty five minutes. And a lot of the things in it, we*

*have heard one hundred times, but to bring them up from the back of your mind to the front of your mind is an incredibly enlightening thing.*

Good customer service is good franchising.

*Yeah, I think the whole thing I think is crucial to anything is that things have to be two ways, whether its franchisor to franchisee, wholesaler to franchisee or customer to shop is that, the moment someone feels badly done by, been taken or whatever the relationship is never going to be same, its never going to work. // I feel in business you have to go that extra mile and you have to try and exceed people's expectations. So that they are very pleasant when they are dealing, with your company whether it's a customer ... So I guess I think that you always need to try to do those little things extra things that make a difference to how people view the company.*

## **Chapter 5 – Discussion**

### **5.1 Introduction**

The constructs and categories that emerged from the interviews can be described as the characteristics of successful franchisees. In this chapter literature, relating to each of these constructs is examined and discussed. Models have been developed illustrating the relationship between the categories for each construct. An overarching model has been developed and from this model, a framework for examining the reasons for franchisee success emerges. The characteristics of successful franchisees are compared to the Entrecode in order to compare the extent to which successful franchisees share common characteristics with entrepreneurs. Finally, the utility of this research to the franchise industry is examined.

The coding, categorizing, and analysis of Interview 1, initially the pilot interview, identified some key emerging themes. Motivation and customer service were central to franchisee success in this case. Customer service also appeared to be central to business skills and franchising the other key elements of success. The relationship between customer service, leadership and franchising through colleagues and leadership and business skills through staff was identified.

Motivation and customer service emerged as key constructs or emerging themes leading to success in franchising. The pilot interview assisted with the initial coding categories and establishing connections between concepts. The pilot interview, which later became Interview 1, was used to develop the coding nodes (headings) that were used in the first round of interviews. The revised coding nodes (headings) used to analyse the first round of interviews are listed in Appendix 5.

Interviews two, three and four were carried out and coded using the nodes developed from interview 1 based on the initial analysis and emerging theory. These categories are listed in Appendix 5. Surprisingly consistent constructs emerged. The coding of these interviews led to a reduction of nodes and grouping around the emerging constructs. All the previous interviews and then subsequent interviews were then recoded using the edited nodes (headings) listed in Appendix 6.



The constructs that emerged from the analysis of the data were to do with the franchisees:

- Motivation
- Business Skills
- Franchising Relationships
- Personal Qualities Necessary for Franchising Success
- Communication
- Customer Service

## **5.2 Characteristics of Successful Franchisees**

The characteristics of the most highly successful franchisees have been coded into six key constructs. The constructs to do with motivation, business skills, commitment to their brand and franchise system, and outstanding individual qualities would normally include the categories of customer focus and communication.

Outstanding customer service and the ability to communicate effectively, two constructs that could be seen as business skills, emerge throughout the interviews as key themes and underpin the business success of the subjects. Because they emerge as so fundamental to business success, they have been separated out from being just a subset of business skills.

The successful franchisees interviewed all demonstrate great communication skills. They saw the importance of the ability to communicate effectively as an element of their success. This characteristic is examined in this study in more detail. The theme of customer focus recurs throughout all of the interviews. This business skill is so dominant in terms of the many examples given of outstanding customer service and as the basis for the success of the business that it is also worthy of detailed examination. In addition, this construct or key characteristic of successful franchisees may have many practical training and development applications.

### 5.2.1 Motivation

The Findings (Chapter 4) suggest that money is an important motivator; it is however by no means the sole motivator.

The desire for wealth and matters related to money feature prominently in any examination of the literature related to motivation to undertake entrepreneurial activity or to establish a new business venture. 'The goal of personal wealth is assumed paramount. Thus, the terms of *wealth* and *entrepreneurship* are inextricably linked in the minds of many people, including researchers, in capitalist societies' (Amit et al. 2001, pp. 119-143). Amit, Maccrimmon, Zietsma and Oesch (2001 pp. 119-143) found that money as the only or even the most important motive for going into business was significantly less important to entrepreneurs than other motives. They found that not all entrepreneurs establish a business for personal wealth reasons and one need not be motivated by personal wealth attainment in order to be a successful entrepreneur. This research reflects these findings to the extent that personal wealth is not usually the sole motivator or necessarily paramount. Despite the research cited and the observations of the successful franchisees matters related to money and business financial remain a measure of business success and are an essential underlay to the ongoing viability of any business.

Birley and Westhead (1994) developed taxonomy of business start-up reasons by surveying literature and identifying 23 diverse reasons leading to business start-up. A survey of 405 principal owner managers of new independent businesses in Britain identified six key reasons for business start-up, they are:

- to have considerable freedom to adapt my own approach to my work
- to take advantage of an opportunity that appeared
- to control my own time
- it made sense at that time in my life
- to give myself, my spouse and children security
- to have greater flexibility for my personal and family life.

Interestingly the financial aspects to do with business success were not rated in the primary group of business start-up reasons by Birley and Westhead (1994). The

'desire for high earnings' and a 'need to achieve something and get recognition for it' the popular conceptions of entrepreneurial motivation, rated in the secondary group of statements (Birley & Westhead 1994, pp. 7-31). This research reflects the start up reasons identified here, however, it is unlikely that the desire for high earnings and need for recognition would be rated as secondary by successful franchisees. The research findings reflect the research cited, however the reality of sound business financials would surely be the base in any taxonomy where fundamental needs underpin a hierarchy of less essential advantages of business ownership.

Autonomy is often cited as being a key motivator for excellent workplace performance. Choo and Wong's findings on Entrepreneurial Intention (2006) cited a number of earlier studies that entrepreneurs were motivated by variables that relate to independence and autonomy. Successful franchisees did not clearly identify autonomy as a motivator. It is likely however that many of the sentiments expressed in the research findings as motivation to succeed in business are related to the performance motivation that real autonomy provides.

All of the successful franchisees interviewed discussed aspects to do with money income and security. However as the research and findings already discussed suggest, this is not a sole motivator. Most were greatly relieved that their business went beyond survival and were financially successful. Nearly all referred to money and income directly as an important motivator. Money being clarified as what goes with it and in that sense, a very strong emphasis on security and the feeling of comfort a high income from the business could provide. A study of the practices of successful family businesses noted that goals to do with financial performance rated as the top five of sixteen goals listed, that is the most important goals of these business were focussed on the business and not on the family or an individual family member. The study also noted 'short term profitability is ranked well down the overall list, while assuring long term financial performance is ranked second' (McCann, Leon-Guerrero & Jr 2001, p. 50 p.55). Clearly, survival and security are important in any business and it is unlikely that franchise businesses are any different.

Profitable businesses ultimately generate money and this aspect is treated as part of the business skills construct in this research. In relation to this discussion on motivation, profit is important, as it is the basis for the long term value of the business. When security and long term reward was mentioned by the interviewees as motives to succeed in business, they were referring to the reward that comes from the ultimate sale of the business. It is the profit that determines the price for which the business can be sold. Most business valuations are usually based on a multiple of the net profit of the business.

The drive to succeed is clearly apparent. This ambition may well result from a need for financial security, stemming from past experiences, for successful franchisees. Although it wasn't clearly articulated in all interviews, a desire not to be poor and to provide more than their parents were able to for their children emerged. There was some discussion by successful franchisees in relation to wanting to do better than their parents, or not have to work as hard as their parents. It is likely that this is to do with aspirational motivators that could be attributed to those who as children were in families that faced difficult financial challenges.

Robichaud, McGraw and Roger (2001) refer to typological studies of entrepreneurs. This study confirms that ambition or opportunism as it is defined in the research is clearly apparent as an entrepreneurial motivator and relates to the aspirational motivator identified above. They identify the craftsman who is more likely to be motivated by the work that they enjoy and factors such as autonomy. On the other hand, the opportunist who has 'are more managerial orientation and thus is more likely to be attracted by financial gain and business growth. S/he tends to be more educated, has more experience and comes from the middle class. S/he is also more able to adapt to change, and has increased access to external sources of financing' (Robichaud, McGraw & Roger 2001, p. 191). Ambitious franchisees are more likely to be 'opportunist', however the 'craftsmen' type of motivators were certainly apparent in some of the successful franchisees. A study is cited by Robichaud et al. (2001) that suggests that entrepreneurs who favour the non-economic objectives were more satisfied than those favouring economic objectives. More importantly entrepreneurial typology such as this has not enabled researchers to find a correlation

between these types and business success beyond the suggestion that it may be a factor after certain other variables (Robichaud, McGraw & Roger 2001, p. 191).

Money however remains a key motivator. The contradictions in the research about the importance of money compared to the other motivators for business enterprise are apparent in this research. Certainly the traditional research that cites money and wealth as key motivators for entrepreneurial activity (Amit et al. 2001, pp. 119-143) has been reflected here. Most franchisees and small-business people generally invest their life savings in the business. Mere business survival is in itself a key motivator.

All those interviewed went into business with the expectation of doing much more than just surviving. This sentiment contradicts the research that down plays the importance of profit or concern for return on investment and monetary wealth as reasons for entrepreneurial risk or being in business. It is likely that this comes about by a reluctance to appear motivated by greed and so people surveyed by researchers and those interviewed in this research may be inclined to stress other motivators for being in business. Successful franchisees cited many reasons other than profit and wealth creation as motivators for their success, but they remained very clear as to the fundamental importance of profit.

Monetary reward as a motivator to succeed in business is clearly necessary from a mere survival point of view. It is also a measure of success. Once more than survival is achieved, then the security and rewards that come about from having money are appreciated. Birley and Westhead's taxonomy (1994), the 'opportunist' identified in the research of Robichaud et al. (2001), Amit et al. (2001), McCann et al. (2001) reflect the importance of monetary rewards of business ownership, as do the findings of this research.

It is apparent that there is almost an ongoing relationship between success, maintaining a focussed effort and satisfaction. It is possible that money may be an initial motivator to work hard in order to achieve business survival and success but it seems that the satisfaction of achievement that comes about from this effort may overtake monetary reward as a key motivator to succeed in a franchise business.

All franchisees were quite clear about where they wanted their business to be in the immediate future and longer-term future. They were very well aware of their success and quite comfortable with being recognised as being successful. The vision for their business usually related to being the best, the first or the most outstanding in their industry and group. They were all able to state realistic, practical, strategies and measures to achieve the success stated in their vision.

Gerber (2005) discusses the importance of vision in small business in relation to leadership. The reason why there are so few leaders in small business is 'because there are so few who start out with a clear long term vision, most are just reacting to what comes up, confusing their ability to react with their ability to lead' (Gerber 2005, p. 770). The vision articulated in the interviews demonstrates leadership as Gerber describes it. Successful franchisees have the ability to lead because they have a clear vision for their businesses. The leadership characteristics of the interviewees are discussed as an element of the personal qualities construct in this research.

Having a vision or an understanding of where the franchisee wants the business to be in the immediate and longer-term future is a motivator in itself. Most of those interviewed were well aware of the importance of goal setting and establishing a vision as a means of remaining motivated.

Other specific goals for the individual and longer-term vision for the franchisees businesses were to do with lifestyle and eventual retirement. The link with the desire for financial security, is that this desire for what financial security brings is being clearly articulated as a business goal.

Specific goals were not always directly related to immediate business success. High ethical standards and moral business practices were articulated in several interviews. In one interview, the franchisee's strong religious faith underpinned his very rationale for being in business.

The vision of how they wanted the business to be organised, and what they wanted the business to provide was quite clear for most franchisees. Quite often, it was to be

the best or most successful and to ensure security, a comfortable retirement or simply the satisfaction in what the success could provide.

It may seem self evident that a person would not go into business unless they were optimistic that it would be successful. The fact that a clear vision of success and a positive future was common to so many of the interviewees clearly identifies the necessity of an optimistic outlook for business success.

Pinfold (2001), discusses the importance of optimism in starting a small business in detail. In a study titled *The Expectations of New Business Founders: The New Zealand Case*, he argues that many if not most individuals who start their own business earn less than they otherwise would in employment of others. He says that new firms have few advantages, apart from entrepreneurial zeal, over their rivals yet many disadvantages and that many perhaps the majority, do not produce satisfactory profitability (Pinfold 2001, p. 279). Pinfold suggests the reason for business entry is a high degree of optimism and cites Hoorens who finds that 'optimism is highest when events seemed to be under a person's control, and running one's own business is certainly an activity where there is a large degree of personal control' (Pinfold 2001, p. 279). Pinfold's survey of individuals in the process of starting a new business showed that new business founders believed that the chance of their own business failing is only half that of similar venture started by others, and they had high expectations of success coupled with a high expectation of financial return. Pinfold assumed the combination of expected financial and non-financial rewards would be needed to explain business start-up activity. He found that only 42% of the sample believed that the ability to obtain an adequate financial return should override all other considerations when starting a business. The difference between Pinfold's sample and the successful franchisees in this group is that the successful franchisees were aware of the importance of an adequate financial return as well as expressing other motivating factors identified by Pinfold. Other key considerations, that were identified, include the expectation of additional advantages such as independence, personal development, and employment (Pinfold 2001, p. 279). These considerations are consistent with findings in this research.

Ambition is defined by the Macquarie dictionary as ‘an eager desire for distinction, preferment, power, or fame’ (Macquarie 2004). Davidson (2004) in a chapter titled *Sly Ambition* suggests that aggressive ambition is out of fashion, he points out that all entrepreneurs are ambitious but they tend to play it down. ‘Blame Branson, blame the hippies, blame the New Mexico commune dwellers who became the first techies. No business leader will deny ambition, they will simply dress it up to fit the current tastes’ (Davidson 2004). These comments on ambition may explain the findings expressed by the research literature on profit and money as business motivators. Davidson’s observations of entrepreneurs playing down their ambitions are not reflected in these interviews. Successful franchisees are not shrinking violets when it comes to success and no false modesty was expressed. The desire to be the best is tied up with ambition. Unlike the observation made by Davidson (2004) that entrepreneurs tend to downplay the ambition, this group of highly successful franchisees are quite frank and matter of fact in spelling out their ambition and their success.

Successful franchisees were clearly able to articulate their desire to be the best and wanted to be recognised as successful. Davidson (2004) quotes graffiti on an entrepreneur’s wall, ‘Ambition: I want to be what I was when I wanted to be what I am now’. Successful franchisees seem to be more content and satisfied with their achievements than prominent entrepreneurs.

More than just the desire to be the very best in either their franchise system or industry that was apparent within all the franchisees interviewed; but for many it was the recognition by others of the success that they had achieved that was also important. For whatever reason, all of the successful franchisees who were interviewed for this research were openly ambitious people.

The successful franchisees were highly motivated by what they actually do. Whether it is by providing a service, manufacturing a product or selling goods there was a very strong interest in the product or service. This level of motivation could be described as passionate. In business, the term passion is perhaps over used. In a selling environment, a retailer who is not passionate is by implication somewhat deficient. ‘The common belief seems to be, if you are passionate about a product,



you will dive through walls to make sure you understand it deeply, design and position it properly, sell it only when appropriate, and move mountains to ensure consumer satisfaction' (Koco 2006). Successful franchisees reflect the dive through walls mentality towards their product or service. Certainly, the successful franchisees who have been interviewed for this research, can be described as passionate; however, the term enthusiastic and keen in relation to their approach to the business and product is perhaps more appropriate.

A pattern that emerges is the relationship between the level of enthusiasm that the franchisee has for the product and the difference it can make to the well-being of the customers for their product or service. In other words, it is apparent that the level of enthusiasm for a product, and by association their franchise system that provides the product or brand, increases when the franchisee as provider of the service or the producer of the product genuinely believes that what they do, makes people's lives better.

This passion or enthusiasm that emanates from making people's lives better applies across the spectrum of goods and services provided by all the successful franchisees. Passion or enthusiasm clearly has other positive spin-offs. The impact of franchisees as leaders is influenced by their passion. Passion or enthusiasm is really at the core of this research. All the participants recognised the importance of their passion in one way or another. This very positive attitude underpinned their success. A key driver of this passion is the belief that what they do or provide makes a real difference.

A balanced lifestyle, emphasis on the family and a theme of working to live rather than living to work was common amongst successful franchisees. This may seem to be a contradiction to what has already been outlined, in relation to a determination to succeed, yet most franchisees were able to rationalise this desire and the need to work hard to be the very best at what they do. If they did not have enough time for their family life then it was on their list of goals to be achieved. This characteristic is not unique just amongst successful franchisees. 'In recent years, I have noticed a considerable increase in concern over the work-family issue among participants in our Leadership and Mastery programs. Today, "finding balance between my work

and my family” is cited as a number-one priority by more attendees than any other single issue’ (Senge 1998, p. 307). It is likely that successful franchisees would also rank finding balance between work and family as a number one priority.

Kuratko et al. (1997) investigated how the existence of a set of goals that when achieved motivate entrepreneurs to sustain their business development efforts. The study identified a four-factor structure of goal items. Family security was listed as one of these factors along with extrinsic rewards, intrinsic rewards and independence/autonomy. The specific elements of family security were listed as secure future for family members and to build a business to pass on. (Kuratko, Hornsby & Naffziger 1997, p. 25-30). A criticism of the structure identifies a weakness of the Kuratko et al (1997) study in that the instrument was not validated by means of qualitative interviews and did not take into account the work - family connection, a motivating factor often mentioned by women in other studies (Robichaud, McGraw & Roger 2001, p. 191). This criticism is reflected in this qualitative study where the work family connection is clearly articulated.

The freedom to attend family events such as school sporting carnivals, first day, concerts and the like were mentioned as a clear motivator. Clearly, family, the ability to provide for family and the flexibility to have time with family was a key driver and motivator in franchisee success.

The business does not always impact positively on lifestyle however. The difficulty for the sole trader to take holidays has been pointed out. Another downside and impact on lifestyle was the observation that even when on holiday there was a constant pressure and worry with the ongoing business.

At least one interviewee was aware that the impact on lifestyle was a choice and he pointed out that he made the choice to take family time and that this positive choice enabled him to remain in the franchise business a lot longer than his peers. This is potentially a very significant choice, as that franchisee was able to sustain a highly successful business over fifteen years. This interviewee also made the discovery that when he stopped working weekends it had absolutely no impact on his business. The experiences described here are potentially very important for

franchisors in relation to keeping long term successful franchisees, as well as the mental health and family benefits of getting the work family balance right.

A key motivator noted earlier for going into business was the possibility for an improved lifestyle. For nearly all of the subjects interviewed the support of their family was not only essential for them to be in and remain in business but the key to their success. Certainly being able to provide for the family was a motivator for success, however, the importance of the family goes beyond being just a financial motivator.

Despite the awareness of the need to be positive, healthy and to feel good most acknowledged stress and were at least aware of the need to cope with it. Good physical and mental health is essential. Getting the balance right between home and work was seen as the key to handling stress. Most acknowledged that in the early years long hours were essential. Many had developed their businesses to the point where they could get a better balance. Those that had yet to get to this point certainly aimed for an appropriate balance.

Maintaining a positive mental attitude is a key part of getting the balance right and while working hours and holidays are important strategies in achieving this having the right mindset is an important part of the equation. The conflict between the ambition of business success and getting the family, health and work balance right was acknowledged by all. It was recognised that even for those who were still putting in the long hours getting a better balance in the future was a goal and motivator in itself.

An internal locus of control is strongly associated with entrepreneurial orientation and may at least partially explain the contradiction between the franchisees desire to succeed and maintain a balanced lifestyle. Caird (1993) points out that an internal locus of control is also associated with the following set of positive entrepreneurial attributes, 'insight, initiative, tolerance, dominance, achievement, well-being, assertion, independence, effectiveness, industriousness, sociability and intellectual efficiency' (Caird 1993, p. 11). These terms can also be associated with attributes of the successful franchisees interviewed and may be at the core of the work, balanced

lifestyle dilemma. They want the control that business ownership can provide yet still have the balanced family life. Many were unable to demonstrate a resolution to this dilemma. The franchisees believe that they can enjoy business success and have time to be with their families. An entrepreneur's focus is singular. It is only on the business, the family is secondary. This is most likely a significant difference between entrepreneurs who can be described as single minded, driven heroes (Hall 2000) and franchisees who seem to want it all.

Figure 5.1 The Relationships and Elements of the Motivation Construct.

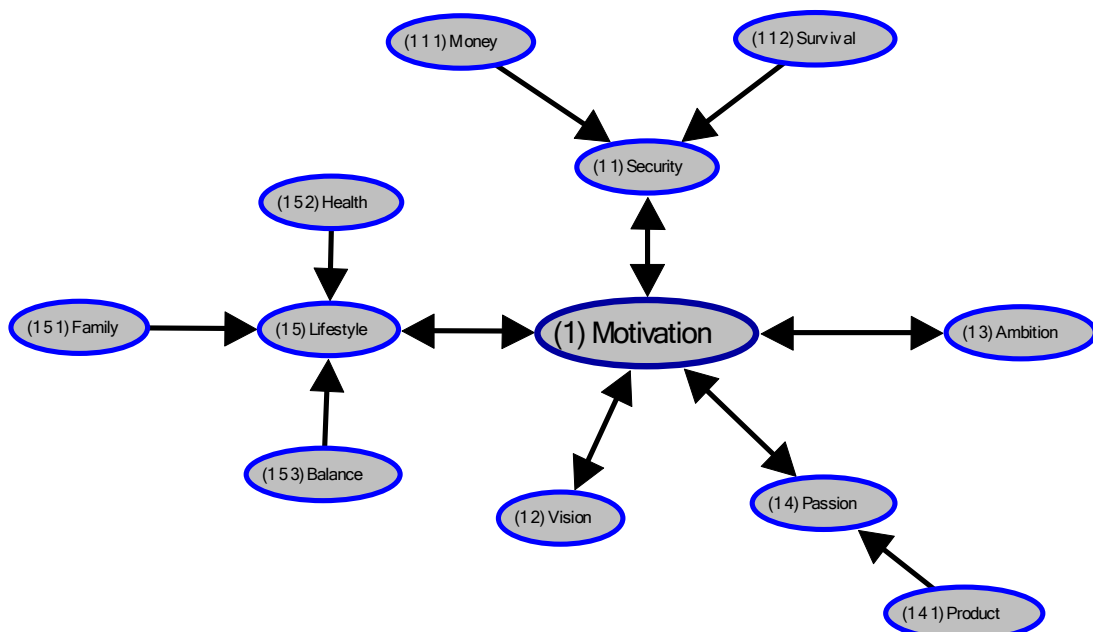


Figure 5.1 shows the major categories of the motivation construct. The double arrow suggests a two way relationship between the elements and indicates connections between many of the different categories. For example, security is linked to lifestyle; vision incorporates ambition, passion and possibly security and lifestyle.

Security is listed first with the sub-elements of money and survival. This reflects the underlying key motivator of business survival. Many franchisees pointed out that the risk of losing everything was the fundamental reason for being motivated to succeed. Concern for return on investment, which includes the profit motive, which ensures business security, is treated as part of the business skills construct. In this construct,

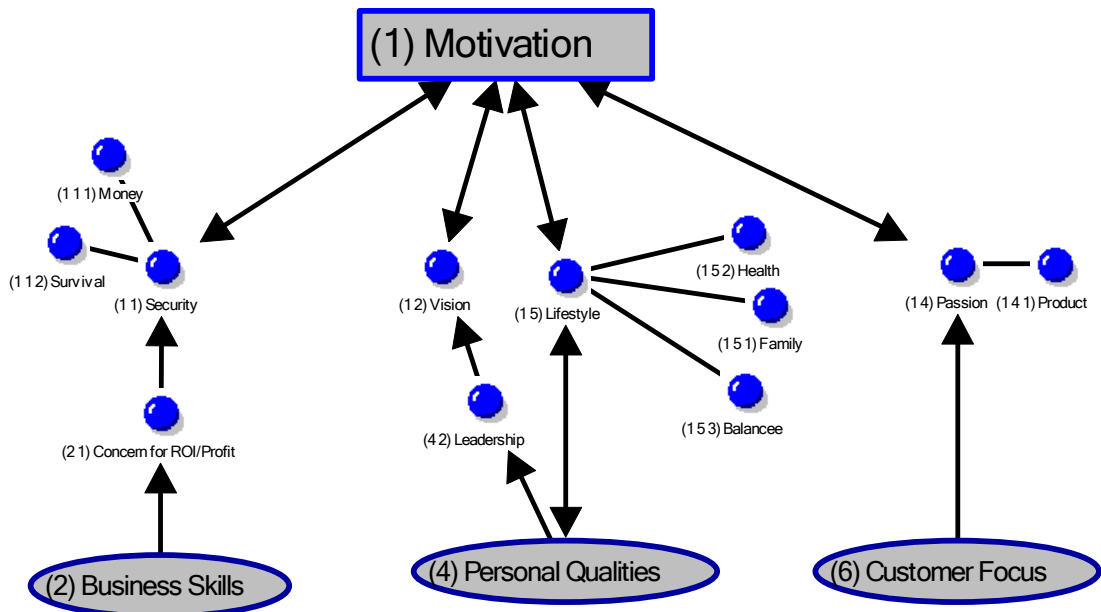
the focus is on the motivational aspect of money and business survival rather than the skill aspect in creating a profitable business. This link with the business skills construct is shown in Figure 5.2.

Vision and ambition are listed as separate motivators. The overlap between these motivators is noted above; however, they are quite distinct categories. It is possible to be ambitious without vision but it is unlikely that a successful franchisee would have a clear vision for their business without the ambition to achieve it. The findings and discussion relating to vision for the business as a motivator also relate to lifestyle, passion and security. The successful franchisees interviewed all had a clearly articulated vision for their businesses and were highly ambitious individuals.

Passion for the brand and product is shown as a two way link with other motivational categories. This is primarily because passion can be a driver of the vision that the franchisee has for the business. The product or service is seen as being beneficial to their customers. It is this association of being able to make peoples lives better that makes them passionate about what they do. Passion for the product is a motivator to provide outstanding customer service and this link to the customer focus construct is shown in Figure 5.2.

Family, health and an appropriate work/life balance are the sub-elements of lifestyle. Getting this part of the equation right is really the key to success. An inappropriate balance was recognised by many as an issue with potential negative family and health consequences. Nearly all interviewees identified key elements of lifestyle, usually family as an underpinning motivator. They also recognised that many lifestyle sacrifices that had to be made in order to realise the goal of franchising business success.

Figure 5.2 Motivation: Links To Other Constructs



The overlap between motivating factors is illustrated in Figure 5.1 is apparent in the Findings quoted in Chapter 4. Similarly, there are overlaps between other constructs and the elements or categories of the constructs. This overlap is shown in Figure 5.2. The links between the constructs of business skills, personal qualities and customer focus with the construct of motivation via the relationships between elements of these constructs is illustrated in Figure 5.2. For example, leadership is discussed as a personal quality of successful franchisees, yet the discussion of a franchisees vision, passion, and ambition in relation to motivation in this construct is linked to their leadership qualities. Similar links are apparent between customer focus and passion and motivation and the link between business skills and concern for return on investment or profit with security and motivation have been discussed. These connections are developed to identify just what it is that motivates these people and provide a framework for that discussion.

There is no question that the successful franchisees interviewed for this research are highly motivated. As discussed the motivating factors to do with business survival, a clear vision, ambition, passion and lifestyle are the key motivational elements.

These findings are consistent with a study titled *Entrepreneurial Intention: Triggers and Barriers to New Venture Creations in Singapore* (Choo & Wong 2006, p. 47). The study found that the need to challenge oneself was ranked as the most important variable, closely followed by the need to realise one's dream and a desire to take advantage of one's own creative talent as motivators for an individual to start a business. Choo and Wong saw these findings as consistent with established research. They also found that variables relating to independence and autonomy such as the desire to be one's own boss and have an interesting job along with motivating variables of a financial nature to be important (Choo & Wong 2006, p. 47). Similarly a study by Feldman and Bolino (2000) of the career patterns of the self-employed also found that 'for many individuals, a career in self-employment, small-business proprietorships and entrepreneurship represents both escape from life in traditional organizational bureaucracies and an opportunity to generate greater personal wealth' (Feldman & Bolino 2000, p. 53).

An observation that entrepreneurs may pretend to prioritize intrinsic objectives such as personal satisfaction in order to justify a weak financial position (Robichaud, McGraw & Roger 2001, p. 200) is unlikely to be a factor that relates to this research. The participants interviewed were Franchisees of the Year award winners. Key criteria for this award related to the achievement of financial goals.

This study supports findings of existing research relating to successful entrepreneurs. Kurakato et al (1997) found that entrepreneurs seek to satisfy intrinsic goals to do with wealth, income and opportunity as well as extrinsic goals such as recognition, challenge, excitement, growth and accomplishment. They also identified other goals to do with autonomy and family security. The examination of owner's goals in sustaining entrepreneurship (1997) concluded that the relevant goals that entrepreneurs set is not relegated to traditional performance oriented goals...(and) supports the belief that many entrepreneurs are motivated by and sustained through other means than simply money' (Kurakato, Hornsby & Naffziger 1997, p. 31). This study has however discovered a potential difference between successful franchisees and entrepreneurs. That is the successful entrepreneur is likely to be highly focussed solely on the success of their enterprise. Family emphasis tends to be in terms of security. They exclude any factors that may interfere with success. Successful

franchisees' want their business to be successful but also want the full and rewarding life beyond just family security, usually with their family, that is the reward of business success.

### **5.2.2 Business Skills**

All the successful franchisees interviewed had a sound array of business skills. None was deficient in any of the categories determined for this construct, although most could identify areas for improvement. Customer service came up repeatedly throughout every interview. The emphasis on customer service in all the interviews warrants this business skill being examined as a separate construct. The categories chosen here are based on the frequency and focus of the topics as they came up in discussion. There are obvious overlaps with constructs other than customer service. The ability to remain motivated, outstanding personal qualities such as leadership, the ability to engage positively with the franchisor and many other elements treated with other constructs for this research could be analysed within the business skills construct.

The *Australian Franchising Handbook* (Evans 2006) is a practical guide aimed at franchisees, on how to successfully become involved in a franchise business. It makes the sales and profit connection very clear. Whilst it focuses on a lot of detail to do with franchising it also discusses how to succeed with a franchise business. Evans (2006) is clear on how success in business is determined and measured. 'To be successful in business you rely heavily on market positioning with the ultimate measurement of success being profit, which is directly and inescapably linked to sales' (Evans 2006). He acknowledges that success is more than money but points out that without income from sales the business cannot possibly do the other things in the business must do (Evans 2006). Matters to do with financial security as a motivator for successful franchisees reflect this more fundamental reality described by Evans. Successful franchisees have profitable businesses which show a good return on investment.

A strong sales focus is apparent amongst the interviewees. The single operators discussed the importance of being organised in dealing with as many clients as



possible while maintaining quality standards. Several of the larger businesses identified the profit sales dichotomy that comes about in franchising. Most clearly recognised the franchisors' focus on the top line whilst the franchisee focus is on the bottom line. All comments and expectations in relation to this were quite realistic and when discussed they commented that they felt that their franchisor was interested in helping them to improve profitability, not just increasing sales.

The key to profit maximisation is increasing sales and reducing costs. This basic fundamental was apparent to all those interviewed. Constantly improving sales is really the core of profitable franchising for both franchisors and franchisees. For franchisees, improving turnover is always important. Most franchise systems have a fee or royalty system that based on a percentage of turnover. Increased franchise fee income into a franchise system is important as it provides revenue for brand building and better franchise business services.

A key difference between franchisors and franchisees is the sales versus profit dilemma. Franchisors that have a percentage or royalty based franchise fee structure are very interested in the sales performance of franchisees as their performance directly affects the franchisors income. The more sales a franchise makes the more royalties the franchisor collects. Franchisees are interested in sales but are likely to be more interested in bottom-line profits. Phan, Butler and Lee (1996) sum up this difference 'Franchisors gain from sales maximisation and therefore have the incentive to encourage sales growth by franchisees... In markets that are not growing, entrepreneur-franchisees gain by being able to preserve margins, by differentiating their services, and by restricting price competition, which might lead to strategies that work against sales maximisation' (Phan, Butler & Lee 1996, p. 383-384). This dilemma is highlighted by the impact of price discounting which may achieve the goal of sales maximisation, whilst having the result of profit reduction. The key to this discussion is that a franchisor may encourage sales maximisation to enhance royalty income and franchise system profit whilst reducing franchisee margins and profit. Successful franchisees and franchisors understand the sales profit dichotomy and are realistic in the understanding that both sides of the franchise partnership must be profitable.

Franchisees 'may become particularly sensitive to the royalty and advertising fees, which they see as annoying expenses that eat into their profits' (Nathan 2000, p. 71). Nathan discusses strategies for franchisees and franchisors to deal with the potential issues that this dilemma raises that can also be applied to the sales maximisation/profit maximisation dilemma. In discussing the stage of fees as part of *The Franchise E Factor* Nathan suggests franchisor/franchisee negotiation strategies, a franchise system benefits audit, clarification of the franchisee support offering by the franchisor and clarification of franchisee/franchisor roles in a franchise system as a way forward to resolving such relationship problems (Nathan 2003, p. 36-44).

Margin is really another term for profit. It is that part or percentage of the sales revenue that the business owner gets to keep. 'In other words, if you sold something for \$100 and \$25 was profit, then you have got a 25% margin. Remember this is after all costs have been taken out. Its potentially another little gold mine for you to tap into' (Sugars 2003, p. 63). Like Bradley Sugars (2003) successful franchisees are aware of the *gold mine*, that margin represents and that margins vary in the sale of different products or services. As a consequence, they drive their business towards the product mix that that provides the greatest average margin.

Most franchise systems operate in very competitive markets. As described in the findings only one of the successful franchisees who were interviewed was fortunate enough to be able to set prices. That franchise businesses operate in competitive markets is most likely due to the replicable nature of franchising. By definition franchise businesses can be replicated, therefore if a franchise business is making extraordinary profits then it is likely that other franchise systems will set up competing businesses. A very good example of this is the number of fast food outlets than can be found near major intersections in city areas. This means that most franchisees and many franchise systems are price takers and are susceptible to discounting and price wars. Unfortunately, the quest for maintaining profits is not always consistent and when business conditions change, successful franchisees have to be prepared and plan to maintain profit levels.

The value of planning was recognised by all interviewees, whilst those franchisees from the larger enterprises developed formal business plans. All of the franchisees

interviewed had daily, weekly, monthly, and annual budgets and enjoyed the challenge of not only making them but also exceeding their budgets.

The *Australian Franchising Handbook* (Evans 2006) discusses business plans in considerable detail. It explains the importance of having a clear vision as to why the business exists, setting practical goals, and writing a business plan in detail. Evans suggests that potential franchisees should identify their passion in order to clarify their vision and purpose for going into business. He suggests that by starting with a passion, a potential franchisee will have the motivation to find their way through the challenges they come across (Evans 2006). Successful franchisees are very passionate about their businesses and clearly explain why they do what they do.

The Step by Step Business Plan (SBDC 2003) provides very practical, how to, guide for business planning. It lists the following reasons why it is a worthwhile exercise to prepare a business plan:

- the discipline and focus of committing the components of a business plan to paper is essential to good management
- The business plan provides a framework for examining all the options and strategies relating to management, marketing, finance and people
- It enables objective examination of strengths and weaknesses and problems and solutions
- The resources available to the business and those that need to be accessed can be identified
- Accurate financial projections and cashflow estimates reduce the risk of underestimating the working capital requirements of the business
- The process of identifying the strengths and opportunities of the business provides insights and alternatives that may not be otherwise considered and can assist future decision making
- The process of business planning tests commitment to the business and consideration of alternatives
- It provides a management tool to guide the direction and progress of the business

- It encapsulates the vision and provides a tool for sharing that vision of the business
- It forms the basis for financial proposals to lenders and investors

(SBDC 2003, p. 2-3).

The elements outlined here are undertaken by the successful franchisees and most were described in the interviews. For some the task of combining the elements outlined above into one formalised document was seen as a waste of time. They had a belief that they had not produced a business plan yet were able to outline how they had carried out the processes described in the Step By Step Business Plan. The comment that ‘I would prefer to be talking to people than sitting at a desk typing business plans,’ was a common sentiment.

For most business planning was a simple exercise of setting sales targets. Every franchisee interviewed set some sort of performance target that was usually set in terms of increased turnover or sales. These targets were usually realistic and successful franchisees were delighted to report that they regularly exceeded their targets. This strategy of setting targets that would most likely be exceeded may have been an unstated strategy for maintaining optimism and motivation.

While most freely gave examples of specific planning and targeting along with strategies for achieving their plans there was a concern that somehow effective business planning involved more. When asked specifically about business planning there was almost some embarrassment that because a significant document could not be produced then it did not occur. This is despite successful franchisees giving examples of vision, goals, targeting and planning. Successful franchisees planned their business activities in detail yet felt that the business plan needed to be more than what they were doing. It was almost as if the dreaded business plan had to be a large formalised document months in the preparation. These people preferred to be out there doing the business. Successful franchisees are business planners, in fact very careful planners; they just don’t necessarily waste their time producing glossy documents.

Some successful franchisees were very relaxed about their targets, having supreme confidence in their ability to achieve them. Longer term planning for most was either not done or not formalised other than by way of very clear goal setting. The importance of business planning was recognised, the elements were there but not necessarily laid out as many traditional business texts would suggest. David Hall (2000) describes the metaphor of the business plan as a solid foundation under the business. He urges caution of the assumption made by many business authors who write business guides suggesting that building a successful business is a step by step process, 'the entrepreneurs that I have met and studied have not behaved in this way... the jigsaw or the patchwork quilt provide better metaphors. There's an element of creative imagination involved and the order you put the pieces in together is not predetermined but depends on the circumstances, and on the style of the entrepreneur' (Hall 2000, p. 58). Hall's observation of entrepreneurs applies to the successful franchisees in relation to business planning. Successful franchisees build their businesses more like a patchwork quilt than a linear construction project.

Successful franchisees fully embrace the business systems of the franchise. Many were instrumental in improving and enhancing systems within their business and passing it on to others. Examples of system wide adoption of franchisee-developed processes and procedures were cited in the research findings. Effective business systems are often in reality effective systems for personal organisation and time management. Successful franchisees are well organised and manage their time.

Efficient business systems improve profitability and productivity; however most importantly they lead to greater customer satisfaction. The organisation and systems of a business are the processes by which it actually runs on a day to day basis. 'Businesses are not as effective as they might be if the rules or systems were used consistently. So you could get customers saying, *They don't care about us; they don't treat us seriously when we complain, or We will take our business elsewhere next time*' (Hall 2002, p. 169). Hall points out the improvement in business performance that can be gained by attending to system slippage, which is the gap between the established systems and their lack of consistent use (Hall 2002, p. 169). The successful franchisees maintained a vigilance in attending to potential slippages

by adhering to systems, some as simple as looking at the job on completion and asking the customer if they are satisfied with it.

Franchising is the purchase of a business system, whilst franchising is treated as a separate construct; the simple recommendation to follow the franchise system is an effective business strategy in itself. As one successful franchise pointed out repeatedly, we don't continually reinvent the wheel, we just follow the system.

Effective business systems make delegation possible. Without the ability to delegate then many of the franchisees goals relating to family and work/life balance simply are not possible. The need for control does not always sit easily with delegation, although it is likely that strong business systems make delegation more palatable by providing personal liberation from the less preferred business tasks. The relationship between business systems, delegation, staff, productivity, profitability and the ability to get the time to enjoy the rewards of their business was well understood by successful franchisees.

Those successful franchisees that employ staff were able to demonstrate excellent human resource practices. The number of employees ranged from one in the case of a recently expanded sole operator to approximately eighty in the case of multi site franchisees. They have a very strong emphasis on inclusive practices; provide staff training and development opportunities and all talk about their excellent record in staff retention.

In describing entrepreneurial organisations, Walker (1992) describes managers as 'the hubs of the wheels, working closely with employees to get the work done. Management is on a first-name basis, open and *shirtsleeves*. There is a mutual respect among managers and employees; in fact, strong values and culture help keep it that way' (Walker 1992, p. 19). Successful franchisees are *shirtsleeves* in their approach and run their organisations with get the job done focus. In introducing *Human Resource Strategy*, Walker expresses the ideal of the small entrepreneurial organisation as a model for larger organisations to emulate in their approach to human resource strategy. Walker describes the gap between the reality of business strategies relating to the management of employees and the vision of high

performance, high commitment organisations (Walker 1992, p. 2-4). Successful franchisees also struggle with this gap between vision and employee high performance. As noted in the Findings in Chapter 4 several found delegation a difficulty, probably for this very reason. The Findings support Walkers requirement that employees be given the guidance, support, authority and resources to achieve business objectives. Successful franchisees provide support for employees to achieve high performance objectives.

Staffing matters cover the whole complex array of human relationships. Issues to do with the delivery of excellent customer service, punctuality and honesty were discussed, however there was a focus on wide ranging concerns for employee welfare ranging from flexible arrangements to meet their needs to providing the best possible environment for them to work in. A consequence of this was that in the interviews of the successful franchise business owners who employed staff, most said that they found it a difficult area to manage. A considerable amount of time was spent discussing issues relating to staff. Not surprisingly, the difficulties facing employers that staffing and human issues present is reflected in leadership literature. 'Most managers are most competent at dealing with the technical issues. They find the conceptual issues somewhat more challenging. And it is the human issues with which they have the most difficulty' (Kehoe & Godden 2001, p. 1). The reasons for this difficulty are seen as twofold: many managers have had little effective training in dealing with human issues; and most of us like to be liked and dealing with unacceptable performance is an uncomfortable experience. A consequence is that many managers take either no action or ineffectual action (Kehoe & Godden 2001, p. 2). Successful franchisees reported experiencing difficulty with staff issues and certainly they like to be liked. A key difference with this group of successful franchisees is that they gave examples of being able to deal with staff issues effectively.

Selecting the right staff is very important. The potential problems in not getting the right people may well be a reason why there was such a strong emphasis on the importance of staff retention by successful franchisees. There seemed to be no one selection strategy that was common except an emphasis on the necessity to get it right.

The decision to employ and getting the best employees is a key to business success. Hall (2000) recognises this and points out the importance of selecting staff to best fit in the team and add to the total team strength. 'Businesses grow by developing teams of people with different but complementary skills, and learning to tolerate diversity is a key element in running any business' (Hall 2000, p. 81). A happy, supportive and friendly workplace was seen as being a key to achieving the goal of excellent customer service. In all cases, the contribution of staff was highly valued by those interviewed and inclusive staff decision making strategies were utilised.

Salary and staff rewards were discussed. Whilst the working environment was seen as important most successful franchisees discussed the relevance of non monetary rewards in the workplace. There is a strong overlap between successful staff management and leadership. Excellent communication skills are part of the skill set necessary for good staff management. The importance of low turnover of staff was a frequently emphasised in terms of customer service, the development of successful teams and the unspoken comment that low staff turnover seemed to reflect a good workplace

In business, human resource management can often be the most challenging task facing business owners. Technical, financial or procedural issues often have a straight forward solution. People issues are more complex. Drucker (2006) discusses how a knowledge based workforce has become the major creators of wealth and that every business depends upon the performance of its knowledge workforce. The challenge for business leaders is to get better performance from their people, 'that is, by managing its knowledge workers for greater productivity. The challenge, to repeat an old saying, is *to make ordinary people do extraordinary things*' (Drucker 2006, p. 57). Successful franchisees have the ability to get ordinary people do extraordinary things.

Being a good employer underlies all comments relating to staff and is a key characteristic of a successful franchisee. Drucker observed that 'employees may be our greatest liability, but people are our greatest opportunity' (Drucker 2006, p. 60).



Successful franchisees are very aware that they employ people and seek ways to ensure that their employees are assets to their businesses.

Many of the highly successful franchisees were product enthusiasts, passionate about their product or service; others demonstrated outstanding product knowledge or they made sure that they employed people who had these attributes. Discussing products and passion Koco (2006) expresses wariness of when customers are exhorted to accept a products value at face value on a trust me approach. She concludes that business literature urges for passion across organisations, the reason being that ‘when passion is authentic and informed, quality, price competitiveness and customer-centric innovation flourish. Productivity gallops. Products and service are well sold. Employees are happy and clients are satisfied’ (Koco 2006, p. 2). Successful franchisees demonstrate authentic passion with all the benefits that flourish as a result. The firm belief that their product or service makes a difference to peoples lives is a key driver of this passion.

Evans (2006) discusses the importance of having the right attitude towards the business you are in and the brand that you plan on representing. He identifies passion as being the precursor for achieving many things. In discussing attitude and passion Evans identifies that it originates with in our minds and hearts and having passion for our lives can bring us the right attitude that we need to achieve the things that we want (Evans 2006, p. 52). Successful franchisees recognised that an enthusiasm for the product or service is essential and made sure that the customers were aware of their enthusiasm. They demonstrate the right attitude for the franchise brand, product or service on a customer by customer basis day after day.

Related to product knowledge, is expertise and professionalism, which is essentially getting the message across to the customer that you have a sound understanding of what you are providing. The successful franchisees all recognised the link between detailed product knowledge and good customer service. Certainly, it is almost impossible to meet the needs of the customer without a thorough understanding of the product and a demonstrated enthusiasm for it.

An array of excellent real and practical marketing strategies was outlined by the successful franchisees. These highly successful franchisees contribute in many positive ways to their franchise systems especially in relation to training, mentoring and system development, there is however less of an emphasis on marketing. Whilst there are several examples of franchisees marketing expertise being acknowledged, there is only one clear example of a franchisee's marketing expertise being implemented across the franchise system.

A study of high performing franchisees by Merrilees and Frazer (2006) noted that high performing franchisees valued marketing and branding services provided by their franchise system more highly than average franchisees and they were much stronger in all aspects of marketing. What they found surprising was the inter-franchise variability of marketing, given the notion that in a franchise system marketing could be regarded as a homogenous product across the network. They concluded that there is a great opportunity to improve franchisee marketing performance of franchise systems by greater recognition and articulation of marketing systems devised by successful franchisees (Merrilees & Frazer 2006, p. 16). The finding of this research supports Merrilees and Frazer in that there is little evidence, with one exception, of successful franchisees marketing expertise being taken up system wide.

Research cited by Weaven and Frazer (2007) in a later study points out that local market innovation is necessary in a competitive environment and that franchisee knowledge of the local market and their marketing innovation is supported by franchisors within the constraints of the franchise system. The study *Expansion Through Multiple Unit Franchising: Australian Franchisors Reveal their Motivations* (2007) proposed that even though multi unit franchising may lose some local market responsiveness that there was a positive relationship between multiple unit franchising and local market innovation (Weaven & Frazer 2007, p. 180). This was not supported by franchisors surveyed. Most franchisors responded that single unit operators were more effective in responding to local conditions and some that multifranchise unit holders lack of local knowledge was responsible for poor unit level performance (Weaven & Frazer 2007, p. 188). This supports the earlier

research of Merrilees and Frazer (2006) in that there is inter franchise variability in marketing within franchise systems.

Several successful franchisees used sponsorship as a marketing tool. When used the franchisees used it well particularly when promoting the franchisee's name is important to the overall marketing plan. Those that provided sponsorship to community organisations often related it to their own interests. One franchisee was particularly successful with community sponsorship and demonstrated strong name recognition in the community. This was very useful in promoting a product that is highly marketable with a strong personal commitment. Community involvement is a common trait amongst successful franchisees.

A commitment to personal training and development was also a common thread throughout the interviews. The link between improved personal skills and business performance was readily acknowledged. In addition to personal development, a strong commitment to staff training was expressed. Improved customer service, greater productivity and better product knowledge were the main objectives of staff training.

Self development has been defined as 'personal development, with the manager (franchisee) taking primary responsibility for her or his own learning and for choosing the means to achieve this' (Pedler, Burgoyne & Boydell 1986, p. 4). Numerous examples of franchisees taking primary responsibility for their own learning were cited during the interviews and this recognition for self development was reflected in their attitudes towards staff development. Successful franchisees are self developers.

The franchise systems also provide training as a means of brand protection and strengthening which is examined as part of the franchise construct. In more than one case, the successful franchisees contribute to system training and benefit personally from it.

Drucker (2006, p. 9-12) describes values as being to do with deeply held beliefs and stresses the need for an organisations values to be consistent or compatible with the

individual's values. The successful franchisees were able to indicate and articulate values when describing how they ran their businesses. In fact, values were being articulated throughout all of these interviews with highly successful franchisees. It is likely that the thought and reflection necessary to identify one's values in business may well be in itself, an element that leads to success. 'To be able to manage yourself, you finally have to ask, what are my values?' (Drucker 2006, p. 9). Drucker points out that this is more than a question of ethics because with ethics the rules are the same for everyone.

Franchisee's values come through in the interview excerpts selected to reflect their business philosophies that were cited in the Research Findings in Chapter 4. The excerpt selected attempted to identify the reality of the interviewee and reflect where the person is coming from, in other words what their core values were.

The key themes that emerged in trying to identify successful franchisees business philosophies were:

- Constant change and on going development keeps you enthused, always look to improve and not be daunted by a competitors success, pessimism leads to failure, so learn from set backs and keep progressing.
- Pride in what you do, while maintaining high standards along with well organised processes, create an environment that is relaxed yet satisfying.
- Follow the (franchise) system, be honest, run the business, and do not let the business run you.
- Be honest, it has to be fair and equitable for all, for things to work.
- Always try to say yes, every customer is important, most people are good and try to do the right thing.
- Find something that you love doing and be self employed, work hard at it for a while and you will make a lot of money.
- Be customer focussed rather than money focussed, treat people how you would like to be treated, if you show care your customers will return the sentiment, forget the bad just see the good and be happy.
- Discipline, structure, routine and organisation is the key to business success, don't worry about the opposition just focus on customer service.

- It's all about people, avoid being negative, if you are stressed change your perspective and get on with it.
- The needs of the group should come before the needs of the individuals whether it be the franchise system or the workplace.
- Develop the culture of team with staff and guests with customers.
- Let go from the day to day operations so that you can develop and enhance the big picture for your business.

Some common themes emerge. Looking forward, being positive and looking after customers are the key to business success that can be distilled from the selected interview excerpts. There is an underlying self reliance that emerges in the *get on with it* attitude. Not surprisingly, some similarity can be identified with Richard Branson's business philosophy. In *Smart Luck* (Davidson 2004), Andrew Davidson discusses the qualities of great entrepreneurs. He quotes Richard Branson discussing business philosophy 'my parents bought me up with this philosophy: *You must do things - you mustn't watch what other people are doing: you mustn't listen to what other people are doing*' (Davidson 2004, p. 14). Davidson suggests that Branson's parents unburdened him of self-consciousness that hold others back and encouraged a belief or business philosophy to pursue what he believes in (Davidson 2004). Successful franchisees pursue what they believe in and despite operating in highly competitive industries tend to be proactive rather than reactive to their competitors.

Figure 5.3 The Relationships and Elements of the Business Skills Construct.

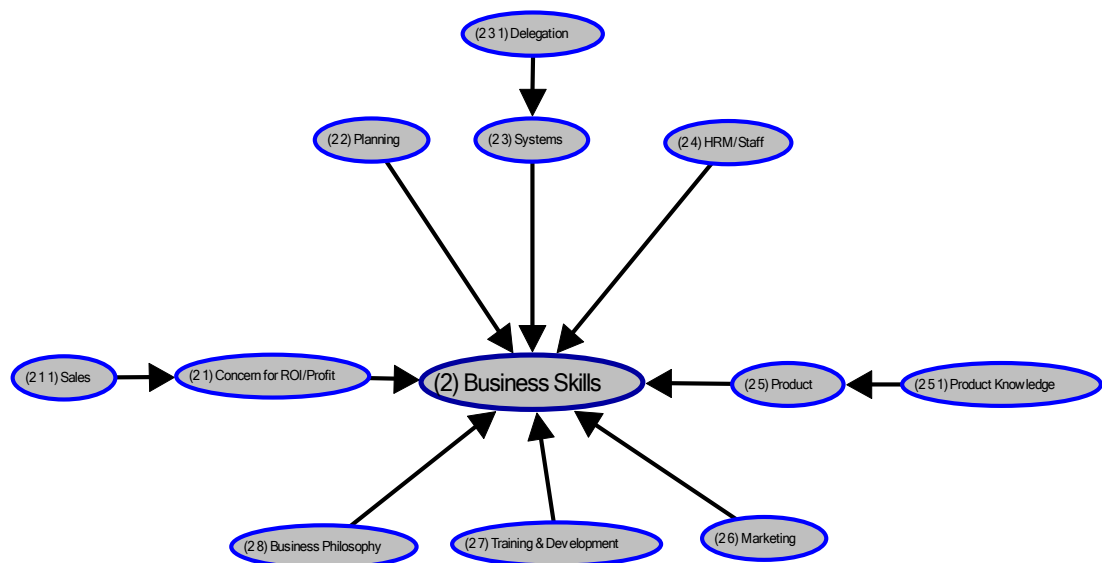


Figure 5.3 shows the major categories of the business skills construct. The one way arrow indicates each category as a different skill set, yet collectively they can be grouped together under the general business skills construct. The categories are typically broad for example staff includes the whole raft of human resource related skills, just as skills to do with maximising sales and profits could include nearly all of the elements of the various constructs.

Profit or concern for return on investment and sales are the first listed category. As noted earlier sales are closely linked to profit but the two elements are not the same. In business, it is quite possible to maximise one without maximising the other. It is worthwhile examining the two together because positive trends in one are often reflected by positive trends in the other. Even though business people are well aware of the importance of margin in distinguishing between the two, strategies for maximisation in one are often linked with strategies for maximisation in the other. The distinction is not always clarified in discussion.

The profit motive is perhaps the most fundamental reason for going into business. Some analysts could argue that that is the only reason and rather than being classified as a contributing category, profit should be at the core of such a model. The reason why it is not in this case here is to remind the reader that the focus of this research is on the characteristics of successful franchisees. A key construct is their range of business skills and as part of the raft of business skills that they have is the ability to run a business profitably showing a good return on investment. That is they have the skills to maximise sales whilst minimising costs.

In discussing security, money and survival as part of the motivation construct there is a clear link to profit and concern for return on investment. The distinction in this construct is that there are particular skills to do with how the business is operated that maximise profit, such as a focus on sales of high margin products. In the motivation construct, it is the security outcome or result of making the profit that is the motivating factor. The link is clear, as is the distinguishing factor between the result of profit as a motivator, compared to the skill of creating it in the first place.

A link between profit or concern for return on investment and motivating categories such as vision and lifestyle as can also be established. Achieving goals such as a comfortable retirement or an enhanced lifestyle, very much part of the motivation construct are a result or outcome of profit.

It was noted when discussing business planning as a business skill that many successful franchisees set sales or revenue targets and regularly exceeded them. It was not always established in the interviews whether this was the result of deliberately low targets or very good business conditions. However, a link can be seen here between achieving targets and the motivation construct.

Establishing a clear vision for the business is the starting point for business planning. The reason why the planning process starts at this point is that the vision is the motivator that provides the impetus for the practical details of the plan that follows. A vision for where the franchisees want their business to be was treated a category of the motivation construct and it is for the very same reasons that it is an element of business planning which is an important business skill.

Creating and implementing excellent business systems as a business skill has the logical end point of providing outstanding customer service. The links between the customer focus and this business skill category as well as the staff, product knowledge, marketing training and development and business philosophy, categories of business skills are established as part of the customer focus construct.

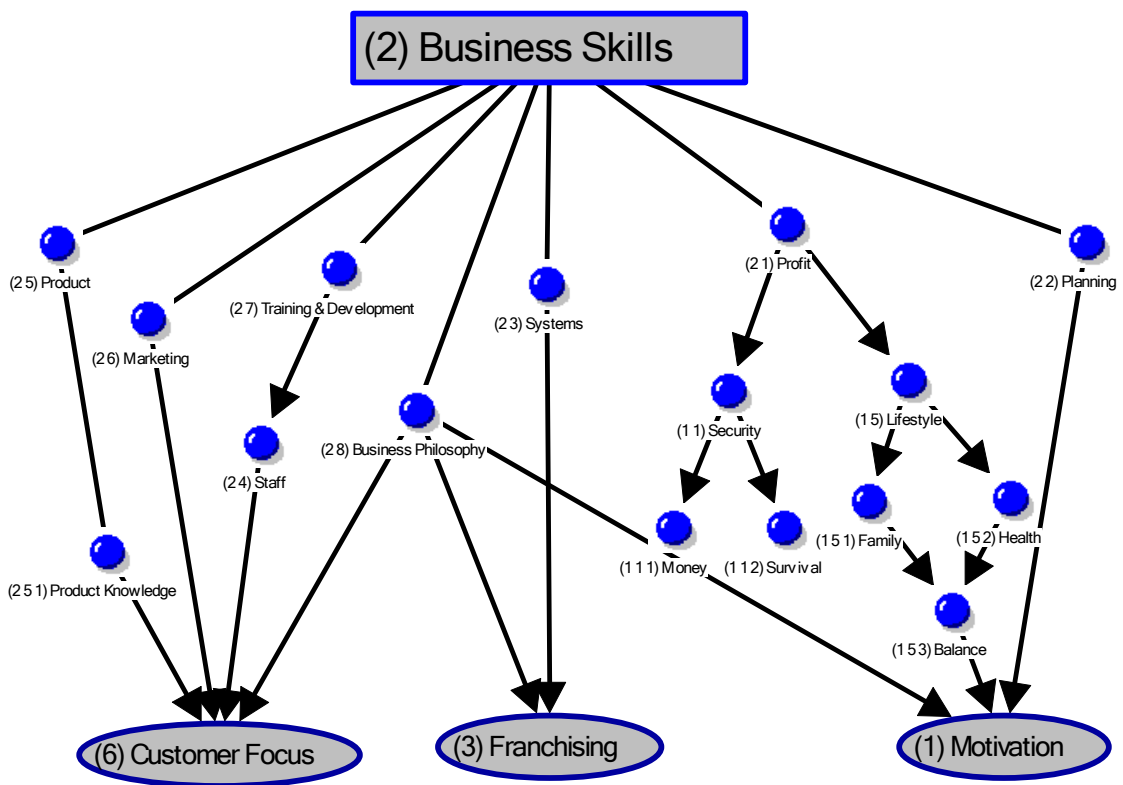
The implementation of sound business systems as a business skill also links logically with the franchising construct and the fact that successful franchisees follow the system is reinforced throughout that construct. Logically the implementation of sound business systems links to and results in profit and a sound return on investment. This then links, to the other categories and constructs that flow from the rewards of a profitable business.

The link between the business skills relating to the management of staff and the provision of customer service is almost self evident. Similarly, it is the staff that in

many cases are necessary to achieve the vision and subsequently link to sales profit and security from a sound return on investment.

The interrelationships the product and marketing categories of the business skills construct are many. Whilst they are business skills in themselves their purpose it to increase sales. Clearly, there are links with customer service and product knowledge also links to training and development that then links to staff management.

Figure 5.4 Business Skills: Links To Other Constructs



It is difficult to isolate any one business skill. The interrelationships of elements of business skills construct with other constructs are shown in Figure 5.4. It could be argued that business philosophy has little to do with business skills. The skill is the ability for successful franchisees to recognise that core values underpin what drives their businesses and clarifying and articulating these values is in fact a business skill. It is perhaps this element of a well developed business philosophy that creates a sense of unity to the categories and elements of the business skills construct.



In *Doing the Business*, Hall (2002) describes how entrepreneurs learn how to manage the business professionally and properly. Similarly, the very best franchisees learn how to manage the business and develop a raft of excellent business skills to ensure their success.

It is highly likely that the business skills of the most successful franchisees would enable them to succeed in many different business environments and it is likely that franchising has offered them the opportunity to further develop their skills or reaffirm that they have what it takes to succeed in business. This may well be the real contribution of franchising to Australia's entrepreneurial spirit.

### **5.2.3 Franchising Relationships**

Without exception, every Franchisee of the Year interviewed for this project strongly supports their franchise system and enjoys remarkably positive relationships with their franchisor.

Successful franchisees do more than comply. They are positive ambassadors for their brand and product or service. This is closely related to their motivation and belief that what they do improves peoples' lives. In this case, it is more, as they recognise the difference that their franchise has made to their lives and so they are very appreciative and want to share their good fortune. This aspect of successful franchisees promoting the system has not escaped franchisors. Whilst there has always been a requirement in the *Franchising Code of Conduct* to provide details of existing franchisees to prospective franchisees, franchisors can well see the advantages of their best franchisees actively promoting their franchise system. The recent changes to the *Franchising Code of Conduct*, now provide prospective franchisees with 'the ability to contact past franchisees to ask about the franchisor... Franchisees can ask if the franchisor was helpful and delivered what they promised, helping to lower the risks involved in purchasing a franchise and build the long term sustainability of the industry' (Australian Retailers Association 2007). Franchising and business advice texts advise potential franchisees to speak to as many existing franchisees as possible so that they can learn about the franchisor and the franchise

system from other franchisees experiences (Evans 2006, p. 93) Good franchisors actively encourage this contact. They are of course well aware that their most successful franchisees will provide the best recommendation possible for the franchise system.

In *The Franchise E Factor*, Nathan (2003) discusses the excitement and optimism during the lead up time, and the initial 3 to 12 months of the franchisee buying into a franchise business. He describes this time as the *Glee Stage*. In discussing the excitement of starting a new franchise 'the novelty of the business may create a sense of euphoria. Franchisees may run on adrenalin as they face the inevitable challenges associated with starting in their new business. They are likely to idolise you (the franchisor) and the value of your expertise' (Nathan 2003, p. 25). Successful franchisees maintain their enthusiasm for the franchise system well beyond the initial stages of the partnership They are realistic about their franchisor, can recognise shortcomings and so move beyond the *Glee Stage* whilst retaining or perhaps regaining their initial enthusiasm for their business decision to buy a franchise. There are many reasons for this outlined throughout the findings in Chapter 4. It is certainly to do with the profitability of the successful franchisees' businesses, but also involves the sense of their feeling good about their work, and an optimistic outlook.

Franchising may well provide more than just a realisation of the dream to own a business. Such is the appreciation of the feeling of belonging, the family atmosphere in some franchise systems and appreciation of sharing ideas, it possible that franchising fills some kind of need to belong. This aspect of the character of successful franchisees appears to be quite different to that of the independent nature of entrepreneurs. On being asked why he was so successful, Sir Alan Sugar, founder of Amstrad said 'Discipline, a lot of that, you have to discipline yourself when you are working for yourself. There's no-one else to report to on a Monday morning' (Davidson 2004, p. 137). Successful franchisees exercise business discipline, however the sense of having someone else there and not being totally by yourself as expressed by Sir Alan Sugar, is appreciated.

All of the successful franchisees follow the franchise system and welcome efforts by the franchisor to maintain standards and ensure that all their colleagues comply. Most could not understand the logic of not complying. Many made the comment that they pay for the system so why would they not use it and do something else. Given that they were all successful and they recognised that their success came from the system, it is not surprising that there was a common intolerance of non compliant franchisees. It may well be that compliance is a character trait of successful franchisees. This would be another point of difference between franchisees and entrepreneurs. It is more likely that successful franchisees simply recognise the sense of using what they paid for, to make money. They are very critical of colleagues whom they regard as letting the team down or not pulling their weight. This was more apparent in comments and remarks relating to other franchisees in the system rather than by direct condemnation. All felt a strong affinity with the franchisor sometimes seemingly more so than with the franchisee colleagues from within their system.

A key to maximising profit is keeping costs to a minimum. No business person appreciates any additional cost burden. It could have been expected that successful franchisees would complain about the cost burden of franchise fees. Nathan discusses the *Fee Stage* in franchise relationships. As franchisees 'become increasingly focused on how royalty and advertising fees are taking the cream off their profits their satisfaction starts to drop' (Nathan 2003, p. 35). Nathan goes on to describe that the indicators of this stage are an increasing level of questioning, demands for value for money, complaints about any deficiencies by the franchisor and increasing levels of scepticism (Nathan 2003, p. 36). It is unlikely that successful franchisees were ever at a stage in the relationship with their franchisor, as acutely cynical, as that described by Nathan. If they were, they quickly moved beyond it. Successful franchisees do demand value for their franchise fees. The difference between them and dissatisfied franchisees is that successful franchisees believe that they are getting value. Not one of the successful franchisees interviewed for this research found their franchise fees a burden.

A real maturity in the business relationship between successful franchisees and their franchisors was evident. Successful franchisees are very supportive of franchisors

who act to deal with franchisees that have the potential to damage the system. They are intolerant of non-complying franchisees. The maturity of the relationship goes beyond this. Several expressed empathy for their franchisor in relation to decisions that they did not agree with or went against them. Their usual response to a decision by the franchisor that they disagreed with was to get over it and simply get on with the business. Respect for the franchise contract, which is evident in the successful franchisees' attitude to fees, is also apparent in their desire to avoid dispute. Once again, it is the likely-hood that the common sense attitude of getting on with business and making money is the motivator here, rather than any desperate need to comply. There is also recognition that there are no winners if it comes to litigation. 'The great challenge in franchising is managing the relationship between the franchised parties. Two way communication can help the process and if proper consideration and respect for each party is developed then the likelihood of success is enhanced' (Evans 2006, p. 149). Successful franchisees do not always agree with their franchisor, however successful franchisees and the franchisors of successful franchisees are good communicators and respect each other.

Successful franchisees are at the *We Stage*. Nathan (2003) describes the *We Stage* as recognition of the franchise partnership as being interdependent. He points out that franchisees will expect the franchisor to be accountable, however they will know how to get the balance right in getting the best performance from the franchise support team. At this stage, franchisees are mature, objective, commercially minded and profitable. The franchisors are fair, consistent and deliver on their obligations (Nathan 2003, p. 84). The successful franchisees are successful because they are good at business, in particular franchise business. Franchising is all about the partnership between the franchisor and the franchisee. In order to be successful, franchisees must have successful franchisors.

The interdependence that Nathan (2003) refers to comes back to the very nature of franchising. Combs and Ketchen (1999) examine the reasons for franchising specifically capital raising by franchisors and agency theory. Agency theory is raised as an alternative theory for seeking to explain why firms franchise, to the hypothesis that firms franchise so that franchisees can furnish the capital to allow them to expand. Essentially agency theory is the advantage that franchising offers in

transforming managers of outlets into owners of the outlet. Franchisees will then be encouraged to maximise profits, pay royalties and reduce the cost of direct monitoring of management by the firm. Agency theory is closely linked to the nature of interdependence to which Nathan (2003) refers. Agency theory explains how franchising can reduce monitoring costs by firms, however Combs and Ketchen (1999) point out how the incentive for franchisors and franchisees to behave opportunistically creates a new set of problems. Franchisees face the risk that the franchisor may fail to promote the brand name whilst franchisors face the risk that some franchisees may offer poor customer service and tarnish the chain's reputation. Like Nathan they point out that the 'credible and binding' commitments that the parties make to each provide the solution (Combs & Jr 1999, p. 197 - 198). Whilst Combs and Ketchen (1999) may be referring to only to the franchise agreement, Nathan (2003) sees the compulsion for interdependence in terms of a total relationship.

Franchisees can add value to the franchise system beyond that which is specified in the franchise contract. Good franchisors encourage networking and the sharing of ideas between franchisees and with the franchisor. One reason for this is that it creates the potential to increase individual franchisee's sales and turnover and therefore ultimately the revenue for the franchisor. 'The franchisee learns on the job and accumulates knowledge, which is further diffused and disseminated throughout the franchise system via the franchisor. This process increases the value of the entire network, because the franchisor can now offer more knowledge capital to prospective franchisees. Thus the franchisee adds value to the franchise system via the creation of new strategies' (Phan, Butler & Lee 1996, p. 382).

The contribution by successful franchisees is very much an indication that they are at Nathan's *We Stage* (2003). It also demonstrates that franchisors are recognising this and providing the opportunity for them to participate by recognising their potential for contribution. Nathan (2003) recommends that franchisors provide opportunities for mature franchisees to contribute at the *We Stage* by offering them new challenges, encouraging them to become mentors, involving them in conference workshops or inviting them to join a taskforce (Nathan 2003, p. 86-87). Those

interviewed for this research reported that their franchisors provided exactly those opportunities.

The successful franchisees felt that they had the opportunity to participate in and enhance the franchise system by providing ideas and innovations and gave examples of where these are readily adopted. Their contributions were most commonly described as to do with their role on committees and forums, involvement in conferences, developing system manuals, training and helping other franchisees. They frequently discussed how they share ideas and feel a sense of pride when these ideas are adopted across the franchise system. In reality what the successful franchisee are really describing when discussing their contributions to the franchise system is their naturally assumed leadership role within the franchise system.

When successful franchisees were asked if they felt at all constrained by the franchise standards and procedures, the answer in nearly all cases was an emphatic no. This suggests on one level that they may all be compliant and simply follow the system. Comments such as follow the system and not reinventing the wheel cited in the findings (Chapter 4) suggests a high level of compliance. Other findings highlight the contribution and innovations that successful franchisee contribute to the system. It is likely that the ability to innovate and contribute to the franchise system is why successful franchisees do not feel constrained by the standards and procedures.

One interesting observation that was made that could explain the perception of this lack of restraint was that successful franchisees enjoyed considerable freedom in interpreting the franchise model, probably because of the very fact that they were successful franchisees. Phan Butler and Lee (1996) suggest that enterprising franchisees enjoy freedom from franchise system constraints because a legal franchise contract cannot foresee every contingency that may arise and therefore restrain an entrepreneurial franchisee. 'Entrepreneur-franchisees have great latitude in crafting business strategies once a formal contract is signed, because the contract cannot cover all possible contingencies' (Phan, Butler & Lee 1996, p. 385). It is more likely that the simple explanation is the correct one, that is good franchisors are sensible enough to recognise that it is good business sense to allow successful

franchisees the latitude to innovate within limits. Such latitude may prove to be beneficial to the entire system and given the successful franchisees commitment to the system, it is unlikely that they will undertake activities that are a threat to the system.

The research literature where the question is asked 'Are franchisees entrepreneurs?' concluded that the difference between small business entrepreneurs and franchisees may not be as great as some researchers suggest (Kaufmann & Dant 1999, pp. 5-16).

Several franchisees saw a positive in franchise system rules such as reducing mistakes, ensuring standards were maintained by others in the system and in the case of territorial franchises the protection from competition from others in the same system. Others recognised constraints but concluded that any disadvantages were outweighed by the advantages. The performance of franchisees that did not conform was raised several times. Their requirement of franchisors in relation to this was quite clear, get them out of the system. The maturity of successful franchisees, which has already been discussed in relation to their contractual obligations, was once again reflected in their recognition that there had to be compliance in order for the system to succeed.

There is no consensus on the level of research successful franchisees interviewed for this project carried out prior to their decision to purchase a franchise business. The level of research varies from almost none to one franchisee undertaking a business management course and several having previous high-level management experience.

The reported method of the recruitment of successful franchisees varied considerably. Several successful franchisees read and responded to newspaper advertisements. Word of mouth, advice from friends and business expos were all described as ways by which they found out about their franchise system. The franchisees who responded to newspapers reported that they did little research prior to their business decision and felt that an element of luck was involved in the decision. It is likely that franchisees that are recruited by way of newspaper advertisement have done less research than those recruited by other methods.

The motivation to go into a franchise business relates to the motivating factors described earlier concerning business success but in relation to the general topic of franchisee recruitment, it has a different slant, as it focuses on why the decision was made in the first place. The decision to purchase a franchise business for many was motivated by the desire to own their own business or be their own boss. This was also reflected in the explanations as to why successful franchisees were certain that they had made the correct decision that was to do with this sense of being in charge of their own destiny along with comments to do with good money or a great opportunity.

Analysing the backgrounds and reasons for buying a franchise business yields little in the way of insights except the observation that there are no common elements in previous employment or direct cause for purchasing a franchise business amongst these very successful franchisees. The backgrounds could not be more varied: university student, hairdresser, shipping manager, surveyor, fitter, teacher, sales representative bank officer, political adviser, retail worker, single parent and human resource manager. The direct and immediate cause is equally unenlightening; didn't like studying, too much travel in the previous job, didn't want a HECS debt, felt restless, got promoted into an unsatisfactory job, sudden death of a close friend, just wanted independence and retail is in my blood. The key observation to be noted here is that background in terms of previous employment and immediate cause to change lifestyle by going into business is unlikely to determine potential for franchising success.



Figure 5.5 The Relationships and Elements of the Franchising Construct.

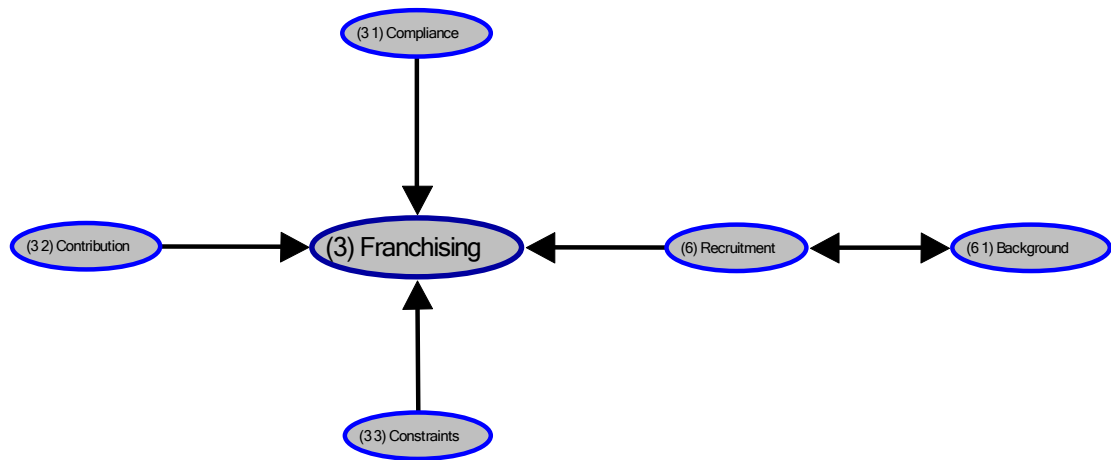


Figure 5.5 shows the major categories of the franchising construct. The one way arrow indicates each category as an element that has an impact on the franchise relationship. The categories can be broadly seen as the positives and negatives of franchising. The background and recruitment of successful franchisees is examined in the optimistic hope of discovering a rich vein of demographic data for franchisors to mine in order to recruit franchisees destined to succeed. Unfortunately, this was not the case in this research.

Compliance and contribution is examined first to reflect the priority of this construct category. It is what successful franchisees do, they comply with the system and contribute to it and more importantly, it is what they regard as important in their franchise relationship. Researchers, frequently discuss the constraints of the franchise agreement and restrictions on the freedom of franchisees to operate their businesses independently, as a barrier to entrepreneurship. It is implied as a source of entrepreneurial frustration. Nathan's research (2000) that the 'most most profitable and contributive franchisees are entrepreneurial people with the urge to continually be better, faster and smarter than their competitors' (Nathan 2000, p. 38). He points out, franchisors need high achievers to occasionally test the boundaries of the system but who will also play by the rules when they are spelt out.

For franchisors, franchisees who contribute in order to improve the overall business and those that are dissatisfied, possibly frustrated with the constraints the franchise system imposes on their business, are two extremes of behaviour exhibited by franchisees. The degree to which franchisees comply and the extent to which they feel constrained could almost be the end points on a franchising continuum. As would be expected successful franchisees would tilt heavily towards the compliant end.

Successful franchisees are remarkable contributors with the breadth of vision to recognise that the stronger the franchise system the better their business. Clearly, there is a link between the contribution category of the franchising construct and vision and passion elements of the motivation construct. The successful franchisees that are so passionate and have such a clear vision of their success, wish to share it and have others become successful franchisees. This is why they make such great ambassadors for their franchises. They can see that new successful franchisees will make the system stronger and assist them achieve their vision.

The suggestion that the involvement of successful franchisees in their franchise system and their enthusiasm may be to do with the sense of belonging or appreciation that 'we are in this together', may also enhance the enthusiasm that is expressed for the franchise system by successful franchisees. While this element was apparent in the interviews it should not be overstated, the explanation may be as simple as a sense of unity that is created where a common enemy such as the opposition business or the current economic climate, is being fought. What ever the cause the sense of unity, belonging or family that many successful franchisees describe, is an element of their motivation to achieve in their franchise business.

In many franchising texts the emphasis is on issues that are to do with conflict and dissatisfied franchisees, even the positive work by Nathan (2003) *The Franchise E Factor* referred to in this discussion describes the strategies for progressing negative franchise relationships to the positive, based on the assumption that there will inevitably be serious difficulties in the franchising relationship. Franchise fees are raised as a common cause of franchisee dissatisfaction. (Evans 2006, p. 29), (Nathan 2000, p. 71) and (Baucus, Baucus & Human 1996, p. 362). The finding, successful

franchisees simply view franchise fees as a cost of business that simply has to be paid and was seen as part of their contractual obligation, suggests a practical acceptance of a business reality. This discussion and the open and honest relationship that successful franchisees foster in relation to their business obligations with their franchisors link to their personal qualities and in particular their business ethics. Ethics are examined as an element of the personal qualities construct.

The leadership demonstrated by successful franchisees is at the core of their contribution to their franchise system. The role played by successful franchisees in the various franchise forums, on committees, involvement in conferences, developing system manuals, training and helping other franchisees highlights their leadership qualities. Because successful franchisees show their leadership qualities in more than just the franchising environment, leadership is examined in more detail as an element of the personal qualities construct.

Figure 5.6 Franchising: Links To Other Constructs

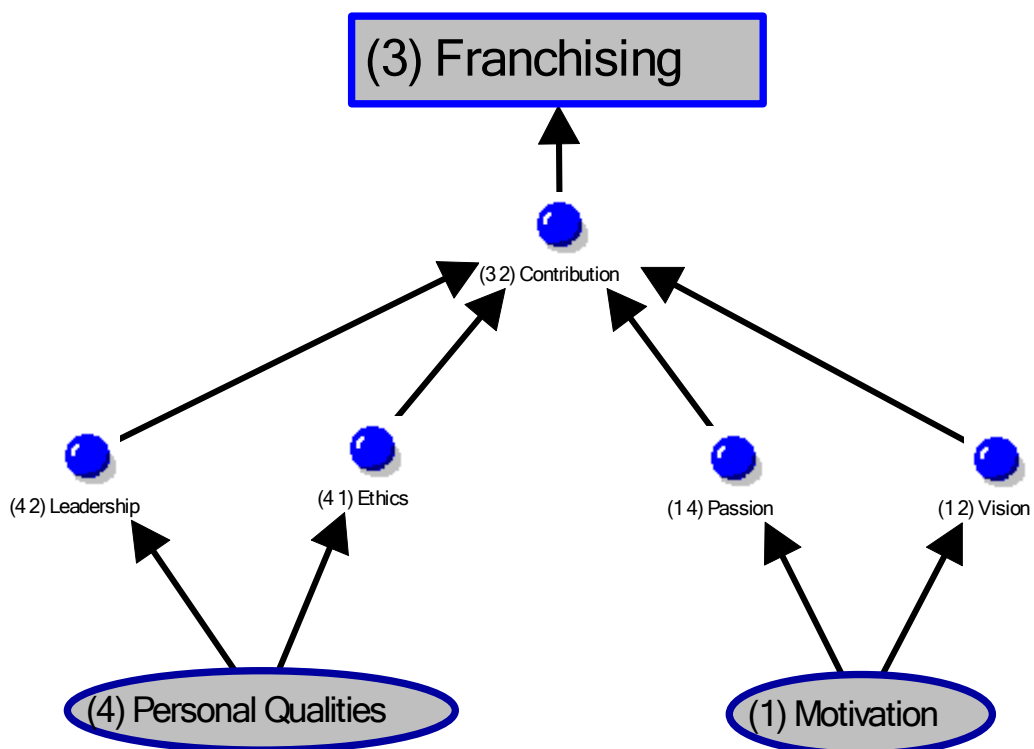


Figure 5.6 shows the links between the personal qualities of leadership and ethics and the motivators of vision and passion and the successful franchisees contribution

to franchising. Their franchising success is determined very much by what they bring to the system and their desire to contribute.

The finding that there are no common elements in the background, education or previous employment of successful franchisees may not assist franchisor recruitment procedures. Similarly, the lack of any common theme in attempting to identify the immediate causes that prompted their decision to buy a franchise business is also unhelpful. In examining the background and recruitment of successful franchisees, what is useful is the link between this construct and the motivation construct. All successful franchisee were highly motivated from the outset of their business journey. It is this aspect of successful franchisees backgrounds that may benefit franchisor recruitment procedures.

#### **5.2.4 Personal Qualities Necessary for Franchising Success**

Every Franchisee of the Year that was interviewed is a very complete person. The stories they tell about their businesses and their lives are inspirational. They have remarkable personal qualities. The key categories singled out for discussion are to do with their ethics, leadership, and commitment to family and contribution to the community.

All of the successful franchisees demonstrated a high degree of ethical behaviour. In their discussions about customer service, they described the need for integrity and honesty in order to provide that service. In relation to franchise fees, taxes or wages the desire to be ethical was often put as a pragmatic logical business decision as much as an appropriate moral decision. It was seen simply as good business.

Daniel Goleman in his book *Working With Emotional Intelligence* points out that the rules for work are changing, staff and by implication organisations, are being judged by not just how smart they are or their expertise but by how they handle themselves (Goleman 1998, p. 3). He defines trustworthiness and conscientiousness as ‘maintaining integrity and taking responsibility for personal performance. People with this competence for trustworthiness: act ethically and are above reproach; build trust through their reliability and authenticity; admit their own mistakes and confront

unethical actions in others; and take tough, principled stands even if they are unpopular' (Goleman 1998, p. 89-90). Examination of the findings of successful franchisees in relation to their personal ethics, reveals that they closely fit Goleman's concept of trustworthiness. Goleman observes that outstanding performers, in jobs of every kind act openly, honestly and consistently. They have integrity (Goleman 1998, p. 90). Successful franchisees have integrity. Many of the positive themes of *Working With Emotional Intelligence* described by Goleman (1998) are reflected by successful franchisees, they can be characterised as emotionally intelligent.

Honesty was discussed in considerable detail. The importance of an honest culture outlined in relation to customer service, franchising, staff and wider business relationships. An honest culture is essential for good customer service because it is fundamental to establishing trust in a customer's mind. 'There's a special feeling about being a customer, but it's fragile. It's not a big factor in the customer's life; in fact the customer probably doesn't think much about it and may not consciously recognize it. But its there. There's a link. There's an expectation of trust, however feint' (Gerber 2005, p. 345). Gerber links trust to respect which he sees as a basic human desire. Successful franchisees seem almost intuitively aware of Gerber's observation about the importance trust and the positive relationship with customers. In discussing the importance of being honest with customers the franchisees were explaining the need to establish a relationship with the customer based on trust. Findings that relate to successful franchisees fixing mistakes and being fair are all to do with establishing trust. The concept of allowing everyone to win and the understanding, that when someone loses it is not possible to have a good relationship, reflect emotional intelligence.

The idea that ethical and honest behaviour is simply good business was discussed by several franchisees and their comments are included in the Findings in Chapter 4. Quoted in Bennis's book *On Becoming a Leader* (1998) former Lucky Stores CEO Don Ritchey supports the notion of a strong relationship between ethical corporate behaviour and profitable practices. 'If we caught somebody cheating on the gross profit, for instance, we'd tell him to get there the right way, or we'd rather he was short. And the next time it happens he's out...Ethics is not Pollyanna stuff. It works better...I was particularly fortunate, working for this company. I never had to

choose in daily decisions between what was the right thing to do and what was good business' (Bennis 1998, p. 165). Ethical behaviour is simply good business and successful franchisees, in particular those with a corporate background, recognise the fact. The franchisees who worked for large corporate groups prior to owning their franchises, discussed the notion of the link between ethical behaviours and good business. This research does not indicate whether this was a repeat of good practices learnt or a response to bad corporate behaviours.

Franchising as a business concept is based on trust. The franchisor must trust the franchisee to run the business in such away that the brand is put forward in a positive way to customers. There is an element of trust by the franchisor in the franchisee conducting the business in an honest and ethical way relating to the reporting provisions within the franchise contractual arrangements. Similarly, the franchisee must trust the franchisor to run the franchise system in such a way that it protects and enhances business opportunities. Nathan (2000) describes the franchisor/franchisee relationship as being like a marriage in *Profitable Partnerships*. The very concept of partnership and marriage implies the importance of trust and honesty. In describing the franchisor's leadership role Nathan (2000) discusses the necessity for the franchisor to be honest and trustworthy and the franchisee to support the franchisor's systems and brand values (Nathan 2000, p. 22-24). Franchising business texts such as Evans (2006), Nathan (2000, 2003) and Sugars (2003) discuss in detail the importance of the contractual arrangements of franchising, they point out the two way relationship of the concept and its foundation in ethical behaviours. It has already been found that successful franchisees value highly their relationship with their franchisor and believe that their franchisors value their contribution. In successful franchise relationships trust is a fundamental element. The basis of trust is honesty. The Findings in Chapter 4 reflect the ethical behaviours that are the foundation of trusting business relationships.

Goleman (1998) identifies the leadership task as one that inspires and guides individuals and groups. People with the leadership competence are able to:

- Articulate and arouse enthusiasm for a shared vision and mission
- Step forward to lead as needed, regardless of position
- Guide the performance of others while holding them accountable

- Lead by example (Goleman 1998, p. 183).

Findings discussed relating to the motivation of successful franchisees business skills in leading staff illustrate their competence to articulate and arouse enthusiasm for a shared vision and mission. Their role in their businesses, franchise systems and industries demonstrates their abilities to step forward regardless of their position. They lead by example and inspire their staff by holding them accountable for achieving standards and targets.

Successful franchisees are leaders in their businesses, their franchise systems, usually in their industry and often in their community organisations. They are able to see the bigger picture and as a consequence recognise the necessity of a positive franchise relationship. They can easily identify the link between the success of the franchise system and the success of their business. It is this sense of the bigger picture that leads them to take on such roles in their franchise group by ways of mentoring other franchisees, being open to provide advice, chairing committees and developing manuals and systems. They know that if their colleagues are successful it increases their chances of success.

Franchising encourages the idea of striving for organisation or system goals with the understanding that achieving personal business goals will result. Examining the concept of achieving authority in an organisation, in other words leadership, Drucker (2006) identifies the practice of effective executives that *think and say we*. He points out effective executives have authority because they have the trust of the organisation. This means that they place the needs and opportunities of the organisation before their own needs and opportunities (Drucker 2006, p. 124). The significance of this in relation to franchising is that successful franchisees have the ability to see the *we*. That is, they know that working to make their own franchise business a success is a priority but think *we* in working to ensure their entire franchise system is successful. This is how successful franchisees attain the trust and authority in their franchise systems to attain leadership roles. Nathan (2000; 2003) put this idea in a franchising context in discussing the *We Stage* of the franchising partnership.

An examination of definitions of leadership in the business context and the characteristics of successful franchisees provide some interesting insights to the reasons for their success. 'Leadership has been defined as follows:

- The creative and directive force of morale (Munson, 1921).
- The process by which an agent induces a subordinate to behave in a desired manner (Bennis, 1959).
- The presence of a particular influence relationship between two or more persons (Hollander & Julian, 1969).
- Directing and coordinating the work of group members (Fiedler, 1967).
- An interpersonal relation in which others comply because they want to, not because they have to (Merton, 1969).
- Transforming followers, creating visions of the goals that may be attained, and articulating for the followers the ways to attain those goals (Bass, 1985; Tichy & Devanna, 1986).
- The process of influencing an organised group toward accomplishing its goals (Roach & Behling, 1984).
- Actions that focus resources to create desirable opportunities (Campbell, 1991)'

(Hughes, Ginnett & Curphy 1993, p. 6).

The leadership definitions listed are to do with creating and maintaining morale, directing activities and influencing behaviour and action. There are numerous examples in Chapter 4 of successful franchisees' actions that are consistent with these varying definitions of leadership. Interestingly the authors of *Leadership Enhancing the Lessons of Experience* (1993) most favour the definition *the process of influencing an organised group towards accomplishing its goals* because it includes the notion that leadership is not restricted to someone in a particular position or role, 'followers are part of the leadership process, too' (Hughes, Ginnett & Curphy 1993, p. 8). In a franchise system, the franchisor could be considered the leader and the franchisee the follower, certainly in a formal defined sense. Throughout Chapter 4, there are many examples of successful franchisees exercising leadership in their franchise system. Examples of leadership behaviours such as developing marketing campaigns, providing advice to other franchisees, developing procedures manuals,



mentoring franchisors and organising conferences are all examples of the follower or group member providing leadership, instead of the formal leader, in this case the franchisor.

Successful franchisees demonstrate inclusive leadership styles. The Findings in Chapter 4 reveal that they like being leaders and enjoy fixing things. They employ staff who share their passion and lead by example. They delegate, sometimes with difficulty, foster good relationships with their staff and are participatory in the management style. Goleman (2002) discusses the *Leadership Repertoire* and points out that the best leaders act according to one or more of six distinct approaches. 'Four of these styles – visionary, coaching, affiliative, and democratic – create the kind of resonance that boosts performance, while two others – pacesetting and commanding, should be applied with caution' (Goleman, Boyatzis & McKee 2002, p. 53). Successful franchisees demonstrate the performance boosting leadership styles described by Goleman. They respond positively to the pacesetting leadership style that is an element of franchise management style at system level and most likely employ performance boosting styles in order to achieve goals and targets set. Goleman suggests that the commanding leadership style whilst appropriate in an emergency is often used negatively. There were no examples of commanding leadership style reported in the interviews.

Most but not all successful franchisees played a highly active role in the various committees and forums of their franchise system. All were leaders in one area or another in their church, community organisations or sporting clubs. In describing his role as a coach as an analogy to leaders managing for success, Ric Charlesworth points out 'Coaching is not rocket science, but it requires knowledge of the game, a vision about where you are headed and ideas about how to get there, an intuitive, sometimes instinctive, feel for athletes and a capacity to interest and inspire. Honesty and consistency ought to pervade all you do' (Charlesworth 2001). Successful franchisees know their game, they have a vision and an understanding about how to get there, they inspire others and they are honest and consistent. The sporting parallel to business is obvious; every franchisee who has been interviewed for this research is a coach/leader.

In Chapter 4 Findings, the overlap between family and work life balance as part of the motivation construct and the personal qualities construct was noted. The passages from the interviews were not repeated in the Findings in Chapter 4. Despite the potential for repetition, some examination is necessary, as the respect for appropriate work family balance needs to be examined as a characteristic of a successful franchisees in the context of their personal qualities as well as their motivation for business success.

Former Australian women's hockey team captain and Olympic gold medallist Sharon Buchanan highlights the importance of family in the context of personal qualities and the pursuit of success. 'From my experience you can't do it on your own. You've got to be able to get support from people close to you. I think it's important that you have a close group of people you can trust, people you can talk to if you need to' (Elliott 2000, p. 155). Successful franchisees recognised that they could not do it on their own and saw the need to rely on people close to them.

The family played very important role to most of those interviewed. Several of the Franchisees of the Year run operations that are a husband-and-wife partnership. In some instances the partner, usually the wife, provides financial systems support whilst doing home duties. All those interviewed who had families seemingly enjoyed a very positive family life with strong support. They all told about the family support and the importance of making sure that there is time for family activities.

The importance of exercise, sport and maintaining physical health was a prominent theme. Most of those interviewed discussed sport as a leisure activity and several commented on the relationship between personal fitness and their business success. This healthy work life balance came into the discussion of the importance of physical and mental health as well as the possible business contacts that organised sport provides.

Peter Senge (1998) in describing the art and practice of the learning organisation identifies the importance of work family balance. A shared vision must involve the multifaceted personal vision that always include deeply felt desires for our personal,

professional, organisational, and family lives. 'The artificial boundary between work and family is an anathema to systems thinking. There is a natural connection between a person's work life and all other aspects of life. We live only one life but for a long time our organisations have operated as if this simple fact could be ignored, as if we had two separate lives' (Senge 1998, p. 307). Successful franchisees recognised the natural connection and if not in fact achieving the balance then certainly having the personal qualities to articulate the multifaceted vision and the desire to break down the artificial barrier between work and family life.

Every franchisee interviewed was active in their community. The community focuses were most commonly sporting clubs and activities, business organisations and in one case a religious commitment through their church. Most were fully aware of the advantages of community involvement in creating new business opportunities and contacts. In most cases, this community focus of successful franchisees is a leadership role.

Many indicated that they would have a community focus no matter what their occupation. Such a focus is a characteristic *Winning Attitude*, successful racing car driver Peter Brock observed 'There is a purpose in what you are doing that goes beyond simply you. If you are a giving person, your endeavours can have a greater meaning' (Elliott 2000, p. 70). For many successful franchisees there seems to be a purpose beyond just themselves. The desire to give to make their workplace better for their employees and assist their communities suggests this greater purpose.

Figure 5.7 The Relationships and Elements of the Personal Qualities Construct.

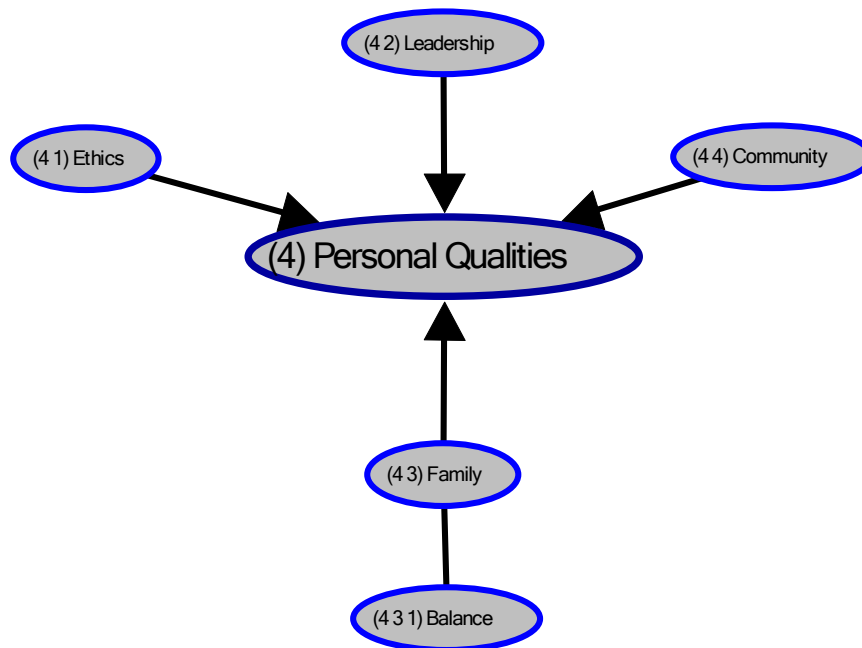


Figure 5.7 shows the major categories of the personal qualities construct. There are four categories identified in relation to this construct. Many categories of other constructs, especially those to do with business skills and communication could have been included. The emphasis that successful franchisees placed on ethics demanded it be first listed. The obvious leadership provided by way of example and anecdote in so many situations, identified leadership a key personal characteristic of successful franchisees. The overlap of family balance has been discussed in detail, its importance lies in the identification of the personal qualities to balance or in many cases identify the need to attempt to balance the competing demands on a successful franchisee's time and energy. Recognition of the fact that success depends on the positive interaction of the business within its community and the subsequent community service provided by the franchisees completes the construct.

Ethics are the first listed personal quality as they are fundamental to the way a business operates. Ethics provide the core influence from the initial vision in the plan for the way the business operates, to all day to day transactional aspects of the business, to the final customer related outcome. Ethics link to important categories in many other constructs. The link to staff in relation to fairness in pay, entitlements and conditions is a fundamental. Greater ethical links to staff by way of leadership,

example and establishing an ethical culture are vital for business success. Ethical considerations link to motivation particularly in establishing and communicating the vision as to how the business is to operate. The link between customer service and high ethical standards was seen as basic to the extent that honesty underpins any successful relationship. This connection also applies to the link between ethics and the franchise relationship. Without trust, the result of honesty, there is no relationship.

The links between leadership and the other constructs is almost as complex as it is with the personal quality of ethical behaviours. Staff look to the employers for leadership. Successful franchisees appear to meet this need. Numerous examples of ensuring physical and emotional support, mentoring and creating safe and supportive environments were cited. The link between staff leadership and creation of the environment for profitable business conditions was obvious to successful franchisees. This conclusion cannot however be verified by this study as a limitation is that the employees of successful franchisees were not interviewed.

The link between leadership and the franchise system has been discussed in detail. Successful franchise systems have and allow successful franchisees to lead. The link between community leadership and successful franchisees is not accidental. Similar to the proposition that these people are likely to be successful in any business is the notion that these people are likely to be leaders in whatever circumstance they find themselves.

The personal qualities related to the work family balance are to do with successful franchisees being successful human beings. The observation that a key difference between franchisees and entrepreneurs is the desire for franchisees to enjoy business success and a work family balance, rather than just be business obsessed suggests that successful franchisees are more likely to share greater empathy with employees and customers who are likely to have these values.

Figure 5.8 Personal Qualities Links To Other Constructs

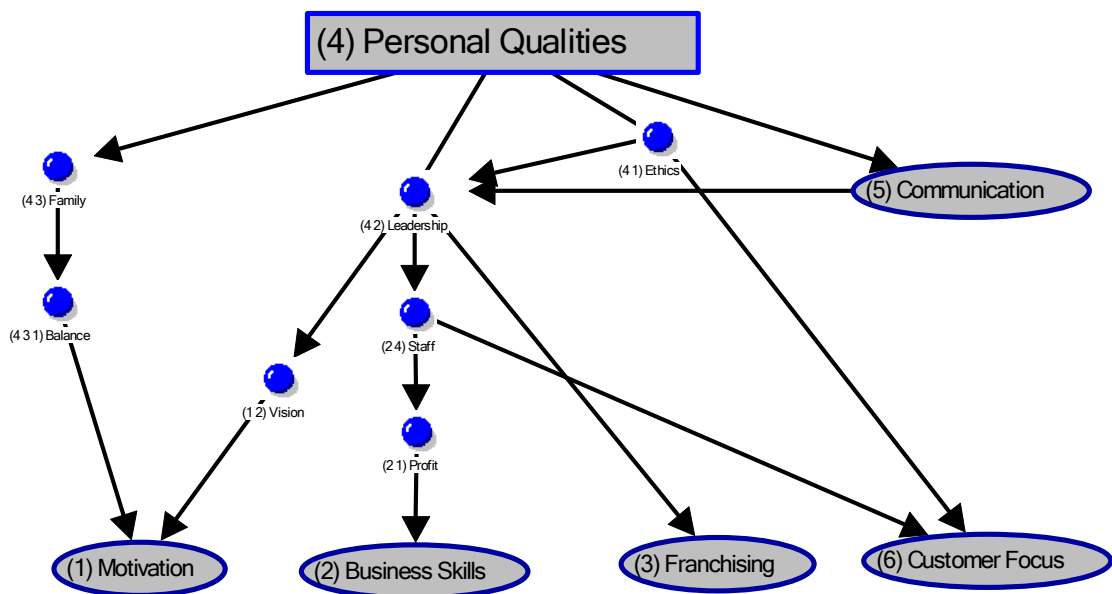


Figure 5.8 shows the links illustrating the contribution of successful franchisees personal qualities to the other constructs. In this figure communication skill is shown as a personal quality with the link made through leadership to the remaining constructs. Communication skills ethics and leadership are all key personal qualities fundamental to the business success of these franchisees. The remaining link shown is the family balance element as a motivator.

Goleman’s work on emotional intelligence (1998; 2002) in relation to personal development and leadership has provided an insight into understanding many of the qualities of successful franchisees. ‘Emotional intelligence can be an inoculation that preserves health and encourages growth. If a company has the competencies that flow from self awareness and self regulation, motivation and empathy, leadership skills and open communication, it should prove more resilient no matter what the future brings’ (Goleman 1998, p . 312). Goleman would argue that it is the personal quality of emotional intelligence, that successful franchisees utilised that created the business environment that led to their success.

### 5.2.5 Communication

Communication skills underpin leadership. Studies cited in *Leadership Enhancing the Lessons of Experience* (Hughes, Ginnett & Curphy 1993) 'show that good leaders communicate feeling and ideas, actively solicit new ideas from others, and effectively articulate arguments, advocate positions, and persuade others' (Hughes, Ginnett & Curphy 1993, p. 193). Hughes and others (1993 p. 194), go on to point out the link between a leader's good communication and the productivity and quality of services rendered. This is because effective communication skills provide greater access to information relevant to important organisational decisions. Successful franchisees demonstrate the communications skills on a daily basis in their leadership roles that make their businesses successful.

The communication skills of successful franchisees are particularly apparent and important in their relationships with customers and staff. 'Being an adept communicator is the keystone of all social skills. Among managers, communications competence strongly distinguishes star performers from average or poor ones; the lack of this ability...can torpedo morale' (Goleman 1998, p. 176). It is highly likely that communications competence strongly distinguishes star franchisees from average or poor ones. All successful franchisees interviewed for this study are highly competent communicators, a theme that is apparent through the Findings (Chapter 4) and Discussion (Chapter 5) of all the constructs of this research.

A key to the excellent communication skills that successful franchisees possess can be identified by the obvious enthusiasm that they exhibit for their business. The unspoken message is, *I like what I am doing; I am good at this; I can meet your needs*. They like their customers and staff. Several said that they enjoy dealing with people or that they were a people person. It is very difficult to convey the sparkle in the eyes, the engaging smile and the sense of satisfaction that is behind the taped conversations reported in the Findings (Chapter 4) of this research.

Business texts discuss the importance of body language as a communication tool. *How To Say It At Work* (Griffin 1998) is one of many texts that present clear common sense messages on workplace communications. Discussing nonverbal

communication, Griffin (1998) reports the 1971 findings of Psychologist Albert Mehrabian on how listeners judge the emotional contents of a speech. Most weight, 55 percent is given to the speaker's facial expression and body movements. The next most important factor was the tone of voice, voice pitch and pace of delivery, which accounted for 38 percent of the speech's effectiveness. Words account for 7 percent of the effectiveness of a speech (Griffin 1998, p. 17). The body language that the successful franchisees exhibited in these interviews was such that it gave an additional dimension to the words reported here. It also reinforced the finding that successful franchisees are excellent communicators.

Outstanding communication skills are essential for resolving problems with customers. In business, a problem is often an opportunity. How the proprietor deals with a customer's problem, can turn a person who has a potential dispute with the business into a real advocate. Successful franchisees use their communication skills to discuss potential problems, keep people informed and negotiate solutions. These skills articulated by the successful franchisees in the Findings Chapter 4, align with actions of people who have the competence to negotiate and resolve disagreements. 'People with this competence

- Handle difficult people and tense situations with diplomacy and tact
- Spot potential conflict, bring disagreements into the open, and help de-escalate
- Encourage debate and open discussion
- Orchestrate win-win solutions' (Goleman 1998, p. 178).

Successful franchisees can manage conflict and demonstrate the competencies that Goleman (1998) identifies as necessary for negotiating and resolving disagreements. This is one reason why their customer service is so good.

The concept of *We* and its importance to the franchise relationship, cannot be understated. In discussing their franchise systems and businesses successful franchisees use the words *we*, *us* and *our*, repeatedly. In business these words are the most powerful you can use.



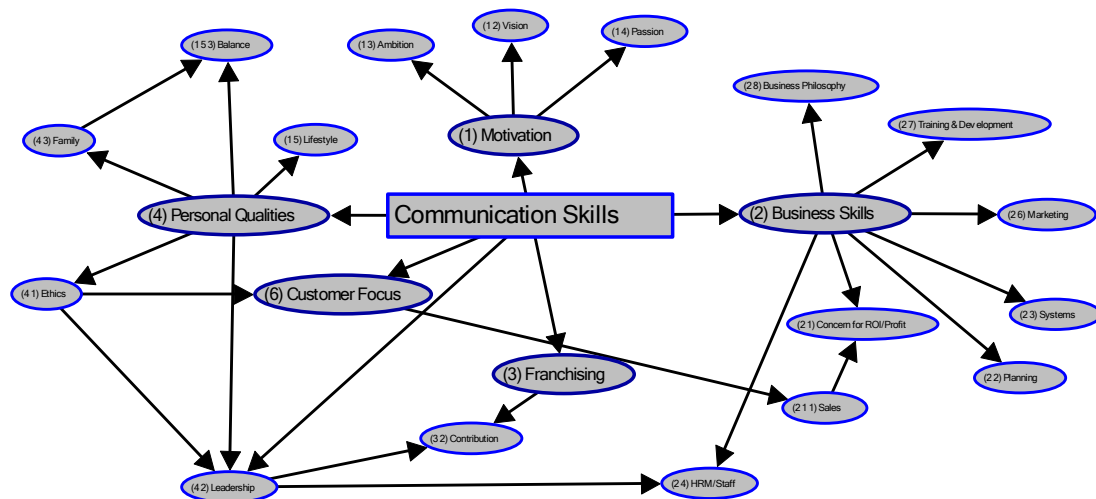
- ‘To the degree that you are able to translate *I* and *you* into *we*, you will become persuasive and your point of view will become compelling to the other person.
- To the degree that you are unable to effect this feat of translation, you and the other or others will remain separated by a gulf of differing concerns and needs’ (Griffin 1998, p.12).

Rapport is an essential business communication word. It can be defined as ‘a relationship of mutual trust or emotional affinity’ (Griffin 1998, p. 12). Successful franchisees build their relationships on trust, respect and the affinity of frank, fair and understanding relationships. Griffin (1998) points out that the quickest way to build rapport is to use the words *we*, *us* and *our* instead of *I*, *me* and *you*. It is at the very beginning of *How to Say It at Work* (1998), that these key words are identified as the most important in business communications. It is not surprising then, that successful franchisees use these words with their franchisors and attain the *We Stage* of profitable partnerships identified by Nathan (2000, 2003). Successful franchisees use of these words is also scattered liberally throughout discussion of their relationships with customers and staff.

Communication is about listening openly and sending convincing messages (Goleman 1998, p. 174). Successful franchisees provide many examples of listening openly and sending convincing messages, particularly in relation to staff communications. Effective communications avoid mistakes and are surprisingly obvious. Franchisees discussed staff meetings and gave examples of the positive results of effective communications in areas from occupational health and safety to simple procedures that improve efficiency. Several examples of simply talking to people, explaining what was wanted, being positively assertive, following up and having an open mind were given as examples of effective communications. ‘Creating an atmosphere of openness is not a trivial gesture. The biggest single complaint of American workers is poor communication with management; two thirds of them say it prevents them from doing their best work’ (Goleman 1998, p. 175). Workers have to be able to do their best work and successful franchisees recognise this and do their best to ensure the effective communication that enables it.

One successful franchisee reported on the need to be positively assertive with her customers. The situation was described that customers would attempt to interfere in the way the service was provided and the business was run. The most apparent explanation for this behaviour by clients was the franchisee’s youth and gender. In order to succeed, assertive communication skills were required. Assertive behaviour involves ‘standing up for one’s own rights in a constructive, nonhostile way...knowing when and when not to behave assertively...and in working in a continual effective manner with others’ (Hughes, Ginnett & Curphy 1993, p. 203). This successful franchisee utilised assertive communication as witnessed by the ability to charge significantly more for services provided than her competitors, whilst growing the business in what is a highly competitive industry. The franchisee pointed out that she had no hesitation in explaining why the service that she provided cost more than the competition; if her customers wanted the best then they had to be prepared to pay for it. Assertive communication, in its true sense, resulted in her recognised business success.

**Figure 5.9** Communication: Links To Other Constructs



Outstanding communication skills of the successful franchisees are so central to their business success that it is worthwhile examining how they fit with the constructs and elements discussed so far in this chapter. The complexities of these links are illustrated in Figure 5.9. A simple list of the links with the elements of the constructs would not emphasise the importance of the role of communication skills in the

success of these franchisee's businesses. A key reason why this construct was not treated simply as an element of the business skills construct or personal qualities construct is the overarching importance of communication to business success. Without an excellent array of communication skills, none of the franchisees who are subjects for this study would have succeeded. What follows is an explanation of Figure 5.9, which is in effect a brief summary of the discussion so far, in the light of the relationship to the franchisees' ability to communicate effectively.

Successful franchisees are highly motivated. A key element of their motivation is a clear vision of where they want their business to be in terms of customer service, sales and ultimately profit and a suitable return on investment. In order to translate vision into reality it is necessary to enthuse and motivate those with the task of implementing the vision. Communicating the vision is the beginning of the road to business success.

The ability to share the vision and get others to implement strategies to achieve it is known as leadership. Successful franchisees show leadership by communicating their vision.

The vision is often broken down into goals and the path to its implementation is defined in the business plan. The goals are often simple statements to do with being the best, selling the most and reflect ambition. Successful franchisees are comfortable communicating their ambition.

Communicating passion about the product is communicating enthusiasm. It is more than just words. The belief that successful franchisees have that their product makes people's lives' better, drives their determination to make a difference by doing what they do well. Successful franchisees believe that they share their passion with their customers and staff. This research did not examine or test the effect of the franchisees 'passion' on customers and staff however the strong views that franchisees have for their brand and/or product is most likely a significant success motivator.

In order to achieve the lifestyle that the successful franchisees envision they have to attempt to address issues to do with balancing family and personal health. They do this with mixed success. One of the strategies that they need to employ in order to achieve a balanced life is delegation. Central to effective delegation are sound communication skills.

Successful Franchisees have an array of outstanding business skills. Communication can be seen as one of these, it is however central to other business skills. Profit is the ultimate business goal. It is the fundamental purpose of productive enterprise. Successful franchisees motivate themselves and others to provide excellent customer service in order to create the sales necessary to achieve profit and an appropriate return on investment. The foundations of this motivation to sell profitably are excellent communication skills.

Business planning involves written and verbal communication. Business plans are often documented to raise finance and must communicate business goals, cash and sales projections, the strategies to achieve them and the resources required. Once developed the business plan needs to be communicated to staff and ultimately customers in order to succeed.

Staff relations are all about communication. Successful franchisees adopt inclusive management strategies. They develop business systems that enable delegation. They are all about *shirtsleeves management* (Walker 1992) and getting *ordinary people to do extraordinary things* (Drucker 2006).

Successful marketing is successful communication. The marketing skills of franchisees are to do with informing customers and persuading them to do business with you. Successful franchises are great marketeers.

Successful franchisees seek to improve their business skills through personal and professional development. Skill development to do with improving customer service, dealing with staff and or clients is usually to do with improving or enhancing communications.

Successful franchisees are able to identify and articulate the core values of their enterprise. This ability to create their business philosophy and act on it is linked to their ability to communicate effectively. ‘The ability to convey emotion convincingly, from the heart, requires that a leader be sincere about the message being delivered; truly believing the emotional message is what separates the charismatic leader from the self-serving manipulative one. Manipulative leaders may be able to play-act for a time, but they can less readily convince followers of their sincerity. Cynicism undermines conviction; to be a charismatic messenger, the leader must act from authentic belief’ (Goleman 1998, p. 187). Successful franchisees by being able to understand identify and articulate the core values of their businesses are able to act from an authentic belief that what they are doing is worthwhile and be charismatic leaders.

As ambassadors and leaders in their franchise systems, successful franchisees effectively communicate with their peers and franchisors. It is their ability to communicate that makes them such effective contributors to their franchise systems. The mature partnership that successful franchisees contribute to establishing with their franchisors is brought about by the mindset that encourages the use of inclusive language such as *we* and *our* in their communications.

The personal qualities of successful franchisees to do with honesty, trust and integrity are the basis for establishing ethical business practices. The honest culture and communication of that culture, practised in successful franchisees businesses were established by way of ethical behaviour, which created good staff and customer relations. It is recognised as good business.

The leadership element of the personal qualities construct is underpinned by effective communications. As Goleman (1998, p. 183) pointed out leadership is about inspiring and guiding individuals and groups, and people with this competence communicate an enthusiasm for a shared vision and mission. This is why effective communication skills are so fundamental to the success of these franchisees.

### 5.2.6 Customer Service

Successful franchisees provide excellent customer service. Customers are the core of any business, they pay for the goods and services that create the revenues that generate profit. Whilst profit and return on investment may provide the ultimate reason for being in business, the key to success is the care and nurturing of customers, because without them any business will fail. In business, but especially for those in highly competitive industries, it is the level of ability to meet customer needs that determines the level of business success. ‘The good news from the excellent companies is the extent to which, the customers intrude into every nook and cranny of the business...A simple message permeates the atmosphere. All business success rests on something labelled a sale, which at least momentarily welds company and customer. A simple summary of what our research uncovered on the customer attribute is this: the excellent companies really are close to their customers. That’s it. Other companies talk about it; the excellent companies do it’ (Peters & Waterman 1994, p. 156). Successful franchisees really are close to their customers.

Successful franchisees had a lot to say about customer service. ‘At the heart of the World Class Company is its ability to satisfy the unconscious and perceived needs of its customer better than any other company can, not just by doing what any business is supposed to do - fix cars, vacuum carpets, stand behind the quality of its products, etc. - but by doing what it is not even reasonable to expect you to do. And to do that time after time’ (Gerber 2005, p. 273). Like Gerber’s *World Class Companies*, successful franchisees provide the level of service that it is not even reasonable to expect, time after time and look after their customers better than their competitors. If any one topic dominates the interviews and Findings (Chapter 4), it is customer service. Not surprisingly successful franchisees are aware that their customers are the most important element of their businesses and were very keen to discuss how they met their customers’ needs.

Analysis of the Findings (Chapter 4) relating to customer service, identifies four key elements of successful franchisees’ businesses. They:

- demonstrate a customer focussed culture in their business
- provide outstanding service

- foster long lasting relationships
- maximise sales and profit.

The comments, stories and discussion of successful franchisees outlined in the Findings (Chapter 4), highlighting these elements in relation to customer service is illustrated in Table 5.1 (next page).

Table 5.1 Outstanding Customer Service: What Successful Franchisees Do

<b>Demonstrate a customer focussed culture</b>	<b>Provide outstanding service</b>	<b>Foster long lasting relationships</b>	<b>Maximise sales and profit.</b>
Set high standards	Please the customer	Treat people like how you would want to be treated	Know customers are essential
Run an honest and ethical business	Understand and meet the customer's needs	Treat people like you would want your mother treated	Provide superior customer service
Demonstrate a positive attitude	Problem solve	Build relationships	Eliminate competition with outstanding customer service
Do more than just sell something	Provide value for money	Build rapport	Get more customers by providing excellent service
Put the customer first	Make sure that the job is done properly	Deal positively with difficult people	Build the brand (franchise) through customer service
	Deliver speedy customer service		
	Deal with things promptly		



Table 5.1 summarises the Findings (Chapter 4) of the key elements of successful franchisees' businesses in relation to customer service. The four key elements are highlighted as headings for each column in the first row of the table. That is they develop a customer focussed culture, column 1, this enables their staff to provide outstanding service, column 2, which establishes long lasting relationships with their customers, column 3, and leads to sales and profit maximisation, column 4. Each column summarises typical actions, described in the Findings (Chapter 4), that occur in the successful franchisees' businesses that establishes that element within their business. Working from top to bottom in each column, starting with demonstrating a customer focussed culture, across each of the 4 columns and ending with building the brand through customer service, provide a flow chart of how to become a successful franchisee.

Demonstrating a customer focussed culture in their business (Table 5.1 column 1 row 1) is all about successful franchisees ambition to be the best at what they do. The high standards are recognition that the customers are the priority and ensure credibility in the marketplace (Table 5.1 column 1 row 2). They recognise that sales are important but what successful franchisees offer is more than that. This recognition relates to their motivation that they have the ability to improve peoples' lives and reinforces the belief that what they are doing is more than just selling something. Their ability to educate people and make their customers feel good also has the effect of making the successful franchisees feel good about what they do. When dealing with customers successful franchisees say what they mean and do their very best to meet their needs. Examples were given where they put the customers' needs before their own and changed personal arrangements rather than break an appointment.

The customer focussed culture (Table 5.1 column 1 row 3), relates to ethical considerations. Maintaining high ethical standards particularly in relation to honesty is seen as essential. Several franchisees stressed the importance of admitting to mistakes and keeping the customer informed. It is also important to accept responsibility, customers want problems fixed, there is very little to be gained in

avoiding responsibility. As one pointed out the truth is very easy to remember because it is the truth.

One franchisee clearly articulated that they expected to have customers for life. Given that expectation then the attitude of always saying *yes*, was easy to implement because of the firm understanding that they would be getting that customer's repeat business. The emotional link successful franchisees have with their product or service fosters positive attitudes that customers' see as real interest and care. It also seems to have a cyclical effect of further reinforces the successful franchisees motivation, resulting in even more determination to make a difference and underpinning a real positive attitude (Table 5.1 column 1 row 4).

The descriptions and examples of outstanding customer service by successful franchisees align closely with Gerber's concept of the *World Class Company* (Gerber 2005). Customer service was defined by successful franchisees as calling customers by their name, taking an interest in what they do, listening to them, making them feel welcome and comfortable and most of all meeting their needs (Table 5.1 column 1 row 5). They actively seek ways to make their customer happy by doing such things as providing a coffee, posting a letter or fixing a problem (Table 5.1 column 2 row 1).

To meet customer expectations and exceed them it is important to not only understand the product or service but also the customer. Successful franchisees utilise their understanding of what they can offer and how people think, to provide for their customers and exceed their expectations, while creating additional business opportunities (Table 5.1 column 2 rows 1, 2 & 3). Examples were given where the technical knowledge and human understandings of successful franchisees were utilised that resulted in complex jobs being successfully completed and customers needs being satisfied even though they may have been unaware that the need existed (Table 5.1 column 2 row 4 ). The successful franchisees were not simply doing an add on sale in the examples they cited but held a genuine belief that by better meeting customers needs they were making their lives better.

Successful franchisees recognise that time is important, especially to customers. One successful franchisee redesigned his customer reception area so that customers could see into the factory. The real advantage of this was not the impression that it made on the customer of workplace efficiency, but rather that staff could see when a customer came into the building and that they could attend to them quickly (Table 5.1 column 2 row 7).

If something does go wrong then it is important to let the customer know as soon as possible, especially if it involves a delay. Griffin (1998) points out that missing deadlines in business will probably make your customers anxious and angry and excuses are sure to make them angry. He suggests that advance warnings of schedule problems give you and the customer time to work out alternatives and at least let the customer know that you are in control of the problem. Griffin goes on to point out that instead of excuses, realise that time is the commodity and buy more of it in exchange for a better product or more successful result (Griffin 1998, p263 - 264). Several franchisees described a situation where they outlined a problem or delay to a customer and in their efforts to fix were able to remedy the problem at least in part. As a result the customer was left with the impression that they had received good service when there had in fact had been a problem (Table 5.1 column 2 row 4).

Solving problems is simply good business, more than one franchisee pointed out that one bad experience or unhappy customer results in many more people being told of the experience, so it was best to make sure that all potential problems are resolved. One franchisee expanded on the concept of turning negative customer service situations into positives. He saw every potential problem as an opportunity to fix, then meet, and exceed the customer's needs. He pointed that the customer doesn't remember that you caused the problem but that you resolved it. Another franchisee gave an example of absorbing the cost of bad workmanship for the customer and how there was a real cost to it. The pay off was from the referrals that were then received from the customer. Yet another pointed out that if there is any dispute to do with charges it is resolved in a way that the customer is happy with and he, the franchisee, can come to terms with. Bennis (1998, p. 194) in discussing leadership, points out that leaders embrace error, they are not afraid to make mistakes and admit

to them when they do. In a slightly different context, successful franchisees are prepared to admit to mistakes and embrace error by turning it to their advantage (Table 5.1 column 2 row 4).

The ability of successful franchisees to solve customers' problems goes beyond resolving delays and fixing defective products. It is to do with giving the right information to help customers make an informed choice. This is particularly important with high cost products, financial services or matters to do with technical products and services (Table 5.1 column 2 row 5). One successful franchisee's commented on the delight she has when a past customer phones. Their question reveals a need and helping them is not only customer service but also a business opportunity and a motivator because it positively reinforces that what they are doing is worthwhile. Customers want products or services and a relationship, 'because the help they need to make the right purchase decisions for themselves will come from you. At least, they hope it will. It's your job to make them believers. To convert their interest and hope into the conviction that you can give them what they need' (Gerber 2005, p. 314).

Providing value for money was discussed by successful franchisees in two contexts. One is to do with basic honesty and giving the customer what they paid for, charging a fair price and ensuring that there are no comebacks. The other is to do with protecting the brand and ensuring that a quality good or service is provided. Both of these aspects of providing good customer service by way of giving the customer value for money are really just sound basic business principles. As one successful franchisee pointed out it is enjoyable to give the customer what they want on time and within budget (Table 5.1 column 2 rows 5 & 7).

Outstanding customer service can be as simple as doing the job properly. Several examples were given where the franchisee had established quality checking procedures. In some case, they were remarkably simple such as looking at the completed job or examining and discussing the product with the customer. Providing outstanding customer service need not be a complex task (Table 5.1 column 2 row 6).

A key purpose of providing outstanding customer service is to foster long lasting relationships with customers. ‘In the long run...actions speak louder than words. Real respect for your customers shows in the quality of your products – you make your products better than you have to because it’s right, because it respects your customers. Your customer services add value because that honours your customers. Your delivery process delights your customers. It’s the right thing to do, not just what you have to do to move product. It’s what transforms customers into clients’ (Gerber 2005, p. 345). Successful franchisees’ actions respect and honour their customers. Examples of friendship and establishing rapport with customers were cited as the means of fostering ongoing relationships with customers. Successful franchisees seem to be able to do this easily, when they related examples of good relationships it was as an enjoyable aspect of their work, almost a sideline to what they do. They gave examples of meeting customers in the street, having a meal or coffee with a customer, meeting their families and being familiar rather than business like in their approach. They described developing these relationships as a personal way of gaining trust and were proud of their ability to establish such rapport (Table 5.1 column 3 row 1).

The point was repeatedly made that the basis for good customer service was in treating customers how you would want to be treated (Table 5.1 column 3 row 2). The sentiment was expressed that if you show the customer that you care they will show it back by giving you the job because they trust you. Another franchisee pointed out that the sentiment of treating customers, as you would like to be treated underpinned a people focus rather than a money focus and that such sincerity would be rewarded by customer loyalty. This concept of establishing the basis of good customer service on how you would like to be treated was taken to the extreme by the franchisee that had the sign in the back office exhorting staff to treat every customer like his mother. He has the expectation that where ever his non English speaking background, mother goes she should be treated like royalty, such is her importance (Table 5.1 column 3 row 3). This notion of treating customers how you would like to be treated was repeated by several franchisees. Gerber (2005) may have identified the reason for this on summing up why *Customers Are Like Everybody Else, But More So*. ‘And in the end, the way you treat customers says a

lot about the respect you have for yourself' (Gerber 2005, p. 345) (Table 5.1 column 3 rows 4 & 5).

Fostering good relationships with customers and delivering good customer service involve dealing positively with difficult people. Successful franchisees gave examples of difficult customers. They recognised that there is no pleasing some people and stressed that it is important to have the strategies to recover quickly from setbacks created by difficult people and move on. The important aspect to do with providing great customer service is that the next customer should not know suffer because the previous one was having a bad day. Successful franchisees were able to relate instances of how they were able to move on successfully after dealing with difficult people (Table 5.1 column 3 row 6).

The purpose of outstanding customer service is to maximise sales and profit (Table 5.1 column 4 row 1). For one franchisee, the realisation that customers were essential became a stark reality very early on. When opening the business they knew that they had the correct location and the right staff, the passion was there, but there were no customers. It was an issue that demanded and got immediate attention. This franchisee believes that the focus on outstanding customer service that has been a key to subsequent business success is a result of that very early business lesson (Table 5.1 column 4 row 2).

The link between superior service and profit maximisation is not lost on successful franchisees. Profit maximisation was the result for the franchisee in a highly competitive service industry that was able to charge a premium for her services because they were superior to her competitors' offerings, she made a point of continually reinforcing with her customers the excellent value that they were receiving for their money. Outstanding customer service increases the chance of incremental sales and increasing the average transaction value. When trust is established and the customer respects the product knowledge of the franchisee or their staff they are more willing to act on advice and purchase appropriate additional products or services. Several successful franchisees gave examples of how their customers responded positively to suggestions for improved or enhanced products or services, presumably due to the superior service received. 'Service, quality,

reliability are strategies aimed at loyalty and long-term revenue stream growth (and maintenance). The point of this...and a wonderful concomitant to a customer service orientation, is that the winners seem to focus especially on the revenue generation side. The one follows the other' (Peters & Waterman 1994, p. 157) (Table 5.1 column 4 row 3).

Retaining existing customers and getting referrals is not only good for business but is the best form of marketing. Providing outstanding customer service ensures that existing customers come back. 'The value of word-of-mouth advertising is one reason why you should regard your current customers as your best customers. They are not only sources of additional sales, they can spread to others the good word about you' (Griffin 1998, p. 262). One franchisee related how a new customer said that they had been referred to by *so and so*, she was delighted with the business but had no idea who the referral came from or who *so and so* was. Service provider franchisees explained strategies for converting monthly customers into fortnightly customers and irregular customers into regular customers. All of the strategies revolved around providing excellent customer service (Table 5.1 column 4 row 5).

Outstanding customer focus reduces the impact of competitor activity. Focussing on superior service is a more profitable strategy than engaging in price competition. Successful franchisees use their leverage with suppliers to be able to provide their customers with exclusive products or gifts, to provide that little extra that their competitor couldn't or wouldn't provide. Such strategies maintain margins and profits ensure a suitable return on investment and well as encouraging customer loyalty. A related strategy was the example of providing prompt service. As one franchisee pointed out, a key advantage of this strategy is that it does not give the customer time to check their competitors' offerings (Table 5.1 column 4 row 4).

Providing outstanding customer service is good franchising. Franchising is all about brand development and the customer service that successful franchisees provide enhances and further promotes the brand. Successful franchisees articulated their responsibilities to their brand and the need to train their employees to get the customer service and the franchise brand values right. They were very of the importance of continual staff training and implementing the franchise systems

practices and recommendations. Successful franchisees know that how customers view the franchise brand, is the same as how the customers view their business and will go to exceptional lengths to protect and enhance their brand and business (Table 5.1 column 4 row 6).

Delighting your customers is a business building activity that increases customer loyalty, gets new customers from referrals, reduces price sensitivity, builds competitive advantage and grows business profitability (Hall 2002, p. 112). Throughout this discussion, successful franchisees have shown how they delight their customers to achieve such ends. 'Delighting customers is more than just good customer service. Making it easy to place an order, treating them with respect, getting queries answered and goods delivered on time does not delight customers: This is basic customer service. It's a right, not a delight' (Hall 2002, p. 112). Successful franchisees provide the right of basic customer service but then add the delight factor, something extra or memorable that provides the delight that builds their businesses.



Figure 5.10 Customer Focus Link to Profit Maximisation

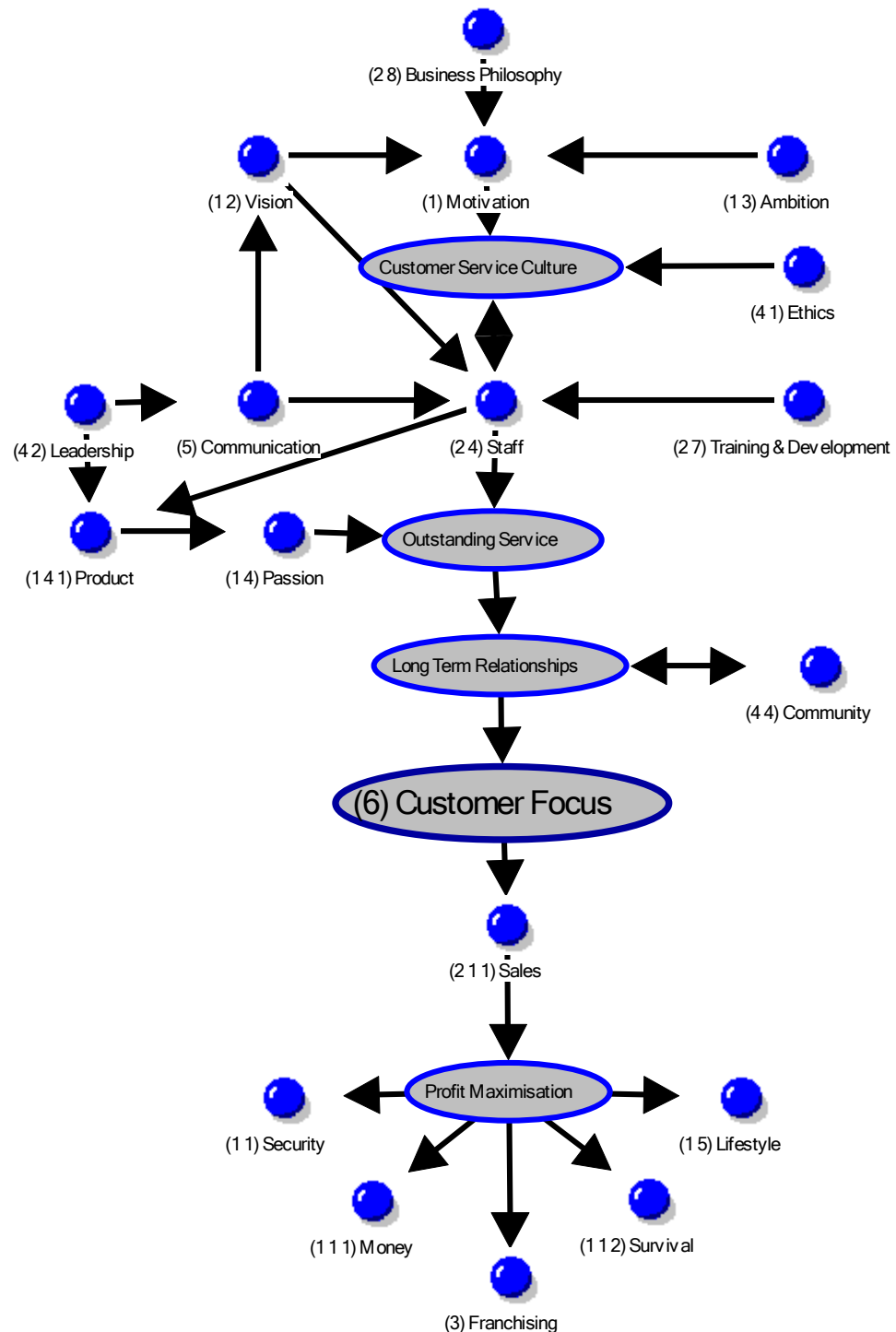


Figure 5.10 illustrates the links and progression via *What Successful Franchisees Do*, to provide outstanding customer service, as identified in Table 5.1 with the broader concept of Customer Focus. It identifies links with elements of the Motivation, Business Skills, Franchising, Personal Qualities and Communication constructs and

illustrates the importance of treating Customer Focus as more than just a category of the Business Skills construct.

A customer focussed culture ensures that outstanding customer service is provided which leads to long term customer relationships and ultimately more sales and greater profit. The creation of an outstanding customer focussed environment is in many ways the culmination of what successful franchisees set out to do, with the subsequent rewards and outcomes of customer satisfaction, satisfying the fundamental motivators for establishing the franchise business in the first place.

Discussion of Table 5.1, based on Findings (Chapter4) outlines how successful franchisees foster a customer focussed culture in their businesses. The actions that successful franchisees discussed in developing a customer focussed culture (shown in Table 5.1 column 1), were to do with setting high standards; honesty; having the right attitude; being more than just selling something; and putting the customer first.

A successful customer focussed culture is linked to elements of the motivation, personal qualities and communication constructs as shown in Figure 5.10. It is the personal qualities to do with leadership and communication of the vision and ethics that provides the foundation of business culture. The elements of the successful franchisees' motivation to do with ambition and vision, and the business skill of identified values that underpin a clearly articulated business philosophy all link to the creation of a customer service culture in a business. The other essential element is the staff. The link between customer service culture and staff is shown as a two way link as the culture of the organisation affects the staff as the staff affect the culture. The link between staff and the leadership provided by the franchisee by way of effective communication is identified as an input link to customer service culture via staff. An important link shown here is the leadership, communication, vision, staff link as an alternative leadership path to the establishment of a customer service culture. The link between training and development to customer service culture via staff is the other customer service input link identified.

Establishing a customer focussed culture leads to successful franchisees providing outstanding service. The actions that successful franchisees discussed in providing

outstanding service (shown in Table 5.1 column 2), were to do with making people happy; pleasing the customer; understanding and meeting the customer's needs; problem solving; providing value for money; making sure that the job is done properly; speedy customer service; and dealing with things promptly.

The provision of outstanding service is linked in Figure 5.10 by way of the input of staff to all of the inputs identified in establishing a customer service culture. It illustrates that it is through the staff that outstanding customer service is delivered. In the case of single operator franchises and those with few employees, it is the franchisee themselves who are represented as staff. The other link identified as an input to outstanding service is knowledge of the product and the passion for the product. The link from the leadership of the successful franchisee and staff their passion for the product is also shown.

Outstanding customer service is linked in Figure 5.10 to long term customer relationships (Table 5.1 column 3). When successful franchisees and their staff consistently deliver ongoing customer service of the highest standard, this consistency transforms customers into clients (Gerber 2005). This is what customer focus is all about. It is the path from the franchisees original vision for an outstanding business to the creation of well satisfied loyal customers. The two way link with the community is included at this stage of the process demonstrating that successful franchisees engage with their customer community. In some cases, they may be involved with community organisations. For others it may be by engaging within their shopping centre environment.

The remaining links in Figure 5.10 emanating from the customer focussed franchise business are the outcomes in most cases rewards, resulting from the sales that that occur because of the entire customer focussed effort.

Sales are necessary for profits and it is from the money or cashflow that a business creates that it is initially able to survive and then provide the security and the material lifestyle rewards for the successful franchisee (Table 5.1 column 4). The link to the franchising construct is shown at this end of the path, as it is the result of good franchising which is a real profitable partnership (Nathan 2000).

### **5.3 The Emergent Framework**

The six constructs and the categories that contribute to each of them that have been analysed and discussed in this chapter, were developed from analysis using NVivo software carried out on transcripts from the interviews of successful franchisees. The coding of the interviews and consequent NVivo nodes identified and developed into the major headings are the origins of the constructs discussed. An initial map or model can be developed that illustrates the relationships between the constructs and their contributing categories. This relationship is shown in Figure 5.11. In effect, this model is an illustration of the six constructs as major headings with the categories as their sub headings.

Figure 5.11 does not allow for the complexity of the relationships and overlap of categories discussed in the analysis of the findings. Its simplicity reflects the convenience of categorising franchisee characteristics into the best fit, heading. The interrelationships between the constructs and their categories are much more complex. Figure 5.12 illustrates all of the relationships discussed. Decision Explorer software has been used to develop this model.

#### **5.3.1 The Models**

(next page)

Figure 5.11 Successful Franchisees Construct and Categories

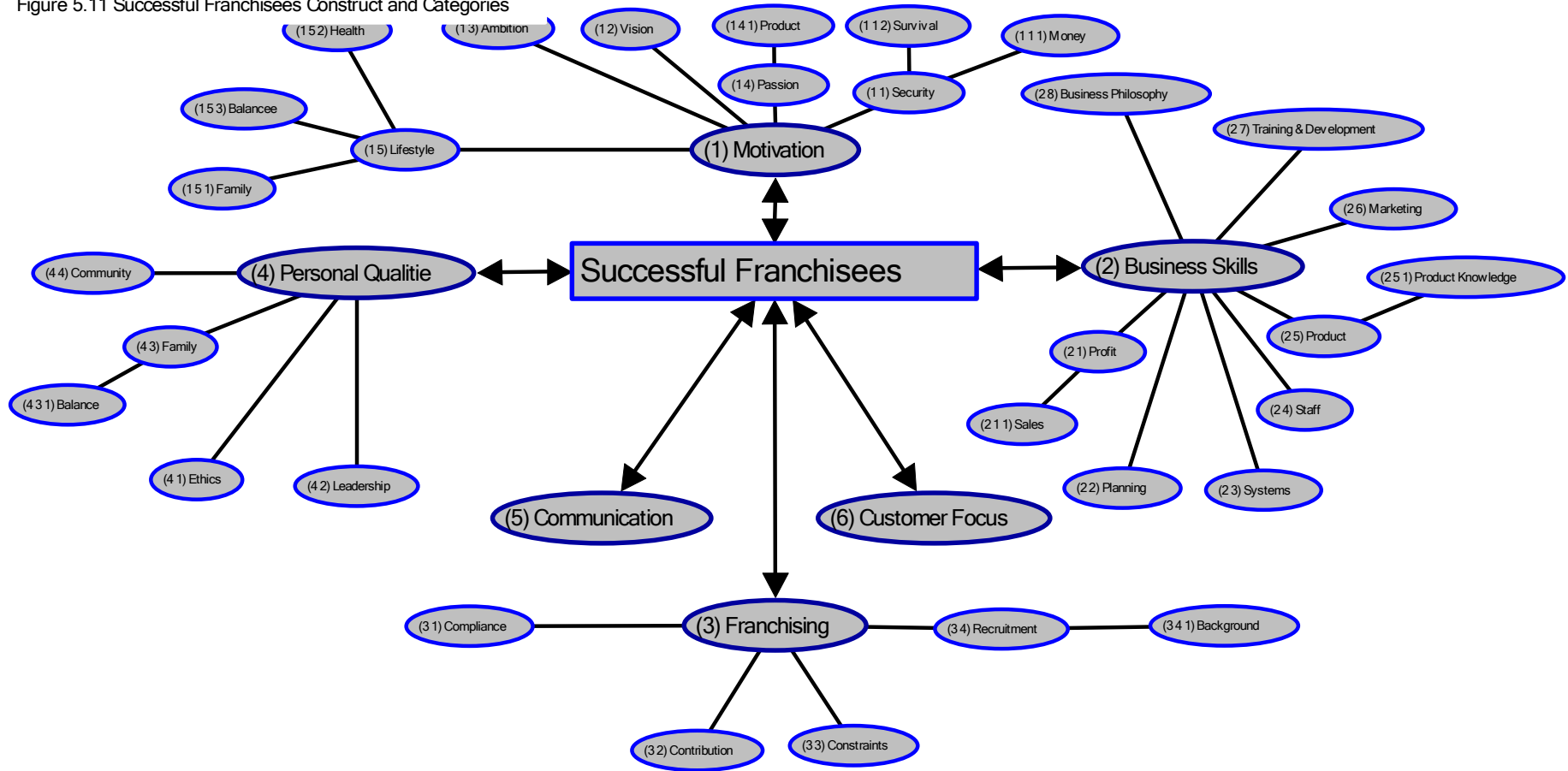


Figure 5.11 reflects constructs or the key characteristics of successful franchisees. Each construct has numerous contributing categories. The arrangement of success characteristics and hierarchies was established from the results of the coding and the emphasis that interviewees placed on particular reasons for their success in the interviews.

Discussion and analysis of the Findings (Chapter 5) reveal that many of the sub characteristics or contributing categories link to several constructs. This is revealed in the coding where in many of the interviews there is considerable overlap with some sections of transcript being coded into two or more nodes.

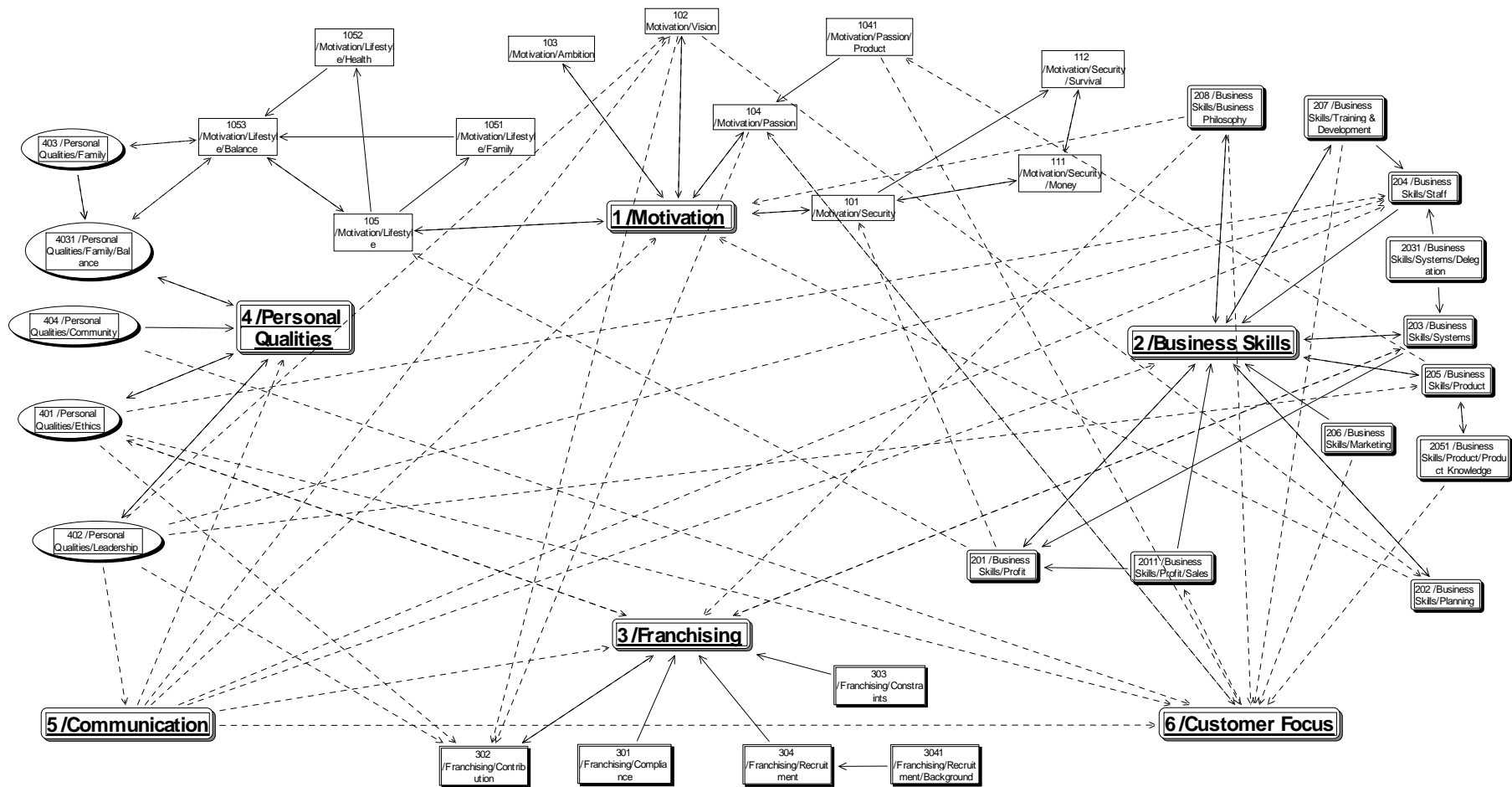
Figure 5.11, which simply shows the constructs and their categories, does not model the links between categories in different constructs and therefore has limited use in developing a framework that underpins franchisee success.

The analysis that has been conducted so far is worth examining as the basis for a framework that identifies the experiences, behaviours, attitudes, values and belief of successful franchise owners.

The motivation, business skills, personal qualities and communication constructs and most of their elements can be identified as characteristics that successful franchisees have or acquire, that result in the outcomes that elements of the franchising and customer focus constructs describe. Figure 5.10 provides a good starting point for developing a franchisee success model that illustrates such a progression. Once the other constructs and elements are introduced it, the more complex Figure 5.12, represents a more accurate description of the discussion of the overlapping links between the constructs and categories.

Figure 5.12 Overlapping Links Between Categories and Constructs

(next page)



In Figure 5.12, the six constructs are highlighted and numbered 1 to 6. Their contributing characteristics are shown as a solid line link with arrowheads indicating a one way link between the construct and category, or a two way link if there is a relationship with other categories from the same construct. The categories of each construct are represented by differentiated styles so that they can be easily distinguished. To this extent, the model is similar to Figure 5.11. The added complexity are the links represented by dotted lines which illustrate the relationships between categories; drawn as subsets of different constructs that have relationships with more than one construct or category. Dotted lines also show direct links between constructs where they occur.

Figure 5.12 assists with identifying real world conclusions from the discussion so far. The constructs can be seen as the key characteristics of successful franchisees. The categories can be identified as the attitudes, experiences, behaviours, values and beliefs of successful franchisees. The categories are a description of direct coding of successful franchisees interview transcript excerpts. These excerpts are represented as Findings (Chapter 4). Figure 5.12 illustrates the links between the findings in Chapter 4 that have emerged in the discussion and analysis of Chapter 5.

The most striking conclusion that is apparent, when examining Figure 5.12, is that it is complex. This complexity is caused by the vast array of interrelationships between the various categories and constructs. Human behaviour is complex. Examination of any one characteristic of human behaviour in isolation is limited. The behaviours of successful franchisees, like all people, are influenced by a multitude of their attitudes, experiences, behaviours, values and beliefs. The complexity of Figure 5.12 simply demonstrates the interaction of attitudes, experiences, values and beliefs that shape human characteristics.

The communication and customer focus constructs have numerous links with other constructs and categories. The importance of these characteristics was apparent from the initial reading of interview transcripts.



The links drawn in Figure 5.12 highlight why these characteristics are central to the success of the interviewed franchisees.

The communication construct has direct links with all other constructs. In most cases the links radiate out from the construct. What this suggests is that excellent communication skills contribute or add to the linked categories or constructs. What this represents is that successful franchisees' communications skills relate to their motivation, particularly their ability to articulate the vision and inspire others by communication of their vision for business success. Communication skills of successful franchisees are a key to their business skills. So important are excellent communication skills to staff management that this is shown as a direct link. Excellent communication skills are also the key to positive franchising relationships. Communication skills are part of the set of personal qualities of successful franchisees. Their leadership abilities influence and utilise their communication skills. Excellent communication skills result in outstanding customer focus. The scope and importance of the links of communication to all the other constructs determined that it was more than just an element of any one construct.

The customer focus construct is illustrated as an end point. Numerous links illustrate that customer focus is an important endpoint or outcome. Successful franchisees' businesses are able to provide outstanding customer service because elements of their motivation, business skills, personal qualities and communication skills combine to produce the circumstances and environment for customer focussed businesses that provide outstanding customer service. Figure 5.12 show the links as inward contributing factors to this outcome.

The categories with the most links within each construct indicate a hierarchy of importance. For example, vision as a category of the motivation is shown as having five links. The business skills to do with staff, profit and concern for return on investment have a similar number of links. Contribution to the franchise system by successful franchisees has five links. Leadership and

ethics are the most linked personal qualities. The links from communication skills to other constructs and categories and their links to customer focus are indicative of hierarchical importance. An examination of the links drawn in Figure 5.12 suggests that the most influential construct categories or characteristics of successful franchisees are their:

- vision for their business success
- ability to inspire and manage staff
- focus on running a profitable business with a high return on investment
- positive contribution to their franchise system
- ethical approach to business relationships and their
- leadership skills
- outstanding communication skills and
- customer focus

These construct categories provide the basis for developing a franchisee success relationship diagram.

### **5.3.2 The Franchisee Success Relationship**

The most influential construct categories identified in figure 5.12 are a good starting point in developing a relationship diagram that links elements that bring about franchisee success.

Discussion and analysis of the constructs in Chapter 5 has revealed insights into the attitudes, skills, personal qualities and behaviours of successful franchisees. In order to be succeed in franchising there are some skills that are needed. Important skills are to do with:

- Communication
- Business
- Staff management

There are some personal qualities (attributes) necessary

Important attributes are:

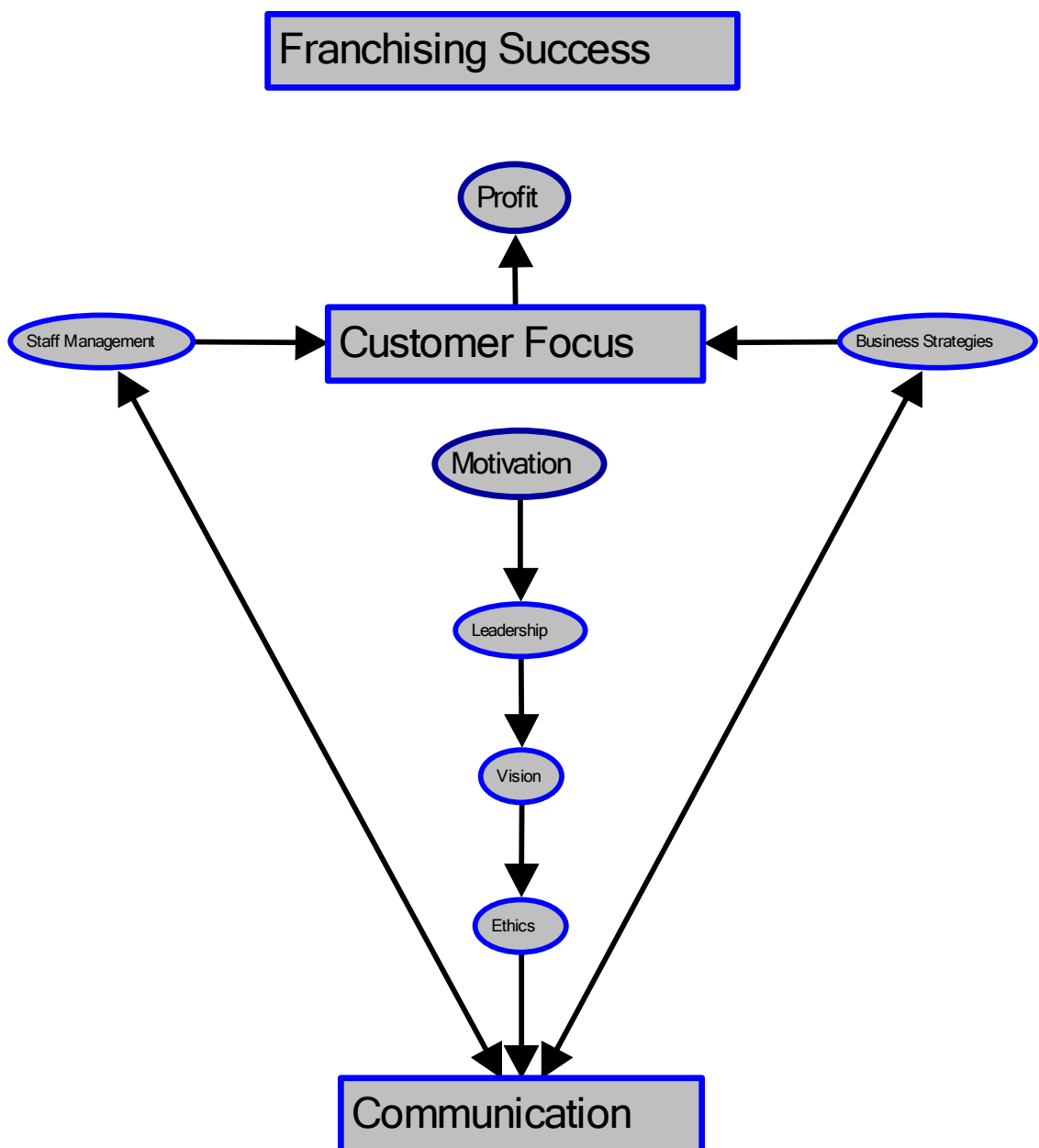
- Ethics

- Leadership

A positive motivated attitude starts with vision.

The following relationship diagram summarises the mix of inputs and outcomes of successful franchisees.

Figure 5.13 The Franchisee Success Relationship



In Figure 5.13 the franchisees' skills and attributes plus their motivation creates the customer focused enterprise which leads to sales and profit from franchising success.

The franchisee inputs elements of the above relationships diagram are useful in providing some guidelines or dimensions to look for, in potential recruitment and selection of successful franchisees, and possible training interventions for existing franchisees. The franchisee brings the attributes and skill set to the franchising partnership. It is ultimately this mix, in providing the input into the success relationship, which determines the results.

The Entrecode as it applies to franchisees also is useful in providing dimensions to look for in the potential recruitment and selection of successful franchisees.






### **5.3.3 Characteristics of Successful Franchisees and the Entrecode**















A purpose of this study is to develop a framework utilizing the Entrecode (Hall 2003a) as a starting point, that identifies the experiences, behaviours, attitudes, values and beliefs of successful franchise owners. This is stated as Research Objective 1. The Entrecode formed the basis of the interview framework and the characteristics of entrepreneurs that the Entrecode identified provided the topics for questions asked and discussion points in the interviews.



The use of the Entrecode (Hall 2003a) allows for comparisons to be made between successful franchisees and entrepreneurs. Comparison of the Entrecode and the views of successful franchisees interviewed in this research suggest that they have many characteristics in common. The characteristics of successful entrepreneurs or the elements of the Entrecode are listed in Table 5.3. Those characteristics of successful entrepreneurs that are shared by successful franchisees are indicated by a tick and the characteristics that franchisees tend not to exhibit are indicated by a cross.

Some characteristics of successful entrepreneurs are partially shared by franchisees in the context of the franchise model and this is indicated by *in context*. The term in context can be taken to mean given the limitations of franchising. This research does not investigate whether the successful franchisees could demonstrate such characteristics in a different business environment. Such research, to investigate whether they exhibit any of these characteristics in a different business environment, would be a worthwhile aspect of any longitudinal research undertaken on successful franchisee.

Table 5.2 The Entrecode and Successful Franchisees

<b>Entrecode</b> <b>Characteristics of Successful Entrepreneurs</b> (Hall 2004)	<b>Interview</b> <b>Subjects</b> <b>Characteristics</b>
<b>Getting Into The Zone:</b>	
Driven to success, want to prove themselves	
Motivated by the dream (vision)-poor to rich	
Maintain positive mental attitude despite setbacks	
Proactive-‘just do it’	IN CONTEXT
Persistent, tenacious-never give up	
<b>Filters-How they see the world</b>	
Comfortable with change, can see opportunities to customer problems-difference thinkers	IN CONTEXT
Can find many solutions to problems-option thinkers	IN CONTEXT
Learn by doing & taking action-experiential learners	
Take information from many sources to create opportunity or solve problems-synthesisers	IN CONTEXT
Trust own intuition & judgement-internal locus of control	IN CONTEXT

Strategic, see the big picture-do not like detail	
<b>Spotting Superior Opportunities:</b>	
That solve real customer problems	
Have major market growth potential	
Have a high gross margin	IN CONTEXT
Have a defensible competitive advantage	
That are new different & interesting	
Attract medias attention & interest from investors	
<b>Compelling Vision</b>	
They create a clear vision of the future they want	
<b>Goal Directed Energy</b>	
Stay focused on strategic or critical issue	IN CONTEXT
They avoid distractions	
<b>Open to the World</b>	
Notice things anywhere that will help achieve vision	IN CONTEXT
Build a neural network of close trusted confidantes	
Engage in targeted, purposeful networking	
<b>Need for Others</b>	
Recognise personal strengths & weaknesses-cannot succeed alone	
Select people with complimentary skills	
<b>Acquiring Resources</b>	
They acquire resources needed to start up-beg, borrow, befriend	
Form joint ventures, alliances partnerships to achieve growth	

<b>Doing The Business</b>	
Learn to manage business professionally & profitably	
<b>Building Capability</b>	
Constantly build capability of their organisation in their quest to build a valued business	

Examination of entrepreneur theory by way of the Entrecode has provided a means for determining the characteristics of Australia's most successful franchisees. Table 5.3 provides a framework for comparing the characteristics necessary for entrepreneurial success with those of successful franchisees. The crosses suggest that franchisees do not meet all of Hall's (2004) requirements to be regarded as an entrepreneur. The lack of inclusion of descriptors to do with maintaining a healthy balanced lifestyle, family and community involvement also suggest that entrepreneurs have a more narrow and intense focus than highly successful franchisees. With the broader outlook, it may be that the franchisees interviewed believe that they can have it all. Whilst many characteristics of entrepreneurs are shared by the very best franchisees, the key difference is that the franchisees value the ability to have time for family and lifestyle considerations where as high performing entrepreneurs have a very single-minded business focus.

The motivation of successful franchisees shows a strong alignment with *Getting Into the Zone* elements of the Entrecode (Hall 2004). Like entrepreneurs, successful franchisees are driven to succeed. They are highly motivated, have a clear vision for their enterprise, they are very proactive, persistent and tenacious. The franchisees share a compelling vision about how they create a successful future for their businesses. The point of difference with entrepreneur theory as outlined in the Entrecode is apparent in the balanced lifestyle comments made by successful franchisees; this aspect of the findings does not align with the single minded focus that is suggested by Hall when describing *Goal Directed Energy*: how entrepreneurs stay focused on strategic and critical issues, and avoid

distractions (Hall 2004). The family and lifestyle concerns expressed as motivators by the franchisees would be seen as distractions by Hall.

The Entrecode describes spotting superior opportunities as ‘the opportunities that entrepreneurs create which are likely to have many or all of the following characteristics: solve customer problems, major market growth potential, high gross margin, a defensible competitive advantage, and stand out, attracting attention from the media and investors’ (Hall 2004). The best franchisees share with entrepreneurs a real enthusiasm for customer service and solving customer needs but the remaining elements of the Entrecode’s spotting superior opportunities are in many cases unlikely to be a feature of even the best franchise businesses.

Franchising is often in industries that would not attract entrepreneurs according to Hall (2004) because they do not have a defensible competitive advantage and consequently do not enjoy high gross margins. Successful franchise systems tend to attract clones and look-alikes that grow the market but tend to erode gross margins. The fast food industry especially chicken, pizza and burgers are typical of successful franchise systems attracting competitors with little differentiation. More recently, coffee and juice franchises have sprouted in shopping precincts. The lack of a defensible competitive advantage in many franchise systems and the desire of franchisors to drive sales results in lower margins. This dilutes the ability of a successful franchisee to seek out the entrepreneur’s characteristic for spotting superior opportunities and may in fact be a motivator for some successful franchisees to exit franchising.

The Entrecode describes entrepreneurs as being open to the world and engaging in targeted and purposeful networking. Whilst there is some similarity with the franchisees’ involvement with their communities, it is likely that the entrepreneur will be more targeted and driven in their social contacts. Entrepreneurs as described by Hall (2004) are unlikely to have the time or interest in the community leadership roles described by successful franchisees.



The Entrecode has been a useful strategy to develop the outline used to interview successful franchisees and compare characteristics. Whilst a significant element of the research literature may argue that franchisee can be considered entrepreneurs, they do not meet all of Hall's criteria as outlined in the Entrecode (2004). The Entrecode has been useful in providing a starting point to identify the experiences, behaviours, attitudes, values and beliefs of successful franchise owners. It also provides a purpose in identifying the dimensions to look for in the potential recruitment and selection of successful franchisees.

### 5.3.4 The Framework

The interviews, the search of franchising and business literature and the Entrecode have identified a number of common elements that suggest likely franchisee success.

The framework in Table 5.3, provides a crude and simple guide that can be used as the basis of a franchisee selection checklist.

Table 5.3 Recruiting Successful Franchisees Framework – Dimensions to Consider

	High	Med.	Low	Comment
<b>Financial Motivation</b> <ul style="list-style-type: none"> <li>• A desire for financial security</li> <li>• Desire to be financially well rewarded</li> <li>• Motivated by the dream (vision)-poor to rich</li> </ul>				
<b>Vision</b> <ul style="list-style-type: none"> <li>• They describe a clear vision of the future they want</li> <li>• Has a clear definition of</li> </ul>				

<p>business success</p> <ul style="list-style-type: none"> <li>• Developed long term &amp; short term goals</li> </ul>				
<p><b>Ambition</b></p> <ul style="list-style-type: none"> <li>• Exhibits drive, passion and enthusiasm</li> <li>• Driven to success, want to prove themselves</li> </ul>				
<p><b>Lifestyle</b></p> <ul style="list-style-type: none"> <li>• Identifies non financial motivators</li> <li>• Express goals in terms of lifestyle</li> </ul>				
<p><b>Family</b></p> <ul style="list-style-type: none"> <li>• Has family support for the enterprise</li> <li>• Includes family considerations in business goals</li> </ul>				
<p><b>Health</b></p> <ul style="list-style-type: none"> <li>• Maintains a healthy lifestyle</li> <li>• Maintain positive mental attitude despite setbacks</li> </ul>				
<p><b>Personal Qualities</b></p> <ul style="list-style-type: none"> <li>• Persistent, tenacious-never give up</li> <li>• Understand the concept of business ethics</li> <li>• Can provide examples of professional ethics</li> <li>• Has demonstrated leadership experiences</li> </ul>				

<ul style="list-style-type: none"> <li>• Ability to influence others</li> <li>• Exhibits confidence</li> <li>• Exhibits positive personality traits</li> <li>• Engages in targeted, purposeful networking</li> <li>• Recognise personal strengths &amp; weaknesses-realise that they cannot succeed alone</li> <li>• Can confidently articulate and present business concepts</li> </ul>				
<p><b>Community</b></p> <ul style="list-style-type: none"> <li>• Involvement in community organisations</li> <li>• Leadership in community organisations</li> </ul>				

Consistent high scores and positive comments against the dimensions in the guide above would suggest that the franchisee being recruited has a lot of potential to be a very successful franchisee. It also would suggest that such a franchisee should be mentored, guided and encouraged to develop their business skills for ongoing leadership and contribution to the franchise system. This guide has been developed based on characteristics of franchisee success, so their absence is not necessarily an indicator or predictor of franchisee failure. This tool has been developed from the elements of the constructs in this research and has not yet been tested in the field. Further research is needed to test its utility.

The skills demonstrated by successful franchises can be used to develop a similar framework to identify the dimensions for training interventions for existing franchisees. The framework in Table 5.4 provides a similar crude and similar guide to identify training needs for existing franchisees. Like Table 5.3 further research is needed to test its utility. Consistent low ratings

for existing franchisees could indicate the need for the provision of training. It could also be used as the basis for identifying leader or mentor franchisees with skill sets that may assist with meeting the needs of other franchisees.

Table 5.4 Training for Franchisee Success Framework – Skills to Develop

	High	Med.	Low	Comment
<p><b>Business Skills</b></p> <ul style="list-style-type: none"> <li>• Demonstrates sales growth</li> <li>• Ability to increase sales</li> <li>• Extent to which the business is profitable</li> <li>• Understands margin analysis</li> <li>• Well developed strategies for maintaining and increasing profits</li> <li>• Prepare annual business plans</li> <li>• Uses daily, weekly, monthly and annual sales targets</li> <li>• Develops strategic plans to achieve targets</li> <li>• Has long term business goals</li> <li>• Well developed marketing skills</li> <li>• Has clear core business values</li> <li>• Takes responsibility for personal development</li> </ul>				

<ul style="list-style-type: none"> <li>Engage in targeted, purposeful networking</li> </ul>				
<p><b>Communications</b></p> <ul style="list-style-type: none"> <li>Ability to communicate the business vision</li> <li>Has clear staff communication strategies</li> <li>Can confidently articulate and present business concepts</li> <li>Can articulate a rational business philosophy</li> </ul>				
<p><b>Customer Service</b></p> <ul style="list-style-type: none"> <li>Is customer focussed</li> <li>Solves real customer problems</li> <li>Well developed customer communication strategies</li> <li>Has a sound product knowledge</li> </ul>				
<p><b>Franchise system compliance</b></p> <ul style="list-style-type: none"> <li>Utilises franchise systems</li> <li>Well developed store operating procedures</li> </ul>				
<p><b>Staff management</b></p> <ul style="list-style-type: none"> <li>Demonstrates a positive staff management style</li> <li>Sound HR Practices &amp; policies</li> </ul>				

<ul style="list-style-type: none"> <li>• Delegates responsibility to staff</li> <li>• Provides training opportunities for staff</li> </ul>				
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#### 5.4 Franchise Industry Utility and Feedback

The initial findings of the characteristics of successful franchisees have been discussed at various seminars and conferences including:

- Franchise Council of Australia, Western Australia State Chapter State Conferences 2005, 2006 and 2007
- Franchise Relationships Forum Brisbane 2006
- National Retail Forum Melbourne 2006

In addition, the findings have been work-shopped at franchise industry forums and professional development seminars.

Topics at the conferences have focussed on what successful franchisees are saying and have been based around the interviews and what the mainly franchisor audience can learn from them. Some of the questions discussed have been:

- What do the best franchisees do that makes them so successful?
- Can these attributes be developed and if so how?
- Why do franchisees fail?
- What are the implications of the above for franchisee selection and training?
- How were the best franchisees recruited?
- Were they intuitive or just lucky?
- What are their expectations of their franchisor?
- What are their expectations of their business?
- What the best franchisees like about their system/brand?
- What motivates the best franchisees?
- What challenges for the franchisor in managing outstanding franchisees?
- What can we learn about customer service from the best franchisees?

The research presentations in relation to the characteristics of successful franchisees have attracted considerable interest and comment. Franchisors and service providers to the franchise industry have pointed out the utility of the research in relation to franchisee recruitment procedures. There is general acknowledgement that these characteristics are very desirable in franchisees. The key criticism has been to do with the difficulty of identifying the characteristics of the successful franchisees at the recruitment stage. Table 5.2 *Recruiting Successful Franchisees Framework – Dimensions To Consider* was developed in response to this feedback.

The identified experiences, viewpoints, personal characteristics, values, skills, business processes, tools and techniques of successful franchisees have been work-shopped to establish the framework that describes *What to Look For's*, that can be used as part of a franchisee selection process. This was carried out in a workshop held in March 2006 titled *Characteristics of Successful Franchisees What to Look For*. The workshop provided:

- A presentation of research on Characteristics of Successful Franchisees
- Expert franchisor panel discussion on observations and findings
- Shared experiences
- Discussion on franchisee selection process
- Consideration of how franchisors can leverage benefit from their star franchisees.

The *Characteristics of Successful Franchisees What to Look For* framework and the processes, by which the identified attitudes, behaviours, values and beliefs of dynamic franchisees that can be used in existing franchise systems, was been developed by presenting the research to franchisors and their regional franchise managers at the workshop and seeking their responses.

An unanticipated outcome of the research has been a real enthusiasm by franchisors to use the identified characteristics of successful franchisees and the discussion surrounding them as a motivational tool for existing franchisees. There have been several presentations of progress findings on the characteristics of successful franchisees to the franchisee meetings of numerous franchise systems, industry conferences, workshops and forums.

The actual examples of outstanding customer service, description of business processes, marketing strategies and franchise development cited by the participants in the interviews lend themselves to providing the basis of franchisee training and development seminars.

Ultimately, this is likely to become a very valuable tool for franchisors in franchisee selection, training interventions and identification of strong leaders within their franchise community.



## Chapter 6 – Conclusion

### 6.1 Research Objectives

The first objective of this research was to develop a framework utilizing the Entrecode (Hall 2003a) as a starting point, that identifies the experiences, behaviours, attitudes, values and beliefs of successful franchise owners. The Entrecode was used to develop the questions that are the basis of the interview script. Whilst the script merely acted as a guide for the interviews it did ensure that all areas were covered.

The Entrecode also provided a suitable starting point for research into entrepreneurial behaviour. An understanding of entrepreneurial behaviour was a useful starting point for understanding the business skills necessary for franchising success. The Entrecode provided a basis of comparison of the experiences behaviours attitude values and beliefs of entrepreneurs compared to successful franchisees.

The second objective was to explain how the experiences, characteristics, attitudes, behaviours and beliefs of successful franchisees have led to outstanding business success. The first three research questions relate directly to this research objective.

- Question 1. Why do some franchise businesses grow, prosper and thrive, whilst others seemingly in a similar business environment, merely survive?
- Question 2. How do the attitudes, behaviours, values and beliefs of dynamic franchisees affect the performance of their business?
- Question 3. Do successful franchisees who demonstrate individual initiative and independence, regarded as desirable in small business owners, succeed under the apparent constraints of a franchise system?

Research Question 1 asks ‘Why do some franchise businesses grow, prosper and thrive, whilst others seemingly in a similar business environment, merely survive?’ This research addresses the first part of the question in considerable detail, whilst the limitation of the research design in not interviewing ordinary franchisees who merely survive as a means of comparison with high performing franchisees, restricts conclusions to the observations of what successful franchisees do particularly well. Further research is needed to check the extent to which poor performing franchisees share these characteristics and behaviours.

The analysis in Chapter 5 highlights why the franchisees who were interviewed succeed. The characteristics of the most highly successful franchisees were coded into six key constructs. The easily observable constructs to do with business skills, commitment to their brand and franchise system, customer focus and communication in particular relate to Research Question 1.

Outstanding customer service and the ability to communicate effectively, emerged throughout the interviews as key themes and underpin the business success of the subjects.

The successful franchisees interviewed all demonstrate great communication skills and they recognised their ability to communicate effectively as an element of their success. Communication is an essential element of customer focus, which recurs throughout all of the interviews. It is the outstanding ability of successful franchisees to communicate with all stakeholders in their businesses, especially their customers, which is reflected in outstanding customer service, that is the key to their success. The central and unifying focus of these elements of franchising success is highlighted in the Franchising Success Relationship diagram reproduced below.

Figure 5.13 The Franchisee Success Relationship

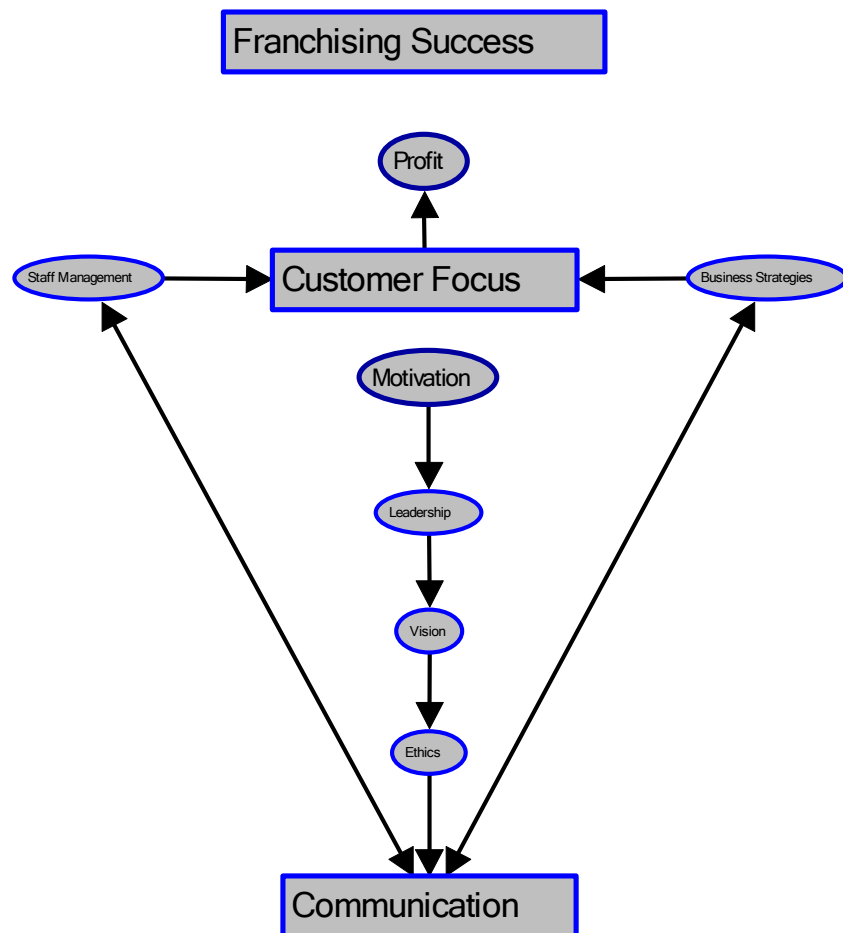


Figure 5.13 highlights the answer to Research Question 1 to the extent that it shows the characteristics of successful franchisees linking their motivation to leadership, vision and ethics, which are communicated by way of their staff management, and business systems to provide outstanding customer focus which ultimately leads to a successful and profitable business.

From this research, it can only be assumed that it is the superior demonstration of these qualities that successful franchisees exhibit that that causes their business to stand out from the ordinary or poor performing franchise business.

Research Question 2 asks ‘How do the attitudes, behaviours, values and beliefs of dynamic franchisees affect the performance of their business?’

Analysis in answering Research Question 2 includes successful franchisee behaviours outlined in the discussion of Question 1 as well as the more individual and less easily observable motivation and personal qualities constructs.

Examination of Figure 5.13 illustrates the importance of these individual characteristics that seem to underpin the two key constructs communication and customer focus. The start point of the diagram motivation, suggests that it is most likely the desire for success for all of the reasons identified in Chapter 5 that create the environment for franchising success. In brief, the key elements of the motivation construct:

- Security which includes the elements to do with business survival and the motivator of personal wealth (money)
- Ambition the desire to succeed
- Passion for the business and product
- Vision for business success and as explained above the ability to communicate the vision
- Lifestyle and family considerations

It is the elements of all of the constructs that were identified in this research that affects the successful franchisees businesses in such a way that enables them to be the high performing successful businesses that they are.

Objective 2 which requires explanation of how the experiences, characteristics, attitudes, behaviours and beliefs of successful franchisees have led to outstanding business success is addressed by the answers to Research Questions 1 and 2.

Research Question 3 was directly asked in each interview. None of the successful franchisees found that their franchise system constrained their individual initiative or independence in any way whatsoever.

The third objective was to enhance existing practices in franchisee selection. The recruiting successful franchisees framework, *Recruiting Successful Franchisees Framework – Dimensions to Consider*, is a practical tool that can assist franchisors recruitment procedures. The presentation of research findings and discussion to the franchising industry professionals will also enhance existing practices in franchisee selection.

- Question 4. Can knowledge of successful franchisees be used to benefit the franchise business model?

Research question 4 is applicable to the third objective. The knowledge of characteristics of successful franchisees has already benefited the franchising industry through workshops, conference sessions and forums based on this research. Industry journal articles relating to discussion areas on each of the constructs will further benefit franchising and small business.

The fourth objective was to explore how successful behaviours can be transferred to others in existing franchise systems. Research Question 4 also relates to this objective. The presentations at various conferences and workshops outlined in section 5.4 *Franchise Industry Utility and Feedback* demonstrate how successful behaviours can be transferred to others in existing franchise systems. Already findings from this research have been used by many franchise systems in materials presented at the meetings and conferences. The *Training for Franchisee Success Framework – Skills to Develop* is a practical tool that will assist with this transfer of skills. Industry journal articles based on discussion areas around the constructs will provide a source of further materials for franchisee conferences meetings and workshops.

The identification of the personal attributes of successful franchises will contribute to improved business performance of the franchising sector particularly in recruitment and training by industry professionals having a better understanding of their best performers.

## 6.2 Suggestions for Future research

There are many areas have been identified because of the research that are worthy of future research.

One question that has been commonly asked of the researcher is why are you focusing on only successful franchisees? The point that the questioner is usually making is that a comparative study with less successful or unsuccessful franchisees could provide useful conclusions. A highlight of this research has been the willingness of those interviewed to share their stories. A reason for this is that successful people enjoy describing why they think they have been successful. It is unlikely that less successful franchisees would be so forthcoming. A methodology to identify reasons for business failure, or at least a failure to succeed, would have to be devised in order to identify the reasons why some franchisees do not succeed.

A longitudinal study of the successful franchisees could be quite revealing. Are successful franchisees able to maintain their enthusiasm and drive over a period of time? It would be interesting to revisit successful franchisees some years later for an update of their business circumstances. Several franchisees who were interviewed indicated a preparedness to move on from their franchise system. Initially these revelations appeared to be a feature of successful franchisees, in reality it was simply an intention of some of the early interviewees. It is possible, that the real contribution franchising is an addition to Australia's entrepreneurial pool. A longitudinal study could identify if this is in fact the case.

The literature review revealed that there has been very little work that focuses on franchisees. This is surprising given the importance of the franchising sector to the Australian economy. Merrilees and Frazer, and Nathan are Australian researchers who have provided research input on the contribution of franchisees to their franchise systems. There is scope for further study into the contribution of franchisees. A study of successful

franchise systems that identifies the role of franchisees in system success would provide useful findings on how franchisees contribute.

The frameworks developed based on characteristics of franchisee success, should be a useful tool for franchisee recruitment, training and development. These tools were developed from the elements of the constructs in this research. They have not yet been tested in the field. Further research is needed to test their utility and whether so the absence of such criteria is an indicator or predictor of franchisee failure. .

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## **Appendices**

### **Appendix 1**

#### **Interview Script**

Thank the participants for their time and willingness to be involved.

Reminder of confidentiality-can see final product-no personal references in report and thesis-ethics

Confirm that the participant has read the Information Sheet and signed the Consent Form.

The interview is being recorded (reminder).

The purpose of this interview is to try to find out how your experiences, perceptions, attitudes, skills, behaviours, values and beliefs influence you in the running of your business. In other words to try and find out about the personal attributes that you have that have led to your business success that resulted in you becoming a state Franchisee of the Year.

#### **Background**

Please tell me about your background - what led to your decision to go into business and why?

Did you have any prior business experience where you sold to customers?

What were your ambitions on day one?

What special qualities do you bring to (insert business name)?

Do you have a business philosophy? Can you outline it to me?

What is it about you that and the way you do business that resulted in (insert business name) becoming your state Franchisee of the Year?

**Personal traits**

Do you see yourself as a leader in your business/industry?

Describe the types of leadership roles you play?

How do you think others (employees/franchisees) see you?

Are you an optimist? How do you view the world?

Describe your management style?

Describe a business setback and the strategies that you used to overcome this.

How might others (employees) describe your management style.

Can you and do you delegate? How do you make sure that the job is done well?

What motivates you? (Money, power, autonomy)

How does your business impact on your lifestyle?

How do you maintain energy at work? (What saps your energy? When are you most energetic?)

Do you ever feel stressed at work? (Cause, effects, coping strategies).

How would you describe your business ethics? (Is it ok to do what ever is necessary in business to get the job done?)

## **Business Skills**

What is your vision for your business?

What are the core values of your business?

Do you have a business vision-overarching goal or aim? How do you communicate this?

How do you maintain a focus on the long-term in face of urgent day-to-day demands? Describe a time when you were in this situation.

How do you inspire staff to achieve business goals?

Do you set standards? Can you give some examples?

Do you do regular business plans? Can you briefly outline the process and topics? What are some of the key assumptions in your plan?

What are the key indicators to you that your business is doing well?

Briefly describe the people who work for you. How and why were they selected? What are their strengths and weaknesses?

How do you ensure that they get the job done?

What do you do to build a cohesive team?

Describe your communication strategies?

Please describe the work environment at (insert business name)?



How do you ensure that all the business details are attended to?

Describe some of the processes and procedures that set your business apart from others.

Describe your customer service? How is it superior to your competitors?

Describe a situation when you came up with a particularly innovative approach to an issue?

Who are some of your key external business relations? Describe your business relationship style. (I.e. how do you do business?)

Is business networking important to you-how do you establish and maintain networks?

### **Franchising**

Can you describe the relationship that you have with the Franchisor and how it has changed over the years?

Why did you choose to go into this business?

What features of the (insert franchise name) franchise system do you find appealing?

Not so appealing?

What opportunities are there to improve the (insert franchise name) model without corrupting the system?

Do you believe that the franchise places constraints on the way you do business? - Does the system inhibit your freedom and independence as a small business operator?

Is there any contradiction for you between the flexibility and freedom of business ownership and restrictions of having to conform to a franchise system?

Describe your brand and its value to you.

### **Conclusion**

What is critical about the work that you do?

Describe to me your personal mission or driver?

Describe the highs and lows of your business experiences?

What do you enjoy most about your business? (Least)

We have talked about many things is there anything else you would like to say about the way you do business and/or why you have been successful.

### **Closure**

Remind participants of the purpose of the interview, that there is likely to be further contact and that they will be provided with a copy of the finding and outcomes of the research.

Thank the participants.

## **Appendix 2**

### **Selection Criteria for Franchisee of the Year**

(Prior to 2005)

Percentage increase in sales over the previous year.

Percentage increase in sales over group average previous year.

New franchise system initiative developed and then adopted by the group.

Local area marketing initiatives undertaken.

Contribution to group policy developments etc.

Public relations activities and successes.

Initiatives, which benefited the local community.

Details of any special obstacles, which were overcome.

Core elements of the business plan used for the year, and achieved.

Core elements of the plan for next year.

How to deal with competition.

Franchisor / Franchisee relations.

Customer Service.

Leadership.

Why did you choose your franchise system?

Other special achievements.

## **Appendix 3**

### **Franchisee Performance Enhancer Measures**

Greg Nathan's Franchisee Performance Enhancer measures franchisee best practice behaviours on 66 specific dimensions. To ensure a fair and objective assessment process, candidates were required to be able to support their responses with evidence.

Areas explored included:

- The candidates' approach to business planning and goal setting
- How the candidates monitor the financial position of the business
- How the candidates protect the business against unforeseen risks
- How the candidates keep up to date with business information
- How the candidates use technology in the business
- How the candidates balance family commitments with business commitments
- How the candidates maintain energy and ability to cope with pressure
- How the candidates organise their time
- The approach the candidates bring to the day to day running of the business
- The candidates' relationships with customers
- The candidates' relationships with suppliers
- The candidates' relationships with the franchisor team
- How the candidates recruit staff
- How the candidates manage and motivate staff
- How the candidates promote the business locally
- How the candidates maintain high customer satisfaction levels in the business
- Any professional development initiatives the candidates have undertaken
- Specific training initiatives the candidates have implemented for the team.

(Franchise Council of Australia 2006)

## **Appendix 4**

### **Sample of initial interviewee contact email**

**From:**

**Sent:**

**To:**

**Subject:** Franchisee of the Year

Dear ...

I am interested in contacting you regarding your Franchisee of the Year award. I am a Dymocks Franchise owner and was FCA Franchisee of the Year in 2002. Since then I am still enjoying my business but I have decided to undertake further study, I am doing an MBA by research at Curtin University Graduate School of Business. The topic is "Australia's Entrepreneurial Spirit: The Contribution of Franchising".

If possible, I would like to interview you on.... Information about the research is attached. Could you please reply by return email?

Thank you and regards

Chris Bothams

Franchise Owner Dymocks Carousel

Franchisee of the Year 2002

Phone

Email

## **Appendix 5**

### **Node listing for the first round of interviews**

Vision & Values

Vision & Values/Building capability

Vision & Values/ethics

business skills

business skills/accounting

business skills/professional development

business skills/profit

business skills/customer service

business skills/staff

business skills/training

business skills/differentiation

business skills/information technology

business skills/benchmark

business skills/product knowledge

business skills/business philosophy

business skills/critical evaluation

business skills/marketing

business skills/marketing/communication

business skills/Business Planning

motivation

motivation/Achievement Drive

motivation/Action Orientation

personal traits

personal traits/background

personal traits/background/business development

personal traits/experience

personal traits/leadership

personal traits/qualifications

personal traits/interests

personal traits/Building capability

personal traits/Introduction

Why choose this franchise

Why franchising

Recruitment

## Appendix 6

### Revised node listing

Number of Nodes: 39

- 1 (1) /Motivation
- 2 (1 1) /Motivation/Security
- 3 (1 1 1) /Motivation/Security/Money
- 4 (1 1 2) /Motivation/Security/Survival
- 5 (1 2) /Motivation/Vision
- 6 (1 3) /Motivation/Ambition
- 7 (1 4) /Motivation/Passion
- 8 (1 4 1) /Motivation/Passion/Product
- 9 (1 5) /Motivation/Lifestyle
- 10 (1 5 1) /Motivation/Lifestyle/Family
- 11 (1 5 2) /Motivation/Lifestyle/Health
- 12 (1 5 3) /Motivation/Lifestyle/Balance
- 13 (1 6) /Motivation/Future
- 14 (2) /Business Skills
- 15 (2 1) /Business Skills/Profit
- 16 (2 1 1) /Business Skills/Profit/Sales
- 17 (2 2) /Business Skills/Planning
- 18 (2 3) /Business Skills/Systems
- 19 (2 3 1) /Business Skills/Systems/Delegation
- 20 (2 4) /Business Skills/Staff
- 21 (2 5) /Business Skills/Product
- 22 (2 5 1) /Business Skills/Product/Product Knowledge
- 23 (2 6) /Business Skills/Marketing
- 24 (2 7) /Business Skills/Training & Development
- 25 (2 8) /Business Skills/Business Philosophy
- 26 (3) /Franchising
- 27 (3 1) /Franchising/Compliance
- 28 (3 2) /Franchising/Contribution
- 29 (3 3) /Franchising/Constraints



- 30 (3 4) /Franchising/Recruitment
- 31 (3 4 1) /Franchising/Recruitment/Background
- 32 (4) /Personal Qualities
- 33 (4 1) /Personal Qualities/Ethics
- 34 (4 2) /Personal Qualities/Leadership
- 35 (4 3) /Personal Qualities/Family
- 36 (4 3 1) /Personal Qualities/Family/Balance
- 37 (4 4) /Personal Qualities/Community
- 38 (5) /Communication
- 39 (6) /Customer Focus

## **Appendix 7**

### **Australia's Entrepreneurial Spirit: The Contribution Franchising**

#### **Information Sheet**

##### **Aims of the Project**

The project aims to answer the following questions by interviewing highly successful franchisees:

1. Why do some franchise businesses grow, prosper and thrive, whilst others seemingly in a similar business environment, merely survive?
2. How do the attitudes, behaviours, values and beliefs of dynamic franchisees affect the performance of their business?
3. Do successful franchisees who demonstrate individual initiative and independence, regarded as desirable in small business owners, succeed under the apparent constraints of a franchise system?
4. How can knowledge of successful characteristics of franchisees be used to benefit franchising in particular and small business generally?

##### **What is required of Participants**

Participants will be required to be interviewed by the researcher. The interview will take place at a location convenient to the participant and will take up to an hour. The interview will be semi-structured with questions about attitudes, values, behaviours and beliefs relating to the participant's business. Participants will not be required to provide any commercially sensitive information. The interview will be recorded for later analysis. It may be necessary to seek clarification of issues raised in the interview at a later date. Any follow up contact will be by a means convenient to the participant.

##### **Confidentially**

The interview is confidential and participants in the project will not be identified. Participant information will be restricted to the researcher and the Thesis Committee. Participants will not be identifiable in any published material. Research data will be retained with the Graduate School of Business for five years as per Curtin University of Technology requirements. All ethical and confidentiality issues will strictly follow Curtin University of Technology guidelines.

### **Voluntary Participation**

Participation is completely voluntary; participants are at liberty to at any time from the project without prejudice or negative consequences.

### **Benefits to Participants**

Participants will be provided with a copy of finding and outcomes of the research. It is likely that answers to the questions will be highly motivational and provide inspiration for further business success.

### **Contact Details**

#### **Researcher**

Chris Bothams

Phone 08 9450 8433 home

08 9356 8888 work

0407 935 668 mobile

Email [alltrack@inet.net.au](mailto:alltrack@inet.net.au)

#### **Supervisor**

Professor Mohammed Quaddus

Phone 08 9266 2862

Email [quaddusm@gsb.curtin.edu.au](mailto:quaddusm@gsb.curtin.edu.au)

**Human Research Ethics Committee (Secretary)**

(Should participants wish to lodge a complaint on ethical grounds)

Phone 9266 2784.

Address       The Secretary, HREC  
                  Office of Research and Development  
                  PO Box U1987  
                  Perth WA 6845

The project has been approved by the Curtin University Human Research Ethics Committee.

## **Appendix 8**

### **Consent Form**

#### **Australia's Entrepreneurial Spirit: The Contribution of Franchising**

I am willing to participate in the study *Australia's Entrepreneurial Spirit: The Contribution of Franchising*. I have been informed of and understand the purposes of this study and have been given the opportunity to ask questions. I understand that I can withdraw at any time without prejudice and that any information which might potentially identify me will not be used in published material.

I agree to participate in the study as outlined to me.

**Name**

**Signature**

**Date**