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Career

How to Build Trust Between Franchisor and Franchisee

By Catherine Monson

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According to author and professor Stephen Covey, research shows that trust within businesses is on the decline. "Only 28 percent of employees believe CEOs are a credible source of information," Covey writes in *The Business Case for Trust*

<<http://www.chiefexecutive.net/ME2/dirmod.asp?sid=&nm=&type=Publishing&mod=Publications::Article&mid=8F3A7027421841978F18BE895F87F791&tier=4&id=0A20438841214AF890CFA3A218ABB236>> .

When franchise partners don't trust their corporate team, it may take longer to complete projects. Most professionals in the franchise and business world would agree that trust is a vital element for a successful relationship between a franchise system and its franchise partners, whether on an individual level or between the franchisor and its franchise partners as a whole.

In 2009, I dealt with this very set of challenges when I took the CEO position for Fastsigns International Inc. <<http://www.fastsigns.com/>> , the worldwide franchisor of more than 530 full-service sign and graphic centers.

I entered into this leadership role in one of the worst economic climates in recent history, with a company that was experiencing its first double-digit sales decline. Additionally, a lack of trust had formed between the franchise partners and the corporate team--the franchise partners were distressed and feeling as though their questions and concerns were not being heard. I knew I needed to immediately begin developing rapport and trust among the franchise partners in order to re-establish communication and motivate the company.

Regardless of the economy, every franchisor should be working continuously to improve operations and efficiencies so that franchise partners can maximize their profits. You can no longer take the attitude, "If it ain't broke, don't fix it." Listening to franchise partners is a great way to generate ideas and learn best practices, so we began actively reaching out to franchise partners--not only listening to their concerns, but involving them in corporate decisions. Since their feedback comes from their experiences on the front lines, it provides great value and can teach you a lot about what works and what doesn't.

From there, I worked with the corporate team to employ a strategy of getting back to basics, which included an incentive program, and monthly company meetings for sales updates, program developments and company announcements. This went a long way toward opening the doors of communication, establishing trust and aligning the team on our common goals.

While these changes were a crucial stepping stone, they were just the tip of the iceberg. Tough times require tough measures, and I needed to get down in the trenches with my team. Fastsigns developed four key objectives: improve franchise profitability, drive top-line sales, increase the value of the Fastsigns brand, and increase franchise partner satisfaction.

We took a hands-on approach and reached out on a personal level to the franchise system--not a simple task. I began hosting monthly calls to the entire franchise system in which I provided updates and answered questions. The calls also gave franchise partners an opportunity to voice concerns directly to me. In addition, I embarked on a road tour, meeting face-to-face with as many franchise partners as possible.

The following strategies were implemented to help increase confidence and trust:

- **Franchise system road tour:** One of my first objectives was to initiate a strategy that would put us face-to-face with as many franchise partners as possible. The goal? Re-establish our relationship with them and earn back their trust. As a result, we implemented a five-month, 28-city North American Town Hall Tour, during which I met in person with as many franchise partners as possible to engage in dialogue, share ideas and boost morale. Since then, we have met with more than 380 of our franchise partners in four countries. This strategy created more confidence and built CEO credibility among our franchise partners, while dramatically improving the relationships they have with our corporate support team.
- **Annual conventions:** If your franchise system holds an annual convention or meetings within the field throughout the year, take the opportunity to sit down with your franchise partners at these events to discuss how they think things are going within the franchise system. They will give you insight into what programs work well, which ones do not, and any issues that may need to be addressed. Letting them participate in a one-on-one or group discussion demonstrates to them that you are willing to listen and take their advice under consideration.
- **Webinar:** If an annual convention is not feasible for your franchise system, another solution is to host a series of ongoing webinars. Technology allows franchise partners to remain in the comfort of their own office or home while still having the ability to speak with you, the franchisor. A webinar is a great way to conduct the same presentation remotely that you would at a convention, but also allow two-way communication for franchise partners to ask questions or express concerns.

This hands-on approach helped rebuild trust and communication with more than 380 Fastsigns franchise partners in four countries, focusing on communicating the company's core values and vision for the future. It is imperative for both our corporate team and network of franchise owners to understand that we share the same vision and goals. The results have paid off with a happier franchise community, and an increase in profits and franchise growth.

Whether your franchise system contains five or 500 franchise partners, as a franchisor, you must listen to your franchise community before you start to implement changes that will affect the entire system. By doing so, you will remind your franchise partners that they play an important role in the decision-making process. Despite tough times, such as the recent economic downturn, it is possible to foster positive emotions in the workplace.

Communication is the most important factor in a triumphant relationship between the franchisor and the franchise partner. Remember that they invested in your concept to help fulfill their entrepreneurial dream and because they strongly believe in your concept's core values. They depend on your support and trust to help them grow and remain passionate about their business. It is important to understand that when they express a concern, you must listen and respond appropriately and with compassion. Better understanding the needs and concerns of your franchise partners will create a relationship full of trust that will lead your concept toward a future of great success.

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