



## Resourcing an award winning business services franchise builds store numbers and market inertia

### Key outcomes:

- The rollout of 23 new operational franchise sites in just over 12 months, boosting total store numbers to over 40 nationally.
- Achieving the visibility and market inertia required to consolidate leadership in it's market space.
- A clear operational template for the growth of their franchise now existed.

### The business challenge

This award winning business services franchise with nearly 20 sites around Australia, was in a hurry to grow numbers and consolidate leadership in its market space.

As a franchisor their core focus and skill was bringing new franchisees into the system and ensuring their individual success in the specific business services arena in which they operated.

Targeting the addition of at least 20 new sites in 12 months would require;

- A business review to determine the skills and resources required.
- A clear implementation plan.

Whilst it was clear that the business had the required franchisee selection and training skills upon which additional resources could be built, its new store fitout, supply and start up skills were at best ad hoc.

The capital cost of fitting out and stocking a new site is generally the largest cost involved in moving into a franchise. Due to the uniqueness of each site the costs on each site vary to some degree. In addition it is the first real commercial interaction a new franchisee has with the franchisor. Consequently costs must be as agreed and the process must be executed flawlessly to ensure a positive start to what hopefully will be a long term relationship.

The business challenge was to;

- Clearly determine the process steps and skills required.
- Determine whether the resources should be built up in house at the franchisor or outsourced under an agreed formula and accessed by each new franchisee as required.
- Effectively resource the process.
- Detail the cost of the resources for payment by each new franchisee.
- Implement the solution to add 20 new sites in the next 12 months.

### The solution

The process steps encompassed;

- Responsibility for step by step guidance of the franchisee from site approval through to retail ready site.
- Designing, costing and fitting out the site in line with franchisor agreed guidelines.
- Purchasing and installing all stocks and equipment.
- One contract, one payment schedule and one ultimate responsibility.

The argument to build up the resources in house failed on these key points;

- The skills were determined not to be a core competency.
- Site specific cost transparency was difficult to detail for each franchisee.
- The fixed cost of the resources would exist regardless of the need and the actual rollout schedule, damaging the franchisors profitability.

Our proposal to the franchisor was to;

- Agree the cost of the service in order that it could be clearly disclosed in the franchise agreement.
- Provide a complete turnkey process accepting full responsibility for a successful outcome at each new site.
- Enable transparency of the process via a web accessed intranet.
- Improve the value of our service as the rollout numbers grew.
- Achieve the target of 20 new sites in 12 months.

### The result

Outsourcing requires a clear detailed understanding of what is being outsourced and the performance expectations.

Having these steps in place meant the franchisor could focus on their core competency of finding and training new franchisees for their system.