

CREATING MAXIMUM BENEFIT FROM YOUR FRANCHISE ADVISORY COUNCILS



Franchise Advisory Councils are wonderful tools for learning more about your franchisees' needs, creating better programs, and gaining greater support from your franchisees. Franchise Advisory Councils help you avoid costly mistakes and implement programs more effectively. You should view an advisory council as an opportunity for success, not as a burden or something you have to do to appease people. There is an art to properly running a Franchise Advisory Council; this white paper will explain how you can maximize the effectiveness of your council.

Many times, franchises create Franchise Advisory Councils as a defensive posture when they should really be viewed from a different perspective. Advisory councils really present an opportunity to effectuate change in a positive way within a franchise. If you manage your councils well, council members become advocates of your company and your best franchisees. You should never feel restricted to having only one advisory council. If your organization is large enough, create multiple councils so that you not only get additional input, but have more engaged franchisees that see themselves in leadership roles. We will guide you through the creation and facilitation of council meetings to assure that your council reaches its full potential.

The size and makeup of your council is very important.

You do not want too many people on the council as it will be intimidating and frustrating to council members because they won't have as much of an opportunity to

participate. Likewise, you don't want too few members because you won't get enough differing opinions for lively conversation. You want to create a nice balance of franchisees. Pull members from some large franchises and some small, some new franchises and some old, and make sure that different geographical areas and varying degrees of franchisee loyalty are represented. *You should also try to balance the group by gender if you can.* The size of your council can range depending on the size of your franchise. As a rule of thumb, your council should have a minimum of 9 members and a maximum of 21 members.

How long should a council member remain a council member?

The length of a council member's term is very important. We have found that once someone has been on a council too long, the amount of new information gained is diminished and the council member may start to feel like they have more power than they really have. Additionally, because an advisory council is a positive experience, you want to turn over the council quickly so that more franchisees have the chance at the experience. The 'however' to all this is that it does take time for new council members to feel comfortable and share their thoughts. We have found that three years is about the right amount of time for a council member's term. Thus, we like to stagger the terms so every year, 1/3 is new and 1/3 is retiring.

Normally, having elections isn't a good choice.

Having a proper mix of franchisees is very important; elections make it difficult

accomplish that mix. It is also important that you have a rotation of members on the council, and elections normally result in certain franchisees becoming permanent members of the council. Elections are a sign of distrust of management, and council members who are elected tend to feel that they are there for the protection of the franchisees. If management does a good job, the franchisees won't feel the need for elections.

There are times that elections do make sense. If there are low levels of trust, elections are a good tool to improve trust. Additionally, if you already have council elections, moving from that format may be problematic.

Having an elected council is not a significant issue, but ideally you shouldn't need one and generally, the council will function better without one.

Who you put on your council matters.

The natural tendency for advisory council makeup is to put only loyal franchisees on your council; friends of the organization, if you will. However, this is a mistake. Your less-loyal franchisees have issues and concerns which you really need to hear, and by not inviting them to participate, you tend to get a council that is overly supportive. It's sort of like that franchisee who always agrees with you, although it feels nice, it's not particularly helpful. Don't sacrifice respect for the participation of less-loyal franchisees. If you feel a disloyal franchisee would be rude, you certainly don't want to invite them to be on your council. In the hundreds of council meetings we have run or participated

in, we have never found anyone being overly disrespectful or rude, including the less-loyal franchisees. Not only is having the less-loyal franchisees important from an informational point of view, but making them part of the process is the best way to win these franchisees over. The problem or worry of someone being a disloyal franchisee evaporates quickly and turns into a benefit for you as these franchisees generally become loyal very quickly.

Experience has shown that council members become supportive, engaged franchisees.

When you create an advisory council where management is truly listening, you're talking about issues that are meaningful and you're including the council at the beginning stage of ideas so that members of the council really feel valued, engaged, and have a vested interest in the success of the franchise. Your council members will become much better franchisees and advocates for the franchise. Even years after being off a council, a former advisory council member will still feel more loyal to the franchise. At CCA Global Partners, members were surveyed and we were able to distinguish between regular members, members of our advisory council, and our former advisory council members. The surveys clearly demonstrated that advisory council members and the former advisory council members were much stronger supporters of the company.

The more franchisees you can involve in councils, the better.

In a perfect world, every franchisee would be on an advisory council; the benefits we saw were extraordinary. This of course wasn't practical, but what we were able to do was subdivide the different functions of the organization to create many more councils. This way, we got the additional help from our franchisees and benefited from the improved relationship. For example, we created a marketing council, a product council, a training council, and a salesperson

council. Each of the business heads managed their own councils. Franchises should create as many councils as possible so that, in addition to an overall advisory council, there will be advisory councils for specific elements of the franchise, for example: a technology council. The benefit of these councils is that they greatly increase the number of franchisees that feel they have a leadership role in the franchise. They also give management a source of feedback and people who are willing to help test and pilot programs.

For maximum benefits, a council could also be created with employees of the franchise, i.e. a sales council or an operations management council. This will give you access to real hands-on people and move engagement past merely "ownership".

The sub-councils don't have to meet in person. In order to cut costs, the sub-councils can meet via a web conference. When you do have conferences or other live meetings, it's nice to get the group together at that time to meet in person.

If you've never had an advisory council, we recommend starting with one single overall council before considering adding others. If you are currently operating a council, we recommend that, in addition to your primary council, you look to subdivide and create several councils which focus on specific issues.

The presence of management needs to be controlled.

We like to have as many members of management as possible in the meeting, actively participating in the conversation but it is important that management does not dominate the meeting. Too much management can be a hindrance. As a rule of thumb, we recommend that no more than a third of the room be members of management. If there's a need for more management/franchisees, the extra people should be stationed on chairs outside the "U"

or square-shaped seating configuration for the meeting.

What topics should be discussed?

We think this is the area where the biggest mistakes seem to be made. We have seen many advisory council meetings where management showcased ideas or programs that were essentially completed only to get the "rubberstamp" of the council on the program or to size up how much they might charge for the program. In this case, the council members really haven't helped contribute to the program. Instead, they are the test market. It's certainly okay to show an advisory council a completed new program but this should happen when the council members have been instrumental in helping guide the concept from the beginning. That being said, some topics you may discuss during these meetings include: strategic planning, new concept development, company review, etc. These topics will vary depending on whether or not your franchise has sub-councils.

Meetings should be held in a formal way, with some flexibility.

We recommend that you create parking lots for ideas that come out of discussions which need to be talked about more, but at a later time, so as not to disturb the flow of the conversation. It's always good, at the end of the meeting, to have time on the agenda to cover the parking lot issues or other topics that management feels need to be covered. Again, these are issues that came out of the conversation of the meeting.

When should a council be involved?

It's very important that the people who manage councils bring their council members in the discussion at the beginning of the process, not at the end. When working on a project, the council members can contribute ideas before the franchise has spent money and gone in the wrong direction. The council members make for excellent advocates of programs that they've helped create and the

franchise should consider using council members to help in the presentations to the organization and franchisees. It is good to present an idea that is new for comments and suggestions so that members will see that their opinions can, in fact, have an impact on the concept. Councils really should be used to help a franchise determine its priorities, understand its weaknesses and opportunities, and help management make important decisions on the direction of the franchise and/or the direction of the new concept, product, or program.

Plenty of time should be scheduled on the agenda for the council members to be able to share, in a less-structured way, their observations on the industry, what competitors of the franchise are doing, what the franchise is doing (good or bad), and any ideas and suggestions they may have. This time is critical, because it's hard for management to see these issues the way their customers would.

To create a safe environment for everybody at the meeting, certain ground rules need to be set.

No idea is a bad idea and all ideas need to be heard. Additionally, everyone should feel comfortable speaking honestly and frankly during the meeting without fear of upsetting management. It should be understood that everything said in the meeting is to be held in confidence and no person shall quote any member of the council or management. At times, the franchise may want to share some sensitive information about a problem it is having, therefore, it's important to clearly state that what you're going to share is sensitive and confidential. We have found council members to be very good at keeping information confidential. Clearly you will know the integrity of the members on your council and will have to determine how much confidential information you can share.

The facilitation of the meeting is critical to its success; the facilitator must make sure that a few people don't dominate the meeting and that everybody gets a chance to speak. It is

also wise for the facilitator to take time at the end of each meeting to review what has been talked about and discuss which ideas should be shared and which are confidential.

Break the meeting into small groups at times to increase participation and for effective brainstorming.

Council meetings tend to be dominated by a few people, making it hard to have all members actively involved in the conversation. When you have a topic that is 'big picture' and requires brainstorming, break the council up into small groups. Let each group work on the solution and then have the groups come back and present to the larger group. This enables more people to speak at one time and ensures that one person can't dominate all the small groups, although they may dominate the one they are in. Certain people contribute more effectively in small groups. Furthermore, when the groups report back, if you hear very similar things from all the groups you know the idea has more merit.

How often should a council meet and how long should the meetings be?

The simple answer is: more often than you think and longer than you think. Due to economic costs, many advisory councils may not meet live; except at a convention or meeting at which the attendees are present first for other reasons. Instead, they could meet via web conferences. A lot of factors go into determining the length of the meeting, if people need to be flown in for the meeting, you are better off holding longer meetings that happen less frequently. Conversely, if everyone is fairly close, you're better off having shorter meetings that happen more frequently. In either case, phone call briefings can be done from time to time to keep the council members in the loop and to solicit their opinions. You may see that when you first start, it will be hard to find enough things to fill an agenda. In time, it will become impossible to fit everything you want into the agenda. We suggest that when you first start your council meetings, the length

of the meeting be shorter, and should remain short until such time that you and your management team feel that you need more time. We have held council meetings lasting as long as four days. We have never had anyone complain about meetings being too long but at times, (not the four day meeting) people suggest that meetings should be longer.

The primary advisory council should be a mix of live meetings and web conferences. Normally, the council should at least meet once a month, via a web conference, to ensure the council members are up-to-speed on everything that is happening.

Allow the council to have private meetings.

It is good to allow the council to have a private meeting where they can talk without management. This enables them to talk to each other about issues that they don't feel comfortable talking to management about. Then, after their meeting, the CEO should meet privately with the council to hear their concerns. This private conversation will enable the council members to be more frank in their feedback.

This process will have a great impact because the council members will feel like they are able to voice any concern. It will also go a long way in creating credibility with the council members and the franchisees because they will see that the council is not just a management "rubber stamp".

The private meeting isn't necessary for the sub-council meetings.

Allow council members to participate in the development of the agenda..

It is a good practice to allow council members the ability to have input on the agenda. Most of the time, you will get little input, but the fact that the council members have been asked for their opinion on the agenda is very important in developing a positive and trusting relationship. In order to

do this, send out an email to the council members prior to building your agenda and if any of them have topics to cover, they can let you know. Then, when you have a draft of the agenda, send it out and ask if anyone has anything to add.

Create a private group for your council members on your intranet site.

The use of social media tools in a private environment can greatly enhance the success of your councils. In this area you can post a calendar of events, agendas for meetings, meeting notes, and important discussion topics. It's very nice to have a place where everyone can go to see what is happening with the council, even if you don't hold discussions. However, the discussions can be very helpful to get advice at times when you are not holding meetings.

What convinces people to be part of an advisory council?

We believe there are several reasons why council members are so willing to give their time. They feel honored to be asked, they

gain a lot from talking and sharing ideas with other council members who are in the same business, and they learn valuable information about the franchise and the industry. Finally, they are treated nicely. You will find members will be upset when their term is up. We have had council members cry at their final meeting because they have so enjoyed being a member.

Compensation is something that should be avoided.

We've seen members of advisory councils be compensated, and we've also seen council members not be compensated. Our belief is that compensation is unnecessary and is best left out of advisory councils. We believe compensation confuses the primary purpose of the council. However, we believe the meeting should be handled in a first-class manner with nice accommodations and food; an occasional gift is also acceptable. Of course, the company should cover all costs associated with attending the meeting.

A final word on Franchise Advisory Councils.

Creating a Franchise Advisory Council is an effective way to develop powerful new ideas in your franchise and greatly improve the implementation of new concepts. Members of your advisory councils will become engaged franchisees because they will feel as if their opinions matter. It is important to involve advisory councils in the beginning stages of an idea and not use the council as a "rubber stamp" for management. Your council should be made up of a variety of franchisees and you should strive to have management actively participating. Be careful that no one monopolizes the discussion and break the council into small groups from time to time so that more people can share their opinions. Consider who makes up your council when deciding how and how often to meet. Do not view an advisory council as a burden but appreciate it as a way to improve franchisee relationships. Remember that what you have learned will help you to develop a well-run advisory council and certainly a well-run council will help your franchise improve business overall.

ABOUT INGAGE CONSULTING:

WHAT'S UNIQUE ABOUT INGAGE IS WHAT'S UNIQUE ABOUT OUR CLIENTS.

Ingage Consulting focuses exclusively on the needs and outcomes of group-driven businesses, including franchise organizations. We understand that looking for help translating much of today's new business learning into customized solutions for the franchise-based business is walking a very lonely road.

We know. We've walked it, too.

A lot to be responsible for, and lot to be responsible to, and the authority to lead that has to be earned every day. While others play checkers you play chess and yet, few outsiders even understand what you do, much less how to do it.



Principal/Founder of Ingage Consulting, Evan Hackel, has 25 years of front-line experience establishing, leading, and turning around co-ops, franchises, and other organizations. He enjoys an industry-spanning reputation built on his many real world accomplishments, most notably those while leading one the largest co-ops in North America, with \$3 billion in annual sales.

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