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You'll get a reputation

Julianne Dowling | July 28, 2008 - 2:25PM

The first franchisee satisfaction survey reveals reputation is important when it comes to attracting and training fresh blood.

Ian Krawitz - head of intelligence for 10 Thousand Feet, a franchising research house - says the biggest surprise was that while 95% of franchisors believed that financial rewards are the carrot to attract salaried employees, it's not.

Good testimonials from other franchisees can make or break interest.

The 2008 satisfaction survey involved 40 in-depth interviews with franchisors, looking at retention issues and license renewal factors and what would lead to recommendations of the business to prospects.

Over 60 different factors came out and Krawitz's research house then surveyed over 550 people in a quantitative study nationally with 50 franchise systems involved.

Krawitz says there is high interest from Gen Y members becoming franchisees, opening up a new pool of candidates for the industry's growth and expansion.

Almost one in five surveyed aged between 25 and 29 years said they would like to own a franchise business.

"After the 2007 report (a separate study on prospective franchisees interviewing 570 people on what motivates them to join, then stay in a franchise), some franchisors saw vendor financing as an opportunity as well as offering training and work internally first with a view to leading into a franchise later," Krawitz says.

Snap-On Tools are one group which took this approach.

The research also examined franchisor expansion where owners take on multi businesses.

Krawitz says that the study shows that franchisors need to work harder on their screening process and the scalability of their own systems.

A typical franchisee is likely to fall between the ages of 30 and 39 with prospective franchisees more likely in their early 30s, while existing franchisees are older.

Last year, franchisee Andrew Robertson added a second Worldwide Online Printing Services shop to his first operation in Brisbane.

Robertson has three full-time graphic designers internally and now, two franchises with 14 staff.

"It's a different skill set to be a multi franchise owner; I'm still learning. My two stores are five blocks apart but the difference is that I'm not just focused on one," he says.

The systems don't change at all. I'm more hands on. I used to say bring me your obstacles and I'll handle them but with two businesses, you can't do that.

"You become a coach to staff and you have to let go. And you have to have good people."

Entrepreneurship and franchising can work together, says Robertson, but it depends upon the attitude of the franchisor.

"If they're looking to improve their systems, then they'll be open to suggestions."

Robertson also knows what it's like to be a young entrepreneur: his first business was a motel in Northern NSW bought with his 21 year old sister when he was only 22.

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The pair later launched a restaurant and a coach tour company for seniors.

"It was a strenuous lifestyle and the businesses were all intrinsically linked so we sold the lot after eight years."

Robertson believes that its a fine line managing teams of people if youre in your 20s and maintaining respect.

"Age isn't a limit, but experience is. The real key to success is still training and retention and in order to do that you need life experience.

"Managing casual staff and a big team, I learnt a lot with the motel, but it depends upon the nature of the franchise.

"If its a mobile pet wash or pool cleaning then you won't have to worry. Every franchise presents different challenges."

Food franchises would have teams of people in their early 20s and that could be a different challenge to say mine, where it's a team of six with very different skills.

Robertson says he didn't find it hard to get finance for the business; indeed, he believed that the bank lenders will pre-approve some franchise models for up to 50% of purchase prices.

Ian Krawitz added: "There's a lot of talk about the impatience of Gen Y members. I guess franchising has the opportunity to involve this age group because they can do everything if they want to.

The good franchise systems often have people who have been franchise development managers or area managers .they can see the potential and want to do it for themselves."

Mostly, existing franchisees are aged 40-49 years old (40%), compared with newbies who are mostly aged between 30-39 years (34%).

Last year, 69% of franchisors felt very optimistic that they will bring more new franchisees into their systems than the previous 12 months from October, but its likely that perceptions have changed given the shakedown.

"In the current economic environment - more so NSW - franchisors are probably panicking that the economy is slowing, but there are other attributes to show franchisors that they can consolidate and improve their systems to hold onto their existing franchisees," says Krawitz.

The current study looks at financial and social rewards; franchisee passion for customer and product; opportunities for expansion; support provided; staff attributes and management; and 32 different aspects amongst those areas.

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