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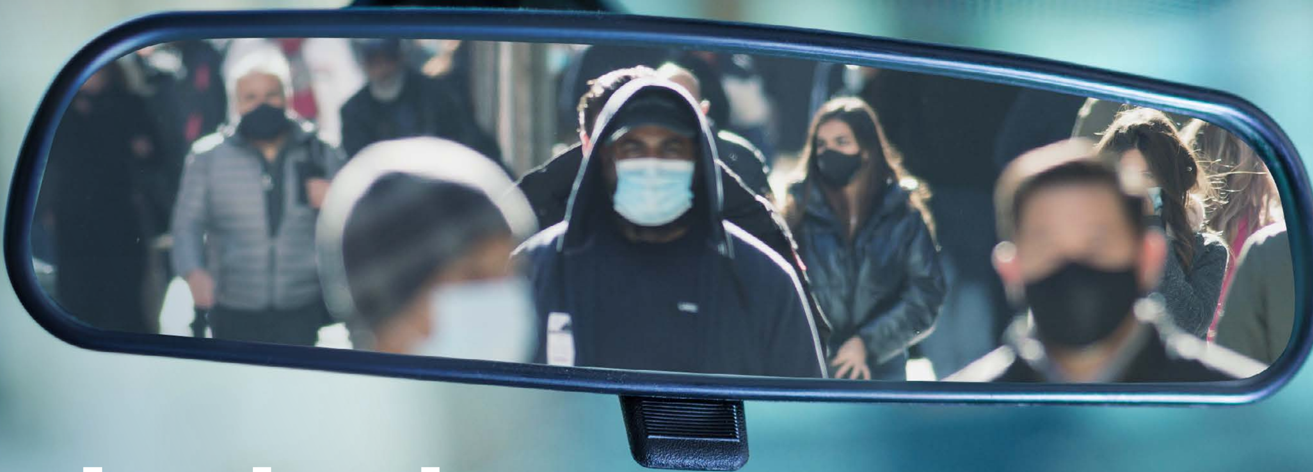

Getting back to business

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Getting back to business

By Mary Aldred,
CEO, Franchise Council of Australia

As we get back to business following twelve months of COVID impacts on businesses and communities across Australia, franchising has emerged at the forefront of small business recovery.

We continue to remind all our stakeholders that in many instances both franchisors and franchisees are small businesses, subject to the same economic waves and regulatory burdens that make day to day operation and profitability a challenge, especially in dealing with COVID restrictions.

The FCA's support for members and broader advocacy in the COVID pandemic has earned respect across business and politics, and we are seen to have taken a strong stand to support Australian small businesses.

The FCA continues to advocate strongly for franchising as the best model for small business, by promoting the needs and concerns of all small businesses, whether franchisors or franchisees, and by highlighting franchise network support for franchisees during COVID and on the path to recovery.

Instead of constantly responding to political or media 'noise', we now actively promote awareness of FCA at the centre of franchising in Australia and a source of commentary on the day-to-day issues that concern franchise businesses.

Apart from COVID impacts, the core issues for members are still commercial leasing and landlord issues, workforce management (especially WFH) and complex regulatory changes that create an unnecessary burden for small businesses.

Sustainability has become a key focus for government, industry and consumers, and all levels of government are introducing bans and regulations with the food retail and hospitality sector most impacted.

With food retailing comprising around 40% of the $154b franchising sector, franchises in food and hospitality have been driving sustainability priorities as a key strategic and business imperative.

The FCA is providing a platform for FCA members and businesses in the food retailing and hospitality sectors to share knowledge in a Sustainable Food Leadership Forum, in Sydney on Tuesday 25 May 2021.

FCA members will have direct access to leaders in fresh foods, food and beverage manufacturing, recycling, food waste and packaging to share their learnings and activities in achieving best practice and minimisation of business impacts, as well as innovators in franchising such as McDonald's and Muffin Break.

Leading demographer Bernard Salt will also provide insights and analysis of real-world trends and challenges including consumer behaviour change.

I hope you can join us for what will be a benchmark for franchising in the sustainability debate.

Please also put Monday 23 and Tuesday 24 August in your calendar as the dates for this year's National Franchise Convention in Melbourne. With the theme of 'A new world. A new direction', this year's NFC will look to position franchising to capitalise on the changed business environment.

While the last 12 months have brought with them unprecedented challenges, many franchise systems have also seized the opportunity to innovate, pivot their delivery and generate successful business outcomes.

The FCA's Excellence in Franchising Awards have a proud tradition of celebrating the outstanding achievements of the people and networks that make the sector so resilient and successful.

Entries for the Regional and National Awards are closing shortly and I encourage members to make a submission and take the opportunity to be recognised among the best of the best.

We look forward to working with you this year to ensure your business and the franchising sector maintains momentum across the year ahead. ■

"With food retailing comprising around 40% of the $154b franchising sector, franchises in food and hospitality have been driving sustainability priorities as a key strategic and business imperative."

Optimism in franchising sector sets the pace for Australian small business recovery

After reporting a recovery in revenues in the December 2020 quarter, franchise business networks are far more positive about 2021, according to the latest Australian Franchise Sector "Pulse Check".

This is backed by the release of the Australian Bureau of Statistics December quarter figures showing economic growth increased by 3.1 per cent.

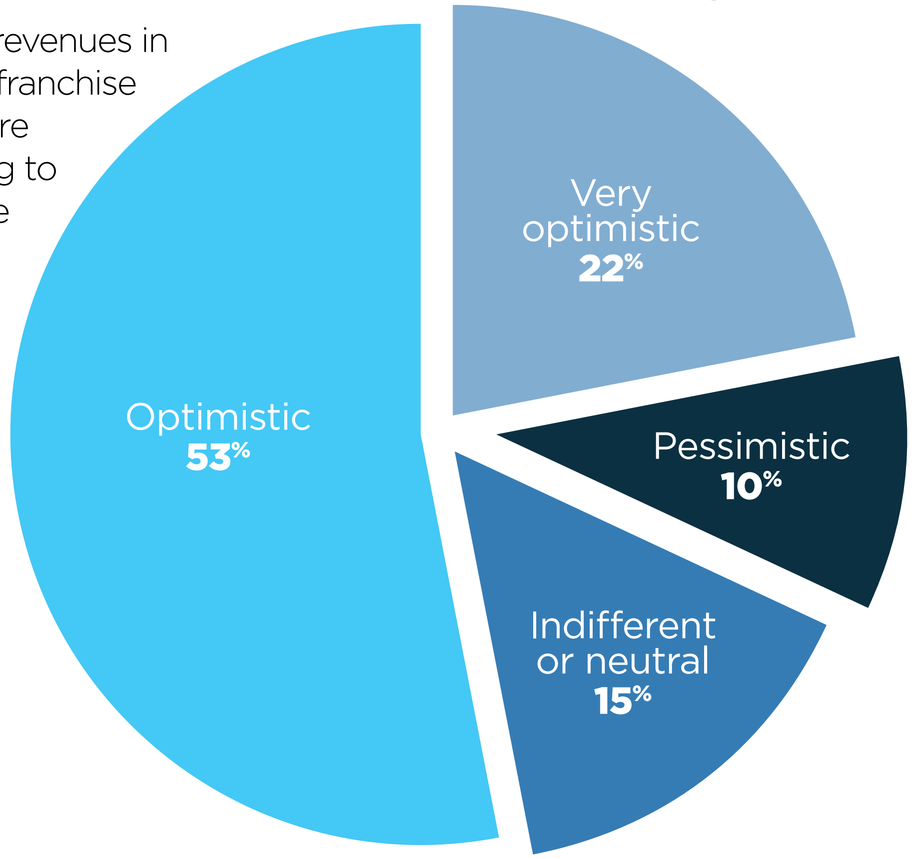
The Pulse Check survey (including responses from 68 Australian franchise systems covering 14,596 outlets) showed that a third of respondents (33 per cent) reported December 2020 quarterly revenue increases exceeding 10 per cent compared to the December 2019 quarter, reflecting the agility and performance of franchises in resilient industries.

Positive trading was concentrated across the quick service restaurant, health, maintenance, courier and freight industries.

Sit-down restaurants and cafes, fitness clubs and accommodation businesses proved less resilient with state border issues remaining significant.

While 53 per cent reported some level of loss making within their franchise system, 47 per cent of respondents indicated that none of their franchisees would record a trading loss in the December quarter (up from 24 per cent in the September quarter).

A total of 157 new units were opened across 35 brands, predominantly in the categories of retail stores, pet services and home maintenance services. A total of 62 franchised units were permanently closed across 18 systems, predominantly cafés.



Overall how are you feeling about business conditions for the next six months?

The greatest concerns or challenges reported by Australian franchise systems were:

1. Financial performance of franchisees - 38 per cent
2. Landlord and commercial leasing issues - 35 per cent
3. Franchisee recruitment - 32 per cent
4. Wellness of franchisees and support staff - 25 per cent
5. Engagement and satisfaction of franchisees - 25 per cent

There was positive sentiment for the March 2021 quarter, with 51 per cent of respondents anticipating a moderate (37 per cent) or significant (14 per cent) increase in revenue.

75 per cent of respondents indicated they were optimistic about business conditions in the next six months and 15 per cent indicated they were neutral.

The percentage of respondents pessimistic about business conditions for the next six months halved from 20 per cent to 10 per cent in the December quarter. ■

The Cheesecake Shop Established Franchisor of the Year 2020

Why chasing franchisee profit pays off

The FCA recently awarded The Cheesecake Shop its top honour as 'Australian Established Franchisor of the Year' at the 2020 MYOB FCA Excellence in Franchising Awards. This accolade capped a year that also included the brand receiving the top 5-star rating from FRANdata's Australian Franchise Register, based on a forensic evaluation of the financial performance of both franchisor and franchisees and a range of other measures, including franchisee turnover, satisfaction, and disclosure transparency. Clearly something is driving this performance and peer recognition.

The Franchise Review asked The Cheesecake Shop's Managing Director, Ken Rosebery, for some insights.

"If you want to manage something well then measuring it accurately and regularly is a very good place to start."

The Franchise Review (TFR): The Cheesecake Shop is a well-established Australian franchise system but in the last few years has made some important changes to focus on franchisee profitability. What was reason for this renewed focus, what have been the key initiatives and process for rolling these out and how have you measured success?

Ken: In my opinion the importance of franchisee profitability has to move beyond lip service and the simple fact is, franchisors simply need to know the facts about how profitable (or not) their franchisees are. In 2014, after chasing down annual franchisee financial statements from our own franchisees and attempting to analyse them, it was clear the accuracy and standard of reporting was quite poor and not particularly useful to a franchisee, or franchisor if they were serious about taking more responsibility for franchisee profitability. If you want to manage something well, then measuring it accurately and regularly is a very good place to start. I think this is particularly so as franchise brands mature and inevitably encounter more competition and pressure on prices and margins.

At the same time, small business cloud-based accounting systems were becoming available and I could see the potential to both dramatically improve the accuracy and timeliness of financial reporting whilst also lowering costs for franchisees.

I'll summarise a three-year journey in a few paragraphs of how we went about this. We changed our franchise agreement to enable us to centrally manage bookkeeping with standard software. We developed a comprehensive manual of bookkeeping and financial management standards to guide the bookkeepers, so that reporting was consistent from franchisee to franchisee. We set up our accounting system to produce monthly benchmarking reports that enabled us to quickly identify outliers on any key measure. For example, within 10 days of the end of each month we could identify which stores had cost of goods either too high or too low, or employment costs or net profit or any other ratio we chose to look at. The benchmarking data for all stores is shared with franchisees each month. We set an expectation of a high level of transparency so that franchisees can not only see how their own financial ratios compared to the averages but to also see each other's ratios. We encouraged franchisees to ask the better performing franchisees how they achieved such good results.

We made the financial data important for both franchisees and for our franchisor staff and we set targets and measured ourselves against them. This had a constructive influence on so many other initiatives and made us much more careful about how every decision or initiative could affect the franchisee's profit. I suppose in the end, you must want to make franchisee profitability important to you.

It's had so many positive benefits. It has been a very important factor in improving franchisee satisfaction, although it's not the only thing that matters of course. We have not had any company owned stores for some years now, levels of multi-unit franchisee ownership have risen, training costs are down and most new franchisees are referrals.

Another huge benefit that spun out of this was the introduction of a time and attendance system that integrates with our accounting software to dramatically improve accuracy and compliance with timesheets and minimum wages, whilst saving time and hassle for our franchisees. We were already set-up for the introduction of the Vulnerable Workers amendments.

The bookkeeping is outsourced and the entire ecosystem of software and bookkeeping services costs franchisees on average about $370 per month. And now it just runs in the background ensuring we know the financial facts every month.

Franchisee Dashboards are updated by the 10th of every month with accurate financial ratios and rankings.

"So, we turned our thinking upside down and got our franchisees to do their own compliance audits. You simply can't check compliance is always there, franchisees and their staff have to want to be compliant."

TFR: 2018 saw the implementation a couple of key online initiatives with the Cake College training program and Cake Assured app for franchisee self-audits. What are these and why were they introduced? What have been the benefits of implementing these as digital initiatives? How do you measure the success of these initiatives within the franchise network?

Ken: Our regular franchisee satisfaction surveys conducted by the Franchise Relationships Institute identified staff training as a key stress point for franchisees. Like many franchisors, we defined our responsibility as training franchisees and then it was the franchisee's responsibility to train their staff. This was not only a key stress point for franchisees, but we could see that training, once re-interpreted by the franchisees, became in most cases less effective. Naturally, this frustrates overall compliance and quality.

"We are delivering training directly to the appropriate people that need it, in the way they want to consume it."

The introduction of the staff time and attendance and payroll systems enabled us for the first time to communicate directly with all active staff via email and to have rigorous automated systems in place so that non-active staff were removed. This set us up to develop and roll out the online 'Cake College' training platform where short video lessons, for example, could be scheduled directly to all 'cake decorators' or to any new employee or to just the bakers or just the retail shop assistants or just franchisees. We are delivering training directly to the appropriate people that need it, in the way they want to consume it. The videos and quizzes are short, consistent, and professional, whilst still enabling our franchisees to re-schedule training or monitor and manage their staff training in other ways.

It's been very powerful and made huge improvements to the speed of communication, overall standard of compliance and quality and removed a big stress from franchisees. At the same time, it has reduced workload for our field team and helps us to better manage our costs as a franchisor.

Our self-auditing application, called 'Cake Assured', came about in a similar manner. Franchisees hated the traditional compliance audit, which they felt was intrusive, demeaning and didn't accommodate the day to day demands on their bakery. We also questioned the very high cost and effectiveness of such audit programs. We tried to conduct audits every quarter or more frequently when problems were evident but, in the end, you simply can't check compliance is always there; franchisees and their staff have to want to be compliant. So, we turned our thinking upside down and got our franchisees to do their own compliance audits through the 'Cake Assured' app we developed with our partner Op Central. Every week franchisees or their staff complete one ten-minute audit through the Cake Assured app. The audit usually comprises 10 prescribed photos and rotates through a 5-week cycle, covering various aspects of the bakery, such as product photos, point of sale displays, back of house food safety, temperature checks etc. The audit shows us that franchisees and their staff know what the standards are. We check the photos and assign traffic lights with agreed rules around the number of red lights before a follow up audit by the field team, with some costs passed on to the franchisee. Results are displayed on our dashboard for everyone to see and the level of automation makes the job of our franchisees and field team so much easier.

It's improved compliance and franchisee satisfaction whilst significantly lowering our costs as a franchisor. A real win-win.

Our Franchisee Advisory Council members reviewing new recipes ideas with our product development team.

TFR: Consumer tastes and trends have changed dramatically in The Cheesecake Shop's 30-year history. What is your process for identifying these trends and what are some of the key trends you've identified? How has The Cheesecake Shop innovated to respond to the changing marketplace and ensure ongoing franchisee profitability? How do you support franchisees to market their products and businesses?

Ken: This is the fun stuff. We love cake, we love eating it and we're excited about the way that tastes and trends give us opportunities to innovate. That's why I cycle 250km, swim 7km in the ocean and run 24km each week, all before 7am. Our franchisees, together with Peter our GM Ops and Marketing, Minu our Brand Manager and Mattin our Cake Innovation Chef, make a dynamic team and keep new product ideas coming. We back this up with regular consumer research. New products have big implications for supply chain, training and promotion and we do find a need to pace these changes to balance consumer needs with what our franchisees can manage.

Like a lot of consumer products, the trend to 'premiumisation' has had a big influence over the last few years. Our flagship products are even more indulgent than in the early days. At the same time consumers are seeking more niche products, with vegan, food allergens and ethnic preferences all emerging in more recent times. Part of staying relevant to consumers is also ensuring the bakeries and brand present well and look up to date.

We check every change has a positive influence on profitability, is well supported by our franchisees through good communication and is paced to be manageable. Of course, we don't always get it right - change has risks, but we keep trying.

TFR: How has COVID affected you and what specific things have you done.

Ken: Like everybody I suppose, last year was a rollercoaster of uncertainty and rapid changes and it's still not over and done with. We responded with lots of communication, reassurance, and initiatives to expand and improve our online and delivery capability. We saw it as an opportunity to pivot in some areas and

On the Job: Since COVID Ken's Jack Russell Terrier 'Pirate' is happier but still likes to come into the office from time to time.

"Never let a good crisis go to waste."

I recalled the quote "never let a good crisis go to waste".

Cake delivery is now working very well for us but would otherwise have seen resistance from franchisees because of its added complexity and costs. It certainly was very helpful for our Victorian franchisees during their extended lockdown and has already gained wide acceptance by our franchisees nationally. We have also moved rapidly to maximise onshore ingredient supply and have back-up suppliers, as COVID has continued to disrupted supply chains. Overall, though, COVID has caused a consumer shift to home and home entertaining that has actually been quite positive for our business.

TFR: What does the future hold for 2021 and beyond.

Ken: I gave up some months ago trying to predict the future and just do my level best to work with our team to respond sensibly and rapidly if needed to changing circumstances - all in the interests of keeping our franchisees profitable and satisfied and hopefully our own business as a franchisor similarly profitable and satisfying.

I think delivery is here to stay and the increasing competition in this space will help keep the delivery aggregators honest and sharp. Work from home is another welcome change I think will stay with us. I have encouraged those of our staff able to do so, to continue to work from home two to three days per week and schedule their office days to coincide with relevant team and project meetings (and product tasting). Our franchisees actually prefer our monthly Zooms and we are likely to transform our face to face meetings to annual social events. This is saving time and money for our franchisees and for us.

Changes to our back-end and support processes will continue to evolve with the influence of cloud-computing, which enables us to centralise those things that can be, so that our valuable (and expensive) field team can concentrate on the interpersonal and developmental challenges that franchise systems face.

Lastly, our success is a real team effort including our fantastic franchise support team, franchisees, and suppliers. I hope they forgive me for not naming them all individually as they deserve it - I'm so proud of them all. ■

Blue Wheelers keeps momentum rolling into 2021

A focussed recruitment strategy and the retention of online solutions adopted by necessity last year sees mobile dog grooming franchise Blue Wheelers, and its baby sister brand, Dash DogWash, set for growth in 2021.

As many people re-evaluated their career aspirations amidst the uncertainty of COVID-19, the head office team focussed on understanding the marketplace and responding accordingly.

It's an approach that has paid dividends, with both Blue Wheelers and Dash DogWash experiencing a 40 per cent increase in franchise enquiries during COVID-19.

And according to Blue Wheelers' Franchisor, Martin Rose, the growth is set to continue this year. The only thing slowing them down, it seems, is the ability to get more of their mobile grooming salons manufactured and on the road.

"We've doubled our orders with our trailer supplier this year and they're at capacity," said Rose.

Recruiting in the COVID-19 marketplace

Attracting would-be franchisees to Blue Wheelers and Dash DogWash through targeted online marketing, search engine optimisation and advertising has been an important part of the recruitment strategy.

"We've changed our keywords to better reflect market needs and changed the emphasis of our advertising to reflect new sentiments in the marketplace," Rose said.

Prospective franchisees have responded to the campaign, considering the brand for a variety of reasons including wanting to take control of their own destiny; looking for a change of lifestyle; taking control over their financial future; flexibility to choose their own working hours; being stood down during COVID-19; and wanting to work outdoors and with animals.

Witnessing the success of the business firsthand has also seen franchisees like Amanda Bates and her husband, Alan, expand their family portfolio.

Having owned the Werribee franchise for eight years, and already employing family members in the business, they made the decision to purchase another trailer during lockdown.

"I feel like we were so busy that we didn't come up for air really from when we re-opened [after lockdown] to Christmas Eve," said Amanda Bates, pointing not only to the need to service their regular clients but also to the fact a lot of people had purchased dogs while they had been at home through restrictions.

The repackaging of Dash DogWash to capitalise on people who had the aspiration but insufficient cash to buy themselves a business has been another key part of the franchise's recruitment drive.

"While franchisees seeking the security of brand recognition through Blue Wheelers have the opportunity to purchase this premium service, Dash DogWash has proven popular for franchisees looking for a business they can almost purchase on their credit card, with the same support offering," Rose said.

The repackaging of Dash DogWash was designed to help prospective franchisees get their heads around "buying a future" and then teaching them to run a growing business.

Dash DogWash was also re-branded to "wash, clip and groom" to reflect considerable changes in the market from the inception of Dash DogWash as a wash only service.

The change means that a Dash DogWash franchisee can now choose grooming or wash only service, while Blue Wheelers remains a full service offering where a franchisee is required learn to clip and groom professionally.

The entry price point for Dash DogWash was also lowed to reflect the reduced willingness of banks to lend money, with the $19,490 plus GST price point still including training, a DogWash trailer, support, uniforms and marketing.

Both Blue Wheelers and Dash DogWash offer franchise opportunities under $50,000 – with both models offering prospective franchisees with a low-cost entry point.

Integrating online into training and support

Blue Wheelers and Dash DogWash were lucky enough – with the exception of Melbourne's second lockdown – to trade throughout COVID-19 restrictions in 2020, with COVID-safe plans implemented and social distancing and hygiene regulations followed.

With many retail grooming stores forced to close, many Blue Wheelers and Dash DogWash franchisees during that time were busier than normal, with one franchisee at the time describing trading as "like Christmas week every week at the moment".

That didn't, however, mean business as usual from a support and training perspective, as online solutions replaced traditional face-to-face methods.

"We learned that it was very, very necessary to be flexible in the way you run your business. It certainly changed all the rules on how we bring in, train and manage our new and current franchisees and our support team," Kellie Tunstall, General Manager, Blue Wheelers/Dash DogWash said.

That included a shift to virtual training for new franchisees, with restrictions making it impossible to offer in-person training locally in Victoria. While existing franchisees also received business and marketing training via Zoom webinars.

During lockdowns regular Zoom calls were held with groomers, with everyone brought together with a weekly check in. Calls were made to franchisees affected by restrictions, and franchisees were kept in the loop via our intranet and via emails about government assistance and relevant resources.

It was support that franchisees like Bates found invaluable.

"The support and knowledge I had access to being with a franchise during lockdown was amazing. During lockdown, General Manager Kellie Tunstall was always giving us direction and information and keeping us informed on what we could and couldn't do," Bates said.

"When I first bought a franchise, one of my plans was maybe to go out on my own in the future. Now, I don't feel that I could be anywhere else but in a franchise," she added.

Zoom and Skype were also used to assist new franchisees find their feet, with the support team able to watch them groom in their first weeks inside their mobile salons. This innovation has provided invaluable comfort to new franchisees and continues to be utilised alongside the assistance of a state-based support person.

State conferences also became webinars with video training sessions and interactive questions.

The necessary pivot to online training and support proved effective from both a cost and efficiency perspective and was also well received by the network.

"We had a lot of our team tell us they prefer online training. People who live out of metropolitan areas particularly found they saved on travel time and money through webinars and online training sessions," Rose said.

As a result, Blue Wheelers and Dash DogWash have embedded some of these digital solutions permanently.

"We'll now move a fair bit of our training online and require franchisees to undertake interactive e-learning as opposed to one-on-one training. So instead of being solely one-on-one training, they'll train at their own pace and review with us," said Tunstall.

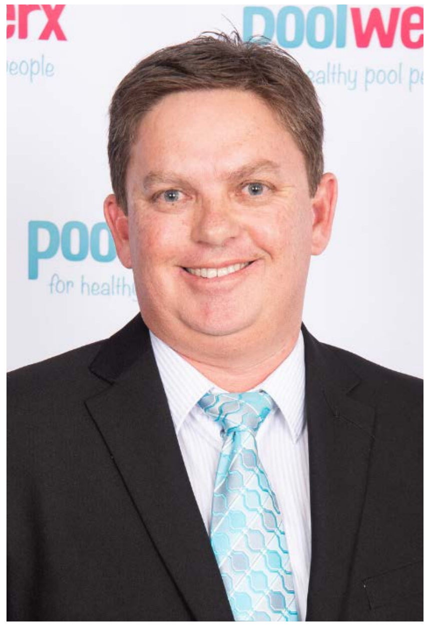
"With events, we will do a tick and a tock. In other words, it's now likely that our annual roadshow will be biennial, so we'll have a webinar one year and the next year hands on training."

The shift towards digital has also been embedded in the recruitment process.

"We're now adopting e-sales far more. We're now using online teleconferencing as a way to meet prospective franchisees ad communicate with them far sooner and far more often. The initial contact might be via email or telephone call but we very quickly prefer to transition to video calls because it's far more personal" Rose said.

With digital solutions now integrated across their systems and processes, and the brands offering a strong point of difference for prospective franchisees, Rose is confident Blue Wheelers and Dash DogWash are well placed heading into 2021 and beyond.

Rose commented that he saw significant growth opportunities in coming years, as people this past year have reassessed their careers and office jobs and realised the lifestyle benefits and freedoms that come from being a part of a strong franchise network. ■



Phil Colburn
Poolwerx

Andrew Ierace
ANZ Mobile Lending

Shane Rose
ANZ Mobile Lending

Field managers meet the challenges of COVID-19

The vital connection between franchisees and field managers was never more important than during 2020. But the ongoing disruptions of the pandemic also meant field managers needed to change the way support was delivered across their networks. *The Franchise Review* asked some of MYOB FCA Excellence in Franchising Awards winners and finalists for their insights

***The Franchise Review* (TFR): How has the way you deliver franchisee support changed as a result of COVID-19?**

Phil Colburn, Poolwerx - 2020 National Field Manager of the Year, 2020 Qld Field Manager of the Year (PC): Through COVID, the biggest change to the way we deliver franchisee support was to the level of communication delivered, and the way we communicated. I've always made a point to make myself accessible, welcoming and approachable to franchise partners, but never have the official channels been so easy to navigate.

With daily meetings between BDMs, more frequent connects with franchise partners and the essential shift to virtual video conferencing across the board for our training and meetings, we are providing a level of personalised support and real-time feedback and problem-solving that past systems weren't built to cater for - and we now wouldn't go without.

Andrew Ierace (2020 WA Field Manager of the Year and National Finalist) and Shane Rose (2020 Vic Field Manager of the Year and National Finalist), ANZ Mobile Lending (AI & SR): Traditionally field managers connect with franchisees on a 1-to-1 basis, which has been understandably challenging and at times impossible throughout 2020. Regular and impromptu phone calls, combined with virtual meetings, are now well and truly common place. We have always held state meetings and allowed time for franchisees to engage with each other, both on a business and social level.

Whilst we continue to hold state meetings virtually, there is naturally less opportunity for franchisees to connect. As a result, we implemented weekly small team virtual catch-ups where a large part of the agenda was provided for franchisees to share with each other. Often, the topics of most interest were how they and their teams were managing with new processes and policies introduced as a result of the pandemic, as well as share how they were finding ways to connect with and help customers. These meetings were such a success they have stayed as a feature of the support model we are providing. We have also hosted the odd virtual social gathering, which is a great way to have a chat, a laugh and provide a forum for the franchisees to engage socially.

TFR: What innovations did your brand roll out to support franchisees in 2020 and have these changed the way you plan to deliver franchisee support into the future? If so, how?

PC: During COVID-19, a daily (instead of quarterly) call was initiated between BDMs to troubleshoot challenges brought on by COVID, which will continue ongoing. It created an internal mentoring network and opened up communication beyond the traditional BDM/franchise partner lines.

I also founded a training program that sees different suppliers present to our partners every Tuesday over video. I facilitate each weekly session, liaising with partners to understand their gaps and make sure training is focussed. These became incredibly valuable through COVID-19 when people could not travel. Fifteen partners attended the first training session, and today, attendees exceed 60 across Australia and New Zealand.

AI & SR: 2020 was an incredibly challenging year on many fronts for our franchise businesses and customers.

Our business relies heavily on our franchisees and their teams developing a connection with their customers, which became understandably much more difficult during lockdown and once confined to working from home. Pleasingly, we were able to develop and implement alternative processes allowing the franchisees and teams to stay connected. This ranged from remote customer interviews, remote sign-up of home loan documents, leveraging video chat for team meetings, and others.

Group learning has always been a big part of our business, and 2020 was no exception. During the second half of 2020, we created the Mobile Lending Online Learning Series – an opportunity for franchise owners particularly to engage and connect with their internal business partners, and keep in touch with the broader business around them. Sessions have included a property market briefing, marketing and promotion of our business, the current macro-economic state and future outlook, and more.

The challenges that 2020 provided were far-reaching for some people in our business, both within our franchise network and within our support team. Our Employee Assistance Program (EAP) offering, which is available to our franchisees, teams and families was extended during the course of the year, which includes the HealthyMe digital app. Communication has been a key ingredient for success this past year, and quite simply – staying in touch with each other has been critical.

Finally, there has been financial support for every franchise in 2020.

Whilst we hope that our franchises will soon be able to permanently return to the parts of their role they love the most, meeting and connecting with customers, we expect to retain many of the new efficiencies that were implemented in 2020 into the future. At the very least, we have learnt to connect with each other well remotely, we've learnt to be more efficient and inclusive with video conferencing, and we want this to continue. The commencement of 2021 has allowed many of us to turn a positive new chapter, however, we won't stop encouraging our franchisees and teams to look after themselves and each other – EAP and the HealthyMe digital app are here to stay.

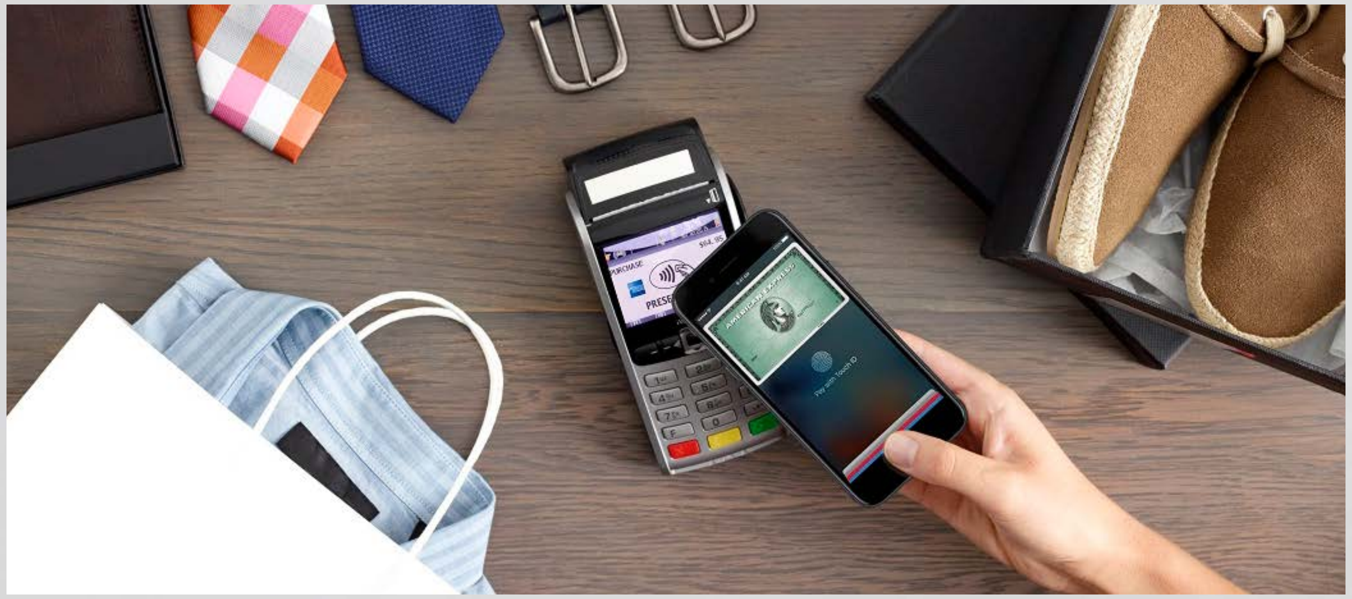
TFR: In your opinion, what's the secret to successfully managing the franchise relationship?

PC: Making the effort to be available, particularly for face-to-face communication, is key to managing any franchise partner relationship. I apply the mantra of 'Listen, Trust, Deliver' to everything I do in a support role, making sure to verbalise to the franchise partner any actions I am going to take, and then to deliver on these promises.

Additionally, I never ask them to do anything that I wouldn't do myself as a business owner. If they don't agree, I always work to compromise and take the middle ground, never taking any argument of conflict personally. In this open communication, I never steer away from the issue – that means bringing up any issue or conflict first, resolving it, then moving on.

I also always make a point of staying humorous, which also helps keep things light.

AI & SR: A successful franchise relationship is based on personal connections and empathy. Without understanding what's important to franchisees or where they're coming from, we can't support them well. It is much deeper than just understanding their businesses, it's also about understanding them personally. A big part of the field manager role is influencing and negotiating. This relies on understanding the perspective of the franchisee first before guiding them in a particular direction. It's really about the personal touch. The franchisee needs to feel understood. ■



As we head into another year of pandemic disruption, I'm reminded of the famous line about "the importance of accepting things that I cannot change, the courage to change the things I can and the wisdom to know the difference."

THE POWER OF REDUCING PAYMENT FRICTION IN TURBULENT TIMES

BY ROBERT TEDESCO
VICE PRESIDENT & GENERAL MANAGER - GLOBAL MERCHANT SERVICES, AMERICAN EXPRESS

As we head into another year of pandemic disruption, I'm reminded of the famous line about "the importance of accepting things that I cannot change, the courage to change the things I can and the wisdom to know the difference."

In times of constant disruption, it's important that small business operators focus on things within their control to put them a cut above the rest in the eyes of their customers.

For some, this might mean investing in new equipment or customer service training, while for others it might mean updating product lines to reflect changing customer tastes.

While all of these things are important, what can often be overlooked is the experience at the checkout. We know that customers want a frictionless experience when making a payment, where they are free to use whatever payment method they want without fear of penalty or rejection.

Those businesses that create a frictionless and welcoming payment experience stand a better chance of improving customer satisfaction and loyalty – especially at a time when two in three Australians (68%) are using less cash in favour of contactless and mobile payments.

Our own research proves this: Customers are more likely to abandon a cart if their preferred method of payment isn't accepted at point of sale.

It's why American Express continues its work to educate retailers about the importance of payment choice for customers and to highlight that any barriers to purchase can lead to enormous missed opportunities and impact a business's bottom line.

Accepting all forms of payment does more than simply increase the likelihood that a business will close a sale – it also raises the possibility of closing higher value sales. American Express Card Members, for instance, have an average transaction size that is 1.6 times that of other credit cards. And with American Express Card Members able to earn points, access offers and rewards in return for their spending, there are big incentives for them to seek out retailers who accept their preferred choice of card.

For all these reasons, it is important that a business make known to customers what payment options they have available, both when they land on your page and approach your shopfront. Our Card Members regularly tell us they're delighted when such signage is clear from the outset, and our accepting merchants also notice the difference. Last year, we ran a campaign to encourage Amex accepting businesses to clearly display Amex logos and imagery at their storefronts. Those merchants that took part saw a 24% uplift in the number of new Amex card members coming into their store, and a 17% uplift in the number of Amex transactions. It's a simple change for a retailer, and one that could encourage more high-value customers to spend with you.

The cost of accepting card payments has reduced over time, and in the case of American Express, it has never been more affordable for businesses to accept American Express payments. In fact, in many cases, thanks to a number of new partnerships we have formed with the likes of Square and CBA, the cost of accepting American Express, is no different from other credit cards.

American Express continues to work with our partners such as the Franchise Council of Australia to encourage spending in small businesses and to shine a spotlight on the importance of the retail sector. Campaigns such as Shop Small and Vogue American Express Fashion's Night Out are two great examples.

Commenting on the partnership, FCA CEO Mary Aldred said: "The shift to digital payments during the pandemic has forced many franchises to rethink the payment options that they provide. With a strong and highly engaged Card Member base, we believe the alliance with American Express will be welcomed by FCA members. We look forward to working with American Express."

We look forward to sharing more news and information with you about how members can get involved in our small business and retail initiatives across the year.

For more information about accepting American Express, please visit **www.americanexpress.com/australia/fc-acceptamex**

5 Five habits that create a healthy franchising culture

By Greg Nathan
CFE, Founder, Franchise Relationships Institute

The monkeys and the bananas

A team of social researchers who were studying the behaviour of monkeys, hung a bunch of ripe bananas from the top of cage and left a ladder underneath. They then let five monkeys into the cage.

After spotting the bananas some of the monkeys started to climb the ladder. Before they could get halfway up, the researchers sprayed all the monkeys in the cage with a fire hose. Those on the ladder went flying through the air while the rest were sent sliding across the concrete floor. The researchers then turned off the hose.

The monkeys shook themselves off and looked up at the bananas. A few then crept over to the ladder and again started to climb. Again the researchers turned the fire hose on them full pelt.

The monkeys were now agitated and tenuous, but one crept toward the ladder and started to climb. Before it reached half-way they were all again sprayed with the fire hose. After that, none of the monkeys tried to climb the ladder and they soon lost interest in the bananas.

The researchers then systematically replaced each monkey with one that had not experienced being sprayed. As each new monkey entered the cage, it couldn't believe its luck when it saw the ladder and the bananas waiting to be picked. But each time one of these new monkeys started to climb the ladder, the other monkeys, remembering the trauma of the spray, pulled it down and beat it.

Eventually all the monkeys from the original experiment had been replaced, so none of the monkeys in the cage had actually experienced being sprayed. Yet when a new monkey joined them and tried to climb the ladder to get the bananas, the others dragged it down and beat it. Climbing the ladder was taboo, and to do so meant punishment.

That's culture. It defines acceptable and unacceptable behaviour, even if we don't know why. And if you don't follow the rules, even if they don't make sense, look out.

The difference between values and rituals

The world's leading expert on organisational culture, Professor Edgar Schein, defines culture as "how we do things around here". Some people refer to it as the unwritten ground rules of a group.

The point is, when someone joins a business, their behaviour is going to be influenced by the habits and beliefs of the group, which will have been shaped by past experience, and stories about what's okay and what's not okay.

Some of these behaviours will have been designed to help the group function effectively and achieve its goals. I'd call these values. Other behaviours or habits may be based on half baked stories from the past, or misinterpretations of what someone was told. I'd call these rituals that serve no useful purpose.

Because rituals can so easily take root, we all need to maintain fresh eyes and keep an open mind to how things are done in our businesses. This is why good leaders frequently revisit their values and try to keep their culture free of mindless rituals. This applies to the individual businesses of franchisees, regions or clusters of businesses, a franchisor's support office, and an entire franchise network.

About Greg Nathan

Greg Nathan, CFE, is a registered psychologist and Founder of the Franchise Relationships Institute. He is an international thought leader, speaker and author of several best-selling books on helping franchisors and franchisees create profitable partnerships. Go to www.franchiserelationships.com to find out how Greg and the Franchise Relationships Institute can help you to create profitable partnerships in your franchise network.

'By consciously practising these five habits, franchisees and franchisors can contribute to a culture that generates higher levels of satisfaction and performance. Surely this is something we should not be monkeying around with!"

The five habits

Keeping in mind the power of culture to shape behaviour and performance, here are five habits that can help franchisees and franchisors to build and maintain a healthy franchising culture. Don't be fooled by the simplicity of these habits as they are based on a large amount of psychological research.

#1

Stay solution and future focused

People are always going to make mistakes and some of these are going to cost your business money. As a business leader this can be frustrating, especially if you think people should have known better. While you may be tempted to focus on why it happened, or who is to blame, this wastes valuable energy and just makes others feel guilty and defensive. A better approach when things are not going the way you want, is to focus on what you want, not what went wrong. Then ask your team, "What can we do to make things better?" This is more likely to increase their engagement and commitment to take positive action. When the stress has subsided, you may want to then have a discussion on lessons learned.

#2

Collaborate and share information

The real value of being part of a franchise network only kicks in when people collaborate. This means franchisees and franchisor staff are working together and sharing information to help everyone maintain a competitive edge. A vital concept linked to collaboration is synergy. This is where two or more components come together to produce a combined effect greater than the sum of their parts. In other words, 1 + 1 becomes greater than 3. We see this a lot in franchising. A franchisee discovers a better way to do something and either shares this with his or her colleagues, or with the franchisor who then shares it with the group. Remember, in a healthy culture the competition is always out there – never within. And collaboration is the secret to maintaining your competitive edge.

#3

Seek feedback and hold strong opinions loosely

The next habit for promoting a healthy culture is to actively seek feedback on how you can improve. This is because when we wait for someone to tell us what we are doing wrong, we will inevitably feel defensive or criticised. However, seeking feedback puts us in control of the conversation. Adopting a curious mindset where you want to improve rather than prove yourself, stimulates what psychologists call a Growth Mindset. In a healthy culture people also hold strong opinions loosely because they appreciate that one person can never have all the answers. This not just improves relationships, it also leads to better decisions.

#4

Personify the brand

When I refer to brand, I am not talking about a logo, I am talking about a business's reputation. This is what people think and feel when they see the logo. Reputation mainly comes from people's experience in dealing with a business. Our research into high performing franchise networks has consistently shown that the most successful franchisees are also the most passionate about protecting their reputation, so they are constantly thinking about the behaviours they need to train and reinforce. They also understand that their behaviour sets an example for their staff, who in turn deliver the customer experience. You could call it a ripple effect, and it all starts with the extent to which the business owner personifies the brand.

#5

Show respect and appreciation

The final habit is based on the fact that simple gestures of respect and appreciation have a positive impact on the psychology of others. Showing appreciation and kindness has two key benefits. It promotes positive feelings in us by stimulating chemicals which create what is known as the "helpers high". It also creates a positive sense of engagement in others. For instance, research we have had published in the prestigious Journal of Business and Psychology, shows that franchisees who feel supported and appreciated, will work harder to drive sales and deliver a better customer experience. Also, while some franchisees may feel their job is to keep the franchisor team on their toes through constant criticism, we have found that franchisees who show appreciation to their franchisor tend to be more satisfied with their business, and encourage a higher quality of support from the franchisor team.

In conclusion, because culture influences how people automatically behave when they are part of a group, it is not something that should be left to chance. By consciously practising these five habits, franchisees and franchisors can contribute to a culture that generates higher levels of satisfaction and performance. Surely this is something we should not be monkeying around with! ■

Muffin Break social responsibility journey: Good goes in

The fundamental ideology throughout the Muffin Break brand - franchisees, staff and practices - is 'Good goes in'. When Muffin Break rebranded in 2016 to reflect 'Good goes in', this meant more than just good coffee, good food and good service, this was a promise to the Australian community and environment that Muffin Break would actively engage with socially responsible activities.

Sparking from the integral partnership with Simply Cups in August 2018, Muffin Break has embraced a vast variety of sustainable and socially responsible projects and endeavours. From the packaging in store to the key policies embedded in the brand, sustainability is now at the core of everything.

This multi-faceted enterprise is continuously expanding and encompasses all aspects of how these locally owned Muffin Break stores and their staff can serve their customers, local community, and environment. These policies include:

- The removal of single-use plastic bags, which were replaced with a paper alternative.
- The removal of single-use plastic cutlery and replacement with a biodegradable option.
- The removal of plastic straws and introduction of paper straws.
- Transitioning to white takeaway coffee lids: Waste management plants use lasers to sort recyclables like coffee lids into the recycling stream. However, black takeaway cup lids use carbon black, which can absorb rather than reflect the light, leading to the recyclable black coffee lids ending up in landfill. Based on this information, Muffin Break transitioned all takeaway coffee lids to white, to ensure they don't end up in landfill.
- Limiting waste with Callisto Cups: In 2020, amongst all the madness of COVID-19, Muffin Break kept focused on the sustainable journey and introduced single-walled Callisto takeaway cups. Transitioning to single walled cups will result in a reduction of more than 35 tonnes of paper per year going to landfill. As these Australian-made Callisto cups weigh less, this will also produce a reduction in emissions used to transport in comparison to the previous design.
- Responsible cafes partnership and 30c reward: Muffin Break partnered with Responsible Cafes back in 2018. All customers are encouraged to bring along their reusable cups at Muffin Break to receive a 30c discount off their hot beverage order.

- No Charge for Plant Based Milks: In 2012, Muffin Break introduced plant-based milks in stores and since then more options including soy, almond, lactose free, coconut and oat milks have been made available to support customers' lifestyle choices and dietary needs with no added cost.

As of February 2021, Simply Cups with the support of their partners, have diverted over 16 million cups from landfill. As Simply Cups' shopping centre partner, Muffin Break continues to explore progressive opportunities to influence changes in waste management for shopping centres where stores are located. Simply Cups now has 33 shopping centre partners onboard and have collected 1,328,145 takeaway cups and counting at these sites.

To close the loop on coffee cup waste, Muffin Break sells products made with recycled coffee cups, including the rCUP - the world's first reusable coffee cup made from recycled coffee cups, and Stay Tray - the award-winning reusable carry tray. Muffin Break also encourages shopping centre partners to choose reusable. For example, Vicinity Shopping Centre Broadmeadows have installed 270 wheel stops made from coffee cups and recycled plastics recovered from the Yarra River. Rescuing cups from landfill and finding new markets for upcycled materials helps grow the circular economy.

Muffin Break encourages and promotes socially responsible practices, supporting partners and educating customers. Alongside the relationship with Simply Cups, other examples of this are epitomised by the Little Growers program and the partnership with Share the Dignity.

Little Growers represents a commitment to educating sustainability. Muffin Break developed the Little Growers school holiday workshop in 2018 which was built on the important opportunity to offer products a second life. The workshop teaches children about recycling and upcycling in the form of how to grow plants, using recycled takeaway coffee cups and spent coffee grounds. Across the country, this sustainability workshop has reached hundreds of kids and provided them with invaluable teachings and their very own plant to continue to grow and nurture. Additionally, during 2020 when all the barriers were stacked against this program going ahead in centres, the Muffin Break team pivoted and provided a COVID-safe, take-home version to continue this commitment to future generations.

Another partnership very proudly worn by Muffin Break, is with Share the Dignity. Share the Dignity are a women's charity that makes a real, on-the-ground difference to homeless women and victims of domestic violence. Muffin Break proudly promoted this charity partner with special Share the Dignity muffins in 2018 and 2019, as well as continually offering the Share the Dignity Keep Cup and many Muffin Break locations being a drop-off point for 'It's in the Bag' collections. Since partnering in 2018, Muffin Break have raised over $25,000 to assist Share the Dignity with installing two Pink Boxes in Australia. Pink Boxes dispense period packs which allows girls and women to access free sanitary products to manage their period with dignity.

The ultimate goal in embracing these sustainably minded practices is to reduce Muffin Break's footprint, taking a permanent outlook to reduce, recycle and educate for the betterment of the environment, while also supporting customers to comfortably and ethically choose Muffin Break every time. Muffin Break has an ongoing commitment to improving and developing sustainability standards in the brand and hospitality industry and advocating for socially responsible practices across Australia.

Muffin Break also want to ensure they practice what they preach - Muffin Break are firm believers that 'Good goes in'. Everything from good coffee, good ingredients, good community, and good partnerships to do good. With this ideology, sustainability and social responsibility are both integral components and passions for the brand now, and throughout all future endeavours. ■

Delivering on sustainability at CouriersPlease

Parcel delivery franchise CouriersPlease has embedded a focus on sustainability across the organisation by setting the goal of becoming carbon neutral within the next decade.

Beginning with offsetting 100 per cent of its operational emissions – which includes waste, energy use, staff travel and flights – CouriersPlease aims to be completely carbon neutral across all areas of the business by 2030.

It's an ambitious target for a network that comprises more than 750 franchisees with coverage of 95 per cent of Australia, but CouriersPlease is already working to deliver on its goal.

Since 1 July 2020, it has, and will continue to, offset 10 per cent of emissions related to last-mile deliveries performed by franchisees, in addition to offsetting its operational emissions.

CouriersPlease says that by June 2021 it will have prevented offset emissions equivalent to not burning 1546 tonnes of coal, 1.7 million litres of petrol, nearly 14 million kilometres off the road, and 540 laps around the Australian coastline.

"We are low CO2 certified, and have commenced offsetting all operational emissions in an approved Certified Carbon Standard Project, the world's most widely used program for voluntary emissions reduction," said Paul Roper, Chief Commercial Officer at CouriersPlease.

"In addition, as part of our climate change action and overarching environmental strategy to be a carbon-neutral carrier, we are working with the Carbon Reduction Institute to become completely carbon neutral across the rest of the business in the next five years.

"We are adopting green procurement, whereby our purchase decisions will be based on reviewing the entire lifecycle of goods and services – taking into account environmental and social risks, benefits and implications – over a decision based on upfront costs. As a result, we'll see benefits including more efficient and effective use of natural resources, and a reduction in the harmful impact of pollution and waste."

The network is also undertaking a "discovery phase" of their CPGo delivery app, which helps franchisees define the quickest calculated route to take before they commence their run in an optimised pickup and delivery sequence.

It is anticipated that over time, franchisees' vehicles will also adopt new technologies and emission-savings tools to further reduce emissions.

As part of the focus on sustainability, CouriersPlease also commissioned and last year released the results of a national survey that showed 87 per cent of shoppers are more likely to purchase products that are ethically and sustainably produced.

The survey also revealed that 85 per cent of consumers want retailers and brands to be more transparent about the origins and sustainability of their products and whether they are engaging in ethical practices, while 41 per cent of Aussie consumers would be willing to pay more for ethical and sustainable products.

"Our research reveals that Australians are becoming more conscious shoppers and are starting to make more considered choices by seeking, and purchasing, products that are sustainably and ethically produced. This is an important incentive for retailers to embark on sustainable initiatives within their own operations and supply chain," said Roper. ■

How to set the foundations for a bigger and better business in 2021

Article provided by
Kwik Kopy

2021 is shaping up to be a promising year for business. The dust is clearing on an uncertain and tumultuous 2020. Restrictions continue to ease, people are returning to their workplaces and a vaccine is on the horizon. Consumer confidence is actually higher than it was this time last year and the economy is recovering well. Now is the time to get back to business - bigger and better than ever.

So, what should your business be focussing on this year to put your best foot forward? While many of us will be concentrating on the usual suspects - strategy, financial governance and operations - there are two key priorities that you shouldn't forget: reconnecting with customers and supporting your employees.

Support your employees

The last year has tested all of us. The uncertainty of the pandemic, combining working from home and homeschooling during lockdowns and concerns about financial security have no doubt been challenging for your employees. Now is the time to ensure your employees feel safe, heard and appreciated.

Review flexible working arrangements

Many employees enjoyed being able to work from home last year, while others have been chomping at the bit to return to the office. With work at home orders now largely repealed, businesses aren't required to enforce working from home and can welcome employees back to the office. So, now is a good time to look at whether working from home should become a more permanent part of your policy.

In order to assess whether flexible working throughout 2020 proved beneficial for your business, it's best to consider the data. Measure productivity and performance throughout the working from home period or survey employees, managers and customers about their experiences. This will give you an idea of whether flexible working was successful or not. You may find a balance between employees working from the office and from home valuable. If that's the case, it's time to review and update your policy and communicate it to staff.

Ensure employees are safe

Until the pandemic is fully in the rearview mirror, ensuring staff are safe in the workplace will remain an ongoing priority. Up until this point, if you've had your employees working from home, your workplace may not be in line with the current standards. Now is the time to ensure your workplace is COVID-safe.

You should start by preparing a COVID-19 Safety Plan which complies with your state and industry requirements. The plan will help minimise the risk of transmission through measures such as wearing masks when required, social distancing and hygiene practices. It's important that these measures are embedded in your organisational policies and procedures, both to encourage compliance and to ensure these measures are documented.

One of the most important parts of creating a COVID-safe workplace is education. This will help embed new practices in employees' routines and maximise compliance. To drive awareness and compliance, you may opt to introduce signage or posters for hygiene practices like washing hands. Having hand sanitiser readily on hand throughout your workplace will be important. Floor decals can help people monitor and adhere to social distancing requirements.

While investing in measures to encourage education and compliance doesn't cost much, the return on investment from a risk management perspective is high. These measures will ensure you avoid the steep penalties for non-compliance with Public Health Orders - in NSW a breach can cost your business as much as $55,000! - as well as reassure employees they will be safe.

Recognise and reward your employees

If ever there was a time to thank your employees for their service, it's now. Many employees worked harder than ever last year and that contribution should be acknowledged.

Start by reviewing how your employees contributed over the last year and find ways to thank them either privately or publicly. Sometimes a simple thank you can go a long way.

Now is also a good time to review or introduce a reward and recognition program. Are there any initiatives you can introduce to reward staff such as awards or bonuses? Can you provide gifts for staff such as gift cards or vouchers? Can you invest in measures to welcome staff back to the office such as personalised stationery? Can you organise more (COVID-safe) team events? A good reward and recognition program will be authentic, tailored and proportional.

Reconnect with your customers

Many businesses reached out less to customers throughout 2020, either because they felt customers would be less receptive to sales messages or because they simply had less time to do it. Now is an excellent time to let your customers or clients know you're still here and open for business.

Communicate, communicate, communicate

If your customers or clients haven't heard much from you recently, it's time to change that. Reach out to your clients with a phone call or a visit if possible.

Thank your customers for their support over the last year via an email campaign. Get more active on social media. Don't stay quiet - make sure you're communicating regularly.

Keep your brand top of mind

Getting your brand out there is a great way to re-engage your customers and build awareness with your prospects. Make sure you have enough marketing budget to maximise customer acquisition and retention this year.

Consider investing in signage or banners to convert foot traffic and remind customers your business and premises are open.

Marketing materials like flyers or brochures are a great way to expose prospects and customers to your business and convert sales.

Run a loyalty promotion

The lifeblood of any business is loyal customers who return to you, recommend you and stick by you even when times are tough. Why not reward that loyalty through a promotion? By providing discounts or gifts to your loyal customers and advocates, you will not only be thanking them for sticking by you over the last year, but it will also position your business well with prospective customers.

So, how will you make your business bigger and better in 2021? ■

Laser focus on people drives sustainable growth strategy

"It's been a pretty amazing journey for our company. We started all the way back in 2009 with one staff member and one laser in Adelaide. We've now been franchising for four years and are getting close to 60 clinics nationwide," said SILK Laser Clinics CEO, Martin Perelman upon being named the 2020 Australian Emerging Franchisor of the Year at last year's MYOB FCA Excellence in Franchising Awards.

It's a neat summary of the brand's systematic and sustainable approach to growth, which has put people first in an expansion strategy that shows no signs of slowing down.

"We knew that franchising would be paramount for growth, particularly in a specialised market of owner operators like ours," said Perelman.

"Our approach was initially to take advantage of greenfield opportunities in the central and west coast, our focus then moved to expansion opportunities to increase our size and scale on the east coast.

"Our first interstate franchises were very successful as we secured Darwin NT, Hobart TAS, and Perth WA. The success of these early franchises set the pace for further growth."

SILK's processes, systems and support have held it in good stead since opening their first franchise in 2016. But this is a brand that places its core focus on people – with the priority always on customers, franchisees and staff.

"We have a strong focus on people and culture, and this has been central to our business from the opening of our very first clinic. Our head office team are extremely driven and supportive of each other and this mentality filters to our clinics," said Perelman.

"We have very low staff turnover, and it is the people in the business, our franchise partners, managers, and staff that have contributed to our overwhelming success and given us the confidence to roll out more clinics."

As an emerging franchise system operating in a specialised market, choosing the right franchisees to sustain success has been critical. The selection process is meticulous and focussed on building sustainable franchise businesses and franchise relationships supported by the dedicated head office team.

"Our partnerships are successful because we only work with people who are dedicated to the brand's success, who are invested, loyal and interested in the industry. We are selective and review the large number of applications to ensure long term, sustainable success." said Perelman.

"We see our head office as a support centre, and this is the mentality of our HQ staff. Our management team have a strong belief in our brand values, and this is reflected in how we support the clinics. Extensive training, streamlined operations, and access to local area and national marketing support ensures our clinics across the country are equipped to deliver great service and thrive. Our key department heads work with both

corporate and franchised clinics ensuring all clinics are supported equally."

Underpinning the success of its people is a commitment to continuous improvement and providing customers with quality service and treatments.

"It is a competitive market, but we constantly strive to do things better and keep the client experience front of mind. How do they want to be communicated with, what treatments do they want to try next, how can we streamline their experiences to make things easier for them? We see this mindset as critical to stay relevant in such a competitive landscape," said Perelman.

"We have always stood by our core value of delivering only results driven treatments, with the best technology at an affordable price.

"Our staff have been drawn to the industry as they are passionate about results and at the end of the day, we endeavour to help our clients feel good about themselves.

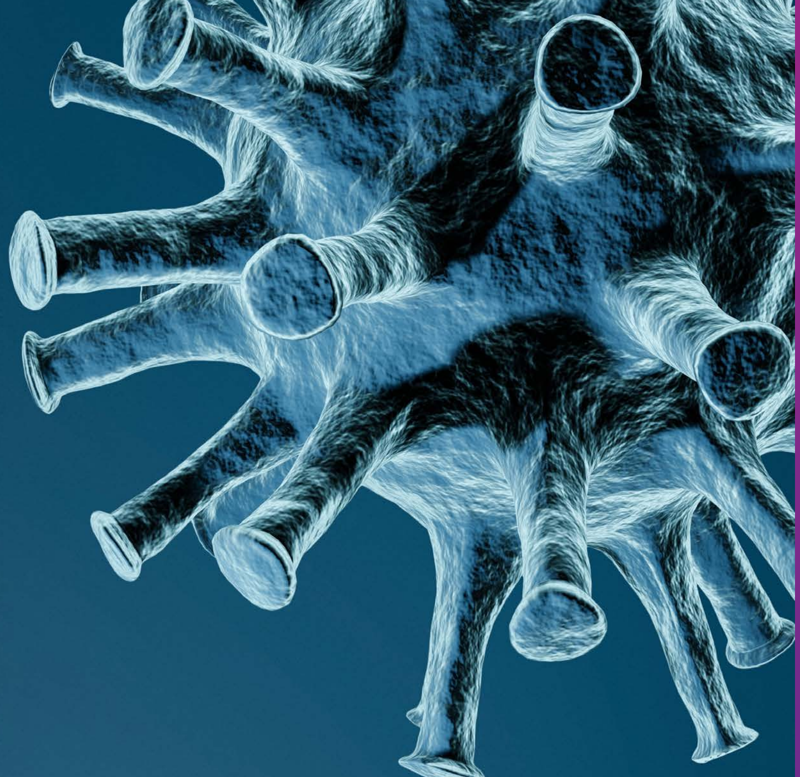
"We have become an employer of choice in the industry due to the high level of staff training and education. We have developed hands on and digital training platforms that can be accessed 24 hours a day. Staff can constantly upskill, and this ensures a consistency of service across all the clinics."

The national expansion of SILK Laser Clinics, which now operates in South Australia, Western Australia, Queensland, New South Wales, Tasmania and the Northern Territory, has been undertaken with a grassroots approach, and always placing people at the heart of the strategy.

"Building our brand in new territories has been paramount. We like to get to work locally, this usually starts with recruitment and ensuring we build and attract the right staff to ensure a good culture is established from the get-go! Embracing marketing and customising it to the region is also critical to early acceptance of the brand," said Perelman.

"We have a clear goal for our expansion in 2021. Our ASX listing in December 2020 has certainly been a recent highlight and we aim to expand our footprint to 150 clinics across Australia and New Zealand. This will be a combination of organic growth and key acquisitions.

"We will continue to evolve our service offering as an industry leader of non-surgical aesthetics; keeping clients results and great staff as the cornerstones of the business." ■



Supporting FCA members on the road to COVID recovery is a key priority for the Franchise Council of Australia in 2021, and industrial relations reform is a critical element of this. For the most part, the Federal Government's industrial relations package offers a practical and modest set of reforms.

Industrial relations reform critical to COVID recovery

By Mary Aldred
CEO, Franchise Council of Australia

The bill – called the *Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Bill 2020* has been referred to the Senate Employment and Education Legislation Committee for review, and the FCA has made a submission to the committee.

The FCA emphasised that the majority of both franchisors and franchisees are small to medium businesses that provide significant employment and stimulate economic activity throughout Australia and will have a major role in contributing to the nation's economic recovery.

Industrial relations is a major pressure point for small and medium businesses. Where small businesses survive and thrive, they are a source of employment and economic activity, and play a leading role in supporting local communities, particularly in regional Australia.

Conversely, where over regulation, rigidity and impracticality impede a business' ability to adapt and survive, everyone stands to lose.

The impact of COVID-19 on Australian businesses has highlighted how close many small and medium enterprises hover between a point of viability and failure.

The current economic situation provides an opportunity to shift the paradigm on how industrial relations is debated and regulated, and move away from the predictable, and polarising approach that industrial relations is a zero-sum exercise where either business or workers win or lose.

The proposals are sensible and balanced but are, however, very modest and there remains significant scope for real modernisation and improvement in the industrial relations system.

The introduction of the JobKeeper flexibility amendments to the *Fair Work Act 2009* in 2020 in response to the impact of COVID-19, as well as the efficient and practical temporary changes made to Modern Awards by the Fair Work Commission last year, acknowledge implicitly, if not expressly, that the current balance in the industrial relations system is tipped too far towards rigidity and prescription rather than agility and co-operation.

The FCA strongly supports any moves towards sensible reform and hopes the submission constructively contributes to industrial relations reforms that are fair and equitable for those who work in enterprises, as well as to the business proprietors who, through significant personal efforts and taking on significant economic risk, create and run the businesses which provide that employment.

The Recovery Bill is an important first step towards promoting a more balanced system that allows enterprises to be agile to changing circumstances and demands. ■

With the end of the JobKeeper program many employers are again faced with having to review their business in the context of a new economic environment, which may not be able to support the same staff levels as before. Redundancy may be an option but under law, it must be a ‘genuine redundancy’ in order that it isn’t considered to be an ‘unfair dismissal’ or discriminatory in any way. Steve Champion of the FCA’s workplace advisory partner ER Strategies explains.

Redundancy and consultation post JobKeeper

What is redundancy and what triggers it?

Redundancy is termination of an employee’s employment by their employer, due to changes in the operational requirements of the employer’s business, resulting in jobs being no longer required to be performed by the employee or employees concerned, or by anyone else for that matter.

General factors which may trigger a redundancy could include:

- technological advances, meaning that the position has effectively disappeared;
- financial constraints on the business forcing a reduction of employee numbers;
- insolvency or bankruptcy of the employer; and/or
- a restructure of the business.

What is ‘genuine redundancy’?

Under section 361 of the *Fair Work Act 2009*, an employee cannot lodge an unfair dismissal claim if the termination of the employment was a result of a ‘genuine redundancy’. This needs to be supported by 2 other factors:

- the business has complied with the relevant consultation requirements under the employee’s award or enterprise agreement, and,
- there are no redeployment opportunities elsewhere in the employer’s business that are reasonable in all the circumstances.

If the business simply stated that, “due to JobKeeper being wound back, we need to reduce our headcount and hire younger and cheaper labour”, this will probably not be a “genuine redundancy”. There needs to be a legitimate objective basis for the termination not necessarily related to the age of the employee, to avoid the employee succeeding with either an unfair dismissal case, a general protections case, or alternatively, an age discrimination claim.

For example, where the business is genuinely suffering from financial constraints due to a continued downturn in sales and/or the employer genuinely needs to restructure the business in order to continue its survival, then the business may consider redundancy as a valid option.

A reduction in higher paid staff numbers will be legitimate, for example, where their roles are shared amongst other senior employees and for good financial or other operational reasons, rather than just replacing an older employee with a younger, cheaper staff member.

Unfair dismissal, general protections, and remedies

An employee may lodge a claim for unfair dismissal under s385 of the *Fair Work Act 2009*, if their redundancy was not genuine (e.g. “because JobKeeper is being wound back and we want to hire cheaper staff”). A second option is for the employee to file a General Protections (‘GP’) claim, for example based on age discrimination grounds.

Under the *Fair Work Act 2009*, the Commission may provide remedies to a successful unfair dismissal claim, including reinstatement and / or compensation of up to 26 weeks of pay. Note here that there is no cap to the compensation in GP cases that can be awarded, with an employer in one case recently being award $5.2 million in damages, admittedly in quite unique circumstances that would not ordinarily apply to most employment situations.

So what should I do?

Utilise ‘Legacy’ JobKeeper Flexibilities

If the business was paying employees under JobKeeper provisions but is no longer eligible to receive the JobKeeper subsidy, the business is classified as a ‘Legacy’ employer if the business is still suffering a minimum 10% decline in turnover. There are still some flexibilities available to legacy employers under the *Fair Work Act*, which could be utilised by the employer to reduce hours or make employees work in different locations or from home.

Redundancy

Where there is a need to make employees redundant, as mentioned above it should be a key consideration that to avoid the possibility of an unfair dismissal case for award or agreement level employees, the employer must meet the consultation requirements contained in any relevant award or enterprise agreement. It boils down to the employer taking these three vital steps:

1. Once the business has decided to make major changes to the business, it will need to put all employees who may be affected, on notice of its intention to make the changes;
2. It must commence discussions with employees and their representatives about the changes, their likely effects on employees and measures to avoid or reduce the adverse effects on employees. The discussions should commence as soon as practicable after the decision has been made, to make the changes;
3. For the purposes of the discussions, the employer must provide details in writing to the employees and their representatives, with all relevant information about the changes.

Following these consultation requirements, as well as having ruled out the possibility that it was reasonable in all the circumstances for the individual employee to be redeployed within the employer’s enterprise (or of an associated entity of the employer), prevents the employee from being able to succeed with an unfair dismissal action.

Even where an employee, such as a manager or other senior salaried employee, is not award or agreement covered and therefore no consultation provisions apply, it can still make a lot of practical sense to follow the same general process, to avoid the employee feeling like they haven’t been involved and consulted in the process.

Note - also note that an employee may still be technically covered by an award, even though they are paid a salary. But that is another story…

Conclusion

As illustrated above, meeting redundancy obligations and thereby avoiding some forms of litigation, can be quite complicated, and it is important to get the steps right.

ER Strategies recommends that employers seek our professional advice prior to initiating the redundancy process, to avoid unfair dismissals or GP claims, or alternatively age or other discrimination claims.

Redundancy should be viewed as a last resort and utilising continuing JobKeeper flexibilities and voluntary redundancy should also be considered. ■

Call the FCA Helpdesk

If you have any questions or need assistance with employee claims or complaints, we encourage you to call the FCA Helpdesk operated by ER Strategies on 1300 108 486.

Seven secrets to successful systems your people will actually use

By Brian Keen
Founder, Franchise Simply

The one thing 2020 brought home to so many of us is the way we need to do business has changed.

The digital revolution was altering business fast prior COVID, but once the lockdowns arrived and we all moved to working from home, it really hit hard. Face to face interaction is important but today we also need to do as much as possible online, and the way we deliver training and operations is not immune. We need good systems. And, having worked in the franchise space for well over 30 years, I know systems are put in place but in many cases, they are not used.

Why?

Here are the most common reasons given and my take on fixing the problem.

1 Operations must be relevant

The trouble is, so many systems, policies and procedures prepared to meet legislative requirements are delegated to professional system writers who don't understand the business and who concentrate on trying to record every detail. The result is not often very useful and is put into the bottom drawer, only pulled out when the auditors visit.

The thing is, the foundation of any franchised business is consistency.

The only way to achieve this consistency is managing delegation well, and delegation is all around people.

Before you even begin to write operations, I have found it is essential to understand the big picture structure around how your business is going to be broken up into franchisor support office/corporate head office tasks and your franchisee/staff service delivery tasks. It's not just a matter of delegating everything to your new franchisees up front. The people most suited to delivering your best service to your ideal clients might not be the best people to do everything you do now.

For example, in a bookkeeping business, you might be the person today who is organizing the marketing, making the sales and bringing on clients, doing the books and keeping clients happy. Many people attracted to bookkeeping though, will not be good at or happy doing the marketing and sales, especially if this involves calls or other forms of individual contact.

Once you have a structure for your new franchise group, showing what the franchisor will be responsible for as well as each franchisee, then you will be in a better position to prepare a more detailed plan outlining the lists of tasks needed to write operations.

2 Operations must be easy to use

Back in the day, we were used to going to the library, searching for the book, checking the index or the table of contents and looking up the section we want.

Today, not so much. We are all used to clicking the button, putting in one keyword and voila – up comes the answer.

This especially applies in a fast-moving business environment. Who has the time to look flustered while we look up the instructions in front of an exasperated customer? So, we muddle along and do it our way or ring the boss with a question only to get the answerphone so we ask the staff member who has worked out their own way, each different from the group way.

The bottom line is, if a system is not intuitive to use and relevant parts are not easy to find with a couple of clicks, then they will not be used at all.

3 Operations must be easy to understand

We live in a multicultural society and English is not necessarily everyone's first language. We are also all different people with a different way of taking on information. Some of us love video, others hate it. Some of us love text, others hate it. Some of us just dive in and others prefer a plan.

Added to this, operations usually deliver training as well as being used by experienced staff who just want to get to that important instruction.

What all this means is operations need to be delivered so they can be received by everyone.

- Have a succinct explanation overview with links to the details
- Keep the instructions as short as possible – tables and dot points are helpful
- Add annotated images if the explanation is clearer this way
- Use headings so people can scan to find the bit they are looking for
- Adding video is useful, especially if the operation is also used for training

And it really helps to test your operations before you make them completely public.

4 Operations must be kept up-to-date

Going hand in hand with being easy to use, operations also need to be current. A pizza recipe no longer on the menu is not really relevant.

The thing about any operations system is that it is always a work in progress. Every business changes with time.

The only way this can be done is with a good digital system. This way, even if staff or franchisees have not received the training or updates, they will have the correct information when they go to the operations system to retrieve the material they need.

What this means is, every franchise group needs to have their operations cloud-based and have one or two support staff responsible for understanding how they work and updating and making sure everyone receives the necessary training and background information.

This person is not the franchisor or business owner. But it is absolutely imperative that the franchisor or boss fully understands how the operations work and that they reflect their business and they are fully behind the operations being used at every level to answer every question.

5 Someone needs to be in charge

Every franchise group needs to have a Systems Champion who understands how they work. A clear-headed editor with authority who is not the franchisor or business owner.

6 Link the operations system to training

Now you have the operations written in a form which can be used by your team, it's time to think about how training will be integrated into the system. Back in the day, training used to duplicate the instructions outlined in operations.

This doesn't work today. Training and operations systems have different but interlinked responsibilities. Provided the operations are well constructed and written, training focuses on using them. Yes, there will be face to face or online training systems outlining how induction is done and how to deliver training for sales or other tasks but this training will be based around the instructions in the operations manual. This way, when people forget the details in training, they will know how to find the relevant operation to get the job done.

7 How to handle questions

So back to the beginning – what do people do when questions on how to do things come up?

Once all of this is working, the foundation of great consistent service is to encourage everyone to go to the operations first when they have that question.

Don't ask other staff, don't ring the boss – just go to the operations manual and see if you can find the answer there.

Of course, in any business, if the answer is not in the manual, digital or not, then encourage your staff to give you a ring. That open door policy is essential to keeping the relationship on track.■

Every new technology that arrives on the scene could be the next thing to revolutionise your franchise. It all depends on how you go about adopting it.

Planning for the next tech revolution

Article provided by
MYOB

Franchise networks, and businesses in general, have come a long way in recent years. From the largely manual, paper-based tracking and reporting of the 80s and 90s, the market has seen rapid transformations as each new wave of digital tech arrives.

With each evolution and revolution in technology, franchise networks have experienced moments of pain as they work to integrate new solutions, followed by periods of accelerated growth or increased efficiency.

Recent reporting on the small-to-medium enterprise (SME) space from MYOB's Business Monitor survey echoes this sentiment, as digitally enabled businesses seem particularly well poised to weather the impacts of the pandemic.

"The adoption of digital tools is no longer a 'nice to have' but a critical business decision for SMEs", said MYOB CEO Greg Ellis.

"Many businesses would not have survived 2020 without digital tools as they became the only way to connect with customers, colleagues and communities at large," said Ellis.

If you're in franchising and haven't been through some major systems upgrades in the past 12-24 months, it may be time to begin planning for one.

"Once you take the plunge and begin administering more of your business online, you may find the benefits and efficiencies gained begin to change the way you look at your franchise operations."

Think 2020 was bad? More change ahead for franchise networks

Today, the global pandemic has accelerated the move to many new tech platforms and is driving a shift towards more advanced levels of digitisation in business.

Jason Gehrke, director of the Franchise Advisory Centre, highlights the following tech trends franchises should be paying close attention to:

- The temporary uptake of virtual meetings and working from home arrangements will continue and become standard going forward;
- Franchisors will increasingly become focused on franchisee profitability to add value to the relationship via improved analytics. This may lead to the creation of a new type of field support role as profit coach for performance enhancement support.
- Virtual brands are on the rise in Australia and overseas in food businesses and may soon appear in other industries.
- Service franchises will need to continue to respond to the encroachment of gig economy platforms (such as Airtasker, Fiverr and Freelancer.com)
- Franchisors will be expected to do more with less and will need to continue to embrace new technologies to do so.

But franchise experts like Gehrke see the biggest challenge for franchisors is the need to address issues of franchisee profitability in their networks.

"In the last 12 months since the outbreak of the pandemic, many franchisees have been really hurt and are looking to their franchisor for guidance on how to maintain profitability in their businesses," said Gehrke.

"The only problem is that most franchisors only have visibility over their franchisees' sales, but don't have a clear line of sight over their costs and profits to provide meaningful profit coaching strategies."

More franchisors are seeing the value in working proactively to grow franchisee profitability because they realise that by growing their franchisees' profitability, their franchisees are more likely to trust their strategic vision and adopt other changes and innovations more quickly.

"In turn, the system continues to grow, and everyone benefits," Gehrke explained. "This is why more franchisors are now mandating the use of platforms such as MYOB across their network so that they can have every franchisee reporting the same types of business data in the same way, and analyse that information to show new profit opportunities for franchisees."

Going digital: Priorities for development

When considering your next move into a more digitised future, you'll want to consider which capabilities are most important for your franchise.

These decisions are usually going to be made based on a cost-benefit analysis. Just don't overlook the value of having a system that can open new revenue streams and create competitive advantage, such is the case when being a first mover onto a new online platform.

"Selling online is a good example, where franchise brands in many instances are a long way behind corporate chains because they struggle with how to set up something that will complement, rather than compete with their franchisees' businesses.

"A lot of food chains have now got on top of this – particularly in response to rapid changes caused by the pandemic – but many franchises in other industries have not moved as far, or as fast," explained Gehrke.

Of course, there are a few different approaches to selling things online, and Gehrke has advised franchises on all of them.

"Some brands will attribute online sales to their franchisees if the customer is located in the trade area of a franchisee, but then struggle to satisfy demand from customers in locations where there is no franchisee.

"Some brands have developed amazing websites that do a better job of selling the brand's products than people in franchise stores, which means the role of franchisees has moved away from sales and fulfilment - to increasingly being focused on fulfilment alone."

Once you take the plunge and begin administering more of your business online, you may find the benefits and efficiencies gained begin to change the way you look at your franchise operations.

"I recall the Australian CEO of a major food brand once stated that their online transactions consistently came in at a higher sale value for a greater number of items per transaction, than instore sales," said Gehrke. "With more than 80 percent of that network's sales now being made online, this has changed the dynamic of the franchise relationship because of that evolving sales-versus-fulfilment balance."

Common challenges to implementing new tech systems

"One of my favourite sayings is to let technology be your friend," said Gehrke. "There are always smarter ways of doing things that can improve the efficiency, collective intelligence, profitability and agility of a brand if franchisors have established a proper culture of continuous improvement in their networks."

But there are good reasons why new solutions can be difficult to implement across a franchise and being aware of them will be your first step towards overcoming them.

The two inherent hurdles that Gehrke discusses in relation to tech roll outs regards the initial cost of implementation and the speed of deployment.

"Franchisors will typically push as much of the costs as they can onto franchisees, who in turn will try to avoid, minimise or delay this extra cost of doing business for as long as possible.

"Part of this is because they may not have provisioned for this extra investment in their business, and part will be because they expect the franchisor (who will also benefit from the new technology) to contribute most or all of the cost."

At the same time, getting the technology into place, getting staff trained up and using it effectively – this all takes time and time is money.

"The process of dealing with the myriad issues, concerns and questions raised by franchisees means that franchise groups usually take longer to roll out new technologies than corporate chains, where both the costs and outlets where the technologies will be deployed are centrally managed, and accountable."

Developing a model for roll out success

Once you know what you want to roll out and have a feeling for where the challenges might be, it's time to consider how to start planning what the rollout itself will look like.

This is important because your speed to market will impact the effectiveness of the new technology.

"I think the best operational model for new technology rollout in a network is for the franchisor to centrally manage the deployment, and in a perfect world, cover the costs of doing so via their royalty income or an ongoing IT fee that exists from the outset, and which can draw on funds accumulated over time," said Gehrke.

And it's that question of who's picking up the tab that can be the difference between a smooth rollout and a total failure.

"A lot of rollouts are compromised because of high one-off costs imposed on franchisees which limit the deployment to those who can afford it, while others who can't afford can delay a full rollout by years.

"Once the issue of 'How much will this cost me?' is overcome, the franchisor can instead focus on the operational benefits new technologies can deliver to the franchisees and to the network as a whole to overcome the next level of franchisee objections around 'Why can't I just keep doing what I've always been doing?'."

Gehrke's solution? Franchisors should be willing to put their money where their mouth is ahead of franchisees.

"Franchisors must absolutely prove the technology at their own risk in their company-owned outlets first, then into volunteer franchisee sites next to iron out all the bugs, before deploying more broadly.

"Working collaboratively with a Franchise Advisory Council (FAC), or a special IT subcommittee of the FAC, which includes franchisees and franchisor personnel, can provide much better outcomes."

The time is now

And the time to start these discussions is now, with digital enablement a clear priority for small businesses, including franchises.

"The latest Business Monitor findings show it's more important than ever for business owners to be digitally enabled, and online businesses have the best chance at success. Many of the pressures felt by Australian small businesses – such as attracting new customers or managing utilities or profitability - can be eased through technology-driven solutions," said Ellis.

"Digitisation is not just about using social media or designing a smart website. It's about capitalising on the efficiencies and insights that digital technology can provide in terms of productivity, accuracy and making smarter business decisions." ■

About MYOB

MYOB partners with franchise businesses across Australia to enabling them to make the most from our digital business management tools. To find out how your franchise would benefit from partnering with MYOB, contact Shehan DeSilva, Commercial Partner Specialist on 0426 504 389 or email Shehan.desilva@myob.com.

Thriving during COVID19

Lessons from a year of transformation

By Orlena Steele-Prior
Communications Consultant, Go Brands

What we expected to be the hardest year, delivered us record growth. What could have derailed our network, united us.

Having just acquired Go Sushi in 2019, we were quick (thankfully so) to establish trust and repair ailing relationships before the pandemic hit. Never had an intention held such importance than to prepare us for what lay ahead.

A connected network cultivated a daringness to think differently and a sheer grit to succeed. Continuing with the status quo seemed inadequate and inappropriate when life as we knew it had changed. Expecting our customers' QSR needs to remain the same seemed equally unrealistic. It was imperative that we rethink every aspect of our business model.

What followed was some hearty self-appraisal and significant transformations.

How meaningful and efficacious were our brand values in the face of a pandemic?

Embodying 'fresh and healthy' values seemed underwhelming and a poor reflection of the current times. After several think tank sessions with a brand consultant and the affirmation of our network, we arrived at a set of standards we felt had a stronger backbone – 'sustainability, healthy and convenient.'

Adding nutritional values to our labels validated 'healthy' with tangible evidence. Replacing 'fresh' with 'sustainability' allowed us to anchor our commitment to the environment and the pursuit of reusable/compostable packaging. Whilst the introduction of 'convenient' liberated us from traditional one-person portions/ packs to a more expansive menu.

Our greatest learning: *Critical thinking within a community of external brand and industry experts was vital in reaching outcomes beneficial for our business growth. It ensured we didn't fall prey to the brand values becoming subjective assessments as they had done in the past.*

How well were we catering for customers new fast-food habits?

Upon lockdown ending, our customers were cooking-fatigued, having been forced to prepare family meals night after night. We recognised an opportunity to evolve our one-person meals to packs the whole family could enjoy. Initially trialing 'Family Sushi Packs' and 'Feed your Family' platters, both soon became firm favourites, along with other new additions such as poke salad bowls and gluten free/ vegetarian options. `

Menu diversification required a mind shift for many – some franchisees were purists and wanted to remain with the current offering, whilst others were open to innovation yet required the tools to change customer perceptions.

Our greatest learning: *We had assumed that upgrades to the menu would be welcomed by customers and franchisees alike, but we soon learnt otherwise. Referring to change management processes, we applied several steps to ease the way – a readiness assessment identified the right franchisee to trial, communication planning enabled us to test different meal descriptors in-store and an employee training pack provided sales language when faced with customer resistance.*

How could we ensure our franchise network not only survived but thrived during the year?

Getting to know each franchisee revealed the need to demonstrate our commitment to them. It began with a statement - 'Collaborate, innovate and evolve' which propelled a set of actions – group calls switched to one-on-one and were implemented more frequently and more personally. Tailored material was created to suit individual demands and as such there was stronger marketing uptake. We became business partners, aligned in purpose.

Our greatest learning: *Whilst KPIs are important and always will be, we realized our energy was better directed towards providing palpable and empathetic support. Although a seemingly subtle adjustment, we believe it was a defining moment between a tailspin and record sales.*

Never had we predicted 2020 to unfold as it did, but without the trust and dexterity of our franchise network none of our pursuits would've succeeded. It was their courage to continue that propelled us most. ■