



Michael H. Seid & Associates, LLC

Discovering Key Sources for Finding Leads

Institute for Franchise Management

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What we have to offer



There are three things a franchisor has to offer to a prospective franchisee:

- It's brand
- It's consumer system
- It's franchise support system

Protection and Selection



To protect our offerings we need to first:

- Select the right franchisees
- Ensure that the franchisee knows what they are buying

Today's Franchisee



Today's franchisee is:

- More knowledgeable about franchising
- Has more access to information
- Understand that they are investing

How they buy



While it is possible to still sell based upon the sizzle and emotion

It is essential to sell based upon the value of the offering and its ability to meet franchisee's realistic expectations

Long Term Performance



Most litigation has roots in franchisee dissatisfaction

- They expected more
- They expected something else

High Pressure



High pressure techniques - for the smaller, less sophisticated investor may get you sales

High pressure is guaranteed to result in buyers remorse leading to:

- Conflict down the road
- Turnover, dissatisfaction and litigation

Avoiding the Hype

- For many systems today the goal is a multi-unit - sophisticated operator
- With rare exceptions they are sophisticated about the end game -
 - Return on investment
 - Long term value and stability

For the sophisticated buyer - high pressure sales will not result in sales

It will only result in lost opportunities

The Process

Understand that the process begins before the offering of a franchise

- Who are your prospects
- Who are your buyers
- What message does the buyer need
- What methods do you have to attract them
- What information will they want and need to make a decision

Reviewing the Prospect

- Honestly review your franchise system
 - How and where does it perform best
 - What is the profile of your best franchisee
 - What is the profile of your competitor's best franchisee

With Knowledge in Hand

- Determine the message
- Create the ad that speaks to the prospect - know the sources that work
- Internalize your offering process
- Develop your information for the buyer
- High touch - high speed gets the goal

High Tech is Fine - But

- Voice mail is an effective way of losing a prospect
- Unanswered, delayed or formatted internet responses is guaranteed to lose a prospect

Every sale begins with the personal touch

Voice vs. Voice Mail

- During your business hours it is essential that you maximize the first live contact
- Voice mail should be the exception - not the rule
- Voice mail should be returned - within moments - if not sooner

Internet

- Your web site needs to be fast
 - Most prospects use a dial up modem
 - Slow up-links make prospects lose interest
 - Excessive graphics that load quickly on a high speed modem take too long on a dial up

Internet

- The purpose of the web is to first give the essential information to attract the buyer
- Unless you have a unique brand position and hot offering - don't try to close the deal before you make first contact
- You can't make the sale until you have a buyer

Internet

- Leads through the internet need to be contacted
 - By automatic email response if after hours
 - By telephone the next morning
 - By live email when you are open
 - By telephone follow up based upon your process and your communication with the prospect

Steve Olson's Six Rules to Breaking the Relationship

- Ignore the buyer's interests
- Out-of-date franchise program
- Selling with technology
- Poor prospect follow-up
- No personal visits
- Poor Discovery Day

Steve Olson's Six Rules to Building the Relationship

- Respond to the buyer's interests
- Repackage to today's buyer
- Use high tech tools that touch
- Update and speed up your sales response system
- Visit with prospective buyers
- Put excitement and information into your Discovery Day

Losing Prospects

- Leads do not generate sales - prospects generate sales
- Controlling and maintaining the lead process generates prospects
- Without a tracking system - prospects are lost - measure
 - # of inquiries - # of leads - sources for prospects - # of applications -
discovery days - # of sales
- Measure the costs through the selling chain

Explaining the Process

- Franchise investors are intimidated by the unknown
 - Explain to them your process
 - Explain to them your requirements
 - Set with them the parameters of the offering process
 - Timing
 - Locations
 - Their pre-purchase investment

The Information

- Provide them with the basic information
- Answer their initial questions - openly and honestly
- Define for them the initial information you need to get to the next step
- Let them know your timing requirements
- Let them know what additional information you will require them to provide you

Moving Forward

- Processing leads is not alone meaningful
- Once you have defined the process to the prospect - stay within the boundaries
- Nothing can move forward until you get the basic information you need to make your initial evaluation

The Offering Circular

- It is still essential that the offering circular be explained to the prospect in person
 - Its complicated
 - Its sometimes confusing
 - It often seems one sided
 - It needs to be reviewed by their advisors and that requires the prospect to be knowledgeable

The Offering Circular

- You may be allowed by law to disclose electronically but -
- With limited exceptions avoid sending an electronic version of the UFOC before the first meeting
- In many cases, it will meet the letter of the law but miss the mark on closing the sale

Visiting with the Prospect

- Once the basic information has been exchanged speed and professionalism is important
- Depending on your situation and the buyer
 - Headquarters meetings
 - Regional meetings
 - Determine your corporate travel budget

Headquarters Meeting

- A discovery day may not be the most appropriate first meeting with the prospect
 - Review the offering
 - Review the UFOC
 - Review the prospect
 - Interests
 - Capabilities
 - Reassess timing

Don't Kick a Dead Horse

- If the prospect does not meet your initial requirements there is no need to hold a face to face meeting
- If at the first meeting the prospect does not meet your requirements do not invest in further selling process
- If the prospect and the prospect for closing a deal are right - move to the Discovery Day

Discovery Day

- Individual v groups
- It should be scripted and graphically inviting
- Each of the important resource or influence centers should make a presentation and meet the prospect
- Any open issues - financing, etc. should be worked through before the Discovery Day if possible

Follow Through

- Keep a detailed log of all conversations that take place
- Ask each corporate participant to provide their review of the candidate
- Follow through in real time on all requests made by the prospect and any promises you make
- Set a time frame for decisions - by franchisor and prospect

Keep the Excitement Alive

- The ten day rule is not a quiet period
 - Call the prospect often during the process
 - Forward them any information on the system that keeps them interested
 - Have a bank of information available for the purpose
 - Invite them to any company event - they will feel like family

Making the Decision

- Review the internal evaluations on the candidate. Get any feedback and understand any blocks.
- Communicate your approval or disapproval to the candidate.
- If the candidate is approved - ask for the commitment
- If the candidate cannot or will not commit - probe the reasons quickly. Set parameters and time frame.

Finalize the Process

- Complete any open negotiations
- Verify the process steps have been met with the compliance officer
- Meet with the approval committee
- Draft agreements and forward to prospect
- Close the sale

Follow up Negotiations

- They should be few if you've done your job
- Anticipate that there still may be open issues and deal with them quickly
- Move to close the process either by executing the documents or closing the process
- A decision by the prospect to drag out the process is a strong indication that the process has ended - move on

Working with the Dead

- The dead may walk again but it is unlikely
 - Keep them informed of "happenings in the system"
 - Periodically contact them to determine any residual interest
 - Don't waste a lot of time

After the Close

- Give the franchisee the pen they signed the document with - don't use a Bic
- Send or give them a congratulatory letter or logo gift
- Set up the schedule for the first event - training, site selection, etc.

Marketing vs. Developing

- Throughout the process the goal has been to develop the system - not simply to sell franchises
- Ensure that you follow through is as strong as your promises
- Invest in the follow through - that's how you develop the system
- Meet and try to exceed your commitments
- The contract is important - but so is the long term human relations

Michael H. Seid

Michael H. Seid & Associates (MSA)

94 Mohegan Drive

West Hartford, CT 06117

(860) 523-4257

(860) 523-4530 – Facsimile

mseid@msaworldwide.com

www.msaworldwide.com