

"Franchisee profitability is the most important mission of the franchisor!"

– Fred DeLuca, President and Co-Founder, SUBWAY® Restaurants



Five Pennies

**Ten Rules to Successfully Build
a Franchise Mega-Brand and
Maximize System Profits**

Lonnie Helgerson, CFE

Ten Rules Pocket Summary

- **Rule No. 1 - Tee up your franchisees for mega-success, not failure!**

Show your commitment to sustainable franchisee unit profitability by adopting this as your new brand strategic statement, "Our wealth and success as a franchisor will be a by-product of developing wealthy and successful franchisees."

- **Rule No. 2 – Franchising is a mega-relationship business!**

Foster a culture of positive franchisee relations and codependency. Remember - developing a culture of great franchisee engagement and relations doesn't happen overnight. It takes time, a consistent championing by leadership, a ton of hard work, and a commitment to constant system improvement.

- **Rule No. 3 – Franchising is not a drag race, it is more like the 24 hours of Daytona.**

Stay ahead of your growth! Remember that building a successful franchise system is a race of endurance - not speed, and that fast track growth without proper planning or execution will cause significant problems that may, or may not, be able to be resolved.

- **Rule No. 4 – Do not have an accountant remove a brain tumor!**

Develop a culture of continuous improvement and franchise education throughout the entire organization. Remember that next to undercapitalization - a lack of franchising experience and knowledge is a top reason why some franchise systems fail.

- **Rule No. 5 - Plant, cultivate, and harvest system best practices.**

Create a best practices clock of continuous unit improvement that cascades tools, resources, programs, and efficiencies back to the entire system.

- **Rule No. 6 - Stack the “entire” deck with strong franchise owners.**

Remember the goal of recruiting is to minimize the risk of an incompatible owner and increase the acceptance of potential superstars by establishing a desirable profile and “awarding franchises” to those that meet it.

- **Rule No. 7 - Focus on where the rubber hits the racetrack**

Never lose sight that royalties are earned when the franchisee cash register rings. Develop a relentless focus on supporting store operations and driving sales.

- **Rule No. 8 - Create partners in growth.**

Create “something more” for your franchisees and brand by developing growth programs and/or tools that positively impact the entire system such as national partnerships, accounts, or other macro-level programs.

- **Rule No. 9 - Manage your system like NASA would.**

Invest in technology that will keep your brand at the front of the pack. Maintain an eye on technology changes and how it will affect your brand both short and long term.

- **Rule No. 10 – Manage resources and understand the financial requirements to grow a franchise Mega-Brand.**

Remember that a vibrant franchisor equals a vibrant system. Diligently manage the human, operating, and capital resources of your franchise system to ensure that you can make changes quickly.

For more information, or to order a copy of *Five Pennies* - please visit www.FranchiseMegaBrand.com

