



Because Fit Matters

Using Science to Determine Franchisee-Franchisor Fit

Tenets of Franchising

- Replicable Model
- Viable Market
- Ideal Location (if applicable)
- Franchisee-Franchisor Fit



Franchisor Dilemma

Cost of franchisee acquisition is high

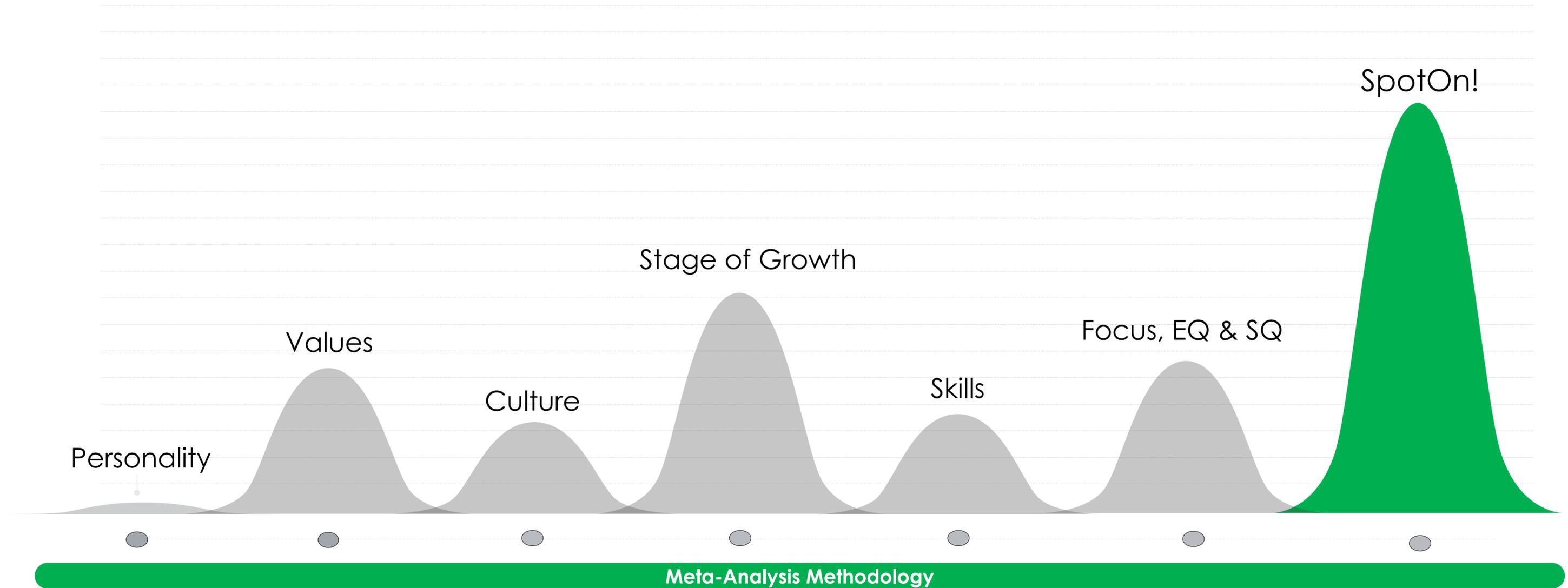
Poor fit franchisees:

- Cost more to train and support
- Tend to validate poorly
- Are difficult to satisfy
- Frequently cause litigation problems
- Have low retention rates

Lost opportunities if franchisee performs poorly



Personality Tests vs. **Meta-Analysis**



The 3C Model

Compatibility

- Values
- Stages of Growth
- Culture
- Work Style

Capability

- 8 Core Competencies
- Emotional Intelligence
- Social Intelligence

Capacity

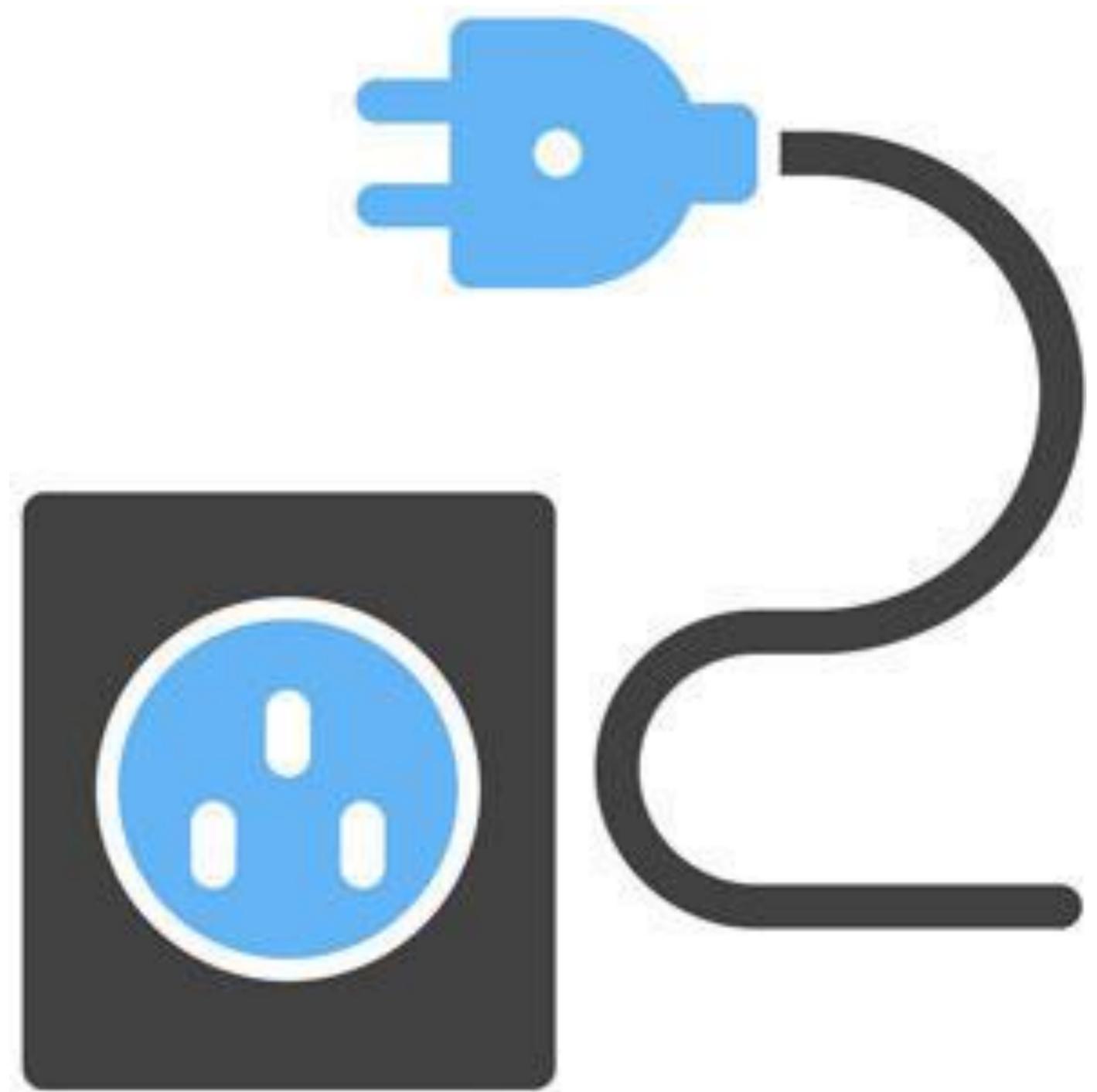
- Sale Orientation
- Business Path
- \$\$\$

compatible

[kuh m-pat-uh-buh l]

a state in which two things are able to exist or occur together without problems or conflict.

a feeling of sympathy and friendship; like-mindedness.



competent [kom-pi-tuhnt]

having the necessary ability, knowledge, or skill to do something successfully.

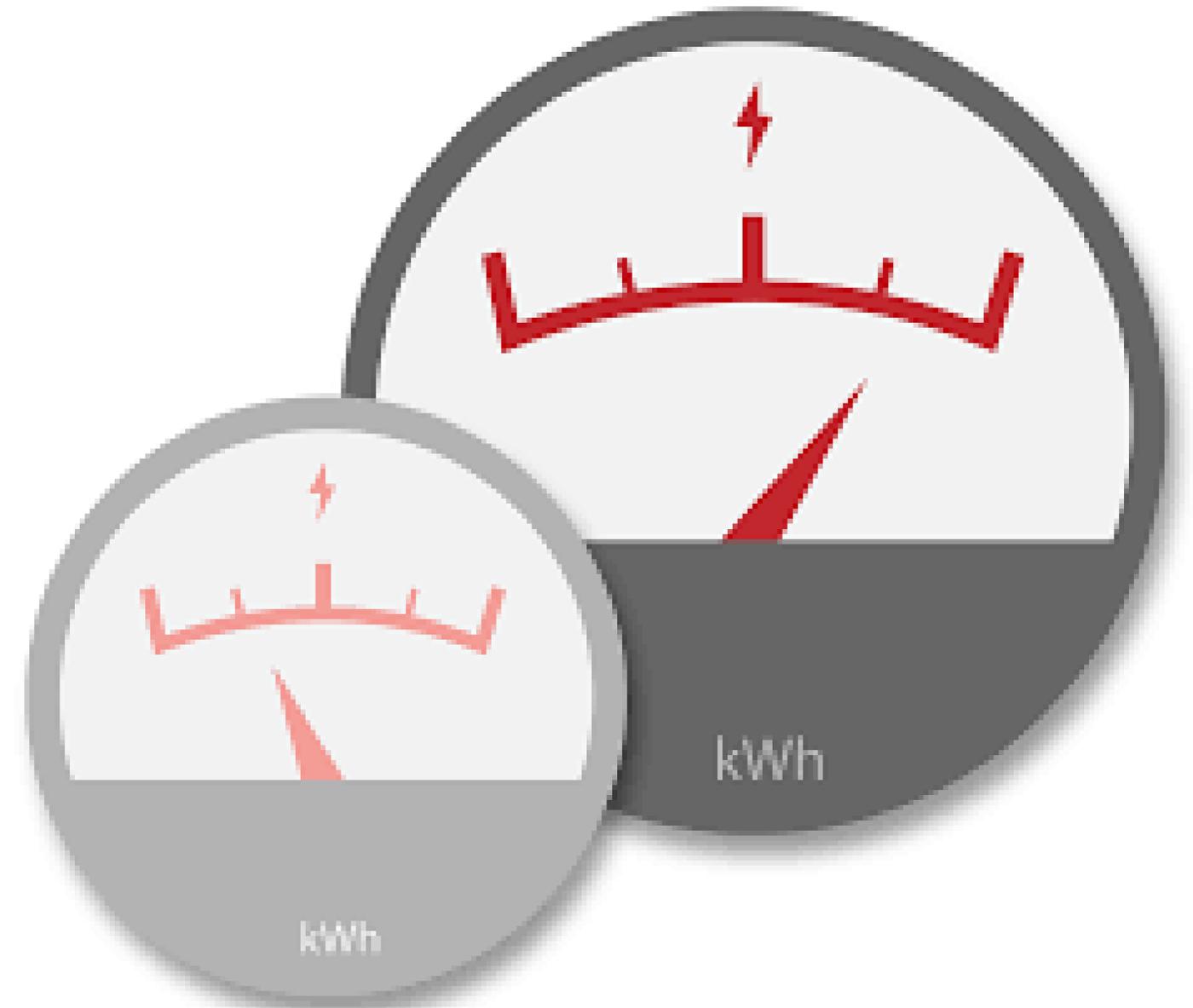
efficient and capable.



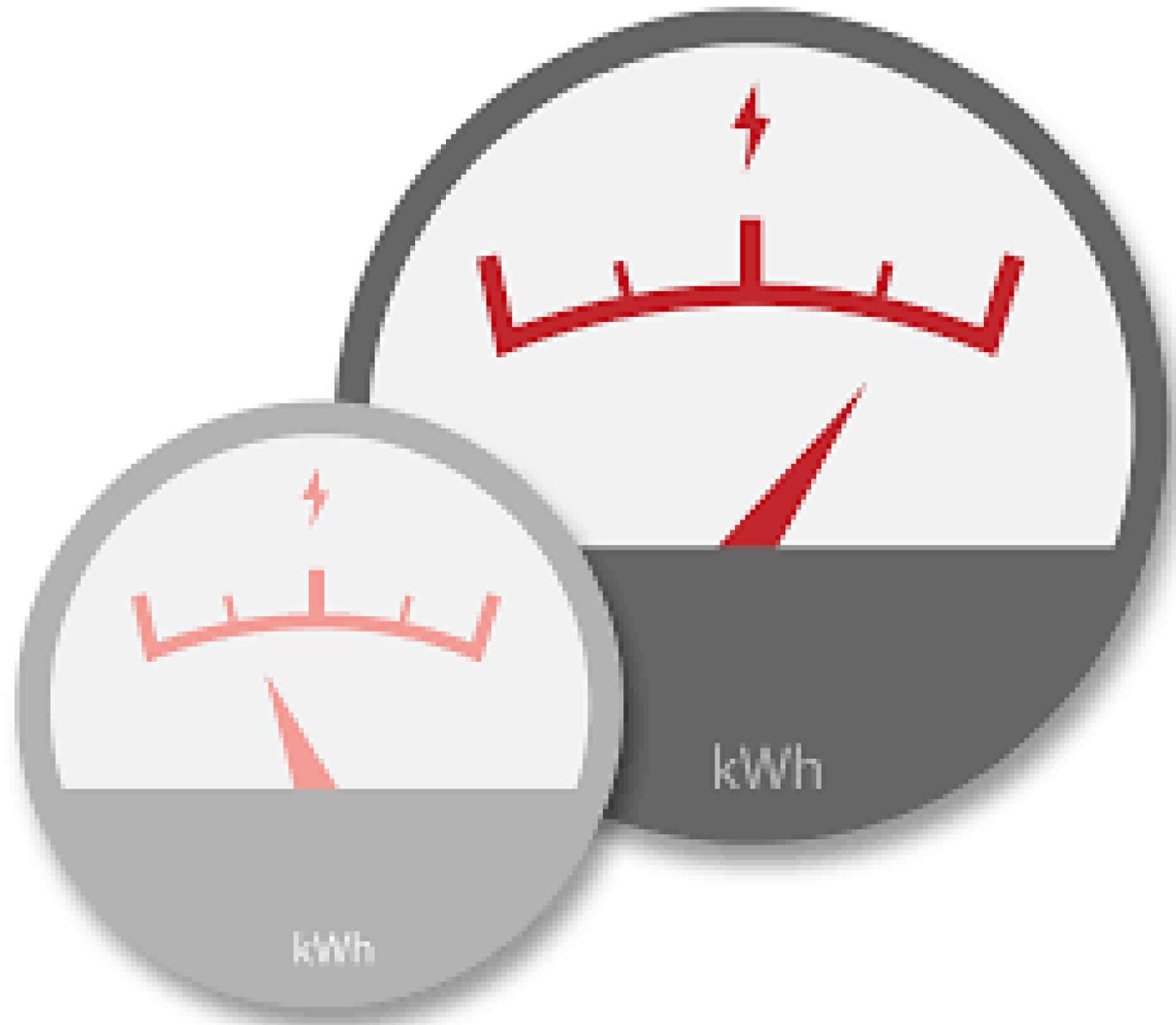
capacity [kuh-pas-i-tee]

the maximum amount that something can contain.

the amount that something can produce.



Competency without Compatibility Creates:



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RENEGADE

PRIMADONNA

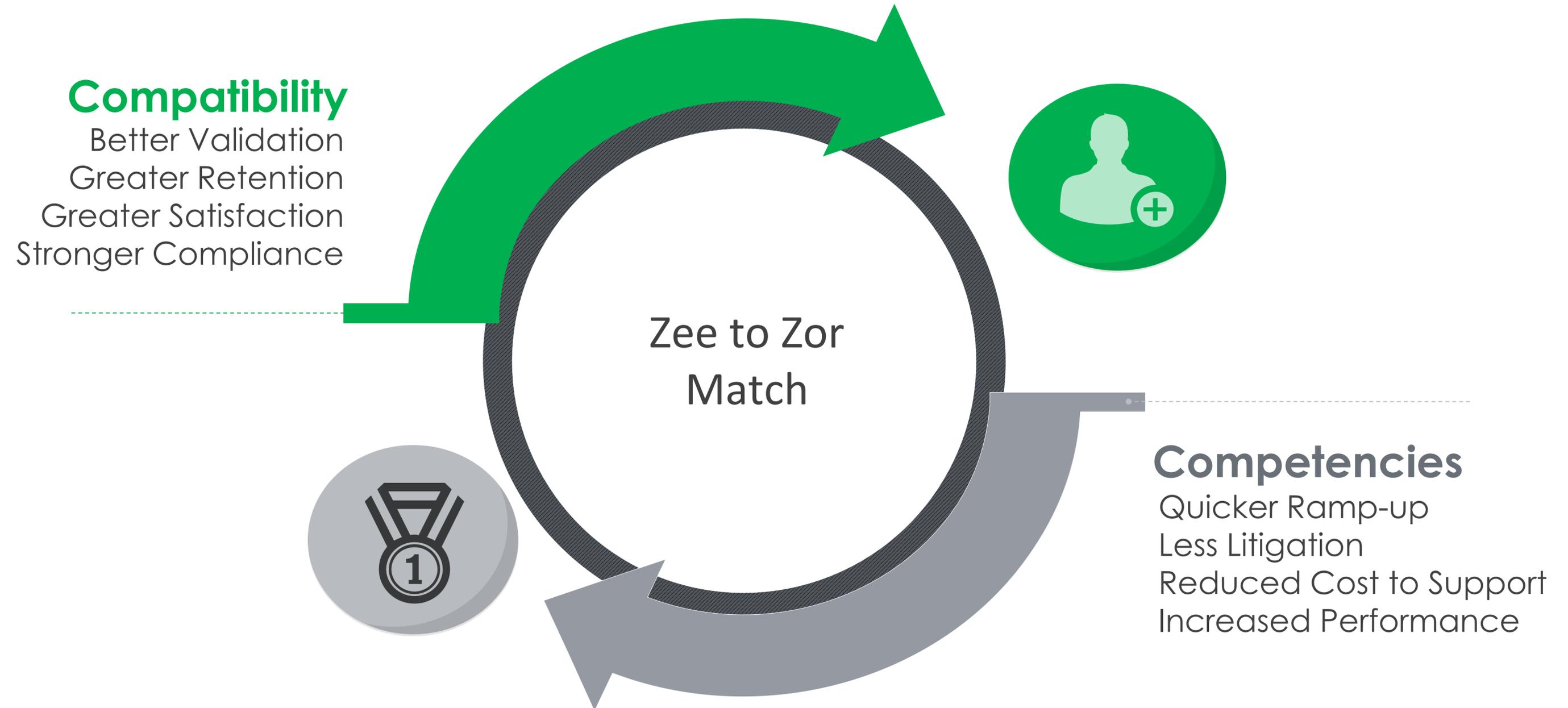
Compatibility without Competency Creates:



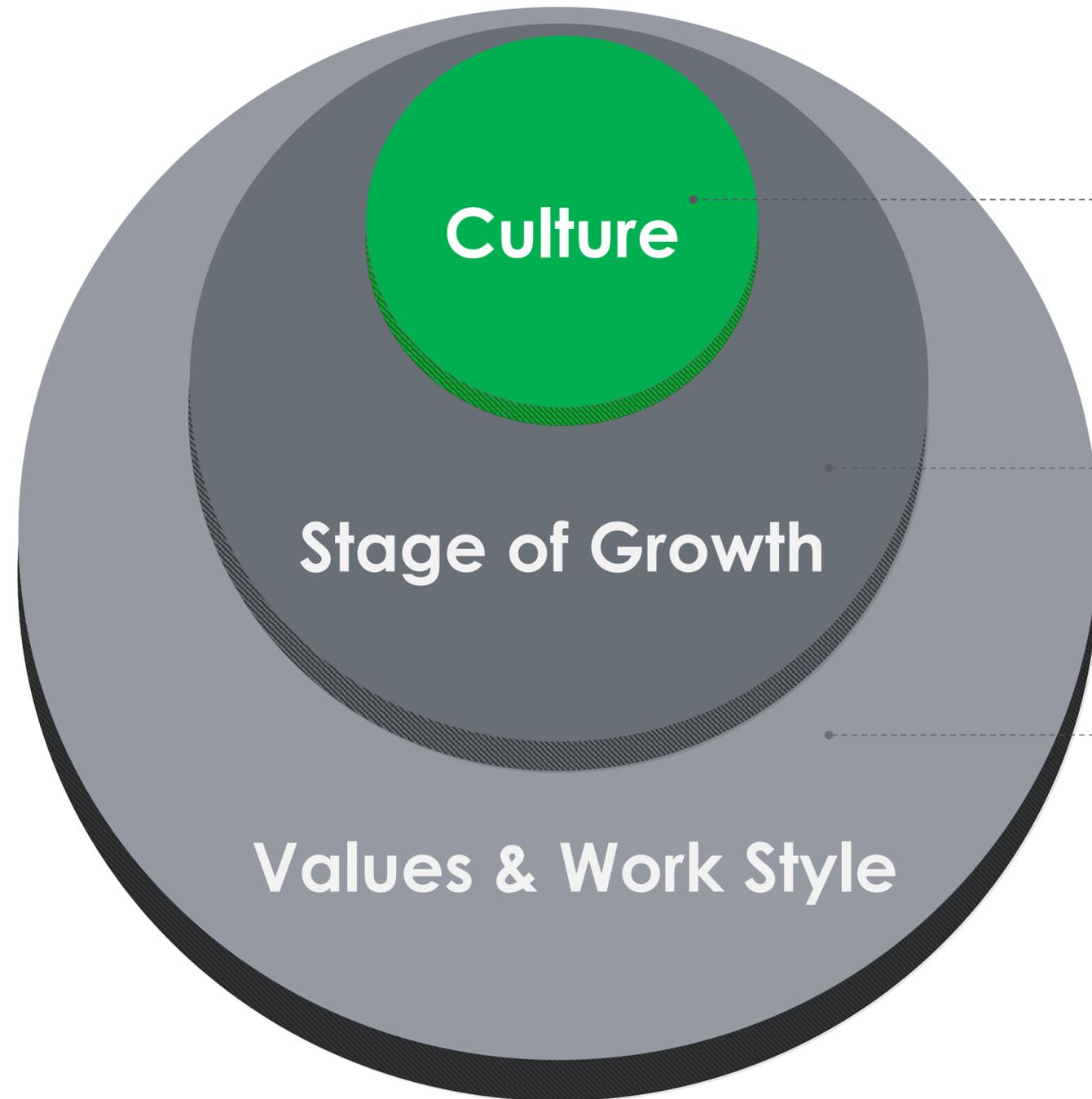
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- ✓ Good Retention
- ✓ Good Satisfaction
- ✓ Good Compliance
- ✓ High Support Costs
- ✓ Lower Performance

Because Fit Matters



Compatibility



Culture

Culture is the environment, and best practices that inspires franchisees to perform optimally.

Stage of Growth

Systems will adapt to support an evolving business and the needs of the franchisees.

Values & Work Style

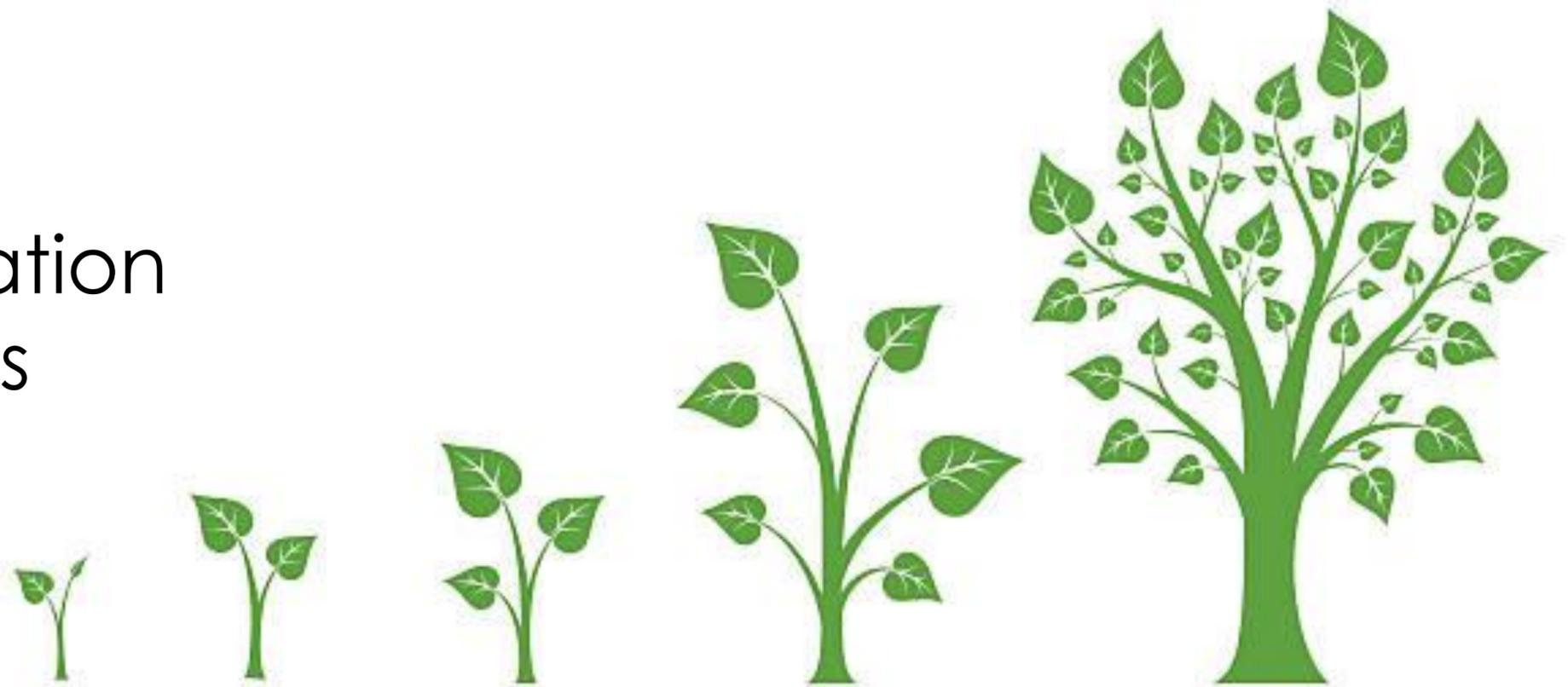
Having shared values and strategies provides a solid foundation for a long-term business relationship.



Shared Values

Basis for understanding, communicating and exercising judgement

Having shared values provides a solid foundation for a long-term business relationship.



Values alignment
builds strong brand
recognition.



There is a strong link between financial performance and franchisee-franchisor values alignment.

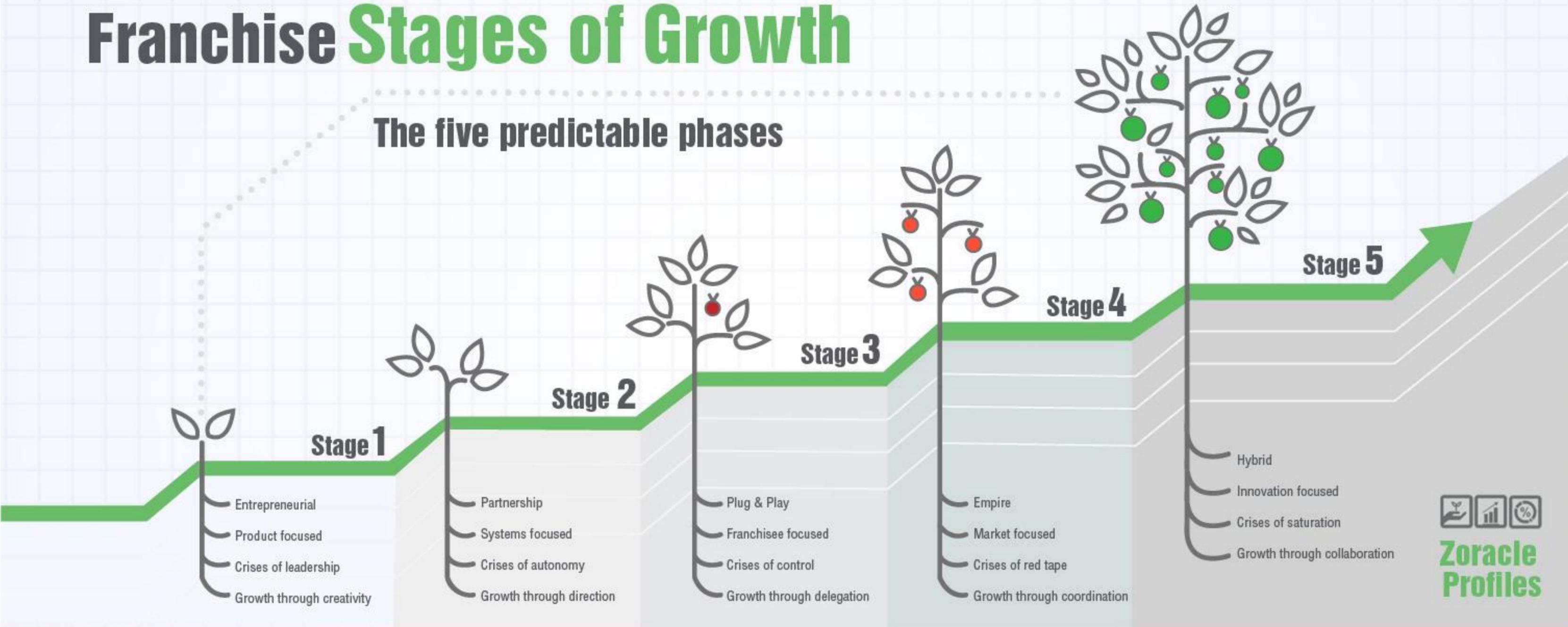


When the values of an organization are in alignment with the aspirational values of the franchisees, the result is high performance.



Franchise Stages of Growth

The five predictable phases

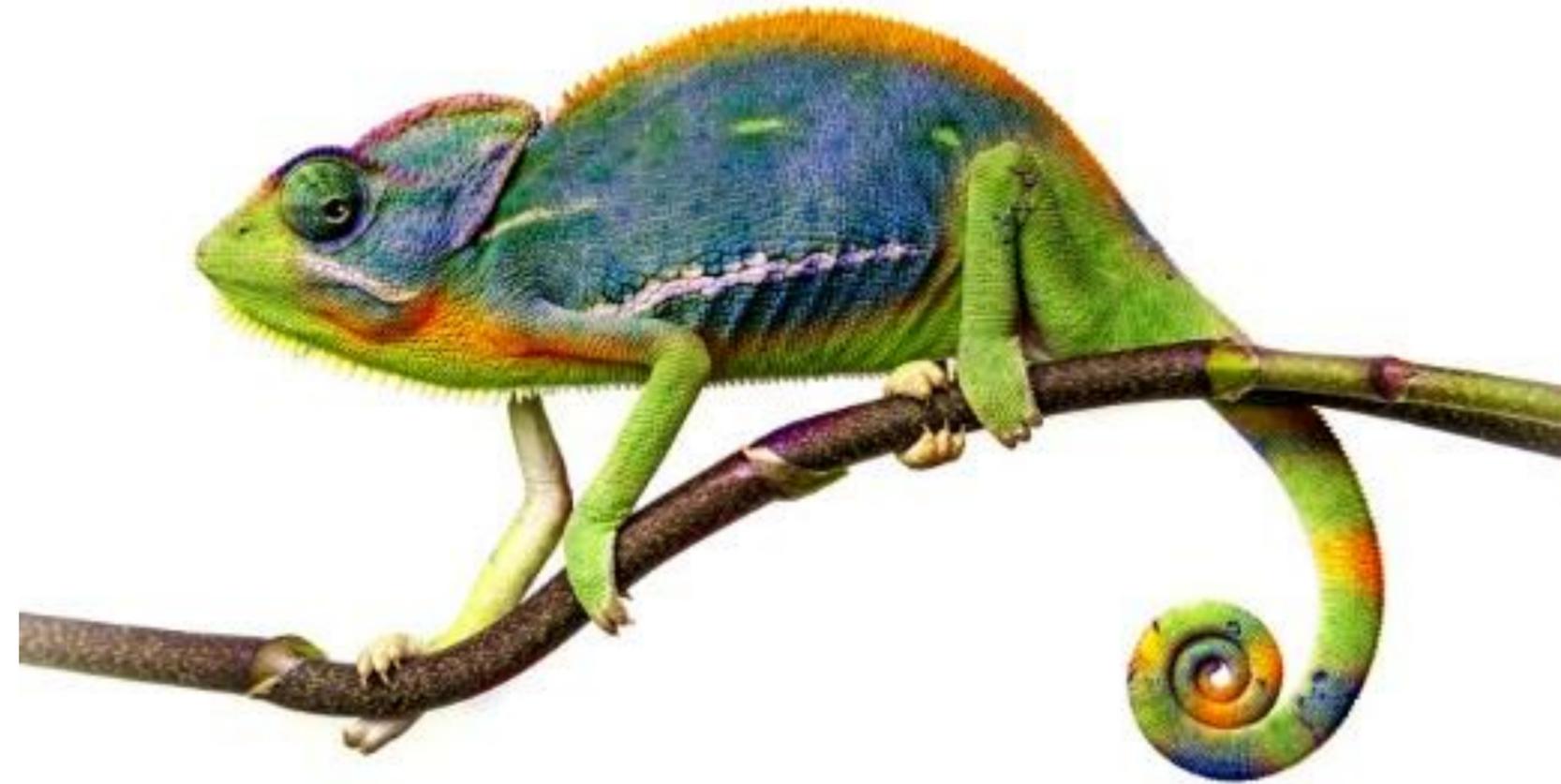


Zoracle Profiles

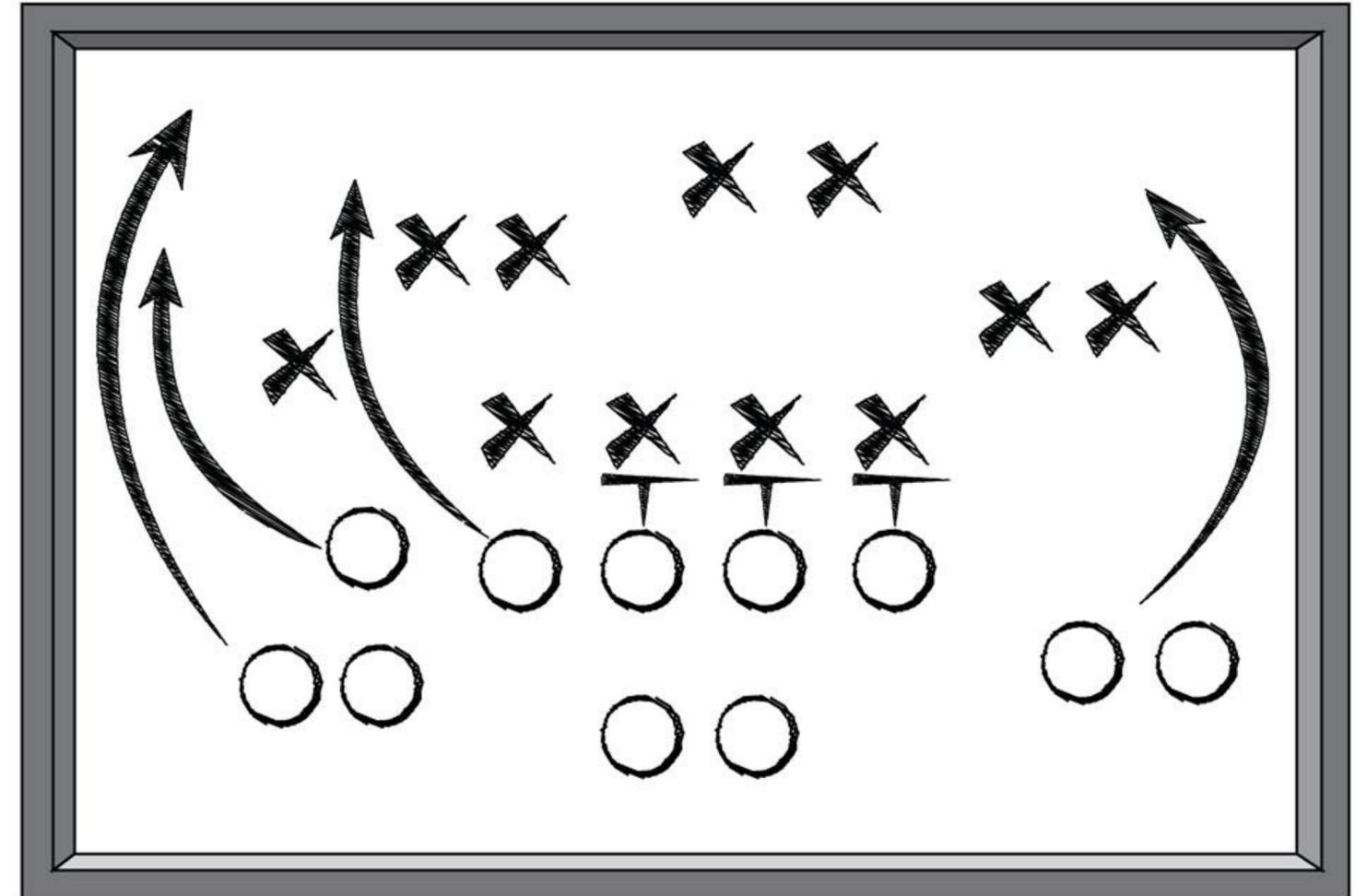
Growing Franchise System



As a franchise organization grows, the systems and procedures will adapt to support an evolving business model, the needs of the franchisees and to satisfy end-user demands.

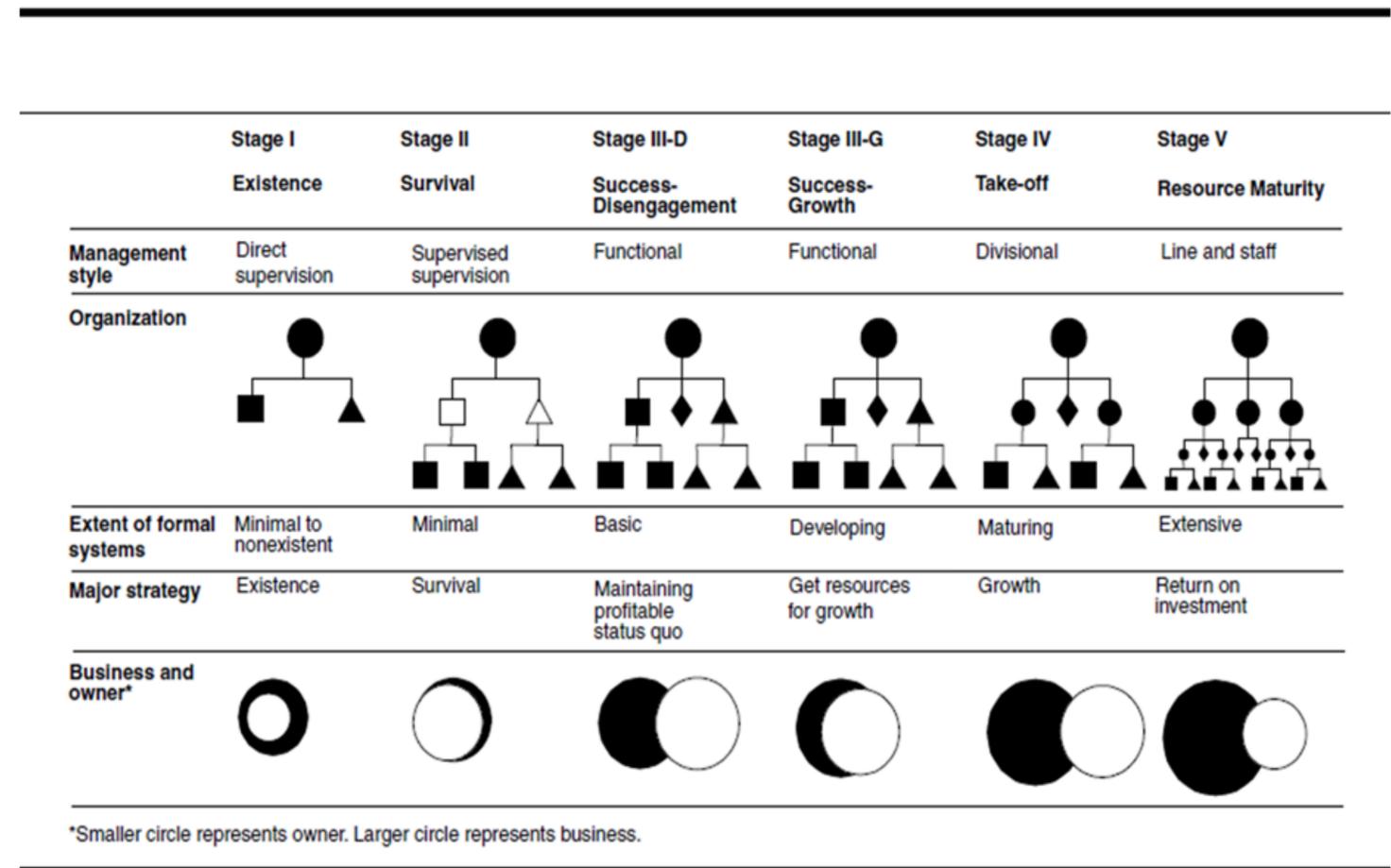


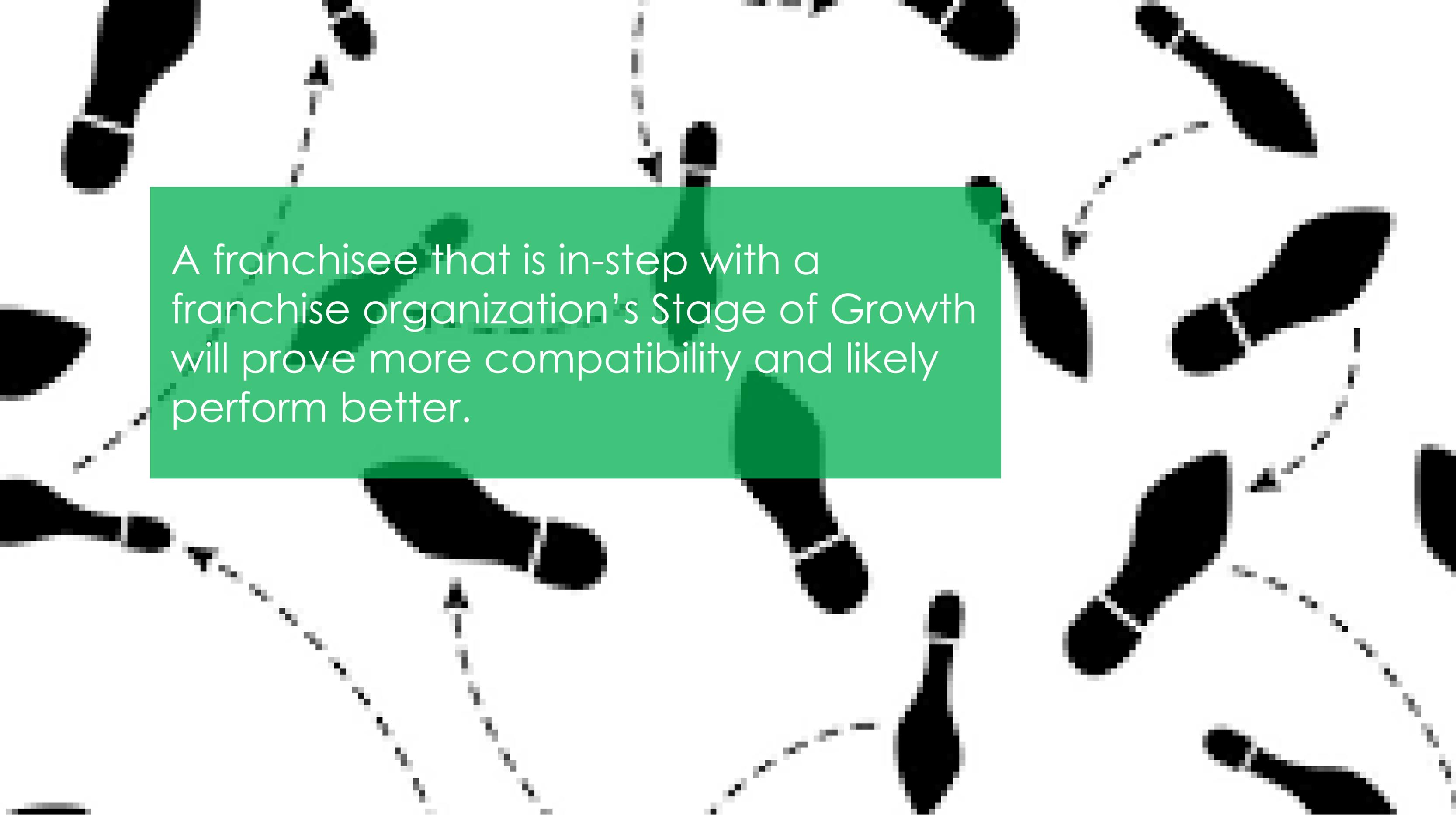
Within each stage of business a franchisee needs to complement a franchisor's plans and market expansion strategies.



Stages of Growth are determined by a company's:

- managerial style
- organizational structure
- extent of formal systems
- major strategic goals
- founder/owner involvement





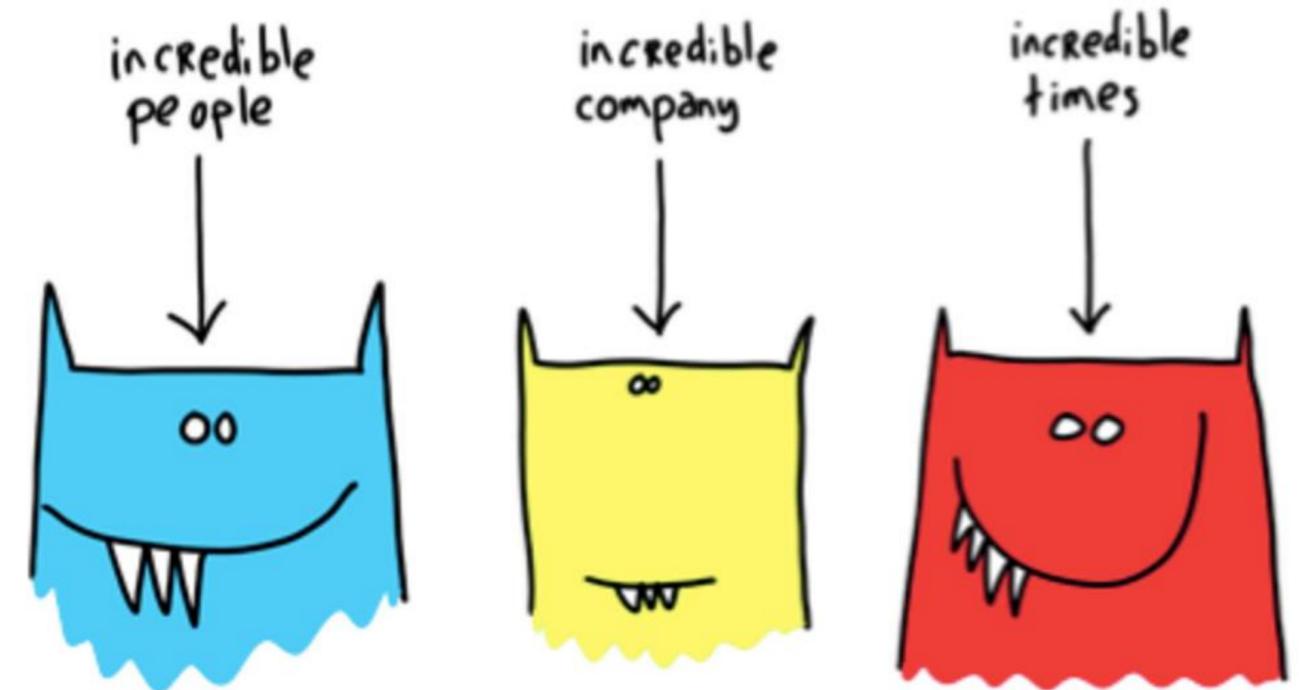
A franchisee that is in-step with a franchise organization's Stage of Growth will prove more compatibility and likely perform better.



Fits Into Franchisor's Culture

Culture determines the environment, strategies and practices that inspires and engages employees and franchisees to perform optimally.

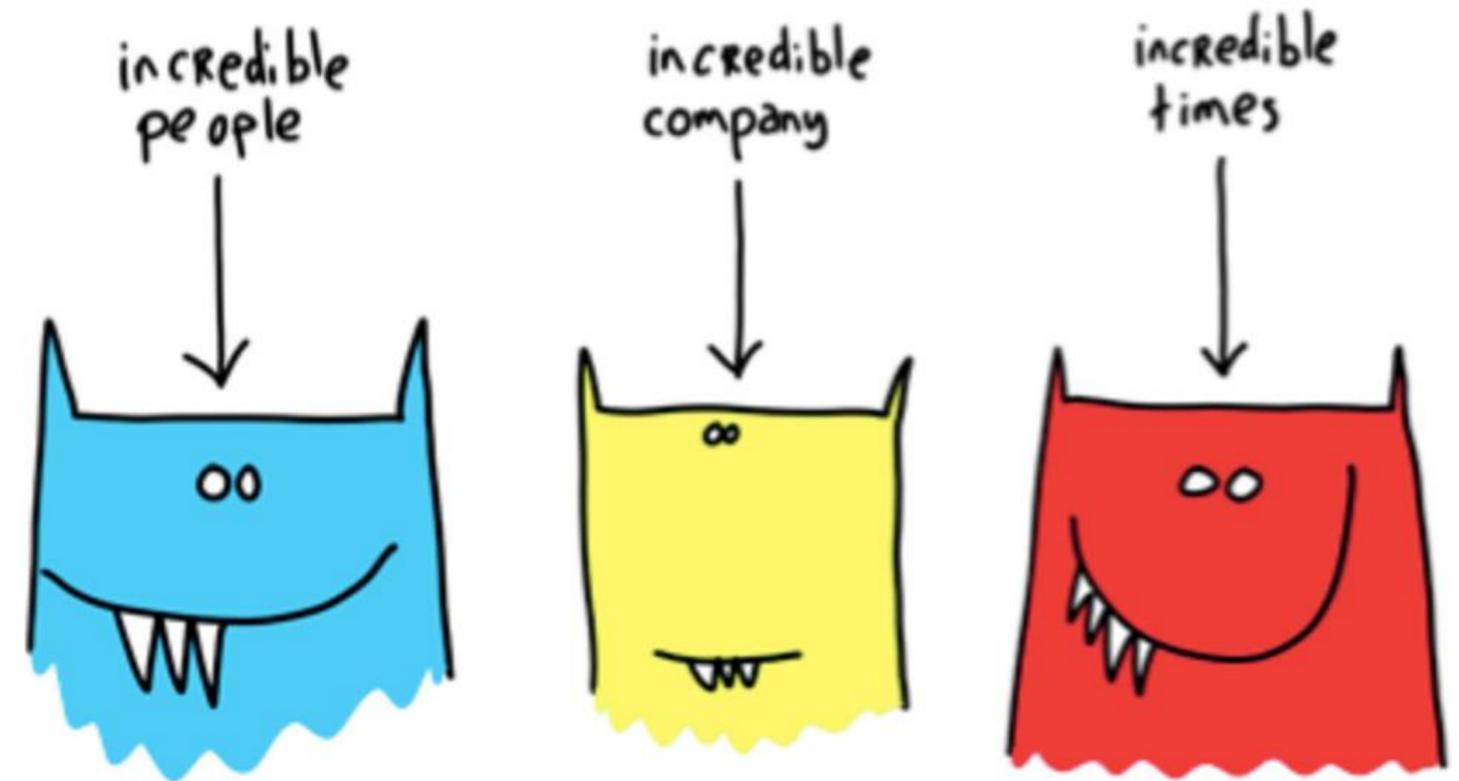
Culture is important to company morale and maintaining good relationships.



A culture that is congruent and clearly communicated provides endless benefits to a franchise organization including greater effectiveness and brand equity.



A franchisee who shares a company's culture will prove more compatible and likely perform better.





Shares High Performer's Work Style

Work Style is particularly important for the business owner as they will set the pace, priorities and direction for employees, partners, vendors and clients.



Work Style translates into how one will delegate, direct, motivate, manage, evaluate and resolve day-to-day business situations.



Competencies



Focus Preference

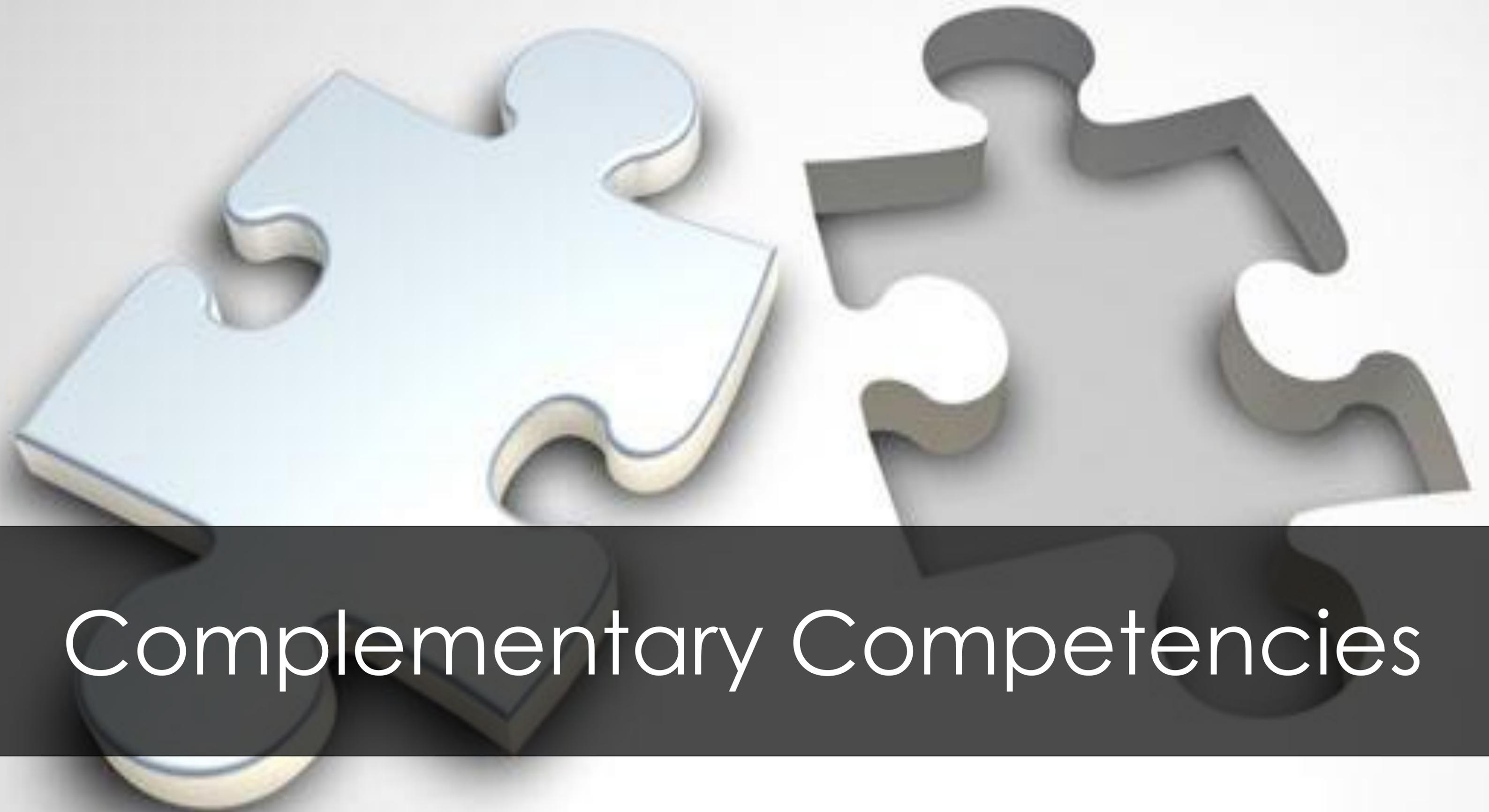
Nothing is more basic to performance, or more critical to success, than the ability to concentrate.

EQ and SQ

Franchisees with a high degree of Emotional and Social Intelligence perform better.

• Complementary Competencies

Complementary skills makes wiser use of resources provides points of correspondence and thus greater performance.

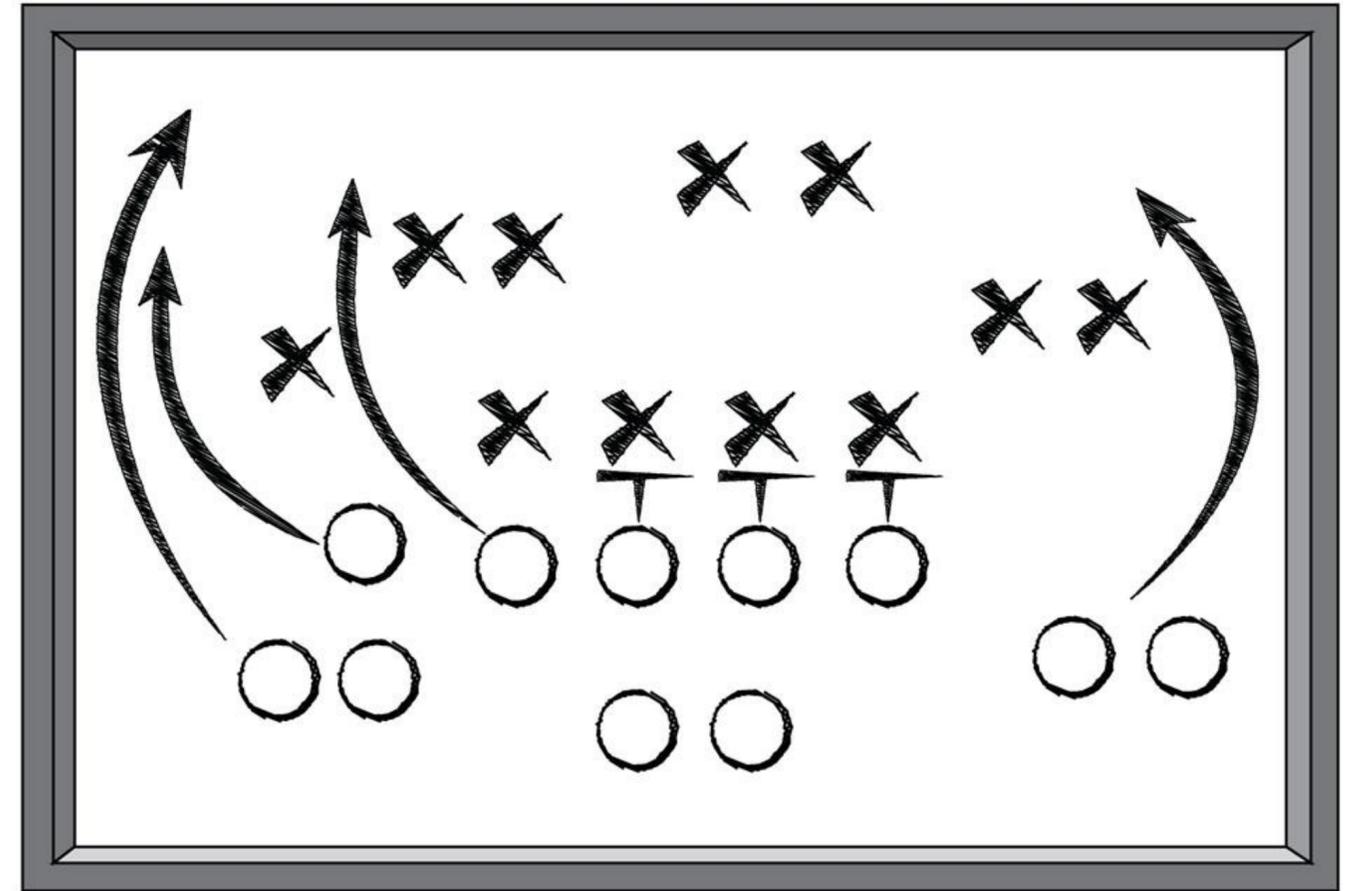


Complementary Competencies

Complementary Competencies provide a framework for forming collaborations between franchisee and franchisor. In doing so it presents numerous ways of correspondence between the expertise of the franchisor and the skills of the franchisee.



Complementary Competencies reduces redundancy, makes wiser use of resources, provides points of correspondence and thus greater value, compatibility and performance.



Focus Preference



Nothing is more basic to performance, or more critical to success, than the ability to concentrate.

To be successful in business, people need to be able to shift their focus of concentration without making mistakes and/or losing momentum.





Emotional Intelligence

Emotional Intelligence includes:

- self-awareness
- self-management
- self-motivation



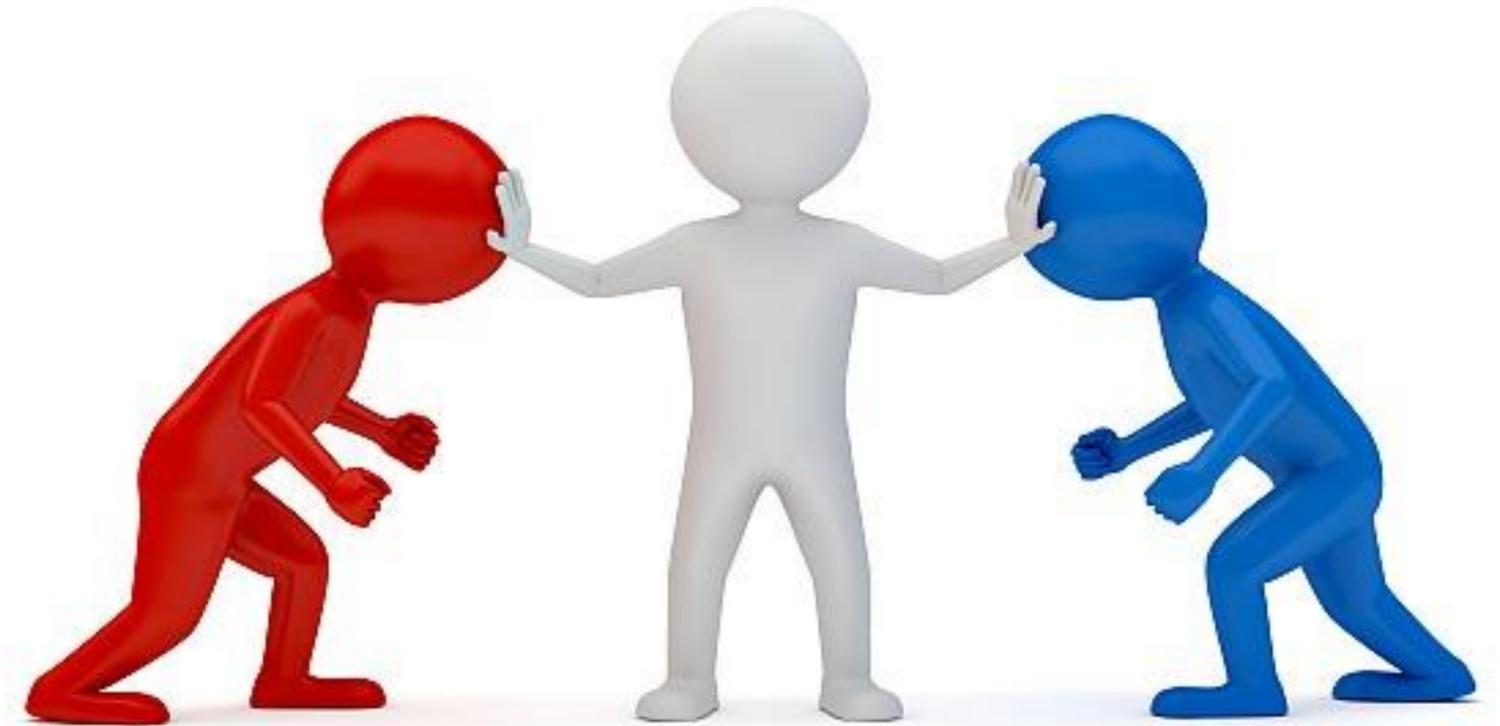
GRIIT



Social Intelligence

Social Intelligence includes:

- social awareness
- relationship management
- leadership

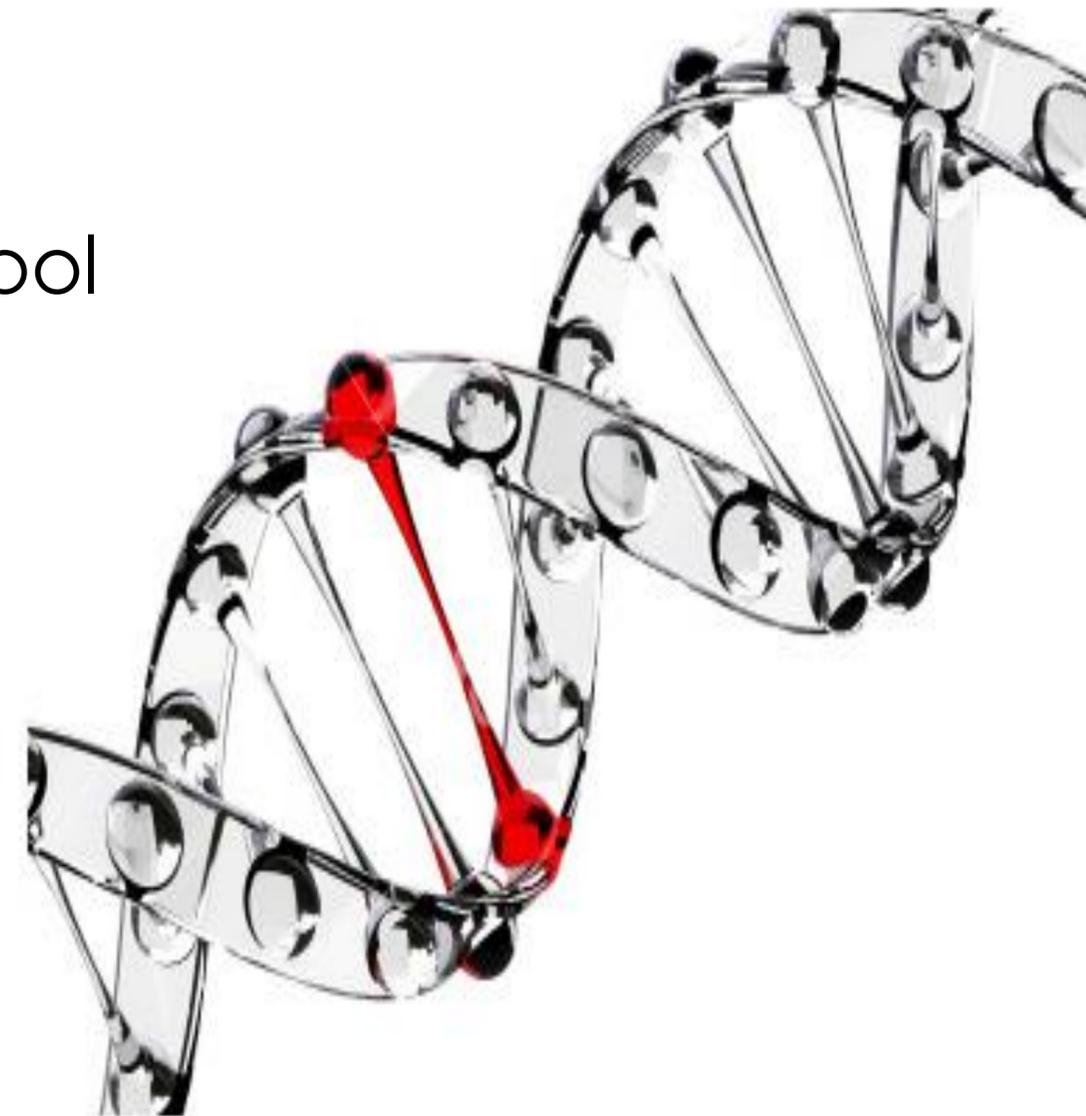


Compatibility + Competencies =
Performance



SpotOn! Science

- Values: Stanford Research & Dr. Clare Graves
- Stages of Growth: Neil Churchill, Caruth Institute
- Culture: University of Michigan
- Work Style: William Marston & Harvard Business School
- Core Competencies: Strengths Finder, Gallup
- Focus: Dr. Robert Nideffer, University of Rochester
- Emotional Intelligence: Dr. Daniel Goleman



Top Performer Blueprint

1: Standards

Standards are customized performance and compatibility standards for your franchise system.

2: Assess

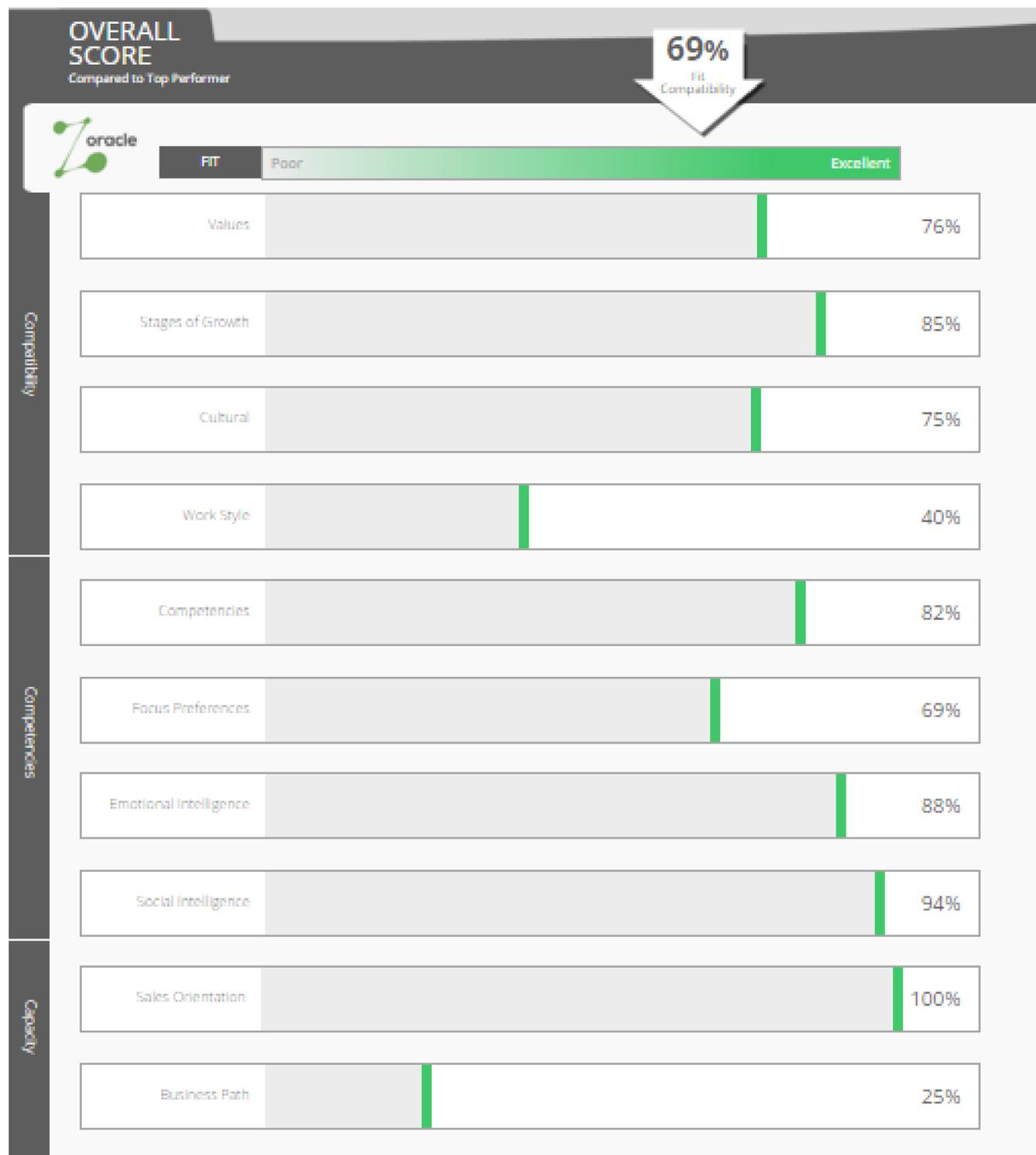
Based on standards, franchisees are divided into 3 groups: top, mid and low performers and provided a link to take assessment.

3: Blueprint

Outlines the key performance indicators including competency markers that set top performers apart from mid and low performers.

4: Eclipse

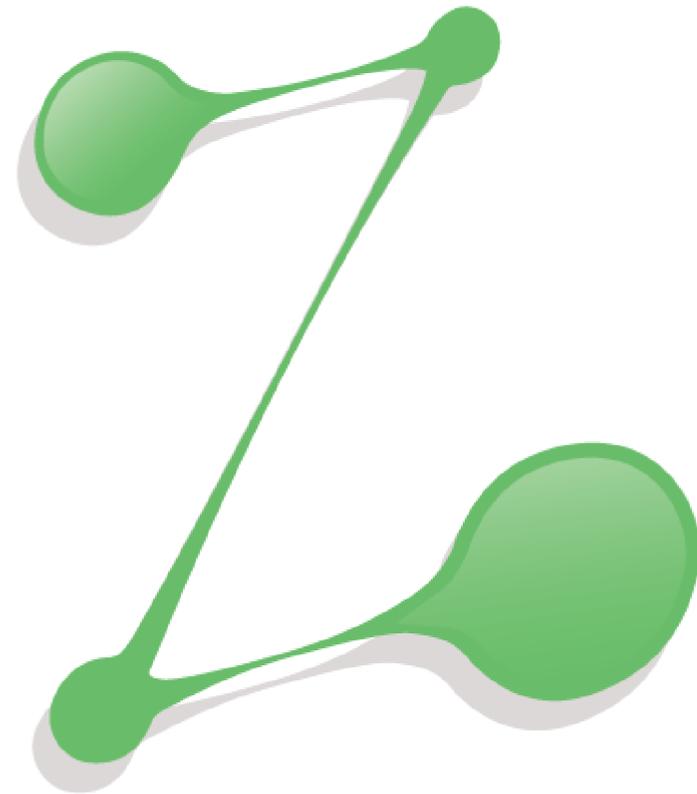
Custom algorithms implemented and Eclipse Reports will categorically compare prospective franchisee to top performers.



SpotOn! Eclipse

Categorically compares prospective franchisees to your SpotOn! Blueprint. These reports let you see instantly which prospects are compatible and have the greatest potential for high performance.

7 Sciences. One 15-minute Assessment



Smart.
Scientific.
SpotOn!
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