

Bright Ideas

Many franchisees have them, but convincing their 'zors is tricky

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Goddard Schools

At Goddard School, where these students attend, a Franchisee Idea Box collects the best.

On last season's "Undercover Boss," a Philly Pretzel Factory franchisee introduced his "secret weapon" original menu item to undercover CEO Dan DiZio. The Pepperoni Melt has since become a huge success for the brand with over 100 locations—and has won kudos for that franchisee.

A franchisee for NYS Collection crafted a new inventory management system, now applied systemwide, that allows franchisees to better control unsold products. Co-founder Sal Babbino says the idea was a big hit because it made franchisees more profitable and not reliant on any other inventory control system.

Enter the world of bright ideas conceived by franchisees. Franchise executives say some of the top game-changing ideas that help differentiate them from rivals come from franchisees. After all, they say, franchisees are on the front lines, are customer-savvy and can quickly spot concepts that may move the brand.

So how do smart franchisees get their great ideas accepted by a franchisor? What steps do franchisors take to encourage such innovation and then select the right ideas to roll out?

Franchisors should communicate the fact that they are open to ideas from franchisees, says Joel Libava, owner of Franchise Selection Specialists in Cleveland. He says some franchise company cultures don't want to hear such ideas. In situations where ideas are encouraged, Libava says franchisees have a great opportunity to present them and add to everybody's bottom line.

Review recommended

The Goddard School, an early childhood education franchise based in King of Prussia, Pennsylvania, with about 400 schools nationally, uses a Franchisee Idea Box. It allows franchisees to submit ideas and have them evaluated. If an idea is accepted, it's typically tested via a pilot program with 10 to 70 franchisees before being implemented systemwide. Since the box was started in 2010, Joseph Schumacher, Goddard's president and CEO, said franchisees have presented about 180 ideas. About 60 of the ideas have been implemented, are pending implementation or still under review.

One Goddard franchisee suggested a parent satisfaction survey be distributed electronically, allowing franchisees to get real-time feedback from parents. Most of the ideas at Goddard are geared toward improving operations rather than, say, boosting enrollment.

Steve Beagelman, CEO and president of SMB Franchise Advisors, a Philadelphia consulting firm, advises clients to have a Franchise Advisory Council review franchisees' ideas, because these councils typically include senior-level franchisees who know the business. "You need to have some kind of filter otherwise you're going to get ideas every minute of every day from franchisees," Beagelman says.

Franchisees should ensure their ideas are relevant to the business and system, Beagelman adds. For instance, don't try to push selling hot dogs in a clothing business. The ideas or concepts need to be well thought out and understood before being presented to a franchisor. Beagelman says some franchise companies charge a fee to review a new product, idea or vendor just to ensure that if franchisees submit something they are really serious about it.

On the company front, franchisors can ask franchisees for ideas by recognizing the successful franchisees who brought a great idea to a franchise system via their franchise convention or in the company newsletter.

Candidates for rollout

Dayton, Ohio-based Fetch! Pet Care, a provider of professional pet sitting and dog walking services with 135 franchise locations nationally, evaluates many factors when considering a franchisee's ideas.

Founder and CEO Paul Mann says those factors include whether the idea significantly enhances the value and quality of service the company provides and streamlines a franchisee's processes or improves their bottom line. Also, can the idea be measurably, cost-effectively and successfully implemented for a significant number of franchisees to utilize?

The company latched onto a smart phone technology idea discovered last year by Jaime Deason, a Fetch! Pet Care franchisee in Silver Spring, Maryland. The pet sitter uses a phone to scan in and out of each dog walk or pet visit they complete. The phone then sends a message to the office and the client to let them know the visit was completed. When adopted, it will increase sitter accountability and customer peace of mind, Mann believes.

Another Fetch! Pet Care franchisee found an insurance policy that covers a franchise owner's customers' pets, homes and personal property while in the care and custody of their pet sitters and dog walkers, offering more coverage at lower cost.

Generally franchisees don't get cash awards, but glory for their better mousetrap concepts. And sometimes they do get a little prize. For instance, Fetch! Pet Care recently offered a \$25 Amazon gift card to the franchise owner who submitted the best idea for how to run a successful email/newsletter campaign.

Greg Brewer says his idea was born out of necessity. A Right at Home franchisee in Winston-Salem, North Carolina, Brewer conceived a solution in 2009 that helped a local hospital stop a revolving door of Medicare patients being re-admitted within a month. It cut re-admissions 65 percent and netted \$1.1 million in savings the first year of a pilot program. Brewer's idea led to the development of the RightTransitions program now being used by Right at Home, the Omaha-based in-home care services provider for seniors. The company, with more than 300 franchise locations nationally, rolled out the program in 2011.

Brian Petranick, president and COO of Right at Home, says they were exploring options for their system as healthcare reform and Medicare changes were proposed. Brewer "made us aware of his pilot program and we decided to pay close attention. As soon as it became clear there was true value in the concept, we began working with him on developing the program for our system."

Despite such successes, Libava says today's prospects shouldn't invest in a franchise with the thought that they'll be able to implement some of their ideas in the future. He says people need to remember one of the reasons they've chosen to go the franchise route: so they wouldn't have to come up with all the ideas.

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