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Franchise Business Review, a national franchise market research firm, put out its annual list of the top 200 franchises in January. Among the tally of retail firms, fitness companies, and real estate establishments, seven full-service restaurant brands made the list.

What sets the great franchises apart from the mediocre, says Eric Stites, CEO of Franchise Business Review, is that strong franchises cultivate a culture of transparency and inclusion.

The selections for Franchise Business Review's top 200 franchise list were based primarily on independent surveys of franchisee satisfaction, and from these surveys, the highest-ranking full-serves were Ground Round, East Coast Wings & Grill, Taziki's Mediterranean Café, Hwy 55 Burgers, LaRosa's Pizzeria, Dick's Wings & Grills, Twin Peaks, and Black Bear Diner.

The list showed some similarity to [FSR's 2014 list of the top franchises](#), though *FSR's* report, which focuses more on brands that are strategically positioned for success in the industry landscape, did not survey franchisees.

Stites spoke to *FSR* to explain how franchising has evolved over the last decade and investigate what makes a successful franchise in today's marketplace.

Q: What criteria did you use to determine the top franchises?

A: Our ranking and all of our research is based on franchisee satisfaction. We survey franchise owners in eight key areas, things like training and support, the franchise system, core values of the management team, the franchisee community, and how they get along with each other as well as with management.

We ask them some self-evaluation questions, things like "do you enjoy being a part of the brand?" and "do you enjoy operating the business?" Financial opportunities are a big area. And then just general satisfaction questions: Would you do it again, overall how would you rank this system, that sort of thing.

We look at those eight key areas of all systems that we survey, and then the ranking is primarily based on the overall score based on those questions. We do weight systems based on their size;

obviously, it's easy to maintain franchisee satisfaction within a small system. It gets harder within a larger system, which is why we weight larger systems a little higher. We'll also look at things like franchisee tenure; we value the opinions of more senior franchisees slightly more than somebody that's kind of brand new.

Q: It seems like most of these full-service restaurants are well-established franchisors. Does that play into your selections or add value to the brand?

A: That's certainly part of it. When we look at franchises, one of the benefits of buying or investing in a franchise, other than having your own restaurant, is about having an established brand and that support team behind you. With more established companies that have been around a longer time, generally speaking, they have those items in place.

Q: Many of the full-serves on this list are either burger or wings restaurants. Is there something to that?

A: Traditionally in franchising, the brands that have a simpler model tend to be more successful. And I think that's pretty evident when you look at the full-service restaurant industry. A lot of the higher-end brands tend to be more corporate-owned versus franchise-owned, because it does take a very unique and sophisticated operator to execute a multifaceted restaurant. Obviously, anything with restaurants or food-related is complex as is, but when you get into a complex menu offering, it takes a very unique individual to pull that off. So, there definitely is a trend that the companies that are most successful in keeping their menus focused, simple, and easy to operate certainly do well in the franchise world.

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Q: How are these companies innovating or retaining customers in ways their competitors are not?

A: Franchise companies in the last five years have done a lot on the technology front to leverage the latest technologies in the restaurants. Simple things like having a menu on an iPad or being able to take your credit card right at the table, leveraging customer satisfaction and having people fill out surveys right at the table—overall, they have a much better sense of what's going on in the restaurants compared to maybe a decade ago.

I think that all restaurants, franchise or not, are certainly going down the technology road as well, but I think franchise companies tend to be a little more ahead of the curve, especially in the restaurant sector. They have the resources to do that.

Q: What are some attributes of a successful restaurant franchise in the current environment?

A: Franchisees don't want to run the show, but they at least want to feel like their opinions are

valued and that they're asked frequently what their experience is and what ideas they have. Those are the companies that we really see doing well. They have that much more transparent culture and share a lot of information with their franchisees and involve their franchisees.

On the flip side of that, a lot of the larger brands, especially when we get into the public arena, they're serving multiple masters. They tend to first and foremost serve their investors, which can sometimes be at the expense of franchise partners, so that can be very challenging in a public franchise brand.

Q: What are the top priorities for franchisees when they're looking for a company to make an investment with?

A: Definitely that culture of inclusion and transparency are top priorities. However, it's not only the corporate culture, but the culture of the franchisees, as well. The world is very different than it was five or 10 years ago, and I think a lot of people got into franchising years ago just for the brand. Now, they get into franchising much more to be part of an organization and to be an active participant in that organization.

A lot of people don't realize how different companies are within their franchise community. Some companies have a very inclusive group of franchisees. The franchisees get together frequently, share information, and help each other do better. Other companies, the franchisees are out on their own, doing their own thing, and they may be successful or not, but there is not a lot of community culture there.

The most successful companies certainly have a very active franchisee community and the companies that are doing the best job have much more of a culture of transparency with their franchise owners. They're sharing much more detailed information than they ever have.

Ultimately, when someone's doing their due diligence, they're looking at the brand and the product, but oftentimes, the franchisee community and franchisee satisfaction is overlooked, and that would be my first priority for anyone considering an investment. Talk to as many franchisees as possible. Franchisees don't lie; they tell the real story. And that's where you'll find your answers.

By Sonya Chudgar

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