

BY ERIC STITES

# Building a Culture of TRUST

**T**he difference between a weak and a strong franchise is often the alignment between franchisor and franchisees. Franchise Business Review's franchisee satisfaction research shows that franchise brands with strong cultures: 1) have extremely high satisfaction and engagement among their franchisees, and 2) outperform their competitors by a factor of 300 to 400 percent.

Great company cultures don't just happen. They are always the direct result of inspiring leadership and constant efforts to grow, learn, and improve. Trust also plays a crucial role: its absence creates a barrier to performance, while its presence, which promotes creativity and teamwork, accelerates it.

While many franchise brands pay lip service to building trust with franchisees, few actually do. Before you invest in a multi-unit opportunity, be sure it is trust-worthy by asking the following questions of those who know the most about its culture and leadership:

its franchisees.

**1. Are realistic expectations set?** You don't want to invest in a franchise that sells "sunshine and rainbows." It's important to look for one that sets realistic expectations of what your franchise life will look and feel like.

**2. Does the franchisor operate transparently?** Franchises with happy and productive franchisees empower them by freely sharing information, which helps them feel like an integral part of the company's growth and success. Find out if the franchisor communicates openly and honestly, shares corporate and unit-level performance data system-wide, encourages healthy competition, and ensures that best practices are shared.

**3. Are franchisees engaged?** Does the franchisor regularly seek its franchisees' opinions and involve them early on about all major decisions? In response to the question, "Senior management involves franchisees in company decisions," there was nearly a 100 percent

increase in how franchises at the top ranked, compared with the lowest-ranked franchises surveyed (see graph).

**4. Do franchisees and corporate share the same vision?** Shared values and a common vision drive franchise success. Does corporate listen to its franchisees' goals and vision and consider them when outlining action plans?

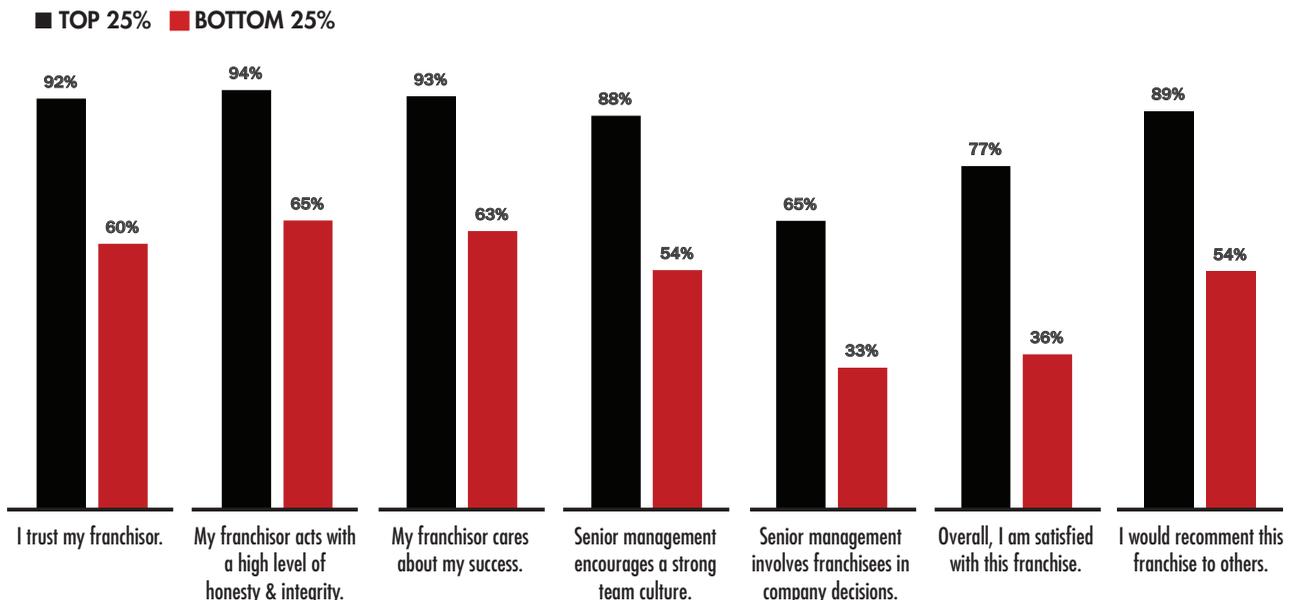
**5. Does the franchise question everything and measure constantly?** The best brands are obsessed with getting better. They regularly and systematically measure franchisee satisfaction, address critical issues, and are constantly looking for ways to improve results.

It is clear from our data that the chances of your succeeding in franchising dramatically increase if you take the time to identify a brand that collaborates with its franchisees to build a strong culture based on trust. **MUF**

*Eric Stites is CEO of Franchise Business Review, a national franchisee satisfaction market research firm.*

## Cultural Differences Between Franchises Ranked Highest and Lowest By Their Franchisees

Chart shows percentage of two most positive survey response options ("Agree" and "Strongly Agree") to each statement by franchisees of the top and bottom 25% of approximately 350 surveyed franchise brands.



Source: Franchise Business Review, 2015