

# Five factors of successful franchisor leadership

By  Anita du Toit

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In addition to being concerned about the match between a franchisee and a franchisor, in terms of psychometric testing, franchisors should review their own leadership and management capabilities, as becoming a franchisor changes the nature of a business.



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Decision-making should become inclusive, with the impact on the franchise network in mind. Distribution decisions also need to be made within the framework of franchising. Moreover, the franchisor will need additional resources to support franchisees.

Franchising Plus has identified five franchisor leadership and management criteria that contribute to successful franchises.

## 1. Strategic, long-term thinking

Franchisors need to be big picture thinkers that see the potential of their brand. Franchising is a long-term commitment, therefore there has to be potential for long-term growth of the brand. If a franchisor is too involved with operations of a company owned outlet or outlets, he or she often does not have the time or ability to look ahead.

## 2. Dedicated resources

To be successful at implementing a franchise network, the organisation needs dedicated resources. We refer to a 'franchise champion' or manager who takes custody of the franchising efforts including the work needed to become franchise ready, finalisation of a country development plan, ensuring that franchisee support documents and training is available, recruiting franchisees who fit the desired profile and constant promotion of the franchise opportunity. It is important that this franchise champion has a high level of skill and can be trusted and empowered to make and implement key strategic decisions, this helps to streamline the change process. We often witness business owners being bogged down by operations that detract from their franchising efforts, until they appoint or promote a dedicated resource to fulfil this function.

## 3. Sales and marketing ability

Franchisors must be brand evangelists with supreme passion for their brand and what it represents. They need to sell the franchise to landlords, potential customers and potential franchisees alike.

## 4. People skills

Franchising is ultimately driven by the relationship between the franchisor and franchisees. It has to be a win-win relationship. We have seen franchises fail and disappear due to insurmountable relationships issues, including a lack of trust and commitment from both parties. It is critical that the franchisor has relational skills to conduct a positive relationship with franchisees. This should include motivational and listening skills, as the franchisor should continue to inspire confidence in franchisees.

## 5. Planning and scheduling resources

Franchising can be capital and resource intensive, especially in the beginning phases when there are not many franchisees contributing to royalties. The franchisor must have the ability to plan for adequate cash flow and distribution of resources where it is needed most. Economies of scale can contribute to a successful franchise if executed properly. For instance, it is better to achieve critical mass in one area or province before expanding into other areas that will then require support.

If you are planning to franchise your business and worried that you fall short of these criteria, there is always potential to employ the skills needed to franchise successfully. If that is not an option, it is perhaps wise to wait before embarking on a franchise strategy.

## ABOUT ANITA DU TOIT

Anita du Toit is a partner at Franchising Plus.

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