

The CEO's Guide to
Creating and Maintaining a
**POSITIVE CULTURE
IN FRANCHISING**



WELCOME

Business culture exists in every company, whether it's managed effectively by the leadership team, or is the result of neglect.

A positive culture significantly and positively impacts business productivity and profitability by enhancing team commitment to the goals of the enterprise. Conversely, a negative culture disrupts the 'team spirit' and significantly reduces cooperation among team members, increases turnover, and reduces productivity.

In many ways, franchise organizations are even more dependent upon a positive culture than other business models. Franchisees are independent business owners, typically with entrepreneurial spirit, and less inclined to follow instructions than typical employees and managers. They, and their employee teams, need to conform to the franchise model because it's the right thing to do for the brand and it benefits them as well as the entire franchisee community.

Despite its critical importance, culture is frequently overlooked by leadership, and the result is a lack of clarity and purpose. Leadership is responsible for the creation and maintenance of a positive culture and the successful financial results it generates.

This eBook will examine the three foundational components of a positive culture—and provide practical advice for franchise leadership teams for creating and maintaining a culture that leads to greater productivity and profitability



Michelle Rowan, CFE
President and COO
Franchise Business Review
Co-author



Roger McCoy, CFE
Franchise Business Consultant
Direct Energy
Co-author

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What Is Culture?

Simply put, culture is a set of shared beliefs within an organization. Whether carefully defined and supported or random, every company has a culture. In the best organization cultures, these beliefs lead franchise team members to behave in ways that benefit the entire franchise group.

Photo credit: Fuzzy's Taco Shop



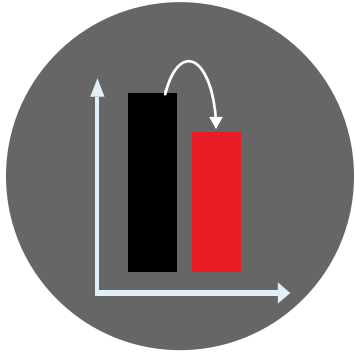
Franchising Is Culture

The same attitude, the same behavior, the same tools, even the same words used in each franchise location, impart the culture of the brand. Each location may have some flexibility in how they deliver service, but they can't be so far from the standard to undermine the underlying franchise brand "culture" as perceived by their customers.

The Best Cultures Attract the Best People

People are naturally attracted to a strong brand and related culture. They want to work with others who share their passion and goals. Prospective franchisees, whether they realize it or not, are drawn to organizations with positive cultures. They "feel" good about the experience when they encounter others in the organization who share their excitement about the company. In a sense, passion sells. And a lack of it will leave a prospective franchisee disinterested. A franchisor who can deliver that passion created by a strong, positive culture will have greater success.

Culture is a critical business issue that has a direct impact on productivity and profit, but, unlike financial performance, which is measured and reviewed regularly and is considered a key to success, culture is rarely measured.



The Satisfaction Gap Between Culture and Franchisee Involvement

Brands that rate highest on “Leadership encourages a strong team culture” score **20% - 25% higher in Overall Satisfaction**, which translates directly into higher franchisee performance and lower employee turnover.

However, the 10 brands that rank highest in Franchisee Involvement have cut the gap in half.

Why Culture Matters in Franchise Systems

- Increased engagement
- Increased performance
- Compliance is more likely
- Creates consistent behaviors across the organization (because they WANT to)

Culture Begins with Leadership

Despite its critical importance to organizations, culture is frequently overlooked by leadership, and the result is an organization that lacks clarity and purpose. Leadership is responsible for the creation and maintenance of a positive culture that creates alignment of team behavior and company values, as well as aligns individual employee goals with those of the enterprise.

The best leaders personify their vision, mission, and passion. Only through authentic values and principles can you provide clear organizational expectations that drive norms and motivate employees at all levels.



6 Elements of “Leader” Driven Culture

1. **Vision** – a leader’s basic job.
2. **Mission** – innovative and inspirational.
3. **Relationship** – lead by example.
4. **Employees** – must align team goals and objectives with company values and mission.
5. **Accessibility** – continually connect and share knowledge with the team.
6. **Business Acumen** – strong skills for today’s business environment.

PILLAR 1:

Mission Statements

Photo credit: Captain D's



What Is a Mission Statement?

Mission and vision statements are separate from your core values, but they work in concert with your core values to guide the culture of the organization.

Your company's mission statement provides the foundation for your business strategy and decision-making.

Sometimes the mission statement originates from the company's core values; other times, the core values are derived from the mission statement. Either way, they work together to provide insight to employees, managers, and owners about who you are, what you do, and why.

Creating a Meaningful Mission Statement

The best mission statements outline your organization's principles and beliefs, describe the level of service offered, what business your company is in, and what needs are being satisfied. Most importantly, your mission statement should inspire all stakeholders.



Questions to Ask Yourself

- How are you different from your competitors?
- How would you describe your and your employees' roles?
- What's special about your products or services?
- How do you define your customers?
- How do you want your company to be seen by your potential customers?
- What's your commitment to customer service?
- What role will technology play?
- What are your underlying beliefs?
- Why are you in business?



Photo credit: Shack Shine

Getting Started

A great mission statement is not created in a short time—it's a process. Keep these tips in mind to help you get started:

1. Involve key stakeholders (including leadership, employees, franchisees, and customers).
2. Set aside an appropriate, undisturbed time to create, review, and analyze.
3. Start with brainstorming.
4. Once you've written a statement—polish it, and polish again.
5. Words matter! Use precision to generate emotion and excitement.

Mission Statements in Action:

We asked our clients to share their mission statements. Here's what they said:

Burn Boot Camp

Our mission is to ignite global health transformation by empowering women to maximize the quality of their lives.

We seek to build confidence, happiness, and disciplines that transcend fitness into a community of mentally, emotionally, and physically strong women.

We vow to educate, influence, and inspire every life we touch with knowledge in our heads, love in our hearts, strength in our bodies, and passion in our souls.

Nurse Next Door

Making Lives Better. We are guided by our 4 core values:

- Admire People
- Wow Customer Experience
- Find a Better Way
- Passionate About Making a Difference



Don't forget to share your mission statement! It should be a driving force behind how your entire team makes decisions, so have a plan for rolling it out to employees and weaving it into the culture of your organization.



Soccer Shots

Positively impact children's lives.

Dream Vacations

Deliver a Remarkable Experience while Demonstrating Pride, Embodying Teamwork, Working with Passion and Performing with Velocity.

Payroll Vault

Payroll Vault's mission is to make a positive contribution in our professional communities by Re-Defining payroll services under a creative culture and with our highly personalized services that set payroll service industry standards. Our commitment as a payroll and workforce management leader is to remain Locally Owned and Client-Focused to continue to strengthen our communities, advance our clients' businesses and excite their employees under our nationally recognized and supported Payroll Vault brand.

Shine Window Cleaning & Holiday Lighting To Be a Light.

PILLAR 2:

Photo credit: 101 Mobility

Vision Statements



The Difference Between Mission and Vision Statements

Mission statements are based on the present and define why the company exists for all stakeholders.

Vision statements, on the other hand, are based on the future and provide inspiration and direction to employees. They define the future and are part of your strategic plan.

A vision statement can be a sentence or a paragraph, but it should define the core ideals of the company while serving to motivate and guide employees. The goal is to create a path to the company's future for your employees.

Vision statements should be reviewed continually and updated as the vision changes.

How to Create a Vision Statement

1. Use the present tense.
2. Be prepared to commit time and resources.
3. Paint a graphic mental picture of the business you want.
4. Use clear, concise language.
5. Dream big and focus on success.
6. Infuse with passion and emotion.
7. Have a plan to communicate to your employees.

Companies whose employees find their vision meaningful have a 19% engagement benefit compared to average.

(Paula Fernandes, 2016. "What Is a Vision Statement?". Business News Daily)

HELPFUL RESOURCE

How to Design an Effective Franchisee Vision Plan Program

In addition to creating an effective vision statement for your organization, franchisors should be working with franchisees to help them create their own vision plans—a clear, personalized vision for their business that aligns their personal goals with that of the brand.

Franchise Business review offers a free eBook to help you development and implement a vision plan program for your franchisees.

Download it now.



Vision Statements in Action:

We asked our clients to share their visions for their companies. Here are a few of them:

Soccer Shots

To provide a beloved growth experience for every child; a remarkable experience for every family.

Dream Vacations

We Care More About You.

Payroll Vault

Payroll Vault's vision is to be the most recognizable payroll outsourcing company with the highest customer satisfaction. We are payroll designed for small business.

Shine Window Cleaning & Holiday Lighting

Creating a Brighter World. Shine On!

PILLAR 3:

Core Values

Photo credit: Jamba Juice



Why Core Values Matter

Defining Core Values

Your core values are the “core” of your franchise’s culture. They define what you stand for and provide guidance on expected behaviors.

The core values serve to support the creation of the mission statement (who and what the franchise is today) and the vision statement (where does it want to go?).

Company leadership needs to own the value creating process. This is not a project handed off to HR. The best approach is to use a small team that includes the CEO. Look to your existing vision or mission statement to provide the groundwork for your values. If they’re not adequate, update them.

There are hundreds of potential “values”, but determining your company’s focus is a crucial step to success and effective culture development. These seven steps will guide you through the process of creating the core values for your system.

- Set the foundation for the company’s culture
- Improve team morale
- Align proper behaviors of large groups
- Provide guideposts for decisions
- Enhance employee cooperation
- Help find and retain the best team members
- Aid in employee evaluation
- Help in conflict resolution
- Support innovation
- Provide brand differentiation among all stakeholders
- Provide a model for customer service
- Help attract the right customers

7 Steps for Developing Core Values

1. Start fresh with no preconceived notions.
2. Meet with the leadership team and brainstorm 25-75 core value ideas. Where are you and where do you want to be?
3. Group the ideas into related themes.
4. Identify the central theme of each group.
5. Prioritize and focus down to 5-10. Which values are most important? Be specific, not generic to avoid potential confusion.
6. Personalize. Focus on what's important to your company and your company strengths. The values should inspire emotion and behavior through the words you use. Avoid single words to define values and don't use slogans. These value statements should be rich and valuable to employees.
7. Continually retest the validity of your value statements. Do they help in the decision-making process, are they memorable, inspiring, elicit desired behaviors? Will they last over time, can you meet them, and can you defend them?

Don't expect proper corporate values to be easy to live with. They are who your organization is and reflect what it stands for. They're critical to your success and the company's integrity.

Franchise Business Review's Core Values

1. Be passionate and curious in work and in life
2. Act with confidence and humility
3. Listen carefully and learn continuously
4. Do what's right for our clients, company and co-workers
5. Strive for excellence and get better every day





When establishing values, take careful consideration to ensure your values differentiate you from others, have significant meaning, and are authentic. Integrity, customer satisfaction, and teamwork are great values—but they’re included in most Fortune 100 company values and aren’t clear or directive enough. The goal is not to list a lot of things that sound good, but create a set of guidelines to aid in decision making, hiring and reviewing team members, and inspire your team to greatness.

Brand Spotlight: Office Pride Commercial Cleaning

Office Pride, an office cleaning franchise, has an empowering set of values. They have a biblical beginning, but that is in no way necessary to create a directing and inspiring set of values. Their core values are:

- Honor God
- Always do the right thing
- Increase brand value
- Demonstrate honesty, integrity and an arduous work ethic
- Total customer satisfaction
- Go the extra mile
- Persevere with a servant's attitude
- Accountability to commitments

Whenever an employee or manager needs to make a choice or deal with a situation, they can relate back to these values to help them make a decision consistent with the company's goals and mission. These are an “umbrella” of principles that align all team members.

Communicating, Managing, and Measuring

Once you've developed your core values, they should become an integral part of the entire organization and its behaviors. The organization must “live” them.

All employees should clearly understand the meaning and intent of each value, and accept them. This can only be done through a detailed training program and constant reviews.

Similarly, spend time with your franchisees. Consistent communication between franchisor and franchisees—through annual conventions, teleconferences, web-based training programs, webinars—reinforce the message of your culture and can augment FBC visits. Use these opportunities to enlighten and excite your franchise organization about what you're doing and why.

Culture will evolve whether you guide it or not. Don't let your franchisees “drift” away due to lack of motivating, innovative communication.

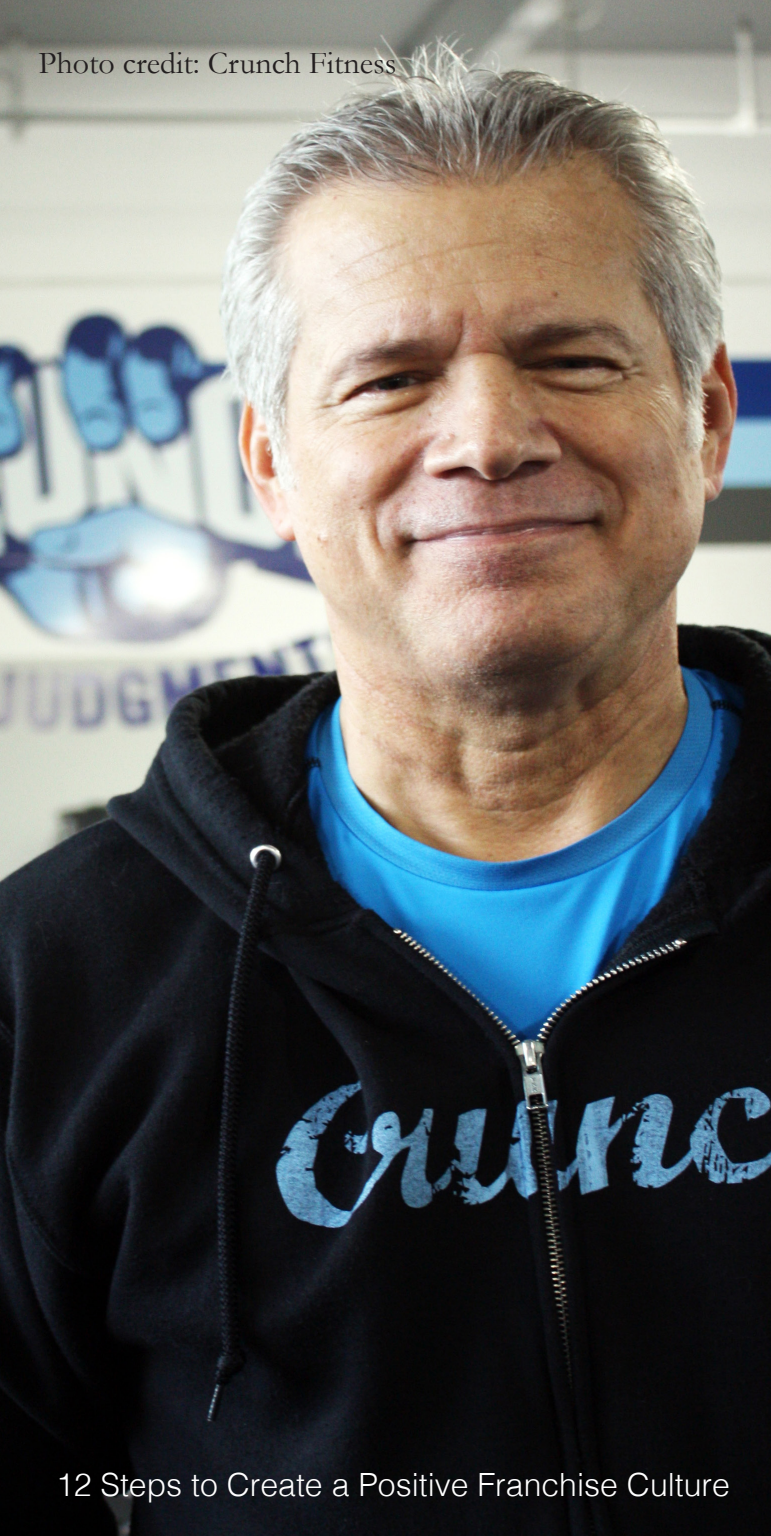
Last and most important...measure! Values and culture are typically qualitative aspects of a company, but they can be quantified. Survey your franchisees at least annually to take the temperature of your system.

This allows you to collect data about out how franchisees rate leadership, culture, the franchisee community, communication, training and support, and more, and identify and fix issues before they become crises.

Every organization has a culture, good or bad. Good cultures are created through leadership diligence. Bad cultures happen due to lack of planning or interest by leadership. Nothing is more important for long-term success of a franchise organization.



12 Steps to Create a Positive Franchise Culture



1. Make positive culture a top priority.

Establish the creation and maintenance of a positive culture at the head of franchisor priorities.

2. Develop core values specific to your organization.

Franchisor leadership must take the lead in cultural development using an effective model. There is no useful “standard” set of core values. They must be created specific to the needs and goals of your organization.

3. Make sure your values support and differentiate the brand.

These are the values that should be communicated and monitored throughout the franchise organization. Use your culture and values to differentiate the franchise organization from your market competitors.

4. Use your mission and values to guide all important decisions.

Typically, decisions that contradict these values should be avoided, as challenging as that may be. In a sense, core values are intended to make the wrong decisions more difficult.

5. Don't sweat the small stuff.

Don't get tied up in the “little stuff” that isn't brand-essential.

6. Align your culture with your goals.

Create a franchise culture that allows the alignment of the goals of the franchisor, the franchisee and their team members.

7. Walk the talk.

Owners and managers must “live” the core values by their behavior, not just their words.

8. Practice openness and respect with all team members.

Help them understand their roles in maintaining the culture of the organization. Show them how they impact the organization and their input is welcomed and valued.

9. Celebrate successes and communicate challenges.

Celebrate successes within the franchise organization, communicate the challenges, and seek advice on how to improve. Frequently the best ideas come from the field!

10. Continually communicate.

Continually communicate the organization’s values to all franchisees and their team members to facilitate everyone working in the same direction.

11. Make team members feel valued.

Creating happiness and fun within the organization is useful and motivating, but the best positive result is team member self-actualization—the feeling that their efforts are valued and they benefit from the experience.

12. Continually monitor.

Build a culture for the long-term. Leadership should continually monitor culture effectiveness and ensure the entire team is engaged, dedicated, and working in the correct direction.

CONCLUSION

Create and share your mission statement and values.

You need to have a vision, and set of core values driving the business that all shareholders know.

Culture (good or bad) matters.

Positive culture drives engagement, performance, compliance and consistency.

Core values aren't just a decal on the wall.

EVERYONE should know them: They should drive decisions and behavior from the top down.

If your culture is broken, fix it.

Spending the time and resources now to fix issues will help you grow faster. Spending money on development without fixing the issues is a waste of both time and money.

Measure and adjust.

Surveying your franchisees is the only way to collect feedback AND benchmark your progress.

How Franchise Business Review Can Help

Franchise Business Review helps franchisors achieve success by strengthening their relationships with franchisees and employees, and improving overall satisfaction.

Franchisee Satisfaction Surveys: Capture franchisees' feedback on your culture and franchisee community to track the health of your system year-over-year and benchmark it against the franchise industry.

Employee Satisfaction Surveys: Survey employees at the corporate and/or franchisee level to measure and improve employee engagement and franchise culture.

Additional Resources

If you want to learn more about how to strengthen the culture of your franchise system, consider taking a look at these additional resources from Franchise Business Review:

- The [Franchise] Happiness Project
- How to Design an Effective Franchisee Vision Plan Program
- The Missing Piece of Your Corporate Culture
- Growing Your Franchise Brand Without Losing Sight of What Matters
- Creating a Positive Culture in Franchising, by Roger McCoy

Thank you to Roger McCoy, CFE, for his contributions.

Get Started Now:

Learn More About Franchisee and Employee Satisfaction Surveys

Tour.FranchiseBusinessReview.com/Services

Who We Are

Franchise Business Review is an independent market research firm that specializes in benchmarking franchisee satisfaction based exclusively on ratings and reviews from franchise owners. FBR has partnered with over 1,100 top-performing franchise companies to drive franchise development and achieve greater success through data-driven insights.

To learn more about accelerating your sales process and improving operational performance, contact us at: 866.397.6680 or tour.franchisebusinessreview.com.

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