



# *Tips for Maintaining Positive 2-way Communication in the Current Climate*

Drawn from experts and breakout groups at our Virtual Franchisor Forum



In March 2020, the Franchise Relationships Institute (FRI) organised a Virtual Franchisor Forum on *'Maintaining positive 2-way communication in the current climate'*.

FRI would like to thank these people for contributing as invited experts:

**Greg Nathan**, Founder, FRI

**Mary Aldred**, CEO, Franchise Council Australia

**Dr Nicole Simpson**, Consultant, FRI

**Richard Thame**, CEO, Snap Franchising

**Darryn McAuliffe**, CEO, FRANdata

**Damien Gooden**, CEO, HR Central

**Stephen Giles**, Partner, Norton Rose Fulbright

**Evan Hackel**, CEO, Ingage Consulting

Thanks also to our moderators for facilitating the breakout group discussions **Darren Lane**, **Michael Woodruff**, **Desmond Carroll**, **John O'Brien** and **Sarah Furlong**.

## Expert Tips

### Tips for maintaining positive 2-way communication

*Greg Nathan, Founder, Franchise Relationships Institute*

- Normalise the threat response people are going through, which is a natural reaction to uncertainty and a lack of control.
- Respectfully accept and acknowledge how people feel. This will help them move from the threat response and more able to engage in problem solving and solution focused actions.
- Communicate often by sharing useful facts and practical tips for addressing immediate challenges. For instance a daily 15 to 30 minute video conference with Q&A.
- Engage people in constructive activities to prevent them speculating with others on what might happen.
- For people working from home, start each day with a team meeting to check in on their energy number, how they are feeling, goals for the day, and any support we need.

### Helpful facts to keep yourself, your family and your team as safe as possible

*Dr Nicole Simpson, Consultant, Franchise Relationships Institute*

- Engage in regular hand washing with soap and water for at least 20 seconds.
- Avoid touching your face, and clean and disinfect frequently touched surfaces regularly.
- Avoid close contact with others and engage in social distancing as outlined by the Government.
- Protect the vulnerable and at risk groups by encouraging them to stay at home as much as possible, helping to run errands on their behalf, and limiting their contact with children.
- Be disciplined in your daily routines and practice common sense personal health measures such as daily exercise, a balanced diet, and adequate sleep.
- If you feel unwell, seek medical advice, and isolate yourself.

### Government support available to franchisors and franchisees

*Mary Aldred, CEO, Franchise Council of Australia*

- Support franchisees in accessing small business and sole trader stimulus packages offered by the Federal and relevant State Governments, especially those designed to boost cash flow and help keep staff employed. See:

[Australian: Coronavirus information and support for business](#)

[ACT: Local business and industry](#)

[NSW: Small business advice and support](#)

[NT: Business](#)

[QLD: Coronavirus small business support](#)

[SA: COVID-19 Business Information and Support](#)

[TAS: COVID-19 Government info for businesses](#)

[VIC: Coronavirus business support](#)

[WA: Dealing with coronavirus](#)

These tips were collected from FRI's Virtual Franchisor Forum on 20 March 2020. Feel free to use them as you wish!

### Tips on what franchisors can be doing

*Richard Thame, CEO, Snap Printing*

- Reassure your support staff that being a strong franchisor, both emotionally and financially, is absolutely critical.
- Avoid knee jerk reactions when responding to franchisee queries, in particular, what you are going to do as a franchisor to help them. Be considered with your advice and support.
- Be careful when compromising on royalties as you also need revenue to function and support franchisees.
- Engage in daily communication, and repeat key messaging over time, as different factors may impact franchisees at different stages, e.g. a previous update may now be relevant or irrelevant to them.
- Ensure your messaging is streamlined and simple to understand. Use video conferencing as this allows you to observe franchisees reactions to updates (you can't see facial expressions on the phone).
- Find people on your support team with high levels of empathy to seek feedback from franchisees on your messaging, so you can make adjustments.
- Be generous with your time. As the CEO, it's critical to give your undivided attention to a franchisee in the moment. Give them confidence you are genuinely considering their needs.
- Be there with franchisees when negotiating with landlords and banks. Whilst franchisees may be aware of government updates, they may not know how to access this support and will need your support in managing these interactions.
- Implement a simple decision making structure that allows you to reach solutions quickly, and avoid unnecessary bureaucracy.
- Identify people or groups on your team who are not busy to identify business opportunities and to recommend a plan for how to implement these when we come out the other side.
- Remember, franchisees who entered the market in the last six months and are still building their business are likely to require additional support.

### Tips for managing financial threats

*Darryn McAuliffe, CEO, FRANdata*

- Focus on what you can control and influence right now.
- Be across your cash flow. Financial projections should focus on the short-term (i.e. max period of 90 days and broken down into weekly splits).
- Monitor cash flow on a daily basis to guide proactive and constructive discussions with lenders and creditors. Franchisors who are proactive and quick to have these discussions, are more likely to be considered early. Where possible, get collective representation to assist with the negotiation process.
- Encourage franchisees to accurately share what is going on for them, how they are feeling, and what actions they have taken in speaking to lenders, creditors, suppliers, landlords etc.



These tips were collected from FRI's Virtual Franchisor Forum on 20 March 2020. Feel free to use them as you wish!

- Ensure you are across the financial performance of franchisees particularly marginal franchisees, as you may need to prioritise addressing their needs.
- Don't assume franchisees are skilled in cash flow predictions. Provide them with the necessary support to manage this (e.g. through a field manager).
- Ensure you know who the lenders are for your franchisees (especially the marginal ones) and which lenders have the biggest exposure. Focus on the marginal performers as they may shape the reputation of the brand. Once you know who the lenders are contact the Head of Franchising to ensure they have your contact details. Advise them to contact you if they have questions about what's going on in your network and want to know what steps you are taking to stand by franchisees to minimise loss. Lenders will consider this information as part of their decision making process.
- Let franchisees know exactly what you need from them to work with lenders.
- Protect and develop long term relationships. How we act now in the franchisor sector will be repaid over the coming months and years as to why franchising is a lower risk proposition.

### **Tips for managing staffing quandaries**

*Damien Gooden, CEO, HR Central*

- Be across your employee entitlements and who can access which types of leave (e.g. personal, annual and long service). If an employee or their immediate family becomes unwell because of Coronavirus, they are entitled to access their personal leave entitlement. Where an employee is not eligible for personal leave, encourage them to access their annual and long service leave where possible.
- If your business is suffering a reduction in business income, and needs to reduce employee related liabilities and costs:
  - First consider assessing casual employees, as they have a flexible employment arrangement (e.g. remove them from the roster).
  - Second consider looking at company directed leave, but check the provisions under their Award or Enterprise Agreement (e.g. excessive leave entitlements).
  - Third, consult with employees to reach an agreement that works for both parties (e.g. reduced working week or extended leave).
  - Finally, consider redeployment over redundancy. Remember we foresee this situation to be temporary, and how you treat employees now is how they will regard you in the future.

### **Tips for mitigating legal threats**

*Stephen Giles, Partner, Norton Rose Fulbright*

Remember, legal issues arise in many areas, and difficult decisions will often need to be made. Key areas include business solvency and directors' liability, workplace laws, health and safety, retail tenancy, supplier and other contracts, franchisee payments and commercial terms. It is not possible to go through all of those areas so here are some guiding principles and key issues to consider.

- Set your moral compass first. Consider how you want your brand to be represented. Weigh up your legal obligations against where you stand morally and how you want to behave. The Banking Royal Commission stated it well - it is not just whether you "can" do something, but whether you "should".



- Assemble all the facts before you make any decisions. Check key documents such as insurance policies, leases, franchise agreements and supplier contracts. Evaluate your capacity to comply. Before you make decisions affecting others, try to talk to them.
- Consider your franchise model, and whether any interim changes should be made. For instance, is there a justified need to spend money on marketing the brand right now, or it is better to provide franchisees with cash flow relief.
- Familiarise yourself with new Safe Harbour provisions in the corporations legislation and the requirements within. This provides directors with an exception from insolvent trading liability where they are developing a course(s) of action which is reasonably likely to lead to a better outcome for the company, as opposed to administration or liquidation. Franchisors need to assess their own financial position – put on your oxygen mask before helping others!
- With leasing, act fairly for all parties. If the business is trading and can pay the rent then do so. If a franchisor can assist with topping up payments then consider this. Only if a franchisee cannot make payments look into stopping these. Advise the landlords of what actions are being taken.

### Insights from the USA

*Evan Hackel, CEO, Ingage Consulting*

- Ensure you have a clear leadership succession planning in place. Specifically, who will lead if you (or other key players) become unwell or are hospitalised?
- Cash is key. Max out any available lines of credit before these become less accessible. Reduce expenses where possible. Know what government programs are available.
- Focus on innovating products and services to adapt to opportunities that are there.
- Be realistic in that a significant number of franchisees may not make it.
- Maintain a calm, positive mindset to help avoid panic.

### Breakout Group Tips

#### Keeping your team and network calm and solution focused

- Over communicate with your team and network using the various mediums available (e.g. video conferencing, phone, email or text).
- Be proactive and transparent in your messaging on any ongoing changes and decisions. If you don't have an answer on an important question, don't stay silent. It's okay to say "I don't know, but we'll update you as soon as we do know".
- Set-up a daily video conference call with your teams. This allows each member to share their focuses for the day and any franchisee related updates (e.g. concerns and ideas on how best to support them).
- Stay informed and across important facts and information so you can provide sound, calm guidance for franchisees.
- Gather data and facts on what's happening with your franchisees so this can be used to assist with negotiations with landlords, banks and suppliers.

- Remember each franchisee's situation will also be unique so tailor your approach to meet their needs.
- Practice mindfulness tips to keep yourself as calm and steady as possible. A calm mind will help others and also help you to things thinks more clearly.

### **Helping franchisees retain customers and minimise revenue loss**

- Let customers know what services your brand is offering during this time (e.g. business as usual or an adjusted service), how are you meeting social distancing requirements (e.g. online ordering and home delivery), and what hygiene practices you have in place.
- Personalise important customer interactions through phone or video calls, instead of just communicating en masse through email and SMS.
- Where possible, redeploy team members to help manage increased customer enquiries and social media traffic.

### **Continuing to deliver practical support to franchisees**

- Ensure you maintain consistent communication with franchisees so they feel supported and up to date.
- Ensure Field Support Teams are also supported and equipped with up to date, necessary information so they can respond to their franchisees.
- Encourage franchisees to stay focused on the key activities that drive revenue.
- Ensure franchisees understand their financial position and cash flow, and are prepared and supported in making critical decisions to manage/cut costs if necessary. (They may need to be ruthless to save their business).
- Encourage franchisees to share resources between them to look after customers, if units nearby are forced to close down.

### **Maintaining productivity when teams are working from home**

- Make use of the technology that is available to support remote working and team communication (e.g. ZOOM, Google Hangouts, G Suite, Dropbox etc.).
- Schedule regular team check-ins to help disseminate information, share current focuses and challenges, as well as determine potential solutions.
- Implement processes and documentation that helps track the status of actions and tasks impacting the wider team.
- In instances where franchisor teams are underutilised, use this time to work on business improvement projects. Ensure there is clarity on the expected outcomes and deliverables, as well as who is responsible for delivering what.
- Encourage team members to maintain social links throughout the day, especially those who are living alone.

### **Tapping into financial support and keeping franchisor and franchisee businesses solvent**

- Evaluate the likelihood of franchisees being able to pay royalties. Where necessary, restructure plans allowing franchisees to defer their payments.

- Given the necessity of cash flow, introduce a simple cash flow template that enables franchisees to make decisions based on facts. Avoid focusing on the franchisees P&L statement for now.
- If customer traffic has reduced, form a working group to create ideas for new service and product offerings. Specifically, engage in multi-channel marketing strategies that supports your business being available online.
- Leverage experienced franchisees who can afford to take time out of their business to support newer and less experienced franchisees.

### **Helping protect the health and wellbeing of your people and customers**

- Concentrate on the facts, not the panic. Direct people towards official sites, as opposed to media related channels.
- Communicate clearly with customers and franchisees about the measures the business is putting in place to reduce infection risk. Then directly demonstrate these measures at all levels to visually reinforce the necessity for taking such action.
- Respect the hygiene and common infection control measures, minimise your risk but don't let the issue consume you completely (if you're in a lower risk group especially).
- Discuss options to work from home. If people must stay on site, consider having skeleton staff, split shifts, alternating when individuals or teams come into the office, and physical distancing.
- Be creative with technology, for example, the idea of converting a physical site inspection to a virtual inspection.
- Be careful in terms of timing and content when it comes to broad communications to customers or franchisees, being sensitive to the different positions of franchisees throughout the network.

### **Maintaining healthy 2-way communication with franchisees**

- Increase the frequency of communicating with franchisees. This includes continuing to check-in with how their business is tracking and to discuss practical fixes that may seem small but make a big difference.
- Focus in depth on specific topics that are important to the business or are frequently being asked about.
- Continue meetings with the same discipline and values, however alter the medium in which they take place (e.g. video conferencing). Collect feedback as to what is, and is not, working, and adjust accordingly.