



Managing the Relationship Between Corporate Information Technology and the Franchisees

Ron Goldfarb, now President of The Edge Consulting Group, has spent the past five years as Franchisee Relationship Manager for the Information Technology Department at Six Continents Hotels. He came to the company at a time when relationships between the IT Department and the franchisees were at an all time low. Working closely with Doug Lewis, the Chief Information Officer, they were able to turn those relationships around. The following article relates just some of the lessons that Ron learned during that exciting time.

Keys to Good Franchisee Relationships

- Partnership
- Communication
- Trust
- Compromise
- Understand that little things matter

The characteristics of a successful relationship between franchisor and franchisee are the same characteristics that make a marriage successful - partnership, communication, trust, compromise and an understanding that little things matter.

Partnership

Every franchisee satisfaction survey that I have ever seen asks the franchisees, "What type of relationship do you desire with your franchisor?" The majority of franchisees answer, "A partnership". Now, my friends in Legal always remind me that "a partnership" has a legal definition and that we are not "partners" with our franchisees in the legal sense. Yet we must be partners in a practical, realistic way. Partners get together to discuss major decisions; they don't spring them on each other. Any business decision they make must benefit both partners or it is not a good decision.



Ron Goldfarb, President, The Edge Consulting Group.

Are you selecting a new PMS to become a standard for your brands? Ask your franchisees to participate in the selection process. Organize a Franchisee Advisory Board to help you. You will learn from your franchisees. They may not know how to run a major Data Center but they DO know what it takes to run a good hotel - and they will tell you how you can help - if you ask. You will learn what they deem important for their hotels and they will be happy that you asked them to participate. The big bonus comes when

it is time to implement the new systems, you will have 100% participation. How can your franchisees refuse to purchase a system they helped to select? Remember a few years ago when Cendant's Power Up roll out became "Power Off"? I'll bet the franchisees didn't get to work in partnership with corporate IT to select that system.

Communication

Communication flows TWO ways and listening is more important than talking. Remember what your mother told you about having one mouth and two ears and that means you should listen twice as much as you talk - she was right **and she was talking about your franchisees.**

Do what your mother told you. Listen to your franchisees. Don't just listen when they call with a problem, go out and meet with them. Go see them; they will appreciate your effort. Ask good questions, **then**

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lean forward and listen to what they tell you. When it is your turn to talk, share your technology strategy with them, don't hide it.

What follows is one of the root causes of poor communication between franchisor and franchisees – and, it happens all the time. **The aspects of your new technology program that most delight your corporate CFO, are the least interesting to your franchisees.** Talk to your franchisees about what is important to them. When to talk to your franchisees, emphasize the elements in the IT strategy that will make **their** life better, not the components that benefit the corporate office. In other words, do not use the same PowerPoint presentation that you used to get your funding from the CEO and the Management Committee to brief your franchisees. You told the CEO that the \$10 million you asked for would beef up your Central Reservations System infrastructure so that your company could easily add a new acquisition to the existing system. The CEO likes that, she is planning to grow the brand by acquisition. The franchisees don't care. They do care about the new Property Management System being easier to use and easier to train so their high turnover front desk positions will cost them less to get up to speed.

Trust

I was in the second month of my career as the new Fran-

chisee Relationship Manager with Six Continents Hotels, when one of our wisest franchisees, Mr. Clemet Chen, told me, "Ron, we owners do not really understand technology – so we have to trust the people in charge of it." He was right. If your franchisees trust you, they will be on your side and work with you for new technology initiatives. Do everything to gain the trust of your customers. Always under promise and over deliver – never the other way round. Be open and honest. If the High Speed Internet provider you promised to sign them all up with has gone belly up, be honest, admit your mistake, they will appreciate your candor. If your big new technology project is behind schedule, look your franchisees in the eye, tell them, tell them why and reassure them that it WILL get done. Be honest.

Oh, and return phone calls - the same day.

Compromise

My wife, Laurie loves Italian food. I hate Italian food. When we go out to eat, what do we do? I compromise of course. We eat Italian food. We have been married for nine years and we have a great relationship. Hey, if she is happy, I am happy.

A franchisee makes a small but unusual request. "Can you get the PMS to tell my front desk staff how much change is due back when a guest pays in cash? You

know, like Wal-Mart." Do it. Do it if you can do it without endangering progress on other projects that are important to the entire system. Why do it? The same reason I always eat Italian food, when you need your partner (the franchisee) to stand by you during the tough times and be with you on the important issues – you must be there for them as well.

Another example of compromise... The corporate IT Department wants one PMS for all its brands. They want a single Property Management System because it is easier to support, easier to train and the economies of scale make Purchasing happy. Each franchisee wants a different PMS and not the one that you like. Some have large properties and need a complex PMS. Some have small properties and need a simple, less costly PMS. Some have other brands and want the same PMS they use in the other brands they own. Compromise. Offer two or even three choices of PMS and make sure your Franchisee Advisory Board helped pick them.

Little Things Matter

Things that you may think of as insignificant and of no consequence, may be a big deal to your franchisees. To return to the marriage analogy, try leaving the toilet seat up and see what happens. A bad keyboard? No big deal – unless it is at the front desk during the 7:00 A.M. check-



"Ask [your franchisees] good questions and then lean forward and listen to what they tell you."

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out rush. A 45-minute wait on hold for Support, no big deal, the **average** wait is only 5 minutes – unless the person on hold for 45 minutes, happens to be the owner of 20 of your properties and he is having dinner with your CEO tonight – now it's a big deal. Treat EVERY caller to your Support Line as if they were the owner of 20 of your hotels.

Want to know how to really upset a franchisee? Do something stupid which in turn hurts his or her guests. I've spoken with hundreds of franchisees, the saddest thing I ever heard was, "We depend on these systems to keep our guests satisfied and you let us down."

One last point. I have a consultant friend who spends much of her time administering customer satisfaction surveys in our industry. "Why are the systems used in hotels so bad?" she asked me one day. I think I know the answer. My theory is that the systems we use in hotels are so bad because they are designed, built and deployed by techies (who have never checked in a guest in their lives) and then used by the friendly, personable people we hire for our Guest Services staff who are just about the least technical people in the world.

Your developers generally have no idea – NO IDEA of what is important to your

franchisees and the hotel staff. Solution. Bring franchisees in to speak to developers. Require that developers work in a hotel for a week. Hire a Relationship Manager, someone who will understand both the technical side and the practical, real world side in the hotel and who can then translate between the two.

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