



# RECRUITMENT CHALLENGES

The franchising industry is concerned about recruiting new franchisees due to various factors such as the COVID-19 pandemic, economic uncertainty, and changing consumer preferences.

World stability and supply chain difficulties add to the number of influences making them even more cautious about investing in new businesses... not to mention the comfort of high employment and workplace flexibility.

The hurdles to conducting face-to-face meetings has slowed down the recruitment process and made it challenging for franchisors to build relationships with potential franchisees.

Whilst having wide exposure in the market

is essential, appearance at expos, trade shows and networking events continues to be critical for building relationships with potential franchisees, organic recruitment channels, rather than paid advertising is one productive avenue often overlooked to source potential franchisees. They are often more cost-effective than paid advertising and can also be more authentic and trustworthy in the eyes of potential franchisees.

One of the most effective organic recruitment channels for selling franchises is through referrals, including customers and suppliers. Existing franchisees can be a powerful asset in recruiting new franchisees. They have first-hand experience with the franchise system and can speak to its benefits and advantages.

“95% of our franchisees have a relationship with a swimming pool,” said Mike Geddes,

Franchise Partnership Manager of Poolworx, “so already use the core product”. They have learned how it all happens and realise that the repeat business that comes from that offers a sound business model that they can see themselves belonging to. Poolworx, with over 600 mobiles and 150 stores worldwide see a pattern of franchisee staff, family members and friends picking up resales and buying out competitors adds generously to their growth. Having a built-in ascension model allowing mobile franchisees to step up to a retail store works as a solid pathway as well. Other franchisees and support office team members have moved overseas to be key members of their US team for example.

Brendan Green, Chair of the FCA & CEO of Hire A Hubby finds it's not always that simple because their franchisees, handling work from the front gate to the back fence and everything that comes between needs very specific skills. Nevertheless, his franchisees find one source of referrals is meeting traders at their local Bunnings who don't have the steady workflow or support office to help them. They do see inquiry from staff working for existing franchisees who decide they'd like to step up to being a franchisee.

In a business like City Cave, with a vast database of customers who visit their flotation



**Brian Keen** Brian Keen has been involved in the franchise industry for more than 30 years and, today, is the Founder of Franchise Simply, Systems2Grow and Microloan Foundation Australia. His on-the-ground business experience as a multi-unit franchisee, franchisor and consultant helping many of the big names create their own franchise systems and growth over the years has been fed into Franchise Simply, helping today's SMEs and Franchisors grow their business by franchising.

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tank wellness centres and regularly receive marketing material, co-founder Tim Butters needs to do far less advertising than most. A major growth area is through multi-site franchisees who now represent 30% of the business, one of them owning nine outlets. Others also have ownership in another franchise system such as a gym, with its obvious synergy. Cross-pollination across different brands is still not as common in Australia as in the US but the trend is definitely going that way. As City Cave launch their first outlet in the US it's apparent that, that is a model that's going to be a very strong part of their growth.

Strong referral programs to reward anyone that introduces a new franchisee has worked extraordinary well over many years for Gutter

Vac says franchise veteran and founder & CEO Warren Ballantyne. This is all helped by a very transparent process introducing prospects to the community.

14 years in the building industry has helped Scott Challen, CEO of emerging franchise QHI launch his group. His first couple of franchisees for example have worked with him for some time as sub-contractors on building projects and he's recently appointed a COO who has been on the management team of a supplier that he's known for almost a decade. Scott's mantra is building those relationships and being very transparent with everybody involved so confidence is accrued, like attracting a moth to the light, and there are no surprises. One thing he emphasises is the great care to be taken managing scalability and making sure you don't grow beyond your comfortable capacity because growth is always more challenging than you imagine.

In conclusion, organic recruitment channels can be a powerful tool for selling franchises. By leveraging referrals, social media, and

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networking events, franchise owners and operators can build a network of passionate and engaged individuals who are interested in the franchise and want to see it succeed.

This all comes to nothing of course if you don't have a great process to take prospective franchisees through their journey. This includes appropriately rewarding those who refer to you both internally and externally and, as a given, this is followed with a great training and ongoing support system building a model within a caring community so loyal franchisees are happy to contribute towards the whole. ❖