

◆ SMALL BUSINESS NEWS & VIEWS

Training for Franchise Management

As futurist John Naisbitt noted, franchising is "the wave of the future." Already, franchising accounts for a third of all U.S. retail sales; and this figure is projected to climb to at least 40 percent by the year 2000 (Justis and Judd 1990). The rapid expansion of franchising throughout the world is making the task of managing a franchise more complex and difficult, particularly in view of differences in national environments and local cultures (Chan and Justis 1990). Already, many franchise businesses have recognized management training as a *sine qua non* for their success. The successful franchisor depends on highly motivated employees who think and behave as representatives and innovators for the franchising company. It is critical that the franchisor be able to attract quality franchisees, who in turn can secure capable employees to run the operation successfully.

Despite the importance of training for franchise management, there is a dearth of research in this area. The bulk of existing training literature focuses on training programs for large organizations and an increasing array of small businesses; few, however, have examined franchise management training programs.

Historically, franchisor training has consisted solely of a franchisee training book or package. This is usually handed over to the franchisee to digest. Today the successful franchisor is more dedicated to training and seeks to provide training programs for all levels of individuals within the franchising

organization—the franchisee/store owner, manager, assistant managers, and other employees. Unfortunately, no established guideline suggests how much a franchisor should set aside for training. One rule-of-thumb says that an average 1 percent of gross salaries should be spent on franchise training programs.

METHOD

This article discusses findings of a preliminary study of training programs currently used by franchisors in the United States. Our main objective was to compare different aspects of the training provided by a wide spectrum of franchisors. The primary research instrument was a survey questionnaire. Based on anecdotal information collected from the field, we also were able to determine what some companies were doing with respect to training programs at the time of study.

The sample consisted of a group of franchisors across the United States who responded to our request for information about training programs. A total of 250 requests were mailed and 108 were returned (a 42 percent response rate). The nonrespondents were randomly distributed and did not represent any particular size group, or industry. The sample of 108 respondents represented twenty-two different industries.

RESULTS

An interesting feature of franchise training programs concerns their length and duration. Table 1 shows that the length of the training programs surveyed varied from one week to more

Table 1
FRANCHISOR TRAINING PROGRAMS

Number of Franchisors	108	
	Number	Percent
Length		
One week	24	22
Two weeks	18	17
Three weeks	15	14
Four weeks	12	11
Over one month	24	22
Not specified	15	14

than one month. As reported in the table, approximately 22 percent of the franchisors required a one-week training program; 17 percent required two weeks; 14 percent required three weeks; 11 percent required four weeks; and 22 percent required a month or more of training. In addition, 14 percent of the franchisors indicated that they have training programs but did not specify the duration of their programs.

An example of a successful training program is that instituted by Popeye's. The Popeye's Institute of Polytechnic provides training and orientation for both franchisees and other management personnel before opening new restaurants. Its training program is divided into two parts. The first part consists of a one-week "investor training program." The investor curriculum includes seminars in real estate, finance, purchasing, operations, management, marketing, and advertising. This program relates to the planning and operation stage for the restaurant. Following this program, the participant enters into a nine-week basic management course which is designed to educate the participant in all phases of the restaurant's operation. The first three weeks are spent on in-store orientation to each of the job stations. The fourth week consists of a schedule of classroom sessions. The fifth through ninth weeks provide actual manage-

ment experience (supervised) in a Popeye's restaurant. The skills and techniques learned in the classroom during the first four weeks are then applied.

Table 2 provides a comparison of franchise training programs based on factors such as cost, location, and attendees. Our survey found that 79 percent of all franchisor programs required the franchisee to pay for travel, 76 percent required the franchisee to pay for accommodation (hotels and meals), while 21 percent required the franchisee to pay a registration fee. Only 14 percent of the franchisors either provided training at no cost or provided partial reimbursement to the franchisee.

Most of the training programs were provided at the home office (45 percent) or a combination of home office and on-site locations (47 percent). Only 3 percent of all franchisors provide on-site training exclusively. The remaining 5 percent of the franchisors surveyed did not specify their training locations.

Concerning who should attend the training programs, the study found that 97 percent of the franchisors required their franchisees to attend their training programs. About 75 percent of the franchisors also invited managers to attend, and about 15 percent of them extended the invitation to include one or more employees. The study also found that 82 percent of all franchisors provided additional training programs. Additional training generally targeted assistant managers or employees of the franchisee. In keeping with the latest training techniques, about 12 percent of the respondents indicated that they used video training methods in their programs.

TRAINING AT ALL LEVELS

Many franchisors have discovered that to be successful they need to

Table 2
FRANCHISOR TRAINING PROGRAM DEMOGRAPHICS

	108	
Number of Franchisors		
Cost of Training to Franchisee	Number	Percent
Travel	84	79
Accommodations (hotel & meals)	80	76
Registration fee	24	21
No cost or part reimbursement	15	14
Location		
Home office	49	45
Home office & on-site	51	47
Only on-site	3	3
Not specified	5	5
Who Attends		
Franchisee required attendance	104	97
One or all managers attend	76	72
One or more employees attend	17	15
Additional Training Offered		
Additional Training Offered	87	82
Video Training Mentioned	13	12

provide proper training for all levels of employees in the franchise. This requires training to be conducted for the franchisee, managers, assistant managers, and store employees. The following sections provide examples of what some companies have done with respect to training at each level.

Franchisees

Not surprisingly, the primary training program is for the franchisee or store owner, who has the major stake in the business. The franchisee is expected to know and be able to perform all aspects of the franchise operation. Hence, the training program for this individual usually covers all functions of the operation, including advertising, promotion, investment, marketing, management, finance, real estate, purchasing, human resource management, compensation and labor relations, and profitability analysis. A prime example of an efficient training program for franchisees is that conducted by Dunkin Donuts at Dunkin Donuts

University. This unique program requires the franchisee to not only watch the demonstration of how to make a donut on the first day, but also to go into the kitchen and make a donut from scratch. In addition, more than half the franchisee's time is spent learning how to maintain a high level of cleanliness.

Managers

A franchisee normally hires one or more managers to help run the operation. When this happens, the manager(s) responsible should receive training similar to the franchisee. One of the most extensive training programs for franchise managers in the United States is provided by Kentucky Fried Chicken (KFC) at its Colonel Sanders Technical Center. The training department, on the first floor of the center, is equipped with nine classrooms, two conference rooms, four breakout rooms, and four large fully-equipped kitchens. The training department not only meets current demands, but also takes

into account needs of the twenty-first century. Classrooms utilize state-of-the-art audio-visual equipment, including control lights, audio-video slides, and film projectors. Within the complex are two complete Colonel's Classic Restaurants. Each restaurant seats forty people and has a fully equipped, operational kitchen. KFC requires all managers to attend its training course. The course covers the basic skills necessary to operate a KFC restaurant (including sanitation, product preparation, shortening care, safety, sales and service, equipment maintenance, sales projecting, inventory control, marketing, employer-employee relations, hiring and training personnel, accounting, advertising, and marketing). All managers learn how to run the facilities and serve actual KFC employees and visitors during lunch hours.

Assistant Managers

In order to ensure a future supply of successful managers, many organizations have found it necessary to establish on-site management training programs for assistant managers. In general the training programs for managers are compressed for assistant managers and cover operations, sanitation, product preparation, sales, advertising, inventory control, marketing, and accounting functions. In addition, assistant managers learn how to handle time sheets and human resource management problems.

Employees

Because of the expense, franchisors usually do not provide training to franchise employees. However, more and more franchisors today are providing in-depth training programs for the franchisee's employees. For instance, Merry-Maids has developed seven video cassettes for training employees in all the operational areas of the domestic care business. Kentucky Fried Chicken also has developed a

store training and rating system, which is designed to train employees at their own pace. The KFC system includes audio-visual and workbook materials covering every task in a KFC restaurant.

Training Centers/Universities

One of the most exciting aspects of franchise management training and development is combined use of classroom and hands-on techniques. Training is generally performed at one of four basic training facilities: (1) at a full-service training center (most commonly located near the corporate headquarters); (2) at a training store (a regionally-based, fully operational store with a full-time trainer); (3) by a franchisee/trainer (a franchisee who also trains new franchisees on his site); and (4) by a certified store manager/trainer (an individual who trains new franchisees on location).

At a more grandiose level, and as mentioned earlier, some franchisors have established universities for training their employees. One of the most famous is McDonald's Hamburger University, located at the company's corporate headquarters in Oakbrook, Illinois. Started in a Chicago area basement in 1961, this university has grown into an 80-acre campus. All McDonalds franchisees and managers are required to attend, and attendees may transfer their college-level credits to universities and colleges throughout the United States.

Other franchisors are offering similar programs throughout the country. For instance, Dunkin Donuts, through its own Dunkin Donuts University in Braintree, Massachusetts, requires franchisees to complete a six-week training program before the opening of a new store; Holiday Inn offers coursework for new franchisees and managers at Holiday Inn University in Memphis, Tennessee; Long John Silver's provides

a reputable training program at Ajericho Center in Lexington, Kentucky; and Kwik-Kopy provides training and in-house hotel accommodation at its Kwik-Kopy Center near Houston, Texas. The common feature of these programs is that they offer a hands-on and practical approach to training franchise personnel.

CONCLUSION

Today there is a tremendous need for entrepreneurs and franchisors who understand that training affects the overall success of the franchise organization. Training programs provide the lifeblood of qualified individuals to the heart of the organization. Although many franchisors today require some form of training for their franchisees and managers, only a few have expanded their programs to include assistant managers and employees. A successful franchisor training program

should help develop people at all levels of the franchisee organization.

REFERENCES

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- Justis, Robert T., and Richard Judd (1990), *Franchising*. Cincinnati, Ohio: South-Western Publishing Company.

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MEETINGS / CONFERENCES

5th Annual Gateway Series for Entrepreneurship Research

Hosted by the School of Business, The University of Victoria, Victoria, British Columbia, Canada, this meeting will be held on November 15-16, 1991. The theme of the conference is "Strategic Planning Processes in the Entrepreneurial Firm." For more information, contact Conference Manager Sharon Bower at the Jefferson Smurfit Center for Entrepreneurial Studies, Saint Louis University, 3674 Lindell Boulevard, St. Louis, MO 63108. Telephone: (314) 658-3896.

Association of Small Business Development Centers

Focusing on the theme of "Technology and Economic Development," the annual conference of the ASBDC will be held from October 13-16, 1991, at the Sheraton Conference Center, Burlington, Vermont. For registration and program information, telephone Robin Loyd—ASBDC Membership Office (402) 595-2387.

12th National Legislative Conference on Small Business Issues

This meeting is being held by the U.S. Small Business Administration's Office of Advocacy on November 17-20, 1991, at the Westin Crown Center Hotel in Kansas City, Missouri. The theme of the conference is "Small Businesses Make a Difference." For more details, call the conference registrar at (202) 205-6531.

July 1991

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