

SAVVY SITE SELECTION • GREAT COMMUNICATORS • CEO PROFILE

FRANCHISEUPDATE™

THE MANAGEMENT RESOURCE FOR FRANCHISORS

ISSUE II 2006

The Road *Less* Traveled

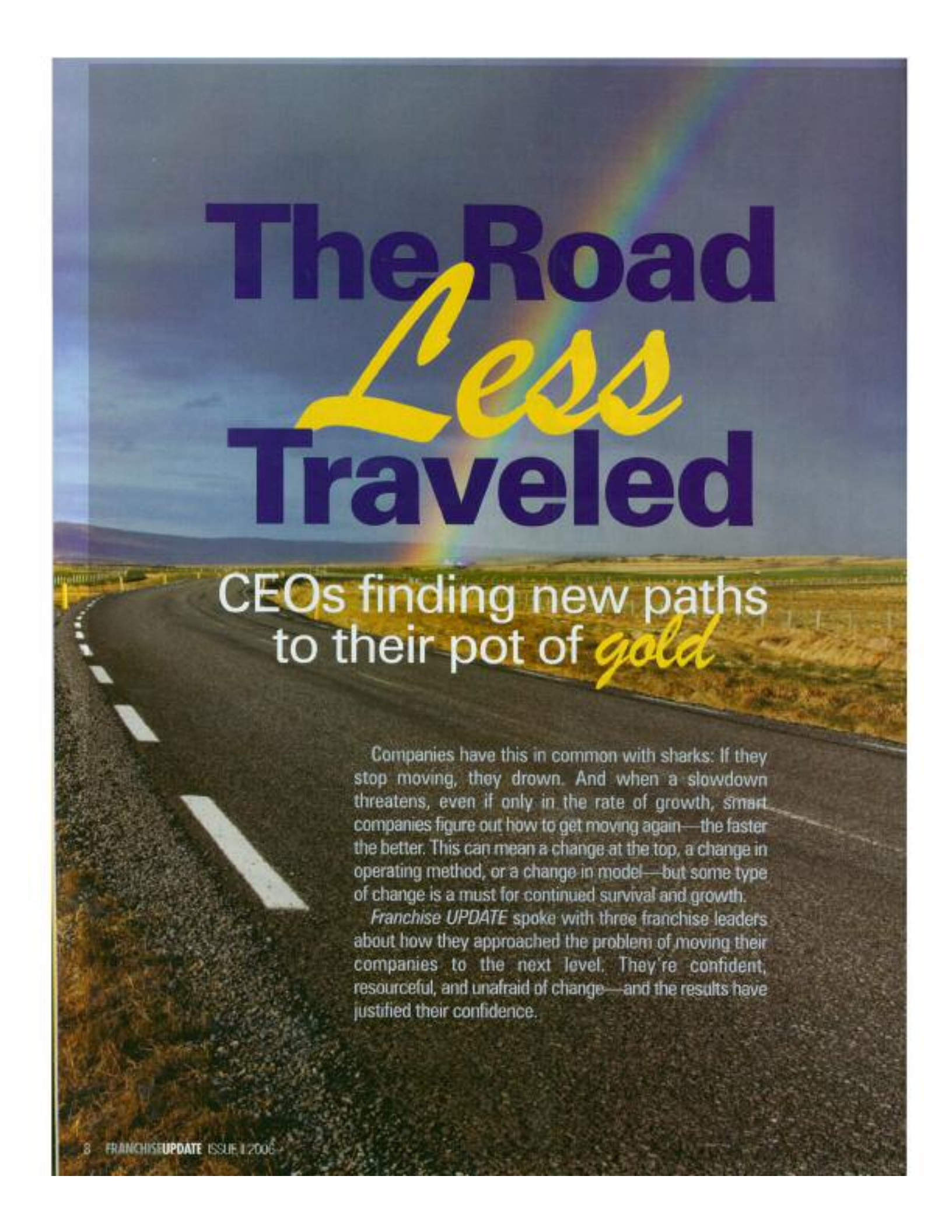
CEOs finding new paths
to their pot of *gold*

INSIDE:

Who's Financing Today's Franchisors

Trouble Ahead: The New Regulatory
Threat To Franchising

Best Technologies for Franchise
Systems



The Road *Less* Traveled

CEOs finding new paths
to their pot of *gold*

Companies have this in common with sharks: If they stop moving, they drown. And when a slowdown threatens, even if only in the rate of growth, smart companies figure out how to get moving again—the faster the better. This can mean a change at the top, a change in operating method, or a change in model—but some type of change is a must for continued survival and growth.

Franchise UPDATE spoke with three franchise leaders about how they approached the problem of moving their companies to the next level. They're confident, resourceful, and unafraid of change—and the results have justified their confidence.

by EDDY GOLDBERG



Refocusing a Male-Dominated Business

Barbara Moran learned early never to take no for an answer

Barbara Moran had given up on the idea of ever heading up her father Dennis's company, Moran Industries. She'd wanted to be president, but was told that it wasn't in the cards because a woman in a male-dominated industry just wouldn't work for customers and franchisees.

Moran Industries has franchises in the automotive service, repair, and aftermarket segments: Mr. Transmission, Multistate

Transmissions, Dr. Nick's Transmissions, Milex (tuneup, brakes, air conditioning), and Alta Mere (window tinting and auto alarms). The company has 237 units, 25 of which are in the process of opening.

Disappointed but undeterred, she moved on to other things, including a stint as a legislative aide to an Illinois congresswoman. Years later, she returned to the fold as an owner of a Mr. Transmission

franchise; and by the late '90s, Moran, who grew up in the business, held several positions within the company.

"I was operating in a dual role as a franchisee and also as an employee of the franchisor, as personnel director and corporate secretary," says Moran. She was also offering advice to her father, who had fallen ill, about the company's direction.

When the person they selected to lead the company didn't work out as hoped, Moran and her father turned to an outside firm for advice. "My objective when I went to the consulting firm was to have them create a profile and recommendation for who should run the company," Moran says. "After three days of evaluation, they came back and made the recommendation, and informed me of it, as well as the board of directors."

The recommendation: Barbara Moran should be president of Moran Industries.

"Then they had to spend several days convincing me!" she says, laughing, "because at that point I had a different perspective on things in life. I had gone through some medical issues where I really had planned on being more at home, and trying to focus on my family. So I was looking more toward *not* taking that role. There was a lot of work ahead of us at the company at that point."

Finally, she agreed. Moran Industries had its new president and Barbara Moran had her presidency. That was 1999.

The power of focus

But long before, Moran had determined she would not be daunted by others' opinions about women in leadership roles.

"When I was told that," Moran says of the assertion that she could not be president, "I made the decision that I was going to disregard it, and I was going to learn as much as I could in as many areas as I could, and move on with a career in the legal field, the political field, or the franchise field. I was going to utilize my employment as a way to educate myself further in business. I was planning to move on on my own and make things work for myself. I didn't regard it as being something that I had to live by."

As an aide to Rep. Jane Barnes, Moran learned many lessons that would serve her

well. "She became my mentor. She had been an elected official for 19 years and had started in a time when it was completely male-dominated. I saw how she interacted with her male counterparts, and I saw how she worked with them and moved around and beyond the glass ceiling," Moran recalls. "It helped me to understand that if I focused on the glass ceiling, then it was going to be there and it was going to be a battle for me. But if I focused on what my objective was and continued to pursue it and negotiate for it, then I had a better chance of achieving things."

Dennis Moran had already recognized these qualities in his daughter. "I think my father would say that I'm the type of person that if I really want to do something and I really believe it's of value, then I will continue forward and not look at and focus on the obstacle, but focus on what I'm trying to achieve."

In taking the helm at Moran Industries, her determination was tested by decisions and actions she believed must be taken. To improve relations with franchisees and to move forward, the company needed large-scale changes in how it operated and how it communicated.

Moran brought in a consulting company to help evaluate staff performance, benchmark it, and retrain where needed. "We came to realize that many individuals that were working with our team really did not have a team mentality, and also were not working or wanting to work within management by objective. In some ways they didn't want to be held accountable for their results," she says.

Her first effort was to retrain those who weren't used to being held accountable. They were given goals and an effective date for being held accountable. "In many cases individuals were uncomfortable with that, or they couldn't meet the standards," Moran says. When the date arrived, 70 percent of the headquarters staff of 35 were replaced.

New hires were found who wanted to work in that type of environment. "What we found when we started the recruiting process was that individuals who have a great value that they bring to a team want to work on their own, want to be held accountable for their results, and want to be able to operate by management by objective," she says. "We found with our recruiting that we were bringing on more team members who were far exceeding what we had in the past."

While the 70 percent who left the company were none too pleased, "The franchisees were very happy," she says. "They felt that we shook things up, that we were making the right decisions."

Ironically, being pushed out of her father's company into the world of politics provided Moran with the skills she would use years later as president of a franchise company.

"We went out and campaigned, visited the franchisees in their locations—had what would be referred to as town hall meetings now, back in '99—and expressed to them what our goals and objectives were. We worked on showing them that our goals and objectives were identical or very similar to theirs, and that by working together we would have better success. We also communicated how our staff was going to support them."

Ahead of the curve

Some of what Moran did in 1999 seems self-evident today, but at the time it was very different from the way most franchises were run, she says. "If you were looking at how the franchise industry as a whole was ten years ago, or even eight years ago, much of it would operate with a 'Do what I say' mentality—the big stick. I think that toward the end of the '90s, franchisors started seeing that operating under that mentality was not the most effective way."

But Moran already knew that—thanks to her Congressional mentor. "She would repeatedly go out there and try again, and try to bring additional people on board to cosponsor a bill. That's what she would do every year—an approach that fits well with leading a franchise."

The ability to build consensus through effective communication is essential to the way Moran Industries operates today. "The belief system here is that we try to have as many individuals on board with the objectives and goals we're trying to reach. We believe that if you have buy-in, you have a better chance of being successful. That's not necessarily the way it was eight years ago," says Moran.

"Cultivating those around you, your team members, and helping them continue to move forward with their objectives and their goals allows you better communication with the franchisees, knowing that they need to be cosponsoring and part of the development and growth of the company."

Constant vigilance

Now that she's achieved her goal, one of Moran's greatest worries is complacency—at all levels of the company. She worries that a certain amount of success will encourage people to settle, to not push as hard as they did initially.

At the company level, she says, this means "you're constantly having to find new ways of delivering your services. You have to continually try to keep yourself fresh and rejuvenated." For franchisees, it means continuing to work as hard as they did when they started, and not be lulled by success.

"We'll have franchisees go into their stores, and for the first six, eight, nine months, or even a year, they're outperforming their pro formas, they're doing great, and all of a sudden they take a turn because they become complacent," says Moran. "We battle with that with the franchisees, and we battle with that internally in trying to make sure that we're delivering the best that we can."

Moran has developed some ways to keep herself and her staff on their toes. "One of the first things you do is have a 'physical checkup' and benchmark yourself in comparison to where you were and where you are in the industry," she says. "I also think that you have to look at evaluating each other, having an internal evaluation of the management team, as well as an external evaluation. Bringing in facilitators can help you with this, as well as in reevaluating strategic plans and redeveloping them."

And to keep the important things clear and present. "In leading a company, you have to keep things simple; don't overcomplicate them. Many times we can overcomplicate the process and create more work for ourselves, and not really focus in on our 'smart numbers' and on keeping the process simple," Moran says.

"It's constantly doing checkups for yourself, constantly looking at how to improve your leadership skills, and how to continue to move forward in accomplishing your goals; and looking at how you can be efficient in obtaining the information you need in order to make the necessary changes or decisions for the company."

No matter what the situation, Moran says she believes in "not taking no for an answer, continuing to move forward, finding the solution, and finding the person that's going to say yes—and deciding that you're going to continue to learn as much as you possibly can, even if there are people out there telling you no."