



Why Do Some Franchisees Succeed While Others Fail?

By Karen Axelton

Within the same franchise system, with the same training, assistance, and access to support, one franchisee blossoms while another withers on the vine. What factors determine whether a franchisee succeeds or fails? We asked franchisors to weigh in.

There is no one simple answer, cautions Barbara Moran, president of Moran Industries, parent of automotive maintenance franchises including [Mr. Transmission](#). "When looking at a struggling franchisee, you need to evaluate all aspects of their business including what is affecting them personally," explains Moran, who has 19 years of experience in franchising (including 10 as a franchisee).

Sometimes, franchises thrive or fail due to factors outside their control. "A significant shift in either the economy or market demographics can be problematic for any franchisee," says Moran. "This could be as simple as a large employer in town closing, or a shift in the ethnicity of the market. If a franchisee does not learn to adapt to a changing market, they may not survive this shift."

Ron Berger, CEO of [Figaro's Pizza](#), says other situations outside a franchisee's control could include insufficient capital, loss of a line of credit, or something as simple as road construction limiting access to their location.

Unforeseen issues in a franchisee's personal life can also cause problems, Moran says. "This can take an emotional toll on the franchisee and cause the franchisee to lose focus on their business," adds Moran, noting that this type of struggle is more difficult to overcome.

In any of these scenarios, a good franchisor can help the franchisee weather the storm, says Moran, who advises franchisees to "reach out to the franchisor and work with them on a plan to remedy the situation."

But more often, the reason one franchisee succeeds and another fails boils down to this: One franchisee follows the franchise system and the other doesn't. "The success of a franchisee often depends on how well he or she follows the operations manual," says Don Fertman, director of development at [Subway](#). "While we provide a great deal of training and support, from the two-week training class at headquarters and assistance at store openings to ongoing education via our online University of Subway, it's up to the individual owner to actually put the learning into practice."

Berger uses this example: "Ray Kroc at [McDonald's](#) reportedly said that it didn't matter how much advertising McDonald's did, or how efficient their systems and technology might be if, when the customer entered the restaurant, the experience was less than they had anticipated it would be. Even the best concept requires that the staff and management at each location deliver on the brand promise. If [not], the business will likely fail."

What is behind a failure to follow the system? "I have been in the franchise business for over 25 years, and there is definitely a recurring pattern I see with franchisees that do not perform well," says Lonnie Helgerson, CEO of [eMed-ID](#), a franchise company that provides medical identity alert products and services for seniors. Even with tools, training and support from the franchisor, Helgerson says, franchisees who fail usually have certain personal traits: "lack of a positive mental attitude, seeking a reason to quit, an attitude that losing is acceptable, and -- the biggest of all -- not taking responsibility for themselves and their business."

While Helgerson admits his remarks may seem harsh, he notes that franchise failure can almost always be traced back to one or all of these traits, rather than to a lack of support from the franchisor. In fact, he adds, "typically the franchisee who is struggling gets the most support because a franchisor does not have an interest in seeing a location go dark, so they do everything in their power to help."

"The traits of successful franchise owners are on the opposite end of the [spectrum]," says Helgerson. "They have a positive mental attitude, quitting is not in their DNA, losing is not an option, and they relish and celebrate the fact that they are responsible for their own success."

Changing a negative attitude is tough, but it can be done. "Birds of a feather flock together," says Moran. "If your struggling franchisee is communicating with other struggling franchisees, then their time is more often than not spent commiserating and talking about how nothing works, rather than working on their businesses." One way to change this negative spiral, she suggests, is for the franchisor to have a successful franchisee in the system mentor the struggling franchisee.

Ultimately, says Moran, "Working within the business system that the franchisor has established, keeping open lines of communication with the home office, and reaching out to other successful franchisees is the best path to success."

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