

## FRANCHISING

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# Research finds minds that make money

A new research study on 890 existing franchisees has shone new light on what drives a franchisee's success. The study, conducted by a team of psychologists based at the Franchise Relationships Institute, Brisbane, examined the financial performance and satisfaction of franchisees from 32 established franchise systems.

Greg Nathan, Managing Director of the Franchise Relationships Institute, who headed the study, says the most significant finding was the degree to which family support impacted on success.

The research showed that franchisees with high levels of positive support from their direct family and friends were three times more likely to be successful.

"Running a business is stressful at the best of times and it definitely helps to have someone supportive who will share the emotional load," says Nathan.

The research also found that an optimistic outlook and a belief that things will work out for the best gave franchisees a significant competitive edge.

"Doubt causes people to give up when faced with adversity. Assuming a franchise concept is a sound one, success is largely about persistence and hanging in there," he says.

A third factor that predicted franchisee success was good communication skills,

especially a willingness of franchisees to network with, and engage with, people that they did not know. Nathan says this confirms what has always been regarded as the secret to building a growing customer base and a successful business.

"In most franchise businesses, a franchisee that is willing to get out and market their business is going to reap the rewards.

"It is a myth that a franchise system, or the strength of a brand, will do this for you."

Another highly significant predictor of success was computer literacy.

Nathan says that most franchise systems today require franchisees to use interactive software to review management reports and keep in touch with what's happening.

"Ignorance in this area can have serious negative consequences."

Nathan believes that franchisors and franchisees need to consider these and other factors that impact on success as part of the recruitment process.

He says other attributes that the research has shown are important to consider are:

- Business acumen
- Health and energy levels and
- The ability to stay organised.

Findings from the study will be presented in June to the International Society of Franchising Conference in France.



Managing director of the Franchise Relationships Institute, Greg Nathan, says the most significant finding in his study was the degree to which family support impacted on success.