

**I**t's often puzzling when consultants like myself use regular dictionary words to describe what we do. Take the word "development" for example. In franchising it generally refers to the marketing and sales of franchises. Ideally it should refer to the development of the strategic growth plan of the company including formal goals and objectives, and an analysis of the human capital required to achieve these goals. The development part is the people and strategy part, the marketing and sales is implementation and execution of the plan.

While corporations are quick to develop new marketing strategies, products and services, they are a much tougher sell when it comes to investing in and developing the people who create these strategies, manage them, and finally, in training those who implement and execute. Reality is, the success of the strategy is only as good as the strategist who developed it-and in the skills of those charged with producing the results.

As the concept of development in my practice involves strategic planning for growth, executive recruiting is a staple of many mandates. Those companies that understand just how critical people are to their overall success, and devote their time, attention and resources to the process perform significantly better overall. They have lower employee turnover, have distinct corporate cultures and stronger healthier systems. The cost of turnover is enormous when you consider the lost productivity, loss of intellectual capital and employment replacement costs. These include the cost of the time and effort of your personnel to replace the employee, the training period and the ramp up time to get up to speed. "Corporations are not ready for what's coming" declared the Conference Board of Trade of Canada, "the baby-boomer retirement will be a tsunami and there's a war for talent out there."

Much like the basic 3 R's of elementary school, the development of human capital has its own basics. I call them: Recruit, Retain and Review.

The recruiting process is the first line of defense to ensure that the overall strategic plan of the company will be implemented by the right tactical individuals. Recruiters are specially trained in "fitting" candidates not only to the skill set required for the job but to the corporate culture. Often specialized in certain areas, they are tapped into the talent in that field. They have access to candidates that are not "on the market" but are interested in hearing of "opportunities" when they arise. It is costly no doubt, but when you measure it against the cost of your time in the research, selection and interview process and the fact that candidates from recruiters are generally of a better caliber (more likely to get the right candidate the first time around thereby reducing training costs and lost time), it's a wise investment. Improper attention at this stage sets you up for problems later as this is the first weak link in a chain that can lead to having unqualified people in essential goal attaining roles.

Today's recruiters have a bevy of assessment tools at their disposal that were not available years ago. They are also a far cry from those that were. Candidates can now complete online assessment tests from remote locations and employers can get valuable insight into capabilities, skill set, behavioral traits, reasoning styles, attitudes and the like, to further assess the "fit". These tools are also of great value when re-structuring a management team or evaluating a candidate for a promotion or change in responsibility. I took a battery of different tests and was amazed at the accuracy of the information. Of course, it is one tool in the selection process but it does provide much more insight than was previously available. Equally as interesting is that such testing exists to determine the "fit" of a franchisee for a franchise system. Proof positive at how essential it is to get the selection process right. We have an expression in law that says "You take the victim as you find him". The same is true of candidates. Often, systems have a more rigorous franchisee selection process than management one, but isn't the principle the same?

Retention is what protects you from corporate raiding and attracts talent. It is often said that to be the employer of choice companies must treat their employees as if they were family. Corporate culture is a powerful influence. It is the Number 1 question I get asked by candidates. "What's it like to work for them?" A low turnover rate is a good sign. With today's focus on quality of life and the appreciation of basic human values-companies have to learn to put people first. If you do that, the dollars will flow from that as the people will perform out of desire and pride not in return for a paycheque and out of obligation. And quite frankly, it's not that hard to do. At my former company we gave the employees a day off with pay for their birthdays. This recognition of the basic fact that no one likes to work on their birthday was met with appreciation and deposited goodwill in our employer account. You hear of health club memberships, daycare centres and the like, but the essence is to evaluate the needs of your employees and recognize them. Respect, for people, their time and effort, done in sincerity will increase your retention rate. You on the other hand will be rewarded in spades with higher productivity, less absenteeism, and loyalty. Loyalty equates to reduced turnover and the ability to attract future talent to reap the rewards (in growth) that the strategy has provided.

The most overlooked and essential element of any human resources plan is the annual review of the corporate labour strategy and how it will help or hinder the company's abilities to reach its goals. Changing expectations, roles and titles, technology and the marketplace in general have to be considered each year as the company develops its annual budget. In any company at this time of the year, visits from lawyers, accountants and bankers abound, but where is the human resources representation? The core issue here is the examination of the leadership of the company at all levels and its ability to lead the company towards the attainment of its goals. A study of exit interviews revealed that the number 1 reason people leave their job is conflict with their bosses. You may lose your best talent because of a personality conflict. Leadership flows from the top down and in any organization merits attention. A few forward thinking companies are now using the assessment tools discussed earlier to evaluate members of the executive team and/or management team to determine their abilities to perform the tasks required of them, and what, if any, development training they need. The strengths and weaknesses of the whole team are evaluated and a plan is drafted on how to align the human capital of the company for future growth.

The Province of Quebec has a 1% Payroll Tax that requires all employers to invest 1% of their annual payroll on the development and training of employees. It can take many forms such as product training or personal development courses for example. The fact remains though, that the importance of developing your human capital has been legislated. My recommendations to corporations in

our industry are Leadership, Team Management, (certain) Sales Training courses and always, Communication Skills. Franchising is a people business but we are focused on growth that is defined by the number of units in our system. In many cases, however, there is no strategic plan and no formal procedure for measuring results. The plan is merely "5 units this year" and the measure is whether or not they are sold. Leadership training for senior executives provides the tools, techniques and resources to create, evaluate and measure the success of the plan, allowing for informed decisions to be made on tactics and people. In all aspects of daily business we are called upon to manage people. As Presidents, Directors and Territory Managers we must learn to communicate effectively with a diversity of personality types. It is the essence of teamwork. It begins with leadership. In any area, the most effective training programs provide reinforcement training after the initial course. This is essential to incorporating and taking ownership of the new skills learnt and achieving the success they were designed to foster.

Development persons benefit most from sales training coupled with time management skills. The industry statistics are staggering. The ratio of closings to leads is 1:200. When working with sales professionals I stress the importance of organizational and time management skills as well as effective listening and communication skills. With the proper planning, prospecting and qualifying techniques, the closing ratio comes down significantly and less time is wasted. If we continually upgrade our technology, develop new products, new menus and services, does it not stand to reason that we should do the same for our people? If we can spend \$10,000 for a booth at a 2 day trade show, why not \$10,000 for the development of the person manning it? Wouldn't it render the trade show a better overall investment?

So my message is simply this: Franchise Development begins long before the first unit ever opens. It begins with the creation of the strategic team who will develop the strategies and deploy the personnel. Business growth comes down really to one element: Loyalty-of personnel and customers. This is an emotional response generated by intellectual business decisions. If you remember the adage "People First"; and you Recruit, Retain and Review, you'll have assistance, not resistance, on your path to success and you will have succeeded in acquiring an invaluable competitive advantage.

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