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## Spring 2016 Franchise Business Network Meeting

April 12, 2016

11:30 a.m. CDT/12:30 p.m. EDT Presentation

### Agenda

**Welcome and Introductions**

**Joel Buckberg, Shareholder**  
*Baker Donelson*

**Using Retirement Accounts To Fund Franchise Growth**

**Rocco Fiorentino, President/CEO**  
*Benetrends Financial*

**Bill Robinson, Of Counsel**

*Baker Donelson*

**Rocco Fiorentino, CFE**  
***President/CEO of Benetrends Financial***



Rocco Fiorentino brings more than 25 years of franchise industry experience as President and CEO of Benetrends. In addition to his role at Benetrends, he is also a Director and Board Member for Swiss Farm Stores and Saxbys Coffee, franchisors of drive-thru grocery stores and coffee shops, respectively. He currently serves on the Board of Directors for the International Franchise Association (IFA) and Chair of IFA's Membership Committee. Fiorentino previously served as president and CEO of Freedom Rings, LLC, an area developer and multi-unit franchisee of Krispy Kreme Doughnuts for Pennsylvania, New Jersey and Delaware. He is a Past Chairman for the Multi-Unit Franchise Conference, and Member and Board of Advisors for the Multi-Unit Franchise Conference. Fiorentino is a frequent speaker and moderator on franchise matters at the International Franchise Association Conference and the Multi-Unit Franchise Conference, and has authored numerous articles on franchise financing. Fiorentino holds a Master of Science in Management from the Richard D. Irwin Graduate School of the American College and holds the distinction of Certified Franchise Executive (CFE) by the Board of Governors of the IFA.

**William E. Robinson**

Of Counsel  
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Bill Robinson concentrates his practice in ERISA and Employee Benefits. He has extensive experience in the areas of pension and welfare benefits. He also provides advice on benefit plans in connection with mergers and acquisitions. Mr. Robinson has represented multi-employer pension and welfare plans and advises corporate clients on multi-employer plan issues. Mr. Robinson also represents governmental entities in connection with retirement plan matters. He represents both "for profit" and "tax exempt" employers with respect to non-qualified deferred compensation and other areas of executive compensation. He also works with the labor and employment and litigation attorneys in support of employee benefits litigation and advises business clients on ESOP matters.

### Publications & Speaking Engagements

- ["DOL Audit Preparation: Fiduciary Training and Upcoming Regulatory Changes,"](#) Webinar, January 14, 2016
- ["DOL Audit Preparation: Fiduciary Training Module 1,"](#) Webinar, November 17, 2015
- ERISA Expert Panel member on benefits issues and speaker, the Tennessee Society of CPAs 2015 Employee Benefit Plans Conference, Nashville, Tennessee (May 4, 2015)
- "401(k) Plan Liabilities and Fiduciary Responsibility," Tennessee Bar Association 2015 Corporate Counsel Forum, Nashville, Tennessee (March 6, 2015)
- "Affordable Care Act," County & Local Governments Workshop, Gatlinburg, Tennessee (June 5, 2013)
- "Fiduciary Duty: An Overview and a Guide to Common Mistakes in 401(k) Plans", Chattanooga, Tennessee (March 13, 2013)
- "Little Noticed Provision of the Patient Protection and Affordable Care Act May Cause Big Mistakes," Chattanooga Society for Human Resources Management Annual Legal Round-Up, Chattanooga, Tennessee (February 12, 2013)
- ERISA Seminar Series: "DOL Issues Final Regs on Fee Disclosures," Nashville, Tennessee (August 22, 2012), Knoxville, Tennessee (August 8, 2012), Chattanooga, Tennessee (July 18, 2012), Nashville, Tennessee (June 13, 2012)
- "DOL Issues Final Regs on Fee Disclosures," Chattanooga Society for Human Resources Management Annual Legal Round-Up, Chattanooga, Tennessee (February 14, 2012)

- "Defective Retirement Plans," co-author, *Employee Benefit Plan Review* (January 2012)
- "Surviving and Succeeding in the World of Health Care Reform," 2011 Tennessee SHRM Conference and Exposition, Society for Human Resource Management, Chattanooga, Tennessee (September 21, 2011)
- "Sponsoring Your 401(k): Things You Have to Do and Things You Shouldn't Do," Brentwood, Tennessee (October 14, 2011) and Chattanooga, Tennessee (September 14, 2011)
- "The Impact of Health Care Reform on Employers," Habif, Arogeti & Wynn, LLP, Certified Public Accountants and Business Advisors, Atlanta, Georgia (November 2, 2010)
- "Common Mistakes Made by 401(k) Plan Sponsors and Administrators," Tax and Estate Planning Seminar, Baker Donelson office, Jackson, Mississippi (November 12, 2009)
- "Know Your Risk Tolerance Before Self-Insuring," co-author, Society for Human Resource Management's *Legal Report* (September-October 2009)
- "Overview of 403(b) Plans," Chattanooga Tax Practitioners (November 11, 2008)
- Testified at working group hearing of the Department of Labor ERISA Advisory Council, 2003

### Professional Honors & Activities

- AV<sup>®</sup> Preeminent<sup>™</sup> Peer Review Rated by Martindale-Hubbell
- Listed in *The Best Lawyers in America*<sup>®</sup> in Employee Benefits (ERISA) Law since 2007
- Named the *Best Lawyers'* 2015 and 2012 Chattanooga Employee Benefits (ERISA) "Lawyer of the Year"
- Chattanooga, Tennessee and American Bar Associations
- National Association of Public Pension Attorneys
- Chattanooga Estate Planning Council
- Chattanooga Tax Practitioners
- Former President, Board of Directors – Chattanooga-Hamilton County Bicentennial Public Library
- Former Chairman, Board of Directors – WTCI-Public Television
- Former Chairman – Endowment Committee, Grace Episcopal Church
- Former President – Chattanooga Arts and Education Council

### Admissions

- Tennessee, 1980
- U.S. Tax Court, 1986
- U.S. District Court, E.D. Tennessee, 2004
- U.S. Court of Appeals for the Sixth Circuit, 2016

## Education

- University of Tennessee, J.D., 1980
- University of Tennessee at Chattanooga, B.A., 1977

# Welcome to the Spring 2016 Franchise Business Network Meeting

## *Using Retirement Accounts To Fund Franchise Growth*



*How to*

Use your

retirement funds

to buy a business



# Rocco Fiorentino, CFE



## *President & CEO*

More than 25 years of franchise industry experience

Director and board member for Swiss Farm Stores and Saxbys Coffee

Former multi-unit franchisee of Krispy Kreme Doughnuts for Pennsylvania, New Jersey and Delaware.

Currently serves on the Board of Directors for the International Franchise Association (IFA) and Chair of IFA's Membership Committee.

Past Chairman for the Multi-Unit Franchise Conference, and Member and Board of Advisors for the Multi-Unit Franchise Conference.

# Rollovers as Business Start-Ups



- One of the more popular funding strategies to purchase a new business
- Many of the franchises sold in the U.S. utilized retirement plan rollovers as part of the funding
- There were more Rollover for Business Start-ups done than there were SBA loans within the Franchise Industry
- Why was this created? How does this work? What are the benefits?

# What if I just withdraw the money?



Here is an example of the tax implications for someone withdrawing \$200,000 from their retirement plan

10% early withdrawal penalty (-\$20,000)

30% state and federal taxes (-\$60,000)

Leaves the individual with \$120,000 of the \$200,000

## *What if*

You rolled your retirement funds from one employer to another?

Would you have to pay taxes or penalties to do that?

## *Have you*

Ever participated in an employers retirement plan that allowed you to purchase stock in the company through your retirement plan?

## *Did you*

Know that the proceeds from that sale of stock become company assets that can be used to fund their business needs?



## The Rainmaker Plan®

# 4 EASY Steps

for using your existing retirement account to fund your new business

Your 401(k), IRA or other qualified retirement account can be the key to starting your business debt-free and cash-rich.

### Step 1:

Establish a corporation with customized retirement plan.



### Step 2:

Rollover your current plan into new corporation's plan.



### Step 3:

Your new plan purchases stock in new corporation.



### Step 4:

Your new corporation now has the capital to start.



# The Benefits

are powerful, yet easy to understand



Invest your retirement funds in your business—without taxes or penalties

Accelerate business profitability by eliminating or reducing interest and debt



Use a safe, proven plan based on long-standing provisions of the IRS

Secure funding fast—typically in two to three weeks or less



Use pre-tax dollars to fund your business

Can use the funds to receive a salary during startup

Can be used as cash injection for an SBA loan



Gain business equity and an improved cash flow position from the start

Optimize business equity and value



# What plans qualify?



- 401(k) Plans
- 457 Plans (Government agencies)
- Cash Balance Plans
- Employee Stock Ownership
- Money Purchase Plans
- SEPs
- 403(b) Plans
- Annuity Plans
- Defined Benefits Plans
- IRAs
- Rollover Plans
- SIMPLE Plans

*Roth IRAs do not qualify – Most Employers require employment termination prior to using retirement funds.*

*\*Other plans may qualify*

# Set-up Process Services



- **All Inclusive setup that includes.....**
  - Benetrends Sets up Your C-Corp
  - Includes State Filing and Publishing Fees
  - A corporate record book complete with By-Laws, Minutes , Corporate Seal and Stock Certificates
  - Initial Stock Valuation as required by IRS and DOL
  - A Customized Retirement Plan
  - UNLIMITED Consultative Services
  - A Dedicated Retirement and Corporate Analyst assign to your plan to educate you, help you to keep the plan in compliance and answer any questions regarding your plan with us

# On Going Support Services



**Benetrends provides professional plan administration to keep your plan in compliance and help you get the greatest benefit from the plan. These services are provided by retirement plan administration professionals and include the following, but are not limited to.....**

Yearly preparation of Form 5500/Summary Annual

Report

Dedicated Retirement Plan Analyst

Annual Compliance Testing/Annual contribution

Limit Review

Calculation of Retirement Contributions

Determine Employee Eligibility and Vesting

Distribution Processing/1099 R Form Preparation/

Provide Employer with Required Employee

Notifications

Participant Loan Processing

Review and Reconcile Plan account Statements

Annual Fair Market Value Oversight Support

Required Plan Amendments and Restatements

Annual Corporate Minutes

Plan Design and Contribution Consulting

Tax Savings Strategies (i.e. Contributions, Stock

vs. Asset Sales, etc.)



## **ROBS**

# **Is It An Idea That Is Too Good To Be True?**

**Bill Robinson**

**Chattanooga, TN**

**423.209.4107**

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## The IRS has said:

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“ROBS plans, while not considered an abusive tax avoidance transaction, are questionable in that they may serve solely to benefit one individual’s exchange of tax deferred assets for currently available funds.”



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# **ROLLOVERS AS BUSINESS START-UP: HOW DO THEY WORK?**

# First, Form a C Corporation

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- Not an LLC
- Not an S Corporation
- Not a Partnership

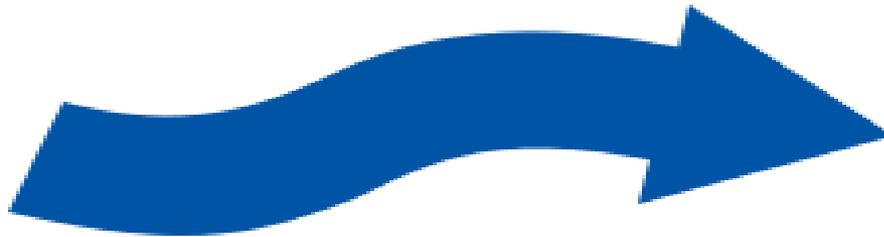


- 
- Next, that corporation must establish a qualified retirement plan – most likely a 401(k) plan



*(make sure the plan allows for investment in employer stock)*

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- Next, you roll all or part of the amount in your previous qualified plan or IRA account into the new corporation's 401(k) plan



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- Next, the trustee of the 401(k) plan purchases stock in the new corporation with the rolled over assets



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- Finally, use those assets to start your business, such as: franchise costs and other start-up costs





# **LEGAL ISSUES WITH ROBS**

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- The new corporation should be an operating business, preferably with employees, and not a passive investment.



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- The 401(k) plan set up by the new corporation must be operated as a valid 401(k) plan complying with all qualified plan rules.



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- All employees who meet the eligibility requirements must be allowed to participate.
  - All participants must be allowed to rollover account balances from other qualified plans and IRAs.
  - Generally, all participants should be allowed to purchase company stock in their accounts.
  - Understand that you must have other investment options for participants who want to make deferral contributions.
  - Consider including an employer contribution, such as a match.

# Discrimination

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- If the 401(k) plan is set up properly and administered properly, there should not be any discrimination issues.
- If, however, the owner is the only participant in the plan or the only participant who is allowed to purchase employer stock, there could be a discrimination issue.

# Prohibited Transactions

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- Valuation
- Fees and Expenses
- Self-Dealing

# Valuation

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- The purchase of company stock with proceeds from a rollover to a qualified plan must be for its fair market value.
- The value must be justified, generally by an appraisal.
- Questions: Should the appraisal be done by an independent appraiser? Should the plan retain an independent trustee to determine if the value is reasonable? These are best practices for an ESOP.



# Fees And Expenses

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- If the employer pays a fee to a promoter to set up the ROBS, it could trigger a prohibited transaction.
- The IRS has taken the position that if a promoter provides investment advice to the plan on a regular basis, he can become a fiduciary, which may trigger a prohibited transaction when the plan indirectly pays the promoter's fee.
- The owner of the business should be careful about paying his own salary for very long from the proceeds of the rollover, as that could be considered to be a prohibited transaction.



# Self-Dealing

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- Go back to the original IRS quote. Don't attempt to use a ROBS transaction to make pre-tax funds available for personal use.
- The Internal Revenue Code requires qualified plans to be permanent. They can be terminated, but if the IRS believes that a plan has been set up with the understanding that it will be terminated in a few years, it may be disqualified.
- The DOL requires that a qualified plan be administered for the "Exclusive Benefit" of its participants. The owner of the business (who is the owner of the qualified plan account holding the employer stock) must be careful in making decisions that affect the plan.

# Conclusion

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- ROBS are not an idea that is too good to be true if they are set up and administered properly. They only work like they are intended if used to actually set up an operating company and the plan is administered as any qualified retirement plan.
- Your retirement money will only go back into the plan for your benefit if and when you sell or liquidate the company. You may walk away with a profit or you may not.



# NIGHTMARE SCENARIO

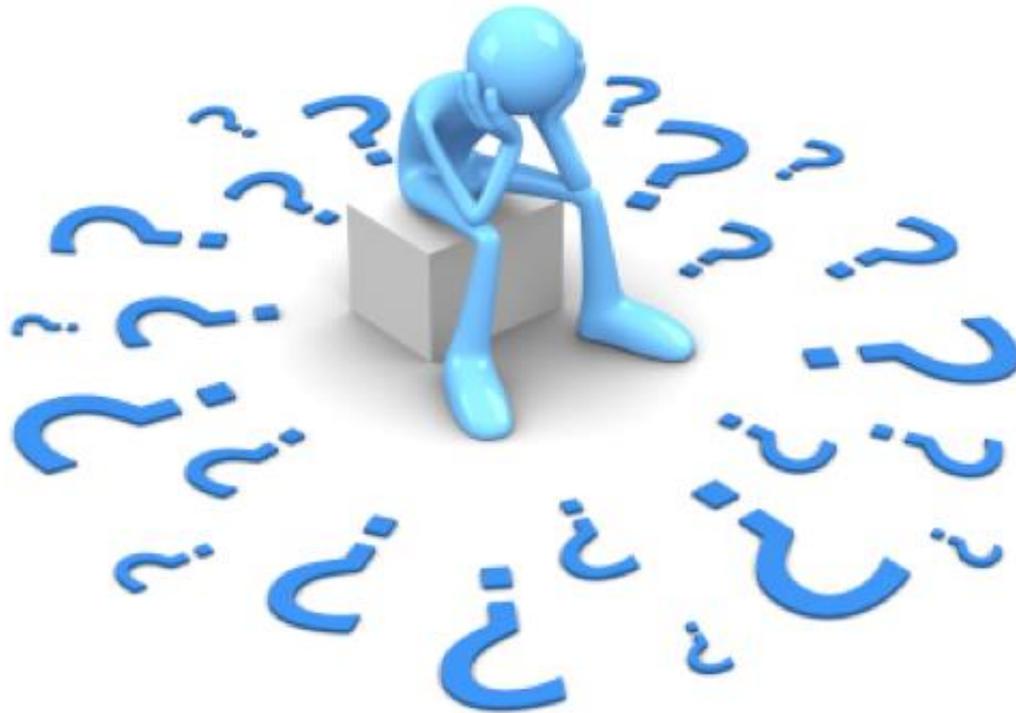
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## ***Thiessen v. IRS 146 T.C. No. 7. March 29, 2016***

- Recent tax court case
- Defendant and wife rolled over a total of \$432,076.41 into IRAs
- The IRAs used \$341,764.56 to invest in a business, the stock of which was owned by the IRAs
- The defendants gave a personal guarantee on a loan of \$200,000 from the seller to the business
- The court ruled the guarantee was a prohibited transaction, disqualified both IRAs and assessed \$180,129 in taxes and penalties

# Questions?

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# CRM: Sustainable Growth Tool for Emerging Franchisors and Established Brands

*Customer relationship tools enable franchisors to better manage relationships with prospective and existing franchisees.*

**BY STAN FRIEDMAN, CFE**

**F**abled football coach Lou Holtz once said: “In this world you’re either growing or you’re dying.”

There’s lots of truth to that quote, but I respectfully modify it for franchising to say, “Without sustainable growth, you’re dying.” That goes for both legacy and established brands, as well as for those just emerging. In today’s market, sustainable growth does not just happen; it requires discipline, professional management and systems reliance.

Where better to begin introducing those attributes within your franchise company than at the starting line: customer relationship management tools that deliver self-directed and managed experiences for franchise candidates while also providing franchise development teams with reliable ways to track candidates as they embark upon their discovery journeys to learn more about your brands, opportunities and processes.

Fact: Google has changed forever the way candidates discover information about franchise opportunities and how they go about doing due diligence on these brands. More, now than ever, high quality, direct candidates self-identify much later in the game, having already done a significant portion of their early-stage learning about your brand independently. With acquisition costs for quality leads as high as they are today, franchisors can ill-afford to allow even one such lead to fall through the cracks.

## **FRANCHISORS NO LONGER DICTATE DISCOVERY**

Gone too are the days when franchisors could unilaterally dictate how candidates manage their discovery processes, much less fully control a candidate’s learning experience. Smart franchisors know that they still need some type of guard

rails around their processes, while providing candidates the freedoms they expect, in terms of learning about their opportunities.

Those same franchisors realize too that while these candidates are moving around with more self-directed discovery, franchise sales teams must still be able to properly track and guide candidates through the funnel consistently and properly. Franchise CRM technology makes all of this possible and also enables franchisors to rest assured that candidates are receiving the right information at the appropriate stages of the process and that franchise development directors are actually spending face and phone time with those candidates that are most likely to continue moving forward, as opposed to wasting time with those least likely to proceed.

No matter the source of your leads, it is essential that you have the tools in place to assure that your development teams execute well. That all-important “speed to lead” is something that far too few really excel at. Yet it is easily accomplished with CRM and is a must if you hope to convert inquiries into engaged candidates. Franchisors must still find ways to assure consistency in the management of their processes and that their development teams, much less their candidates, remain on task.

Candidates today are not just looking at you. They are often juggling communications and materials from multiple brands, all at the same time. Those franchisors who are communicating with candidates and managing these relationships utilizing professional tools like CRM can rest

*(Continued on page 28)*

assured these tools are helping to assure their candidates remain focused and engaged. In fact, it's a safe bet that franchisors that are systems reliant, as opposed to just being people dependent, will almost always be more certain to win their opportunities.

CRM tools such as candidate portals help brands better tell their stories in environments that are not competing for the attention of the prospects. And, in these environments, franchisors can constantly update content, because they control it. The franchisor has the ability to serve up ever-changing, topical and timely digital information about their offerings, as opposed to being locked into old school, static media or virtual brochures.

## CANDIDATE PORTALS PAY DIVIDENDS

There's no better way to keep information about your concept fresh, communicate your brand's story and provide meaningful information about your offering, than to lay down a track for your candidates inside a candidate portal, still allowing them the freedom of self-direction.

Candidate portals also pay dividends to the sellers. They do so, by reporting each click candidates make back to the seller's dashboard. As candidates open and review the digital assets you've made available for them, franchise sales personnel know they've been there and what they've viewed. This kind of business intelligence is powerful and empowers the franchise development team to easily identify which candidates are actually engaged and doing their assigned work between scheduled calls. It also helps your team determine who they should be focusing their time and energy on.

In no uncertain terms, tools like these very quickly help your teams separate the wheat from the chaff. They can place a greater focus on those candidates that are most likely to cross the finish line one way or the other. We know that most candidates don't cross the finish line as a "yes." But if you know how many "noes" it takes to get to your next "yes," these tools will help your sellers remain focused on those candidates that will ultimately come to some decision, as opposed to those who will ultimately just disappear into the ether. High performance professionals in franchise development work best with structured licensing systems powered by tools like these. CRM for sustainable growth however, does not end here.

## FOR EMERGING FRANCHISORS

You wear many hats and don't always have budget for the headcount you wish you could add to the corporate team. Your time is spent juggling operational support, legal/compliance issues and of course, franchise sales. For far less than you'd spend adding even one new person, CRM could help you reclaim many cycles of time, currently lost on mundane tasks and chores. Franchise-centric CRM could easily and efficiently streamline many things:

- Collaborative communication tools that easily associate contacts with the entities that own units and all of the agreements associated with those contacts and entities.
- Location records could be linked to important dates, anniversaries and work flows.
- Triggers, alerts, milestones and dependencies could all be organized in ways that would always keep you and your teams in front of important dates and events.

- Relevant documents associated with all of the above could also be comprehensively linked together.
- E-mails originated by anyone on the corporate team or from franchisees to corporate could all be housed, archived, stored and associated within the appropriate contact or location records.

This type of contact/content management brings a higher level of organizational efficiency to your business and empowers you to work both in it, as well as on it. Reports generated by CRM create metrics, KPIs and trackable trends that let you better manage what you measure. More of your time could then be spent focusing on building top and bottom line growth, which brings us back to where we started, it's all about sustainable growth.

While all of these advantages could benefit emerging franchisors, the same holds true for established brands, but there the needs are even more complex and compelling.

## FOR ESTABLISHED BRANDS

With layers of personnel and management between c-suites and front lines at legacy or established brands, it is essential for leadership to have tools which enable better communication, collaboration, transparency and reporting. CRM can easily empower sustainable growth for these companies, as their need for communication, relationship management and compliance is further complicated by the multiples. In these organizations the likelihood is high that many franchisees are multi-unit/multi-branded and there may even be franchisees in these organizations who are associated with more than one ownership group.

The need for franchisors to know who's who inside these franchise populations and where else they may have nexus to other individuals or entities within the brand could be paramount. Ready access to data and information that can be easily sorted, reported and dash-boarded is simple to accomplish with tools such as these.

## SUSTAINABLE GROWTH: A MUST, NOT AN OPTION

No matter where you currently find yourself on the maturity continuum, CRM empowers and enables franchisors and their teams to better manage relationships with prospective and existing franchisees. It helps you manage because it helps you measure. CRM also empowers and enables better communication within your organization and helps teams work more efficiently.

Bringing 21st century CRM tools into your business will, at the very least, spark change. As we all know, people resist change. Sadly, in most businesses as in life, change is certain, growth however is optional. In franchising though, sustainable growth is a must, not an option. If you plan to continue growing and scaling your business successfully, tools such as CRM are a must, as they assist you in meeting and exceeding your goals. ■



*Stan Friedman, CFE is President of FRM Solutions. Find him at [fransocial.franchise.org](http://fransocial.franchise.org)*

# THE DIGITAL EDGE: HOW WEBSITES, SOCIAL MEDIA AND EMAIL MARKETING CAN BOOST YOUR BOTTOM LINE

Tuesday, November 24, 2015

To succeed and grow your business, stay abreast of emerging technology and tailor your marketing to consumers at the right time with the right message using the right channel.

*By Amanda Brief*

It's no secret that the digital landscape has changed the marketing game for franchisors. Today, potential customers navigate the online kingdom through myriad different channels and devices. As a result, it's more important than ever for franchisors to rethink their marketing strategy in order to break from the clutter and grab the attention of their best customers.

## First, create a brand-consistent website

The key to becoming discoverable starts with a brand-consistent website. As a franchisor, think of your website as your virtual storefront. It should place your franchise in a national context with content and messaging that is consistent across your network. Your website should also include content that appeals to consumers by emphasizing the services, terminology and values that matter most in your franchise community. Ensure your customers can find you by adding keywords and phrases relevant to your business. Remember, write for the customer first, then the search engines.

## Website tips

- Distributed marketing: Your website should be optimized to expose localized and national content to search engines.

- Responsive design: Build your site so that the content adjusts to suit virtually any size screen.

## Change the way you do email marketing

The advent of wearable technology and smart devices has caused a major shift in the way that people engage with email marketing. Consumers can now sort through emails with the swipe of a finger while commuting or working out at the gym. According to Pew Research Center, 52 percent of cell phone owners use their mobile devices to send or receive emails. As a result, franchisors need to design responsive email templates that can be opened on any device.

Franchisors must also pay attention to the type of email messages that they are sending to potential customers throughout the day. If you're looking to promote a flash-sale deal for your franchise network, engagement levels are likely to rise if you send the email outside of traditional work hours when consumers are away from their desks and not easily distracted with work-related matters. On the other hand, if you're looking to send a survey email, your response rate will likely be higher when consumers are navigating their inboxes from desktop computers as it is harder to complete a survey from a mobile device or tablet.

## Prepare to target different audiences with social media

It is important to note that consumers navigate social media sites differently across the board. For example, one consumer may use Facebook to skim industry news while another may use it to connect with peers. Therefore, franchisors must rethink their social media strategy in order to captivate their audiences in the networking sites that matter most to them.

Having trouble figuring out how your target audience uses social media? Quick tip: Take a look at how your competitor is leveraging social channels. If you see that it garners strong engagement after posting a promo code on Twitter, you may want to test Twitter as a revenue-generating tool.

Social media behavior also fluctuates depending on a number of demographic factors. According to the Pew Research Center, Facebook remains the No. 1 social media site; however, photo sharing apps such as Instagram continue to rise for adults ages 18 to 29. If you're operating a local gym targeting 18 to 34 year olds, you may want to consider using Instagram to promote your franchise network in order to drive new leads.

It's important to note that gender also plays a key role in social media behavior. According to Business Insider, men are more likely to use Twitter and LinkedIn while women are more likely to use photo-sharing sites such as Pinterest and Instagram. These factors should play a role in your decision to launch promotions and contests through social media.

Of course, you also need to establish your presence and build a foundation of followers so that promotions actually reach people. Share fresh content across your social networking site and use catchy headlines to attract the attention of your consumers. Need some inspiration? Engage your social users by sharing how-to articles and asking trivia questions.

# Technology will continue to evolve

The digital landscape changes each day with the influx of new technology and applications. What once was popular today (remember MySpace?) may be obsolete tomorrow. In order to succeed as a franchise and grow your business, you must stay abreast of emerging technology trends and tailor your marketing activities so that they hit consumers at the right time with the right message using the right channel.

*Amanda Brief is marketing manager for Yodle. Find her at [fransocial.franchise.org](http://fransocial.franchise.org).*

# LEAD GENERATION TIPS FOR FRANCHISE TRADE SHOW PARTICIPANTS

Franchising World January 2013

BY COREY BOWMAN

FRANCHISE TRADE SHOWS, INCLUDING those sponsored by the International Franchise Association and produced by MFV Expositions like the West Coast Franchise Expo, Franchise Expo South and International Franchise Expo, can be incredibly beneficial if franchises know how to make the most of them. Although the thought of long hours spent in a booth might not sound like the best use of your time, it's important to remember that your brand is there to make an impression. If your organization goes into an expo well-prepared and with the right attitude, it may just come out with some fantastic new leads.

**Do Your Homework** Having a great trade show experience means doing your homework before going to the show. Knowing the details of the region that the conference is being conducted and being prepared to talk about available territory and zone agreements for that region makes a great first impression on new prospects. If the location happens to be in Southern California for example, knowing areas that are available for development can be incredibly important to any prospect, especially if they are able to visualize the area or if they have their eye on a specific piece of real estate.

Another way to stand out is with an attractive booth stocked with the right materials that can explain or sell your brand, as well as provide investment levels and available discounts to supplement conversations. Many people who attend franchise trade shows have not decided on one specific franchise and tend to be shopping around, so the more attractive and knowledgeable your representatives appear by creating a strong and lasting brand presence, the easier it is to explain what your brand does and why it's relevant. Within these conversations, franchise staff will be able to better distinguish where prospects are in their due-diligence process, how passionate they are about the brand and gauge their level of interest.

**Before, During and After the Trade Show** Once your company's representatives start seeing an increase in traffic to your booth, it's your job to ask the right questions to quickly gather information in the limited time spent with prospects. Many of the questions are similar to those asked during your brand's discovery day, but the dynamic is different at a trade show where conversations may be more causal than staff members are used to. However, it's still crucial to communicate clearly so people understand your brand, what it does and what the brand is all about. It is possible to weed out candidates that aren't a good fit by making sure to present your company in an honest light and share the realities of becoming a franchisee to let them decide if they want to be involved in a brand like yours. Ultimately, on-site company members are conducting a two-way interview to determine if the person is passionate and would connect with the culture of your brand.

If Pita Pit is attending a trade show in an area where it has received a lot of inquiries, another strategy we employ is traveling to the area two to three days ahead of time, setting up meetings with those candidates and inviting them to the trade show. It's an easy way to gauge genuine interest in your brand, let candidates explore other concepts to showcase the uniqueness of your company and generate positive buzz around your booth. Attendees of the expositions can also speak with other prospects about the company and gauge receptiveness first hand, which is important with a brand

as young and unique as ours. Although some brands may not want to invite hot leads to the conference, we believe it's a way to show our confidence in the brand and letting prospects choose for themselves if we are the right fit.

More importantly, we started testing the idea of staying a day or two after the show has finished meeting with local leads that had visited the booth and quickly recognized that it has become one of the most important times for retaining and converting strong leads to signed deals. By spending a little more time with strong candidates whether it be taking them out to dinner, exploring available real estate or meeting them at an existing location, it enables companies to build even stronger relationships with prospects and work with them while your brand is top of mind. Your company has already paid the expense to travel to the trade show, and the cost of arriving early or staying a few days after is completely worth it to show your franchise business is dedicated to a candidate's individual success, whether or not he or she becomes a new franchisee.

If the staff members attending the trade show are veterans and have had hundreds of conversations with attendees, they've probably built a strong sense of which people may actually be serious about franchising with your brand and which ones aren't. However, it's been our experience to not make that judgment too quickly: it's simply a best practice to follow up with every established lead. Your representatives don't have to meet face to face with all of them, but lead generation doesn't begin or end with the show.

**Keep Lines of Communication Open** Continued open communication with prospects after meeting at the show makes a lasting impression and is crucial in converting leads from just prospects to signed franchise agreements. A lot of this communication happens through phone calls and emails to establish ongoing relationships while learning more about a candidate's individual interests and goals.

Our goal is to develop an honest line of communication and to be available to answer any questions or concerns that a prospect has. Making the decision to leave your career and shift to a small business can be daunting, so we want to be accessible. Clearly this communication will vary depending on each person's experiences in the franchise industry, but in the end, we focus on communicating honestly and setting the right expectations for people who are consistent with the reality of what we can deliver as a brand.

Although a trade show may not be the most exciting two or three days for those company staff members on assignment, they can make them incredibly beneficial and a lot more stimulating if they go into the show well prepared. They need to be on top of their game all day, every day of the conference if they want to generate great leads, because in the end, they never know when that great lead might stop by the booth. It may be in the first hour of the show or the last 10 minutes. If your staff members hit every visitor with energy and passion, they'll not only stand out, but they may just find that great new lead your company has been searching for.

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Source:  
franchise.org

# MAKING SOCIAL ADVERTISING WORK FOR LEAD GENERATION

Franchising World July 2013

BY R. SCOTT SUTTON, CFE

I TRAVEL A LOT, every week, in fact. So it came as no surprise that a recent return flight to Atlanta was yet again delayed for reasons unknown. Standing in the gate lounge, I couldn't help but notice a common theme: there, glued to the screens of their smartphones, were countless passengers reviewing email, evaluating flight plans and checking multiple social media sites. What were among the most popular that day? Facebook. The Wall Street Journal estimates that more than 47 percent of people who have an investment level of more than \$1 million live and play on Facebook.

It is a domain that, since its inception, has helped people connect in a digital space, allowing them to share personal information, photographs and interests. For businesses, Facebook is a vast space where thousands of potential prospects are gathered, yet advertising on this site remains under-used and under-capitalized.

If engaged correctly, social advertising has significant potential to improve any business' lead generation. Business executives specifically are seeking ways to attract viable prospects for greater growth. These viable subscribers have already been pooled into one domain, Facebook. Digital advertising should be in the forefront of all business developments, as digital advertising allows users to continue learning about brands in a seamless way that primitive print advertising cannot.

## Business Leads are Needles in the Haystack

The beauty of Facebook is the social media platform's ability to identify that needle almost seamlessly, despite the clutter and noise surrounding it. Facebook advertising essentially works by setting parameters to help businesses pinpoint their specific target audience with a user-friendly questionnaire that is simple, yet thorough.

For example, as a business owner, you want to go after a demographic of individuals who could potentially be successful business owners. You want these individuals to: have the liquid capital to open a business, be over the age of 28 and like luxury cars. With these specific guidelines, we have built a target audience. Facebook then delivers the demographics to your electronic doorstep; in this case the number was a total of 50,000 individuals. These 50,000 people you have targeted will see an ad on the right side of their respective Facebook pages spotlighting your brand. Demographics can be narrowed down even further by gender if necessary. The narrower the criteria, the higher the cost, but the ad will now target this particular audience, and this particular audience only. This is how leads are generated.

## Establish Your Marketing Budget

A majority of franchisors will spend \$8,000 to \$12,000 in marketing for each deal they close. If brand "X" has a development goal of 50 units in 2013, they are going to need a budget of \$500,000 to promote 50 deals. Social advertising is the supplemental "bullet" that assists these major expenses. It should only be a small percentage of a marketing budget, but an imperative one. Franchisors should advertise where they have the best opportunity to reach audiences and extend the life of the funds they delegate to placing their brand at the forefront of lead awareness.

## Clearly Define Your Target

Strategically, business leaders want clearly targeted prospects to develop a voice to speak to them effectively on their fan page. Facebook's "likes" and "clicks" are only one piece of the puzzle. The other sizable determinant to successful social advertising is word-of-mouth influence. This vocal

assertion among potential leads builds emotional wealth for a brand. By leveraging this strategy, advertisements don't just have text, they have sturdier clout.

#### Define Your Voice

A brand's fan page should have a clear voice and direction. It should be informative and interactive, allowing leads to navigate quickly and directly through information. In addition to seamless organization, a fan page should include a franchise development tab. This tab enables brands to capitalize on a call-to-action feature, a resource that print advertising simply doesn't provide. This detail is vital for a company to create a solid social advertising campaign that is advantageous for lead formation.

#### Let social tools do the work for you

Small and large franchisors alike need to take advantage of advanced tools to harness what social advertising can do for their businesses. The reason social advertising works so well is because of its many moving parts. Instead of only generating impressions, which are only effective quantity-wise, social advertising creates a deeper marketing indent with an advertisement and a call to action all in one polished online package. Franchise brands need to start thinking "out of the box" and utilizing these tactics to connect the dots for potential leads. Facebook may not give a company immediate return on investment, but it will create enough disruption in a congested advertising domain to deliver an impact on potential leads.

The brilliance of Facebook is that it compiles all the information necessary for a brand to advertise in a digital domain, doing the grunt work for brands. New registrations on Facebook are essentially providing the site's internal database with personal information which algorithms then track. After pinpointing an intentional audience, brands must now take the next step in engaging these potential leads. To execute this step correctly, brands must link their Facebook advertisement to their Facebook fan page, not their website's homepage. This is the step at which most brands tend to fail most often. If a Facebook lead clicks on the ad and is then directed to a homepage, they are now swimming aimlessly in the World Wide Web at an IP address, foregoing all their personal information such as gender, age and their interests. While a homepage may be useful for brand information and opportunities, that would-be prospect is now essentially nonexclusive and generic.

Instead, to complete this successfully, a brand should guide leads to their Facebook fan page and then utilize it as a sales tool. This is where brands can provide interactive information, allow a potential lead to engage with the content, and create a dialogue. That lead now has the tools to educate himself about a potential investment or opportunity in the future.

#### Understand the I.L.W.E

When identifying the proper and most operative way to market to prospects, businesses must always remember to look at a potential lead's investment, lifestyles, wealth and equity or I.L.W.E. These are the four categories that must be addressed and satisfied on a Facebook fan page. Potential leads that have the monetary funds to own a business love the personalized aspects of life; and brands need to cater to this specific demographic.

One of the biggest misses in today's advertising age is companies peddling their brand by telling consumers to buy product A or buy product B and failing to consider the personal interests of their target audience. Franchisors need to take a genuine interest in their leads and in their communities; only then can they effectively strategize and target through Facebook.

Although Facebook is influencing the movement of social advertising in the right direction, a validated brand needs to have its campaign pushed from all five of the social media giants: Facebook, Twitter, LinkedIn, Pinterest and Blogger. These sites are the future of advertising because of their ability to take a three-dimensional shape in an influential and social world. Cooperatively, they direct leads to a brand's favorable direction and provide a journey for a prospect, instead of just a feeble dent.

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Source:  
[franchise.org](http://franchise.org)

# PR CAMPAIGNS TO PUMP UP YOUR LEAD GENERATION

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## If you don't see growth through the efforts you are putting out, it may be time to change course.

By Sabina Gault

As the plane takes off the runway as I leave for yet another convention (probably third one in a month), I think about the one thing that concerns everyone: new business. With a substantial number of companies back on track and growing, all CEOs and marketing professionals are looking to boost revenues and increase net profits. In today's marketplace there is an array of solutions, which I have seen firsthand at this convention. The exhibit hall was filled with suppliers who could help fuel growth: new customer relationship management agencies, social and digital platforms and of course, public relations firms.

It is important to note that the world of public relations has transformed dramatically in the past couple of years. All brands want proof that PR is not just talk and a number of top-tier placements per year. They want to know that they will see return on investment and that there will be some form of measurement to gauge it. An industry that never concerned itself with more than impressions or audience numbers is now consumed with trying to prove the value of its work.

With this in mind, the question that I get asked most often is: "What moves the needle?"

The answer is not as simple as one would imagine. Yes, an article about the brand in The Wall Street Journal will add huge cachet and will probably help pave the way for many new business leads. However, not every company with an article in the same publication will experience this level of success. A huge component of this proclaimed success has to do with the brand itself and the right PR team will know the kind of communications campaign that will help build the company and lend credibility to their respective concept. It is not always about getting the big press; it is about getting the right, targeted press.

A publicist has to always be able to know whether a brand needs to play the expert angle, the untold story of the founder or the larger-than-life company piece. On top of that, all forms of PR must be aligned at all times with the brand's marketing goals and core values. Only with a strong bond between marketing and PR and the right goals in place can PR truly succeed. Once those elements are present, you can look back and see the ROI as clear as day.

What kind of press moves the needle and how does one identify the ROI?

Identifier stories

These are the stories that allow you to share your company vision and goals; tell the world why you are the best at what you do, why your concept is so different from everything else in the marketplace and why consumers should choose you over your competition.

## Trailblazer articles

Brands that are disruptive and off-the-beaten-path tend to naturally attract press coverage. The Lash Lounge(eyelash extensions)is a prime example of a business model that no one else has replicated at a nationwide, hyper-organized level. Sky Zone(a wall-to-wall indoor trampoline park where people of all ages come to jump) is another great example of a concept that created its own path. When the brand evolved in 2004, it was in a category of its own with no direct competitors in sight. As a result of this, it garnered a noteworthy feature on the main page of *Yahoo!* accompanied by a video of the facility and the CEO Jeff Platt discussing his concept and how he came up with it (together with his dad). This created a great deal of buzz for the brand, and most importantly, ROI.

## Success against all odds pieces

When it comes to success, people always look at the value of the company. And while that is an obvious measure, another great one is to look at the person driving the brand. Most entrepreneurs have worked tirelessly to get where they are. Their company was not successful and profitable from Day One and it took them years of struggles and hardships to build the brand that is envied today. Hearing their personal stories via a major national outlet like Entrepreneur or The Huffington Post allows potential leads to identify with the brand and want to be part of it. A great example of this is Andy Wiederhorn, chairman and CEO of Fatburger. While the brand has its own legs to stand on as a burger powerhouse from the West Coast, Wiederhorn's personal story and how he rehabilitated this concept to amass to 150 locations in 29 countries really clicks with the media and fans alike.

## Rankings

I am including rankings as part of my ROI-driving methods, even though they are not technically "stories" per se. Despite not being features, they are extremely important and a necessity for a brand to remain a leader in its market. These accolades can range from the Inc. "500/5000" to "Best Places to Work." The reason for mentioning them here is that no one wants to invest in a brand that is not obviously growing, a leader in its category and a force in the industry. Rankings allow you to show everyone where your brand stands in the grand scheme of things.

As one can see, this piece references huge brand stories, mostly focused on the concept directly and the CEO (with the exception of rankings). The reason behind that is this kind of media is what makes the cash register ring. This is what brings people in the door at a local level and generates major leads on a national level. While this kind of press takes time and energy (and many great relationships) to come to fruition, it will show ROI and any public relations practitioner will have no trouble providing meaningful measurement.

While CEO expert pieces and franchisee-driven articles are great, most of them are helping establish the brand and create an aura of strength for the concept, but they are usually (on their own) not necessarily driving leads. That is not to say they should not be part of the PR campaign; however, they are meant to be supporting pieces that add value to the overall plan rather than self-standing ROI generators. It is essential to have these secondary pieces, as business leads have to see things multiple times before they buy into the concept.

PR has indeed progressed and changed a lot, and now more than ever we can measure our results in ways that will forever change the industry. So sit down with your team and look at your plan for the year. Do you see the growth through the efforts you are putting out? If not, it may be time to change course; the options are definitely out there.

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