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THE CONSULTANT'S ROLE IN FRANCHISING

How and why you should choose, brief and engage a consultant.

Consultants are seen as a strange breed by many in franchising: experts, boffins, propeller heads? Something in between all of the previous, or someone who can really help your business? Most come with experience and ideas, and it is their responsibility to *perform or else* for you!

Whether you are a franchisor or a franchisee, the offer of a 'let me make it right for you' solution can be either an effective fix, or an expensive exercise for your business.

There are many different varieties of consultants in this industry including:

- Franchising consultants
- Marketing consultants
- Brand consultants
- Demographic consultants
- Management consultants
- Security consultants

And a heap of professions that are, in my view, consultants as well:

- Accountants
- Lawyers
- Banking advisors

How do you pick a consultant to assist you, and how do you work with them to achieve what you are looking for?

The first thing I say is that you are not

hiring a consultant by the hour, but rather for the years of experience they bring to the issues you need assistance with. Most good consultants come with the necessary experience, and reasonable academic qualifications. On top of this there are qualifications issued by groups such as the FCA (Franchise Council of Australia), the AIM (Australian Institute of Management) and the IMC (Institute of Management Consultants) to name a few.

When you go to a doctor, a lawyer, an accountant or a surgeon, you actually know they have achieved a professional level to be allowed to work in their profession. Unfortunately there is no such requirement of consultants, and the right to 'hang out a shingle' is one that anyone do, whether they have experience, qualifications, or have just run a hot dog stand!

Good consultants, like lawyers, should be both qualified and be keeping up to date in their area of expertise. The FCA runs programs aimed at professional development for the 'suppliers' to the industry, and offers a series of qualifications to recognise this.

The FCA Franchise Academy

The FCA recognised a need for training throughout the industry, and introduced the Accredited Franchise Executive Program. This program is open to executives in franchise organisations and consultants. These courses deliver a diploma or a certificate in franchising

to their participants, endorsed by the relative government approved institutions.

The FCA Academy has now introduced a series of Franchise Professional classifications that can be earned by experience and continuous professional development both within and outside the industry.

The ratings introduced by the FCA Academy are:

- Life member
- Honorary member (recently introduced)
- Fellow
- Associate fellow
- Associate
- Affiliate

Each of these classifications come based on experience, education and contribution to franchising.

Steve Wright, Executive Director of the FCA says the Accredited Franchise Executive program, like the FCA Academy, is designed to encourage education within the sector, laying the foundations for a strong and dynamic community.

"For suppliers in particular, the ability to increase their knowledge of the sector – and to promote this fact - encourages best practice consulting among franchise systems, contributing to the overall stability and success of the sector," Steve said.

“In my view, you want to engage a person who has the qualifications, expertise and experience to solve your issues.”

The FCA has also affiliated with the Institute of Management Consultants, the peak body in Management Consulting. Some FCA members are also IMC members, as there is much common ground. The IMC has ratings of Fellow and CMC (Certified Management Consultant), an internationally recognised qualification with around 10,000 recognised CMCs worldwide.

Tim Millar, National President of the IMC says that qualifications and experience makes the difference between a consultant who can handle an assignment, compared to one who cannot. The IMC has a pledge that consultants are asked to take, covering the ethics and values they agree to uphold in practicing as a consultant.

“Our pledge is required to be taken by all new members, and all existing members who now achieve CMC and Fellow classifications. We take PD extremely seriously and most of our functions revolve around professional development for our members. Our membership is not just open to all, and can only be achieved by a person with relevant qualification, experience (3 year minimum) and an interview process,” Tim said.

How do you choose a Consultant?

In my view, you want to engage a person who has the qualifications, expertise and experience to solve your issues. Value is the key to engaging a consultant, both in what they can deliver to you in terms of benefits, compared to the costs they incur to you. Think in terms of \$ benefit compared to \$ cost. If all you are concerned about is the cost side of the equation, then remember you get monkeys if you pay peanuts. If you wish to ask for a quote, just make sure you are comparing like to like. It is very easy for someone to claim they are a consultant (at a low cost) and that they can do everything!

I also suggest you think of your lawyers and accountants as consultants. It amazes me how we will be talking to a client, and when asked about their lawyers, we hear they are using their local suburban lawyer. This to me would

be similar to asking a divorce lawyer to handle your commercial franchise agreement. In my past life in Caltex as a Property Manager, it always annoyed me when a lessor would use his suburban lawyer to try and ‘re write’ the lease document that was the standard from the Law Institute.

Specialist Franchising Lawyers and Franchising Accountants are there to handle franchise issues. Would you have your local doctor undertake brain surgery for you, because he was entitled to be called Doctor?

Another area you may want to ask a consultant about is: Do they have suitable Professional Indemnity Insurance and Public Liability Insurance? If there is a problem based on advice or actions you have taken following a consultant’s recommendations that have cost you a large amount of money, you may want to take legal recourse.

How do you brief a Consultant?

My suggestion is to have a list of what you wish to achieve. That may be broad things like:

- New marketing image
- Improve revenue
- Improve website
- Implement a process for site selection
- Reduce risk from legal issues.
- Online operations manual

These may come from your Business Plan, a SWOT analysis, or just areas that you see are causing problems in your business

Once you know the areas you need assistance in, construct a simple brief, possibly with some measurable achievements:

- Implement a local marketing campaign where we expect 5 per cent coupon returns
- Improve revenue by 20 per cent average within 12 months
- Achieve 10 per cent improvement in ‘mystery shopper’ score for my site.

This is often a process more about educating yourself on what you want to achieve,

rather than just saying to a consultant ‘fix everything’.

How do you engage a consultant?

Once you have it clearly in your mind what you wish to achieve, then it is the consultant’s job to convince you that they can do it, and meet your expectations in a timely and cost effective manner.

This may involve: replying to your brief; forwarding a proposal which may include references and relevant experience in similar jobs; and, advising who will be involved on your project, and their experience and qualifications.

Once you are satisfied that this will achieve your aims, then you engage the consultant to undertake the specified work that has been agreed on.

Summary

Engaging a consultant is a balance between benefits they can achieve for your business, and cost or risk reduction for your business. Having a clear idea in what you want to achieve, you can brief the consultant, and measure their performance for your business. Don’t be misled by low costs, under qualified and inexperienced consultants.

The consultant you engage must be of value to your business, so select well, as they can make good money for your business, and in some cases turn your business completely around for the better.

Select well Grasshopper! ❖

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