

Shared Accounts Policy

By

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Introduction

This field project is the fourth and final field experience that Cohort 3 is responsible for under the Executive Leadership Doctoral Program at St. John Fisher College. This experience is designed to support and provide some practical application for the courses we are currently enrolled in and help reinforce some of the principles covered. The most recent class was called Public Policy, Law, and Ethics taught by Dr. Robinson and Dr. Wills. Our cohort group studied policies and laws from the private and public sectors. As a class, we discussed many of the issues and dilemmas each of us face as a leader in our own company, community, and organization, and the ethical consequences that follow these decisions.

As a leader of my own franchise organization, I chose to analyze a policy for this field experience that is at the forefront of our company. This policy is called “The Shared Accounts Policy.” Like most policies, there is usually a group that resists the policy because of its components and the details within the language of the document. The constituents related to this policy include the franchise owners, franchisor, the partner carriers, BBT Investment Group, and those outside potential franchise owners.

My goal for this project was to speak to some active franchisees like myself, and through formal interview questionnaires determine some of the common themes and attitudes franchisees hold in relation to the policy. After transcribing the interview, I will present my findings, recommendations, and future predictions for this policy that is changing the model and direction of our franchise system.

Summation of the Policy and Issues

General Perspective

Unishippers is a national franchise system that began in 1987 in Salt Lake City, Utah and has reached every major city throughout the United States. Its primary business is to provide shipping services to the small business market under its partnerships with UPS, YRC, Estes Express, and twenty-five other freight carriers. Unishippers operates under a franchise system with 200 independently owned and operated franchisees. These units were originally purchased with territorial boundaries assigned to each franchise based on the sales price in the contract.

Like most franchise companies, each Unishippers franchisee purchased a protected territory, pays a monthly royalty to the franchisor, and has contractual requirements to maintain. The franchise organization has experimented with many processes, procedures, business models, and programs all in an effort to foster growth and innovation. In the past ten years, we have found other companies entering the same market, adding pressure to the shipping business, and targeting our customer base. In order to combat competition and strengthen our presence in the market, the franchise system felt it was necessary to remove territorial boundaries, in turn, creating a need for a policy to facilitate this action. This all gave rise to the policy known as “The Shared Accounts Policy.”

Policy Summary

The Shared Accounts Policy (SAP) is designed to allow franchisees the freedom to compete on a national level rather than confined to their local market. Most of our competitors operate as agents of corporate companies (not independent franchisees) and sell across borders to national customers. This is what Unishippers has not accomplished, thereby, losing business to many of those competitors.

Its primary objective is to provide a mechanism to penetrate those areas that have been ignored by the respective franchisee, bringing more sales representatives into the system through new franchise contracts. The corporate office designed the policy under four types of franchise territories, namely A, B, C, & D. Each has a different level of protection from other franchises, and a different level of access to their customer base. The measuring period for franchise designation ended in March 2012. This yielded the numbers the franchisor used to place a franchise into one of the four categories ended at that time. The policy was set to go live in September 2012, six months after the measuring period ended. If your metrics at the time placed you at a level, then you did not have the opportunity for a different designation. The only exception to this rule included those franchises coded as an “A” territory. They had the option to drop down to a “B” franchise.

The policy states that an “A” territory franchise had to be at 90% of their minimums by the end of the measuring period. These franchisees can sell into any territory throughout the United States, without consent from the owners of that respective territory. For Example: If John Doe is an “A” franchise and owns Albany, NY franchise, this franchisee can sell business in Danbury, CT without any consent from the owner of Danbury. Any account that the Albany owner gets in Danbury, those margins will be split at the 90% - 10% level, Albany receiving 90%, and Danbury 10%. If a sales representative is engaged with an account and working on getting this customer’s business, then other franchisees are not allowed to solicit that business for at least 84 days. Our customer management system (CMS) or computer program facilitates these functions for the entire franchise system. All other franchises must receive special concessions to sell into an “A” franchise ie. Referral, secondary office, or part of a national customer they currently have in their own territory.

Those franchisees that fell between 50% - 90% of their minimum contractual agreement at the end of March 2012 were coded as a “B” franchise. My franchise, Poughkeepsie, NY, is listed as a “B” franchise. As a “B” franchise, I am granted the rights to sell anywhere outside my territory without the consent of the respective franchise. If I sell into an “A” franchise, I need special consent from that franchisee, but normally it is granted. If I procure any customer outside my area, I would need to split my margin with that owner under the 90% - 10% rule. The franchise that sells an account outside their boundary always receives the 90% split, while the passive franchise that simply owns an area but was not involved in the sale, receives the 10% split.

Any franchise that was below 50% of their contractual agreement at the end of March 2012 was coded as a “C” franchise. This group does not have any territory (mineral rights) and can only sell into other territories, defaulting to a 90% - 10% split. “A” and “B” franchises can still receive 100% of their margin, for those accounts sold within their original territory. This is one of the advantages the “C” franchisees lost under this policy.

The fourth and final designation, “D” franchises are any new franchise owners who purchase a franchise under the “National Franchise” contract. These are owners who purchase the right to sell Unishippers products and services but without a territory. They operate very much like a “C” franchise. The cost of a “D” franchise is very inexpensive but every account sold must be split with an existing “A” or “B” franchise, depending on where their new customer resides, at the 90% - 10% policy rule.

The next section will address many of the projected problems and issues that may result from this Shared Accounts Policy. It will take the perspective of the franchisee and outline many

of the concerns franchise owners hold about the future of Unishippers and ramifications of the policy.

Analyses of the Problems / Issues

Unishippers has always been proactive and looked for solutions to problems that were forthcoming or problematic areas that appeared to be gaining momentum on the system. The company started as a franchise system 25 years ago and felt this was the most advantageous model at the time. As competition moved in and other similar type companies began competing for the same business and customers, it became apparent that something would need to change, if we expected to maintain our position in the small business market.

The Shared Accounts Policy received an 80% buy-in from all the independent franchisees, enough for the corporate office to move forward with the plan. While most of us backed the policy, there were many concerns and issues discussed throughout the drafting of the policy. Many franchisees purchased a Unishippers franchise under the premise that they would enjoy protection through exclusive territorial rights. Most franchise systems operate with the understanding that the franchise purchased, comes with a geographic area that cannot be penetrated from other neighboring franchises. Additionally, this contract price is influenced by its size, geographic location, and the business count within an area. This Shared Accounts Policy is partially counterintuitive to this model because it opens up those boundaries to other franchises, with only a few exceptions.

Some of the larger franchises own territories with enough geographic area that they did not feel the need to expand into other franchise boundaries. Many are currently still under staffed, and do not have adequate sales representatives to handle the territory they already own. These franchisees also realized a resale value with their franchise, and the larger the mineral

rights (franchise size) the more equity (asset) they thought it carried. If the smaller franchises had to right to sell anywhere, what was the advantage of owning more territory?

The converse of this theory involves smaller franchise areas, those similar to the one I own. My territory includes Putnam, Dutchess, and Ulster counties. I am concerned that my area could be saturated very quickly through my sales efforts combined with outside franchisees selling in my territory. It would not take too long for Unishippers associates and direct sales representatives from our partner companies to exhaust all the potential customers and business in a territory like mine. While there are always new businesses and customers coming into the pipeline, penetration of existing customers would happen more quickly than the replenishment of new prospects.

Branding of products and services is critical to any size business and industry. Because Unishippers is a reseller of our partners' products and services, (UPS, for example) branding has been difficult for Unishippers to manage. We have our niche market, but we are still selling some other companies products, services, and in some respect their "brand." This policy encourages franchise owners to extend their marketing territory at least to neighboring franchise areas, if not to the entire country. If our brand had any identity, it was clearly at the local level.

Our system does not have any national advertising program as many franchise organizations do, delivering messages across all markets. What we have projected since the inception was local service and presence by a local franchise owner. As we penetrate markets outside our immediate area, our branding message and philosophy becomes even weaker. The question then becomes, are we able to compensate for this through greater sales efforts and will it be beneficial? The organization will need to research this question, once the policy has been in place and active for 2 years.

One of the critical issues of this policy was its impact on the resell value on the open market. Previous data indicated that a franchise owner could sell a franchise for 1.5 times the gross margin. For Example: If gross margin of my franchise (Sales Revenue – Cost) yielded \$100,000 dollars, then under normal market conditions, it held a value of approximately \$150,000.00 dollars. As with many large transactions, other factors played a part in this equation but this was a conservative calculation. Potential buyers looked at the size of the franchise, its geographic location, and the existing book of business. This new policy makes the size and location somewhat irrelevant. If someone can purchase a new National Franchise, a “D” franchise for \$30,000.00 and still have access to all customers and territory, what is the incentive to purchase a large franchise area for \$200,000.00 when it does not provide that protected territory as it did in the past?

A franchise system is a collaborative effort from both the franchisee and franchisor. It is a system that helps mitigate problems that normally manifest between owners and management, principal and agent, and between corporate and regional offices. Franchise systems solve many of the problems inherent in what is known as the Agency Theory (Vazquez, 2009). When this policy was in its development stage, there was concern that it favored only the franchisor and it was only in place to help the franchisor sell more units. The franchise owners thought their current and potential customers would be solicited from too many sources and their growth would only be hampered by this policy.

The final section of the study is a consolidation of the thoughts and recommendations from 5 franchise owners that were interviewed by telephone. The interviews were transcribed and summarized into appendices at the end of the case study.

Data Analysis

This field project involved the case study of the “Shared Accounts Policy” that was introduced to the Unishippers system in March 2012. Its purpose was to foster growth and opportunity to all franchisees that were willing to embrace a new business model under an open territories platform. The research included interviews with 5 franchise owners located throughout the United States that are active in their business. Each interview was designed with an open dialogue addressing 7 questions (see Appendix B) regarding the policy’s beneficiary, constituency, ethics, long-term effects, fairness, financial goals, and purpose. Each interview lasted approximately 30 with some extending beyond the allotted time (see Appendices D – H).

There were many common themes consistent with all the franchises on some of the questions, but others left franchise owners divided on the issue and its possible future consequences. The following is a summary of the combined input of the 5 interviewees, but for a complete review, see the appendices at the end of the report.

Question #1

Most of the franchisees felt the policy would benefit both parties (franchisee / franchisor) but the franchisor may be receiving financial pressure from its investor (BBT) to find new and future revenue streams.

Question #2

The constituents included only those carriers we represent, franchisees, and franchisors.

Question #3

Everyone agreed that the policy was ethical, but on legal grounds. Some indicated that all business is ethical, when two parties enter into a contract.

Question #4

The long-term effects of the policy seemed to create some mixed feelings with most of the participants indicating, generally a positive growth pattern, but others thought it could damage our brand, and in turn, the growth potential.

Question #5

All the respondents agreed that an 80% buy-in was sufficient for the franchisor to move ahead with the policy, yet one noted that it was completely unnecessary. He noted that if he were in charge of that decision, a buy-in from the franchisees would not be conducted.

Question #6

Four of the participants suggested this policy would affect their decision in purchasing a new franchise under the new terms. While some might still buy a Unishippers franchise, they might consider one of the lesser expensive franchises (D), since the protected territory clause is somewhat irrelevant today.

Question #7

The overarching recommendation for the policy was the accountability, management, and policing factor within the policy. They all saw a need for creating a technology system that properly identifies the correct accounts and customers for each franchise and that the 90% / 10% split gets reconciled correctly. While we have a robust computer management system in place, this is the biggest challenge the franchise faces in an effort to remain competitive in the logistics shipping market.

Conclusion

This case study presented a review of franchise systems and how they normally operate through a protected territory system. While this is typical of many franchise industries, Unishippers looked beyond this model and designed a vision for the company to ensure its continued success. An analysis of the Shared Accounts Policy presented the reader with some of the benefits and possible consequences of the policy. A small sample franchise group was chosen to discuss many of the concerns and issues surrounding the details of the policy.

The franchise body may not see the benefits of the policy in the short-term or experience any unusual for a few years, but like many companies, Unishippers felt this was a critical time to exercise their leadership through positive change, in hopes of maintaining the mission of the company.

References

Shared Accounts Policy (2012). *Unishippers Shared Accounts Policy*. Retrieved from <http://franchise.unishippers.com/sales/miscellaneous/National Franchise Program Shared Accounts Policy.pdf>

Vazquez, L. (2009). How passive ownership restrictions affect the rate of franchisee failure. *The Service Industries Journal*, 847-859.

Appendix A

Email Participation Letter

October 2, 2012

Re: School Project #4

Dear Franchisee:

As some of you may know, I am presently enrolled in a doctoral program at St. John Fisher College, at the New Rochelle, NY location. Part of the program calls for some field experience in a topic related to my classes and dissertation. I am asking for your participation in an assignment that will help complete one of my classes. If you feel uncomfortable with the project, please let me know and I will remove you as a participant. Your decision will have no impact on our dealings as fellow franchisees, if you choose to decline the project. All I ask is that you inform me of your decision, so I can find a replacement.

Format of the study:

Doctoral Class: Ethics, Policy, & Law

Re: Shared Accounts Policy

Topic: I want to explore the components of this policy, to determine the following:

1. Who will benefit more from this policy, the franchisee, or franchisor?
2. Who are the constituents of this policy?
3. Is it ethical, to have a policy of this nature?
4. As a system, what are the long-term effects, positive or negative?
5. Do you feel an 80% buy-in was a fair percentage for acceptance?
6. Would this affect your decision, in purchasing a franchise?
7. What recommendations do you have for the policy?

There will be some open-ended questions (above) and discussion regarding the Unishippers Account Policy. Your name will not be shared with anyone in or out of the system, except for my professor, of record. I will list you simply as participant 1, 2, 3, 4, & 5.

Begin: Approximately October 15, 2012

Time Invested for each participant: Approximately 30 minutes

Projected Completion date (all participants): November 15, 2012

Email your response:

Yes, I can participate.

No, I will not be able.

I will send you an email with a few dates and time for the call.

Thanks again for your consideration!

John Cary @ 845 236 3060

John.Cary@Unishippers.com

Appendix B

Questions asked to the participants during the interview process:

1. Who will benefit more from this policy, the franchisee, or franchisor?
2. Who are the major constituents of this policy?
3. Is it ethical, to have a policy of this nature?
4. As a system, are the long-term effects, positive or negative?
5. Do you feel an 80% buy-in was a fair percentage for acceptance?
6. Would this affect your decision, in purchasing a franchise today?
7. What recommendations do you have for the policy?

Appendix C

Participants interviewed regarding the Shared Accounts Policy

| Part # | Name | Phone# | Email | Location |
|---------|----------------|----------------|--|---------------|
| Part #1 | Jim Mauldin | (662) 328-1666 | Jim.Mauldin@Unishippers.com | Columbus, MS |
| Part #2 | Len Rubin | (802) 238-2206 | Len.Rubin@Unishippers.com | Vermont |
| Part #3 | David Jeffcoat | (850) 226-1872 | David.jeffcoat@unishippers.com | Destin, FL |
| Part #4 | Hank Schopfer | (636) 493-0774 | Hank.schopfer@unishippers.com | St. Louis, MO |
| Part #5 | Julie Fisher | (321) 409-2522 | Julie.fisher@unishippers.com | Melbourne, FL |

Appendix D

Interview summary with Participant #1

Question #1

Jim Mauldin owns the franchise in Columbus, MS and has been involved with Unishippers for at least 10 years and thought the franchisee has more to benefit from the shared accounts policy. By extending the franchise beyond its current borders and opening up the entire country, he felt this would only avail each of us to more opportunities and a larger customer base.

Question #2

When asked about the constituents involved, he mentioned that the policy did not create any new constituents outside of the employees, customers, and carriers.

Question #3

Jim stated that all businesses are ethical, period. If transactions are agreed upon by two parties, then ethics do not play out. If we, as franchisees, buy into something and we do not agree with it, then we have the chance to get out. Whether we like it or not, he felt it was an ethical policy.

Question #4

Jim felt the long-term effects of the Shared Accounts Policy will have a positive impact on the entire system, both franchisee and franchisor. As a larger customer base becomes available, franchisees should increase their margins which move up the franchise food chain to benefit the support center and franchisor, yielding a positive effect.

Question #5

Jim firmly suggested that an 80% or a 1% buy-in was not needed. He believes the franchisor can do whatever they please and if he were in their place and wanted to institute a similar policy, he might roll it out without any percentage buy-in from the franchise body.

Question #6

If he were buying a franchise today, the policy would not deter him from purchasing, however, the nature of the policy allows someone with a small franchise to sell and service the entire country without a large territory (mineral rights as it is referred) to manage. He might own or buy a smaller franchise if he joined today.

Question #7

Jim did not have any further recommendations for the policy and stated that everything that was needed was included in the policy.

Appendix E

Interview summary with Participant #2

Question #1

Len Rubin, who owns the franchise in Burlington, VT, has been a franchise owner for 20 years. He has continued to operate his franchise as a sole proprietor and has not hired any employees to help service his franchise territory. Although a small franchise, his territory covers a large geographic area, but very limited in the number of shipping customers he is able to call upon.

He thought much the opposite of participant #1, and explained that the franchisor rolled out this national shared accounts policy with the hopes of gaining more revenue for the franchisor (corporate office) and not the franchisee. He noted that the franchise system is owned by an outside equity firm that acquired 80% ownership of Unishippers in 2006. This fact initiated some interesting conversation between us, making comparisons to Mitt Romney and his relationship with Bain Capital. Much like Bain Capital, the equity group that owns 80% of Unishippers (referred to as BBT) may have initiated this policy, hoping to see some additional growth from Unishippers. Although this equity firm has little involvement in the day-to-day operation of Unishippers, it may be placing added pressure on the corporate officers of Unishippers, to generate some more revenue streams for future growth.

Question #2

The major constituents under this policy, according to Len Rubin, include the equity group (BBT) and the shipping carriers we represent. UPS (United parcel Service) is perhaps the most important constituent since it represents more revenue from Unishippers than any other carrier we represent. This policy and the way it gets carried out and enforced could have both

positive and negative impacts for UPS. As their re-seller agent, this policy may create too much competition for the same customer if the rules of the policy are not accounted for and policed.

Question #3

He felt the policy was ethical but unlike participant #1, he thought it was ethical because of the manner in which it was designed and not simply because it's business and all business is ethical. He had a more liberal point of view, and stated it was fair for all the franchisees and that business is not always fair.

Question #4

The system will experience positive long-term effects from the Shared Accounts Policy (SAP), but with the disclaimer that it is managed properly from a technical standpoint. He indicated the details of the policy could get complicated and trying to reconcile accounts, customers, and royalty, shared accounts etc. without the proper technology, might be a challenge. He felt the franchisor would do their best to ensure the technology keeps pace with the policy implications.

Question #5

Len said the 80% acceptance was fair and understood the value of having buy-in to the Policy, even if the franchise did not legally need to receive any approval from the franchise body. It only makes sense and is smart business practice to have a majority of the stakeholders involved and look to them for ideas and feedback.

Question #6

This Policy would have affected Lenny's decision in purchasing a franchise today. He emphasized the notion of owning a protected franchise and liked the security knowing others could not sell into his area without his direct permission. He did accept the fact that business

models do need to change and adjust to market conditions and under those terms, he believed he would still purchase a franchise without borders but preferred the protected franchise territory.

Question #7

He explained the franchisor corporate office spent a great deal of time designing this policy and he did not have any recommendations for the policy.

Appendix F

Interview summary with Participant #3

Question #1

David Jeffcoat is a relatively new franchise and operates his business in Florida. He has two employees in his franchise that help with billing, customer service, and freight sales. He thinks the policy was drafted with the franchisor in mind. Like Len Rubin, he feels the franchisor may have been pressured from the equity group (BBT). Since the fallout of DHL Express (our former re-seller company) Unishippers has been slow to rebound from DHL. We had a book of business with DHL Express that represented about 70% of Unishippers with freight business assuming the balance. With UPS as our express carrier since 2008, that book of business is about 40% and freight consuming the balance of 60%. The equity group owning 80% of Unishippers stock, may view this as a concern at which time they began exploring other business models that we might adopt to foster further growth.

Question #2

This franchisee thought there were many constituents involved in this business and the implications of the policy include: carriers, franchisees, franchisors, customers, equity group, and employees.

Question #3

Again, David claimed the policy was constructed under fair terms and was ethical.

Question #4

He thinks this policy is going to have lasting negative effects on the system as a whole. With additional sales people out selling and overlapping in a territory, the initial consequences will be with the customer, but will ultimately fall back on us, the franchisees, losing business

from those clients and customers that have had too many contacts from other franchisees trying to sell to existing customers. He also suggested that our branding may lose its identity from a local business owner to some type of national representation, where the customer's contact representative resides outside the immediate area, losing that "hand holding" service they have come to know.

Question #5

David Jeffcoat supported the 80% buy-in from the franchisees and stated that this was a fair and equitable decision by the corporate office. It demonstrated to us that the franchisor wants to be sure decisions are not forced upon us. It tells us that our opinions matter and they want our input on leadership issues affecting the franchise organization.

Question #6

David confirmed that his decision to buy a territory was for the mineral rights, and for exclusivity. Under the Shared Accounts Policy, there is less of the need to own such a large area since we are allowed the rights to sell into neighboring territories as well as those throughout the country. The purchase price for a National franchise (no mineral rights) is very nominal in comparison to one that was purchased under territorial agreements with mineral rights. Although these existing franchises operate under the same principles, if they choose to stay within their area, no sharing of accounts will take place.

Question #7

His recommendations are in the technology end—regarding the enforcement of the policy. He would like more mention on the outline of the technology deployment, and how they intend on staying current, handling all the demands that this policy may warrant.

Appendix G

Interview summary with Participant #4

Question #1

The fourth respondent, Hank Schopfer, owns a franchise in St. Louis, MO. He has been in the franchise system for 2 years and sells and services more heavy freight business (less than truckload) and very little business with our UPS partner. He believes both the franchisee and franchisor will benefit financially through the open territory and shared accounts policy; however, it will come at the cost of the Unishippers brand. Our brand has historically been the local “shipping guy” or “local shipping partner” for all those small businesses we typically service. By opening up the entire country, our customer’s, “Hank feels” will lose that identity they have come to accept and associate with Unishippers as our distinguishing characteristic that has always separated us from similar freight and shipping companies.

Question #2

The constituents of this policy include: carriers, franchisees, and franchisors. He did not mention customers as one of the constituents as other respondents did.

Question #3

Like all the participants, he felt it was ethical despite some of the points that are not to his favor.

Question # 4

Hank stated that the policy would ultimately have positive returns for the franchise at large, but it may take 2 years before this can be measured quantitatively.

Question # 5

He was one of the 80% that signed and approved the policy. While there are still a few franchisees who have yet to agree to the terms, Hank felt the percentage was more than adequate for moving forward with the policy.

Question #6

His decision would be greatly affected if he purchased today. He suggested that these talks were in place when he began exploring franchise opportunities with Unishippers. He claimed he was not aware of all the ramifications and nuances of the policy at that time. He bought a sizable franchise in St. Louis that cost 3 or 4 times more than these new national franchises being sold today. Although he has territorial mineral rights to his franchise, he did not have the chance of buying a \$30,000.00 national franchise at that time. These national franchise agreements do not afford one a franchise territory, but rather the rights to sell all the franchise products and services available. With the national franchise, that person must share 10% of his gross margin with the franchisee owning the area he sold an account. Hank's point was, "I would have purchased one of these national franchises at \$30,000.00 and would be more than willing to give away 10% of margin for each account procured." He noted that it would take a lot of 10% splits to make up for the cost of this franchise.

Question # 7

Hank recommended that the policy maintain some limit on the number of national franchises sold. Franchises A, B, C, and D all have different arrangements. Franchises classified as "A" are still protected and outside franchisees must receive special concessions to sell in their location. Franchises "B" can sell outside an area and must let others sell into their area. Franchise "D" can sell anywhere but must share 10% of their margin. C franchisees are legacy

franchisees that default to a “D” due to low activity performance. Hank’s concern was valid when he asked, what might happen if the corporate office sells too many national franchises, and because they have no boundary, may flood a territory with sales consultants calling on the same customers. He suggested placing a cap on the number of the franchises being sold to ultimately protect our brand, customer base, and integrity of the company.

Appendix H

Interview summary with Participant #5

Question #1

Julie Fisher comes from one of the larger franchises in the system, owning several areas in Florida. She and her husband are both actively involved in the franchise operation and employee approximately ten associates. When asked who she thought was a beneficiary of this Shared Account Policy, she emphatically answered both the franchisee and franchisor, without much detail or back up. Many of the larger franchises objected initially to this policy, stating the concern of owning so much territory, when it may not be necessary under this model. Once the details emerged, the franchises understood that they could still benefit from the mineral rights of their territory by retaining 100% gross margin, needing only to release 10% with accounts outside their franchise territory.

Question #2

Julie reported the only constituents were the franchisees and franchisor. No other party should be affected or have any involvement or interest in the Shared Accounts Policy.

Question #3

She felt the policy was truly ethical without too much to report on the question.

Question #4

As a system, Ms. Fisher sees the policy allowing for future growth, with positive long-term affects to the benefit of the entire franchise body and franchisor (support center). She has gone through several changes with this business, as I have, and feels with all the bad press and negative programs rolled out and introduced to the franchise, this is perhaps one of the more positive moves.

Question #5

Julie appeared to have the most in common with the franchisor, with little resistance on any aspects of the policy. She agreed with the 80% buy-in from the franchisee and thought that was very prudent of the corporate office to have in place.

Question #6

This policy would not affect her decision as she was a “B” franchise. She suggested that if she were a “C” franchise then it may cause her to decide differently. Her territory is large enough that there is no need for them to sell in neighboring areas and be subject to the 10% shared account. If their sales representatives stay within their territory boundaries, 100% of the margin stays in their organization.

Question #7

She recommends that the franchisor invests into technology, so the policy can be supported properly and we can see accountability within the system. There are areas and gaps in the system that could be abused or neglected if the tracking capabilities for accounts, customers, splits, zip codes, and territory areas are not closely monitored.