

# PROFIT

Profit Soup News

July 2008

Dear Sarah,

Welcome to Profit Soup News!

There is no doubt that we are in challenging economic times at the moment. However, the right actions now can lead to increased profit and productivity in a franchise network, ensuring a strong business for the future.

This month's newsletter focuses on two strategies proven to boost profit: peer support programs and performance benchmarking.

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## *Peer support groups: Increasing profit and optimism for franchisees*

"What have you done for me lately?" - In the current climate this question is front of mind for many franchisees as they seek ways to boost profit and cash flow.

When sales are harder to achieve, both the franchisor and franchisee naturally focus their attention on profitability and productivity.

For franchisors this means ensuring high impact yet cost-effective franchise support. At the franchisee level, excessive focus on cost reduction can result in diminished customer service or quality issues. The best franchisors encourage franchisees to raise profit and cash flow without sacrificing capacity to grow and service the market in the future.

One effective way to support franchisees is through peer groups. These leverage an aspect of franchising that seasoned professionals understand well: that franchisees learn best from each other.

The most effective franchisee peer groups meet regularly, focus on profit, sales and operational practices, and include a time for informal conversation. The same format can be used to provide a forum for field staff to stay focused, connected and share ideas.

Despite the prevalence of sophisticated intranets and email, human contact is essential to help franchisees stay energized, accountable and motivated. Scheduled time away

from the day to day business enables them to step back and assess, reflect and plan.

The right actions now will help build a franchise business with strong profitability that boosts franchisee satisfaction and attracts well informed and demanding franchise leads. Everyone benefits when franchisees are more profitable.

Read our case study to discover how a successful franchise network has benefited from their commitment to franchisee peer support groups:

[Kwik Kopy Australia's Peer Groups Improve Profitability](#)

## *Get the best from your business: How do I implement a benchmarking program?*

"What an appealing concept! How much money can I make?" - An informed franchise prospect will rarely remain interested in a franchise that cannot provide an answer to that question.

By systematically measuring franchisee performance franchisors can maintain and work to improve franchisee profit and gather information needed to support financial performance representations.

A franchise system that conducts regular benchmarking gains a clear understanding of the profitability of its franchisees. This information can be used to help increase the effectiveness of franchise support as well as to validate financial performance representations.

Benchmarking is the process of identifying, understanding, and adapting outstanding practices to help an organization improve its performance. An effective benchmarking program enables a franchise network to:

- Measure the financial performance of the network as a whole
- Objectively measure performance trends and the impact of new initiatives
- Provide information that helps franchisees improve performance and plan for the future
- Support financial performance representations and reduce attrition resulting from unrealistic expectations by new franchisees

Importantly, the practice of benchmarking enables franchise executives to demonstrate and support their commitment to profitability and concern for long term success for franchisees.

Read our white paper to discover more about how to implement a benchmarking program:

[Benchmarking Franchise Performance: Eight steps to best practices for your organization](#)

## Contact Us


Email one of us directly with interest, questions or to say hello:

Barbara Carper, CPA [barbara.carper@profitsoup.com](mailto:barbara.carper@profitsoup.com)

Kathy Hastings [kathy.hastings@profitsoup.com](mailto:kathy.hastings@profitsoup.com)

Kate Groom [kate.groom@profitsoup.com](mailto:kate.groom@profitsoup.com)

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