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Jason Cunningham, left, and Derek Brock, who knew each other's values and work habits before founding Jugo Juice, are acutely aware of relationship dynamics in franchising.

GOOD PARTNERSHIP JUICES UP PROFITS



FRANCHISE DYNAMICS

BY DEREK SANKEY

Stories of partnerships turning sour abound in every business sector. However, in the world of franchising, that dynamic is compounded by the sheer number of partnerships — between franchisees, within a single franchise, between franchisors and between every other stakeholder in the business.

That is why when Jason Cunningham and Derek Brock founded Jugo Juice, a Calgary-based juice bar chain, 10 years ago, they were deliberate about their foray into a franchising partnership.

"It keeps you sane Monday to Friday," says Mr. Brock about the decision to partner with Mr. Cunningham, whom he had met when they were both managers at a Starbucks franchise.

The dynamics of any partnership can have as much impact on the success of the venture as does a strong marketing and business plan. Just be sure you are both acutely aware of your own, and each other's, management styles and personalities.

"Jason occasionally seems

“It helps to get feedback, instead of making a solo decision

to be more the serious one and I'm more the friendly, touchy-feely guy, so we complement each other well," Mr. Brock says.

The self-described creative, entrepreneurial founders, immediately hired on an analytical finance person to play a key role in the company's expansion plans to counter-balance their personalities. "It's important to collectively recognize your weaknesses and make sure you hire that within your organization," Mr. Cunningham says.

Messrs. Brock and Cunningham say having a partner to take over when you're not having any luck — whether you're a franchisee or franchisor — can be a distinct advantage.

When the dynamics behind one personality fail, the other can step in. In that sense, a partnership can more effectively manage staff and create and maintain business relationships.

"Sometimes the other person will be able to connect with a relationship that you're trying to commence with another party," Mr. Cunningham says. "You can divide and conquer."

Bringing a partner into a franchise operation also gives you the flexibility to get away from the business knowing there's someone to hold down the fort.

One of the most common — but potentially disastrous — ways a partnership can complicate things is during two of the most critical steps in the life of any franchise: entering and exiting the business.

Lorraine McLachlan, president and chief executive of the Canadian Franchise Association, says that beyond the legal framework and being aware of the differing personality types, a lot of attention should be paid to what happens when a partner wants to dissolve the relationship.

"[A franchise partnership] is really no different than going into a partnership in any other type of business," Ms. McLachlan says. "You need to be clear what the roles and responsibilities are ... in terms of an entrance and exit strategy."

A lot of it is common sense, but too many entrepreneurs think the great relationship will last forever, during good times and bad, and end up getting a nasty and often costly surprise if they aren't prepared.

Still, for many entrepreneurs the advantages of having a second set of eyes outweighs any potential disadvantages of having a partner on board.

"It definitely helps to get some feedback instead of making a solo decision," says Mr. Cunningham, whose chain celebrated 100 stores this year with plans for another 15 locations to open by the end of this year.

Franchisees, on the other hand, whether in a partnership or as a single owner, also have to realize that by the very nature of buying into a franchise, you're entering into a long-term partnership with the franchisor.

"What's great about that relationship, no matter what

industry you're in, is the franchisee doesn't have to re-invent the wheel and they can narrow their focus rather than having to worry about marketing, research and development, product innovation, real estate design ... they can focus their efforts on operations," Mr. Cunningham says.

When disagreements arise — and they will — remember you are both in this for the same reasons and apply some good, old-fashioned rules to your response. Take the time to thoughtfully express your views, listen to your partner's views and be prepared to compromise.

If you share the same values heading into the venture, the partnership is likely to avoid any catastrophe. "Just set aside your ego," Mr. Cunningham says.

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