

Franchise update | 2011 Q4

BUSINESS INTELLIGENCE FOR GROWING FRANCHISORS

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*Wendy Odell Magus
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Grow!
*Leveraging people,
budgets, brands, and
resources*

HIGHLIGHTS FROM THE 2012

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ANNUAL FRANCHISE DEVELOPMENT REPORT

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- **Validation:** Who does it best?
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BY KEITH GERSON

Anatomy of a Start-Up

Our Brand's Secret Ingredient

Part 3

EarthFruits Yogurt Café's HR recipe



It's not our products. It's not our price. Pay attention as I'm about to lay out our secret competitive weapon right here for all to see. Are you ready? It's our people!

Okay, not exactly a revolutionary strategy, but how many companies actually transcend their category through their customer service? I might be getting ahead of myself in the sequential story line, but we actually made a five-store franchise sale to a franchise prospect who completed the entire discovery process with a leading competitor and was given a contract to execute. Although she was passionate about the other concept, she realized she had been going to several of their yogurt shops at least five times a week for two years, and their employees never even bothered to learn her name, let alone her favorite products and preferences. Service is truly our advantage, from the executive level down through the employee ranks.

We believed a well-executed human resources plan, consistently delivered from location to location, would provide our EarthFruits Yogurt franchise system with its greatest competitive advantage—but it would have to become an inextricable part of our franchise culture and DNA.

In my experience, delivering the

highest and most consistent levels of customer excellence in our category is even more important than having the world's best yogurt (which I believe we have). I have stated that our vision is to become the Starbucks of frozen yogurt, and I am particularly focused on their most important recipe for success: their team members, known as baristas. Starbucks proved that in a category in which a cup of coffee is ubiquitous, they could bring a new level of service expertise that truly separated them from their competition. Besides incredible depths of product knowledge, the Starbucks baristas are coached on the heart of the Starbucks mission: Be welcoming. Be genuine. Be knowledgeable. Be considerate. Be involved.

Our team member mission can be summarized with an acronym named for one of our most popular product ingredients, acai (pronounced a-sigh-EE):

- A - Acknowledge and smile
- C - Compliment and converse
- A - Above and beyond
- I - Inform our guests

To secure employees capable of sustaining these simple but critical steps requires EarthFruits management to employ a discipline in recruiting that is a combination of behavioral science and perseverance. It requires focused training and ongoing reinforcement.

The EarthFruits HR recipe

The specific elements in our approach are defined as follows:

1) Process. EarthFruits management recognizes that its employees are an integral element of the overall product. They have to be more than a customer service advocate; they must be knowledgeable about the product at the level of a nutritionist.

2) People. Incentives, growth opportunities, and recognition encourage EarthFruits team members to show up every day, do their absolute best, and be proud of the product they help create. We are finding that our team members are attracted to us

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and are staying because they have a sense of belonging. They take pride in their roles because of measurable performance standards and clear job descriptions with a defined advancement ladder structure.

3) Profit. By creating a positive work environment and offering bonus opportunities tied to bringing in more customers who spend more money more often, we are enjoying a low turnover rate. In addition to their hourly rate, employees have the opportunity to share the profits of the company as long as they have performed to the standards outlined by employment.

We are employing a technique that Debbi Fields of Mrs. Fields Cookies fame personally taught me for ensur-

ing that we would have team members capable of creating a highly memorable customer experience. It's called "Singing, Sampling, and Selling." This process was based on a simple premise: You'll learn more by having candidates demonstrate their skills. After all, the best predictor of future performance is past performance, and your ability to see the behaviors being demonstrated gives you assurance that the skill is there.

Step 1. Each of our interview candidates is told by our interviewers that it is their birthday, and that it would mean so much if the candidate were to sing the song "Happy Birthday to You." Simple as it seems, you'd be surprised how few are willing or comfortable doing it. This is critical as we are looking for fun, outgoing, and self-confident employees. If your candidate is uncomfortable or unable to sing to you in your presence, it's highly unlikely that they will create an experience with your guests (or as we call them "tribe members") in our franchisees' absence, as our self-serve model often has team members working alone.

Step 2. Referred to as "selling," our candidates are asked if they are fans of frozen yogurt and, if so, to share what their favorite flavor is and to describe what they most like about it. Here we look for evidence that the individual is passionate about the products we sell and that they have the ability to describe it. After all, if we are looking for team members capable of being "barista-like" they will need to have a vocabulary broader than "I like it 'cuz it tastes good." Instead, how about, "I love the Acai Blueberry Yogurt because it tastes like a rich and smooth mix between blackberries and chocolate and it's full of vitamins and nutrients."

Step 3. "Sampling." Each candidate is given the opportunity to demonstrate that they are outgoing and capable of making a connection with our tribe members. We give them a tray full of sample cups filled with their favorite flavor, and we ask them to make our

guests happy by handing out free samples. Some will prop themselves up against a wall and passively extend the tray as people walk by, and then there are our type of candidates who will quite comfortably go from guest to guest and table to table saying, "Have you ever tried the Energizing Pomegranate? You better sit down when you taste it, because your knees will buckle, it's so good."

To ensure we have access to the best talent, we offer a premium. Our employees are started at \$10 per hour and, since they are primarily college students, we offer flexible schedules. Our employees are also offered a shift premium of up to an additional hour

Anatomy of a Start-Up

organization I admire for its commitment to creating a service experience is Chick-fil-A. You can check out an example of their commitment to excellence by doing a Google search for "Chick-fil-A—Every Life Has a Story." I experience over-full tear ducts every time I see this training video.

Aligning behaviors with brand promise

How are we ensuring that our team's behaviors align with our brand promise? Our new employees are being trained that we aren't in the business

to make a sale, but to create experiences and build relationships. If we just sell a product, we will be known as a vendor, but if we sell a vision or experience we will be known as a brand and achieve our brand potential.

To that end, we have identified all touch points in the "customer corridor" to ensure that we can influence the customer through their experience. Indeed, every touch point has the potential to create an amazing and differentiated experience. These experiences can be as mundane

as preventing customer frustration from not having their favorite flavors on hand, or as exhilarating as the customer's child receiving an unexpected extra like a free Acai Beaded Bracelet. We purchase these to help break the cycle of poverty of homeless children in Brazil (more than 7 million) through The More Project supported by EarthFruits co-founder Randy Larson.

Our future franchisees and employees will forever be trained on creating moments of truth defined as follows: any time a customer comes into contact with any aspect of a business, however remote, it as an opportunity to form an impression. And just

as important, we are now beginning to install a system that will allow us to effectively measure our ability to deliver those moments through a process known as the Net Promoter Scorecard (check out satmetrix.com). This is critical to a business, as 60 to 80 percent of defecting customers described themselves as satisfied or very satisfied before taking their business elsewhere. Also, an average company loses 10 to 15 percent of its customer base annually, and almost half of buyers avoid a business based on someone else's experience. So we will have to get this right to one day jump to the head of our category.

Someone say Amen

In ending this month's column, I'll close with two quotes, the first from the book *Answering the Ultimate Question* by Owen and Brooks. "Marketing messages alone will not create the conditions for organic growth; it is the alignment between the brand promise and the actual customer experience that fuels positive word of mouth and growth."

The second quote is from Jeff Bezos, founder and CEO of Amazon.com: "If you make a customer unhappy in the physical world, they might tell six friends. If you make customers unhappy on the Internet, they can each tell 6,000 friends." Clearly our success depends on getting this strategy and implementation right!

In my next installment I'll discuss the development of our franchise offering and FDD, and how we simultaneously launched our franchise sales endeavors along with our model cafe. I'll also explore the challenges and victories we are experiencing in overcoming the concerns of potential prospects joining a brand new franchise concept. ■

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of pay for each hour worked retroactively for exceeding targeted sales goals over the previous two-week pay period. It can be earned only if the cafe achieves its total sales objectives for the two-week period. Therefore, each team member knows that they not only have responsibility for driving sales, they also have to help ensure that their fellow employees are doing suggestive selling and providing superior service that results in more tribe member frequency and referrals.

These simple steps really narrow the candidate field. As a result, we have opened with the best and most motivated team members I've ever witnessed in any retail operation. Another