Franchise Model Good for Associations
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Would a franchise model benefit associations? Nonprofit association and for-profit franchises share a drive for good customer service, brand awareness, delivery of products and services and sustainability of the organization.

While I describe the concept to volunteers, they are more focused on committees, member growth, fund raising, and conferences, for example.

The model can be applied to any nonprofit interested in strength and sustainability. It is especially of value to parent organizations that oversee components.¹

Franchises

The International Franchise Association describes the purchase of a franchise as benefitting from an entire system for operating the business. The buyer receives operating manuals, training, brand standards, marketing strategy and business advisory support.

Nonprofits don’t have a “buyer” other than the membership or investors. They have developed a structure intent on advancing a cause or mission. Seldom do they speak of producing a profit. Obviously, franchise and commercial enterprises focus their efforts on profit.

Though their purposes are different, they share a framework built on three strengths: structure, strategy and sustainability.

Without a framework for training, sustainability and consistent member service, an association can falter. The three areas in which to maintain strength include:

Structure - An arrangement and organization of interrelated elements in a system, i.e. the relationship of board and staff.

Strategy - A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem, i.e. the strategic plan.

Sustainability - The endurance of systems and processes to support continuous success, i.e. member value and sources of income.

¹ Recommended reading: The E Myth: Why Most Businesses Don’t Work and What to Do About It
Starbucks Model

Consider the Starbucks model. Wherever I visit I have confidence in their service and products, in part because I recognize their structure, strategy and sustainability. This is common in franchise operations that build and demand consistency.

Starbucks outlets are unique in reflecting the community they serve. Whether it be a city street corner, a hotel lobby, or a Cheyenne, Wyoming location built from reclaimed ranch fencing.

It is *inside* the store that demonstrates the application of structure, strategy and sustainability.

For instance, the *structure* (or infrastructure) is recognizable in every outlet: There is a climate controlled food showcase, a line for placing orders, and the pickup area designated by hanging pendant lamps. The structure continues with a customer seating area, clean restrooms and access to the internet.

The *strategies* are built around the customer service. For example the barista recognizes me by name, "Bob I have your coffee ready." They promise to prepare orders to my specifications and offer to replace it if not satisfied. And they make payment easy by scanning my phone, gift card or using Apple-Pay. They communicate with me by email and invite me in for a free coffee on my birthday.

*Sustainability* is reflected by their growth of new outlets averaging one per day. They train employees to precisely know their jobs whether handling drinks, money, food, ordering or clean-up. And they introduce new products and seasonal drinks, even teaming up with other brands, such as Delta Airlines and Oprah Winfrey.

Application to Associations

**Structure**

Structure is the configuration of leadership (board, committees) management (staff, consultants), resources (finances, volunteers, time) and technology (hardware, software and internet presence) among other elements. If one of the elements is weak, the structure is feeble.
• **Board of Directors** – Is it the right size for the organization; composition is reflective of the organization and community it serves; competency is enhanced through training and resources.

• **Committees** – Workgroups supplement efforts of the board and staff; committees are aligned with the strategic plan’s goals; they are intended to produce significant outcomes (as opposed to being dysfunctional or wasting time.)

• **Support Staff** – Sufficient staffing is in place to support the mission and priorities. Staff are respected for their management skills, provided with effective work space and afforded opportunities for professional growth.

• **Organizational Chart** – Seemingly a minor element in the structure, the org-chart depicts the relationships, authority and channels of proper communication within the structure. Without it things can go awry.

• **Technology** – The invisible element of structure is technology. The investment in technology and training to support functions of the organization might exceed ten percent to be adequate in serving the community and positioning the association.

### Strategy

Strategy is reflected in a strategic plan. At a minimum the leadership and the executive director have thought out the priorities to advance the statement of purpose. Without a plan, efforts wander and personal agendas take hold.

• **Vision** – Organization has a vision of how to improve its community (profession, trade or geographic) through 2020 or beyond. Board members are respected thought-leaders.

• **Strategic Plan** – The board-developed plan allocates resources needed to advance priorities for 3 to 5 years. The plan is the predominant roadmap for board, committees and staff.

• **Messaging** – Clear concise messages describe the organization’s purpose, goals and achievements. The brand image is powerful and known.

• **Strategic Discussions** – Board focuses time and resources on the future; minimizing discussions of the past (how we used to do it) and micromanagement. Meeting minutes reflect progressive, successful efforts of the board.
• **Performance** – Research and data support the work and decisions of the board. Discussions focus on performance metrics as opposed to feel-good conversations influenced by “group think”. Reports include dashboards to depict trends, gaps and omissions.

• **Macro Perspectives** – Directors think broadly, accepting their governance roles. Details and administrative questions are addressed between board meetings (and less at the board table.) The purpose of meetings is not to read and listen to reports but to focus on the substantive discussions.

**Sustainability**

Sustainability represents “staying power.” The board and staff are stewards of an organization that may have been founded decades before and is likely to exist for years to come. Sustainability is built around finances, staffing, leadership and relevance.

• **Leadership** – Sustainable leadership relies on future leaders, often identified by committees and young professional networks. The guiding principles of founding leaders should be carried on to sustain the organization.

• **Revenue** – There should be multiple streams of income. The organization has a plan if one or more revenue sources expires.

• **Staffing** – There is staffing sufficient to grow the organization and serve the members. Consultants are relied upon as needed.

• **Assets** – Capacity is often measured by an organization’s assets. These may include owning a building, savings, office equipment and even the intellectual property developed and protected by the organization.

• **Relevance** – Are benefits and services honed to precisely meet stakeholder needs? Are the outdated programs dropped? Are resources allocated to develop new cutting-edge services?

There is no reason why an association or chamber cannot be as effective as a for-profit enterprise. Don’t be lulled into thinking it’s not important because of the descriptors “volunteer” and “nonprofit.” Associations are businesses just like their for-profit counterparts.

**Manuals**

One aspect of successful franchises is their ability to transform every process into a best practice. The best practices are documented and stored in operating manuals.
In an association, the manuals or organized as a: 1) leadership manual, 2) personnel manual, 3) policy manual, 4) business continuity/emergency manual, 5) style usage manual, and 6) staff procedures manual. The concept supports consistent customer service, employee training and sustainability as transitions may occur.

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Note: Bob Harris, CAE, provides free governance tips and templates at www.nonproficenter.com.