

FRANCHISEUpdate

Business Intelligence for Growing Franchisors

Q2 | 2022



Changing with the Times

Standing still will get you run over

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With more years in franchising than I care to admit, I see one true principle for a franchisor's ongoing success: Listen to franchisees and their customers. They will tell you where to take your concept. Further, there's one common outcome I've noticed for those who stand still while society and commerce evolve: obsolescence. Competitors will sense this condition, customers will quickly leave, and franchisees will become unruly.

I participated in McDonald's amazing progress, which was driven by connecting with customers and franchisees. Franchisees were instrumental in expanding the hamburger menu to all-day offerings and the specialty items customers wanted. They advanced the concept and led the franchise industry from junk food to fast food.

At Mail Boxes Etc., we started as "The Post Office Alternative," taking and holding people's mail and arranging shipments to anywhere in the world. Listening to customers and franchisees, we learned that time-saving convenience and satisfying service were the key to selling more, including printing, notary services, passport photos, and numerous other things. The retail concept expanded to more than 3,500 U.S. retail locations, and today is known as The UPS Store.

Postal Connections began as a pack-and-ship retail franchise. The concept was young, and many available marketplaces remained where residents and small businesses were underserved with convenient retail services locations. My business partner, Andy Thompson, and I purchased Postal Connections in 2007. We expanded across the country from small towns to midtown Manhattan. We soon learned that to engage with the competition our concept had to adapt. We strategized a new opportunity to expand the concept to account for our evolving society and budding e-commerce. Here are some of the forces of change we encountered.

E-commerce and online sales

To keep pace with the changing times and provide new revenue opportunities for franchisees, we purchased iSOLD It on eBay, an eBay sales assistance program. E-commerce reaches into homes not only for buying things, but also for selling things. An assistance program to sell on eBay and other platforms is appealing and hard to find. Interested customers are frequently the same people who come to us for other services, including small businesses that find it difficult to hire back-office staff. We're expanding the business where we can deliver service and convenience, and the benefits are plentiful: free valuations of customer items, security from hacking, convenience, and turning unwanted items into cash. We continue

to innovate with iSOLD It by developing a proprietary operating system so our staff can make transactions profitable using a straightforward system.

Shifts in customer behavior

Online service delivery and e-commerce adoption have rapidly changed customer behavior, driven by several factors: the pandemic isolation and desire for in-person help with tasks, working from home, small businesses unable to hire back-office staff, e-commerce "last mile" logistics local support, e-commerce taking over the way people buy things, savvy knowledge of online services to do things for customers, etc.

We have learned many things from this shift: medical and insurance reports must be physically mailed or faxed to comply with HIPAA regulations; digital fingerprinting is frequently required by school districts, companies, and government positions; virtual mail replaces physical mailbox service where the customer gets the address but receives the mail online; and the value of providing shipping choices with all carriers for selling, shipping, and packaging, plus participating in pickup and drop-off return. Each carrier, including USPS, has made alliances with clients for customer drop-offs and does so with an exclusive QR code on return labels. Typically, these codes are good only at local designated retail locations. To keep customers coming to Postal Connections, a unique co-branding arrangement was made with a larger franchise network to make all carriers available to franchisees.

The Postal Connections franchise has been around for 26 years because we have actively found ways to advance the concept. Our best resource for change continues to be listening to franchisees and their customers. We show our support through actions like frequent visits to franchisee service centers and rapid response to requests for help. This support is followed from the startup of a new franchise and remains ongoing throughout the 10-year franchise agreement.

Our approach has proven successful and is evident in the nearly 23 renewals out of 25 expirations in the past 5 years. Our site selection and financial guidance for new franchisees is done face-to-face. Our training is done by current "champion franchisees" in their service centers with follow-up to support them when their service center opens. Andy has organized training into two sessions: first, a "live action" training session in the champion's location by serving customers, and then a shakedown session in the new service center to be sure it's ready for business.

We train with a focus on our operating values: Trustworthy, Friendly, Savvy, and Leading-Edge Service. As franchisors, we follow these values wholeheartedly in dealings with our franchisees and customers to ensure that the Postal Connections franchise experience remains a positive and profitable one. ■



Fred Morache has been in the franchise industry for four decades as an executive, advisor, and franchisor. He has extensive experience working with franchisees and is well known for working on a personal level to provide effective business solutions for owner-operators. He and Andy Thompson purchased Postal Connections in 2007 and later bought iSOLD It. He and Thompson are managing partners and sole owners of Postal Connections of America and are based in Frisco, Texas.