

## Franchising Must Return to Its Core Values

The recent disquiet in the Australian franchising industry over some poor practices by a few franchisors has led to the current Parliamentary Inquiry into the Franchising Code OF Conduct including the various organisations and businesses operating within the sector.

As practitioners in franchising, Wollermann Franchise Developments (WFD) believes this is a welcome, and overdue, response to what has become a drifting away from the core principles that underline proper franchising.

Franchisors who prioritise shareholder value and growth for growth's sake over the well-being of their franchisees, ignore the business reality that franchising is essentially a two-way relationship.

Without happy and financially healthy franchisees, no franchisor can expect to prosper in the longer term. In fact, an environment in which franchisees are seen as merely a means to an end for the franchisor is to be blind to the reality that without franchisees, no franchisor even has a business, let alone a successful one.

Every franchisor needs to recognise that their primary customer is their franchisees. It is their franchisees who pay their fees and royalties, who buy stock and services from them, who develop their brand profile and customer goodwill at the local level and who, over time, create the value through the multiplier effect that is franchising.

If the current Parliamentary Inquiry into franchising achieves one thing – it should be the reality check for **all** franchisors that their prosperity and their future are totally interconnected with the fortunes and well-being of their franchisees.

Franchising must always be a win-win relationship. The sooner the sector re-focuses on this core fundamental, the better for all – franchisors, franchisees, employees, customers, suppliers, everyone!