Creative and Practical Steps for Franchises to Survive the COVID-19 Crisis

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The current coronavirus crisis and its economic impact is a colossal curveball that nobody could have anticipated, and if you're a franchise owner, it has likely turned your world upside down.

Challenging as these times are, there are several concrete steps that franchise owners can take to help survive the current environment.

For starters, right now is a great time for franchisees to go through their P&L statement with a fine-tooth comb and look for any non-essential services that they don't need or can cut. When times are good, you might have someone coming once a month to wash your windows or mow your lawn. Maybe you have someone coming in every two weeks to sharpen your knives.

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Guess what? If there ever was a time to perform those services yourself instead of paying someone else to do it, it's now. When the economy is up and running again, you can go back to outsourcing these tasks, but you're in survival mode right now.

Look for relief everywhere

Similarly, if you have anyone on retainer – a lawyer, an accountant, a marketing firm – give them a call and see what they can do about monthly retainer fees. Are they able to dial down the monthly amount, or otherwise tweak the arrangement? What can they do for you?

You'll also want to call your landlord to see what kind of relief they can offer. For instance, many landlords did not require April rent to be paid by the first of the month and instead allowed that payment to be spread out across the term of the lease.

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Are you paying general liability insurance, even though your locations are closed and you don't have any customers coming onto your property who could potentially file a lawsuit? Call your insurance company and see what they can do for you as far as waiving payments or crediting you for future months.

Making these types of calls should not, even for a second, give you pause, because nobody – and that includes your vendors and service providers – wants to lose customers or tangle around in court right now. They'll be willing to work something out with you.

Put a premium of creativity

Next, franchisees should look at their own operations and see if there are creative ways to make the most of an adverse situation. Do you have a bunch of food and inventory that's going to go to waste because you can't move it? Donate it to a local food bank or charity organization. It's not just a good act – you can get some positive press for your business and maybe even reduce your tax liability through a write-off. Not

a bad ROI for a bunch of inventory that you can't utilize that would otherwise be thrown out.

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Creativity also means looking at this crisis and seeing if there's an opportunity to meet people's needs in a new way. For example, some supermarkets have been putting people to work wiping down shopping carts as a competitive differentiator. Gas stations have been offering full-service gas pumping so that customers don't have to touch a potentially contagious gas pump or touchscreen.

What's the equivalent in your particular business that you can offer customers to make them more comfortable and more willing to spend their money with you? Maybe it's offering some kind of contactless pickup or delivery. Don't be afraid to "steal" ideas that have been successful in other industries or businesses and then implement a version of it in your own business. A successful idea is, frankly, a good idea to replicate.

While you're focusing on surviving this crisis, never forget that at some point – some glorious day in the not too distant future – the pandemic will have passed, the lockdown will be lifted and the gears of the economy will start turning again. Now is the time to start thinking about how you will respond during this ramping up period.

That might mean rearranging your dining room from 50 seats to 30 seats because some states will have strict social distancing requirements in place for restaurants once they start letting businesses reopen. Start planning and preparing for this next phase today, so that you're ahead of the game once your doors can finally swing open.

Look to the mothership for help

Amidst all of this activity, your franchisor can be a valuable resource. They are, after all, the experts in how to operate your concept and the different ways it can be configured or adapted.

Any good franchisor will offer flexibility in how the model can operate, enabling a franchisee to try something a little different. For example, if you've traditionally been a lunch and dinner destination, but there are too many other businesses trying to sell "to go" lunches and dinner packs right now, you might want to try selling breakfasts instead. There should be an ongoing two-way dialogue between franchisee and franchisor to spark creative ideas and solutions.

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The franchisor can also provide creativity from a financial standpoint. Let's say your establishment is still open as a to-go business, but sales are down 40%. For the month of April, your franchisor might be able to take your top-line royalty payment down by 40%. Alternatively, they might be able to temporarily waive support fees or marketing royalties for the months that you're impacted by the ongoing crisis.

Your franchisor wants you to stay afloat and to succeed – and how they treat you will tell you who you're in business with, both in the challenging times we currently face, as well as the brighter days ahead.

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