

## FRANCHISEE RELATIONSHIP QUESTIONNAIRE

Using the following definition of the term "franchisee", you

should indicate how you agree or disagree with each of the

statements below. Please indicate your response by marking

the appropriate number on the scale below.

Strongly Disagree 1 2 3 4 5 6 7 8 9 10 Strongly Agree

1. I am satisfied with the way my franchisor handles

complaints from franchisees.

2. My franchisor is fair in the way it handles

complaints from franchisees.

3. My franchisor is fair in the way it handles

complaints from franchisees.

### APPENDIX A

#### THE MEASUREMENT INSTRUMENT

## FRANCHISEE RELATIONSHIP QUESTIONNAIRE

When completing the questionnaire, the term “franchisor” would refer to the franchisor organization and the entrepreneur (and not only the individual, start-up entrepreneur).

### SECTION A: GAPS 1 & 2

I will give you a number of statements intended to measure your perceptions about your Franchisor’s management style and philosophy. Please indicate the extent to which you agree or disagree with each statement. If you do not agree at all with a statement, choose **0**. If you strongly agree, choose **10**. If your feelings are not as strong, choose one of the numbers in the middle.

My franchisor has.....	Do not agree at all										Strongly agree											
	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
1. a marketing research orientation (collect and use information about the needs and expectations of franchisees)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
2. Adequate upward communication between franchisees and the franchisor	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
3. A bureaucratic organisational style (too many managerial levels)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
4. Management commitment to service quality	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
5. An attitude of unattainability ("It can't be done",)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
6. Task standardisation (programs and technology to improve operating procedures to provide consistent service)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
7. Goal integration (formal processes for setting of service standards)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10

### SECTION B: TRUST & COMMITMENT

In this section of the questionnaire you have to indicate how strongly you agree or disagree with a list of statements intended to measure the quality of the relationship between yourself and the franchisor. If you strongly agree with a statement you will choose 10 or if you do not agree at all you will choose 0. You can also choose any number in between to indicate the strength of your feelings.



	Do not agree at all										Strongly Agree
<b>Communication</b>											
My franchisor always keeps me informed of any new developments – new products, new prices, etc.	0	1	2	3	4	5	6	7	8	9	10
My franchisor communicates his expectations well for my franchises performance	0	1	2	3	4	5	6	7	8	9	10
<b>Commitment</b>											
I am committed to the relationship between myself and my franchisor.	0	1	2	3	4	5	6	7	8	9	10
The relationship between myself and my franchisor is something that deserves maximum effort to maintain indefinitely.	0	1	2	3	4	5	6	7	8	9	10
<b>Opportunisticbehaviour</b>											
My franchisor never promises to do things without actually doing them.	0	1	2	3	4	5	6	7	8	9	10
My franchisor never alter the facts to accomplish their own objectives.	0	1	2	3	4	5	6	7	8	9	10
<b>Trust</b>											
All transactions between me and my franchisor are conducted with a high degree of integrity.	0	1	2	3	4	5	6	7	8	9	10
I receive enough information from my franchisor to feel secure with my current franchising position.	0	1	2	3	4	5	6	7	8	9	10
I fully trust my franchisor to do what is right.	0	1	2	3	4	5	6	7	8	9	10
<b>Acquiescence</b>											
In the future, my franchise will comply with the policies that the franchisor establishes	0	1	2	3	4	5	6	7	8	9	10
<b>Relationship benefits</b>											
My franchisor go out of its way to serve my needs (will do anything to satisfy my needs) rather than focusing on short term profits	0	1	2	3	4	5	6	7	8	9	10
My franchisor and its personnel are proactive – they often identify and correct faults even before I notice them.	0	1	2	3	4	5	6	7	8	9	10
The trust between myself and my franchisor is the result of my previous experience with my franchisor.	0	1	2	3	4	5	6	7	8	9	10
I receive personal attention from my franchisor – they care about me as an individual.	0	1	2	3	4	5	6	7	8	9	10
My franchisor delivers consistent service that meets and even exceeds my expectations.	0	1	2	3	4	5	6	7	8	9	10
My franchisor gives enough franchise set-up support (site selection, store design)	0	1	2	3	4	5	6	7	8	9	10
My franchisor does enough co-operative advertising and marketing (high marketing spend, strong brand, name recognition)	0	1	2	3	4	5	6	7	8	9	10
My franchisor uses group buying power to it's fullest potential to the benefit of franchisees	0	1	2	3	4	5	6	7	8	9	10
My franchisor has a strong focus on training	0	1	2	3	4	5	6	7	8	9	10
My franchisor has operations manuals for all procedures and standards of my business	0	1	2	3	4	5	6	7	8	9	10
My franchisor has a strong focus on motivation of franchisees (creating of supportive networks, giving recognition & respect & acceptance)	0	1	2	3	4	5	6	7	8	9	10

	Do not agree at all										Strongly Agree
<b>Functional conflict</b>											
In the future, differences of opinion between my franchisor and me will be viewed as “just a part of doing business”	0	1	2	3	4	5	6	7	8	9	10
In the future, differences of opinion between my franchisor and me will result in benefits to both of us.	0	1	2	3	4	5	6	7	8	9	10
<b>Termination cost</b>											
The costs of terminating the franchising relationship is too high to consider terminating the relationship	0	1	2	3	4	5	6	7	8	9	10
<b>Uncertainty</b>											
I have <u>adequate information</u> to make informed decisions about the spending on local sales promotions and advertising	0	1	2	3	4	5	6	7	8	9	10
I have <u>adequate information</u> to make informed decisions about the managing of my franchise	0	1	2	3	4	5	6	7	8	9	10
I am <u>confident</u> enough to make informed decisions on what products or brands to carry in stock	0	1	2	3	4	5	6	7	8	9	10

Please indicate the degree to which you believe that (1) your franchisor would agree with the following statement and (2) you would agree with the statement (on a scale of 0-10, where 0 means that you strongly disagree and 10 means that you strongly agree)

Shared Values	Extent to which your <b>FRANCHISOR</b> would agree/disagree	Extent to which your <b>YOU</b> would agree/disagree
To succeed in this business, it is often necessary to compromise one's ethics		
If any of the franchisees or their personnel compromises the integrity of the brand, they should be reprimanded		
In order to be successful in the franchising industry, it is sometimes necessary to make compromises in terms of standards		

To what extent is your franchisor co-operative with regard to...

Co-operation	Not at all co-operative										Very co-operative
...the swift settlement of enquiries.	0	1	2	3	4	5	6	7	8	9	10
...the swift settlement of problems/ disputes	0	1	2	3	4	5	6	7	8	9	10



## SECTION C: RELATIONSHIP ISSUES SECTION

In the following section we will ask a few questions about your future intentions on an overall perspective.

How likely .....	Not likely at all										Extremely likely											
	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... would you be to continue your relationship with your franchisor, if you were in the situation to reconsider your relationship with them?	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... are you to continue using your franchisor's services that you are currently using?	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... would you be to use additional services from your franchisor in the future?	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... would you be to recommend your franchisor to a friend, colleague, acquaintance or potential new franchisee?	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10

## SECTION D: OVERALL SATISFACTION LEVELS

How would you rate your overall satisfaction with the.....	Not satisfied at all										Completely satisfied											
	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... quality of the relationship between you and your franchisor	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... service quality you receive from your franchisor	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... products supplied to you by the franchisor (quality, value for money)	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... personnel working for the franchisor	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... franchising agreement between you and your franchisor	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
... franchisor organization in total	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10

## SECTION E: SKILL AND CHALLENGE SECTION

In this section of the questionnaire we would like to gauge your opinion on the skill and challenge applicable in the managing of various aspects of your franchise. For each of the statements below you are required to indicate two aspects

- Firstly, indicate your level of skill relating to the management of each of the aspects mentioned. If you believe that you are very skilled, if you consider yourself knowledgeable and believe that you know more than most people about a specific aspect you will choose a 10. If you feel that you don't have the necessary skills and knowledge and that you don't know more than most people you will choose a 0. You can also choose any number in between to indicate your level of skill. (10= extremely high level of skill, 0=No skill at all).
- Second, indicate the level of challenge that this aspect provides to you. If the aspect challenges you to perform to the best of your abilities, is a good test of your skills and stretches your capabilities to it's limits, you will choose a 10. If the aspect doesn't challenge and stretch you capabilities to the limits at all, you will choose a 0. You can also choose any number in between to indicate you opinion. (10=Extremely high level of challenge, 0 = no challenge at all

	Column 1	Column 2
When it comes to the managing of....	LEVEL OF SKILL	LEVEL OF CHALLENGE
... my franchise in general		
... the financial (accounting / cash flow / gross profit) side/aspects of my franchise		
... the operations side/aspects of my franchise		
... the IT (technology) side/aspects of my franchise		
... the marketing side/aspects of my franchise		
... the administration side/aspects of my franchise		
... the personnel (labour / people) side /aspects of my franchise		
... the stock taking side/aspects of my franchise		



## SECTION F: FRANCHISEE LIFE CYCLE

Which of the following terms best describe the relationship you have with your franchisor. Choose only the **ONE** that best describes **YOU**.

Phase	Description	Choose only one
1	I am <u>very happy</u> with the relationship between myself and the franchisor, The franchisor cares about my success, I am <u>excited</u> about my new franchise	
2	The royalty payments are taking the cream off the top	
3	My franchise success is the result of my hard work, I could probably be just as successful without the franchisor	
4	I don't like all the restrictions that the franchisor places on the way I run my franchise, I <u>feel frustrated</u> at the constant interference of the franchisor, I want to be able to do my own thing, I want to express my own ideas	
5	I can see the importance of following the rules of the system (franchisor), I can see the value of the standards placed on me by the franchisor	
6	We (franchisor & franchisee) need to work together to make the most of our business relationship, I need specific assistance in certain areas to develop my business, I have ideas that I want the franchisor to consider	

## SECTION G: FRANCHISOR LIFE CYCLE

Which of the following terms best describe your relationship with your franchisor. Choose only the **ONE** that best describes **YOUR FRANCHISOR**.

Phases	Description	Choose only one
Excitement	Your franchisor is full of enthusiasm and hope for the future. Lots of confidence and strength. He's very proud and provides encouragement and support. Will make statements like: "We will always be here for you, you are the reason for our existence, if you have any problems at all you can call and we will be here".	
Reckless optimism	Your franchisor gets carried away with he's promises and overpromises. Your franchisor has a strong sales mentality & inflated optimism. Will make statements like "That won't be a problem, we can deal with that, our system is so sophisticated an easy to follow it virtually operates itself etc."	

Phases	Description	Choose only one
Action	Your franchisor has various tasks to perform like setting up new franchisees, supporting already set franchisees and maybe expanding own operations. There is lots of activity and action.	
Confusion	Franchisees ask more from the franchisor, so the franchisor gives more. Because the franchisor wants to keep everyone happy, he becomes confused about what his obligations really are.	
Doubt	Your franchisor is in doubt because franchisees ask: “What are we getting for our royalties, why are we paying you, who gives you the right to tell us what to do”)	
Fear	The doubt that your franchisor experienced in the previous phase is now turning into fear.	
Re-affirmation	Your franchisor has reviewed all the benefits that his franchise gives to franchisees and has a new conviction towards the franchise. He knows that franchisees are getting good value for money	
Revenge	Your franchisor is experiencing anger and annoyance towards those who questioned the system in previous phases.	
Commitment	Your franchisor has high energy levels and is committed to making it work. Often speaks about: “we”	
Greed	Your franchisor wants to get a bit more out of the system.	

## SECTION H: PLAYERS IN FRANCHISING INDUSTRY

For each of the statements below you are required to indicate to what extent FASA (Franchising Association of South Africa) should be fulfilling each specific role in terms of franchising and the franchising industry. If FASA should definitely (completely) be fulfilling a specific function you will choose a 10. If FASA should not get involved in a specific aspect you will choose a 0. You can also choose any number in between.

To what extent <u>should</u> FASA be a:	Not at all											Completely										
Watchdog for the franchising industry	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Self-regulatory body for the franchising industry	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Information giving body	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Training body	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Financing body for set-up	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Financing body for expansion	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10



To what extent <u>should</u> FASA be a:	Not at all										Completely											
	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Representative of franchisors	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Representative of franchisees	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Facilitator between franchisors and franchisees	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Accreditation body	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10

For each of the statements below you are required to indicate to what extent the GOVERNMENT should be fulfilling each specific role in terms of franchising and the franchising industry. If the GOVERNMENT should definitely (completely) be fulfilling a specific function you will choose a 10. If the GOVERNMENT should not get involved in a specific aspect you will choose a 0. You can also choose any number in between.

To what extent <u>should</u> GOVERNMENT be a:	Not at all										Completely											
	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Watchdog for the franchising industry	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Information giving body relating to franchising	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Training body for the franchising industry	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Financing body for set-up	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Financing body for expansion	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Representative of franchisors	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Representative of franchisees	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Facilitator between franchisors and franchisees	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Accreditation body	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10
Giving tax breaks to the franchising industry	0	1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5	6	7	8	9	10

Are there any problems that you are experiencing that needs government involvement?

Yes	No
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If yes, specify: \_\_\_\_\_

**SECTION I: DEMOGRAPHICS (NATURE OF FRANCHISEE)**

Name of franchise	
Name of franchisee	
Number of stores owned by franchisee?	

Age of franchise (years operating as a franchise)	
	years
Length / term of franchising contract	
	years

Ownership type	self-owned	company owned	Partnership (both franchisee and company)
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Who does the daily running and managing of the franchise business?	Franchisee self	Manager
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Number of employees	
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How strong is your current brand in your opinion on a scale of 0 – 10?

Not strong at all						Very strong					
0	1	2	3	4	5	6	7	8	9	10	

How would you rate your franchises' profitability for the last year (on a scale of 0 – 10 where 0 is very low and 10 is very high).

Very low						Very high					
0	1	2	3	4	5	6	7	8	9	10	



Start up cost (Capital intensity)	R
Licensing / royalty fees per month	R
What % of sales is payable as royalties per month?	%
Sales / Income per month	R
Profit per month (average)	

Where did you obtain financing for your franchise?

Formal education of franchisee

Lower than Std 10	Std 10	Technikon Diploma	Technikon Higher Diploma
University degree	University (postgraduate)	Other: specify:	

Age of franchisee

 years

Gender of franchisee

Male	Female
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Do you have any prior experience of self-employment?

Yes	No
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If yes, specify... \_\_\_\_\_