

Total Quality Franchising in Action

CASE STUDY: GRISWOLD HOME CARE AND THE GHCFA FRANCHISEE ASSOCIATION





SUMMARY

After over 25 years in business, the Griswold family sold its home health care franchise to a private equity firm that was intent on changing how the business was run. Franchisees who had worked with the family for decades found themselves trying to adapt to a top-down management style. A small group of long-time franchisees decided to create an AAFD affiliated franchisee association, the GHCFA.

From its inception, the GHCFA committed to pursuing a collaborative relationship with Griswold management. Progress was slow in the beginning. The relationship between franchisees and the franchisor was at a historic low when a change in management radically turned things around. A new CEO made the decision to work with, instead of against, the GHCFA.

GHCFA's commitment to collaborative franchising – guided by the AAFD – paid off. Slowly, the two sides built a foundation of mutual respect and trust. The result has been the creation of a historic set of franchise agreements praised by the AAFD and a positive relationship between franchisees and franchisors that has strengthened the Griswold brand.

*A lot of us signed up at a time when we trusted the family.
With the sale, we realized that nothing was certain.
We couldn't go on a handshake any longer.*

Meg Marin, former president and current board member of the GHCFA.



MEG MARIN

PART ONE

A Change in Ownership Leaves Franchisees Surprised and Uneasy

Griswold Home Care, launched by Jean Griswold in 1982, is one of the world's largest and most successful non-medical homecare providers. For over 25 years, the franchise was owned and operated by the Griswold family, which had an excellent relationship with its system. Many of its franchisees have been with the company for decades – some from the very beginning.

In 2009, the family shocked its franchisees by selling the business to a private equity firm. Before that transition, Griswold's market niche had always been providing top quality at-home care at a reasonable price that families could afford. New management took over and focused on driving up revenue in order to maximize return on investment.

Many franchisees chafed at the top-down management style. They started looking over the franchise agreement more closely and realized that it included unfavorable provisions for franchisees. They'd never had to worry about these provisions before, but now they were uneasy.

A small group of long-time franchisees, led by Meg Mairn, determined that Griswold franchisees needed to band together to protect their interests. She reached out to the AAFD.

PART TWO

Starting a Franchisee Association Amid Uncertainty

With new management changing the way Griswold Home Care had been run for decades, a few franchisees started to discuss forming an association. Meg Mairn reached out to the AAFD for guidance and then recruited a small group of experienced franchisees who were highly passionate about protecting the brand. Together, these leaders established a steering committee and began reaching out to recruit their fellow franchisees. When the new CEO blocked the name “The Griswold Home Care Franchisee Association,” the group called themselves the GHCFA.

The GHCFA made a crucial decision at its inception by deciding to embrace the AAFD ethos of collaborative franchising. Though many franchisees were unhappy with the new Griswold management, the GHCFA determined it would approach the franchisor with a focus on achieving a positive relationship that benefited both sides and the franchise system.



ROBERT L. PURVIN, JR.

Pretty much from day one, Meg imbued the GHCFA with a concept of ‘let’s reach across the aisle.’ She kept it up, and the people she brought to the table to be members all had that same goal and purpose.

– Robert Purvin, President of the AAFD

PART THREE

Persevering Against Suspicious Franchisees and a Hostile Franchisor

When trying to recruit members for the GHCFA, Meg, Stephen Rymal, and the rest of the steering committee faced a variety of resistance. Some franchisees feared retribution from their franchisor. Others assumed the group only wanted to file a lawsuit. Many wondered why they had to pay dues. Stephen remembers that many franchisees balked at the idea of contributing to a shared legal fund.

Despite these challenges, the steering committee held meetings, made recruitment calls, and slowly grew their membership. Throughout this process, the AAFD provided guidance on recruitment and messaging, as well as meeting and election support.

After roughly a year of work, the GHCFA officially had enough members to become an AAFD active chapter. They reached out to their franchisor on a number of issues and were continually rebuffed. The management team refused to recognize the association, but the GHCFA didn't give up.

In 2014, their persistence paid off. Griswold once again changed management, bringing Matt Murphy into the position of CEO. Matt was willing to talk to the association, and the GHCFA was ready to be heard.



STEPHEN RYMAL

We maintained a professional attitude that Bob had instilled in us. This was not about complaining about your franchise, but about providing feedback to a franchisor and offering our services to collaborate.

– Stephen Rymal, President of GHCFA

PART FOUR

New Management, New Day

The relationship between franchisor and franchisees was at an all-time low when Matt Murphy took over the reins of Griswold Home Care in 2014. Matt had previously worked for a vendor of Griswold Home Care and had built relationships with many of the franchisees. When Matt took the reins of Griswold Home Care, GHCFA members across the country began an email campaign asking Matt to build a positive, productive partnership.

Matt quickly made strides to change the company's culture. He appointed Mike Magid to the position of COO and then implemented the Positive Productive Partnership (PPP) initiative. Next, Matt developed a variety of workgroups for topics such as Marketing, Quality Standards, and I.T., and he invited franchisees to join and contribute.

Matt and Mike also formally recognized the GHCFA and established lines of communication with the association. Since the GHCFA had always focused on developing a collaborative relationship with their franchisor rather than an adversarial one, they were ready and willing to accept the olive branch when it was extended.

When Griswold needed a portion of its franchisees to sign off on a new franchise agreement, the GHFCA was willing to listen, but they requested that management also address their concerns. Chief among them was the franchise agreement.

Our approach was always to be helpful, not to be litigious. Matt made changes to increase our collaboration and really embraced us as a partner. It was like the perfect storm... but in a good way.

– Stephen Rymal



MATT MURPHY



MIKE MAGID

PART FIVE

The Franchise Agreement

Matt and Mike established a Franchise Agreement workgroup to review the Griswold franchise agreement. The group consisted of Matt, Mike, and five franchisees who were all members of the GHCFA. Meg remembers that the group set out a few important ground rules that helped protect the process. The workgroup agreed to:

- Respect each others' business interests
- Disagree without being disagreeable
- Keep all discussions within the work group confidential to avoid retribution
- Keep the lawyers out. Each group consulted with their legal representation after the work sessions, but no lawyers were allowed in the room.

Most importantly, both sides approached the other in a collaborative frame of mind, seeking to find common ground and win-win situations.

Meg remembers, "We read through the agreement together and focused first on the principles of the franchisor-franchisee relationship. We didn't dive into the hard things first, but instead built upon small wins. That's what helped us start to build trust."

The GHCFA engaged Robert Purvin of the AAFD to serve as their legal counsel. Bob guided the GHFCA on how to negotiate their position. He then reviewed the language presented by Matt and Mike's lawyers as the new agreement slowly took form.



“So many of our franchisees initially resisted paying into the legal fund,” Stephen Rymal said. “They thought it was for a war chest, but we used that money to pay Bob for his counsel. Without that legal fund, we would have been in the dark. In the end, we used that money for a very positive thing.”

After 18 months and dozens of iterations, the franchise agreement workgroup presented a franchise agreement that the AAFD hailed as historic and as “epitomizing the quest for collaborative, win-win franchising.” The agreement received a score of 97% conformity with the AAFD’s Fair Franchising Standards.

What sets the agreement apart is that it acknowledges that the success of Griswold Home Care’s common mission “is dependent on the GHC and our franchisees working together in a spirit of mutual respect and cooperation.” The agreement also sets out guiding principles which include franchisees affirming respect for GHC’s ownership of the system and GHC committing to “respect Franchisee’s ownership interest in the going concern value of the Franchise, the investment in the Franchise made by Franchisee, and the Franchisee’s interest in a long-term durable relationship.”

The process of hammering out the franchise agreement put the GHCFA and Griswold management team on a path of mutual trust and respect.

Sticking with the AAFD’s concept of collaborative franchising, even when we weren’t making headway with the previous management, allowed the GHCFA to lay the groundwork so that we were poised to work with the franchisor when they finally came to the table. – Stephen Rymal, President of the GHCFA

PART SIX

Going the Distance

The relationship between Griswold management and the GHCFA continues to be strong, but that isn't maintained without effort.

"This is always a work in progress," notes Mike Magid, COO of Griswold Home Care. "We've hit some great milestones relationally, but we've still got a lot of work ahead of us. We can't rest on our laurels." He credits Griswold's positive relationship with its franchisees to the company's continued commitment to its Positive Productive Partnership initiative, along with an ongoing effort to communicate with franchisees each week.

The leaders of Griswold management and the GHCFA have the same advice for franchisees considering forming an association and franchisors facing the prospect of a franchisee association.

Don't be afraid.

To franchisees, Mike Magid advises, "Before you go to your franchisor, get rid of the anger. Get rid of the frustration and threats. I'm not saying that those feelings aren't valid, but that's not a good position to put the franchisor in. You've got to come to them from a position of calm."

Stephen Rymal echoes this sentiment. "You're still part of the system," he says to franchisees considering forming an association. "To be successful, you have to be able to communicate with your franchisor and work with them."

We recognize that everyone wants what's best for the brand. That's the start. Then it's about building that relationship with the franchisor one day at a time. – Meg Mairn, past president and current board member of the GHCFA

PART SEVEN

Staying Relevant

How does a franchisee association stay relevant when it isn't facing a crisis?

"Don't kid yourself. It's a lot of work," Meg Marin says of building and maintaining the GHCFA over six years. "You have to continue to create value outside of the immediate problem."

Stephen Rymal, the association's current president, explains that the GHCFA serves as an important support system and sounding board for members outside the franchisor-controlled Franchise Advisory Committee (FAC) framework and has used the legal fund to research important legal and regulatory changes in the home health care landscape. The association has also sent members to conferences and even taken on political lobbying projects.

We're facing a constantly changing environment, and the association gives our members a space to talk and learn from each other outside the overview of the franchisor. It's important to have that space. – Stephen Rymal

PART EIGHT

How the AAFD Can Help Franchisees

The case of Griswold Home Care and the GHCFA proves what can be accomplished when both sides are willing to commit to a collaborative relationship. It also shows the benefit of coming to a franchisor with a unified voice and a well-stocked legal fund.

The strong relationship that GHCFA and its franchisor enjoy today did not happen overnight. It took courage and commitment from franchisees like Meg and Stephen who put in the work to grow the association's membership and to stay the course in trying to build a positive relationship with the franchisor even when the company's leader wasn't willing to come to the table. It also takes a franchisor who has the foresight to see that a franchise association can be an ally rather than a threat.

At the AAFD, our goal is to turn every franchisee-franchisor relationship into a positive one. We have worked with over 60 unique franchises systems to form AAFD affiliated franchisee associations. We can provide the guidance it takes to:

- Form a steering committee
- Devise your association's founding principles
- Recruit members from within your system
- Create a legal fund
- Reach out and communicate to your franchisor in a positive way that will build bridges rather than send you to court

"I'm incredibly proud of what we've done," says Meg Mairn. "We've changed the entire culture of the franchise from something that was negative, combative, and adversarial to something that is collaborative and positive."

Mike Magid added, “Because of the efforts of the AAFD and what they’ve done to help the association, we are a much stronger company today than we’ve ever been.”

If you’d like to learn more about forming a franchisee association through the AAFD, please visit our website. If you would like to learn more about Griswold Home Care please visit www.griswoldhomecare.com.

A collaborative approach gets you there faster, smoother, and with a whole lot less pain and grief.

– Robert Purvin, President of the AAFD

About AAFD:

The AAFD is a national non-profit trade association representing the rights and interests of franchisees and independent dealers throughout the United States. The AAFD is focused on market driven reform to achieve its mission to define and promote collaborative franchise cultures that the AAFD describes as Total Quality Franchising. Since its formation, the AAFD has grown to represent more than 50,000 franchised locations throughout the United States. The AAFD has members in all 50 states and represents more than 100 different franchise systems.



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