

Chapter 41

Using Business Analytics in Franchise Organizations

Ye-Sho Chen

Louisiana State University, USA

ABSTRACT

Franchising has been a popular approach to growing a business. Its popularity continues to increase, as we witness an emergence of a new business model, Netchising, combining the internet for global demand-and-supply processes and the international franchising arrangement for local responsiveness. In this chapter, the authors show that building up a good “family” relationship between the franchisor and the franchisee is the real essence of franchising, and proven working knowledge is the foundation of the “family” relationship. Specifically, they discuss the process of how to make business analytics “meaningful” in franchising: business challenges, data foundation, analytics implementation, insights, execution and measurements, distributed knowledge, and innovation.

INTRODUCTION

Franchising has been a popular approach to growing a business (Justis & Judd, 2002). Its popularity continues to increase, as we witness an emergence of a new business model, Netchising, which is the combination of the Internet for global demand-and-supply processes and the international franchising arrangement for local responsiveness (Chen, Justis, & Yang, 2004; Chen, Chen, & Wu, 2005, 2007; Chen & Wu, 2007; Chen, Liu, Zeng, & Azevedo, 2012).

BACKGROUND

In his best seller, *Business @ the Speed of Thought*, Bill Gates (1999) wrote: “Information Technology and business are becoming inextricably interwoven. I don’t think anybody can talk meaningfully about one without talking about the other.” (p. 6) Gates’ point is quite true when one talks about franchise’s use of big data and business analytics, which is “delivering the right decision support to the right people

DOI: 10.4018/978-1-5225-7362-3.ch041

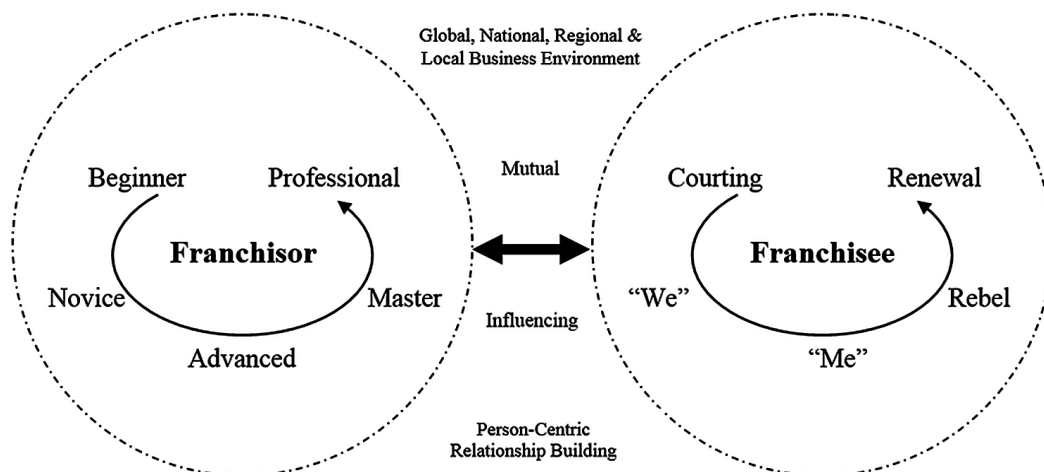
at the right time” (Laursen & Thorlund, 2010, p. xii). Thus, to see how big data and business analytics can be “meaningfully” used in franchise organizations, one needs to know how franchising really works. In this paper, we show that building up a good “family” relationship between the franchisor and the franchisee is the real essence of franchising, and proven working knowledge is the foundation of the “family” relationship. Specifically, we use the following seven pillars of business analytics (Isson & Harriott, 2013) to discuss the process of how to make business analytics “meaningful” in franchising: business challenges, data foundation, analytics implementation, insights, execution and measurements, distributed knowledge, and innovation.

BUSINESS CHALLENGES: MANAGING THE FRANCHISOR AND FRANCHISEE RELATIONSHIP

Franchising is “a business opportunity by which the owner ... grants exclusive rights to an individual for the local distribution ... The individual or business granting the business rights is called the *franchisor*, and the individual or business granted the right to operate ... is called the *franchisee*.” (Justis & Judd, 2002, pp. 1-3) Developing a good “family” relationship between the franchisor and the franchisee is the key business challenge of a successful franchise (Justis & Judd, 2002). Figure 1 describes how such a “family” relationship is built in the franchise business community. In the figure, it shows that the franchise system is operated in the dynamic business environment of global, national, regional, and local communities. The “family” relationship is developed through a mutual learning process of person-centric relationship building.

The franchisor’s learning process is incrementally developed through five stages (Justis & Judd, 2002): Beginner – learning how to do it; Novice – practicing doing it; Advanced – doing it; Master – teaching others to do it; and Professional – becoming the best that you can be. Once attaining the advanced stages of development, most preceding struggles have been overcome. However, further convoluted and challenging enquiries will arise as the franchise continues expansion. This is especially true once the

Figure 1. Understanding how the franchisor/franchisee “family” relationship works



12 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/using-business-analytics-in-franchise-organizations/212138

Related Content

Management of Knowledge in New Product Development in Portuguese Higher Education

Maria Manuel Mendes, Jorge F.S. Gomes and Bernardo Batiz-Lazo (2004). *Creating Knowledge Based Organizations* (pp. 149-168).

www.irma-international.org/chapter/management-knowledge-new-product-development/7213

Social Media and Increased Venture Creation Tendency With Innovative Ideas: The Case of Female Students in Asia

Syed Far Abid Hossain, Xu Shan, Mohammad Musa and Preethu Rahman (2020). *Handbook of Research on Managerial Practices and Disruptive Innovation in Asia* (pp. 194-209).

www.irma-international.org/chapter/social-media-and-increased-venture-creation-tendency-with-innovative-ideas/236908

Resilience and Adaptation of the SME Sector in an Emerging Economy: An Explanatory and Empirical Research

José G. Vargas-Hernández and Muhammad Mahboob Ali (2021). *Journal of Business Ecosystems* (pp. 10-28).

www.irma-international.org/article/resilience-and-adaptation-of-the-sme-sector-in-an-emerging-economy/300328

An Organizational Trauma Intervention: A Case From Turkey

Bülent Kılıç (2017). *Impact of Organizational Trauma on Workplace Behavior and Performance* (pp. 264-277).

www.irma-international.org/chapter/an-organizational-trauma-intervention/175082

Blockchain Potentials to Enhance Identified Data Usability Challenges Generated by Wearables

Steffen Baumann, Richard Thomas Stone and Esraa Saleh Abdellal (2021). *International Journal of Responsible Leadership and Ethical Decision-Making* (pp. 38-51).

www.irma-international.org/article/blockchain-potentials-to-enhance-identified-data-usability-challenges-generated-by-wearables/308455