

Every Customer a Fan

The Story of Jim's Group

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Back Cover

This is the story of Jim's Group, as told by its founder. An account of how a \$24 business became one of the world's largest franchise chains, with over 3800 Franchisees (and rising). It is an unusually frank and honest account, showing the human weaknesses and mistakes as well as the successes.

This is a very different guide to business success, drawn not only from Jim's experience but the lessons he has drawn from contact with thousands of successful (and less successful) Franchisees. It is a business story that says little or nothing about business plans and corporate structures, but a great deal about character and attitude. And always, about the need to put the customer first.

Jim's Group Values

Our first priority is the welfare of our Franchisees

We are also passionate about customer service

We sign only Franchisees and Franchisors we are convinced will succeed

Introduction

I am an unlikely person to build a successful business. For a start, I am lazy by nature. Given half a chance I can spend hours or even days reading or playing computer games or doing anything but productive work. Any achievement requires relentless self-discipline, and I must constantly bring purpose and meaning to mind. I am also a poor manager, not well organised, not good at sticking to systems, and with very little head for accounts.

On top of that I am socially inept, hate crowds, and have no capacity for small talk. This means I often offend or upset people without meaning to. Not only can I not remember names, but I have a rare condition which makes it hard to remember faces. This might not matter so much to a computer programmer or engineer, but my business is one that depends totally on relating to people.

I have no formal business training, have never done a business plan or written a proper mission statement. I have never been able to create or stick to budgets. My mind is practical rather than theoretical and, to be honest, I find most business texts difficult if not impossible to follow.

So how did I come to run Australia's largest Franchise system, with more than 50 divisions and 3,800 Franchisees? This book is the story of that journey. It is a messy story, full of dumb mistakes and blind alleys, financial and family crises, probably unlike any business book you have ever read. But anyone who reads it may get a sense of why this business works, with clues (I hope) on how to make any business work better.

The theme throughout is to focus on customers. My aim is that all my customers, and especially the Franchisees who are my key customers, are not just satisfied but delighted. In other words, they must become 'fans'. It hardly needs saying that this is the goal, not the reality. I deal each day with clients and Franchisees who are not happy. Every Franchisee has my direct phone number and Email address, and any client whose complaint is not settled first time is directed to me. So I know that we have a long, long way to go.

And I deliberately seek out such contacts. They can be deeply upsetting, but they also help drive us to be better, and show us how to do better. And we are improving. By every measure we do better this year than last, and next year We will do better still. We will never be good enough, but we will never stop trying.

Chapter 1 Beginnings

Looking after customers was a lesson I learned at a very early age. Our neighbour over the back fence was a Mr Tapley. At the age of eight I knocked on Mr Tapley's door doing bob-a-job for the cub scouts and he let me rake his gravel driveway. Then he offered me a job, ongoing. I would rake the drive, pull weeds, anything else he asked. He paid me two shillings a week, just twenty cents in modern terms but not bad for a kid. It doubled my pocket money.

I learned a lot from Mr Tapley, particularly one summer's day when I must have been about ten. The gravel drive did not need work and there was not much else on, so he asked me to carry some rubbish to the incinerator. On checking the job afterwards, he found some leaves and branches that had fallen along the way. He told me, 'If you're not going to do it properly, I might as well do it myself.' Mr Tapley was a gentle man, who never raised his voice in all the years I knew him. Perhaps that is why I still remember so vividly my shame, and the determination never again to let him down.

About this time I began mowing the family lawn with our push mower, which was not easy. The back yard had a fair slope to it, and twigs from the trees were forever jamming the blades. Later on I also mowed for a neighbour across the road. Like Mr Tapley he was a gentle man, very kind to me as a troubled youngster. My mother said that he had been in a POW camp for Polish officers and suffered terribly, though I never asked him about it. Everything I know about gardening I learned from my customers. But I never learned more than from these two good men. Especially my passion for customers, the upset I feel even now when one of them has been let down.

This had nothing to do, of course, with my intended career. An early ambition was to be a doctor, then a vet (I got on better with animals than with people), and at one time even a science fiction writer. Never at any time a business owner, and least of all a gardener.

My real passion as a teenager was history. At the age of 14 a friend gave me a copy of Thucydides' *The Peloponnesian Wars*, a tragic account of the decline of Imperial Athens. I became fascinated by decline, especially that of Rome, and the need to find out why. So by school's end my career goal settled on academia.

But before starting university I took a year off to see a bit of the world. For some months I worked on a farm in Western Australia, and then various jobs including selling encyclopaedias (without success) and a stint in the public service.

Towards the middle of that year, I decided to have another go at gardening. After making \$18 a week on the farm (this was 1970), \$1.50 per hour seemed reasonable. I hand-wrote a notice with my price and the services and asked the local hardware merchant to put it in his window. It generated three clients, two of which continued after the start of uni. They were a great training ground, because at this rate my clients did not expect me to know too much. One taught me how to prune hydrangeas. Another helped me to lay a new lawn.

With time I became confident enough to raise my rate to \$2. One of my clients objected, but I managed to put the blame on inflation. Then, about a year later - it was 1974 - I heard rumours of people charging even more. I decided to go for broke and charge what seemed the incredible rate of \$3 an hour. At that stage I had done no advertising bar my first sign in the shop window, but my new plans were going to require some. I went into the university union and used the duplicator to run off small notices advertising my services, then cut these up into strips and delivered them to houses all around my family's home. The response was astounding. Many people said they had never heard of anybody working so cheap. This got me looking at the issue of pricing.

To make better money I had to get off hourly rates and onto fixed quotes. I figured on \$5 for mowing a lawn. With each lawn taking thirty minutes, this could earn me the dizzying sum of \$10 per hour. But no-one was going to pay me \$5 while using their mower, so I would have to buy my own. This meant spending the giant sum of \$200, probably the scariest decision of my whole business career.

What pushed me into it was the sudden urge to own a car. I had been cycling from university to my parents' place, and some of the hills were a bit much. Also, I thought it might help me with girls although unfortunately, in this I was to be disappointed! Without any money, I persuaded the bank manager to lend me \$1600 for a second-hand Holden Kingswood. And bought a bright orange lawn mower known as a 'Pope'.

My new marketing was more serious and on a bigger scale. Leaflets offering 'Most lawns \$5' were quite successful. Even working a day or so at week, it did not take long to pay off the Kingswood. And the best thing was, I enjoyed it. After sitting at my student desk all week, it was good to get exercise in the open air. Even now, I feel life falls short without some daily contact with grass and trees.

By the time I started my post-graduate degree, I had built up enough clients to sell some off as an ongoing business. This sale netted me several thousand dollars, which, together with a legacy from my grandmother, made up the deposit on my first house. The income from my part-time business was not too bad.

I was also keen on learning how to do the job better. One thing about mowing that always frustrated me was edging. For lawns with a mower strip, this was not a problem. I ran my wheel along the edge and picked up the grass with the left-hand side of the mower (rotary mowers suck better from the left). But for the grass around trees and next to retaining walls, there was no easy solution. Cutting it with shears was simply not commercial, but it always bugged me.

One day I was in the mower shop where, it must be confessed, I spent far too much time. Tom, the owner, said I looked after my clients better and my mowers worse than any contractor he knew. But this day as I wandered about, waiting for him to fix my machine, I noticed a weird looking gadget on the floor. It was a long pole, with a handle in the middle, a small engine on one end and a short piece of nylon cord sticking out the other. What was it doing in a mower shop? Tom told me it was a 'brush cutter', one of the first in the country and just out from Japan. He picked it up and showed me how it worked.

I was amazed. Did this mean I could do around trees and clothes lines, just as easily as a wheel on a mower strip? Absolutely! The price was steep but I bought it on the spot. That is how, as a part-time student, I became one of the first contractors in Australia to own a brush cutter. This immediately made possible a quantum leap in service. I could do quickly, and neatly, what most homeowners could not do for themselves.

So my business was working well, but mowing lawns was a student job, not a career. My great obsession in those days was research. I lived it, breathed it, and thought about it all the time. It started in my first year as an undergraduate, when I began to jot down some ideas about the rise and fall of civilisations, using them as a thread to understand the history subjects I was studying.

Moving into a PhD, my ideas shifted in very odd directions. In my search for patterns I began looking beyond history to anthropology, psychology, zoology and biology. I gradually came to the conclusion that changes in society were biological in origin, driven by factors such as food shortage, population density and sexual behaviour. I saw tremendous potential in this approach, ways to cure poverty and drug addiction and many other ills. My findings also implied that our society was headed in a very bad direction, much as in the days of Rome.

My life became consumed by a sense of purpose, to further develop and apply my research. Though never hard-working by nature, I set myself strict guidelines of hours and goals, and drove myself to meet them. I did not care about money, lived very simply, and continued studying through the holidays. Part time mowing was more than enough to live on, and I am frugal by nature. Who cared if I never became rich?

But as a career path, this had serious problems. Historians gain jobs and tenure as experts in a very specialized field. My approach was so broad that it could not even be described as history any more. It suggested that the key to changes in society and the economy was changes in the psychology of the general population, which had to be biological in nature. It was an approach I was later to call 'biohistory'.

The positive side was that, in contrast to any other theory of history or society, my theory could be tested quite rigorously in the laboratory. For example, people who passed their late childhood and adolescence during the Great Depression should be similar in physiology to animals experiencing mild food shortage as juveniles or adolescents, with similar changes in behaviour such as being more interested in children (thus the post-war baby boom).

Also, societies tend to become quite aggressive when people born towards the end of a major war reach their early twenties. For example, when the people born towards the end of the First World War came of age around 1939, the Second World War broke out. When the people born at the end of the Second World War reached College age, the student riots of 1968 broke out. And when the people born in China in 1948-49 became teenagers, they set the country ablaze in the Cultural Revolution.

My theory predicted that all these cohorts should show physiological changes similar to those of rats whose mothers were given extra cortisol when nursing, and who would also be more aggressive. These would include epigenetic effects. meaning that early

environment has permanently changed the activity of certain genes, but this was of course unknown in the early '80s.¹

Although the positive side of my theory was that it could be tested in the laboratory, the negative was exactly the same. I was not the person to conduct such tests. I was already in my late twenties, and retraining as a scientist would take the best part of another decade. Even then, there was no guarantee that such a large project could be funded. Further, I clearly lacked the temperament to be a research scientist. What I needed was my own research foundation, which would cost millions. So at the mature age of twenty-eight I was forced to look for another career, and one that would pay very, very well.

And so, by default, I turned to lawn mowing. Not as a route to wealth, which would have seemed crazy at this time, but as the only way I knew to make a living. So I advertised widely for clients and put on subcontractors. They provided their own equipment, collected from the customers and paid me a royalty, normally twenty per cent.

It did not work. There was plenty of response, all right. Some ads in the local papers, a few leaflets dropped, and the phones ran hot. The real problem was me. Released from the discipline of study, my natural laziness emerged. I did not even mow lawns myself but stayed home to 'manage the business'. Part of this was the poisonous attitude that I was a manager and 'above' doing the manual work.

It is an attitude I see too often today, in people who rot on the dole rather than take a job – any job – that is below their dignity. And thus miss out on chances to learn and grow and progress. It is an attitude that has to be overcome when a laid-off business executive considers buying a mowing or cleaning franchise, doing work that a short while ago they would never have dreamed of. With time they can build a lifestyle beyond anything they have known, but it can be a hard step to take. I know that attitude because I have been there, and I am ashamed of it, and it almost wiped me out.

I did not even manage the business properly. On many days I sat in my bean bag, reading science fiction. Lack of exercise made me even more lethargic, to the point where I could barely handle the administration and started hiring people to help. This is another lesson I learned from that dark time. For fifteen years after this I was to work actively in the field, even when my business had grown well past these earlier limits. And when rising office tasks made this impossible, playing squash or running at least five kilometres per day. Exercise feeds the mind, bringing energy and passion and joy. It was a lesson I was not to forget.

But this was all in the future. To make matters even worse at this time, I had fallen seriously in love and was even more distracted. The result was that I started losing money and was forced to borrow tens of thousands of dollars to stay afloat. About the only positive thing arising out of this period, from a business point of view, was that my (now) fiancé decided she liked the bushy look. Too lazy to shave in any case, I decided to grow a beard.

¹ For those interested in these ideas, my books *Biohistory*, and *Biohistory: Decline and Fall of the West* (the popular version) were published by Cambridge Scholars in 2015. Available on Amazon and from www.biohistory.org.

One job I contracted out, but this time with some reason, was sales. I am lousy with people and a poor salesman, as shown by my earlier failure to sell encyclopaedias. So I hired someone who seemed to be the answer. He managed to dispose of my entire customer base for enough money to clear my debts and give me a fresh start. But the \$5,000 deposit cheque he handed me was a dud. He fobbed me off with some promises and disappeared.

It was two weeks before Christmas 1982; I was thirty years old and a failure. I had failed as an academic. Not only were there no job prospects, but after eight years of work my PhD thesis had been rejected. Now I had failed in business, lost my house and become saddled with a thirty-thousand-dollar debt. Behind it all was my laziness, my arrogance and stupidity. True, I had been cheated, but a better man would have run his own business and not handed it over to someone else.

And yet something did change. I got married. It was a factor that we see in Franchisees. Young single men often have a poor track record. They get discouraged, become lazy and give up. And men who lose their wives also tend to become demoralized. But married men, with families, are more likely to stick through the bad times. So it was with me. I knew I had to buckle down and work hard to get out of the mess I was in.

Another change was that I had recently become a Christian, a radical move after years as a quite militant agnostic. It had not helped in my bean bag days, but gradually the teachings took deeper root. I especially loved Jesus' Parable of the Talents, the lesson that we are meant to live our lives for a deeper purpose. It fitted my own sense of mission and was to give strength and support in the dark times ahead. I especially loved (and still love) the music of Keith Green, a singer who challenges us to go beyond, to try harder, to never be satisfied that we have done enough.

But what to do? Working for someone else was never even an option. I am too ornery and difficult to be comfortable with a boss, even if anyone else was rash enough to employ me. My only course was to go back into business for myself; and still the only business I knew was mowing lawns.

But this time I was a lot poorer. All that remained from my business was an old and battered Kingswood with a small trailer to pull behind it, and a mower and brush cutter on their last legs.

My start-up capital was \$24: \$4 in Letraset from the local newsagent, and \$20 for a short run of leaflets. My wife and I spent a few days pushing the leaflets into letterboxes. Then we waited for the phone to ring. There was a major disaster in the first week when the dog got under the house and chewed through the phone line, but gradually the work began to trickle in. By January I was turning over \$500-\$600 per week - enough to cover debt repayments and living expenses.

In some ways it was an exciting time. I was newly and happily married. And working in the open air was a great way to make a living. It kept me fit. My mind was clear and active, far more so than when I had been a bean bag 'manager'. I loved to watch the seasons come and go, and even enjoyed changes in weather during the day - something

for which Melbourne is famous! After rain the air is fresh, and the smell of grass and gum leaves sharp and unforgettable. It can even be pleasant to work in a misty drizzle, so long as you are wrapped up well and know how to direct grass into the catcher and leave the job clean.

Then there was the work itself. I would go into a place with unkempt lawn and weed-infested garden. A few hours later, it was a place to take pride in. The lessons learned from Mr Tapley and my other early clients had taken serious root. I was scrupulous about turning up on time, and fanatical about doing the job well. My customers were not only satisfied but impressed, and many gave me extra money and referred me to their friends. I vividly remember one customer saying 'I never knew my lawn could look so good!'

But it was also very hard work - Monday to Saturday and often well into the evenings. We were under desperate financial pressure, never sure whether the loans and rent would be paid at the end of the month. Every extra expense was a crisis, bringing us that much nearer to the edge. But then the phone would ring and the money appeared. Sometimes the rent or loan repayments were a few days late, but they were always paid.

And in my mind was a vision, that one day I would have wealth enough to fund my research institute and bring real change to the world. It is hard to express how absurd this must have seemed, an impoverished gardener deeply in debt and barely getting by, who yet aimed to spend millions on research. Yet I know God had a purpose for my life and I somehow I had to make it happen.

The pressures of those early months tested me in ways that would have a major impact on the business. The first crisis came about two weeks after the first leaflets went out. As already mentioned, my mower and brush cutter were in poor condition. Shortly after Christmas, they both packed it in. Replacing them was a major problem, not only because I had no money but because almost all the mower shops were shut. I hunted around and found a place some distance away that was open for business. The shop was busy and the salesman rushed, with a number of other customers waiting. He gave me a quote, then filled in the docket and took payment. As I walked out with my gear, I realised that in his haste he had erred. He had undercharged me by one hundred dollars.

Of all the times to receive a windfall. The sale was legal. The shop could afford the loss better than I could. I was not likely to go there again, so loss of goodwill was hardly a factor. I decided to accept my good fortune and be thankful for it. I drove all the way back to my first job for the day, unloaded the equipment on the nature strip, and then stopped. I rehearsed to myself all the arguments given above, but it was no good. If I was meant to succeed, then I could not achieve it by a dishonest act. Somehow, and I could not think how, He would make it up to me. I reloaded the equipment, went back to the shop and handed over a cheque for a hundred dollars.

That very afternoon I was doing a job for a man involved in the office equipment business. We got talking and – completely out of the blue - he offered to print me some leaflets. I am not sure exactly why. Maybe out of the kindness of his heart, or perhaps he saw me as a potential client. But the striking thing was the value of the offer, which was a figure *he* came up with and not me: almost exactly the \$100 I had given back to the shop.

It is hard to overstate how much this meant to me. It was not the money itself, because I never actually took up the offer, but the sense that God was in control. I was never again to have such an experience, but I have found many times that doing the right thing is also best for the business, even when it does not seem possible at the time. There will be plenty of such examples in the pages ahead.

I seemed to be blessed in other ways as well, especially since I was soon faced with what should have been a disaster. Mowing lawns as a student, I used to wonder what would happen to my business in a drought. Soon after starting, in desperate financial straits, I got the chance to find out. The Melbourne summer of 1982-83 was the driest for decades. Lawns died and we were forbidden to water. Then the economy went into recession.

But success and failure come from within, not from what surrounds us. Twelve months earlier, in good times with good weather and no debt, I had gone into business and failed. Now, in bad times with bad weather and crippling debt, I soared. To the new me, dry conditions were an opportunity. Rubbish left lying around was a fire hazard. With hand watering of gardens and the summer heat, weeds went berserk. From morning till night, six days a week, I slashed blackberries, dug gardens and cleared gutters. So determined was I to find work that my quotes were distinctly modest and virtually nobody knocked me back. But I worked so furiously and with such concentration that I still made money.

In those days most mowing contractors were only interested in mowing lawns. But I remembered lessons from my student days, five or six years earlier. A regular customer once asked me to cut some shoots from around the bases of her rose bushes. I would have been happy to do it but thought that my rates (in those days, \$5 per hour) would be too expensive, so I suggested she get someone else. She did, and for the mowing work as well. I had not only missed out on some useful extra work but lost a regular customer.

In another case, an old lady who was one of my favourite clients asked me to trim some high bushes. Not having a ladder on hand, and not wanting to overcharge her, I again suggested she call another contractor - who charged her twice what I would have been happy to take for the job! So from then on, I simply quoted every job offered.

Nothing stopped me, not twelve-hour days nor forty-degree heat. In fact, the harder I worked the more energy I seemed to have. I would come home from a day hauling rubbish and slashing blackberries, and jog down to the shops to buy milk. We even managed to cash in on the drought by starting a watering service. Holding a hose by hand was easy work and we could not charge much, but we hired students and others and did some of the work ourselves. At the end of a long, hard day it was quite pleasant to stand and hold a hose for an hour, occasionally giving myself a sprinkle.

Eventually the rain came and the grass started growing again. And I picked up a great many clients from failed competitors. Even so, money was still tight and my wife and I learned to find enjoyment in small things.

One of these was our Friday nights. I worked six days a week, from morning till dark, but on Fridays I would knock off early and go home. It was our evening 'out', not such an easy thing when you have no money. But we had a system. At around eight my wife and I would walk down to the local library and spend an hour browsing and borrowing books.

As a passionate book lover, this was an entertainment in itself. And, of course, it had the advantage of being free! When the library closed at 9.00 p.m. we would walk by the local fish-and-chip shop to buy dim sims and spring rolls (cheaper than fish). Then home through the park to read Asterix comics in front of the fire.

Then one Friday it all went wrong. It was already late when I arrived at a client's place to pick up my final haul of rubbish. A big job to load, being mainly earth and concrete. But that was not the worst of it. As I drove up a slight hill on my way home, the engine began to race and the car slowed. Finally, with an ominous smell of burning, it stopped. In my normal impatient way I had piled on far too much, and the heavy load had burned out the clutch.

That was it. I was cold. I was hungry. Night was drawing on, and my special evening was ruined. There was a looming bill for replacement of the clutch, which I could not afford. I had worked and worked, early till late, but nothing I did seemed good enough. I was never going to get out and get ahead. At that moment, I lost all hope and gave up. The future stretched ahead, cold and grey and grim.

When the spirit fails, sometimes habit can step in. I had a saying from my earliest mowing days: 'Put one foot in front of another.' No matter how bad you feel, keep on taking the next small step and the job gets done. At one time in my student days I had been feeling really ill but had one last lawn to cut, and I would not and could not let my customer down. I was too exhausted to do it in the normal way, so I pushed the mower across the lawn, rested a bit, pushed it back, rested again. Each step was a burden, but I knew I only had to make it across to earn a rest. Till the job was finished, the client looked after, and I went home and collapsed into bed.

Clearly, sitting in the car was not the next step. I found a public telephone booth (this was before mobile phones), called the RACV and a friend who lived nearby. My friend was happy to help out. Soon he arrived in his ute, hooked up the trailer (rubbish and all) and hauled it away. First problem solved.

Then I sat back in the car and waited for the RACV. It was cold and getting dark. There was a Keith Green tape in the car, and I put it on. As mentioned earlier, Keith Green for me is both inspiring and challenging, and as my mind turned towards it the dark mood began to lift. Becoming aware of this, I knew I was *not* defeated. In fact, I could not be defeated if I refused to give up. And one day I would reach my goals, no matter how impossible they seemed at the time.

I do not even remember whether I got back in time for our Friday night date. But I do remember sitting in that cold, dark car, feeling a mighty presence all around me, and with a tremendous sense of joy.

Chapter 2 Finding Customers

From this time onwards, we started to forge ahead. One of the greatest myths in business is that customers are hard to find. In my experience, customers are easy to find, and to keep – provided they are looked after properly. And by looking after them properly I do not mean just doing enough to get by. It means turning your customers into fans.

This was not a problem when I did all the work myself. As mentioned earlier, I was obsessed with service. No standard of work was ever good enough and I was constantly looking for ways to give a better finish and a cleaner look. The mowing lines must be straight and the grass picked up clean, even in the wet. A dug over garden must show no trace of weeds, nothing green to disturb the chocolate brown earth. The text books say you should mulch the earth to preserve water and nutrients, but my customers wanted dug earth and that is what I gave them. And if they wanted scalped lawns I did that too, much as it pained me.

Also, even more crucial, I was scrupulous about time. If I said I would be there, I was there. Customers hate to be let down, especially when they wait home for someone who does not turn up. And I hate to let people down. In twenty years work for many thousands of customers, I can only recall doing this twice – as a result of messed up paperwork. And I am sure it was only twice, because of the sense of horror I can still remember.

So I soon had plentiful customers, and it was time to look for help. I tried employing people, with very poor results. The small size of most domestic jobs meant that they had to work unsupervised, and they could not earn enough to cover their costs. Plus their customer service and finish of job was never as good as mine. So I turned to sub-contractors, who owned their own equipment and took a share of earnings. This was better financially, but perhaps even worse in terms of customer service.

In recent years some of my best Franchisees have succeeded where I could not, building multi-million-dollar gardening businesses with excellent customer service. But in those days I lacked the management skills, and perhaps some of the benefits of our system such as intensive training and locally focused leads.

The beginnings of an answer came, as with so many things, largely by accident. My PhD thesis had been rejected, as mentioned earlier, but mainly for technical reasons. It seemed likely that a new introduction, better explaining my methodology, would do the trick. So with the encouragement of my supervisor, I decided to try. The first step was to reduce my working hours, which were still morning till night. So I advertised my lawn mowing round in the paper.

Finding a buyer and getting them started took longer than expected, by which time my customer base had built again through constant referrals and new leads, and I was still flat out. So I advertised again for a buyer – and the same thing happened. In the end I sold three businesses and made a surprising amount of money.

On returning to work I started once again to try and build the business, but the problems were still there. Having learned the lessons from Mr Tapley and my student days, my service was excellent: the job was clean and thorough, it was done on time, and I kept on excellent terms with my clients. Some of my subcontractors were equally good, one in particular. He was competent, conscientious and businesslike, and soon bought out his customers to establish an independent business. He was the kind of man who would one day form the basis of my franchise system: trained in management, with terrific personal skills, but seeing no loss of dignity in working at a manual job he enjoyed. A high achiever in a typically Australian mould. But he was not the norm. Many jobs were done poorly and late, complaints were common, and the cancellation rate appalling.

Not that this was the fault of the people concerned. They were simply average workers, asked to mow lawns with their own equipment. In a normal job with full supervision they might have done well. Or even in this job, with good management, training and support.

But I was no manager. So, on their own and without supervision, my subcontractors tended to slacken. Because most jobs were small it was simply not possible to check more than a fraction. And even poor workers might be kept on, for lack of anyone else. Among my problems was a huge turnover of workers, largely because many could not make a go of subcontracting. Bear in mind that they were largely untrained, paying me 20%, and travelling here and there to do jobs that were often clean-ups.

The system also offered no great incentive for service. My subcontractors were given virtually unlimited work. If one client cancelled they were handed another. They had no direct stake in the business and any build-up profited me rather than them. Considering the poor service offered by many independent operators, who totally own and are responsible for their own businesses, it is not surprising that my people were no better. In fact, to be honest, they were on average rather worse.

And no one could be blamed but me. It was my business, in my name. I chose the people, I failed to train them properly, I failed to supervise and motivate them adequately. I failed to make them successful. This was my failure and it bugged me. Poor service meant a high loss rate, which meant the business could not grow. And, as stated several times already, I *hated* to let my clients down.

We were facing a situation not unique to lawn mowing. If a job is done well, as mine was, work floods in. Taking on subcontractors or employees means quality is likely to suffer and clients fall away. Instead of being able to rely on personal referral, you suddenly have to advertise flat out to replace lost custom, and the business stagnates. Look in the Yellow Pages, even now that the industry is relatively well established. Major lawn mowing companies, with the exception of the franchises, stress commercial work. This is not because larger jobs pay better per hour - they do not - but because employees on large jobs are more easily supervised. Most domestic mowing jobs these days pay only around \$45 (a lot less in the 1980s, of course). So, unless you service several households in the same street, which rarely happens in the beginning, the travelling time between jobs makes it less economical to work as a team or even a pair.

My vision back in 1982 was to overcome this problem by building up clients locally till I had six or seven lawns in every street. In this way I could have people working alongside

me and still supervise things properly. Later I intended to employ managers to do the same thing. My goal was an intense, local presence - not a citywide business. So the first name registered was 'Balwyn Gardening', after the suburb where we lived.

But because the most cost-effective advertising was not leaflets but local papers and especially Yellow Pages, the area had to expand. 'Balwyn Gardening' was now too parochial, so the business came to be called 'Jim's Mowing', after myself. 'Jim's' because most clients wanted to deal with an individual rather than a company. This was also why I started to put a photo of myself on the leaflets.

With this wide advertising the build-up of dense, local rounds was not going to happen. So, reluctantly, and because I was losing customers as fast as they came in, I decided to focus instead on building up and selling mowing rounds. Reluctantly, because it was an admission of failure, and appeared to make building a major business impossible. Bear in mind that behind this was the dream of my research business, which was going to need a very large business to fund it.

Even in the short-term, the results were excellent. In December 1982 I had been a failure, thesis rejected and deeply in debt. Only fifteen months later, in February 1983, I had the best month of my life. My thesis was accepted. I paid off the last of my debts. And, best news of all that same month, I learned I was going to be a father!

Thus was Jim's Mowing launched, but with a carefully non-corporate image. Most people in those days preferred to phone a tradesman who lives nearby, and for good reasons. A local person will tend to get there faster and be keener to work than someone far away. So when looking in the local paper, people tended to choose a local phone number.

In the beginning I countered this by employing women as answering services in different parts of the city. They would take messages for me to pass back to the local operators. I even tried local sounding names, such as 'Dandenong Mowing' when advertising in the Melbourne suburb of Dandenong. Later we switched to phone diverters, which brought the answering back to a central point, but still gave the benefit of the 'local number'.

An early experiment seemed to back this view. Very early on, at the advice of an advertising agency, we had tried a concept called 'Mr Lawns'. I advertised this name with a stick figure of a mowing contractor and a single, central phone number. The ad in the local paper was twice as big and therefore costly, but I thought it would be worthwhile if effective. As it turned out, the big fancy ad drew only half the response of the anonymous, smaller ones left running alongside.

As I had suspected, people felt a larger business with a non-local phone number meant someone coming from far away and charging them more, and possibly a different person each time. The first part was not true, since my subcontractors lived and worked locally. The second part was true all too often, since my staff turnover was high. Whatever the reason, it did not work, so I scrapped the campaign and went back to 'Jim's Mowing'. Ironically, of course, Jim's was to succeed where 'Mr Lawns' had failed, but with a very different structure.

At this stage my business had three main tasks. The first was to find the work, which I could now do cost effectively. The second was to look after the clients until the business could be sold, which I could also do through sub-contractors. It was not a great solution, because the service was often poor, but it worked well enough for my purposes. And the third was to sell the resulting businesses. But here a major problem arose because I simply could not sell.

Chapter 3 Selling by Not Selling

I have never been able to sell. As mentioned earlier, one of my first ‘jobs’ after leaving school was selling encyclopaedias door to door, and I put the word ‘jobs’ in inverted commas because it never actually made me any money. I knocked on doors for several weeks without being able to persuade anyone to buy. Later I tried canvassing for a paint company and failed also. I had no people skills, I could not take rejection, and I absolutely hated selling. I was a thoroughly awful salesman. But now, for my business to succeed, I had to sell mowing rounds consistently, month after month.

I struggled with this problem for years and tried many ways to overcome it. I approached business agencies, experimented with different forms of advertising, even hired others to sell mowing rounds for me. At one point a professional salesman, on commission, sold the business for me in my office while I either looked on or sat with my back to the scene, pretending to be involved in something else. If this sounds absurd, it was. It was also ineffective. I asked a family friend what I should do. ‘Be your own salesman,’ he said. ‘No one can sell your own business as well as you can.’ Easy for him to say. He had the charm and confidence that went with many years as a business manager. Not much help to a social incompetent like me.

But he was right, and one day I did learn how to sell. It was a principle which opened the door to a business far beyond anything I could have imagined at that time. It happened because I was looking for advice on advertising and went to see a member of my church who was partner in an advertising firm, a Peter Rancie. As you would expect, his offices were impressive: all expensive furniture and glass topped coffee tables. While waiting, I sat and pretended to read *Business Review Weekly*. We had no uniforms in those days and I felt – to be honest – quite intimidated.

Eventually he invited me in and spent half an hour, very kindly, answering all my questions. Advising me on media, how to word ads, anything he thought might help me out. And at the end of the interview, advised me that I really could organise and control my own advertising, and that at this stage I did not need an agency.

I remember leaving the office feeling very impressed by Peter and his agency - but then wondering why. He had not told me about his clients nor shown me any promotions. In fact, he had advised me not to use him. Yet I knew that if I ever did need an agency, I would use his without hesitation, without asking about price, and without considering any competitors. (Which I did a few later when the franchise had launched and we decided to run TV commercials). He had done *nothing* to sell me on his business, yet he had given me the most effective sales pitch of my life.

While walking through the streets to where my car was parked I began to realise what he had done. I had been sold on Peter and his Company because *his sole concern had been my welfare and the success of my business*. I began to wonder whether this same principle could be used to lift my abysmal sales skills. And then, just as I reached the car and leaned over to open the door, I figured out how it might. Could this possibly work?

The next time someone called me about an advertisement in the paper, I tried it out. Normally, when someone rang me about a lawn mowing business I would describe the business and suggest why they should buy from me, including advantages such as my offer to replace any clients which dropped out. But this time I began by asking a question. I said, 'Do you know what it means when we talk about the 'cut' of a lawn mowing round?'

Now, this is something that every lawn mowing contractor knows. A 'cut' is the value of a job done once. For example, fifty customers with an average job price of \$40 would have a cut of \$2,000. From this you can figure out expected income and a fair price for the business. Newspaper ads for mowing rounds were all phrased in terms of cut, but I knew from experience that most potential buyers did *not* know what it meant. So now I told him. And continued talking, giving more information that I thought might be useful.

With this guy and those who followed, I gave still more help when they came for an interview. I told them not only how to buy a mowing business, but also how to run one properly. I gave advice on advertising, collecting payment, and such technical hints as how to cut wet grass and fill the catcher.

All my hard-earned knowledge was passed on without strings. It was not: 'Buy from me and I will help you' but 'Here's how you can succeed, regardless of who you buy from. Or even if you choose to build your own business.' At the end I would simply show the business on offer and briefly explain the deal. My aim was that by giving advice and focusing solely on their interests, I would show that I was worthy of their trust. Which would hopefully increase my chances of making a sale.

But what if their best interests lay in not buying from me? I faced this challenge very soon when a young man who had been to see me rang back for advice. He had been offered another mowing business in the same area. Which did I think was better? I asked him all the relevant questions: the cut, the number of clients and how widely scattered they were. This told me the hourly rate and therefore the likely income. I asked whether he felt the seller was genuine and why he was selling, calculated how many clients he might be expected to lose. Then I did my sums. The other mowing round worked out about ten per cent better value than mine.

What to do? I was taking this approach to try and grow my business, but if I advised him fairly he would buy the other one. In fact, there was really no decision to make. I am a hopeless liar, and it was pretty clear what was the right thing to do.

So I told the truth. I said the other business was better and advised him to buy it. He thanked me and hung up. Shortly afterwards the same thing happened with another buyer, and again I advised him to buy the other business. A third time I was asked for advice my run was actually better value, because the other guy was charging too much. But his was in an area closer to where the buyer lived. So I suggested he do what was in his own best interest, which was to go back and offer \$1,000 less.

But then something astonishing happened. All three came back and bought from me! In the first two cases my runs may not technically have been the best – but I had obviously

gained the buyers' trust, which counted for more. In the third case, the overpriced mowing round, my contact made the offer and was refused. Shortly after he bought from me, the vendor of the other business dropped his advertised price in the paper to within \$100 of my estimate.

Amazing as it may seem, from that time on I had no more problems selling lawn mowing runs. And weirdest of all was that my own social ineptness, my biggest obstacle to successful sales, had become my greatest asset! I forgot about all other principles and focused on making my buyers into fans, a job which only just began when they bought the business. I would give them advice over the phone, provide free training seminars, and buy back their businesses at the best possible price if they wanted to sell.

In effect, this was exactly the same approach that had worked so well with my mowing customers, but now applied to a completely different area. And I was to apply it again and again in different ways in the years ahead. Apart from anything else, it was to form the foundation stone of my franchise system.

What also helped my sales was a decision made earlier, when quite a few customers from one of my runs failed to transfer. I had a policy of replacing such clients, but in this case several of the replacement clients cancelled as well. The buyer asked to have these replaced, and I told him that they would not be as this was not part of the agreement. But thinking about this later, it just did not seem right. So I rang him and offered to replace all clients, without conditions, as often as needed until he had the full roster.

Having made the offer, I then began to include it in my standard contract. Why not, since I was going to do it anyway? This now meant that any of my buyers could be used as references for future prospects. As so often happens, a decision made purely for reasons of right and wrong turned out to be a superb one for business reasons.

With time, I developed and gave every prospect on their first interview a twelve-page manual called 'How to buy or build a lawn mowing business'. In other words, I even told them how to build a business from scratch – as I had done – and so avoid the need to buy from me or anyone else.

And as each person bought I would print their name and phone number on a piece of white card and pin it to a board above my desk. Prospects would be invited to pick a few at random and phone them, and my previous buyers would sell my business better than I ever could.

And with this, my business really started to move ahead. I had now made enough to buy a house, with a flat attached and a small bungalow in the back yard to run the business from. My family was growing, with three sons born one after the other. I enjoyed being a father and loved my boys with a passionate intensity. Often I would look after them when their mother went out. I talked with them, played with them, told them stories, was closer than many fathers can possibly be. This is one of the great advantages of a home-based business, working locally and with totally flexible hours.

So home was great, and financially we were doing well. But in another sense I was not satisfied. I had always taken pride in giving excellent customer service, and yet day after

day came evidence on the phones that we were not giving it. I still felt (and do today) that any customer of the business is my customer, even though I might not see them or talk to them personally. To give some idea of how bad we were, I can remember noting that around half our incoming calls were complaints about poor service, mostly lateness. In today's terms we would call this a 100% complaint rate. By comparison, as I will describe later, our most recent complaint rate is under 1.5%. And even that is much too high.

Apart from concerns about customer service, my ambition burned as fiercely as before. I needed to found a major business to fund my research institute, but how could I do this if I kept selling off my customers? Obviously, by getting the purchasers to keep on paying me. But why should they pay me when I had already given them the customers they needed? The only clue I had was once, when printing out a list of past clients, I saw we had more than eighty from Balwyn, where my business started. These customers had been passed to probably four or five contractors who had purchased lawn mowing rounds. How great it would be if they were all being serviced by one! I knew, from my own experience, how lucrative it was to look after several customers in the same street on the same day.

I did not need anyone to tell me franchising was a great idea. Obviously it was – for me! It should also work for customers. I knew, from talking to buyers of my mowing rounds, that people who owned their own business tended to give much better service than subcontractors. Most of them were able to maintain or even grow their customer base. I figured I could do even better than that, by rejecting those less likely to succeed and providing more training and support. When anybody was interested in a business I used to send them out on the road with successful operators as an introduction, and it was clear that some had poorer standards than others. It was also clear that these were the ones most likely to fail.

Franchising would be good for me, and for the customers. What I could not figure out was the benefit for Franchisees. Ongoing fees have to be justified by ongoing service. Someone who pays fees simply because they have signed a contract will not be an advocate. Further, it would not be in their interest to sign in the first place. Which, according to my own principles, meant I could not sell it to them.

To be honest, I saw little real future in mowing at that time. I tried my hand at other things, such as a computer shop and a mower repair shop. I put out leaflets with a raft of services on them, trying to establish a broad-based services business. None of this worked, and the mowing business trundled along in the background, until suddenly I was given a major shock.

Chapter 4 An Offer too Good to Refuse

For some years we had been hearing rumours of an Adelaide based company doing great things in the mowing industry. They were said to offer income guarantees, and territories, and goodness knows what. But being interstate, they were no kind of threat to us. After all, who had ever heard of a national mowing business? So the arrival in Victoria of this company, VIP Home Services, was quite unnerving. They were already the largest mowing franchise in Australia, and at that time almost certainly in the world. They had uniforms, and trailers marked with the company logo. It was all highly intimidating and I feared they would crush my small business. So I rang the state manager, David Mitchell, and offered to sell my entire output of mowing clients to him on an ongoing basis. In other words, I would make my business into an appendage of VIP. He refused.

This left me no choice but to see if there was any way to compete. I made my way to the 1988 Melbourne franchise show. In those days they used to hand out a name tag, which I immediately removed and placed in my pocket. Then I walked up to the VIP stand, hoping above all else that no-one would ask who I was. Fortunately, the man on the stand did not. He showed me a seat, handed me a brochure, and spent about twenty minutes explaining the VIP system in some detail. Then David Mitchell arrived at the stand, took one look at me and declared: 'That's Jim Penman. Don't tell him another thing!' But I had been told quite enough and walked out, clutching my brochure.

I was excited, not because the VIP system was bad but because it made sense. It concentrated work in one area so as to reduce travel, provided security in case of illness or accident, gave discounts on equipment and insurance, and allowed Franchisee to make extra cash by selling off surplus jobs. There was good reason for people to stay with such a system and be willing to pay ongoing fees. Bill Vis, the founder, had come up with a system that had real merit.

People often ask me where I got the 'idea' of franchising, as if this was the brainwave that suddenly made my business work. In fact, as mentioned earlier, I had long thought of franchising but could not see how the Franchisee would benefit. VIP showed me that they could. And I also knew, right at that moment, that I could do better. I wanted a system that could provide all the VIP benefits, plus some. In every area I asked myself the question: what would I want, if seated on the other side of the table?

One idea was to give my Franchisees exactly the work they wanted, where they wanted it and when they wanted it. In the service industry, leads can vary dramatically from day to day. This is one reason tradespeople are so often unreliable, because they are quiet one week but next week flooded. What I intended was to ask my Franchisees, on a daily basis, exactly what work they wanted and where. This meant they would get no work when busy and more when quiet. In later years with computers we were able to specify even more closely, allowing Franchisees to choose which services they would take in which suburbs and even at what times of day. I did not realize just then just how much time this would take, and it was to cause major financial issues in the near future, but it was then and remains now a key feature of our system.

In my vision, territory rights were to be defined by who got jobs *from the office*. Franchisees had a right of first refusal in their chosen area. If they wanted the lead they got it. If not, someone else did. Territory rights were thus a control on myself as Franchisor, not on the Franchisee. Franchisees could take referrals anywhere. The only limit was that they could not door knock another Franchisee's territory, but this was brought in later, and only because the Franchisees asked for it.

My Franchisees would also be allowed to build their businesses without limit, employing as many people as they wish, and they would not pay higher fees as a result. Some were to build businesses turning over millions, with the result that their fees became insignificant. It was their effort that built the business, not mine, so why should they pay more?

We would also guarantee renewal at ten years with no cost, provided they were compliant. We even had (and still have) a clause stating that all renewed contracts must have a similar clause, so that the right of renewal is indefinite. And although most of our Franchise business are quite small, Regional Franchises can be worth millions, so this right is important. In recent years that has been a major cause for dispute within some rival systems, with Franchisors taking back valuable businesses when the term expired. In at least one government enquiry, our contracts were cited as an example of ethical franchising in this regard.

Further, we would give our Franchisees absolute rights to their client base. We could not remove a client from a Franchisee without their consent, unless the customer asked for it, even if they were in a new Franchisee's territory. This was the case even where the client had booked several years ago and had no work done since. They would have the right to make money selling the rights to surplus clients, but at their price and convenience and not ours.

Another clause was, if possible, even more radical. I believed that fees could only be justified if the Franchisee was getting full value for them. We should have to 'earn' our fees by the service we gave. And the best way to achieve this was to make them, in effect, voluntary. Most franchise systems guard rigorously against Franchisees 'stealing' their goodwill by going independent. I decided to make it a key selling point by allowing them to do just that whenever they felt like it. They could walk out, taking their customers with them!

This was very effective in the early days, when the choice was between a new and untried franchise against simply buying a mowing run. If someone bought a franchise and saw value in the ongoing support, they stayed. If they did not and went independent, they were no worse off. It was a 'no lose' proposition. What astonished me, as it turned out, was how few took the option to walk. We have any number of Franchisees who have not taken work for years but cheerfully pay fees each month, seeing value in such things as a sense of community, reduced costs, help in case of illness or accident, and the value of the brand in being able to charge more and pick up work in the street. It became clear with time that these are quite major benefits, but this was not obvious in the beginning. It must be remembered that in these days I had no idea that Jim's would one day become a household name.

Apart from making the Franchise more attractive to buyers, this unusual policy helped in two ways. First, it meant that Franchisees who stayed tended to be positive, and thus more likely to recommend us to prospects. I intended to give each prospect a list of current Franchisees, just as I had done to sell mowing runs, and did not want negative voices. Even those who left would sometimes recommend a Jim's franchise to others, since they had found it an effective way to build their own business.

The second is that it dramatically reduced the risk of litigation. This policy is one reason why, for a franchise system of our size, we have remarkably little litigation (currently none). VIP did not follow the same policy, and was soon to suffer as a result.

My contracts were also to include an income guarantee, later raised but with the condition that a Franchisee earn it by offering free services to clients. (We call this 'pay for work guarantee'). It means that any Franchisees prepared to get out and ask will always make a minimum income, and discourages Franchisors from putting on too many people without enough advertising. But the main benefit is that offering free services quickly works to build a business. In my experience Franchisees gain at least two dollars in paid work for every dollar paid out by the Franchisor. We encourage Franchisees to start by offering free services to people they know and also (more recently) to Franchisees in other divisions, which can help to build a referral network. Our fees were to be a fixed monthly payment, but with a correction that rewarded good service.

It is hard to over-emphasize how radical all these ideas were. There was nothing I had heard or even read that was remotely similar. Perhaps the best book on franchising I ever read was John Love's book about McDonalds², which did tend to support my ideas about putting franchises first. But this was years later.

These ideas reflected a passion for service expressed first in the way I treated my customers, then in the way I sold lawn mowing runs, and now in the way I intended to treat my Franchisees. I wanted them to be considered as valued customers, to become fans. The ideas also stemmed from the fact that I am a highly unorthodox thinker, one of the remarkably few ways in which I have a talent for business. It was radical thinking that had sunk my academic career, by totally flying in the face of conventional thinking about society. In business it was to prove a real plus.

The next step was to turn it all into a franchise agreement, and this proved hard. I had seen the VIP version and found nothing that fitted my vision. So in September 1988 I went to an experienced franchising solicitor and described the features I wanted. It took two solicitors and nine months of arguing to get something I could accept. They just could not understand a contract that gave Franchisees so many rights and Franchisors so little power. At one stage they insisted I have the right to check on Franchisees' earnings. I pointed out that this would not affect our fees so was unnecessary. I wanted no rights that were not clearly necessary, and no power to act unfairly. I remember sitting in his smart boardroom in a tall office block overlooking the city and trying to persuade them by saying 'I want to make an offer *too good to refuse*.'

² John B. Love, (1996) *Behind the Arches*, Bantam

In fact, my contracts were plenty tough with regard to such as issues as customer service, wearing uniforms, and paying fees on time. But they positively worked to prevent myself as Franchisor from doing anything unfair. I am sure the lawyers believed these idealistic aspects would be watered down with practical experience. In fact there were not, and in time we were to add two key clauses that gave Franchisees even greater rights. More of this later.

And then there was the logo. Considering how famous this was to become, it is remarkable how little thought went into it. The name 'Jim's Mowing', as mentioned earlier, stemmed from the time when I mowed the lawns myself. The image started with a photo of me with my normal gardening hat, which I had used on leaflets because it brought a better response. The graphic artist turned this into a drawing, giving options of a half dozen different scripts for the business name, and we stuck them round the office to look at for a few days. The staff picked the script we now use, because it was easiest to read.

I had been doing much of a Franchisor's job for years: training, manuals, seminars, advice, help with resales. Now I needed an information brochure, trailers, a logo, and uniforms. Most of this was not difficult. I pulled the VIP brochure to pieces, quite literally, examining everything from the way it was written to the heat-seal binding. Then wrote my own completely different version, covering the same topics.

I was also determined that my Franchisees have the best equipment. One of the things I disliked about VIP was their trailer design. Rubbish had to be placed on the roof, which not only lacks space but is a long way to lift a heavy grass bag. Also, the solid rear of their trailer was great for advertising but hard to pull and to steer in traffic, because of reduced visibility.

As a contractor, I had been fiddling with the design of my trailer for years. And as in most areas, the goal was utility rather than looks. For example, I developed a separate mower rack across the front axle so that the entire body could be filled with rubbish. The sides were made solid for display but the front and rear meshed for easier driving. A measure of success is that our trailer design is widely used by independents. At one time our trailer maker was selling as many to outsiders as to us, though of course with different signs.

To actually launch the franchise, I approached the best of the people who had bought my mowing rounds in the past, having kept in close contact through my support system. Also the best of my subcontractors, about sixteen people in all. The emphasis was on quality people, because the whole point of the franchise was to offer a quality service.

I invited them all to a meeting and offered what I hoped was a totally irresistible deal. People who had bought a business from me could simply swap it for a franchise, which would thus cost them nothing except the signs. The franchise would include the jobs they were currently doing, so their income was not affected. I would then give advertising support to build their business locally. If it worked out, they were in on the ground floor and could do well. If not, they could go independent again with nothing lost but some monthly fees and the signs.

The meeting was held in a small room at the back of my house. We were so crowded that half the people had to sit on the floor. I explained the system, handed out a copy of the contract and made my offer. Those present asked quite a few questions, then took the contract away to read. As I have said, it was designed to be irresistible. It offered powerful incentives to join the system, to do the best thing by it, and to stay with it. How could it be improved? Could they see any problems?

As it turned out, they saw plenty. They felt there was not enough protection for territory rights, for rights to regular clients, and against unfair termination. I was stunned by the number of things I had not thought of. But they were right, in almost every case. The contract as it stood allowed me to act unfairly, in ways that I did not intend to act. So I changed it. In the end, about half of those who had been present at this meeting signed up.

Among those who signed was a young man called Andrew Mackintosh, who had purchased a run from me a year earlier. A butcher by trade, he had a relaxed manner and a warm, charismatic quality that was very appealing. When he talked to seminars and franchise meetings in later times, he would sit casually on the edge of a desk and chat in what was apparently an informal, off-the-cuff manner. Yet somehow he managed to engross everybody in anecdotes of what he had achieved and inspire them to go off and do likewise. He made the whole thing sound easy and fun.

We had kept in close contact over the previous year and he acted as one of my trainers, showing the ropes to people buying my mowing runs. He not only gave excellent service but was adept up picking up 'extras', tasks such as rubbish removal and gutter clearing that are the key to good, year-round income.

Beneath the easy-going charm was ambition. While making very good money, his earnings had reached a plateau. He wanted to do better, to take on workers and build a major business. We had managed to compact his customers quite a bit by swapping jobs, with an obvious improvement in profit, but he wanted to travel even less.

Joining the franchise turned out well for him. He not only lifted his income, but by building and splitting franchises recouped his initial investment many times over. He became one of our most successful Franchisees, with a peak turnover of just under a million dollars a year and fifteen people working for him. In later years he founded a new division and eventually looked after 120 Franchisees as a Regional Franchisor. Later still he became a successful property developer and owner of several large nurseries. This was a common pattern. Many of our best operators have gone on to take Franchisor rights, start new divisions, and otherwise build major businesses.

The contract was ready just in time for the spring of 1989, the start of our mowing season. The next few people who came to me for a business were offered a franchise instead. Once realizing they could not lose on the deal, since they could take their clients and go independent at any time, they signed up fairly quickly.

It is important to stress how slight prospects appeared at this time. I had not done a cash flow or a business plan, and my ambitions were minor, in the extreme. Someone asked me, not long after the launch, how many Franchisees I hoped to have one day. I said that

if it worked really well, maybe one hundred. And I openly scoffed at the idea of going interstate. The franchise was something minor until my 'real' business came along.

But I did have a real passion for the welfare of my Franchisees. I wanted them to become fans. This was my emotional driver, far more than money or personal ambition, and it is still the motive force for my best Franchisors. They care far more about the success of their Franchisees than making money for themselves, though in practice they tend to do the best financially.

This concern for Franchisees was also the reason for one of my best business decisions, made right at the beginning. In subcontract days, as mentioned earlier, I used to have successful contractors take new guys around to show them the ropes. One day, a trainer asked me how two of his recent trainees had gone. I said they had both failed. He said 'I thought so', and I asked him why. 'Because they were poor with customers'.

So right from the beginning, I made sure that every prospective Franchisee was checked out by a trusted trainer and knocked back if there was any doubt. There are key aspects of a good mowing job such as neat edges, mowing straight lines, and picking up the grass clean. A hose needs to be picked up and coiled neatly on the garden, even if there are only a few leaves and blades of grass underneath it. A trainee might need to be told once or twice, but after this he should do it without a reminder. He should also turn up on time, and at the very least apologize if running late. And he should show initiative after the first job or two, such as by helping to unload the trailer.

You can tell a lot more about someone from a day in the field, than from a structured interview behind a desk. So even though I interviewed carefully, knocking back anyone who raised doubts, field trials proved the most effective way to sort people out.

This was a decision about business but not a business-based decision. Logic says that taking on doubtful Franchisees is a no-lose proposition. If they work out I have a successful Franchisee paying fees. If not, they leave and I am no worse off. This was, and is, the normal practice for my competitors.

But I *could not* take on someone who seemed likely to fail. It just felt wrong, because I knew how much damage a business failure can do. I also believed that better customer service would increase work flow and thus help our Franchisees to succeed, and this proved in the long-run to be correct. As customer service improved over the years, we were to become astonishingly more successful at finding work. This despite our policy, drilled into Franchisees at training, to compete on quality but *never* on price.

Apart from this, my whole focus at this time was on my Franchisees' success. I flooded them with jobs, support and advice. I ran upbeat and helpful meetings. And as their income and enthusiasm grew, numbers began to rise. I continued the practice of my subcontract days, by giving all prospects a complete list of current Franchisees and urging them to phone. So far as I know we were the only Franchise system to do this until the launch of the Australian Franchise Code more than a decade later.

Rather cheekily I used this against VIP, at this time still our major rival. When people asked why they should prefer our system to theirs, I never bagged the opposition – a poor

business practice which generally backfires. Instead, I simply gave them the list and invited them to check what my Franchisees thought of us, also suggesting they ask VIP for theirs. I knew, of course, that they would not and could not provide such a list. Thus my Franchisees sold my business far more effectively than I could.

One early inquiry showed the value of this list. Geoff had an excellent business background, was well prepared and well spoken: all the hallmarks of the ideal Franchisee. I told him in great detail how our system worked but he was sceptical. So I gave him the Franchisee list and let him go. Over the next few weeks he rang *everyone* on the list. I know, because they told me. He would ask each of them the same question: 'What's the catch?' The whole thing seemed too good to be true. At the end of this time he came back and said 'I have come to the conclusion there is no catch. Where do I sign?' He bought a franchise, made an excellent income, and sold out later at a two-hundred-per-cent profit.

This kind of thorough investigation is one sign of a good operator. Such people will take the trouble to phone existing Franchisees. So the key to attracting them is to make sure Franchisees are as happy as possible.

Rapid growth began to affect our monthly meetings. At first, the original few used to meet in my lounge room. Next we added a second circle of chairs, and then transferred to a local church hall. The earliest meetings were no more than lively discussion groups. People would bring up difficulties and talk excitedly how much money they were making. They also shared ideas on how to improve their businesses, rapidly developing far better ways of operating a mowing business than I had known in my years out in the field. Their enthusiasm was infectious. I would invite prospects to the meeting, and Franchisees would fall over themselves to see who could take them out on a trial.

Sometimes I used to get envious myself. I had ceased working in the field some months earlier, while preparing the franchise system, and this time suffered no loss of motivation. Still, I thought seriously for a time about re-arranging my schedule so as to get back on the road for a few days a week. In some ways also, I missed working in the open air. But a more powerful reason was to find out how much better I could do as a mowing contractor by putting some of these new ideas into practice!

The meetings were in many ways a coming together of equals. After all, it was their system as much as mine. Some of them had helped draw up the contract, and others were helping to change it. For example, in the early days territory rights covered only mowing jobs. One of the Franchisees suggested that all gardening, rubbish and similar jobs also be covered in return for a slight increase in fees. This was put to the meeting and adopted unanimously. Franchisees also pushed me to improve my invoicing. These are only two examples, but people would be astonished to know how much of our system was thought up by Franchisees, and later by Franchisors. Time and time again, the key to improving our system has been simply to listen.

What surprised some newcomers was the robust way in which these opinions were expressed, including a great deal of direct criticism. Fortunately, I have a thick skin and tend not to take things personally. Ventilating problems is healthy, and often brings up good ideas. Even when I could not agree with a proposal, we would hammer out some

sort of compromise. And Franchisees always knew they were being heard and could play a part in shaping the business, which helped build a sense of common ownership.

This robust style is still characteristic of Jim's today. I regularly meet with Franchisors and with their elected representatives in our Advisory Committee, and also at general meetings. Some of these can get quite heated. In addition, every Franchisee and Franchisor has my direct Email address and phone numbers. They may throw up any idea or voice any criticism, and always receive a response.

I could give hundreds of examples, big and small, of Franchisee feedback shaping our system for the better. Just last week, a Franchisee proposed a change to our question asking feedback from clients in surveys, which after some discussion we're adopting. The proportion of extra leads we give to new Franchisees to get them started used to be calculated quite differently until a Franchisee phoned me to say he thought it unfair (it is now set at two to one). Other examples include our systems to allow Franchisees to change Franchisors or even vote them out, which will be discussed later, both of which stemmed from a Franchisee email.

Not all such requests result in changes, of course. The single most common is that I delete a customer complaint or review which the Franchisee thinks unfair, since I am the only person who can do this. I'm happy to comply if there is evidence the client was wrong, such as proof they made every effort to contact a customer within two hours (both a phone call, and a text if they could not get through). But I won't do it without proof because, as I try to explain each time, weakening our compliance system would hurt our reputation and reduce the leads coming in.

Franchisees can get very angry at times, and I have to struggle to keep my answers even. Because a key part of our ethos is that anyone who pays you is a client and should be treated with respect, even when they do not always show the same restraint. This is a direct analogy to the situation with an upset client in the field. No matter how angry or abusive they become, it is *never* OK for a Franchisee to respond in kind.

There are some limits to this. I do not accept bad language from anyone, at any time. And I will not tolerate abuse of my staff, especially girls in the call centre. They do not make policy and are simply doing as asked. If anyone has a complaint with the system, they should take it up with me.

Ability to take criticism is also a key requirement for our Franchisors. In a couple of cases, Franchisors with a genuine concern for their Franchisees became defensive and shut down opposing voices. In the end they lost their good opinion and had to sell.

Franchisee opinion was even more important in the early days when I wanted to change something. I rarely made a change, whether allowed by the contract or not, without the backing of a clear majority of those attending the relevant meeting. And a Franchisee with a serious gripe would often be invited to come to a special meeting and have their say. A number of what seemed to me good ideas, such as the use of credit card symbols in our advertising, were shot down in meetings. (This was because most Franchisees, at that time, did not have the ability to take credit card payments). But generally, feedback from Franchisees was positive and helpful.

We also experimented with meeting procedure in those early days. At one time, in line with my egalitarian principles, I allowed Franchisees to elect a committee and run the meetings themselves. This did not work out well, as they became dominated by procedural arguments which left no time for training. Franchisees began grumbling and attendance dropped, so with general consent I took back control. The focus went back to training, with a general business session to follow. This is pretty much how our meetings are still run today.

Because so many decisions are made by vote and by referendum, some people get the idea that Jim's is a democracy. It can better be described as a 'consultative dictatorship' and that the core values of service to clients and service to Franchisees must never be compromised. On the contrary, we must always strive to do better.

Chapter 5 Surprised by Fame

While all this was going on, the business continued to forge ahead. When my first Franchisee signed in June 1989, VIP had fifty Victorian Franchisees and two hundred more Australia wide. Not long after, Bill Vis phoned his Victorian manager to check out this new company that was starting to make waves. David Mitchell was not concerned. ‘Don’t worry,’ he said. ‘We can take care of Jim’s Mowing.’ And he had some reason. VIP was first in the market, very well known, and with far more money behind them. Yet by the end of the first year we had sixty Franchisees and were breathing down their necks. Today we may be close to ten times their size. It is a lesson on the dangers of complacency that I never forgot. And it has helped fuel my obsessive drive to change and improve, to never accept any standard of service as good enough.

The reason for this growth was quite evident: my Franchisees were happy, making money, and loved the system. This also meant that it cost little to find them. All it took was a small ad in the businesses for sale section of the Saturday paper, while VIP ran full page ads in glossy magazines. I might add that the situation has quite reversed in recent years. It is *much* easier to find clients, and very much more costly to find Franchisees.

In fact, the first time we spent any significant sum was at the franchising expo in spring 1990. Even here, we made the cheapest display possible—a small booth with some green carpet, garden furniture and plants, and a couple of posters. To save on staff I spent the entire three days running it myself, dressed in my usual Jim’s Mowing uniform. Most other exhibitors wore business suits.

The only drawbacks from that first Expo were that some people came back several times to find me still busy, and by the third day I was hoarse from talking too much. We signed up quite a few people as a result, but the cost of the stand meant that each Franchisee came to us with a price tag of several hundred dollars—more than ten times what we normally spent.

Wearing a Jim’s uniform was something I did right from the beginning. I hate ties so suits were never an option. But greens, for me, also made a statement. I was a mowing contractor by trade. I loved the business, had done it for many years and took pride in it. Being a manager did not change that. I was determined not to be ‘up myself’, not to give the impression I felt myself superior for sitting behind a desk.

These symbols were all the more important because I did not have any particular knack for getting on with people socially. Intense and passionately focused on my business, I was not the sort of person to talk about football over a glass of beer. And, as mentioned earlier, I have an appalling memory for names and even faces. So at least I could dress as they did. Besides which, it was my way of setting an example. We strongly insist that Franchisees wear uniform at all time while working. This is not only a better image but makes it more likely they will get the job.

By now I was starting to be quite famous, which was a real surprise. What made it even stranger was the fact that nobody actually recognised me, and it was something I never

volunteered. If people asked where I worked I usually said 'in Bayswater', which was the site of my office at that time. I am even more anonymous in recent years, now that the beard is gone!

Wearing greens had its moments. Going into a butcher's shop one day I was greeted with 'G'day, Jim.'

I said, 'G'day.'

He grinned. 'Your name's not really Jim, is it?'

'As a matter of fact, it is.'

He looked at me for moment and then said, 'You know, you even look like him!'

Or another time when I tried to enter a function in the city, dressed in my normal clothes, and was stopped at the door. "I'm sorry, sir, you can't come in. This is a business function." I told them, "you'd better let me in. I'm the speaker!"

The greens, and the limited marketing to find Franchisees, were all part of my instinct to put substance over display. That is why our trailers were designed for practical use rather than marketing. It is also why I drove old and decrepit cars, a subject of interest to the media when we started coming to their attention.

The same applied to the office, which for as long as possible was a primitive affair attached to my home. The way I saw it we had limited funds, especially since we started by selling franchises very cheap. We could spend them on expensive advertising, displays and office furnishings to attract and impress people, and I know some people bought from VIP because their offices were more impressive. Or we could spend them on delivering service to Franchisees.

One place I never stinted was on answering the phone. Where our competitors used a paging service, we answered calls direct from the office. We knew who needed work that day, and so could usually book a job on the spot. This was a huge advantage in the market place. A prospective client might have rung several people who either did not answer or promised a call back. Once they called us we would book them in, and often do the job that day. If they called again, we knew who had serviced them and could page out a message in seconds. It was a great help in converting phone calls into jobs.

I was a fanatic about answering the phone promptly and would quickly grab it myself in case of an overload. The staff who worked with me in those days would run to pick up the phone, and it is been part of our culture ever since. I cannot express how valuable it was for me, as the boss, to get on the phones even when I did not strictly need to. Direct contact with clients in this way led to a number of crucial changes, including putting our Franchisees on pagers.

Another result was a total revamp of the way we treated complaints, which I will refer to later. There is nothing more motivating than taking the call from an upset client, especially when you are the one ultimately responsible for the service they receive. I do not answer the phones directly these days, because they are in a different building, but I do still deal directly with unhappy clients. Staff have strict instructions to refer complaints directly to me, if the client fails to get satisfaction the first time they ring.

Taking calls is a tough business, and I take my hat off to the people who do it full time. But there is nothing more crucial to business than how you answer the phone. Getting people to call you is expensive. Spend whatever is necessary so you will not lose them.

Another area we did not stint was advertising, which in those days took not only the Franchisees' advertising contribution but at least half the franchise purchase price. The key media changed gradually from leaflets to local papers and the Yellow Pages, and more recently the Internet. But one thing that has never changed is that the most cost-effective advertising is vehicle signage, and a reputation for customer service!

In finding work we benefited from a major change in public taste. In pre-franchise days, clients preferred local operators, who were seen as cheaper and closer to home. That was a lesson driven home by the 'Mr Lawns' fiasco, and why I tried so hard to avoid any corporate image. Now there came to be a positive preference for a known brand, similar to the way in which McDonalds and Hungry Jacks have beaten down the local fish and chip shops of my childhood.

One reason may be that people understand the advantages of police checks, compulsory insurance, and an unconditional guarantee of work quality. Each year we spend more than \$100,000 fixing problems left by departing Franchisees, which seems like a lot until you note that we probably turn over the best part of a billion dollars a year.

But largely, as is the case with fast food, it is because clients have learned that we provide a better and more uniform service. Surveys show that our Franchisees normally return phone calls promptly and turn up on time. They also show that our conversion rate these days is a remarkable 79%. This is all the more surprising given that we do not try to be cheap, usually recommending that Franchisees quote at least 10% more than the going rate. This is one reason why Franchisees who go independent not uncommonly come back, because the saving of fees is rarely worth the lower prices they must charge to get the work.

We were also starting to see more leads from the same sized ad. Some Franchisees tried putting their own private ads in the paper but abandoned them as unprofitable. In recent years the situation has become so extreme that, for some divisions in certain areas, we cannot spend the Franchisees' full advertising contribution (normally around \$130 per month). In these cases, according to the contract, we must get their permission to spend the money on such things as trailer stickers and invoice pads. In one case, just recently, a Franchisor credited his Franchisees more than a quarter million dollars that he just couldn't spend from the advertising fund. Some of them paid no fees for months!

The positive side of this is that most of our Franchisees are usually flat out. The downside is that the number of unserved leads is rising year by year. I've just done a check (this is July 2018) and over the past year we knocked back 184,839 jobs, which is about one in four. Hardly ideal customer service. This extraordinary result causes some people to see me as of marketing genius. But in fact, I have very little to do with marketing, which in our system is controlled by local Franchisors. In most cases I do not even get a vote.

Instead, most of my time is dedicated to improving service, both to customers and most especially to Franchisees.

Chapter 6 An Amazing Blunder

In the first few months of the franchise system, my main focus was to make sure Franchisees were happy. I flooded them with work: as much as they wanted, where they wanted it, when they wanted it. I gave them all the service and attention possible. With a few exceptions they were pleased with the deal. Not only were they getting plenty of leads, but the territory system kept travel to a minimum.

My aim from the beginning was that Franchisees should build major businesses. Some did so, employing workers and putting on multiple trailers. We did our best to teach other people the skills, running special seminars for those interested in gearing up. But ... most remained single operators. Employing staff is a skill most people lack, and they have to work out whether the extra income is worth the extra costs.

In the beginning, unfortunately, I never really counted the cost of what I did for my Franchisees. The first few bought in at \$6,000, even less than an independent business would have cost, but this was enough because it did not cost that much to find customers. The ongoing fees, however, amounted to only about four percent of turnover – including advertising!

Now, as mentioned in the introduction I have a number of strengths as a business owner, but accounting is not one of them. Figures in those early days just baffled me and I really could not be bothered when there were so many more interesting things going on. In later years this was to cost me dearly, but in these days it almost sent me broke. The problem first raised its head when I hired a management consultant who worked out that we would need one hundred and fifty Franchisees merely to cover the costs of the office. A far cry from the sixty that we had at that time. But obviously with one hundred and fifty Franchisees, we would need to spend more on running the office! In other words, we were relying on sales rather than franchise fees to cover running costs, not the hallmark of a good franchise system. Unfortunately, I merely filed the report and forgot it.

Until the end of 1990, when the Australian economy was poor and the weather (from a mowing point of view) even worse. A lot of new work was going to established Franchisees, so we were selling fewer new franchises than before. Belatedly, I sat down and worked out what everything was costing and what it was likely to cost in the future. My conclusions confirmed those of the consultant. If it were not for franchise sales, we would be broke. In fact, our ongoing fees were only about half of what they needed to be.

At the next franchise meeting I presented, rather baldly, the problem with the fees. I told the Franchisees that we were not covering costs and were headed for collapse. Their reaction was mixed, to say the least. There were a lot of objections, particularly as some people thought we were misspending money. Others questioned the need to charge more than our opposition. A lot of people asked to see figures, which I had neglected to prepare: something not calculated to impress a group of people who together had far more business experience than I did. The meeting ended on a very sour note.

Some nights later I had a long talk with Geoff, the ‘where’s the catch?’ Franchisee mentioned in the last chapter. He had been trying to figure out how we could do what we did for the fees being charged. The problem was obvious to him after only a few visits to the office. He was actually very understanding of my problem and had no doubt that the system was worth the higher fees. After chiding me for my naiveté in coming before the Franchisees so ill prepared, he advised me on how to put a presentation together. Step by step, we drew up a plan for a special meeting.

I did exactly as he said. I drew up a written report detailing all of our spending on each area of the office and advertising, worked out projections month by month for the next twelve months, and generally put together as strong a presentation as I could. Then I offered to make some other changes to the contract that were favourable to the Franchisees. There was an irony here: I had structured the contract so as to protect the Franchisees from having changes forced upon them, and I needed 60-per-cent approval from all of them to make the proposed improvements. If I failed, so would the business. It all depended on one special meeting.

The night of the meeting came, and the hall was packed. I do not think we have ever had such good attendance, before or since. And this time I was prepared. Sheets of figures were handed out in advance. I made my presentation as clearly and persuasively as I could. It clearly showed that current fees were far below costs, and what fees would be necessary to cover costs. One Franchisee asked why we should charge more than VIP, which was the case in those days. I pointed out that most of our costs stemmed from taking calls and handing out work. This meant we could give work to people who needed it when they needed it, and not otherwise. It also gave us a record of who had serviced a client in the past, in case the client phoned back. In the VIP system, all calls were routed to a paging service, paid for by the Franchisees. If we did this, I suggested, it would be possible to halve our fees.

Such a solution would have been, for me, a disaster. It would reduce support for both customers and Franchisees. But I did not expect it to be approved, and it was not. In fact, not a single person could be found to vote in favour. Clearly, our Franchisees liked the service they were getting, which brought to the forefront the question of how to pay for it. The discussion continued, with vigorous debates on all aspects of the issue, and many people getting very excited. But comments were generally positive, and at the end of the meeting the vote was overwhelmingly in favour. No one likes fees, but our people had enough sense to realise that they must pay for what they were getting.

But this was not enough. To change the Agreement, we needed sixty per cent in favour. And not just sixty per cent of those replying, but sixty per cent of everyone. Bearing in mind that many people will simply not respond to such a request, I effectively needed close to one hundred per cent agreement from those who did reply.

As predicted, some people did not respond. But eventually we got sixty-three per cent approval: a narrow margin but enough. The new rate was in force, along with the other changes. I found it remarkable and heart-warming that only six out of a hundred or so Franchisees had voted no.

This episode showed my weaknesses and strengths in a glaring light, though I was a long way from learning the lessons. In the negative, of course, was my appalling neglect of accounting, including preparation of figures for a vital meeting. But on the positive side was a system that genuinely cared for Franchisees and did everything possible to help them succeed. This built a reservoir of trust to be drawn on when the business was in danger. Also important was a willingness to listen and negotiate and take advice. Jim's Mowing owes a lot to Franchisees like Geoff.

In making this mistake I was stumbling in illustrious footsteps, though I did not know it at the time. When Ray Kroc came upon the McDonald brothers' hamburger stand in 1954, he was selling milkshake mixers for a living. Years later, when some of his Franchisees had become millionaires, the mixers were still his only income. In fact, he focused so much on support and service that his franchise fees could not cover the cost. But successful Franchisees drew more applicants, so many that he could afford to be selective. And eventually he discovered how to make money out of it as well, by owning or taking a head lease on the land under the stores.

A Franchisor can make terrible mistakes and still succeed, if Franchisees are the number one priority.

Chapter 7 Billy Cans and Margarine Containers

Increasing fees was only part of the solution. Success in Franchising is a balance between two opposing principles: the need to give the best possible service, and to do it while charging the lowest possible fees. In general, we aim to keep fees below 10% of turnover, a tiny fraction of what a retail Franchisor gets. And out of this must come advertising, administration, training, personal advice and support, and a host of other functions.

The temptation is to rely on Franchise sales, which leads to poor selection and a focus on sales rather than support. And is a very unstable financial base, since there will always be slowdowns. Over the years at least three of our serious competitors have come unstuck for this reason. One disappeared, one went insolvent and was sold, and the third has been propped up by other sources of revenue. Jim's itself barely survived at points during the nineties, though this was partly due to stupid actions on my part.

Thus it was that, alongside my obsessive focus on improving service, came a constant effort to increase efficiency and thus lower costs. Fortunately, I am frugal by nature. Turning off lights and buying shop brand in the supermarket is second nature to me. But I was also fortunate to enter business in the age of computers.

Suppose that a competitor had come to my home office when the franchise first launched, looking for signs of future success. He would have walked out smiling, convinced he had nothing to worry about. In fact I doubt anyone else, with the exception of my mother, ever thought the business would amount to much.

Our system for handing out work in those days revolved around a margarine container, a lunch box, and a billy can. New jobs were written on a slip of paper and placed in the margarine container. When we worked out which Franchisee could take them, his code was written in the corner and the slip placed into the lunch box. The Franchisee would phone up to take the job, by dictation over the phone, after which it was placed in the billy can. Eventually the jobs were typed into the computer, using a database program that I had set up. But if we got behind, which often happened, there would be a frantic search through the billy can to find a particular job.

Improvement began with a simple observation, obvious to me because I was still taking a lot of calls. Towards the end of the week, a lot of people were asking for same day service and going elsewhere when refused. Yet many Franchisees were available to take work. In the days before mobile phones this was a major problem. We certainly could not ask the Franchisees to ring in at regular intervals just in case there was a job. So I asked the guys if they would like to get message pagers.

Strangely enough, my Franchisee-focused contract worked quite well in this case. I had no power to compel my Franchisees to buy pagers, so I explained their benefits and costs and sought their ideas. Because the benefits were clear and our relationship good, they readily agreed. Shortly afterwards when VIP decided to follow suit, they simply imposed the cost and were faced with a large-scale revolt.

It was a path I was to follow again and again in years to come. Our people will readily accept sensible ideas for improvement, if properly explained. Often their feedback improves the outcome, because they have thought of problems which I have not. Even when they water down some of my ideas for improving service, which happens from time to time, this is not always a bad thing. Better to have a widely accepted moderate change than an extreme one that is resisted and resented.

In any case, the new system worked like this. We began asking each Franchisee how much work they needed over the next day or two, marking this up on a large blackboard. They could ask for a set number of jobs in surrounding areas, or just their territory, or (if really busy) nothing at all. When a client phoned, we were able to tell at a glance whether the job could be done that day and could avoid losing clients who did. Then we wrote down the details on a slip of paper, as before, but now someone would phone the paging company and dictate them as a batch. After which the slip went into the billy can and was typed up the next day. Which still led to problems if a client phoned back quickly and we had to go hunting to find it.

All this took a lot of time. One of the worst aspects was the need to phone the paging company. It was not always possible to get through directly, and when we did we often had to hang up because too many phones were ringing in our office and the person doing the paging call was needed to look after clients (always our top priority). Also, dictation by phone is prone to error. Among many other problems, 'F' and 'S' sound exactly alike on the phone. By the time the client had given their details to us and we had dictated them again, a lot of errors were creeping in.

Eventually, and this was a huge improvement, we got a direct line to the paging company so we could type the job in direct. But even so the workload was immense. During the spring of 1990 we were so busy that we might have one person taking calls, another mainly occupied in paging work, another typing the details into the computer, and still another shuffling frantically through pieces of paper trying to find a client. The office was full of people working away, with only one actually talking to clients.

It was then that I realised that we needed more than my home-grown database on a single PC. In particular, we needed a network so that each staff had a terminal and could enter jobs directly from the phone. I approached a number of computer companies and found one able to give support in all areas, including hardware, programming and networks. They assigned to us a young programmer called James

One of the first and most exciting things that came out of our discussions was that computers could do far more than I had imagined. For example, at that time all work requirements were written on a physical blackboard, which created a number of problems. First, it was hard to see it from all sections of the office. Then, when a job had been allocated someone had to change the figure to avoid giving too much work to any one person. This meant physically getting up and changing the number. Which was difficult, especially when the office was busy. Then there was the laborious process of wiping it out each few days. And because of our rapid growth, we had to re-do the whole thing every few weeks to fit in more Franchisees. We also needed to refer to lists of suburbs, to see which Franchisee could cover a particular job. Some people, especially the newer ones,

would travel quite widely, while those with a good client base would only take leads close to home.

James showed me how the blackboard could be computerised. Each Franchisee could be put down for all the suburbs and services he was prepared to cover. Simply by entering the suburb name and striking a single key, we could see who had territory rights and (failing this) who else could take the job. Once a job was allocated, the 'blackboard', as we still called it, was adjusted automatically.

There were other advantages. Names are a bad way to find clients. There are a lot of misspellings, and common names can be a problem. But the computer could search by phone number or, better still, by address. We could also search by street and suburb, useful for example if a client wanted to contact an operator who had done a quote for her while working across the road. We could simply look up who had been working recently in that street. Another time saver was automatic invoicing of Franchisees at the end of each month.

This was all good stuff. But James came up with one idea that filled me with excitement. Remember how, even after installing the direct line, we had someone in busy periods almost full-time phoning the paging company. James suggested that it might be possible for our computer to talk to the paging company computer direct, eliminating the human operator. There would be no double entry of jobs. He warned me that this would be technically difficult, expensive and time consuming. It would involve programming from both our end and that of the paging company. Without any hesitation, I told him to go ahead.

Writing the program took several months, but in the end all our staff needed to do was enter the address in the computer. If an existing client, it was flagged so we could page the previous Franchisee. If not, it was allocated correctly and paged out, though in the early days we had to check manually if there was more than one territory holder in the suburb.

This was far more efficient. The number of staff needed per Franchisee dropped, though staff numbers grew overall because the business was growing so fast. And we could do all this while giving even better service to our Franchisees. For example, a system was set up to check street names against a computerised street directory. This not only prevented misspelled names, a major problem in the past, but gave Franchisees a map reference to save time on the road.

Further developments allowed Franchisees to specify which services they wished to take and in which suburbs. For example, someone with a ride-one mower might take ride-on jobs from a wide area, but small jobs only close to home. Or they might want to take landscaping leads but no mowing jobs at all. If you ever see a trailer marked 'Jim's Landscaping' or 'Jim's Gutter Clearing', these are actually mowing Franchisees who choose to focus on a particular kind of work.

When two or more Franchisees are down for a suburb and no-one has the Territory rights, the system will choose the one with the fewest recent leads. If more than one has had the

same number, then it picks the closest. Reducing travel time is a constant theme of ours, since this a major key to increased income.

These days, the computers are programmed with every territory, down to the exact street and even street number. Thus if a major road is the dividing line between two Territories, the system knows to give odd numbers to one Franchisee and even to the other. This not only saves time but makes it difficult to breach territory rights – something very important to our Franchisees. We also allow them to specify whether they are able to offer same day service and up to what time, exactly how many leads they want, whether they will take previous clients outside their normal work area, and so forth. These changes benefit both Franchisees and clients, while dramatically cutting costs.

And we kept our focus on fast response to calls. Putting people on hold is a luxury reserved for big organizations – not for service companies like ours. Customers can easily phone someone else, and Franchisees do not like to be kept waiting on their mobiles when phoning in to give work requirements. Thus our call centres are seriously over-manned by normal commercial standards, and we keep them close to home so as to ensure local accents and local knowledge, though it would be a lot cheaper to outsource them to Asia.

Later on we made it possible for Franchisors to log into the system from home, see what work their people are taking, and adjust suburbs and work requirements to reduce their travelling time. Eventually we gave Franchisees the same rights through a system called ‘Jim’s On-line’. We also provided a free scheduling program called ‘Jim’s Jobs’, which was a big hit.

None of this came cheap. Shortly after the program was written we took on Stuart Lewien as a full-time programmer. He did an excellent job developing the system while supporting other administration offices over the phone. Our IT department currently employs fifteen people (including Stuart), mostly programmers developing new systems. For a small company like ours – I directly employ just over forty people – this is a huge investment. And yet it is crucial to our future growth and development. A once only investment improves our service and reduces our costs – forever. This is especially so because the link between IT and users is so close. Admin staff and programmers talk to each other regularly, and all Franchisee programs are tested by people in the field who are in constant contact with the developer. My personal advantage is that having spent years in the field as a mowing contractor, and many more in the office taking calls, I understand what the applications are trying to do.

In recent years we have automated our contracts and disclosure documents, so that entering relevant data on-line prints out completed documents within minutes. Our surveys, compliance systems and debt collection processes are also increasingly automated.

It is difficult to overestimate how important IT has been. By lowering costs we have been able to provide a host of new services without raising fees. In fact, allowing for cpi increases our Franchise fees are much the same as were agreed at that meeting nearly thirty years ago. In recent years IT has helped us achieve real and measurable improvement in Franchisee satisfaction and a drop in complaints. Our Franchisees and

Franchisors now spend more time in productive work and less in administration. It also gives us a unique advantage in the market place, which none of our competitors has the resources to match.

This is a long way from billy cans and margarine containers.

Chapter 8 Fear of Flying

When my solicitor drew up the original contract, he put on the title page a space for 'Jim's Mowing (Australia)', and one for 'Jim's Mowing (Victoria)'. I asked 'What's this for.' He said 'In case you want to set up branches interstate'. I just laughed. My biggest ambition at the time was to survive the onslaught from VIP. Registering two companies instead of one seemed a waste of money but I agreed to do it - just in case.

By mid-1990, the idea seemed less absurd. After one year of operation, Jim's Mowing had around sixty Franchisees in Melbourne. I began thinking about interstate expansion, for a number of reasons.

First, I had spent a great deal of time and money developing the system, including the contract, the manual, the office system, television ads, and so forth. By expanding into new markets we could take advantage of the work done so far. Second, the office was running so smoothly that I had time to spare. Third, our financial position was good, or so I thought. And in any case, the move ought to make a profit from the beginning.

With all these things in favour, why did I hesitate? Put simply, I was scared of flying. I could never enter a plane without imagining, in great detail, the crash to come. This was partly for personal reasons and for my young family. But most of all because of the research project that was at the core of my mission in life, and which I had never forgotten. And I continued to work on it whenever possible, rising before dawn to study and write, and spending snatched days in the Monash University library reading up on the social behaviour of gibbons and baboons.

One day this project could make a real difference to the world, if I could somehow find the money to fund it. If I died there was no-one to carry it on. But in the end, it was this same goal that drove me interstate. Hopeless and absurd as it seemed at the time, I had to somehow create a very major business that could fund a very major program of scientific research.

My first effort was to advertise in local papers interstate, do phone interviews, and then offer to fly people to Melbourne at my expense. This had some very modest success. I also made a general appeal to our Melbourne Franchisees for anyone willing to relocate. The idea was that they could take prospective Franchisees for try-out and training and, under careful supervision, even sign them up. I would handle everything else by phone. Fortunately, or so it seemed at the time, I found three who were prepared to go and we launched in Brisbane, Sydney and Adelaide.

All three started work in October 1990. We organised local paper advertising and leaflet drops for them, and the calls diverted to Melbourne without a problem. Plenty of work came in, and the Queensland operator in particular was flooded. In fact, this was itself a problem. The Jim's Mowing system relies heavily on operators backing each other up, so that if someone is busy another Franchisee takes the job. With only one operator in the city our service levels were poor. More important, without local meetings and a local Franchisor the Franchisees felt isolated and lacking in support. Thus despite ample work,

and in sharp contrast to Melbourne, most of them failed. I felt personally responsible, so this was hard to take.

One option would have been to appoint local managers, but I lacked the money and experience to run such an operation. Also, I was concerned that such people might learn the system and set up in opposition, taking local Franchisees with them. This was a real danger considering our 'walk out' clause, and especially given that the brand was not yet well known.

So I spoke to a highly capable Franchisee who had moved from Melbourne to Adelaide, offering Franchisor rights to the state for the sum of \$10,000. He accepted and South Australia began forging ahead, with attrition dropping and sales rising. While this was going on I did a personal tour of three states, giving seminars on how to run a successful mowing business as I had done in Melbourne in pre-Franchise days. The evening concluded with a brief outline of my franchise system.

I was quite sure that there were VIP people in the audience, and in one session invited them to step up and say a word. No-one accepted, though one of them introduced himself to me afterwards as their local Area Manger. The irony was that since I charged \$20 as an entrance fee, my competition actually helped to fund the trip! Which, to accommodate my flight phobia, was mainly by train.

But matters were about to take a turn for the worse. The flood of work coming through in the summer of 1990-91 dried up into the worst drought on record. No matter how I clogged the airwaves with advertising and the letterboxes with leaflets, we simply could not find enough work to keep our people busy. Combined with Melbourne drought and a recession, I was going broke.

In those days my contract still had an absolute income guarantee, so that if earnings dropped below a certain level I would top them up. But it also contained an 'Act of God' clause', which waived this obligation in case of extreme conditions such as drought. So in financial desperation I invoked the clause for both Brisbane and Melbourne.

This was the blackest day of my business career. The Franchisees felt betrayed, and I could not blame them. I had promised them an income, and now I could not supply it. I was right in terms of the contract, but it felt wrong.

I went far beyond the contract in trying to compensate. Apart from other efforts, two Franchisees who did not feel able to survive were given their money back. But it was a long few months until the normal guarantee could be restored. Fortunately, those who stayed with us through this bleak period did very well. But I decided that I would never again let my Franchisees down in this way, and the 'Act of God' clause was struck from the franchise contract. Soon after this we introduced the idea of paying Franchisees for free services, which reduced claims and put our new people out in the field building their businesses. So it was never again to be a problem.

In all this gloom Adelaide was the bright spot, growing fast with a dedicated local Franchisor who fully lived my ethos of putting Franchisees first. He came up with a host of new ideas that I was to learn from and imitate. At one time Adelaide had more

Franchisees per household than Melbourne. It was encouraging that my system and ethos could work without my personal involvement. But at another level humbling, in that other people could actually do it better than me. This will become even more obvious in later chapters, when I describe some of the stars of our current system, but it is unfortunately true that I lack the personal warmth and people skills to be a really first-rate Franchisor.

So, painfully and with many false starts, we began taking on Franchisors for other states. My priority, at all times, was to find people who combined business skills with a deep passion for Franchisee welfare. Price was never the main factor. Sometimes I would ask a minimum deposit and offer terms. But it had to be the right person.

One of the last states to be covered was W.A., where we held a meeting to introduce the system and our new Franchisor, Peter Ferry. Several people from the local Mowing Association were there and the meeting became quite hostile. One of them mentioned a massive expose of a mowing franchise that had just screened nationwide on *The Investigators*.

Naturally we were shocked and went back to Peter's house to watch a recording on the TV. To our great relief it was VIP, not us. In essence, a number of VIP operatives in Perth had become unhappy about the lack of support. They felt that several promises made in initial interviews had not been kept and they wanted to take their clients out of the system. They had taken legal action as a group against VIP, lost their case, and so gone on national television. It made pretty grim viewing.

In fairness to VIP, it must be said that the WA problems were almost certainly confined to that State and the manager was soon replaced. All the same, the affair hurt them badly and must have cost many sales as we were still hearing about it years later. Yet this gave us no joy. As the only other major mowing franchise, some of the mud stuck to us. One person was even refused finance in Perth because the bank had 'heard bad things about lawn mowing franchises'.

This whole affair made a deep impression on me. What happened to VIP in the West was a checklist of what to avoid. From overselling in the first place, to ignoring signs of discontent, to using the courts to keep Franchisees in the system. Even to not gaining support for necessary changes, such as the move to pagers mentioned earlier. We require a great deal from our Franchisees, especially in terms of looking after their customers. But Franchisees are also our customers. They pay us to look after their interests, and we had better not forget it!

This episode strengthened my determination not to hold Franchisees in the system by legal means. In recent contracts Franchisees wanting to go independent are asked to pay a small sum, typically no more than \$4,000, and even this is often waived in practice. The real reason for putting this in was to prevent a Franchisor crossing over to a rival and taking their Franchisees with them, not that this has ever been tried. Quite often new divisions ask me to place a larger fee in their contracts, on the grounds that their businesses are worth far more than \$4,000. I agree that they are, but still refuse the request. I do not want any Franchisee launch a legal action for the right to go independent, and \$4,000 is less than any legal action would cost. To date, this has never been tested.

It was while setting up the last Region in Queensland that we found, to our surprise, that the paging company was charging more in Queensland than in the other states. After some weeks of effort we managed to get Queensland down to our standard level, which was about half the commercial rate. It was the first time that we were able to use our status as a national company to negotiate a better deal, no benefit to us but a major saving to the Franchisees. Even today, companies regularly approach us with an offer of kick-backs to promote their services to our network, which we always refuse. Every dollar they can spare must come off the price to our Franchisees, and if it is good enough We will pass the offer on.

By the same token I absolutely refuse to allow third-line enforcing, which requires Franchisees to buy from a single supplier. We can specify the quality, but not where they get it from. This is a Franchisee-oriented policy, like everything else at Jim's, but it makes good commercial sense. Franchisees cannot directly compare fees with anything, but they can compare the price at which they buy. And nothing causes more resentment than being made to paid more than the going rate. Our Franchisees can always see that they pay less.

The only exception has been for Jim's Insurance, which we were to set up in later years, requiring Franchisees to buy their public risk insurance through us. It was the only practical way to ensure every Franchisee was covered since otherwise they could take our insurance, show us the certificate, and then cancel the next week. When we first went into this we found, to our horror, that many Franchisees were simply not insured. When a single major claim could effectively bankrupt the Franchisee, the Franchisor and the company, this was frightening indeed. There were some objections to this, but since our premiums are way below any other provider they were easy to meet.

But to return to 1992, by January we had Franchisors up and running in all States and it was time to get together. I had gained a lot of motivation and new ideas from my contact with them, and they wanted the same privilege. So, all six of us arranged to meet for the weekend at a motel near Melbourne Airport.

Our first National Conference was a major success. It was great to be able to compare notes with others doing the same kind of job, to share solutions and learn from each other. As with newcomers to the franchise system itself, it is striking how much can be learned even from someone who has just started out as a State Franchisor.

The curious thing about all this, looking back, is that almost every premise that guided our interstate expansion was wrong. First, my absurd and irrational fear of flying that wasted both time and opportunity. Second, my original notion that everything could be run from Melbourne. Even the appointment of State Franchisors did not go far enough, as it turned out. We found later that the fastest growing Regions were those with close contact between Franchisor and Franchisee. These days, most Mowing Franchisors look after no more than 300,000 households, since our best regions tend to be those where Franchisors and Franchisees not only have frequent phone contact but often meet face to face.

Third, the notion that each area needed its own administration centre was dead wrong. We found, later, that profitable call centres should cover as much area as possible, that small

ones tended to lose money, and that locality made no obvious difference to clients or to franchise sales. Most Melbourne Franchisees these days, for example, do not even see the office till they come in for training. Mind you, making this work properly has required much better computer software, allowing Franchisors and Franchisees to get instant access over the Internet.

Fourth, I grossly overestimated the risk of someone hijacking my business system. I had no concept of how powerful the logo was shortly to become, no idea of how difficult it would be to copy a successful formula. Though enough people have tried!

I trust by now that anyone reading this book to see a 'business genius' at work has been set straight. Frankly, I am astonished that Jim's even survived this stage, much less grew into what is now a moderately successful Company. One obvious reason is that I managed to find and keep a number of exceptional people. Another is that I was never afraid to admit my mistakes, or listen to others who had better ideas, and work to change things. And lastly there was a determination never to compromise on core values, though this would be severely tested in times to come.

Chapter 9 Gathering Storm

There was no doubt by this time that Jim's Mowing was an excellent business. A lot of its success reflected my own personality: my enthusiasm, my creative mind, my concern for customers and most of all for Franchisees. But the course of the business was also affected by my weaknesses: laziness, lack of interest in accounts, and the common entrepreneurial failing of barging off into a new venture as soon as there are two dollars in the bank.

The financial problems from the 1990-91 drought had never really gone away. I was taking on a lot of new Franchisees and struggling with Pay For Work Guarantees, even though they were scrupulously paid. And all this when computerising the business and trying to expand interstate. Both these ventures were to pay off in spades later, but they did not help cash flow at the time.

What made things worse was that my profits from previous years had been ploughed into an overly ambitious idea for a holiday resort. A long-standing dream of mine, and something that would provide an income when my mowing business had reached its limits. Not that there is anything wrong with investing profits, but my spending had been mainly for permits and studies and could not easily be recouped. And I had totally failed to work out how much the resort would cost, or how spending would affect my cash flow, or how much money I needed to keep in reserve. Or to recognise that holiday resorts were a business about which I knew exactly – nothing!

It got to the point where my overdraft was tens of thousands of dollars past its official limit, and there were huge debts I could not possibly pay. There is a peculiar icy dread that comes at such times, a feeling that was to become all too familiar over the next few years. I was desperate enough to toy with the idea of selling the business and getting out. Which would have solved all my immediate problems, since the business was worth far more than my debts. One prospective buyer even came to a franchise meeting where he was announced as such. What surprised and heartened me was the concern of my Franchisees over a change of ownership. Obviously, they thought better of my business talents than I did. In the end, the buyer backed down, something for which I am enormously thankful. Though I might not have brought myself to sell, in any case.

Instead, my response was to do not one thing but a whole host of things. I got a loan from my father, having been careful to repay such loans in the past, then went cap in hand to the bank to extend the overdraft. This was not easy, as the banks had already started to tighten up their lending in response to a growing number of business failures. My own bank, the State Bank of Victoria, was shortly to be liquidated as a result of bad loans. Fortunately, my bank manager went to bat for me and managed to get us a sizeable term advance. To find the last \$20,000, which was beyond his discretion, I took out a personal loan at another bank. My dedicated staff even agreed to a cut in wages, a kind of loan which I paid back when the crisis had passed.

Then I tried a number of ways to build the business. One was to set up a cleaning franchise. The idea was to use the same franchise system that had been so successful for

mowing, including computers and phone answering. I registered the name 'Sunlite' with a sort of sun ray motif, since the Jim's logo was clearly related to gardening and would surely not work for a cleaning business. The attempt failed. Customers, mainly women, seemed to want a woman cleaning their house, and I could not find my male Franchisees enough work.

Another, more basic, reason was that I personally had no direct experience of the cleaning industry and was unable to advise them. Fortunately, this became obvious after only two franchises had been sold, so I simply returned their money and shut the cleaning side down. Another bright idea that failed was to offer free lawn mowing to people who were prepared to shift their insurance to our supplier. The profit on premiums would more than pay for the mowing. Not a scrap of interest from the public, though at least this venture cost little.

I tried other experiments too numerous to mention. We brought in a system of gift vouchers, began to allow credit card payments by having Franchisees phone the office, carried out different sorts of leaflet drops, bought mowing rounds that could be resold as franchises, instituted phone canvassing, and much more. I also did everything possible to cut costs. We changed our telephone diversions to a new type that had just come out, not only cheaper but less trouble-prone. After a careful analysis of costs, we also replaced our system of 008 numbers for interstate calls with direct STD diversion.

Realising that the laser printer cost more than the photocopier, we switched our usage accordingly. We got rid of any advertising that had not drawn a response and re-designed the rest for maximum impact in the minimum space. I took the phones myself after 8 p.m. to avoid penalty rates. I scrutinised every invoice and every cheque that went out of the office. It was also at this time that the higher fees negotiated with the Franchisees started to cover more of our running costs.

We had always valued our clients, but in these tough times they became even more precious. We tightened again and again our procedure for handling them, actively following up complaints and ringing cancellations. Unhappy clients had to be made happy, and it became an offence to let one down in any way. We strengthened the position of clients at the centre of our business 'culture', something which had lasting impact.

Training was upgraded. We had audiotapes made. We found Franchisees who had flourished in tough times and got them to teach the others. Some of their ideas included watching out for work as they drove around, such as a pile of rubbish in someone's yard. Also writing friendly notes on invoices so as to keep personal contact with clients who were never at home.

Many of these ideas failed but the sheer volume of new initiatives made it likely that some would work, which they did. The great thing about the service industry is that you do not need to invest too much in finding out. If you fail, then no harm done. One single good idea that works, on the other hand, can make up for a hundred that do not. What this requires, of course, is sheer dogged persistence. Like that shown by the inventor Thomas Edison, who tried literally thousands of compounds to find the one that would work for him.

After the grim months of March and April, when grass had forgotten how to grow, the weather picked up. Contractors who had been short of work started to fill up their days, so that pay for work guarantees were less of a problem. Over time, the two initiatives that had helped plunge us into debt began to pay for themselves: the interstate franchises proved profitable, and the computer system meant taking on less staff as the office grew. By December 1991, the immediate crisis was past. We were more efficient and had almost doubled in size over the previous year, which gave us the strength to cope much better with poor weather. I had lost any desire to sell out and no longer dreaded going to work in the morning. The business itself was in a sound financial condition.

Which was just as well, because during 1991 another problem was arising. I had loved being married, and for many years my wife and I were very close. After three boys, we had even managed to produce a daughter.

I was still working from home at this stage and the children's range of ages was a delight. The little ones would sit under my desk, sometimes 'signing' hundreds of bits of paper in imitation of my cheque writing. With the older ones I would draw letters in the sandpit, starting them on reading even before they began school. I vividly remember the day when my second son Andrew wrote 'rat' for me in the sand, his first word! I could also begin to discuss things with them, science and business and ideas.

But during 1991 my wife became involved with someone else. I had a horror of divorce, hated the idea of leaving my children, and knew the devastation Franchisees suffer in marriage break up. But I would not and could not accept her boyfriend. Lest this be seen as too one-sided an account, I am without doubt a difficult man to live with: obsessive, driven, and often blind to the emotional needs of others. It takes a very special woman to live with me, and it was to be many years before I found one.

So we separated and there began my greatest sadness, not being able to see my children every day as they grew up. It is the sort of loss that no amount of 'success' in business terms can remedy. In the short term, however, separation was not as bad as I had feared. The children were living close by and I saw them often. Also, my business and staff provided strong emotional support. Jim's Mowing for me was more a crusade than an income, and it helped to give my life focus and meaning. As did my long-term goal of a research institute.

Financially, the outcome was less fortunate. The sensible thing would have been to sell off the resort project at this stage, giving my wife the proceeds so I could keep the business. The remaining property settlement would have been paid off over a year or two. Unfortunately, I still did not really believe in the future of Jim's. Most of my income was from the sale of franchises in Victoria, which would clearly not continue forever. Therefore, completing the tourist project seemed vital to my financial future, especially given the marriage breakdown.

So I arranged to pay off the property settlement over a period of years. And, to sweeten the deal, to pay maintenance well over the formula. This meant that, for the next few years, around ninety percent of any 'income' would go to my ex-wife and I would be living very lean. But at least Jim's Mowing would remain mine. Unfortunately, when

dealing with the Family Court I suffered from what may be called the ‘trailer effect’. With two hundred and fifty trailers on the road, at this time, we seemed a large and wealthy company, which was far from reality. This has a lot of advantages to ‘seeming’ wealthy when dealing with suppliers and the public, but it was hell in the Family Court. The result was three separate legal actions to overturn the original settlement. On two occasions, a team of accountants combed through our records in a search of the missing funds.

They found nothing, and I ended up paying about the same as originally agreed. A worse problem was more than \$100,000 in legal costs and massive disruption to the business, plus the strain of paying out the property settlement. On top of this came an ongoing diversion of cash to the tourist project. I was well aware of the business principle to stick to what you know. In this case I ignored it and suffered accordingly. The project continued to drag on. Costs grew and grew, with nothing actually being started or built. Instead of financing the property settlement, as I had confidently expected, it was to remain a huge financial drain.

In the eyes of most people, the next few years were to be great ones. Jim’s Mowing grew several times over in terms of size. We steadily improved the system and made a healthy profit every year. Yet against this was the haemorrhage of the tourist project and property settlement, and the ongoing trauma of the Family Court. And I had absolutely no idea of the real horror to come.

Chapter 10 Obsessed with Service

About this time, a publisher approached me with the idea of a book. Jim's Mowing was becoming quite well known, and he reckoned there would be mileage in it. Thus was born, with the help of a professional writer, the first version of this book. 'The Cutting Edge' and its successors sold only a few thousand copies to the public but became far more important as a kind of 'bible' of the company. I had developed very distinct ideas about franchising, particularly in relation to customer service and treating Franchisees like customers.

We made a practice of handing out copies to staff and our best franchise prospects. It helped create a company culture and attract the right kind of people. Many new Franchisees and Franchisor have told me that they were influenced to join because they liked the ethical standards expressed in the book. And those who join for this reason tend to be the best ones.

But in these hard times, the strength of such convictions was to be tested. Most of our income, especially in the early days, came from franchise sales. And the worst temptation a Franchisor can face is to take on people who are not suited to business. In fact, people with enough money to buy a franchise tend to be above average in terms of character and motivation. But certainly not all, and these are the ones who fail.

This was especially challenging in those early days because most of my rivals seemed to have no selection system at all. I have had quite friendly encounters with my VIP counterpart Bill Vis over the years, and in one of these he freely admitted that his system was one of self-selection. A joke in the franchising industry is that you select Franchisees through a 'mirror test'. Hold a mirror to someone's face and if it fogs, you sign them. This was put in another way by a former salesman for a rival franchise. His employers' criteria for selection, as he put it, were '\$50,000, and a pulse.'

As mentioned earlier, my policy from the beginning had been to select hard, and for all the financial pressures I never signed a Franchisee whom I thought might fail. Of course I have made many mistakes over the years, some of which were painful for all concerned, but never deliberately.

At the 1990 Melbourne franchise exhibition I was sitting at my booth talking to David Mitchell, who had thrown me out of the VIP stall at the same expo two years earlier. He was no longer with VIP, and perhaps not their biggest fan. A young man came to the stall to inquire about our system, so I chatted to him for a minute or so as David looked on. Then I nodded down the row of stalls and suggested that VIP was more what he was looking for.

David stared at me in amazement. 'Why on earth did you do that?' He could not understand why I should deliberately send a prospect to my biggest rival. I explained that Jim's requires a high level of communication skills, since we expect our Franchisees to quote on new jobs from the beginning. I just did not think that this young man had it.

My decision to select had been an ethical rather than a business one. But as is surprisingly often the case, a decision based on doing the right thing turned out to be very good for business. With time, it became clear that careful selection was a major driver for success. Not only was our own, highly-selective system doing better than our rivals, but our more selective Franchisors tended to grow faster still. Reasons are various and include the time and emotional energy spent on failing Franchisees, better customer service (which brings more work), and happy Franchisees are less likely to put off prospects. It is also the case that careful selection positively attracts the best operators, because they can tell that we genuinely care whether they will be successful.

So what do we look for? It is probably easier to say what we do not look for. A certain age, for starters. Even though our franchises mostly involve physical effort, people in their fifties are just as successful as those in their thirties. We have the most problems with single men under the age of twenty-five, but this is more an issue of character and lifestyle than age as such. Young people can be among the best but need to show some evidence of dedication and commitment in their earlier working lives. For example, at one time I was approached by an unmarried 23-year-old who had become assistant manager in a supermarket and earned a deposit on a house. Jason not only succeeded as a Franchisee but later become one of my top Franchisors and eventually opened up the UK for us.

Experience is also irrelevant. It is easy to teach someone how to prune a rose bush. Much harder to teach them that if they are due to prune a rose bush and have been held up, they must phone the client and let her know. A good prospect knows this automatically and hardly needs reminding. A poor one may never pick up the habit. The same thing applies with most Franchisees. McDonald's does not ask people if they have worked in a fish and chip shop or done a chef's course. It would likely be a disadvantage, because they have learned bad habits.

Work experience is useful, but in a different way. We look for business experience, a professional background, sales, a management or supervisory position. Or any other role that requires communication skills, persistence, self-discipline, motivation. Trust is also a very important requirement for people who go onto people's property, often in their absence. We reject anyone who shows signs of dishonesty by, for example, boasting of a smart deal at another's expense. And of course, we do a thorough police check. One recent applicant had clearly been a professional burglar until a few years back. He may have turned over a new leaf, but with my Franchisees depending on our reputation to keep the work flowing in, we could not take the chance.

Listing qualities is easy, judging them harder. A brief talk on the phone serves to knock out the least suitable applicants. Good prospects will speak well, show quiet confidence, energy and courtesy, and ask intelligent questions. They will be careful and exhaustive in their inquiries. They will often ask to speak to our Franchisees and check out the opposition. The same applies to the first interview. We look for tough questions: a cautious, critical attitude. And then there is the trialling process discussed earlier.

The system is designed to make it easy to fail. We do not pay trainers for passing anyone, and they can expect tough questions if they pass someone who later fails. When this happened I would ask them 'what was the trainee like? Is there any way we could have

known they would fail? How can we improve our selection in future?’ I told my trainers to say no when in doubt and that there was no second chance. We allow for lack of experience with equipment, but not for a poor attitude towards quality or service. Poor work skills soon improve. Poor character rarely does.

All this may sound obvious but it shocks those who fail. One man in this position was ‘Paul’. He seemed fine over the phone and at interview. He went out with one trainer and was given a good report. He went out with another and was failed. His quality of work, particularly in mowing straight lines, was simply not good enough. But the problem was not that he did not do it right first time; it was that he did not improve when shown how to do it right. The flaw was in attitude, not in ability.

I phoned Paul that evening. He was upset and incredulous. He had succeeded in everything he put his mind to. He could not believe we would reject him for mowing lawns. It took a long and emotionally charged conversation to convince him that we had. Rejecting people is tough but it is part of keeping faith with our existing Franchisees. They have something to gain from taking new people on, since more Franchisees in an area increase awareness and advertising and tend to bring more leads per person. But this only applies if the new Franchisee is good.

On one occasion I had seven Franchisees from a Regional centre complaining about the eighth, who was damaging their reputation in the town. It was one of the factors that drove me to set up the complaint monitoring system, to be described later. This self-interest is one reason we ask local Franchisees to do the trialling of prospects. They are more likely to be tough, because a poor neighbouring Franchisee hurts their business.

Also, rejecting people on entry is a lot easier than asking them to leave. Failed Franchisees are people we have worked with and known for months and even years. There is a terrible sense of failure in advising a Franchisee to sell, especially if you know you should not have signed him in the first place. Our surveys show that the great majority of Franchisees do well and are happy with their business. But to start and fail can be very damaging. It can put homes and even marriages in jeopardy.

Which is not to say that we are always right in rejecting people. One young man whom I rejected in Victoria took a franchise interstate and did very well. He confronted me on my next visit, very angry and keen to show me how wrong I had been. I was delighted to be proved wrong and told him so. But I would still rather err on the side of caution.

Thus it was at this time, despite the financial pressures to sell more franchises, we worked to make the selection system even tougher. I implemented a second trial day in my own Region. From then on, each prospect had to be passed by two Franchisees. A single ‘no’ was enough to fail, Paul being one of the first victims. Later we were to spend most of a national Franchisors conference on the issue of Franchisee selection: why we do it, and how to do it better.

The first step is choosing people with high standards. The next is helping them to improve and maintain these standards. In an ideal world, we would supervise our people like McDonald’s does. In the early days, Ray Kroc himself was known to descend on franchise outlets and scour the car park for litter, and woe betide any operation not up to

his exacting standards! Close to home, I got to know someone who had been one of the top Bob Jane franchisees in Australia. He had been ticked off by Bob Jane himself when grass was found growing in a crack out front. These businesses grew partly because their founders were obsessional, unreasonable people. Most people would probably judge me to be the same, and if I pass one of my people working will often stop and check their edges. But personal supervision is simply not cost effective. We have too many Franchisees servicing too many clients, and paying us too small a proportion of their income.

One way to improve quality is to talk about it. From the first time I spoke on the phone with a prospective Franchisee I told them that our standards of service were high. That if they did not show evidence of quality work on try-out, they would not be given a franchise. That if they signed but failed to maintain standards they would be reprimanded and might lose their franchise. I suggested that if they were nervous about this they should go elsewhere. Strangely, perhaps, very few did. People with high standards prefer to join a system with high standards.

We hammered customer service at meetings. While running my own Region in Melbourne, I talked about it over the phone in the evening. I discussed complaints and tried to work out what was going wrong. For example, one particular Franchisee might be late because his diary was disorganised. Another might not be in the habit of phoning clients if he was running behind. We would find out the problem, discuss it with them, get their commitment to fix it. Later, when we began running formal induction training, I would start the course by talking for well over an hour about customer service, what we expect and the system we use to achieve it. Nobody could attend this course without knowing how seriously we meant it.

And yet, with all we could do in these early days, our service was nowhere near as good as it should be. Our measure of success at this time was based on the number of regular clients compared to the number of regular client leads received. On average this ran to around forty per cent, which was far too low. In other words, for every one hundred regular mowing leads we provided, the average Franchisee ended up with forty regular customers. This was clearly not the best possible, since some of our people were doing one hundred and fifty per cent! This last finding staggered me. How could anyone convert more regular leads than they were receiving? I spent a lot of time talking to these top performers, to find out what they were doing. One in particular was Ian Lusted, a Franchisee in the Box Hill area of Melbourne.

It turned out that not only did he convert most of his regular leads, but many of his casual clients became regulars. He also picked up a huge number of referrals. Ian put it down to service. He would look for a small extra job that might take him five minutes or so. He would notice an overgrown garden bed that needed tending or some rubbish that needed removal, and he would just do it and tell the client afterwards. No charge. It was simply a gesture of goodwill. Put together with a top-class, reliable service and an ability to build rapport with customers, his clients were very, very happy. Everything else flowed from this.

One of the stories Ian told was of the time he dug over a small patch of garden for a regular mowing client. It only took a few minutes, and he told the client about it but did

not charge her. He also got talking to a man across the road and offered a quote on removing some rubbish. Some weeks later the neighbour called him across to do the job. 'And while you're here,' he said. 'How much to mow my lawns?' He also became a regular. It turned out the two neighbours knew each other, so the first client had obviously given him a powerful reference. People listen more to their neighbours than they do the slickest advertising campaign, and this Franchisee's genuine concern for the first customer paid off. Within a couple of months, Ian had picked up two more regular clients in the same section of the same street. Lest anybody think this was woolly minded altruism, Ian was one of our top income earners at the time, despite being in his early fifties. He also became a friend and later, after his retirement, we stayed several times with him and his wife at their B&B in Phillip Island.

More and more, we came to focus on amazing customers. The best way to build a client base is to give clients more than they expect. This is what I achieved with my brush cutter and Ian with his small uncharged extras. One case I sometimes bring up at Franchisee induction training is of a client who rang a cleaning Franchisee to complain that he had not put the 'throw cushions' back on the bed. This was a small job that he normally did just to make the room look neater, but one day he was short of time and gave it a miss.

He was stunned by the call. As he put it, this was a job that took all of fifteen seconds and had nothing to do with cleaning the house. Nor had he been asked to do it or even discussed the matter with the client. But I asked him to look at it another way. This job clearly mattered far more to the client than the short time it took, so he really should look for the 'throw cushions' on every job he did. Find a job that would take little time but would amaze and delight the client. If a fifteen second job could make it possible for him to charge (say) an extra \$10 because clients came flocking to his door, then the value of this job was something like \$2,400 per hour! Thus we sometimes refer to such tasks as 'throw cushions'.

We later found that the easiest way to raise conversion rates is to ring back very fast after receiving a page. In one analysis based on customer surveys, we found that when the call was returned after two hours we converted less than half of the leads to jobs. When it was reported as within two hours (our required time) then 78% converted. But when the call was returned within ten minutes, 85% converted! This is an astonishing result, given that we are in a highly competitive industry where our quotes are rarely the cheapest. In fact, as mentioned earlier, we recommend that Franchisees quote around 10% over the prevailing rate, to take advantage of all that we offer in terms of insurance, police checks, job guarantees, and general credibility.

To turn once off jobs into regulars requires another level of effort, demanding not just excellent service but building rapport with customers. Customers must like and trust us, and we must know what they really want. Accept a cup of coffee or a chance for a brief chat, however busy you might be. Remember and note down any personal details offered, such as names of children, forthcoming weddings, and so on. The needs of the client will inevitably come up in conversations; and then, when they are ready to have that pile of rubbish removed or window cleaned, we get the job. Almost as important is friendly contact with neighbours and others in the street. A cheerful wave or greeting often leads to future work.

Take a Franchisee called Steve. In one period of six months he gave ten quotes for landscaping jobs averaging several thousand dollars each. These were not cheap prices, though neither were they exorbitant. Most landscapers, however, would be lucky to get a fraction of their quotes. Steve lost only one, and that was because he was flat out till Christmas. He had satisfied clients, with no complaints.

Steve said the key to this success was that he really cared about his clients and their gardens and went out of his way to show them. He asked himself what he would like done if he were in the customer's shoes. He sat with the client and drew diagrams of possible landscaping layouts. Together they worked out ways of creating the best possible vistas—across the lawn, or through the trees; which plants should go where; which walls should be covered, and how; and so on. He plotted with them the sunny and shady areas and advised on the kinds of plants that might grow best in each area.

And he did not charge for this or ask for any kind of commitment. In other words, the clients were free to take his ideas and get someone else to do the work. In practice, because Steve has shown both competence and a genuine interest in their needs, they did not. Price ceased to be the major issue. And this was not an act. Steve's concern for others was deep-rooted and real, in common with a lot of our top people. It was exactly the same technique that made it possible for me to sell mowing rounds: look first to the interest of your customer.

At the other extreme, we have had Franchisees converting regular leads to regulars at less than five per cent. And without necessarily getting a huge volume of complaints or showing clear signs of being incompetent. To put this in perspective, we might give two Franchisees one hundred regular leads each. One would end with one hundred and fifty regular clients, the other less than five. Some Franchisees were proving to be more than thirty times as effective as others! And it was clearly the quality of the individuals, not the locality. Some years back, I noted that my top Franchisee had a poor, working class area, while the worst was from a suburb where I could not have afforded to live. And both have neighbours with very different records. There is not even a correlation between suburb affluence and success, one way or the other.

I was totally shocked by this difference, which was so much more than expected. With everything we could do in training, follow up, lecturing and support, a lot of people were not listening. Not only did this mean they were earning far less, but there had to be a huge effect on our reputation. If so many potential customers were not rebooking, what would they say to their neighbours and friends?

It was at this time that I began a long process of trying incentives for quality work, all built around fees. These were put in place through new contracts, since obviously we could not change the old ones without permission. Originally, as described earlier, we charged a flat fee with a correction based on a Franchisee's success at turning leads into regulars. We also rewarded them with a bonus on selling if they had more regulars than expected, relative to leads. If they had less than expected, on the other hand, there would be a penalty.

This was hugely effective in increasing the conversion rate but caused its own problems, since the 'expected' level was constantly rising all the time. A Franchisee who received a

bonus one month might get a penalty shortly after, despite the fact that he was converting just as well! This discontent caused some very stormy meetings and put me in a real quandary. It was vital that we improve customer service, especially since times were tough and work hard to come by, but I could not ignore the concerns of my Franchisees.

The solution came when we decided to trial something else in our new Cleaning Division, of which more later. Some of these Franchisees were on flat rate fees, some on the standard system which gave regular bonuses and penalties, and some on a new system which combined a flat rate with a small fee for every lead provided. In both these last cases the fee was for the lead, regardless of whether it turned into a job, since the aim was to provide an incentive to follow up clients.

A survey of customers found a very clear pattern. Franchisees on flat fees were found to quote only 75% of clients, which meant 25% did not hear from them, and slightly under half had the job done. By contrast, 97% of clients given to Franchisees on 'incentive' systems received a quote, and 75% had the job done. This clearly showed the value of fees in driving customer service: one eighth as many clients left unquoted, and 50% more jobs gained from the same number of leads! It not only meant more immediate income for my Franchisees, but a better reputation which would bring more work in future.

The other notable point was that the 'once off' lead fee worked just as well as the ongoing bonus/penalty one, while causing a great deal less upset to my Franchisees. So gradually, over a period of years, we shifted across to this new system through a combination of new signups and Franchisee referenda.

It did not solve all problems. Some Franchisees still complain about being charged for leads they do not get, though this may be helpful because their usual problem is that they are not converting enough of them. If a lead costs ten dollars and eighty percent are converted to jobs, the cost of a lead per job done is \$12.50. If only one in four is converted, the cost rises to \$40! Thus the complaint draws attention to the conversion rate, which is a problem we can help them to fix. Incidentally, the solution is virtually never to drop the price. Normally it is a matter of faster response, better presentation, and more careful attention to the customer's needs.

In my induction talk I sometimes illustrate the point of lead fees by having someone take a small bill from their wallet, and then asking them to set fire to it! Needless to say, no-one has yet accepted. I explain that this is exactly what they do by taking a lead and not following it up. Lead fees cause a certain amount of angst from Franchisees, especially when they get one that is impossible to convert. I tell them that we do not expect or want them to convert every lead, because that means they are charging too little, and that the system works on this assumption. Overall, though, lead fees have been one of our best innovations.

I have given this account in detail to show how our principles affect the way the business is run. This was not simply a 'Franchisees versus customers' issue, in which the customers were put first. My primary concern is and always will be Franchisees. They are the ones who entrust us with their money and their financial future. With rare exceptions, the growth of Jim's is determined by our ability to find and keep good Franchisees. Good people make it easy to find and keep good customers.

But the single most important service we provide for our people is to find them work. If we are fifty percent more effective at turning leads into customers, we provide our Franchisees with fifty per cent more jobs. To achieve this by advertising alone would require maybe four times the advertising budget, since we already make full use of the most cost-effective methods (these days, mainly on-line). Which would mean roughly doubling our Franchise fees!

And this understates the issue. Because looking after customers makes it more likely that others will book, we get more calls in the first place. Some studies we did in later years suggested that brand reputation and office systems make us many times more effective at turning advertising dollars into actual work. To give an example of this, in later years we were to join forces with a paving company in Adelaide to launch Jim's Paving. At the time, this business was spending just under 7% of its turnover on advertising. Within 18 months of rebranding as Jim's Paving, the percentage had dropped to 1.8%. This is all the more remarkable when you consider that the original company was one of the best known and most respected in the city.

In another case, one of our Franchisors put a non-Jim's ad in the local paper, the same size and directly opposite the Jim's ad. He found the Jim's ad was eighteen times more effective than the anonymous ad. The exact advantage depends on a number of factors, especially the number of trailers or vehicles on the road. For a new Division with only one vehicle, the Jim's ad may be only slightly more effective. But with time and a few vehicles on the road, the standard Jim's advantage over even a well-established local brand is about what we found for Paving: around four to one.

To give an example on a larger scale, in later years a major competitor decided to 'crack' the home service market with a massive campaign. The resulting leads were scarcely one sixth of ours, despite a budget 50% bigger. In other words, our ads were roughly nine times more effective than theirs. The reason, very clearly: trailer signage, and our reputation for service. In fact, call statistics show that at least three quarters of clients who ring the office have been referred or are simply looking up our number. And an even greater number probably go direct to our Franchisees as referrals.

To achieve our primary goal of looking after Franchisees, we *must* look after customers. But we must also be intensely aware of any problem our Franchisees have with the system. For more than a decade I spent much of my time in listening, discussing and arguing fees with people at all levels of the business. We tried dozens of different fee structures with different levels of base and lead fees, seeking for the one which would best achieve both goals. Lead fees gave us the best results for both customer service and Franchisee satisfaction, and it has changed very little since then.

But even this was not enough to provide the customer service I craved. In those days I was sitting right in administration, taking frequent calls. Not that I was as good as our front-line staff, who used to take great delight in catching me out in some mistake or other! But compared with many owners of medium sized businesses, I had an unusually close contact with our customers. And one thing that really upset me was complaints. Every Jim's customer is my customer, and I feel a personal sense of responsibility for

anything that goes wrong. I approved the system and I ultimately approved the people. If a customer was let down, it was my fault.

One spring in the late nineties, complaint calls were especially bad. The weather had been good and mowing calls were flooding into the office, which as usual caused a rise in lateness complaints as Franchisees became overloaded. In our system, a complaint is treated as a different kind of message so we can keep track of patterns. With the problems we were having, I decided to see how bad the overall situation was by getting a printout of complaint numbers. The overall complaint numbers were not too bad, but I noticed something else. I was taking only 3% of calls in the office but logging around 10% of the complaints. Unless some gremlin was sending all the unhappy clients my way, something strange was going on.

I checked with the staff and found that their idea of a complaint was rather different from mine. They were doing a fair bit of interpretation and not logging complaints that seemed trivial or where the Franchisee might not be at fault. So I asked them to log *all* cases of poor service from then on, even follow-up queries where the client was not at all upset. Immediately, the level of recorded complaints jumped to a level even worse than I had feared.

I was upset by this and determined to do something about it. In those days, Franchisees were allowed to give their work requirements far ahead of time. They could even put in a permanent request for all work in their listed suburbs. So I required Franchisees getting excess complaints to phone the office daily.

This last was seen as punitive and kicked up a storm. The Franchisors responded to Franchisee pressure by demanding it be removed, so I asked for alternatives. They came up with a scheme of monitoring and feedback. The computer was set up so that Franchisors received a duplicate message for any complaint. They also accepted a target of two complaints per Franchisee per year, which is less than 1% of jobs received. And we asked Franchisees to phone the office at least weekly with their work requirements. Within six months our complaint level in Melbourne dropped 80%, with most Regions also seeing improvements.

These measures may seem drastic, but it is surprising how little opposition they provoked from Franchisees. Most of them give excellent service and resent having neighbours who let clients down. We used to get more objections to leniency than excessive rigor, though is not the case in recent years as the system has become tougher. I did get one call from a Franchisee in Queensland, who did not like a complaint being recorded when the tougher reporting system was brought in. I explained that recording *all* complaints was the only way to tell good operators from bad. A Franchisee who receives two or less complaints a year must be giving reasonable service. So when they get a complaint we are more likely to accept their explanation, or agree that it was a mistake that is not likely to be repeated. But when a Franchisee is getting (say) a complaint or more per month – they *must* be doing something wrong.

As I explained to this particular Franchisee and was to do many times in the future, proper recording of complaints is vital in telling us how to do with any particular issue. If a complaint comes for a Franchisee with an otherwise good record, we reassure the client

and give the Franchisee maximum leeway in fixing the problem. If the Franchisee has a poor record, we tend to be tougher. Without careful recording of complaints, it would be much harder to tell the good Franchisees from the bad. And I must emphasize that 'bad' Franchisees are a tiny minority. Less than 2% are on any form of watch list at any one time, though they have an outside impact because they need a lot more leads to keep busy.

We also started doing 'quality audits' on Franchisees every now and then, usually when someone got into trouble and asked for help. We would ring up several of their recent client leads and ask questions. How reliable was the Franchisee? What was the quality of his work? Did he offer extra services, or do them when asked? Was he neatly dressed? Then we wrote up a report, which we should share with him.

One Franchisee could not understand why he was not picking up regular clients. His clients told us why: he was not reliable. Usually when a business fails to grow, it is because clients are not treated as well as they should be.

Franchisors were meant to deal with the small number of Franchisees who get excess complaints. Some were very good at this, others less so. In 2004 my National Office began taking a much more active role. First, we checked that our Call Centres were taking complaints properly, by a combination of auditing and mystery shopping (i.e. putting through fake complaints).

This was made easier by the gradual bringing together of Call Centres. In the beginning, every Franchisor took their own calls since this was the only way for them to know what jobs their Franchisees had taken. With time, advancing technology made it possible for them to log in elsewhere so that it was more efficient to take calls in a state office. Eventually, I bought back the rights so that all Australian calls could be taken by our excellent Melbourne office.

Our principle in dealing with complaints is that the Franchisee has right to fix the problem, even if the client initially objects. If the Franchisee believes the job is good, the Franchisor inspects and determines what needs to be done. If the Franchisor believes the job is good, and the client is still not satisfied, we arrange an external expert to do an inspection, and fix whatever they say is wrong. If the Franchisee does not fix the job we organize someone else, pay them and bill the Franchisee. If the Franchisee has left, we take responsibility.

With all the tens of millions of jobs we have done over the years, only one client that I know of has ever taken a Franchisee to court. This was a case where expert opinion showed that his equipment could not have caused the damage the client was claiming for, and we totally backed the Franchisee. When the magistrate weirdly awarded against the Franchisee, though for a fraction of what the client was claiming, we paid the judgment. Despite what people say, the customer is not always right. And anyway, our Franchisees are our primary customers.

Chapter 11 Growing pains

By the mid 90's, improved systems were paying off. Tougher selection and more incentives meant that our quality of service improved, which built our reputation with the general public. This in turn led to more calls, so our Franchisees had more work and were more content, which made it still easier to sign Franchisees. But at the centre of all this was the office staff, and here I was very fortunate.

The advantage of good staff was brought home very forcefully when I attended a course in customer relations. The fellow beside me was complaining bitterly about the poor attitudes of his staff. They did as little as they could, showed no initiative or responsibility, and were motivated only by money. I told him that my experience could not be more different. My staff were dedicated, honest, and hardworking. And it is not as though they were overpaid. I started them on award rates, and gave salary increases and bonuses for the excellent work they did. In other words, the performance came first, then the rewards. Nor were our offices plush or luxurious, especially in those early days. 'Bare bones' is the words most people would use to describe them.

I could not even claim credit for choosing my staff. In those days I had no clue about interview techniques and most of my staff chose each other. I also tended to delegate everything possible, including dealing with problems. If someone came to me with a decision, and there was not much to be said either way, I normally left it up to them. After this happened a few times, they got pretty good at making decisions. I find that giving people responsibility tends to build their maturity and commitment.

But the other side of was my involvement with the day-to-day running of the business, and my passion for customers and Franchisees. I might not know how my staff did things, but I knew the results, and which people were effective, and I talked to them a lot. And much of what I talked about was ethics and beliefs about how a business ought to be run. I encouraged them to make suggestions, since they knew how to do their job better than I did. And if I was wrong, they had a right and even an obligation to tell me. This was a hard lesson to get through, because most people are wary of telling off the boss. Even today most will not do so, though the minority of straight shooters can be a huge asset.

In effect, what I offered my staff was a lot of responsibility and a say in running things, recognition for good work, and a part in a fast-growing business with strong ethical standards. Which is not to say I am a perfect boss. I can be demanding, emotional, always changing things, tactless and insensitive at times. But despite this, our office environment did seem to bring out the best in people.

As with treatment of Franchisees, a lot of this comes down to a robust Australian sense of equality. I do not think of my staff as inferiors and try very hard not to treat them as such. And in fact, I do not employ *anyone* unless they are better than me, at least in their area of work. Our admin staff, for example, are better at answering phones, more patient and more friendly.

But it was in other areas that my haphazard management style spelled trouble. My first and greatest challenge was our interstate growth. At first, all the Franchisors were happy. They were making money, the system was growing at a dizzy rate, and new regions were starting up in short order. It was also clear I had grossly underestimated (as usual) the potential of the business. To give one example, I sold the rights to Queensland for \$75,000 with a \$25,000 deposit. The Franchisor started selling off smaller Regions outside Brisbane, such as the Gold Coast. Within a couple of years the Gold Coast alone resold for \$90,000, and later the northern *third* changed hands for considerably more.

There was no doubt we had an excellent system. Not only the computer program but the ethics of the organisation, the way we selected Franchisees, selling by not selling, the whole attitude that Franchisees are customers, and customers are royalty. I explained the system to the Franchisors in the beginning and gave them some help over the phone. I also made occasional visits.

But as my business got busier and theirs got bigger, this was no longer enough. I was preaching customer service to Franchisees and Franchisee service to Franchisors, but service to Franchisors was clearly lacking. Quite naturally, they started to complain. They were paying a fair chunk of their income in fees, which is not a lot by franchise standards. But then, I was not giving them a lot. They would ask, in effect, 'What are we paying all these fees for?' Good question.

There was no proper training system for new Franchisors. People would be dumped in the Victorian office with no-one detailed to look after them. Since staff were already flat out, someone would give them a bit of guidance and leave them to answer the phones. One newly signed Franchisor spent several hours wrapping parcels in brown paper! Not a good return for her initial franchise fees. In some cases, training was done at another office, with the result that many Franchisors did not know even basic tasks such as how to assess and pay their work guarantees.

Another problem was that the Franchisors were starting to go their own way. Without any serious supervision, little changes started to creep in. In Victoria, we were plugging obvious holes by changing the Franchise Agreement. For example, we limited pay for work guarantee payments by asking Franchisees to provide free services in return. Most of these changes were not being taken up by other Franchisors. Many did not even know about them, and the changes they knew about were often not adopted - with serious consequences down the track. Some of the Franchisors were even making their own, unauthorised changes to the Contract. There was little uniformity in stationary and advertising. Even the logo was being fiddled with. I did not have the time or energy to police the system, and - given the poor level of support provided - did not even feel I had the moral right to do so.

As a national Franchisor, I lacked something. I was able to talk enthusiastically over the phone and share my ideas at national conference. But this was no more than a relationship among equals, the sort of thing the Regions were doing with each other anyway. It was not what the job should be about. I needed to train new Franchisors, give established ones support and help, supervise and ensure uniformity, help mediate disputes, organise joint ventures in marketing and public relations. Everything, in effect, that we were doing for Franchisees. And I really did not have a clue how to do it. Also, I had to focus on my own

Region, which provided the great majority of my income. This was particularly vital after my marriage broke down at the end of 1991, leaving me with payments of more than \$700,000 over the next five years. What I needed was a national organisation, a systematic way of supporting the different Regions.

The mood of the Franchisors, meanwhile, was turning sour. The ringleaders, if you could call them that, were the Ferry's in Western Australia. They had quickly shown themselves to be excellent Franchisors. Their Region grew fast and they had excellent rapport with their people. Their training system and manual were the best in the country. We never had complaints from Western Australian Franchisees. Peter was totally dedicated to the system, and totally blunt with anyone whom he thought was letting the system down - including me. He could always be relied on to give the opposing view, in a detailed and well reasoned fashion. Which means that if it was OK with Peter, it was likely OK with everyone else. The 'loyal opposition' is a vital role in any organisation, particularly a franchised one. Provided you are prepared to listen, it stops problems from getting out of hand.

Because Peter was well respected and liked by the other Franchisors, his views had some impact. Nor did I disagree. Since I did not feel able to do it myself, what I needed was a national manager.

At this time I got to know someone who looked and sounded like a manager. He even wore a business suit, which was a sharp contrast to the mowing greens I used to wear in those days. More important, he had business experience and a lot of energy and drive. He became the coordinator of strategy and training, got all the marketing initiatives together, made sure things were being done uniformly. He recruited staff members to help him—one for marketing and the other for public relations. At one time he even took control of the Region, leaving me as a sort of figurehead.

Not that I minded. My concern was the growth of the business, the success of my Franchisees and Franchisors, and not to let my customers down. In the process I needed to earn enough to stay afloat financially. If someone else could do it better than me, then good luck to them. Also, it catered to my innate laziness.

Unfortunately, my new manager was not that 'someone'. His control of my Region led to spiralling costs with no growth in income, so I took it back. Otherwise, I calculated, we would be broke by Christmas. Even at the national level he was no more effective. He was energetic and 'take charge' all right, but also dictatorial and unwilling to listen. At one time he became upset when I talked to one of his assistants. Apparently I was undermining his authority, and she was 'going over his head'. All communication was to go through him in future. Another time I overheard a staff member addressing him as 'Mr', which I really disliked. Nobody, staff or Franchisee, is asked to call me anything but 'Jim'. I had only a vague idea of what sort of corporate culture I wanted, but it was clearly not this. Still, the real test was one of effectiveness. Was he providing the level of service we needed? I phoned the Franchisors to get their views and they had nothing good to say. So I fired him. He was to be the first of many.

Our marketing person took over for a while, but soon realised the role did not suit her. So I advertised for a manager. Trouble is, as I later discovered, a five-line ad in Saturday's paper is not the way to fill a \$60,000-per-annum position. We got four inquiries!

I was probably luckier than I deserved. One of them was Peter Hansen, a Shell executive with franchise experience. He quickly built a relationship with the Franchisors and set up a system to let them know what was going on. Most of his time was spent travelling interstate, helping Franchisors with problems or resolving disputes. This was a fairly reactive role, but at least we were providing some return for their fees and there was a lot less discontent. That I was not totally happy with the arrangement probably had a lot to do with personality. I am a fairly driven sort of person and want everything done yesterday. Peter was more low key. Also, I can be pretty blunt at times. And when disputes arose, there was a sense that Peter tended to lean more towards the Franchisor, myself towards the Franchisees. So, although I appreciated the good work he did in bringing people back together, there were a lot of tensions between us.

Another problem that arose at the time was finding clients. In the early days of the franchise system, this had not been hard. I was charging \$6,000 and then \$8,000 for franchises, and half this money was enough to build a good client basis. As times went on it became harder. Leaflets were becoming less and less effective, until we virtually stopped using them outside country towns. We avoided the multitude of special schemes such as planning calendars, since phone calls to tradesmen who were in them showed little success. Eventually, I began knocking back prospects in some areas for lack of work. Partly as a result, the price of a Melbourne franchise went up to \$10,000, then \$12,000, then \$16,000.

For the leads that did come in, trailer signs were a huge factor. This became clear when I found that one of my Franchisees was not using them. The area that he worked in was fifty percent bigger than a neighbouring area, and normally had 50% more leads. But in the period when he had no signs and his neighbour did, the neighbouring area took double the leads. In other words, trailer signs seemed to treble the effectiveness of our advertising. When I showed these figures to my Franchisee, he fixed his signs in a big hurry and the leads recovered.

We knew that local papers and directories worked well. We thought that TV and radio were effective. Certainly, regions such as South Australia which used them intensively seemed to do very well. But we also needed a way of getting new Franchisees up and running, which meant finding a lot of new clients in one area. Since leaflets were no longer an option, we decided to try telemarketing.

This was not a success. The quality of leads was poor, and people did not like being phoned at home. One lady even got on talk back radio and gave us a blast - not quite the kind of publicity we wanted!

Then one of my Franchisees suggested knocking on doors. This did not seem a good idea. Walking is a lot slower than dialling, so it should be even less effective. And I thought we might have even more problems with public reaction. But there was not a lot to lose by trying it, since the canvasser would be paid on results, so I agreed to give it a try. Surprisingly, it worked well, maybe because he was able to give a quote on the spot. The

outcome was that we were able to start some Franchisees with very compact businesses. Also surprisingly, there were no objections from the public.

So we began to recruit canvassers on a larger scale, appointing a sales manager to look after them. This job was eventually taken over by one of the canvassers, Peter Poke. Peter was then in his early fifties, a likeable bloke but with no strong history of financial achievement. At that stage he did not even own his own house. He was to play an important part in the development of the business.

Even with Peter in charge, canvassing caused a number of headaches. One was that canvassers, who were paid by results, had an incentive to quote low. We fixed this by getting them to liaise closely and often with the Franchisees, and allowing the Franchisees to reject jobs that were underquoted. Paying the canvassers was also a problem, since we had a complicated commission structure in which amounts were credited and debited according to whether and when clients cancelled. It took us six months to write a computer program that could do this automatically.

Peter proved to be an excellent choice as sales manager, but I still needed someone to help run my Region. With interstate taking off, I was less able to give proper support and training to my own people. Which violated the core principle of the system, that we existed to give service to Franchisees. And since my own Region still provided almost all our income, I could not afford another business-suited manager.

My first move was to promote one of my office staff. Even without franchise experience, I figured they could run the office in my absence, leaving me free to focus on training and franchise sales. No dice. The person I chose was capable and dedicated to staff wellbeing, but unable or unwilling to make changes that would improve productivity or efficiency. End of first experiment.

My next try was to start from the other end, by employing a training manager. I found someone with a wealth of horticultural experience, and a sales background. He seemed perfect. I started him out working with the guys in the field, which proved very popular but did not seem to lift their income, apart from the fact that they got free labour for a day or two. So I asked him to spend more time in the office talking to Franchisees, then suggested he try his hand at a few other things. Which only caused him to be more and more upset. 'Jim', he said. 'You keep changing the goal posts!' Which was true. I could see that what we were doing was not working. We were running short of money, we needed to be more productive and to give more effective help to the Franchisees. So I kept on changing his job description, which in the end he could not cope with. I was coming to the conclusion that it needed a very special sort of person to work alongside me.

I found him in Ron Goldsmith, one of my top Franchisees, who started as training manager and quickly made state manager when he proved capable. It was a lesson that became even clearer with time. Our culture is so distinct and our operation so complex, the best candidate is usually from someone who has risen through the system. In any case, Ron lifted a huge burden from my shoulders. Until then most of my own energies had been spent in my Region: overseeing staff, interviewing, talking to Franchisees in the

evenings. Ron's focus in this area meant that he paid for himself in increased franchise sales, while I was free to focus on the wider business.

This was, in itself, quite exciting. One of the greatest things about growing a business is that your role as owner changes with time. In the early days, I mowed the lawns. Then I organised other people to mow the lawns. Then I trained other people to help me in the office. Now I could focus, virtually full time, on ways to improve and build the business. And while I sorely missed my outdoor lifestyle, especially at first, each step up the ladder was more interesting and more challenging than the one before. Business is like a vast, complex, endlessly intriguing computer game, but one you get paid for playing!

Returning to Ron, only once in the early days did he really disappoint me. We were starting to advertise franchises in radio and receiving a huge number of calls. I came up with the idea of hiring a salesman to sell franchises. He was a disaster, selling by formula without any real feel for our system. It ended up costing us a mint. Afterwards Ron said 'I did not think that would work.'

I was not impressed. 'Then why didn't you say so?' I said. 'Your job is to tell me I am making a mistake, as strongly and as loudly as need be. I might not agree, but at least you have done *your* part.' This was a lesson I never let him forget. At Jim's, as mentioned earlier, it is everybody's job to argue with the boss. And this applies especially to managers.

Our recommended mower supplier in the early years was Kew Mowers, one of whose owners was an irreverent Scotsman with the very un-Scottish name of Ron Sadowski. Ron loved the Jim's system and was a regular at our national conferences. In fact, he loved it so much that he eventually sold out to his partner and took over the Brisbane Region.

Where he immediately faced a major challenge. We are used to seeing off competitors who offer poorer service and less equal contracts, but in Queensland we were faced with a superb system. It gave security to the Franchisees, with a fair level of fees and excellent support. Because it was *our* system. Graham had been one of our best Brisbane Franchisees and his wife worked in the office, so they knew just how it worked. He launched 'Graham's Garden Care', offering franchises at a slightly lower price. Unfortunately, Brisbane had been rather poorly run before Ron took over. As Ron was struggling to find his feet, Graham gained a strong presence in Brisbane, and at one time had more Gold Coast Franchisees than we did.

This was a major shock, and something we took very seriously. Was Graham going to do to me what I had done to VIP? We reduced the price of the franchise to meet his challenge, but this did not seem to be the crucial issue. What counted was service and a genuine concern for the welfare of the Franchisees. Only when we lifted our own level of service did we fight off the challenge and regain our lead. With time Graham's disappeared and, while we were to face other challenges over the years, none would ever seriously challenge our lead.

By 1993 Jim's Mowing was in every State apart from the ACT, and we were starting to cast our eyes on New Zealand. A volunteer went over from Adelaide and quickly sold

four franchises. Work came flooding in. By Australian standards, the market was amazingly soft. But by the time I went over, some months later, he was demoralised. Sales had stalled and he was running out of money. He was sitting at home, waiting for the phone to ring and thoroughly depressed. Which in turn made further sales almost impossible.

I suggested he get some equipment and go out on the road, since he was a successful contractor. This would solve his financial problems and make it easier to sell franchises, since he could show prospects what the business was about. And all of this, plus exercise, should solve his morale problem. But matters had gone too far and he did not want to extend himself by buying equipment. A short time later, he gave up and went home.

In a way, he made the same mistake I had made back in 1982, when I sat in a bean bag reading science fiction while my business went down the tube. Since then, we try to make sure that new Regions start with the Franchisor acting as a Franchisee. Only as the business builds should they start reducing hours. As a rough guideline, every Franchisee merits one hour per week in the office, with a minimum of eight hours on the Franchisor business.

None of which helped our situation in Auckland. Here we were, with four Franchisees whom we could not possibly desert. So I had to look after them long distance, which cost a heap of money and trouble. The Franchisees were upset and felt neglected, even though in the end I was not even charging them fees. For eighteen months, we ran New Zealand over the phone, with one of the Franchisees allocating work from his mobile. In the meantime, a bank manager from Christchurch came up with an offer of \$50,000 to buy out the rights to the South Island. I invited him over and sent him out on the road with some of my trainers. A universal thumbs down. Maybe Franchisee material, but definitely not a Franchisor. Still, the money would have been nice.

Meanwhile, I made it known to my best Franchisees that Auckland was available. Eventually two of my Melbourne people, Malcolm Wallwork and Kevin Clarke, put up their hands. I offered them Auckland on no deposit, to be paid back out of sales, the sweetest deal ever made for a Region up to this time. But I was desperate to have someone competent in place.

Nor did they disappoint me. There were a lot of problems in the beginning, mainly because our four Franchisees were used to going their own way. In the end two of them left, while the others adjusted to the new regime and one ended up by taking on Franchisor rights for another area. What made it easier was that work was still easy to find. We would do a leaflet drop and be flooded with calls. People would often come up to Franchisees in service stations to book jobs.

Finding Franchisees there was a lot harder. We were charging \$12,000 for a franchise, which was less than in Melbourne. At first, we did not think sales were affected very much by price. If someone was willing to pay \$6,000 for a business, surely they would pay \$12,000? But I was talking on the phone to Malcolm one evening and suggested offering vendor terms with zero deposit in an effort to kick start sales. They could do with less money, since there was so much work they did not need to advertise a great deal.

Malcolm tried this and had an immediate surge in sales. Unfortunately, the calibre of operators also dropped. So he started asking \$6,000 deposit and offering terms on the rest. This led to a pretty good response and the quality of the new Franchisees was now higher. Soon there were enough people in place to make sales a lot easier. We were a recognised force in the market, though well behind the market leader. And, as usual, we benefited from the fact that our Franchisees tended to be happier than our competition's. Still, the issue of pricing gave me a lot to think about. The actual pricing of franchises in our system is a Franchisor decision, but I tend to advise a lower price when work is plentiful and we are really keen to attract Franchisees – as is often the case in recent years.

The opportunity to try lower prices came when we started out in Christchurch. Mike and Carol Strettle were Franchisees from Queensland who had taken up one of the partnership agreements we were trying for new Regions. They agreed to learn from the Auckland experience and went in with \$6,000 franchises, only raising the price to \$8,000 when the first twenty-five were sold. The results went far beyond expectations. We signed more Franchisees in six months than our three nearest competitors had in six years - combined. Within a year, we had forty-three Franchisees on the South Island. Relative to population, this was a fifty per cent better penetration than we had achieved in Melbourne in more than eight years.

By now we were spreading into the last corners of Australia, including areas I would never have thought possible. Regions were set up in the far north of Queensland, at Townsville and Cairns. The pioneers there were Lloyd and Shirley Moodie, who had picked up my book at their financial advisor's office and loved the ideals in it. They remain two of my favourite people to this day, combining sheer human decency with good business sense and a talent for innovation. And when our canvasser Peter Poke took up the ACT Region, our coverage of Australia and New Zealand was complete.

Chapter 12 Rock Bottom

All this expansion, and the growth of my own region, brought yet another problem: we were running out of office space. For as long as possible I had run my business from home. I dislike driving at the best of times and absolutely hate commuting. Also, my children were young, and working from home allowed me to spend much more time with them and less money on rent.

Eventually, though, it all got a bit too much. Neighbours started complaining about parking and there were a lot of things we could not do for lack of space. Also, being divorced by this time my children were no longer with me. So I bit the bullet and took an upstairs office in a small row of shops, about eighty square metres.

But the business kept growing, and eighty square metres was no longer enough. We began spreading through the row of shops: first opening a hole in one wall, then the other, then downstairs. Not that the landlord minded, of course, since he had a number of vacancies. By mid-1995, though, we were again impossibly cramped. There were cables lying all over the place, so that anyone who tripped was likely to crash the entire computer network. Added to this was no air conditioning and background noise at airport levels. The office was hardly pretty, but this was *not* the reason we decided to move. Mainly a desperate need for space.

So we started looking. My main concerns were space, staff convenience, and price. I had rented a house within walking distance of the current office and was happy to move near the new one. But my people were less mobile, and I did not want to increase their commuting time. So I set up a big map and marked it with a sticker where every staff member lived. The centre point was at Wantirna, in the eastern suburbs of Melbourne. Then we began looking for a place within ten minutes' drive of Wantirna. Fortunately ours is a phone office, so location was not otherwise an issue.

Eventually we found the second storey of a building by a railway line in Bayswater. It had long been out of use, and vandals had daubed paint over many of the panels. Still it was air conditioned, had enough parking and plenty of windows. We stood around and listened to the trains go by, and the noise was not a problem. Also it was cheap.

So were the furnishings. My own chair for a long time was a Telstra reject with padding bursting out of the arms. Every now and then a staff member would take it away and leave a more respectable one. But less comfortable, so I would hunt around and get my old one back. These days I sit on a round purple ball. Better for the back but not most people's idea of executive furniture. Nor is my car much better.

Maybe it is a bugbear of mine, but I believe corporate trimmings do far more harm than good. I knew a young man with enormous drive and energy, good people skills, and an excellent idea. He had launched the business with great success but was now foundering on a sea of debt. Ironically, much of it was the result of quite unnecessary spending, including impressive office furniture. Like many others, he would have done far better with a mobile phone and a desk in the spare bedroom.

Frugality may have fitted my beliefs, but it was also vital for our finances. At this time, we were moving towards yet another of my periodic financial crises. This was ironic, since by late 1995 our marketing campaigns were working well. The weather had been excellent for us. Grass normally dies off in the Melbourne summer, but we were enjoying three green years in a row. While in the past, I had refused to take on Franchisees in some areas for lack of work, now our key problem was signing enough of them.

This had serious financial implications. We were selling as many franchises as ever, but most sales were now resales or 'splits', in which a successful Franchisee sells off part of their business. Splits were great for the Franchisees, many of whom were earning back far more than they had ever paid in franchise fees, but far less lucrative for the office. We only take twenty per cent of resales and splits, much of which goes in expenses. Franchise fees were not even covering our operating costs, so I needed a good level of franchise sales to keep afloat. This was not a healthy situation to be in.

The failure of these schemes only added to a mood of impending crisis in 1995. In fact, the one great positive in my life was contact with my children, who were my greatest joy. It is a sad fact that I tend to get on a lot better with children than with adults. For a time in mid-1995, when my ex-wife had some difficulties, I was even able to look after them about half the time. We developed all kinds of rituals such as buying hot bread from the local bakery. It was like being a real, full time father again.

But money problems continued to worsen. I had been forced to sell off sections of my own Victorian region to successful Franchisees to fund the property settlement in previous years. They did well but reduced my own income still further. I even tried to sell off the national rights to a consortium of Franchisors, since the national office made only a fraction of my income but most of my headaches. Fortunately, they did not see the potential and once again I was saved, by blind luck, from a very bad decision. I wish the same could be said of all my mistakes.

Things were made even worse by the failure of a second, very brief marriage. Lonely from my first divorce and driven more by passion than sense, I had chosen badly. My new wife had a mild nature and simply could not cope with me so that towards the end, she was living most of the time with her parents. Later I was to contract an equally brief third marriage, better for me but clearly not for her, and I simply could not dissuade her from walking out. As someone who had always assumed he would be married for life, these failures left me with a terrible sense of failure and of shame.

My marital problems were eventually to put an end to the iconic beard. In my late forties it was going a bit grey, and that would not help me to find a new (and hopefully more permanent) wife. So off it came.

But the financial effects were bad enough. By October 1995, I was in trouble. I had no reserves, and no capacity to borrow any more money. My own living expenses were cut to the bone, and I am no spendthrift at the best of times. Week to week survival depended on the sale of franchises, and franchise sales were dropping. And we were coming up to December/January, which are normally the slowest months of the year. Nobody wants to buy a franchise at Christmas.

Of course, by this time the survival of Jim's Mowing was not in doubt. It was profitable and could have been sold for well over the value of the debt. But I desperately did not want to sell. I loved the business, thoroughly enjoyed the challenge and excitement of it all. And I was beginning to have some idea of the opportunities opening up. We were now, after all, an international business. We were neck and neck with VIP now, and VIP was at this time the largest lawn mowing franchise in the world. Also, we were growing much faster.

We were doing something that no-one outside Australia seemed to be doing, organising the home service market in a way that delivered better service to customers and a good income to Franchisees. We had invested heavily in computer technology, with the prospect of offering better service to Franchisees at a lower cost.

One obvious but painful step was to let go the tourist project, which I did. But another consequence was far more damaging. My business was barely surviving, but my ex-wife could not believe this as the number of trailers kept on growing. I was paying her the child support formula but she wanted far more. By this time the property settlement had been paid off, and she had been using it to live off (far better than me) rather than buying a house. So in an effort to get more child support, she cut off all access to the children.

The period that followed was the worst in my life. The legal costs were horrific, but the emotional trauma far worse. I was devastated by the loss of my children, shutting away all pictures of them in a cupboard. The sight of a father with his children filled me with pain. I had to have my mind occupied every minute of the day, reading until late at night so as to be overcome with exhaustion. Then dreaming of my children, who were always happy and delighted to see me. And waking at 4 a.m. night after night with a terrible sense of loss, unable to go back to sleep.

As the matter progressed, I found myself accused of child abuse. Nothing was ever proved or even supported, but it was 18 months before I could even persuade the court to let them be interviewed by a competent psychiatrist. The children wanted to see me and were disturbed and upset at the separation, but none of this could speed the endless delays of the Family Court. Apart from meetings under conditions of unbearable stress, I was not to see my children again for more than two years.

Chapter 13 Listening

In that black, hopeless period I came close to giving up. The children's legal representative made it quite clear that money was the only issue. But if I sold the business to pay her off I'd be back to mowing lawns and could never hope to satisfy her when she'd run through the cash. So there would be another legal case, with no money to pay lawyers this time, and I'd never see my kids again.

Also, I believed in Jim's and what we were doing. I did not think anyone else would care for my Franchisees as I did, and beyond all that was the dream of my research project. My life had a purpose, and a mission, and nothing would stop me from pushing ahead. This sense of mission also gave the ability to keep driving the business, no matter the disaster of my private life.

I began, very slowly, to learn the lessons of financial prudence. In the past, when needing money for property settlements or the tourist project, I had simply signed a cheque, regardless of the looming bill for (say) company tax. With the property settlement finished and the tourist project shut down, I was now able to limit myself to regular drawings. We began to chase up Franchisors who were behind in their fees, thus bringing our debt under control. But we also tried to offer them better service, by responding more quickly to their requests.

At this time, we also did a comparison between call centres, as to how many staff were employed per Franchisee in answering calls. To my shock, I discovered mine was one of the least efficient. But it also showed we had plenty of room for improvement. With greater efficiency we might be able to run the office on franchise fees, instead of depending on sales, which would give us far more security when sales were slow. Running on fees was also an important matter of principle. It is a commonplace that a good franchise ought to be able to live without sales. This places the attention of the Franchisor on the success of Franchisees, rather than on simply selling enough new franchises to survive.

The classic example is McDonald's, which has a very modest initial franchise fee but makes good money from ongoing fees. This was a particular problem for us, given our high level of service and relatively modest fees. I was therefore very excited about the idea of breaking even. To discuss this and other issues, we took the staff away on a weekend retreat in February. Between rope courses and climbing over obstacles, we negotiated a deal where the staff would get to keep the first \$15,000 of any operational profit, plus a share of anything beyond.

This had a big impact. The staff saw each dollar being saved as theirs, and they became very good at cutting costs. The result at year-end was a total shock. When Ron calculated the bonus due, he brought it to me and said 'But you cannot give out *that* much.' Which meant a very happy Christmas for the staff, and well deserved too. Our first operational profit was a major milestone.

I also learned the importance of listening to people, at every level of the business. Being accessible to Franchisees had become more of a problem as the business grew. In the beginning, of course, I knew everybody. But with time the distance grew. At one stage I was talking with a Franchisee about some terrible problems he had with his Franchisor a year or so back. He had even spoken to a solicitor. I asked him why he had never contacted me, and he said it had never occurred to him that I would or could do anything. Fortunately, in this case, he knew someone who knew my state manager, so we found out the problem and fixed it quickly. But it was a concern that my own Franchisee, with my face plastered all over his trailer, did not feel able to send me an Email.

As time went on, we tried hard to overcome this problem. These days I try to meet every new Franchisee at induction training. At the end of my first talk I write my mobile number and Email address on the board, urging that they phone or Email me at any time for any reason. I also have dinner with them, moving around from table to table so as to try and speak with each one individually. Also, I send an Email to them at the end of their first month, asking how they're going and in particular whether they're claiming pay for work guarantee. This is effective, in the sense that I have frequent contact with Australian Franchisees. Much less often, unfortunately, with those overseas who have separate induction training.

It is hard to over-stress how vital these contacts are. Most of the time when a Franchisee has a problem with their Franchisor, I simply explain why the Franchisor is right. If it is a question of such issues as customer service, uniforms and signage, or paying fees on time, they must follow the system. This in itself, of course, can be quite helpful, as it adds another voice to what their Franchisor is saying and makes it more likely they will comply and go on to succeed.

In other cases, where they have concerns such as about territory rights or getting their fair share of work, I can check the system and reassure them that it is working properly, or how to change it to increase the flow of leads. For example, they might need to put down for leads later in the day, or take extra services or suburbs, or offer same day service. All these are options in our system. Where income is a problem I coach them on such tactics as better use of pay for work guarantee, or the value of upselling, or improving service to increase conversion rates. In later years these coaching sessions have been brought together in my second talk at induction training, on how to improve income.

Sometimes, though, Franchisors are clearly in the wrong and can be quickly set right. Failure to do the right thing with Pay For Work Guarantee is one example. I have at times required Franchisors to pay back money and even refund franchises. We advise Franchisors to treat Franchisees with compassion, such as by not chasing fees owed when they have failed. We also waive up to three months' national and call centre fees in these cases. It must be said that most Franchisors are strongly aligned with the group ethos and rarely object. Often, they will go even further than I would. It is one key reasons we so rarely have legal disputes with Franchisees or Franchisors. In fact, over the past three decades we've been to court exactly three times, once with a Franchisee and twice with Franchisors. According to norms for the franchising industry, we should have had several hundred such cases!

It might seem that making myself available would soon overcrowd my day, especially since Franchisees may even contact me for urgent help when their own Franchisor is out of contact over the weekend. But in reality, the main struggle is to get Franchisees to contact me at all. My most painful conversations have been with Franchisees who want advice on getting out, and I find that there was a past issue such as with Pay For Work Guarantee that I could have helped with, and perhaps kept them from failing. Contact with Franchisees is the single biggest driver for changes to the system, followed by contact with unhappy clients. It constantly pushes me to do better, because I see every unhappy Franchisee and every dissatisfied client as my personal responsibility. How can we change the system so that such problems no longer arise?

These conversations can be immensely rewarding, at a personal level. I will never forget the mowing Franchisee who called me at the start of winter, in serious trouble as his leads died down. I quickly found out he was not up-selling extra services, and challenged him to do this at least once with every client. In September, as work was picking up, he rang to thank me. Without that call, he said, he would never have made it through that first hard winter.

In another case a young couple were struggling badly in their first month. By changing their suburbs and services I was able to have them flat out within hours, until they had to ask my advice on how to turn it off. These extra jobs had all previously been unserved. As a result of this and similar calls, we have given Franchisees to be notified of any unserved leads in their Region, one of many such changes made over the years.

Another change began our practice of taking two phone numbers, where possible, which was inspired by a Franchisee unhappy about being able to make contact with just one. In another case we changed the balance of work given to new versus long-standing Franchisees, after a Franchisee pointed out that our previous system was unfair.

Franchisees have often asked for changes that give them more control over the kind of work they receive. Last year a Franchisee wrote to me asking for a system to allow clients to be promised same day service if they call after 12 p.m., our normal cut-off time. Some Franchisees are happy to offer this, but at present such leads go unserved. So after a brief exchange, I asked IT for an option that would allow Franchisees to promise same day service up to 3 p.m. To give some idea of the timing, the whole process from discussions with the Franchisee to arrangement with IT took just over four hours. Though it may take some weeks to be implemented.

These are minor but quite typical examples, out of many hundreds over the years. It is hard to over-state how valuable it is for a leader to retain this close and immediate contact with the grass roots. In fact, most of the significant changes to our system have started with a Franchisee sending an Email or picking up the phone, just like these.

I also learned to listen to my Franchisors. I had asked a group of them to help interview a replacement for National Manager, after my previous manager Peter Hansen left to take on NSW (which immediately started to boom). This worked so well that in late 1996 we set up an elected Advisory Committee of Franchisors. Though having no formal powers in the beginning, it soon began to act as an informal Board of Directors. In practice, since then, most Advisory decisions tend to become company policy.

One early decision was to update the logo. They felt we could do with a cleaner and friendlier look, so my staff prepared one based on a smiling photo. Smiling into cameras is not my strong point, and in the end someone had to pretend to stick his tongue in the photographer's ear. If anyone asks why the 'Jim' in the logo is smiling, now you know!

I was always pressing for ways to drive better service, and the Committee sometimes slowed this a bit. But their reasons were sensible, and by careful consultation we managed to get most Franchisors firmly onside. It is a point of great pride to me, far more than any simple metric like the number of Franchisees, that most Franchisors and Franchisees fervently believe in our ethos of service. Often at meetings Franchisors quote the mantra 'Franchisees first', as a way of supporting a point of view.

At one stage we invited a franchising expert from the UK to attend our National Conference. He was impressed by the Jim's Group culture of service, which was quite different from anything he had seen after decades in the industry.

I began to articulate these values in talks given to Franchisors and new Franchisees. After my initial talk on customer service, as described earlier, I talk at length about service to Franchisees. In fact, though I am passionate about customers, service to Franchisees is our absolute first priority. This is partly for pragmatic reasons. It is generally not difficult us to find clients. In fact, in the last year alone we have knocked back more than 180,000 leads, or about one in four people who contact us. The limits to our growth are our ability to find and keep quality Franchisees, especially given our tough selection process.

It is a reflection of our priorities that the most earth-shaking changes have been aimed at improving service to Franchisees. As time went by we began to ask more from Franchisors in terms of support. This was hardly necessary in the beginning because our new Franchisors tended to be carried by a wave of enthusiasm. But with time, as the business became more routine, some began to slacken off. I received complaints of Franchisors being unhelpful or not returning calls promptly,

So with support from the Committee we wrote into the Manual that calls must be returned within 24 hours on business days – maximum. We also asked that meetings be held at least eight times a year and complaints followed up fast. None of this was difficult to put in place because of a shared culture of service, and because most Franchisors were providing good support anyway. The Advisory Committee commonly asked for changes to my proposals but was usually unanimous in approving the end result.

The difficulty was that some aspects of support were difficult to measure. We could require that Franchisors return calls promptly, but how do you define whether the response is polite and helpful? The Franchisor might say one thing, the Franchisee another. This problem rose to a head in one particular Region where the Franchisor who I shall call 'Paul', initially helpful and supportive, had become steadily more dictatorial. In particular he became very intolerant of criticism, so that unhappy Franchisees either shut up or left the system. There was no breach of the Contract or Manual, but clearly our system was not working as it should.

In thinking about this problem, I began to realise that the best way to think of a Franchisee was as a customer. We always taught that the only definition of good service is that the customer is happy. Why not apply the same principle to Franchisees? Obviously a single unhappy Franchisee is not a fatal problem – even the best Franchisee can get an occasional complaint. But serious discontent suggests the Franchisor must be doing something wrong.

The end result was that I used some leverage to persuade ‘Paul’ to sign an amendment to his Contract. Franchisees could be asked to vote by secret ballot on whether they wanted him to continue. If not, Paul had three months to win back majority support or otherwise be forced to sell. In other words, we had given these Franchisees the same right as any other customer: to change to a new provider if not happy. This seemed like such a good idea that we introduced it to all new Franchisor and Franchisee Agreements.

You might ask why Franchisors would agree to such a change, which is still to this day unique to Jim’s. But most Franchisors genuinely care for their Franchisees and are well liked, so they know they will never be voted out. This clause is not often invoked but has proved useful over the years in motivating poor Franchisors to improve, or otherwise getting them to sell. The first victim, incidentally, was Paul himself, who failed to change his approach and was asked to sell. His successor did a much better job, so in that sense the new system worked.

We later changed the contract so that Franchisees who were not happy could move to a different Region and be serviced by a different Franchisor. This change was also unanimously approved by the Advisory Committee. All of this is now part of what I say to prospective Franchisees at induction training. In later years I would buy back Regions and run them for a time, when this seemed the best way to remove a poor Franchisor. This meant that Franchisees could vote me out, of course, though in practice I could simply change the manager.

The same system was applied when we set up new Divisions, as described in the next chapter. Divisional Franchisors can be voted out by their Franchisors, and this clause has also proved useful at times. It also applies to me just as much as any other Divisional Franchisor. Just recently the Franchisees in our Computer Services Division have made it clear they don’t like the way we are running their division, and we are currently interviewing for a replacement.

What these clauses do is demand that each Franchisee and Franchisor be treated as valued customers, listened to and respected. The irony is that my original contract, which the lawyers thought too favourable to Franchisees, has become more so with time. I might add that both these major changes, as with almost all others, began with a Franchisee contacting me.

We also worked to improve our training. In the earliest days this was ad hoc, with a few days in the field and some informal coaching by the Franchisor. Some years back a group of Melbourne Franchisees suggested that we needed something more formal and systematic. They provided an outline, which was used as the basis for a formal business training course as discussed earlier.

One decision made very early was to allow people to attend without committing to a Franchise. In effect, we were offering an intensive week-long small business course without obligation. These days, the great majority of Franchisees and *all* Franchisors do our full induction course before signing anything.

This approach has its downside. Just last month, a lady who had been through our course rang me to say she had just signed her first Franchisee. I congratulated her, but also said I wasn't aware she had signed with us. In fact she had not, but had used knowledge from the course to set up her own independent system!

But this is unusual, and the upside is that we have attracted many quality people who would not otherwise have joined us. The great majority of attendees who pass the course (this is not automatic) do sign up. Looked at in another way, it is an extension of our 'selling by not selling' strategy from pre-Franchise days, only the course is a lot more valuable than any twelve-page brochure. We share all our information with people in advance, letting them know exactly what we are asking and what they are getting. This is especially important because our standards of service are so tough.

In recent years we have also placed more focus on Franchisor training, which was in the early days quite inadequate as previously described. This developed into a three-day course which takes place every six weeks after every second Franchisee course. My first session there is a hard-hitting talk on Franchisee selection. I tell them that Regions and Divisions and systems that are selective grow faster than those which do not. A quite consistent pattern, and not perhaps what most people expect. After all, why should knocking people back cause you to end up with more Franchisees?

I ask them to give me the reasons, and there are plenty: happy and successful Franchisees will refer others, give less trouble, recommend prospects to join, be less likely to leave, and are less likely to generate complaints and so hurt out reputation. Then I ask them to give me the one reason that is more important than any all the others put together.

They commonly come back with more of the same sort of reasons, that they will be more successful, more profitable, and have more growth (all of which is true). But I will not move on till someone gives the real reason. And when they give it, especially if it is taken a while, I may ask whoever gave the right answer to get to their feet and receive a round of applause – so that no-one will ever forget. The chief reason you knock back a prospect when there is significant doubt they will succeed is:

'For their sake'.

I tell them if they do not have concern for Franchisees as their first and major motivation, they are unlikely to succeed and certainly will not feel comfortable in our group. This is the core of our ethos.

Making a poor choice could have terrible consequences. Many years ago a young man bought a Jim's Mowing Franchise in the Geelong area, and failed. Years later he drove his three sons into a dam and drowned them, for which he was convicted of murder. To what extent his failure may have affected him I do not know, but it is a fearsome example of how our decisions may change lives.

For most people, the purchase of a franchise is a very positive experience. We used to ask in our surveys whether Franchisees thought that 'The reality has lived up to the promise' and 'I am positive about the future of my business'. Most agreed but around 15% did not. And even to this day, around 10% still report poor income. We clearly need to do better, which means better support and better selection.

We commonly refer to our sales process as 'selling by not selling', which is a reference to my approach to selling mowing rounds back in the '80s. The focus must be on the welfare of the prospect, not of the Franchisor or the system. Good Franchisors treat prospective Franchisees as job candidates rather than purchasers, asking a lot of questions and trying to see if they are likely to succeed. It is the opposite of high pressure sales. And it is the approach that will appeal to quality prospects, the ones we most want, because they know we are genuinely concerned about their welfare.

On the other side, we are tough about denying Franchises to people we think may fail, which may happen at any stage up to the day of signing. Reasons can include a poor attitude to customer service, aggressiveness or unwillingness to listen, poor presentation, poor English, too much debt, a partner who is unsupportive, and much more. Quite commonly they get very upset, especially if this happens at induction training. One young man asked to speak to me privately and begged me, in tears, to reconsider. Though understanding his distress, I told him he would feel much worse if he went into business and failed. Apart from any other concerns, in this case, he would almost certainly lose his house. Other prospects have become angry and even threatened legal action.

The same applies to Franchisors. We are far more likely to fail prospective Franchisors at training, since groups are smaller and we get to know them better. And because the consequences of failure are more serious for a Franchisor, since lack of good leadership can seriously hurt their Franchisees.

As stated earlier, the two great pillars of our ethos are service to Franchisees and service to clients. Service to Franchisees comes first and is what we spend the most time and effort on, but the two pillars support each other. Good customer service makes the phones ring, and the best thing we can do for our Franchisees is to keep them busy with well-priced work. This policy does work, and especially in recent years as our complaints have declined. Most Franchisees are flat out all year, even though we typically charge more than the opposition. People use us because they want reliable service and guarantees of outcome. Give that and they will come back, recommending us also to their friends.

One justification for this policy is our rate of growth, and the fact that in Australia we are probably about as big as our next fifteen competitors combined. But there is another factor. Litigation by Franchisees is one of the greatest dangers and heaviest burdens a Franchise system can face. By putting Franchisees first, we keep ourselves and our Franchisors out of court.

Chapter 14 What Will They Franchise Next

While all this was happening, the business had been changing in other ways. In particular, we have changed from a mowing-only business to one with 54 different divisions at last count. But it was a slow and halting process, and it has taken us a long time to learn how to do it properly.

Right from the beginning, there were a number of reasons why it seemed a good idea to branch into other services. We already knew a lot about franchising and would save costs by running more than one business from the same office, or at least using the same computer software. We could offer more than one service to our customers, particularly important for clients like real estate agents who need a lot of things done. And, at least as important as anything else, the mowing business was both seasonal and subject to weather conditions such as drought. It was a worry to be so dependent on rainfall, when a single bad year could put us under enormous pressure. The weather had been a factor behind every attempt to diversify, including my tourist project and others to come.

Nor was there anything original about offering other services. Our rivals were already doing the same thing. VIP lawn mowing had renamed itself VIP Home Services so as to become a broader based company. In fact, you could say that we were laggards. The real question was why we waited more than five years, until late 1994, before we even made the attempt to brand the logo on other services. Nor was it, for many years after this, a really serious effort.

Partly it was based on my own pre-franchise experience. Putting out a leaflet with a lot of different services typically drew less response than one focusing on lawn mowing and gardening. Clients saw us as 'jack of all trades, master of none'. We were not seen as being sufficiently expert in all areas. Which, of course, we were not. Also, the track record of our rivals was not exactly encouraging. Systems which tried to do everything typically did less well than those focused on a single service.

VIP had been more successful, especially with their cleaning division. But even they seemed to run into problems. I got the impression that sales of franchises in the new divisions were often at the expense of lawn mowing franchises. Everyone wore the same uniforms, and one person at the franchising Expo might be trying to sell a heap of different businesses without knowing much about any of them. In the early days we also saw evidence of discontent among their mowing Franchisees, including area managers. Many felt both advertising dollars and management attention was being diverted to the new businesses, and they were suffering as a result. Whether right or wrong, the perception cost them.

I also had a concern about our logo. It had clearly worked well for us in lawn mowing. After all, with beard and hat I looked like a gardener! Our logo personalised the business and made it easier to remember. But when it came to diversifying, I began to think VIP had made a better choice. 'VIP Home Services' could apply equally well to anything.

How would people react to the guy with beard and hat as a symbol for cleaning? And how would female Franchisees feel about being a 'Jim'?

It was for this reason that my first attempt at franchising another division, back in 1992, did not use the Jim's logo at all. As mentioned earlier, it used the name 'Sunlite' and was a complete failure. But the idea would not go away. Our logo had considerable power, even in those days, and it made sense to use it. But I began to think very carefully about how new divisions should work. First and most vitally, they must not hurt or upset my current Franchisees.

The first principle was that any new division must not take significant work away from current Franchisees. Thus we couldn't do Jim's Landscaping or Jim's Gutter Clearing, which were protected in any case because they were included in the territory rights of mowing Franchisees. You may see a Jim's Landscaping trailer from time to time, but this is someone who has chosen to specialise in landscaping and usually only takes landscaping leads. The branding impresses customers but, contractually speaking, he (or she) is a mowing Franchisee.

I also determined that each division would have its own advertising funds and manager, so that mowing Franchisees would not lose any attention or advertising support. The manager should be selling cleaning franchises only, for example, not spreading their attention over more than one division. And they would also need to have hands on experience in the industry, unlike myself in the 'Sunlite' days. Only then would they be able to sell franchises with some credibility, and train and support Franchisees to make a success of their business.

The dangers of not doing this were brought home to me quite vividly by a meeting some years earlier. Two business executives from a multi-national corporation came to me about a soft drink distribution business which was not going well. They had seen the success of my business and wondered whether franchising might solve their problems. They were obviously competent and well spoken, smartly dressed in business suits. I talked a bit about what to look for in prospective Franchisees, and some of the people who had recently signed with us - managers, salespeople and other such professionals. They were astonished. Obviously, they had not been able to attract people of this calibre.

So I asked them what their people were making. 'Five to six hundred dollars net.'
'Not enough,' I said. 'Not to attract the kind of people you need.'

But that was not the main problem. We talked a little about the business itself, how it worked, and so on. On the surface I could not see any technical problems. But, finally, I asked what turned out to be a key question: 'Have you ever worked at this job yourself, been out on the road?'

They looked puzzled, as though this were an odd question. 'No, we work in the office, on the management side of things.' At last, everything made sense. How could they manage a business they did not understand? Their business would not flourish until their people did, and for that they needed managers with hands-on experience in the field.

‘You know what you should do?’ I told them. ‘Swap your suits for overalls and spend six months on the road. Work out how to make a decent income. Show that it is possible, teach other people how to do it, then use their earnings as a magnet to recruit the best possible people, and use the best of them to further improve your training. *Then* go back to the office and use your experience to help your Franchisees.’

Later, I talked with people from another soft drink distribution company. It was smaller and more localised, and the people running it understood the business because they had done it themselves. Despite having far less financial backing than the first crowd, they were making money and growing fast.

It is strange that so many would-be Franchisors neglect the issue of how much Franchisees could earn. Many years back a young man came to see me about his fledgling business in home-based security. He had gained a lot of publicity and believed he could provide a socially valuable service. His franchise was going to be a runaway success.

‘How much money are you making?’, I asked.

‘Around four hundred dollars per week.’

‘Make yourself a thousand’, I told him. ‘Then you might have a concept worth selling.’ These days, we would look for a figure at least twice that.

We teach our Franchisees to aim for at least \$60 per hour, and preferably more. Less than this and it is impossible to attract the kind of people we need. In fact, we think most of our franchisees make at least \$2,000 per week, and the better ones considerably more.

So when, in late 1994, I was approached by a cleaning contractor called John Mahoney about a new division, I knew what I wanted. A business that would not hurt - or be seen to hurt - my mowing Franchisees. One that would be expertly run, with a totally separate and professional image. And one in which an average operator could expect to turn over at least one thousand dollars per week.

John seemed to have the experience I lacked, so we set up ‘Jim’s Cleaning’ with him. The logo was the same but with ‘cleaning’ replacing ‘mowing’, and a blue colour to distinguish it from the mowing green. Later we added some bubbles on the right hand side. Linked, yet clearly different. I went into partnership with John for the Victorian regional rights, retaining the national rights including responsibility for quality, trademarks, and so on. This was vital, in that it would prevent one of the new divisions from doing anything to undermine the value of the Jim’s name. For example, poor work by cleaning Franchisees could not be allowed to hurt the public image of the mowing brand.

We got some Franchisees on board and started advertising for work. On the positive side, there was no doubting the value of the logo. Quite often, when our reps approached a potential customer, the initial response was poor. Jim’s Cleaning, as a name, meant nothing. Then they saw the logo. ‘Oh, *Jim’s* Cleaning...as in Jim’s Mowing!’ Suddenly we were in.

But not even our logo made work easy to come by. Most people still wanted a woman on a low hourly rate. Then we had problems with our contracts. They were badly phrased, and offered an unreasonably high Pay For Work Guarantee for carpet cleaners. Also, the

partnership worked badly. Neither John nor I took responsibility for getting work. Work guarantee claims mounted and we were losing money.

After a time, John offered to buy out my share of the Victorian Region, basically in return for the money it owed me. I thought this would be better, since it meant at least one person would be focusing on it full time. He launched a major advertising campaign, especially over the radio, which brought strong public recognition. One fascinating point was the way this spilled over into the mowing business. There would be a significant rise in mowing and gardening calls when the cleaning ads were run. This was everything I had hoped for in early planning. The cleaning division was actually helping our current Franchisees, and in general they were very supportive.

This is, incidentally, a pattern that became more and more obvious as the number of divisions grew. Each division supports every other division in making it easier to get work, though increasing competition to find Franchisees. In recent years Franchisors find that the main competitor for recruits is not our rivals but other Jim's Divisions!

But to return to the early days, my concern was with John's costs, which seemed to be getting out of hand. His advertising campaign cost a fortune, but this was only the start of it. He wanted his own office but lacked my frugal habits. His rent was almost the same as ours, though he never serviced more than fifteen Franchisees to our two hundred plus at that time. And he was overstaffed by our standards. At one stage he had as many office staff as Franchisees! And, to make matters worse, there were relatively few sales. John had overspent and was going down fast. In the end, he could not pay his bills.

So we stepped in and brought cleaning back into our office, slashing costs and reassuring the Franchisees. We found that in some cases Pay For Work Guarantees had not even been paid, which was of course our first priority. And a tougher problem in the long run, some people had signed who should not have been. We fixed the guarantees and told the Franchisees they would be looked after, no matter what. I would take personal responsibility for anyone who signed under the Jim's logo, regardless of what happened to the Franchisor. After a brief try at returning it to John's control, we finally took it back and appointed a manager with twenty years' experience in the industry.

It was while this was going on that someone approached us with the idea of mobile dog washing. This kind of service, like all commercial dog washing, uses a hydrobath. The dog stands in a fiberglass container and is sprayed with warm water and shampoo through a nozzle. This gives a much more thorough clean than a normal bath, taking out the doggy odour that most people object to, and also a great deal of loose hair that might otherwise shed on furniture. I had some experience with hydrobaths and was impressed.

A franchise group had started in Perth and done well, reportedly booking out their people with nothing more than local paper advertising. And filling them up with regular customers in only about twelve weeks. But, like all the other services we knew of, they got their water from their customers. Usually one bucket hot, two cold. This was not only time consuming but tended to annoy people by tracking mess through the house. Other services failed to dry the dogs, except for a quick rub with a towel. We looked at the possibility of designing a trailer that would carry and heat its own water, providing a

high-quality service that would brush the dog and blow it dry. What about franchising it under the Jim's name?

I did some quick figuring, based on the time it would take to wash and dry a dog. Allowing for travelling time it should be possible to make a similar income to our mowing Franchisees. Learning from our current problems with the cleaning division, or so we thought, we decided to keep it strictly in house. We hired a manager with industry experience to run the operation from our office.

As with cleaning, we wanted a recognisably 'Jim's' logo that was also clearly distinct. So we asked the graphic designer to try and fit a dog into the picture. He had a limited range of dog images available, so we settled on a basset that seemed to be looking up mournfully into my face. Later, the Franchisees and Franchisors changed it to a livelier cartoon-style dog. We originally thought of blue as the company colour but this was already taken by cleaning. So we settled on a firebox red. Then we designed a steel, box-shaped trailer, had one built and went out on the road as a trial.

The new trailer proved a sensation with its bright red colour and quirky variant of the logo. One person even rang up to say she was seeing our trailer everywhere, though at the time there was only one! There was excellent response to our advertising, and we started to wash a lot of dogs. We fiddled incessantly to improve the trailer design, and also experimented with different prices and packages. One thing that suggested we were on a winner is that people would come up in the street as he parked. Sometimes, several people would stand around to see the dog being washed.

Dog Wash was going to differ in one crucial way, and this was based on our New Zealand experience of rapid growth with lower priced franchises, at least in the beginning. Rival dog wash franchises were charging more than \$20,000 but I saw no good reason for this. Advertising costs were likely to be low, so what did we need the money for? What I wanted was growth, and in a hurry!

The problem with Dog Wash was the cost of the trailer, which for the design we wanted would come to more than \$6,000. To keep the entry cost low, we arranged to lease the trailers ourselves and rent them out at around cost price. In the long run, this was to cause major problems. But it did mean we could offer a franchise, complete with \$800 work guarantee and all supplies and consumables, for only \$8,000. To make things even better, the same finance company offered unsecured finance for approved people. Our track record was proving to be a major advantage.

The initial response was good. Phones ran hot from dog owners and Franchisees clamoured to join, despite the fact that we tried to be picky. We turned dozens of people away, including anyone who did not show an unreasonable and passionate love of dogs. Some of our mowing Franchisors were eager to take on dog washing rights as well. Within seven months we had seventy Franchisees throughout Australia and New Zealand. One welcome point was that around half of these were women. As stated earlier, I had been concerned that women would not like to work under what was essentially a gardening image. This proved not to be the case, any more than the clients minded when their dog washing 'Jim' turned out to be a woman.

Our biggest problem in the beginning was building trailers fast enough. The hydrobath maker, used to doing two per month, suddenly found himself with up to twenty. We combed Australia for the dryers, finally phoning overseas to try and track down a further supply. These delays caused a lot of aggravation in our interstate branches. They had people signed and ready to join, even demanding work guarantees, and the promised trailers were yet to arrive. The demand was so much greater than expected.

The contrast with Jim's Cleaning was dramatic, one of the major reasons being much lower costs. We were taking all calls in house, the staff now being asked to answer the phones as 'Jim's Group' rather than 'Jim's Mowing'.

Our next venture, like dog wash, almost fell into my lap. One of our mowing Franchisees, Craig Parke, came to me with a proposal to start up 'Jim's Trees'. This was a very sensitive area and caused, initially, a major fuss. Unlike cleaning and dog washing, our mowing Franchisees make a lot of money out of trees: in some cases up to five per cent of their turnover. We even advertised it as one of our services, though it was not part of Territory rights. The reason was that our guys only had insurance for trees up to ten metres. Anything taller required both expertise and higher insurance. So our people would pass on taller trees to outsiders or to the two or three Franchisees, like Craig, who were qualified. But the other Franchisees were doing well from smaller trees, and the thought of losing them raised concern.

Still, I liked the idea of a trees division. We were getting only a fraction of the market, and businesses that did both were using this as a wedge into our core mowing business. One in particular delivered tree-logging leaflets that also offered lawn mowing. Their lucrative tree-logging work paid for the leaflets, and they picked up thousands of mowing clients virtually for free. To test the idea, Craig did a twelve-week trial in the western suburbs of Melbourne. The results were impressive.

To get things going we hired yet another experienced manager and started to advertise franchises. A crucial part of the package was a two-week, accredited training course, which was to be compulsory for all tree Franchisees throughout Australia. Tree work can be dangerous, and I did not want my Franchisees to be hurt.

Other new divisions followed quickly: car cleaning and handyman. The game plan was the same in each case: a variant of the logo with a different colour scheme, a dedicated manager, and all calls to be taken by existing offices. All of these got off the ground with no trouble, but with one serious problem. The cost of a dedicated manager meant that all were running at a loss. We simply could not afford to continue, and the move into new divisions seemed like a failure.

It was at this stage that Andrew Mackintosh, my original trainer who was running a very successful mowing franchise, came up with the idea of Jim's Fencing. My initial answer was 'no'. I did not see much demand for fencing work and did not want another money losing business. In this case, though, Andrew asked to buy the Franchisor rights for Victoria but with admin and call answering from our office, which was possible by this time because of the IT advances mentioned earlier. There was no risk in this and he had a great track record, so I agreed. Though I did warn him he might lose a bundle.

In fact, I could not have been more wrong. A quick test of the market found no one who could start a new job in less than four weeks, and our trial ads showed enormous demand. So the division was launched with Andrew at the helm, and it got off to a good start. His biggest problem, as in so many areas, was taking on Franchisees fast enough.

So here was yet another model. We had tried a Franchisor running from a separate office, then paid managers working from our office, and now a Franchisor working from home but with admin and call answering from our office. This last arrangement was to prove the model for the future, though we did not know it at the time.

One serious problem rising from this was that my Franchisees felt they were losing territory rights, especially over tree work. What next: rubbish removal? To get the scale of the problem I commissioned a Franchisee survey, with the understanding that I would not see the individual results so they could be completely honest. We also asked a series of questions on how they were being treated, a forerunner of those we were to set up in later years.

A lot of concerns came out, and we held a meeting to discuss them. Around 200 Franchisees turned up and it became quite heated at times. I told them immediately that gardening, rubbish removal and gutter clearing work could not be removed, since they were all covered by territory rights. After lengthy discussion we decided that staff would simply ask how tall the tree was. Below roof height would go to mowing, above it to trees. I also pointed out how another division could help them, using the example of cleaning.

We also made it possible for mowing guys to take unserviced handyman and trees jobs if they wished to, and even to switch to the trees division. Some other issues were raised such as slow response from the office, and I offered a free dinner to anyone who failed to get a return call within 24 hours. I also agreed that for the time being we would stop signing new Franchisees from the bone dry western suburbs.

Another concern raised was with the initial training, which they did not see as good enough. Here I could report that we had already taken steps by launching the induction course referred to earlier. These were not all their concerns, but there could no doubt about my willingness to listen. We had very few problems after this point.

I have given this account in detail to show how business change actually happens, far from the popular vision of a grand master plan flawlessly carried out. The development of separate divisions has been a major part of our success and now provide more than half our income. Yet the beginnings were messy and full of mistakes. In our case there was an initial idea and a blizzard of experiments, far more than those described above. These were to continue, as detailed in the next chapter, and they still continue more than twenty years later.

The key, in my view, is to listen to as many people as possible, never be afraid to admit you're wrong, and be ready to change anything at any time. But never depart from the core aim, which is to provide exceptional service to Franchisees.

Chapter 15 Rethinking the Model

Back in 1982 I had called my business 'Balwyn Gardening', since I did not intend to operate outside three or four suburbs. In 1989 I thought it absurd that we might one day go interstate. Until 1992 we had no idea we could operate in smaller cities such as Hobart, much less the country towns that are now among our fastest growing markets. Before long we were in New Zealand.

By 1996 we began thinking of North America, which had no system remotely like ours. As it happened, our first foothold was in Vancouver, where a local businessman named Dennis Reidy got talking to an Australian in the pub, came over and liked what he saw. Eventually he was to achieve 70 Franchisees in British Columbia.

A couple of Franchisors decided to give the United States a go, by getting visas and heading off for Texas. They had no trouble finding work and prices were high, just as expected. But unfortunately, we just could not find the right people to do the work. Even more than in Canada, business minded Texans seemed to feel that manual labour was beneath their dignity. It was also clear that local connections and knowledge were vital, as Dennis was showing in Vancouver. And our experience in Texas suggested that single operator businesses were less likely to work there than a manager-led team. Lower wages and higher prices make a big difference to business fundamentals. In the end, our pioneers had no option but to return home.

Despite all these problems, 1997 was a great year. At the start of it, we reached the magical 'one thousand' barrier and I went on a media tour as 'the face that launched a thousand trailers'. Our New Zealand branches forged ahead, leaping from thirty to one hundred and thirty Franchisees in the course of the year. With new divisions on line almost every month, growth in Australia was even faster. By the end of the year, we had passed 1350. The Victorian training course started with an average of four attendees per month. By the end of the year there were more like twenty.

Regrettably, all this growth and activity could not be sustained, and in some ways led to trouble. Dog wash in particular began to come unstuck. Though we had given Franchisor rights to our best mowing Franchisors, they were unable to make a success of it and handed them back, leaving interstate Franchisees with poor support. Our metal trailers proved too heavy and subject to rust. Advertising cost a fortune. Our local manager was ineffective and soon left.

Without knowledgeable, face to face assistance, Franchisees felt neglected and were less able to succeed. Some walked away, others we bought out, a number went independent by mutual agreement. Some good operators were permitted to operate under our logo but without paying fees. The division was losing money and franchisee numbers dropped, so much as to largely cancel out the continuing growth of the mowing division. Unhappy Franchisees led to the first bad publicity we had received, to that date. To make matters worse, all other new divisions were losing money and had stalled in their growth.

As if these problems were not enough, the Victorian Mowing Region, which provided most of my income, was showing clear signs of trouble. After rapid growth in the early nineties, numbers had been static for two years. Talking to Franchisees revealed that many felt isolated and uncared for. This was especially the case in areas most distant from my office in the eastern suburbs. Things were going very badly wrong.

The only exception was Fencing, run by Andrew Mackintosh as an independent division. Though not a runaway success, growth was steady. Franchisees seemed to be well looked after and making good income. Also, as if this were not enough, it was the only one of the new divisions to make us a profit! In countless hours spent analysing and thinking about our failures, we began to see Andrew as a possible model for the future in three specific ways. He was an exceptional operator with long-term, personal experience of the work, he had paid for the rights and owned them, and he was not distracted by running any other division.

The interstate Mowing Regions were all running well and profitable, on much the same model. And the two Mowing Regions I had been forced to sell off in Melbourne, courtesy of the Family Court, were also doing much better than mine. Their Franchisees were happy and they were growing. This seemed clearly the way to go.

Fortunately, as mentioned earlier, by this time we had developed the technology to take calls centrally. Local Franchisors like Andrew Macintosh could gain access to the work from their home offices. I might add that fees were still were not covering the cost of taking calls, though costs were dropping fast with improvements in IT. Thus the idea of splitting up my Victorian Region was feasible, and there were a number of first-rate Franchisees ready to step up.

But the idea was frightening. The business was already under a lot of financial pressure and Franchise fees from Melbourne were our main source of income. Proceeds from the sale would provide a short-term infusion but after this I would need another, since our National Fees are only about 15% of the total. Prospects were not improved by the knowledge that I would have to sell most areas on terms, since few of the people I wanted had the money. Which meant that they would have to pay for their business from the profits I would forego by selling it to them!

In the end, like so many of my best decisions, we put principles before profit. I was not looking after my Franchisees well enough and believed that my best Franchisees could do better. The Victorian Mowing Regions were sold off and there was an immediate lift in Franchisee satisfaction and numbers. The same happened when we sold off the Cleaning Region to two of our best cleaning Franchisees, including Haydar Hussein.

Eventually Haydar was to take on what we were to call 'Divisional rights', with the responsibility for selling Franchisor rights in other areas as well as web sites, manuals and other documents specific to the Division. He would also be the primary support for Franchisors in the Division, though they would deal directly with us for IT, contracts, conflict resolution and other matters common to all Divisions. These days Haydar looks after more than 650 Franchisees, which by itself would be one of the largest franchise chains in the country.

At about this time a couple of people came to us with the idea of starting Jim's Antennas. One of them was Andrew Parke, the brother of Craig Parke who had previously launched Jim's Trees. Andrew had been a Franchisee with Mr Antennas, then the industry leader with about fifty Franchisees. He did a trial of Jim's Antennas which went well with the public, so we signed him to Franchisor and eventually Divisional rights.

Andrew was eventually to have the satisfaction of building a Division many times the size of his former Franchisor, because of good service to Franchisees but also because our fees were only about one third of theirs. Essentially, he crushed them because they could not match our offer to Franchisees. It is a good example of the value of putting Franchisees first.

An exceptional example of the same priority has been the Test and Tag Division, which tests electric cords and appliances for safety reasons. It was launched by a husband and wife team in Albury-Wodonga, who proved not up to the task, before being taken over by Neil Welsh and James Jacka. Neil and James put in place the most rigorous systems of selection, training and support, achieving the lowest levels of attrition and one of the lowest levels of complaints. As a result it grew steadily, year after year, and is now our third largest division.

Unfortunately, not all did this well. Many of our early founders were one-man bands, as with Test and Tag, or simply people with a 'good idea'. There is vast difference in the skills required by a single contractor, even a very good one, and those required by a state-wide or even national business. Thus, as with my first interstate Franchisees, a number of these new divisions failed.

We learned with time only to accept as divisional founders people with a solid experience in the business and proven management skills. Normally they are already running a successful business with several people employed and rigorous systems of customer service. They then rebrand some or all of their vehicles and build from there. Business owner who can flourish on their own will get a rocket assist from our brand, since savings in advertising more than cover the fees we charge. Then there are the benefits of networking, business training, group discounts, franchising systems, and so forth. Examples including Plumbing, Electrical, Glass and Diggers.

In recent years we have set up a dedicated department to find and assess potential new divisions. We are not looking for brilliant ideas so much as excellent people to run them. The cost is minimal: normally around \$20,000 plus a few thousand more for training and so forth, but they must prepare the divisional manuals and website. As with Franchisor prospects from existing divisions, they must attend training before being accepted, which allows that one final level of scrutiny.

Even with our efforts to hunt down new divisions, most start with a general enquiry to our web site. I make sure no opportunities are overlooked by taking all such Emails myself, quickly assessing them and either deleting or passing them on to the relevant department. This applies also to discount offers and all manner of advertising proposals. As with client problems, people are often surprised that I deal with such issues directly, but Email is highly efficient and I generally spend no more than ten minutes a day on such tasks.

The loss of a potential new division or a major discount to our Franchisees, on the other hand, would be serious.

The launching of new divisions has proved a major strength. Because each division has a different logo and separate advertising, we are not perceived as 'jack of all trades, master of none'. Nor are we, since with rare exceptions our Franchisors and divisional heads are expert in one field only. Promoting one division also seems to support other divisions in terms of work, as discussed earlier, and clients who are happy with one division often book others.

All our divisions have the same contracts and the same systems to support service to customers and Franchisees, but apart from that they have a great deal of independence. They write their own operations manuals and run their division-specific induction training. They decide their own colour schemes, logos and even names, apart from certain basic elements such as font size. Franchisors not only control their advertising but can decide what price to sell franchises for. With 280 odd Franchisors and 50 plus divisions, this means that we can be fertile in terms of ideas.

As an example, just a couple of weeks back I heard that the dog wash division was using the 'buy swap sell' Facebook page to find clients to take free promotional services. This is the 'pay for work guarantee' system discussed earlier, allowing franchisees to be paid a minimum income while building their client base when not enough leads are coming in. Many new Franchisees struggle to find people to accept free services, so this is a brilliant idea and has proved very successful for dog wash. I immediately started passing it to trainees in my induction talk on improving income.

But even in the beginning, the launch of divisions on this new model was profitable. Our internal accountant at this time also seemed to be remarkably good at reducing our tax bill, and we began building up funds in the bank. This made it possible to consider a more permanent home the business, which was outgrowing our Bayswater offices. I also wanted to train and house our new people on site. So in 2003 we bought a former university site on the outskirts of Melbourne, after gaining permission from the Council to turn it into a Conference Centre and offices.

Unfortunately, my financial situation was not as good as I supposed. My accountant resigned at the start of 2005, leaving me with a couple of unpleasant surprises. First, a considerable sum of money had gone missing. And second, he had put in some very dodgy tax returns. After nearly three years sorting out the accounts and working with the tax department, we ended up with a bill for back taxes, penalties and interest of almost three million dollars.

Chapter 16 Every Customer a Fan

At an earlier stage this would have been a complete disaster. Fortunately, by 2005, we were embarking on changes that would put us in a much more secure position. One of these was to focus ever more intensively on customers. Complaints were far less than they had been in earlier years and a fraction of pre-Franchise levels, but still far too high. To keep my Franchisees really busy with high quality jobs, we needed to do better.

What made this easier was that I had earlier arranged for my highly efficient call centre manager, Jill Stallworthy, to take over the Melbourne call centre on a contract basis. This worked so well that it gave me confidence to buy out the other call centres throughout Australia. Call centres have to live up to strict standards of performance such as answering 85% of calls within 20 seconds. That means that they need to be overmanned by normal commercial standards. Clients will not wait on line for ten minutes to book window cleaning! Concern for customers also meant that we were determined not to have calls taken offshore. Local accents and local knowledge are the best way to serve clients and Franchisees. Even New Zealanders were reluctant to have calls taken in Australia for many years, though the sheer professionalism of Jill's management has since won them over.

After the call centres were centralized I began dealing directly with all serious complaints across the country, normally defined as when a customer rings back a second time. This started when a girl in the office was appointed to deal with such issues, which eventually began taking up around half her time. But I was still getting a great deal of flack and clients were not satisfied. So to get an idea of the problem, I asked call centre staff to refer these directly to me for the time being. The idea was for me to sort out procedures and then train someone else for this time-consuming task.

Except that it was not, and I quickly developed a fast and effective way of dealing with complaints. By asking the staff to provide the client's Email address, I was able to communicate clearly with the client, the Franchisee, and the Franchisor, letting each know what exactly needed to be done. The Franchisee had so long to fix the problem to the client's satisfaction. If they thought the job good, then the Franchisor was to inspect and arrange a third-party inspection if necessary. If none of this happened, the client was to get two quotes and we would pay and bill the Franchisee. This was all carefully recorded in the job notes, so that any staff member would know the status. Usually, a single Email was all it took.

People are often astonished that I take such a role, considering that we service around 100,000 customers a week. In fact, in a typical week I probably spend no more than half an hour on unhappy clients. My Franchisees generally give good service, and problems that arise are usually dealt with swiftly and effectively by Franchisors. Nor do they want me to get involved, unless there is a thorny issue that needs more help. The result is that such issues have tended to come up less with time.

And lest anyone thinks I am a workaholic who micro-manages the business, I take very little interest in areas such as marketing or finance where others are doing a much better job than I could. This leaves my time free to focus on areas such as service and being available to Franchisees, which I believe no-one else can do as well.

Our complaints system depends, very crucially, on call centre staff recording complaints properly and referring them to me on that second call. This is a challenge, because Franchisees may become upset and even have it out with the staff member concerned. Also, nobody likes to get someone into trouble so they tend to err on the side of being 'nice'. If I see such things happening, I contact the girls responsible and explain why they must do the right thing in future.

Recently, when we had a number of such issues, Jill arranged for me to speak to her staff in two shifts, leaving the others to man the phones. I thanked them for their work and stressed how important their role was in maintaining the level of service. I explained how better service keeps the work flowing in so that all Franchisees have the chance to prosper and feed their families. After that, there were far fewer complaints sent as chats, and a noticeable increase in cases referred to me.

At the same time, if a complaint is clearly and objectively wrong, it can be deleted. Sometimes it is against the wrong Franchisee, or the note in the survey shows that the client must have clicked the wrong button, or the customer confirms they made a mistake. But to keep the system as rigorous as possible, I am the only person who can delete complaints.

One other advantage of my direct involvement with complaints is that it keeps customer service at top of mind. I get quite upset when customers are let down and feel a sense of personal responsibility, which motivates me to keep on working to improve the system.

One issue that arose was how to deal with customer issues when the Franchisee had left the system, which could be a long time back. For example, we once had a fence which fell down after five years, at which time investigations showing that the nails used were shorter than standard. Legally speaking this was the responsibility of the ex-Franchisee, who was after all an independent business owner. But in practice they were generally no longer in business. Nor did we want to subject them to extra stress and negativity, especially when they had failed and walked away - as poor operators commonly do.

Thus we set up a Warranty Fund, based on a contribution of between \$100 and \$2,000 (depending on the division) at each new signup. This has proved adequate for the task, even though some issues can be quite major. For example, one large fence cost more than \$100,000 to replace, when as a result of a complaint we inspected and found it wanting. An absolute and indefinite warranty on jobs is not something we advertise, but most clients tend to assume it, because of our size and visibility. I know quite well that is why many people use us, even if our quote is not the cheapest.

Another outcome of my involvement was that we began identifying Franchisees with excessive complaints, especially as a proportion of total leads. The line was set at six complaints within six months, and at least six percent of total leads. Unless the Franchisor could convince me the problem has been solved, we send a letter warning the

Franchisee of consequences. After that there were further warning letters and eventually breach notices. Within months our complaint rate began dropping.

The next step was to start surveying customers by Email, to which about 10% would reply. Surveys give a more accurate idea of customer service, since most customers with problems do not complain. When we first introduced surveys, New Zealand had its own call centres who were recording far fewer complaints than we did in Australia. They explained to us that sending out complaints only upset the Franchisees and was not necessary, because their customer service was so much better than in Australia! As it happened, the surveys showed a level of customer problems three times ours, and about the level ours had been before we started recording them properly. After this, they began doing it better.

We began adding poor survey results to complaints, as a trigger for letters, which I must admit causes tension and even argument at times. Before sending a letter we give the Franchisor a chance to object. Sometimes I accept this, such as when the case is borderline and one or more of the complaints is doubtful. Usually I do not, and nor do most Franchisors ask. When you see the litany of complaints and poor surveys in these letters, even if one or two are doubtful, it is hard to deny that there is a problem.

In later years we made the system tougher still, by changing the second letter into an actual breach notice. These Franchisees now go on an automated watch list so that further complaints are referred directly to me. The initial response to warning letters is sometimes quite negative, with the Franchisee arguing that the complaints are unfair. It is quite possible that some complaints *are* unfair, but a repeat pattern of complaints reveals an underlying problem.

Still, overall, such letters are usually quite effective, especially if the Franchisee can be made to understand that they have a real problem. Consistent coaching by a concerned Franchisor is a vital part of this. The result is that complaints tend to fall dramatically after these letters are sent, and in most cases a second letter is not necessary. After six months, the Franchisee's status is set back to 'OK' and their record wiped clean. Where it is not and a breach notice needs to go out, this quite often leads to termination, in practice normally a forced sale or a request that they go independent.

I personally review poor surveys every day, where no complaint has been recorded, marking them as complaints where the comment suggests this. My own direct involvement with surveys and complaints not only maintains the rigour of our system but also acts as a motivation for me to push harder. It is heart-rending to see reviews by clients who have been so badly let down, often saying that they will 'never use Jim's again'. I know that this will cost my Franchisees work and income. In my job I see quite a few of these, and it never gets easier.

Our whole system to drive better service, including lead fees, complaints and letters, causes a great deal of flack at times. This is especially so as it has become tougher over the years. I cannot tell you how often Franchisees upbraid me for favouring customers over Franchisees, in violation of my stated principle that Franchisees comes first. They are absolutely convinced that my unreasonable obsession with service upsets Franchisees

and hinders growth. Sure, they say, some Franchisees out there may be letting clients down, so focus on them and leave me alone.

What I try to explain, often without success, is that excellent service is the single most important factor in building our reputation and keeping the leads flowing in. Most of my Franchisees do give great service. As mentioned earlier, only around 2% are on a watch list at any one time. And this is why we are so successful in finding leads, why 90% survive their first year in business, and why 90% report good or satisfactory income. By the standards of the service industry, and with people who have mostly never run a business before, these are remarkable figures. (Even though I would like them to be much, much better.)

Giving good service not only helps the group, it helps the Franchisee concerned. At one time we did an analysis ranking Franchisees into four groups based on their levels of customer service, as judged by client surveys. We found that of the top group only 3% reported poor income, while of the worst group a hefty 25% did. Getting a warning letter is not pleasant but can actually help a Franchisee earn more money as a result of better service.

Franchisors are supposed to counsel Franchisees about complaints. Most do a pretty good job, but some take an overly lenient line because they are highly motivated to win the approval of their Franchisees. Happy Franchisees give them a better rating in Franchisee surveys, make sales easier, and avoid any possibility of a Franchisee vote out. But most of all it is because Franchisee service is so strongly a part of our culture that they are strongly motivated to do what Franchisees want. That is one reason why our national office takes such a strong role these days, because we take a tougher line than many Franchisors are willing to.

I spend a lot of time explaining to Franchisors that intensively coaching Franchisees over complaints, though painful in the short-term, helps them to run a better business. It also keeps the leads flowing to other Franchisees in the Region. We have found that Franchisors who counsel Franchisees over complaints are at least as well liked as those who take a softer line.

Better customer service not only increases leads but helps Franchisees to convert them. Surveys show that an average 79% of clients who book actually get the job done, which is astonishingly high. And this is the same whether based on Email surveys or over the phone. It is even more surprising when you consider that our Franchisees are encouraged and trained to quote above the going rate, and probably do on the whole quote about 10% over the opposition. It is something we drum into them time and again during training, and especially in my own sessions. I tell them: amaze your clients with service but charge a good price.

Steadily more rigorous systems have had a clear impact on levels of service. For example, as mentioned earlier, in pre-Franchise days we received about as many complaints as leads. After the franchise system was established but before complaints were properly recorded, this dropped to around 5%. By 2013 it had fallen to 2.18%, then 1.87% in 2014, 1.60% in 2015, and 1.48% by 2016. Recent figures cannot be directly compared because of the addition of surveys, but there has been a clear improvement over the years. This is

reflected in the declining proportion of Franchisees who report poor income and the rise of unserviced leads.

In 2017 we began asking clients to give Franchisees a star rating, and also allowing them to rate us by pressing a single option on a text message. This has raised the response rate to around 30% and given us another way to measure performance. One great thing about star ratings is that they are positive rather than negative, especially given that the great majority of our people rate 4.5 and above. I have several opportunities a day to congratulate Franchisees on their ratings, such as when they respond to one of my automated letters or want a wrong complaint deleted. It is one of my absolute favourite jobs!

Another task at this time was to find a replacement for the Franchisees' scheduling program Jim's Jobs. This had been very popular for years but was becoming obsolete in the days of networked computers and mobile devices. We spent years and an obscene amount of money working on a program called 'Jimbo' but it was never really successful in the field. The sheer cost of programming meant that we had to charge a technology fee to help cover the costs, which was not popular either.

Eventually, the costs and difficulties were such that we made a deal for a program called 'Formitize', giving our Franchisees access by using the technology fee. Some, especially of our older Franchisees, have found it difficult to get the hang of it. Our aim is that it will one day do a great deal more than scheduling and keeping accounts, such as proving that Franchisees have called back clients, and sending an automatic text message if they fail to get through. It could help Franchisees respond faster and confirm appointments by SMS, thus reducing miscommunications and complaints.

Another key push at this time was to improve signag. Surveys tell us that at least three quarters of the clients who call us either know our number or are simply looking it up – they have already decided to use us. The rest are looking for a service and have not decided who to use, though even here our public visibility is undoubtedly a help. We know this because, as mentioned previously, a Jim's ad in any medium is usually about four times more effective than a non-Jim's ad side by side. We have done the comparisons.

Despite this, for a long time we were not really effective in making sure proper signage was in place. In fact, it was one area where VIP did a far better job. Signage had always been the responsibility of Franchisors, but not all of them followed up and there were far too many poor examples on the road. So we decided that this was another area where national office needed to take a role.

We began asking Franchisees to send us photos of their trailers and vans. We would then check the photos and, if necessary, ask them to respray and put on new stickers. These measures caused problem with a small minority of Franchisees, though most were as usual very supportive. They know that well-signed trailers help keep them flat out and able to charge a premium price. It even proved a major advantage to the people involved. One Franchisee was shocked by the number of walk ups that his new-look trailer produced, to the extent that the extra work more than paid for the change. His only regret was that he had not done it years before.

All of these systems were costly to implement and to monitor. Our programming department grew and grew, and our documents and compliance department came to have four people fully employed, later reduced to one and a half through careful automation and deployment of staff to other departments. But the effect on customer service, and thus on leads, could not be doubted.

All of this made much worse a problem that was becoming our number one customer service issue: unserved leads. In later years we were to adopt a far more radical solution.

Chapter 17 Franchisees: Our First Priority

This brings us to those other customers, our Franchisees. As I have stated again and again to this point, Franchisees in Jim's Group are our top priority. This is at one level for quite pragmatic reasons. The business environment is such that we have almost no trouble finding clients these days but are desperately short of good Franchisees. But, far more than this, we have a moral responsibility to those who put their future into our hands.

Thus, despite intense and ongoing efforts to improve customer service, we actually spent far more time over these years trying to make our Franchisees happier and more successful. In the early 2000's we were undoubtedly doing far better than in the early days, but attrition rates were still too high. That is when we began asking them directly, through the Franchisee surveys I have referred to on several occasions.

We had first surveyed our Franchisees back in the '90s, over the issue of tree jobs. In 2000 we had a marketing company do a confidential survey of how our Franchisees saw us, which gave strong pointers on where we needed to focus. One very clear finding was that some Franchisors were far more effective than others, Peter Ferry in Perth being the outstanding example. It was clear that Franchisors who provided good support were growing their Regions much faster than those who did not.

In 2005 we decided to survey our Franchisees again, also confidentially so they would not be scared to give their true opinion. In particular I wanted to find out what forms of support our most successful Franchisors were using. We would ask Franchisees whether they were getting business reviews and regular meetings, how fast their Franchisor returned their calls and how helpful the calls were.

We also decided to include in the survey a question about a new form of support, a 'pro-active call'. This is a call which a Franchisor makes that is not in response to a Franchisee call or any specific issue such as fees. It is simply done to keep in touch. Pro-active calls had never been part of our system, but in talking to our most successful Franchisors it became obvious that many were making them. For example, when I asked about their business reviews, which was part of our system at the time, they explained that they already knew how their Franchisees were going because they would be phoning them as often as weekly. This was especially the case with Fencing, which was enjoying a period of very rapid growth.

In the previous survey we had measured success by how fast the Region was growing. This time we decided to measure Franchisees' satisfaction directly. Just before this, some of our Franchisees had participated in a large-scale survey of Franchisees Australia-wide, which asked a lot of different questions relating to Franchisee satisfaction. They found that the two that gave the best indications of overall satisfaction were whether Franchisees agreed or disagreed with the following statements:

'The reality has lived up to the promise'

'I am positive about the future of my business'

So we included these two questions as well.

One key difference from the larger survey was that we decided to phone rather than mail them. It is more expensive and questions cannot be as detailed, but to get meaningful data we needed at least 90% participation, not the 10% or so a mailed survey will normally attract. In later years we switched to Email, while still phoning those who failed to reply.

The results of the first survey were interesting. 77% of Franchisees agreed with these questions and were thus rated as 'satisfied'. 12% disagreed and were rated 'dissatisfied'. The rest were scored as neutral. But there were drastic differences, with a fair number of Franchisors scoring 100% and some less than 50%. We then looked at the feedback to find out why.

Speed of response to phone calls was very important. Most Franchisors responded more or less straight away and the great majority within 24 hours, but those who did not tended to have less happy Franchisees and to be losing more than they gained. When it came to meetings, Franchisors whose Franchisees reported two meetings in the past three months scored higher in satisfaction than those reporting less, though the relationship was not as strong. Curiously enough, having three or more meetings in the past three months did not bring about any further improvement. And we further found that Business Reviews did not seem to bring any benefit at all!

But the most striking findings concerned pro-active calls. Franchisors who made pro-active calls, at least monthly but even more weekly, were doing *far* better than those who did not. Not only did they lose less Franchisees, but they also signed more. It was the single most important form of support, despite being something we had never taught or required.

This was surprising. My assumption had always been that the purpose of Franchisor support was to help a Franchisee increase their income. Having regular meetings and someone to answer questions would help with this and thus increase satisfaction. In these terms, phoning someone who had not asked for help made no real sense, especially since a lot of these calls said not much more than 'how are you?'

The failure of business reviews was even more surprising. Surely, sitting down for a Franchisee for half a day must have an effect? Franchisees would gain a detailed idea of areas of weakness and know where changes needed to be made. But it did not.

It became clear that the key was frequency, not length. Franchisees who had regular communication with someone they liked and respected tended not to feel alone. This was clear when we began asking questions about income. The level of support was even more important than money in determining overall satisfaction, though having a good income certainly helped.

Regular calls also seem to have a much bigger impact on income than annual reviews. For example, a Franchisee might realize from a business review that he needed to upsell more, or raise his prices, or ask for referrals, or greet strangers in the street, or take one of

very many actions to lift his business. But over the weeks that follow his motivation fades as he drifts into old habits.

But if he knows he will be speaking to his Franchisor next week he has a much stronger motivation, and in that call his Franchisor will recognize his successes and encourage him to keep going. Business can be tough at times, and success means breaking old habits and creating new ones. No-one is a natural born entrepreneur, and becoming one takes real effort. Frequent encouragement and support is the key.

As a result of this survey and other observations, we began a total revamp of our training and Manual. We confirmed that meetings needed to be held at least eight times a year (roughly every six weeks), though in Regional areas with few Franchisees up to six can be by Skype. We required Franchisors to return phone calls within 24 hours' maximum. And we asked that they make and record pro-active calls at least every month.

This was not simply a matter of piling more work on Franchisors. We wanted them to spend their time where it would be most helpful to their Franchisees. Since Business Reviews were less helpful, they could be dropped unless a Franchisee was in serious trouble. We also saw no great benefit in working in the field with Franchisees, again unless they badly needed assistance in some area such as quoting. In other words, rather than increasing time spent with Franchisees we asked them to focus on areas which our surveys showed had the have greatest impact. We also introduced a number of changes to the computer system to save Franchisors time in other areas.

Improving support brought real benefits. Our Sydney Region had been going backward for years until Peter Hansen and his son Chris came down to do the revamped training program for Franchisors. Within six months they had made up all lost ground and started an expansion which has lasted to this day. Also, Franchisee complaints from the Region dried up almost overnight.

It might be added that almost *all* our Franchisor awards relate to Franchisee support and satisfaction, as reported by Franchisees in their confidential surveys. For many years we did not ask how much money Franchisors made or how fast they were growing. All we want to know is how well they are doing their core job. In this, as in so many ways, we are unique in the world of Franchising. Of course, Franchisors with the happiest Franchisees do tend to grow and make a lot more money, but we find it better to focus on the means rather than the end. Only in 2018 did we introduce awards for growth and for Franchisees providing the best service, as measured by star ratings, but Franchisee support awards are by far the most numerous and prestigious.

This survey was so useful that we decided to make it an annual event. Next year showed a clear improvement. Franchisees rated their Franchisors better in both pro-active and reactive calls. More important, there was a clear rise in Franchisee satisfaction. The 2007 survey was even better. Satisfaction levels were now up to 80.5%. Even more significant, the proportion of those who were dissatisfied dropped from 12% to 8%, with a similar change in those reporting poor income.

Surveys are an excellent tool for measuring and thus improving Franchisee support. When the Australian government was planning the Franchising Code, they called me in

on two occasions to give advice. I said that the one key measure they should take is to survey each Franchisee in every system once a year, anonymously, with the (quite minor) cost to be covered by the Franchisor. If a Franchisor failed to show the results to the Franchisee before signing, or to give their contact details to the official body, they would have to return the initial franchise fee and any ongoing fees on demand.

They did not listen, of course, and instead set up a system that gives little protection but is a gravy train for lawyers and financial advisers. Prospects are given a complex disclosure document and asked to seek legal and financial advice. None of which relates to the key issue of whether their Franchisor will really help them to succeed. There are some decent Franchise systems in the market, and some that are utterly appalling.

The Franchising Code has some good points, such as a requirement to audit marketing funds, a two-week delay before signing, and (most of all) a requirement that all new prospects be given a list of current Franchisees. This is something we had been doing since 1989 but it was most certainly not industry practice. Even so, such regulations are barely enforced. I have seen a list of current Franchisees of a competitor, where the only contact details were the office number of the Franchisor.

In 2018 a full-scale parliamentary inquiry was launched on the franchising industry, triggered by serious allegations against the Retail Food Group controlling such systems as Dominos. It was notable that many of the abuses were such issues as forcing Franchisees to buy overpriced supplies, something our own system expressly forbids. I again made a submission asking that all Franchisees be surveyed annually, as we do, making the findings available at no cost to anyone interested in a franchise. I have no doubt this suggestion will be ignored, as previously, allowing unscrupulous Franchisors to rip off Franchisees.

If anyone reading this book is considering a franchise, I can only implore you to get these lists and do your research. A couple of hours on the phone is not much to save yourself from a massive financial loss. This applies whether looking at a competitor or at a Jim's franchise. Most of my Franchisors are pretty good, but some are a great deal better than others!

To return to our own situation, the good results from our 2007 survey were all the more impressive since 2006-7 was another drought year across Australia, with most of our clients forbidden to water their lawns. Since a majority of our Franchisees were still in the Mowing Division, this would be expected to have a drastic effect on their income. At one stage I even had a call from Media asking me to describe how our business had been devastated! In fact, as I could report, the drought seemed to make little difference. Mowing Franchisees reported exactly the same satisfaction with their income in the drought year as the one before. Where the drought did affect us, and this quite seriously, was that it made it much harder to selling Mowing Franchises for a time. We actually had plenty of leads, often more than we could comfortably service, but prospective Franchisees were simply not calling us!

The drought did have one big impact, though, in terms of training. When I talked to Mowing Franchisees that year, it was clear that some were doing it hard but rather more were flourishing. The difference, every time, was in their approach to 'extras'. Those who

had varied skills and the confidence to ask were booked out months ahead. This applied not only to gardening but to various national contracts we had landed for erecting Hills Hoists, assembling trampolines, and so forth.

This was a key driver in our push to set up formal induction training, something I have referred to on many occasions. Until now this had been locally based and generally only 2-3 days in the office. I wanted mowing trainees to do an intensive two-week national course with training in a wide variety of extras including those relating to drought: grey water systems, artificial turf, native gardens, and so forth. This ran into a great deal of resistance, especially from those running the current courses. They were convinced that the extra cost and travelling to Melbourne would make it much harder to sell Franchises, especially since this was hard enough already with the drought.

But I knew that the Divisions doing best were those which invested heavily in training, such as Test and Tag and Fencing. I also knew that Regions sending their Franchisees to Melbourne already, such as Tasmania and the A.C.T., found it no obstacle. In fact, meeting and hearing from myself could be sold as a bonus! But I did agree to cap the course length at five days, later increased to six, and cross-subsidize the cost so that more distant trainees paid less. Non-mowing Franchisees were asked to attend only the first two days, later three.

The new course started with my 'ethos' talk on Monday morning, as it still does today. This is a hard-hitting session on customer service. I detail exactly what Franchisees must do, including prompt return of phone calls, turning up on time, and doing whatever it takes to satisfy a customer. I also tell them that if they cannot do this then someone else will do it and we will charge them. I further explain the incentives we use to drive customer service including careful selection of Franchisees, training and retraining, lead based fees, measures for dealing with complaints, and our job allocation system.

One of the hardest points to get across is that in case of disagreement between Franchisee and client, we take the client's side unless there is clear evidence to the contrary. A typical case is a disagreement between client and Franchisee about what was included in the quote. In the absence of a clear, written quote we will accept the client's word, which could mean doing a lot of work for very little return. It is not that we value the client more than the Franchisee – we do not – but because the Franchisee should know better. With the best of intentions people remember things differently so next time, put it in writing! This does not mean the customer is always right. Sometimes they are completely unreasonable, but that is maybe one case in twenty.

Next I discuss what we mean by service to Franchisees. This includes induction training, an ability to define exactly what work they want, Pay For Work Guarantee, regular meetings, buying discounts, and direct support from their Franchisor. I explain their rights under the contract including ownership of clients, the right to build a business without limit and to work where they wish, and the right to change Regions and vote out their Franchisor. It is at the end of this session that I put my contact details on the board, urging them to contact me if ever they have need – or just want to catch up. I also give a stern warning not to pass my phone number to anyone else. This is for Jim's Group people only!

I also run a second session on improving income. This is based on experience with Franchisees who called me for advice over the years, and often the solution is surprisingly simple. For example, I suggested to one Franchisee that he learn how to do double-storey gutters, of which at that time we had many unserved. He bought a harness and got some training and quickly added an extra \$2,000 per week to his income.

I teach dozens of other ways to improve income such as changing services and suburbs, upselling, ways of getting referrals, contacting previous customers, proper use of the Pay for Work Guarantee system, networking with other Franchisees, reducing travel, raising prices, and so forth. And through it all a relentless focus on service to customers, without which nothing else matters.

The course has been running several years now and seems to work well by the only measure that matters. The proportion of Mowing Franchisees leaving in the first year has dropped sharply since the national course started, from 17% down to around 10%.

For some years we allowed New Zealand to go its own way, providing such local training as Franchisors thought good – much as we had done in Australia. Eventually, not happy with a slight but persistent decline in numbers and overly high attrition, I insisted they send their people to Melbourne. This caused a lot of trouble, with Franchisors insisting it would put off prospects and kill their sales. But I would not back down, and they had to comply.

Instead of decline, the mowing division in New Zealand halted its decline and began to grow. A couple of years later, after appointing a resident manager for New Zealand, we came up with a compromise that exactly the same course could be run in Auckland as a trial. In the event it worked just as well, and New Zealand attrition rate is now similar to ours.

One reason these courses run so well is an intense concern with feedback. Presenters are rated by each trainee as excellent, good, satisfactory, or poor. Our standard is at least two-thirds excellent, one third good, and none either satisfactory or poor. Trainers who score less than this are counselled and, if they fail to improve, replaced. Needless to say, this motivates all of us to keep our standards high! At times we have also done surveys of Franchisees after six months in the field, to see if any changes should be made. Unfortunately, while they often tell us they would like more of something, they rarely want us to leave anything out.

The course is very useful when a Franchisee is challenging some aspect of the system, such as complaints, since I can refer them back to the training session I gave. They always remember it! Another advantage is a personal connection with future Franchisees, all of whom go home with my direct contact details. The value of this can be seen in a recent case where a Franchisor was selling new Franchises in an area already short of work. One of the Franchisees asked the Franchisor whether Jim knew about this and was told that I did. He was invited to phone me.

But I did not know and, unfortunately, the Franchisee did not check. It took three more sales before someone picked up the phone. I immediately halted all sales and flew to a meeting where we arranged, among other things, for two Franchisees to move interstate to

where there was a surplus of work, and for the offending Franchisor to sell out. I also began pushing a change to the contract, of which more later. But it is a great pity I was not contacted before those last three sales were made.

It helped even more when we were able to feed and house people on site after completing the first stage of our Conference Centre. We refurbished existing buildings and built motel-style units, so that trainees could live and work together in a beautiful bush environment. This builds a sense of teamwork and helps to induct people into our very distinct culture. We also encourage Franchisors to come to training with their Franchisees, offering two free meals and low-cost accommodation. This is good for the Franchisees, and also helps us to keep in touch.

Compared to the resorts where we have held some of our conferences the surroundings are not as grand or luxurious, but most people tell us the food is better! There is a particular stress on tasty and healthy options at every meal, and our head chef knows that any complaints on this score will go straight to him when the feedback sheets come out. This is a particular concern when our trainees spend a week or more with us.

As Foothills Conference Centre we are also open to the public and do a lot of external business. We are especially blessed by the many fine Christian groups who have stayed with us. We have enjoyed fellowship with them and made some good friends. There is also the opportunity to help out at times with accommodation, such as by putting up visiting speakers at our church.

Support and training were our main focus, but we worked hard to provide other added benefits to our Franchisees. We pushed for lower insurance premiums and negotiated fleet discounts on the purchase of new vehicles. By mid-2007 we had experienced a frantic three years, with a lot of changes and some clear improvement, but the Mowing Division had been through a difficult time. As previously explained, the drought had little effect on work but a big one on sales. At one time this was so bad that losses in the Mowing Division cancelled gains in our other Divisions (and overseas in Mowing), so that our overall Franchisee numbers suffered our first ever decline, from a peak of 2625 down to 2595. Even though I knew our service was better than it had been, this was disappointing. After seventeen years of steady growth it was hard to cope with the idea of going backward. Fortunately, this was the only such reversal and we soon began to grow.

One reason was that in 2008-9 we began using the Franchisee survey more rigorously to lift standards of support. I had been promoting pro-active calls for years, including publishing figures to show how powerful and effective it was in helping Regions to grow. But though most Franchisors were doing it well, a minority were not. The result was that some Franchisees were not getting proper support. I was quite upset at what they told me and was determined that we should do better.

The first measure, as previously referred to, was giving awards to Franchisors based on their ratings in the Franchisee survey: silver, gold or platinum. Originally these were based on Franchisee satisfaction alone. but later we put more emphasis on service provided. The key measures are frequency of pro-active contact, speed in returning calls, and helpfulness. These awards were highly valued, and of course a gold or platinum

award can be quite helpful in Franchise sales. But it also became obvious that Franchisors receiving awards tended to do much better in terms of growth.

There was also a growing emphasis on the minority of Franchisors who could or would not provide proper support. This progressed from checking on pro-active notes to warning letters and breaches in recent years, as the pressure has been ramped up. It must be emphasized that there are far more 'carrots' than 'sticks' in our system, since far more Franchisors get awards than warnings. It is quite similar to the situation with customer service, where the great majority of Franchisees give great service and only a small minority need to be dealt with.

I also began to sharpen the Franchisors' Manual, putting in extra procedures and requirements to try and improve the level of service. But here I went too far and began upsetting the majority of Franchisors who were generally doing the right thing. Tempers rose, and a number of Franchisors started putting together a legal fund to fight against National Office.

In most Franchise systems the Franchisor has the right to change the Manual and frequently does so. In ours they do not, since any change to the Manual can be overturned by majority vote. This is part of the 'democratic' aspect of the Jim's system. Just as Franchisees have their rights protected against arbitrary action, so too do Franchisors. The trouble was that Franchisors had never been given the opportunity to formally object to any changes, so in that sense the changes could be seen as invalid.

The upshot, after several months, was a very angry meeting at our head office in 2009. The outcome was that I offered to put everyone back to the Manual that had been in force when each Franchisor had signed. This led to the very strange situation that almost every Franchisor had a different version of the Manual! Then I began working with the Advisory Committee on agreed changes to the Manual, with the result being put to referendum. Even some of these were knocked back the first time, but eventually we had a Manual that the great majority could accept.

Since then we have followed the same procedure with the greatest care, and the bad feeling faded with time. Though it never vanishes, of course. We put a great deal of pressure on Franchisors to look after Franchisees and Franchisees to look after clients, and our standards have become tougher over time. But we were never again to have conflict at the level of 2009.

One problem we found was that our Franchisor Manual at well over 100 pages was rarely being consulted, so in 2016 I sat down and wrote an eleven-page version containing all the key requirements in simple language. The longer Manual was to be kept for advice and general information but would not be binding. This was approved unanimously by the Advisory Committee and passed referendum without a problem. Shortly after, I did the same thing to the generic Franchisee Manual, reducing it to fifteen pages.

One outcome of this dispute in 2009 was some absurd stories in the Fairfax Press about how I was struggling to stay in control of the business, based on a 'referendum' citing about 15% of my Franchisors (no Franchisees). The whole thing was a complete fabrication, probably a garbled version of our principle that Franchisors or Divisional

Franchisors can be voted out. As a Franchisor or Divisional Franchisor I most certainly can be voted out, though in practice of course I would simply replace the manager with someone more acceptable.

But there is no legal mechanism to remove me as National Franchisor, something the journalist had not bothered to investigate. I do not in truth have any real objection to the principle that I could be voted out as National Franchisor, since if a majority of Franchisees or Franchisors want me gone I must be doing an appalling job, but it would be far too destabilizing to make this legal – as these stories showed.

Another reason for this bad publicity was a stupid mistake of mine. Our normal practice when we remove a Franchisor for poor support is to take over the business and try to sell it, or at least compensate the Franchisor for their business. It is similar to what we do when a Franchisee is terminated for poor customer service or failure to pay fees: try to sell their business, or at least allow them to go independent. It is a matter of fairness, and also to avoid the risk of litigation. It is one of the reasons, as mentioned earlier, that we typically have no legal conflicts within the group. Nobody wins in court except lawyers!

Some time earlier I had terminated a major Franchisor and gave him nothing, as the Region was virtually impossible to sell. Legally speaking he had no case, but he was annoyed enough to spread some very unpleasant stories. Early on he had proposed by Email that we talk and settle the matter, but on advice from lawyers I referred him to them. Instead, I sued him for libel and won, but could find nothing to seize and the problem continued. Eventually, I decided to ignore the lawyers and approached him direct, quickly organizing a settlement that was a lot less costly than the legal fees. Not to speak of the bad publicity we had incurred.

But whether the stories had no impact or because our system was getting better, growth continued throughout. And we were improving. The combination of awards, and of some pressure on the poorer performers, seem to have been effective, since ratings have steadily improved with time. And because awards are calculated in the same way, this has meant an increase in the number of awards given out. Platinum awards, originally quite rare, have become more common, and in 2016 a ‘diamond’ award was set up to recognize a new brand of top achievers. To earn diamond a Franchisor would need to call most Franchisees at least weekly, respond straight away to phone calls, and to be seen by almost all as ‘very helpful’.

To give some idea of the change, between 2014 and 2016 the proportion of Franchisors achieving platinum or better rose from 7% to 11% and then to 19%. In that same period the number of Franchises reporting poor income, another key metric, fell from 13% to 10%. Sharon Connell, a cleaning Franchisor from NSW, has been the most successful practitioner of this new level of support. What is most striking about Sharon is the deep and obvious love she has for her Franchisees. And there is really no other word than love to describe the way she talks about them and with them, and they with her. Though on her side it has an element of toughness. She is far more insistent than most Franchisors, for example, that they attend meetings.

People like Sharon have a natural warmth, which is an aspect of character and impossible to fake. I do not have it. I would have thought myself quite a decent Franchisor in the

early days, but by current standards what I did would not have made silver. Of course, we have learned and are continuing to learn much about how to do things better. Just as we had found monthly pro-active contacts more effective than much longer annual business reviews, we now found short weekly contacts to work better than longer monthly ones. These new methods do not even take more time. It is more a matter of spending time more effectively.

Lest anyone think that winning a platinum or diamond award is merely a matter of prestige, these Regions tend to grow fast and prove very, very profitable. Diamond Regions are currently growing by 22% per annum, compared with a Jim's Group average of around 4%. In effect they have been more effective at turning our key customers, the Franchisees, into fans.

Chapter 18 New Horizons

In recent years we have ventured into areas beyond the core business of franchising. These days, divisions need not be franchised to carry the Jim's brand. All we require is that they look after customers well and carry proper signage. Jim's Plumbing is a prime example. Though operating successfully in three states it is a single company, stemming from a similar business in South Australia.

We also set up an Insurance Brokerage to serve Franchisees. For several years, as mentioned earlier, we had negotiated steep discounts through insurance brokers. Our leverage was the bargaining power of several thousand Franchisees, plus tough selection and training systems that kept claims down. As usual in such cases, all benefits went to the Franchisees with no rebate to us.

But while the discounts were great, the service was not. There were delays in getting renewals out and producing certificates, a problem when Franchisees need proof of insurance to do certain jobs. Also, and more seriously, there were delays in the payment of claims. When a Franchisee has lost his trailer or equipment, each day's delay is a day without work and without income.

A further problem is that it was impossible to be sure that each Franchisee had at least public risk cover. If they did not, or if they cancelled the cover soon after taking it out, a multi-million-dollar claim could potentially bankrupt the Franchisee, the Franchisor, and even put great strains on Jim's Group.

So we decided to set up our own insurance brokerage. This was at first, not to put it too mildly, a shambles. I tried three separate managers and the service was scarcely better than that of our previous brokers. Eventually, with the aid of an industry advisor, I got onto Jadran Sango, a twenty-seven-year veteran of the insurance industry who quickly pulled it into shape.

The service soon became exceptional, for reasons not hard to understand. Recall that every Franchisee and Franchisor has my direct phone number, so any complaint would go straight to me and I would go straight to Jadran. No broker is as sensitive to the needs of his clients as we are. And, in fact, complaints are very rare. In fact, it's been several years since any Franchisee or Franchisor has contacted me about a case, except where I've been previously informed.

For the first few years we worked through an underwriting agent, who handled all the claims. In 2015, after several years of excellent results, we arranged a direct relationship with an underwriter so we could manage claims ourselves, thus cutting dramatically the time it took to pay them out. Most simple claims we pay within 24 hours.

I might add that we also take a very active role in trying to reduce claims. For example, we carefully check long-lasting accident claims, make depreciation realistic (for example, not paying 'new for old' on a year-old mower which is worth virtually nothing), and even requiring cleaning Franchisees to use certain chemicals that would not damage surfaces.

One common and pricey claim was for windows scratched while doing a builders' clean, something that does not happen if some basic checking is done. When we pushed up the excess and asked the Division to provide further training, such claims ceased overnight.

In this we are probably unique among insurance brokers, because our prime concern is to keep premiums low. We serve Franchisees best by paying valid claims with blinding speed but dodgy ones not at all, and by carefully training Franchisees to avoid the mistakes that cause big claims to be made.

Over time we set up an automated system so that Franchisees could apply on-line, pay the premium, and receive their certificate within minutes. A better service, and one taking less time and labour to fulfil. Amazingly enough, or so I am told, this technology is virtually never used by full-service brokers such as ours. And the service is so good and the recent prices so reasonable that we are starting to do considerable business with the public, which of course has great potential for the future.

One of the main drivers behind these improvements was Joel Kleber, a young man in his twenties who was hired as Jadran's assistant. He began looking at the website and pointing out ways in which it could be improved, then taking much of the initiative in making the automation happen. He proved so capable that I asked him to take a leading role in documents and compliance, helping to automate that also. He is currently starting on the same process with finance. It is a feature of an entrepreneurial culture like ours that people with initiative and energy can be recognized very quickly.

The same thing happened in Finance, where the manager is a young woman scarcely older than Joel. Cynthia Tjong is so dedicated that I found her sending Emails from her hospital bed, less than 24 hours after giving birth to her daughter! She also watches my money like a hawk and is not afraid to tell me off for over-rash spending.

I have not said too much about my staff, but they have clearly been a huge part of our success. Working at Jim's is not easy, when nearly four thousand Franchisees have direct access to a boss who can walk down at any time with his mobile phone on loud speaker. I am also closely in touch with most of my staff, knowing what they do and how well they are doing it.

One result is that I have something of a reputation for letting people go, especially at the senior level. This includes my own sister, who was living in England and wanted to come home but could not afford to. I was keen that she do so, since our mother was getting old and it would mean a lot to her to have Gill around. I offered to give her a job and pay her moving costs, around \$20,000, with the understanding that the debt would be forgiven if the job did not work out. Unfortunately, the job did not work out. Though Gill is very bright, her co-workers made it clear that she could not do the job, and I had no option but to fire her. Apart from any other consideration, keeping someone on because of a family connection would demoralize every other worker in the office.

Gill was very upset and, though I did not know it at the time, found herself very short of money. She was angry enough to contact Channel 9 and have them run a story about this multi-millionaire who was letting his sister starve! The promos sounded pretty bad but the

story itself was fine. After all, I had an obligation to my Franchisees and I certainly would have helped her had she asked.

The good side was that she had found another job even before the story aired and she was holding mum's hand when she died. The bad side is that she hasn't spoken to me since, though I hope she will one day. But nothing, not even family, will stop me giving the best possible service to my Franchisees.

Most of my firing, though, has been at the top, as the result of efforts to find a suitable CEO or COO (Chief Operating Officer). Though I have an intense passion for the business, I'm not an especially skilled manager and have always felt the need to find someone who could run the business day-to-day. This means, among other things, keeping an eye on staff and managing personal relations. Until recently no such person has ever worked out, which is perhaps not surprising given my own fierce dedication to improving service and reducing costs. It is hard for anyone else to meet these sometimes-conflicting standards. I tried to cope by moving around each day and talking to department heads and others, pushing for better results while also discussing ideas for improvement.

At the same time, most of my staff tend to be very long-term. I still have two who were with me in the days when Jim's was a single room office. These are Val and Stuart, both of whom have a priceless, in-depth knowledge of the system. A positive side of my close involvement is that competent and dedicated people like Cynthia and Joel can be recognized very quickly, regardless of age or qualifications. Thus, pay rises and promotions can come much more quickly than in most places. Some key staff have been given profit shares.

Although staff are not customers, the same principle of turning them into fans is just as relevant. I really hate losing good people, and it is just as much a case for soul-searching as when something goes wrong with a Franchisee or Franchisor. We have a strong bias for hiring locally, because a short commute makes a job more attractive in the long-term. We lost one superb young lawyer, partly because his new job in the city was much closer to where he lived.

I try to consult staff on what they want, such as changes to seating or working conditions or roles in the business. In recent years we have put on a Friday lunch at the Conference Centre, a chance to relax and chat across departments but also something to look forward to at the end of the week. Plus I sometimes put on pizza and chess nights for the programmers, though by their standards I'm a pretty ordinary player! We are also about to start on a health club, including heated indoor pool, racquet ball court and gym. This is partly for the Conference Centre guests, but that alone would not be enough to justify the cost. The benefit to staff is what pushes it over the top. I would like all my key staff to stay to retirement age and beyond, if that could be possible. It also helps that constant expansion tends to open up new roles for people with ambition.

Though increasingly blessed with competent and dedicated staff, I was yet to find the person I needed right at the top. The answer came about basically by accident. In late 2013 a dispute arose in the Skip Bins Division, with the Franchisors unhappy with the Divisional Franchisor. In other franchise systems this might result in a legal case, but with

us it triggers the vote-out clause in our contracts. Not only do Franchisees have the right to vote out Franchisors, but Franchisors have the right to vote out Divisionals. In this case, no vote out was needed. When the situation became clear the Divisionals agreed to sell. Given that the price was fair and with no other suitable buyers around, I decided to buy it on behalf of our national office. The sale went through in January 2014.

In the course of these negotiations I got to know Tino Grossi, a Franchisor from south-eastern Melbourne. Tino had made money as a commercial farmer and then invested in real estate, retiring independently wealthy in his forties. Bored with retirement, he bought a Skip Bins Region for something to do. Shortly after we purchased the division he offered to help out at national office. I had no special sense he was anything out of the ordinary, so it was a few months before I took him up on it. When I did the results were astonishing. Even though only part-time, he took control of the Skip Bins Division and turned it around with remarkable speed, supporting the Franchisors while pushing them hard to perform. And then he began diving into other areas of the business.

One of Tino's key talents is a knack for building and maintaining relationships, especially through frequent phone calls. He has a vast range of contacts from all walks of life, many of which were to prove very useful to us. In the case of Skip Bins, a key to bringing back the division to health and growth was his ability to create bonds not only with Franchisors but with Franchisees.

He soon came on full time and took on more and more work, coaching other divisions such as mowing and helping to recruit and oversee staff. He'd been effectively acting as Chief Operator Officer for a year before I offered him the title, which he was at first reluctant to accept since it was widely seen as a 'poisoned chalice'. But he took it and then, in early 2018, accepted the title of CEO. I remain as managing director. In effect, we run Jim's Group together.

The great thing about this partnership is that we have different but complementary skills. Tino is unmatched in the area of relationships and ability to manage people, while I am good at ideas and long-term thinking. What we share is a passion for service, to clients but especially to our own people. One reason Tino has so many friends is that he genuinely cares about people and will do almost anything to help them out. In this he is like Sharon Connell, as described in the last chapter, and so many of our top Franchisors. He retains his own Skip Bins Region and is also a 'diamond' Franchisor, which means an almost perfect score for support in our annual surveys.

Working together, Tino and I ran a number of new initiatives. One was a trade exchange, a system that helps businesses to work together by using an electronic currency known as 'trade dollars'. Trade exchanges have been around for years and turn over a lot of money but suffer from a number of flaws. Fees tend to be high, because of the need for 'trade coordinators' to spend a lot of time encouraging members to trade. Also, trade exchange owners tend to take value out of the exchange by giving out easy credit – especially to themselves. This means that many trade dollars are chasing too few goods and services, leading to a common practice of poor service and inflated prices.

I had tried this business before but thought that we could solve the issues this time with an elaborate program that made trading easier, fees lower, and a strict rating system to

control overcharging and poor service. We would also be very strict on overdrafts, including our own. After some years of work on the program we launched in 2015. The early results were good with many businesses signing. But it soon became obvious a trade exchange would not work without trade co-ordinators, which meant we were running at a considerable loss. After trying many different approaches to turn it around, we were forced to abandon the effort at the start of 2018. So as not to let the members down, I gave it to a contact who was running a small trade exchange of his own.

Another effort was to set up a factory to make fiberglass trailers for our dog wash division. We were not satisfied with our existing suppliers, especially in the quality of the product. It seemed sensible to start building them ourselves, especially since there would be a guaranteed market. The really positive side of this was that we were able to design a much better trailer, by closely consulting with franchisees on the ground. There were small innovations such as a wider sump to let the water drain faster, and design changes to make it easier to clean. We also installed a gas hot water system, with the option of air conditioning for the warmer states. The new trailer proved a great success. The franchisees liked it, and so many independents were buying our model that we largely shut down the competition across Australia.

Unfortunately, just as with the trade exchange, we kept losing money. A scheme to rent out the trailers rather than sell them caused huge losses from damage and ill-use, and the labour costs were sky high. An attempt to build metal trailers for the mowing franchisees proved equally unsuccessful. They were excellent quality, with advanced paint jobs and galvanized floors, but each one lost money. Nor could we raise the prices, because there was too much competition for metal trailers, and too high prices for the fiberglass units would have crippled the dog wash division. At the time of writing, in mid-2018, we are shutting down the metal trailers and looking to outsource the fiberglass ones. One clear lesson from this, and from the trade exchange, was that we should be very wary of businesses we do not understand.

Another enterprise launched at this time proved far more successful. This was the setting up of a dedicated sales department to find new Franchisors and especially new Divisions. By a combination of advertising and cold calling, we found businesses that were already successful in their field, with owners who showed management ability as well as deep knowledge of the industry. This was a reaction to the problems discussed earlier, when people running one-man bands often proved unable to manage businesses at a higher level. Most of these proved highly successful, at least in their home states and often expanding across the country and beyond.

We are also having good success in finding franchisors for divisions which had not expanded nation-wide, especially some of the newer ones. Here we look more for management and entrepreneurial skills, since a knowledge of the industry could be gained from existing franchisors. Considering that established franchisor rights can go for hundreds of thousands and even millions of dollars, the ability to buy in for as little as \$25,000 has proved highly attractive. Unlike the ventures described earlier, this venture speaks to our core strengths in service franchising.

Another and much larger enterprise arose from a problem discussed earlier: the rising number of unserved leads. As our service has improved with the development of

complaint and survey systems, so has the demand from clients. Although our franchisee numbers are climbing at a respectable pace, requests for work are growing much faster. A few years ago we were knocking back 100,000 leads a year. This year, 2018, we will probably reject at least 200,000, about one in four of all leads received. And although turning down a work request is better than accepting it and not turning up, it is still not good customer service.

Some years ago I approached our Advisory Committee with the idea that we should, in effect, sell our unserviced leads to the competition. The plan was to set up a company called 'GoBlitz', separate from Jim's Group but working hand in hand. If a client asked online for a job we were unable to service, we would transfer them to goblitz.com. There they would see up to four independent contractors with star ratings and reviews, similar to those our franchisees were already getting. They could click on one and ask for a quote. The contractor would pay us, and we would use the money in part to promote GoBlitz.

The positive side for our franchisees was that if a customer clicked on goblitz.com for a service we *could* provide, they would see our franchisees in pride of place. Not only do most of our people have excellent ratings and reviews, but the system would display our advantages such as a million-dollar work guarantee, insurance and police checks. In effect, we could sell work we couldn't handle to gain work when and where it was needed. Once a customer clicked on our guys the lead would go back to Jim's, with the Franchisee paying the standard lead fee to the Franchisor. In effect, Jim's would swap leads we could no handle for leads we could.

There are a number of companies such as Hi-pages doing just this, but GoBlitz would have a number of advantages. First, we would have a huge number of leads at no cost to launch the system. Second, we would aim to make it highly attractive to contractors. Unlike other systems, where a number of contractors get the lead, we would allow customers to pick only one. They could only choose another when they had rated the first. This is the situation our franchisees are in, which is why they convert around 75% of their leads and generally get a good price.

As for the independents, we would knock out the poorer operators and attract the good ones, while giving them a powerful incentive for great service. This would attract customers who are primarily interested in great service rather than the cheapest price, exactly the kind of people who typically contact Jim's Group. Once hooked on our high-quality leads, we could invite the best of them to join us as Franchisees, at a discounted rate or even for free.

The concept was approved by the Advisory Committee and we set up a team in IT to develop the program over the next few years. A key advantage was that we had already been running internal ratings for some time and had a head start in experience and with the software.

GoBlitz was launched on a trial basis in May 2018. At the time of writing it is working on a small scale while we adjust and improve it in the light of experience. There has been some kick back from franchisees, concerned that GoBlitz does not respect territory rights (which it cannot, because the whole aim is to give customers a choice), and the very notion of giving work to our competitors. I simply keep on explaining that we are giving

away leads we cannot handle to gain extra work when we need it. The result will be a better income for our franchisees, especially the ones with high ratings (which is most).

Another reason for GoBlitz is that customers are guided more and more by ratings. If a competitor were to set up a system that effectively guided clients to the best contractors, Jim's Group would lose its competitive advantage and we could well go down. By setting up such a system ourselves, and giving our own franchisees pride of place, we limit the danger and put ourselves in a stronger position. At this stage it is too early to tell, but GoBlitz could be *big*.

Chapter 19 The Meaning of Success

People often congratulate me on being ‘successful’ in business, but I’m not sure what success actually means. It is true that with over 3800 Franchisees in four countries we are Australia’s largest franchise chain, but our key measures have always been related to customer service and Franchisee satisfaction rather than numbers as such. And in these areas, there is plenty of room to improve.

Neither does success mean much to me in material terms. I drive a ten-year-old Mitsubishi and wear my clothes until someone throws them out. I clean out our chook pen, make the bed and take turns with the washing up. Nor do I take expensive holidays jetting around the world. I still do not like travel, and in fact rarely take holidays of any kind. This is not ‘lifestyles of the rich and famous’.

A greater success is that by 2007 my finances had improved enough to follow up the implications of my PhD thesis. As discussed in chapter 1, though based largely on history and cross-cultural anthropology, the implications of my work were all to do with physiology. My theory suggested that society and the economy reflected the character of ordinary people, and that such character could be changed once we understood it.

On current trends the future was looking grim, but recent scientific advances give strong reasons for hope. I believed that we could achieve major changes in character by mimicking the effects of mild food restriction, and my theory gave important clues as to how this could be done. The immediate applications would be treatment for mental disorders such as anxiety, depression and addictive behaviour, as well as behavioural problems such as child neglect and poor work habits. And by making such treatments available, we could achieve major changes in society. To achieve this would require a substantial research program, and funding such a program had always been my key motivation for building Jim’s Group.

So while I had continued to read and write and think over the years, it was now time to do something about it. Taking advice after an earlier attempt, I trawled the websites of Universities in Melbourne looking for academics researching the limbic system, basically the way hormones impact on the functioning of the brain. This led me to Dr Tony Paolini, a respected academic in the Psychology Department at Latrobe University. He later told me that he almost binned my Email, thinking that no-one would offer substantial research funding in such a casual fashion!

But we met together and planned a series of experiments relating to the behaviour of rats in conditions of mild food shortage. My theory told me to expect results quite different and, in some ways, opposite to those of severe stresses such as starvation. In particular, I wanted to know the exact changes in behaviour and hormone levels associated with food shortage at different stages of life, from pre-conception to gestation, nursing, and adulthood.

Tony also suggested we look at epigenetics, the new science on how environment affects the activity of genes. From general reading I was familiar with the field, but until that moment had not seen a connection with the historical patterns from my thesis. It should have been obvious. I was very happy to look also at epigenetic effects.

We managed to get extra funding from an Australian Research Council linkage grant, and Tony began running a series of experiments. The results were gratifying. Not only did they confirm many of my predictions, such as that the pheromones from food restricted rats would have a similar effect to food shortage itself, but they came up with some startling new findings which explained much that I had found puzzling. To date we have had eleven papers published in peer-reviewed journals, which have led to an increase of research in this important area. Later, the research was transferred to RMIT when Tony was appointed Professor and Head of Psychology there.

Armed with these findings, and building on private study over the years, I began working on what became my book 'Biohistory', and a more popular version 'Biohistory: decline of the West', published by Cambridge Scholars. Those interested can order or download them from Amazon, or from my own web site www.biohistory.org, which also contains some videos outlining the research.

Biohistory is yet to reach the scientific mainstream but with further research findings, especially medical treatments, I am confident they will be. This is certainly the key task for the rest of my life, and the Biohistory Foundation will receive most of my business assets. I have been especially blessed that my second son Andrew was an early convert to biohistory and is currently completing a degree in neuro-science, with the aim of running the Foundation one day. He has also helped with the books and is the prime author of the videos on the biohistory web site.

More recently, Tony left RMIT and we set up the Institute for Social Neuroscience, which runs a clinic and is training students in psychology. This has made it possible to extend the research program by involving staff as well as students. Students will also be exposed to the new findings in bio-science research, including their application to social behaviour. To date, setting up the Institute has been a considerable drain on cashflow, but by 2019 we expect to be making profits that can be ploughed back into the research.

So success in the scientific and academic world has yet to be achieved, but in another sphere my life has also taken a huge turn for the better. It is truly said that 'no other success can compensate for failure in the home', and in this area my life for many years went badly. As mentioned earlier, I saw my three failed marriages as an immense personal failure. After my third divorce, in 1999, it seemed things could not get much worse. I hated living alone, missed my children, and missed that relationship which gives meaning and joy to life.

I first met Li, introduced by a mutual friend, on the platform of a railway station near Chadstone shopping centre. It was April 20th 2001. My hopes were modest: more children if possible, and a marriage that would simply last. With such low expectations, it is still hard to comprehend the amazing miracle which took place that cool autumn evening. Over the past seventeen years our love has become warmer and more passionate with time. Li is my closest friend, my partner in faith and in business, and the mother of our

four beautiful children. Every year, on the anniversary of our meeting, we go back to re-enact and celebrate that meeting, which changed both our lives.

Li is the envy of her friends and a role model for many, but that does not mean she has an easy life. Though I love her dearly and would do almost anything to make her happy, I am still an intense, driven person who is often unaware of the needs of those around me. She tells people that ‘Jim has more faults than the stars in the sky, and his good points are few, like the sun. But when the sun comes out, you don’t see the stars.’

And that, I think, is success.