

What will they franchise next?

The story of Jim's Group

Jim Penman

Back Cover

In 1998 Jim wrote a book called 'Surprised by Success', giving an unusually frank and personal account of the inner workings of his business. Five years and three editions later, a lot has changed. The group has steadily grown to more than 2200 Franchisees. Equally important has been the rise of the non-mowing divisions. Not only fencing, cleaning, antennas, paving, dog wash and the rest, but such as the Beach House Health Clubs with a quite different identity. There have been major changes in internal structures and the role of Franchisors. And also moves into areas as diverse as Conference Centres, software development, and language instruction. In a field littered with business failures, Jim's is one group that seems to have the magic formula. This is a completely new edition, with a fresh introduction and much new material. It takes issue with much of the conventional wisdom in business thinking, such as the central role of marketing, the need for secrecy, and the focus on price. Instead, it stresses the importance of personal values in driving success.

An invaluable handbook for anyone interested in small business. For the rest, an intriguing glimpse into the 'face which launched a thousand trailers'. And counting!

Jim's Group Values

Our first priority is to service Franchisees

We are also passionate about customer service

We work constantly to improve our service and lower our costs

We put performance before display

We sign only Franchisees and Franchisors we are convinced will succeed

We put the long-term welfare of the group before short-term profit

We treat staff well but require them to perform superbly

As far as practical, we treat people as equals.

Introduction

'What will they franchise next?'

It's a comment we hear a lot of, when people see yet another new Jim's logo whizzing by on a trailer or van. We now have some twenty-five divisions in place or at some stage of development. Not all will succeed, but some are already proving to be major franchise players in their own right. These include fencing, cleaning, dog wash, paving, and antennas. It won't be long before we get most of our income from non-mowing sources.

It's hasn't been a smooth process. In fact, looking back over the past five years since 'Surprised by Success' came out, it's startling how much has changed. In retrospect, the way we started divisions then was a costly fiasco. These days, we try to do a lot less ourselves. Instead, we rely on different forms of joint venture partners, including the totally new role of Divisional Franchisor. There have been other changes as well. We've separated the role of Franchisor from that of admin centre operator, narrowed the first geographically and expanded the second (where possible). We've totally rewritten our computer software to include radically different ways of distributing work. Drastically changed our Franchise Agreements. Developed business interests in completely new areas. Started on retail franchises. Hired a heap of new staff, and changed the roles of all the existing ones. Shifted most of our communication to the Internet. Designed a new

logo. In fact, it's impossible to think of any aspect of the business that has not markedly changed over the past five years.

Except one.

Some time ago I read book called 'Built to Last'. It was based on a long-term study of twenty highly successful companies, compared to similar companies which had done less well. The authors wanted to know what made the difference. The answer surprised me, as it obviously did them. These companies, which included such giants as 3M, Hewlett Packard, Proctor & Gamble, and Wal-Mart, had many and various strengths but nothing in common.

Except this. All held a core ideology, widely shared from top management on down.

Recruits with different attitudes were either indoctrinated into it or failed to prosper.

Normally they were terminated, or left of their own accord. The actual substance of the ideology varied greatly. Some companies were obsessed by customer service, others on reducing prices to consumers, others on innovation or personal independence. But the existence of widely shared, intensely felt values did not vary. And these values were not subject to alteration. Nor were they anything as crass as 'maximising profit', which is hardly likely to motivate anyone but senior managers on profit share.

In every other area, change was the rule. Core values might not alter, but the means of achieving them and growing the company were constantly and relentlessly under challenge. An interesting paradox.

Jim's Group, my own business, is hardly in the same class as these. With 2200 Franchisees at last count, mostly in mowing, we have the distinction of being the largest lawnmowing franchise in the world. A big fish but in a very small pond! Our entire group turnover would probably be no more than \$120 million per annum, and our decentralised structure means that only a small portion of this comes to head office. We are, however, fast growing and profitable in a way that is quite unusual for our industry. And we are transferring that success to a number of different fields, which gives us almost infinite scope for expansion.

But when I look at my own business, and try to understand what has driven its growth over the past decade, I see much the same pattern as in these twenty giant firms. We are, as detailed earlier, relentlessly and obsessively change-prone.

Yet our core values have not changed one iota since the days when I was pushing a lawn mower round the eastern suburbs of Melbourne. Even 'Service to Franchisees' applied, in a different form, long before I signed my first Franchisee. In fact, as the next chapter shows, it was more a case of this Principle launching the Franchise, than the Franchise giving birth to the Principle.

So this is a book about a business, but more still about the values that drive the business. I hope it will be a lesson to those who think success can be found in plans and budgets and systems. In my experience, it has far more to do with people.

Especially those who are passionate about what they do, and who care about the people they deal with. I have been fortunate, over the years, to work with an exceptional bunch of people in my Franchisees, Franchisors, and staff. They have helped to make the business not only successful, in a modest sort of way, but a great and worthwhile experience. This book is dedicated to them.

Chapter 1 - Service to Franchisees

I can still remember the day when I learned how to succeed in business. Not just the day but the hour and even the minute. It wasn't when I made the decision to franchise, nor even the day I signed my first Franchisee. It happened years earlier, when I had a business aimed at building up and selling lawn-mowing rounds. And realised I was totally incompetent at sales.

In fact, I had never been able to sell. One of my first 'jobs' after leaving school was selling encyclopaedias door to door. I was hopeless at it. I tried canvassing for a paint company, and failed. I telemarketed for another business, and failed. I had no people skills. I couldn't take rejection. 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 a couple of years and tried many ways to overcome it. I approached business agencies, experimented with different forms of advertising, even hired others to sell rounds for me. It came to the point where a professional salesman, on commission, sold rounds 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. The trouble with asking advice is that people don't always tell you what you want to hear. '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 happened because I was looking for advice on advertising, and went to see a man called Peter Rancie, a member of my church who was partner in an advertising firm. 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 with my dress sense slightly to the left of Fidel Castro, I felt rather like a tramp who had wandered into an elegant drawing room. Eventually he invited me in and spent half an hour answering 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 do it all myself. Which, in the end, I did.

A minor incident in itself, but one which had huge consequences. I remember walking the streets back to my car, feeling very impressed by Peter and his agency and thinking about why. He had done nothing to sell his business to me. He had not told me about his clients nor shown me any materials. In fact, he had advised me not to use him. Yet I had been completely and totally sold. And 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 couple of years later, when we decided to run TV commercials). He had done nothing to sell me on his business, yet he had given me the most powerful sales pitch of my life. Because his sole concern had been my welfare and the success of my business. So I felt I could trust him. And then, just as I reached the car and leaned over to open the door, I figured out how to sell lawn-mowing rounds. This idea, this flash of inspiration, this blinding light on the road to Damascus, was the key to all that followed.

The next time someone called me about a mowing run, I tried out my new approach. Normally, when someone rang me about a run, I would describe the business and suggest why they should buy from me. This time, I began by asking him a question. I said, 'Do you know what it means when we talk about the "cut" of a lawnmowing round?' Now, this is something that every lawnmowing contractor knows. A 'cut' is the value of a job done once. For example, fifty customers with an average job price of \$20 would have a cut of \$1,000. 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, without waiting to be asked. And began chatting with him, 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. With time, I developed and gave them a twelve-page manual on buying and running a mowing business, which I called 'How to buy or build a lawnmowing business'. In other words, I even told them how to build a business from scratch - as I have done - and so avoid the need to buy from anyone! 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 round on offer, and briefly state some of the advantages of dealing with me. 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 about a month later when a young man who had been to see me rang back for advice. He had been offered another round 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, then calculated how many clients he might be expected to lose. Then I did my sums. The other round worked out about ten per cent better value than mine.

What should I do? I was taking this approach to try and grow my business, but if I advised him fairly I would lose out. Still, it came down to a matter of integrity. I advised him to buy the other business and told him why. He thanked me and hung up. I had missed out on the sale, but I felt good about it. He had paid me the ultimate compliment, by trusting that I would put his interests ahead of my own.

The same thing happened a second time. On a third occasion, the round offered was better situated than mine, but it was priced too high. I suggested a more reasonable selling price and told the caller to go back and make the offer. In other words, I had knocked back three potential buyers one after the other.

The actual outcome amazed me, and taught me a lesson I will never forget. All three buyers came back and bought from me. Technically, the other businesses may have been better, but I had earned the buyers' trust. In the first two cases, they simply felt more secure dealing with me. In the third case - the overpriced round - my contact did make the offer and was refused. He then bought a Jim's Mowing round. Shortly after, the vendor of the other round dropped his advertised price to within \$100 of my estimate.

An important point about this 'sales technique': the information must be given without strings. Some time later I was looking to buy a house that had no trees in the garden, which made it out of the question (I love trees!). The agent told me there were businesses which could transplant full grown trees at a very reasonable price. I asked him who and he said "After the sale." That was the last I dealt with him. I didn't trust him, and I didn't like him.

This approach had to be genuine. In other words, it must be less of a sales technique, and more of an attitude and a way of life. The testing question for me: am I prepared to lose the sale if it is in the best interests of the buyer? Will I tell them to go somewhere else, or not buy at all, if that is really what they need?

From that time on, I had no further trouble selling rounds. I even started to enjoy it. While traditional selling was beyond me, 'selling by not selling' was easy and fun. It was simply a matter of talking about the business I knew and loved, working out the best

course of action for the interested party, and helping them to succeed in whatever course they took.

There was a second element to my growing success, and one which started more from ethical than business reasons. The early runs I sold were mainly my personal customers, so there were few problems with transferring clients. But when the subcontracted customers were sold, a lot more cancelled on changeover. I began to make a practice of replacing these clients. One evening a buyer got me on the phone. It seemed some of the replacement clients had cancelled, after he had already done them once. I pointed out that this was not covered by our agreement. He was upset, but agreed there was nothing he could do.

I thought about this overnight, and it troubled me. The buyer had paid, in effect, for a certain level of income. I was not providing it. Whichever way you looked at it, this was not a 'fair go'. So I phoned the guy back and told him all my clients had a six weeks' guarantee, unless the cancellation was in some way his fault. And this applied also to replacement clients.

This guarantee became the cornerstone of my business. Since I had to offer it, I decided to capitalise on it. So I advertised the fact that my clients had a six weeks' guarantee. And I began to see that happy purchasers could be an enormous help. I started to give ongoing training and advice, invited them to free seminars, helped them out if they were sick or injured. In some cases, I bought back rounds at higher-than-normal prices. Everyone who had bought a round from me was listed on a wall chart. Eventually there were more than one hundred, and prospective buyers could pick several people from around their area and phone them for references. Since I made it my business to see that buyers were happy with the deal, the response was usually good. Replacing those few customers turned out to be one of the best business decisions I ever made. In the long run, it was to help build me the largest lawnmowing business in the world. But, at the time, I did it purely because it was right. Most people would be amazed by how often this happens.

Apart from helping me to sell rounds, assisting people before and after the sale let me enjoy my business much more. I felt pride in those three people I advised to go elsewhere. And I would still feel it even had they not come back to me. Surely the greatest compliment is that someone shows trust in your integrity. I was happy when the people I started did well, happy to talk with them and offer advice. And a pleasant business, other things being equal, is more likely to succeed. As with mowing lawns, so with selling mowing rounds. We all work better at what we enjoy.

All of this was a revelation to me. I had found principles that worked even for the socially inept such as myself. In some ways, lack of social skills could even be advantage. As a teenager, I was known for my painful sense of honesty - painful to everyone else, that is. Once, I answered the phone to tell a business caller that my father was out playing golf - not the impression he wished to give! From then on, he made a point of telling me that he was going to a meeting in town while walking out the door. Even when carrying the golf clubs over his shoulder.

Yet in my business, this kind of straightness was turning out to be an asset. And 'selling by not selling' works in any industry. Some years back I began looking for land to build a tourist resort (one of my worse ideas, though more of that later). One of the estate agents I approached was a traditional salesman: the kind I had tried, and failed, to be. He was friendly and outgoing, and showed me over all the available land in the area, explaining why each offering was absolutely perfect for my needs. His attitude was entirely positive.

Another agent took a different approach. When I described the idea he showed an immediate understanding of the proposal, and had in fact been thinking along similar

lines himself. He asked whether I realised that spreading out the cabins would increase the cost of providing facilities. In other words, he was prepared to give even negative advice if he thought it in my interests. He continued to provide input and advice, and gave me a copy of the Shire's tourism strategy, which favoured my sort of plan. Together we looked critically at various sites, weighing up the pluses and minuses. No prizes for guessing which agent won my business! I put more than a million dollars worth of business through Geoff Pope's hands, including the purchase of land actually listed by the first agent. Not that Geoff didn't work hard for his commission. I used him as a sounding board at various stages of the project and he gave excellent advice. He walked the length and breadth of the land with me, helping site the buildings, and gave assistance in a number of other ways. Further, I know that his concern for my interests is genuine. At one point I asked him to sell off a small parcel of land which I felt we did not need. He advised against it, and only reluctantly took the commission when I insisted.

I have often tried to persuade people to 'sell by not selling'. Sometimes they say it would only work in my industry. In fact, the sale of mowing rounds and franchises is one of the least appropriate, since there is virtually no repeat business. Very few people will ever buy one twice, while a car yard which looks after its clients might expect them back every few years. Yet the principle of giving information in advance, without strings, is enormously effective. As will be seen later, in a greatly expanded form it has become a core part of our system of franchise sales. And it is also the principle behind this book, which is, after all, a detailed 'how to' manual for my potential competitors!

Obviously, this kind of sales process only starts when someone hands over their money. Concern with their success has to be ongoing. I began to run seminars, help with ongoing advice, even buy back their businesses at a premium rate if they wanted to get out. Not that I was afraid to take advantage of all this! Everybody who bought from me had their name and phone number stuck on a card, which was displayed prominently in the office. It's not difficult to sell a business when you have the hundred previous buyers willing to tell anyone how well they were treated.

The same principle applied even more forcefully when we began to franchise, years later. Giving the best and fullest information to potential buyers, including a full list of current. Trying to consider their interests first, rather than those of the Company, which sometimes meant rejecting people when we doubted their suitability. And, above all, giving the best possible ongoing support. I am never, ever satisfied with how much we do for our Franchisees. Improving support is the biggest single obsession of my waking life, and it is intolerable to me that any Franchisee should fail for lack of anything we can do.

Obviously this priority has been a huge commercial success for us. We have had unusual success in finding and keeping good people. But, ironically, it only works when our motives are not mainly commercial. The concern has to be real. A further irony is that I would never have learned this lesson properly had I been a natural born salesman. Sometimes it really pays to be bad at things!

Chapter 2 - Customers

Looking after customers was a lesson I began learning much earlier, in fact from the age of eight. Our neighbour over the back fence was a Mr Tapley, who seemed at the time a very old man. But since he was still alive when I visited him thirty years later, I guess he may just have been a lot older than me. I knocked on Mr Tapley's door doing bob-a-job for the cub scouts, and he let me rake his gravel driveway. This continued as a regular commercial arrangement. I would rake the drive, pull weeds, or do any other

job that needed doing. He paid me twenty cents a week, though money was worth more in those days!

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 I had dropped along the way. He said, 'If you're not going to do it properly, there's no point in doing it at all.' 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 the same time I began mowing the family lawn with our push mower, which was not an easy job. The back yard had a fair slope to it, and twigs from the trees were forever jamming the blades. This was a job experience I shared with most Australian boys, growing up in a land with endless suburbs and big back yards. Later on I also mowed the lawns for a neighbour across the road. He too was a gentle man, very kind to me as a troubled pre-teen. 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. In particular my notoriously emotional attitude to customer service, the upset I feel even now when one of my hundred thousand plus customers has been let down.

Not that any of this affected my choice of career. As a young boy I wanted to be a train driver. Later on a doctor, a vet, and more seriously for some years a science fiction writer. Never at any time a business owner, and least of all a gardener! Eventually, realizing I lacked the discipline to be a writer, I settled on history and sociology at Latrobe University in Melbourne, with the rather ambitious idea of figuring out why civilizations rose and fell.

But before starting I took a year off to see a bit of the world. For some months I worked on a farm in Western Australia, then tried selling encyclopaedias. This last showed very clearly my total lack of talent for sales. I spent two weeks knocking on doors before finally giving up. I sold nothing.

Towards the middle of this 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. Somewhat disappointed that my publicity had not earned me a full time business, I spent a restful six months in the public service. Which taught me very little except how to waste money on a huge scale. Even then, my department seemed slack and inefficient. Now, I reckon I could replace the lot with a single part timer.

My gardening business was a different story. I kept two of the clients for a few years while at university, and they were a valuable training ground. When you are charging only \$1.50 an hour people don't expect too much. One client taught me how to prune hydrangeas. Someone else worked with me to lay a new lawn.

As I learned more, I was 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 the incredible rate of \$3 an hour. At that stage I hadn't done any advertising except for my first sign in the shop window. But my new plans were going to require some marketing. 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 hard 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. Which meant taking the leap into the entrepreneurial world of spending money so as to earn more. 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, though 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 paid \$200 for a bright orange lawn mower known as a 'Pope'.

So now the marketing started in earnest. My new leaflets focused on price by offering 'Most lawns \$5', and were quite successful. Even working a day or so at week, it didn't 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 starting to be quite significant, but I still did not take it seriously. Mowing lawns was a student job, not a career.

My great obsession in those days was research work. I lived it, breathed it, ate it, thought about it all the time. This was heavily influenced by an experience in my first year at University, when I fell deeply in love. Though we were good friends, and remained so for many years, our relationship was not developing the way I wished. And on one memorable evening, without any prior warning, she suddenly appeared with a boyfriend.

My shock and emotional pain were beyond belief, at times so bad I could scarcely breathe. I would have done anything to dull the hurt. And the worst of it, I recognised, was that my life had no meaning, no purpose. I had enjoyed university life, the socialising and the freedom, but that was it. I felt like I was on a bridge of ice in a huge black void, and beneath me was - absolutely nothing. Over the next few weeks, as the pain gradually eased, I determined never to go back to the bridge of ice. I would find a purpose, something to make life worth living. I began to make notes on some ideas floating in my mind about the rise and fall of civilisations, wrote them up into an essay. Used them as a thread to understand the history subjects I was studying - with very mixed reactions from my tutors!

Gradually my ideas changed, evolved into something entirely different. Academically, they began taking me in very odd directions. After discarding sociology, I continued with history and gradually extended into anthropology, psychology and zoology. (The latest version is on the web at www.jims.net/. Look under 'Jim's Books'). In so far as I had any career goals, they related to full-time research and lecturing. I did not care about money, lived very simply, continued working through my holidays. One reason gardening was a good business, because it was exercise and a break that did not interfere with my studies. I saw tremendous potential in my ideas, ways to cure poverty and drug addiction and many other ills. I had a purpose in life, as well as an absorbing fascination. Who cared if I never became rich?

But there were two problems with this. First, my ideas were becoming more and more unorthodox. By the end of my PhD, it was obvious that I would have trouble fitting into

the academic scene. One of my lecturers said, 'What you should do is write a good, orthodox thesis, establish a name for yourself and get a teaching post, then work on the more radical aspects of your theory.' I didn't take his advice and my employment prospects dimmed.

The second problem was even worse. With time, through some personal change that is still hard to explain, I was finding it harder and harder to study. The central purpose of my life was unravelling, and I felt enormous misery and guilt. I still believed in my research, but knew I could no longer carry it myself. Not only was I losing the ability, but progress would require expertise in many different disciplines such as biochemistry and zoology. I needed enough money to fund a research institute, quite an ambition for someone who was flat broke and with no useful qualifications. For a variety of reasons, therefore, at the late age of twenty-eight I was forced to look for another career, and one that would pay very, very well.

And so, almost by default, I turned back to lawn mowing. It was really the only thing I knew. But I wasn't about to do all the work myself. 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 didn't 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. I was lazy and ill-disciplined and, to be honest, rather 'up myself'. My time was too valuable to go out mowing lawns, so I stayed home to 'manage' the business. What I mainly did was sit in my bean bag, reading science fiction. Lack of physical exercise made me even more lethargic, to the point where I could hardly handle even the administration, and started hiring people to help me. To make matters even worse, I had fallen seriously in love - again. Between spending time with my girlfriend and pining for her when apart, I had little time or energy for anything else. 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 on me. Not liking to shave in any case, I decided to grow a beard.

At this time I met someone who seemed to be the answer to my problems. He was a natural salesman, and could sell lawn-mowing rounds for more than anyone else. He offered to sell off my entire customer base for enough money to clear my debts and give me a fresh start. He kept the first part of the bargain, in that he rapidly and effectively disposed of my customers. But there was a problem with the rest. The \$5000 deposit cheque was a dud. He fobbed me off with some promises, and then disappeared.

It was two weeks before Christmas 1982; I was thirty years old and a failure. I had failed in my academic career. Not only were there no job prospects, but after eight years of work my PhD thesis had been rejected. And now my business had failed. I lost my house, and was saddled with a thirty-thousand-dollar debt. All that I had left was my Kingswood, by now rather battered, a small trailer, and a mower and brushcutter on their last legs. To make matters worse, I had nobody to blame but myself. True, I had been cheated, but a less lazy person would have run his own business and not handed it over to someone else. Obviously I had no talent for business, and probably not for much else either.

And yet something did change, the oldest and simplest thing in the world. I got married. It was a factor that I was to see again and again with my Franchisees. Young single men often have a poor track record. They get discouraged, they get lazy, they give up. Too many times, men who lose their wives get so demoralised they also lose their businesses. But married men, with families, have the stability to see it 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. And somehow I knew I could.

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 brother was, at the time, rising through the ranks of a large insurance company, and he used to regale me with tales of bureaucratic horrors. Just as other people tell stories about ghouls and axe murderers. If Chris felt frustrated, I probably would have ended up tearing the place apart with my teeth. 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. 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, of course, newly married and in love. 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 sat in a bean bag all day, trying to be a '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.

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 impressed, and many gave me extra money. I vividly remember one customer saying 'I never knew my lawn could look so good!' Some of them became my friends.

But it was also very hard work - Monday to Saturday and often well into the evenings. I was 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 me that much nearer to the edge. I would say my morning prayers at the breakfast table, often asking for a job or jobs that would meet our most pressing needs. And invariably the phone would ring and the money appeared. Sometimes a week late, but it was always there.

In the hardest times I used to carry dreams in my mind, goals that would carry me through. One was my research institute. I could not fail, because the central purpose of my life would be gone. And the other was the radio. While driving around, I would listen to talk shows on the radio. And I thought: one day I'll be on there, and people will listen to what I have to say. Talking on the radio was almost my major idea of success, which says something about my ego, and it was an ambition fully realised with time. Except that in those days, I still didn't think success would come from mowing lawns!

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 brushcutter were in pretty 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 very 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 he has been so much in haste that he had made a rather obvious mistake. He had undercharged me a 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. It was no good. If success in business meant cheating someone of money that I had already agreed (implicitly) to pay, it was not worthwhile. I reloaded the equipment, went back to the shop and handed over a cheque for a hundred dollars.

This may seem a small matter, but it was important to me. I may not be the kindest person in the world, or the most considerate. But I am normally honest. I was shaken by the way money pressures had almost caused me to act. And I decided never again would I take a step in business which I consciously knew to be wrong. That meant abiding by the spirit of any agreement, not merely the letter. I also knew that if I looked after God, He would look after me.

And He did. 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 do a certain number of leaflets for me. I'm not sure exactly why. Maybe out of the kindness of his heart, or perhaps he saw me as a potential client. The striking thing was the value of the offer: almost exactly \$100.

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. Six weeks after starting, in my greatest financial crisis, I got the chance to find out. The summer of 1982-83 was the driest for decades. Lawns died, and people were forbidden by law to water them. To make things worse, the economy went into recession. But the change in my attitude mattered far more than what happened around me.

Twelve months earlier, in normal economic conditions, with good weather and no debt, I had gone into business and failed. Now, saddled with debt during an economic downturn, and with my core mowing work virtually wiped out by drought, I thrived. To the new me, dry conditions were an opportunity. Rubbish left lying around was a fire hazard, so it had to be removed. 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 ever 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 a lesson from my student days, five or six years earlier. A regular customer asked me to cut some shoots from around the bases of her rose bushes. I would have been happy to do it but suggested that my rates (in those days, \$5 per hour!) would be too expensive, and that she should 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. I did not make that mistake again, and showed myself willing to do anything.

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 up 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 as the days grew cooler. And I picked up a great many clients from contractors who had gone out of business because they had no lawns to cut. Even so, money was still tight and we learned to find enjoyment in small things.

One example was Friday night. I worked six days a week, and normally 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 we would walk down to the local library and spend an hour browsing and borrowing books. As a passionate book lover, this was no chore for me. And, of course, it had the advantage of being free! Then, when the library closed at 9.00 p.m. we would walk round to 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.

Until one Friday. 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 went more and more slowly. Finally, with an ominous smell of burning, it stopped. In my normal impatient manner 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 a freezing car was not the next step. I went to find a public telephone booth, 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 and hauled it away. First problem solved.

I sat back in the car and waited for the RACV. It was getting dark. There was a Christian music tape by Keith Green in the car, so with nothing better to do I played it. Losing myself in the words and the music, I soon began to feel better. With some surprise I thought 'Hey, I really don't feel all that bad. If tonight doesn't defeat me, then what can?' This further lifted my spirits. I began to feel in control of things, to realise that even the worst crisis would not drag me down if I refused to give up. And I knew right then that I would succeed and would one day reach my goals.

In fact, from about this time my business started really to forge ahead. One of the greatest myths in business is that customers are hard to find or to keep. In my experience, customers are not a difficulty - provided they are looked after properly. The hard thing is to develop a business that will do this - consistently. Twenty years later I still haven't found the secret, though I think each year we do a little better!

This wasn't so much of a problem while I did all the work myself. As mentioned earlier, I might be sloppy about my own place, but I was obsessional about my customers. No

standard of work was ever good enough, and I was constantly looking for ways to give a better finish and a better look. Mowing in straight lines, working out how to pick up grass clean - even in the wet. The best and fastest way to turn an overgrown garden into freshly turned earth and trim bushes.

Also, perhaps even more important, I was scrupulous about time. If I said I'd be there, then I was. Customers hate to be let down, especially when they wait home for someone who doesn't turn up. And, fortunately, 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'm sure it was only twice, because the sense of horror I felt is still vivid in my memory.

The result of this was that 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 seem to earn enough to cover their costs! So I turned to sub contractors, who owned their own equipment and took a share of earnings. This was better financially, but abysmal in terms of customer service.

The next step happened, 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 personal workload, which had become excessive. 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. So I advertised again for a buyer - and the same thing happened. In the end, I sold three rounds, and made a surprising amount of money. Which started me on the road to the business of building and selling mowing rounds, as described in the first chapter.

Even in the short-term, though, 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 of all, I found out that for the first time I was going to be a father.

Chapter 3 - An Offer too Good to Refuse

The chief problem with my mowing business was not hard to spot, but it was very hard to fix. Having learned the lessons from Mr Tapley and my student days, I made sure 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 entirely the fault of the people concerned. They were simply average workers, wanting to mow lawns and with their own equipment. In a normal job with full supervision they might have done well. Or even in this job, with proper administration and support, and systems to recruit and keep quality people. But I was no administrator, being far too lazy and disorganised. So on their own and without supervision, my subcontractors tended to slacken. And because most jobs were small it was simply not possible for me to check more than a fraction of the work done. Even if I had a difficulty with someone I often had to keep him for lack of anyone else. Among my numerous

problems was a huge turnover of workers, largely because many could not make a go of subcontracting.

To be fair, also, the system offered no great incentive for excellent service. The 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 trained them, I tried to supervise and motivate them. Their failure was my failure and it bugged me. Poor service meant a high loss rate, which meant the business could not grow. And I hated to let my clients down.

We were facing a situation that is 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 classified telephone directory even now that the industry is relatively well established. Major lawn mowing companies, with the exception of the franchises, generally stress commercial and industrial work. This is not because larger jobs pay better - they don't - but because employees on large jobs can be more easily supervised. Most domestic mowing jobs pay only \$30 or so. So, unless you service several households in the same street (not easy to organise quickly), the travelling time between jobs makes it less economical to work as a team or even a pair.

For example, suppose that the average job takes half an hour and the average trip is ten minutes. From job start to job start, one man will take forty minutes. Presuming two do the job in half the time, job plus travel will take them twenty-five minutes - or fifty minutes combined. Three would take a combined sixty minutes, so the hourly rate has dropped from \$30 per hour to \$24 per hour to \$20 per hour (presuming a \$20 charge). And this supposes that they work perfectly together with no-one standing idle for even one minute at the end. Which is not usually the case!

Thus, the most efficient number to mow a domestic lawn is one.

Eventually, this arithmetical fact was to make my business career. But at the time it was simply a headache. It was easy and cheap to find clients, but very hard to look after them properly. How was I to make any money out of it? This is how I decided to return to the practice of my student days, by building up and selling rounds. Reluctantly, though, because it was an admission of failure, and made building a major business impossible. And even this change was less a rational decision than an ad hoc response. My vision I back in 1982 was to build 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, which I had tried before. So the first name I registered was 'Balwyn Gardening', after the suburb where we lived.

In those days I was flying blind with respect to advertising. Like most people, I thought (wrongly) television must be the best way to sell a service. But because I wanted to focus on a single suburb, television was not only too expensive but also too far-reaching. The Yellow Pages directory was also too broad; and I had the false idea that the local paper would be of no use. Which left leaflets.

Although (as I now know) leaflets produce the lowest expected return, they were a good way of starting when we had more time than money. A thousand leaflets might cost as little as seven dollars to print, but distribution costs five times as much, so there are clear savings in doing it yourself. Leaflets also captured the local market, keeping my

travelling costs down. Soon after starting the business in 1982 I became too busy gardening to deliver leaflets myself. My wife then recruited and organised walkers to push our bills into letterboxes, which took her a lot of time and effort. Later, we were pleased to pay the extra margin and allow a professional company to do the job. My foolish aversion to local paper trades guides did not last long. I tried a few ads and found they gave a much better return per dollar than leaflets. This immediately blasted my 'local focus' plan, since it was more cost effective to advertise widely in local papers than narrowly with leaflets. 'Balwyn Gardening' was by now far too parochial, so I renamed the business 'Jim's Mowing' after myself. It was my experience that most clients wanted to deal with an individual rather than a company, which was why I also started to put a photo of myself on some leaflets.

Before too long the business was again city wide, and we even went into the Yellow Pages. But I still took pains to avoid any sort of corporate image. Most people prefer 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, we tend to choose a local phone number. In the early days, I had 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. By early franchise days I had switched to phone diverters, which brought the answering back to a central point, but still gave me the benefit of the 'local number'. I even tried local sounding names, such as 'Dandenong Mowing' when advertising in the Melbourne suburb of Dandenong.

I was able to test this theory quite convincingly. 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 that I had 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 I had a very high staff turnover. Whatever the reason, I could not afford to give this impression. So I scrapped the campaign and went back to my anonymous ads, using the now registered 'Jim's Mowing' name mainly for leaflets with my photo on them. Ironically, of course, 'Jim's' was to succeed where 'Mr Lawns' had failed, but for very different reasons.

Unfortunately, we were a long way from this in the mid eighties. I couldn't build a major business through developing a brand, so my focus shifted towards the development and sale of lawnmowing rounds. We advertised for work and passed jobs to subcontractors, who looked after them until a buyer could be found. In the beginning this was very erratic, as described in Chapter 1.

Then, in 1985, a chance encounter changed my life, and was also to have a major impact on the business. I had become a Christian in my late twenties at university, through the fellowship of the Christian group there. I became very committed, active in the student body and in evangelism. It filled a huge gap that I had only vaguely been aware of. Offered me a hope that I become the sort of person I so desperately wanted to be. For a time I remained strong, but as years went by my commitment began to fade. I still attended church and was often inspired and moved, but my everyday life was on a different level. Eventually, even the churchgoing ceased.

The problem was this. I was a difficult, arrogant young man with a short temper and little tact or capacity for getting on with people. I can well remember the day when one of my

staff quit in tears after something or other I said to her! I also lacked discipline. Though never as lazy as in my single days, I found it all too easy to slack off when there was nothing urgent on. On a couple of occasions I had stopped working in the field so as to be able to focus on the larger business, but somehow found myself getting less done rather than more. I was idealistic in a sense, and certainly honest in the way that socially inept people can be, but in my personal life profoundly selfish. I wanted to do better, but I didn't know how.

It was at this point that my wife came home one day to announce 'The Mormons have set up a stall in the shopping centre.' This was not a statement of approval! Strict Evangelicals do not approve of the Church of Jesus Christ of Latter Day Saints (to use its proper name), considering Mormons not to be 'true' Christians. I did not tell her, but I had been doing some reading which gave another point of view. In terms of integrity, family life, and real concern for others, this was a group that seemed - at least on paper - to really live the Christian life. I had also read articles noting unusually low levels of stress in church members, all the more impressive because they were academic and objective. If these were not true Christians, why were they acting as if they were? So without telling my wife where I was going, I got in my car and went down to see them. A month later we were both baptised.

Without that decision, I doubt we could ever have successfully franchised. The Church brought me not only happiness but a growing sense of calm. I became less likely to lose my temper or get into an argument, more able to give listen and give credit to others. I gained discipline, an ability to focus on large projects with big potential but no particular urgency. My business gained a more ethical focus and became to that extent more effective, an early example of which was the lesson on selling mowing rounds described in Chapter 1. It is no accident that the man who taught me the lesson was one of the key leaders of the Church in Melbourne.

I'm trying to describe all this in a way that makes sense to non-Christian readers, but from my own point of view there was far more involved. For example, I learned from experience that when money was short it was vital to pay tithing first. From a rationalistic point of view, this was of course entirely stupid. But it worked! None of these changes happened overnight, and seventeen years later I still have a very long way to go. But the impact on my life and business was profound.

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, all gifted and special in their own ways. I was happy with the Church, totally happy with fatherhood, especially now working largely from home. I loved my children 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.

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. By comparison, in the past month our office here has taken 9183 calls and messages from clients. Based on past performance, around 4500 would have been complaints. The actual figure is 80, a more than 98% reduction! Much too high, but still something of an improvement. I might add that the vast majority of these are still time related, easily and quickly remedied.

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. 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. These customers had been passed to probably four or five contractors. 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 didn't 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 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. We used to send buyers out on the road with successful operators for training, 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 couldn't figure out was the benefit to the Franchisee. Ongoing fees have to be justified by ongoing service. Someone who pays fees simply because they've 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, would make it impossible for me to ask them to. 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 very well, and the mowing business trundled along in the background. Until suddenly I was given a major shock.

For many 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 I had not expected to see them on my turf. After all, who had ever heard of an interstate mowing business? The arrival of VIP Home Services, therefore, was quite unnerving. They were already the largest mowing franchise in Australia, and almost certainly in the world. They had uniforms, and trailers marked with the company logo. They were thoroughly professional. I was so lacking confidence in my ability to compete that I rang the state manager, David Mitchell, and offered to sell my entire output of mowing rounds to him on an ongoing basis. In other words, I would make my business into an appendage of VIP. Fortunately, he refused. So, I had no choice but to find out about my new competitor. I made my way to the 1988 franchise show at the Exhibition Buildings in Melbourne. Name tag carefully pocketed, I approached the VIP stand with clammy hands and thumping heart. What concerned me most was that the man on the stand would ask who I was, since I wasn't about to lie. Fortunately, he was not inquisitive. 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 elated. The VIP system made sense to me, especially the way it concentrated work in one area. It allowed Franchisees to reduce their travelling, have security in case of illness or accident, gain discounts on equipment and insurance, and make extra cash by selling off surplus jobs. There was good reason for people to stay with such a system, even allowing for ongoing fees. Bill Vis, the founder, had come up with a

concept quite revolutionary in franchising terms, involving a high level of Franchisee support.

But I also knew, right at that moment, that I could do better.

It was obvious that the key to franchising was service to franchisees. And I understood service to mowing contractors very well. I was already doing much of a Franchisor's job: training, manuals, seminars, advice, help with resales. Now I needed an information brochure, trailers, a logo, and uniforms. Most of this was not very difficult. I pulled the VIP brochure to pieces, almost literally, examining everything from the way it was written to the binding. Then I wrote my own completely different version, covering the same topics. Mind you, VIP returned the compliment in spades, down the track. They lifted from me the idea of using paggers, advertising for extras, and wearing uniform at franchising expos, to name just a few!

I was also determined that my Franchisees have the best possible equipment. As a contractor, I had been fiddling with the design of my trailer for years. And as in most of the things I did, the goal was utility rather than looks (Number four in the Jim's Group values: 'we put performance before display'!) For example, there was a separate mower rack to increase rubbish capacity. The sides were made solid but the front and rear meshed for easier driving. This reduced the best advertising space, but helped to maximise income. A measure of success is that my trailer design is still the only one widely used by independents. At one time, our trailer maker told us he was selling as many to outsiders, with different signage of course, as he was to us. And that was quite a few!

As for the logo, the starting point was my leaflet photo. One reason this may have worked is that I looked like a gardener with my normal mowing hat (I burn easily) and beard. But while a photo will do for leaflets, logos need to be graphic. So I picked a photo and gave it to a graphic artist to turn into a drawing. He provided versions with 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.

This episode had a number of consequences. The artist drew and thus emphasised the lines on my forehead, which made me look rather old (I was 36). Often over the next few years, people would comment that I looked 'younger than my picture.' Also, I had picked a unsmiling face because I don't like smiling photos of myself. This, plus my normal intensity, has led many people to believe I have no sense of humour. Which is not true, though many people who have heard my jokes wish that it were.

Trailer, uniforms, logo. All this was important, but it was not the main issue. The real key to success would be our ability to attract and keep the best Franchisees. And for this I needed to design a system so good you'd have to be mad not to join it. Only then could I bring proper service to my customers. Only then would my business really grow.

And for this I needed a Franchise Agreement. In September 1988 I went to a solicitor with experience in franchise contracts and described the features I wanted. Obviously, the Franchisees must be required to give excellent service, wear uniforms and so forth, and pay their fees. But my main focus was on what I could do for them. My contract had to give valuable privileges to the Franchisees, and protection against arbitrary action by myself.

Protecting Franchisees proved good business sense, but it also reflected my own loathing for unequal relationships. As a teenager, I used to daydream of a society where everyone shared the manual work. The professor spending one day a week on the garbage run, for example. I even used to avoid restaurants because I disliked the element of personal service involved. I hated systems that gave one individual power over another, preferring to deal with competent people on a more equal level. This is,

for me, one of the attractions of franchising. Later, as the business grew, I tried to implement these ideas in relation to staff and management.

A franchise tends by its very nature to be unequal, with one big and well funded party relating to others with far less resources. Which made it all the more vital that the Contract put Franchisees in a strong position. It must give them clear territory rights, but allow them freedom to find work wherever they chose. I wanted Franchisees to have guarantees of income and of proper use of the advertising budget, and protection against changes in the operations manual or the contract itself. In particular, the Franchisor (myself) should not be able to raise fees beyond the rate of inflation.

Because we would be doing the advertising and answering the phones, territory rights were defined by who got jobs from the office. Franchisees had a right of first refusal in their chosen area. If they wanted the work coming in, they got it. If not, someone else was offered it. Either way the client would be looked after. Territory rights were thus a control on myself, the Franchisor. I could not put on too many Franchisees, and I could not direct all work to favoured operators. The Franchisees, meanwhile, had total freedom to work where they chose, allowing them to pick up work by referral and build much larger businesses if they wished to. Which I certainly would, if I was a Franchisee. This idea was to prove remarkably successful, and we never changed it. Franchisees quickly built up highly compact runs, far better than anything I had sold in pre-franchise days. Established operators generally accepted new jobs in their territory, since they were so close to existing jobs, but were reluctant to work further afield. Even in the slackest period of the year, most Franchisees accepted work only in their territory. Sometimes a Franchisee would suspect that his territory rights had been breached, and we would invite him in to check on the computer. In the rare case where we made a mistake, we offered some other work by way of compensation.

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 I was selling a new and untried franchise against a 'normal' mowing run. If they bought a franchise and liked it, they were ahead. If they did not like it and went independent, they were no worse off. It was a 'no lose' proposition. And it forced me to treat my Franchisees like customers. I could not rely on the contract to make them stay, so I had no choice but to look after them. This idea of Franchisees as customers is something we were to keep and expand in later years, though the walk out clause was dropped as we became better established. In any case, the striking point is that so few of them ever used it. Far less than I had expected.

Another unusual feature was our work guarantee. People buying a franchise are looking for an income. They want to know how much will they make, and how can we guarantee it. VIP solved the problem by having Area Managers build up a run for the new Franchisee. I was not too keen on this. Clients do not like being changed from one operator to another, and the new guy might not be happy with the price charged. I felt it was better to let the new Franchisee quote and look after their own jobs from the beginning. Naturally, this was more demanding, but I intended to select only quality Franchisees.

Of course, having no customers to start with could be scary. I was confident of finding work, but a new Franchisee might not be. So I guaranteed \$600 per week while building their run to a certain size. If the work was not there, I would pay the difference. One

advantage was that this cost me far less than an Area Manager, so I was able to offer a higher work guarantee than VIP did. The danger was that in bad times the guarantee could send us broke, which meant we had to be very professional at finding work. Except on one very unfortunate occasion in the early days, which I will describe later, this was never to be a problem. Even in drought or the depths of winter, there is always work around if you know how to find it.

In later years, we modified the contract and asked new Franchisees to do free promotional work for their payments. This guarded against frivolous claims, and got them out building their businesses instead of sitting at home. By one estimate, every dollar paid by the office for free work resulted in two dollars of income from a new client picked up as a result. It was so much more effective that we were able to raise the level of the guarantee. These days it is normally \$800 pw for mowing, and even higher in some of the other divisions.

The only problem with free cuts, not a minor one, was that some Franchisees had difficulty in finding someone to take them. People were naturally suspicious - TANSTAAFL. 'There ain't no such thing as a free lunch!' I normally recommended they tell people the truth: that Jim's will pay them an income but they must go out and do work in the community. Or even better, to pick up their telex and call everyone they know. Work guarantees are one thing we explain very carefully to prospective Franchisees. If they are not ready and prepared to offer free cuts, they should not take a franchise.

In later years one Franchisee took great exception to this, claiming he had been misled and demanding that we pay him without the need to provide free services. He even took the case to Consumer Affairs. I sent a copy of our materials to their office and followed up with a phone call. Pointing out that the need for free services was not only in the Contract, but mentioned five times in our introductory brochure! Which included a warning that refusal to offer free services was one factor that could affect the survival of the business. Needless to say, this was the last we heard of it.

These days, few Franchisees ever make a claim on Work Guarantee, but it was a great help to us in developing new areas. One Franchisee to make good use of it was a pioneer in the Victorian country town of Ballarat, during a bitterly cold winter. He is introduced his service to a potential client one morning with an offer to mow their snow! Though at times we could find him no more than \$200 pw in paid work, he never earned less than his full \$800. One evening he went to a party and took the name, address and phone number of everyone present, telling them he was coming to mow their lawns! The system was designed to be cheap and simple to run, and this had to apply to collecting fees also. From the beginning, I rejected the idea of charging on turnover. For a franchise system with relatively low fees, it costs a lot to find out what people are earning, and there is a considerable temptation to cheat. I wanted to spend fees on helping Franchisees to make money, not on unnecessary administration.

I looked at the VIP system of flat rate fees, which certainly had advantages. It gave a predictable income to the office, and a predictable cost to the Franchisees. There was no administration involved, no need to audit books or find out what people were earning. But I rejected this also, mainly because my vision was for Franchisees to build major businesses. I was looking forward to a time when one team could mow half the lawns in a street, when it would be quite practical to employ two or three people plus a team leader. This would reduce the problems of supervision and quality, and attract the highest calibre Franchisees with the prospect of building a major business. Flat fees in a situation like this would put Franchisees and the office sharply at odds. They would want to grow their businesses. We would want to put on more Franchisees to increase

income. VIP at one stage actually had to put in rules to prevent Franchisees employing people, or collecting too many customers.

Ironically, this reasoning turned out to be completely false. Within a few years we would shift to charging fees on the number of leads provided, simply because this gave the best customer service. Franchisees who gave excellent service and gained a lot of pickups could build very large businesses while paying only average fees - and we were delighted they did so.

In the beginning, though, I decided to charge on the number and value of regular clients, which would be simpler than turnover to keep track of. Since most leads came from the office, we had a fairly good idea of their client base. They only needed to report cancellations and their own pickups. A nice benefit was that all casual work, whether from the office or picked up privately, was free. Which would give us a strong moral position when we urged our people to go out and do 'extras', since we were not making anything from them. To encourage excellent service, Franchisees who picked up more clients than they lost were given a bonus on leaving the business, while those who did the opposite were charged extra. We called this system 'Shortfall/Surplus', because they were paid based on whether they had a Shortfall or a Surplus in regular clients - compared to the average.

With all the hard thinking done, an Agreement should have been easy. Nothing like it. My solicitor moved with all the frantic urgency of a lethargic tortoise. Not only that, but he couldn't grasp what I was on about. One afternoon we had a mighty argument after he insisted that Franchisees should have the right to second outlets within their territory. In the end I became quite angry. 'What do you mean by outlet?', I yelled. 'They have the whole territory!' He dug in his heels: 'You always have that in a franchise contract. It's standard'. It seemed a background in fast food was no sure guide to writing contracts for the service industry.

Twenty thousand dollars and several months worse off, I found myself a second solicitor. Tony had never written a franchise contract before but he, too, had strong ideas about what should go into it. However, he listened with tact, put up with my galloping impatience, and then set about turning the spirit of my ideas into an acceptable contract.

What he found hardest was my concept of fairness. He kept saying, 'Jim, you're being too nice. You should give yourself more flexibility' (meaning power). At one stage he insisted I have the right to check on Franchisees' earnings. I pointed out that our fees would be based on regular mowing clients only (much cheaper to assess), so we did not need to know their actual income. He thought I should retain that right, just in case. I wanted no rights that weren't clearly necessary. And no power to act unfairly. I remember sitting in Tony's smart boardroom in a tall office block overlooking the city. I said 'Tony, I want this thing to sell. It has to be an offer too good to refuse.'

In the end we had a contract that worked, though still with a lot of questionable stuff put in to protect our interests. Recently someone rang me from Canada with concerns about some of the termination clauses, such as our right to terminate if four cheques were bounced over the period of the contract. For the most part I couldn't disagree, and we changed them. Most of the contract has never been referred to, and the holes we plugged with time could never have been foreseen. So, looking back, five pages of my own ideas would probably have started us just as well. And nine months earlier! If a system is well designed, both parties will want to maintain it. Looking up contracts all the time says you have problems.

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 round were offered a franchise instead. Once I had shown them that they couldn't possibly lose on the deal, since they

could take their clients and go independent at any time, two or three signed up fairly quickly.

I then approached the best of the people who had bought my 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 businesses from me could cash in at a good price and take a franchise in exchange. It would cost them nothing. The franchise would include the jobs they were currently doing, so their income was not affected. I would then give massive advertising support to build their rounds locally. If it worked out, they were in on the ground floor of a major enterprise and would obviously do well. If not, the contract allowed them to go independent again. In which case, all they would have lost is some fees and the money spent upgrading the trailer.

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 dismissal. 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.

You might be a little confused at this point. If I was charging nothing for the franchises and modest ongoing fees (for advertising and office support), how could I make money? The answer is that I couldn't and didn't intend to. I intended my new Franchisees to make the money and lots of it. Once the system was proven, people would be eager to buy in, providing capital for further expansion. Also, more Franchisees would provide economies of scale, so I should then make something on fees.

In taking this course I was stumbling in illustrious footsteps, though I didn't 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. Without knowing it I had also set my fees too low and would have to confront this problem, though I did it in a different way.

In looking for Franchisees, I had targeted two prospects in particular. The first was a man in his fifties called Bill Eccles, who had bought a round from me in autumn 1987. We got on pretty well together when the sale was being organised, but did not have much contact for the first few months. I was horrified to discover later that his income had dropped to scarcely more than three hundred dollars per week during that first winter.

But Bill had more nous than most people. He started to look for what we call 'extras', the pruning, gardening and other work that can be used to fill slack days. This was not a new idea for me. In that first drought-ridden summer of 1982-83 I had largely lived off

gardening and rubbish removals. But as my business steered towards the building up and selling of mowing rounds, it was a lesson that I had largely forgotten. I would dig a garden bed or trim a tree on request, but I never actually sought out this kind of work. Bill was smarter. He made a policy of looking for extras, noticing an unkempt garden or pile of rubbish and offering his services. Being a friendly guy, he made a point of talking to neighbours and people in the street, which also led to work. He came to realise that the hourly rate on some extras could be a lot higher than for mowing, and that a lot of people preferred a mowing contractor who was keen to do other work. As a result his income rose from poor to quite respectable. Even before the franchise launch I was impressed with what he was doing, and asked him to train new operators in his methods.

One of the first people Bill trained in pre-Franchise days was a young man called Andrew Mackintosh, a butcher by trade. Butchers in general tend to be cheerful and outgoing, and Andrew was no exception. He had a relaxed manner and a positive, happy attitude to life. I am not easily charmed, but Max had a warm, charismatic quality to him that was very appealing. When he talks to seminars and franchise meetings these days, he sits casually on the edge of a desk and chats in what is apparently a totally informal, off-the-cuff manner about his business. Yet somehow he manages to engross everybody in anecdotes of what he has achieved and inspire them to go off and do likewise. He makes the whole thing sound easy and fun.

When he first came to me I did not actually have a suitably compact round available in his area, but we hit it off so well that I cobbled something together, with the agreement to swap jobs for more local ones as they became available. Andrew quickly learned the lessons Bill taught him and added new ones. Soon I started asking him to help Bill with the training, and he proved very good at this. Naturally, in starting the franchise system, I wanted the best possible trainers, so Bill and Andrew were in front of the queue.

Bill, unfortunately, could not be tempted. He had a good business. He was happy with it and did not feel the need for more. Andrew was different. Beneath the easy-going charm was a steely ambition. He was enthused by the possibilities of the gardening industry and was certainly making very good money, but 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 round quite a bit by swapping jobs, with an obvious improvement in profit, but he wanted to travel even less. He readily agreed to come in.

A very good decision for him, as it turned out. He not only lifted his income, but by building and splitting franchises he recouped his initial investment many times over. He became our most successful ever Franchisee, 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 and successful division, and now has 120 Franchisees of his own. This is not an uncommon pattern. Many of our best operators, especially those from the early days, have gone on to take Franchisor rights.

Meanwhile, back to 1989 and my first Franchisees. I leafleted and did everything I could to find work for these guys. I flooded them with jobs. No one in the history of franchising was ever looked after more thoroughly. And they started to make money. When anybody else was interested in a franchise I gave them the phone number of all the current Franchisees. They would phone them, get a series of rave reviews for the system, and very often (if they passed try-out) sign up themselves. The idea of making people happy and using them as referrals to sell more businesses, which had been so effective in selling rounds, worked even better for the franchise.

One early inquiry was from someone with an excellent business background, another Geoff as it turned out. He 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've 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. In looking for a catch, incidentally, Geoff was not being naive. He had spotted one problem in that our ongoing fees were much too low to cover the support we were giving, though he did not mention it at the time. More of this later.

Rapid growth started to affect our monthly meetings. At first, the original few used to meet in my lounge room. Then we found ourselves adding a second circle of chairs, and then transferred to the local church hall. At first, our meetings were just 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 each other 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, Rod Planner, 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. In late night conversations, Rod also used to have a go at me about the state of our invoices. After a couple of months of this I decided he was right and bought a computer program to do the job, with very good results. These are only two examples, but people would be astonished to know how much of our system was thought up by Franchisees. Time and time again, the key to improving our system was just to listen to people.

Nothing unusual about this. Leaders the world over are supposed to listen to the opinions of others (though many of them don't!). What surprised some newcomers was the robust way in which these opinions were expressed, including a great deal of direct criticism. Not that this upset me a great deal. I enjoy a good argument, and we had some fine rowdy times. Ventilating problems is healthy for any organisation. Often, as stated earlier, some good ideas came out of it. Even when I couldn't agree with a proposal, we would often hammer out some sort of compromise. And Franchisees always knew they were being heard, and could play a part in shaping the business. This helped to build a sense of common ownership. In later years, we were to develop this into a series of committees and forums which achieved the same result with much less conflict.

Franchisee opinion was even more important 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 by people closer to the 'coal face' than I was. Generally, feedback from Franchisees was positive and helpful.

We also experimented with meeting procedure in those early days. The normal practice was to start with discussion about the system, gripes, and so on, and end with training talks on subjects such as landscaping and customer relations. Any new ideas about how to do things were added to the Jim's Mowing operations manual, which we stored on our word processor and continually updated for new Franchisees.

After the first six months, I decided that I was dominating meetings too much and that the Franchisees should run them. This was the first step in a vaguely foreseen progress by which Franchisees would take over both ownership and control. This may seem strange, given my ambition to launch a major business. But I was uneasy in some ways with my position of control, which ill fitted my egalitarian principles.

After all, the key aim of the business was to help Franchisees succeed, and they would presumably know what they wanted. I made this suggestion, and they elected a committee to take over. Some good things were achieved, such as a code of conduct. The great majority of Franchisees were and always have been solidly behind me on the issue of service. The value of their businesses and the volume of work depends very much on our image in the marketplace. There were a number of complaints that some Franchisees were letting the rest down. So they decided that practices such as leaving cut grass strewn on the road should not be allowed. This was a somewhat tougher standard than I had insisted upon, but naturally I was delighted.

In other ways, the new system was less successful. The committee came to be dominated by one or two people. Much of the time was spent on procedural wrangling, leaving no time for training. Franchisees began to grumble and attendance dropped. In the end, the committee chairman resigned in a huff. I took advantage of this to regain control, with the consent of the Franchisees.

After some further experimentation, I began to lead off with training and allow discussion afterwards only if there was time. The meetings became not only more organised but also more useful. Attendance rose again and complaints dropped. Democracy may seem a wonderful idea, but I learned from this experience that a benign dictatorship works better. The lesson was reinforced when I tentatively broached the idea of Franchisees taking over completely, in the sense of becoming owners. Most of them were unhappy with the notion that some individuals might use their positions to gain more than their fair share of jobs. Given their objections, I dropped this idea also. As time went on some very serious issues arose, and my original ideas on industrial democracy became even more doubtful. Even though most people were happy, I was starting to cop some serious flak. Many of the gripes were reasonable, and we did our best to fix them. But, partly because we were making so many changes, some people thought everything was up for grabs. There were attacks on parts of the system that I saw as crucial to its success. Most notably those relating to customer service, which were admittedly changing as I saw the need for ever higher standards. It became an ongoing challenge to listen to my Franchisees and consider their wishes, while not budging from core principles.

This was not as easy as it sounds. By nature I'm impatient, short-tempered, tactless, lazy, disorganised, you name it. I knew the sort of person I should be, what I needed to be to make the business work. No opposition I faced over the years, no matter how hard or relentless, was one tenth as hard as the struggle I fought with myself.

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 and fifty 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. They ought to have been able to maintain and increase their lead. Yet by the end of the first year we had sixty Franchisees and were breathing down their necks. Within a decade we were double their size. It is a story I often tell, usually with the comment: 'I'm never going to let anybody do to me what I did to VIP!'

Why we were able to is a question with a number of answers. It was certainly not because we spent more to find Franchisees. All I ever used in the early days was a small ad in the businesses for sale section of the Saturday paper. VIP also took full page ads in glossy magazines, outspending us many times over. 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 garden-green. Most other exhibitors, including VIP, wore business suits.

Wearing a Jim's uniform was something I did right from the beginning. I hate wearing 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. (Though in fact I prefer to people sideways rather than across a desk, for exactly the same reason. You might call it a rather extreme statement of Aussie egalitarianism.) 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 with a Franchisee about football over a glass of beer. And I have an appalling memory for names and even faces. So at least I could dress as they did. Besides which, if I wanted them in uniform I had better set an example.

Wearing greens had its moments. Later on, when the business was quite well known, I went into a butcher's shop. The butcher said, '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 stared at me for moment and said, 'You know, you even look like him!'

It was quite odd being famous, even in the slightly weird sense of having your face on a lot of trailers. What made it even stranger was the fact that nobody actually recognised me. Perhaps because my logo wasn't a very good likeness. But also because people didn't expect the 'Jim' of Jim's Mowing to be dressed like a mowing contractor. So I could wander around the streets and shops and find out what people really thought about my business. If they asked where I worked I would usually say 'in Bayswater', which was where my office was located. It's even better in recent years, now that I don't have a beard any more!

At that first Expo, my dress was homely but effective. The only drawbacks were that some people had to come back several times to find me unoccupied, 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 hundreds of dollars—more than ten times what we normally spent.

One temptation I found easy to resist was that of knocking the competition. VIP is an excellent company, and I owe it a lot. Besides, as any good salesman knows, mud thrown at rivals mainly blackens yourself. One of our Melbourne competitors used to run

seminars at which they spent a lot of time bagging us. We always knew they were on, because of the number of franchising prospects who rang us in the next few days. Not only did we have our name drilled into their minds, but a lot of them said they were turned off by the rubbish. So if someone asks me 'Which is better, yourself or VIP?' I normally answer. 'VIP is a good company. Here's a list of our Franchisees. Get one of theirs. Then phone a few from each and compare.' This is a good sales technique, so long as your people are happy! VIP also followed a similar practice in not knocking the opposition, and is still flourishing today. While our 'competitor' disappeared many years ago.

We certainly did not win out by having a more impressive office. By and large, Australians want substance over display. People may even be suspicious of plush offices, seeing them as evidence of spending in the wrong places. So a business can look poor as long as it delivers the goods. We ran first from a flat attached to the house, and then from a mud brick building behind our new house. Our rivals, meanwhile, frequently operated out of impressive offices. The difference was a matter of very deliberate policy. The way I saw it, the business 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. Or we could spend them on delivering service to Franchisees, in the hope that this would offset our basic premises.

The choice is not quite as easy as it sounds: I know some people went elsewhere because we were too 'down-market'. Though I like to console myself that they probably lacked business sense anyway! But it was a choice I was happy to make, spending money to find work rather than on furniture, or an office, or ads in glossy magazines. 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 didn't answer or promised a call back. Once they called us we would book them in, and normally do the job that day. If they called again, we knew who had serviced them and could page out a message in seconds. It is one of the things that has given us a surprisingly high closure rate. According to a recent survey of 1500 people who called the office, just under 80% ended up getting the job done. And, I might add, with an average satisfaction level of 4.4 on a 5 point scale, where 4 is 'very good' and 5 is 'excellent' Not that we can't do still better!

I was a fanatic about answering the phone promptly. If anyone was filing or doing accounts and let the phones ring on, heaven help them! The staff who worked with me in those days learned the lesson well, and it has been part of our culture ever since. Getting people to call you is expensive, and more so as you move away from the most cost effective media such as directories and trades guides. It is far better to focus extra resources on not losing the people who do call.

Still, as the number of Franchisees grew we also needed to make the phones ring more often. And one area we looked at was public relations. Jim's Mowing was not well known in the beginning, since my subcontractors had not been asked to sign their trailers. Even if they had a trailer that could be signed, or I had a logo to put on it (which I didn't). In fact, shortly after the franchise was launched I gained a reputation as a kind of mowing superman. People would see my trailers all over the place and assume it was all me. 'Boy,' they said. 'You sure do get around!'

This was not exactly world wide fame, so after three months I decided to seek help. I was recommended to a major public relations firm and went along to see them, one green mowing man in a room of smartly dressed executives. They asked for a mass of

personal and business details, out of which came a publicity handout. 'What a colourful fellow!', I thought. They had taken my mundane life and made it quite interesting. I was particularly struck by the amount of attention they focussed on my doctorate. One magazine was to photograph me sitting on a lawn mower reading my thesis, something I rarely do in real life!

It all worked quite well. A few articles were published in metropolitan papers and magazines. They arranged for Jim's Mowing to enter the Small Business of the Year competition, in which we came fourth. Naturally, I thought we deserved to do better than that. Especially since, by the time we received the ranking, we no longer technically qualified as a 'small' business because we had grown so quickly. It came to the point that at one stage, most people who came to see me had heard about us through the media, which undoubtedly gave us a boost. Unfortunately, after a time the media had 'done' us, and we were not news any more. So I stopped the retainer, since we were not getting much out of it. Though we managed to get a fair bit of publicity over the next few years without such help. And all of it quite friendly, though a number of articles made fun of my battered old car and unkempt garden!

As the business grew, so did our need for clients. As stated earlier, my strategy for finding them was in some ways similar to that for finding Franchisees. I put most of my effort into dealing with them effectively, making sure they were looked after. Relatively less on sourcing leads. Of course 'relatively less' meant a great deal of advertising through local papers, directories, and leaflet drops. We took in the advertising dollars and we spent them. But my attention was more on the other end, and I believe that is mainly why it worked.

This may surprise people who see us as marketing gurus. After all, we do have ninety percent public awareness in most Australian cities. The truth is, we are a small company with huge public awareness, and this rests on one single peculiarity.

At seminars one of the questions I often ask people is what they believe to be the most cost effective method of finding lawn mowing clients, apart from referrals. Some say local papers, others TV. They rarely get it right; the answer is trailer signs. Signs are so much more effective than any other method that the difference is impossible to calculate. Maybe five percent of calls come directly off the trailers, but this is an understatement. Most people get our phone number from the local paper or the Yellow Pages, where we are up against all our competitors. Why do they choose us? Often because they know we work in their area, because of the trailers. And they may also feel that as a substantial company we are less of a risk. Again because of the number of trailers they see. And, best of all, they may have used us before, or know someone who has, and the experience was a good one!

In terms of marketing, this was a complete change from pre-franchise days. Then, I had tried hard to seem like a small, local business. Now, I found it an advantage to be recognised, even though some people still preferred the local independent. After the franchise started one of our people was referred to a new client, who did not know he was with Jim's. When he turned up at the door she was taken aback. 'I don't want a big company,' she said. Still, he was there so he might as well do it. And when he finished the job was so good she asked him to continue. But the Jim's image in this case was no help.

Why was this so? Undoubtedly for the same reason as in pre-franchise days. Maybe the client felt we traveled further, had higher overheads and would charge more. Or we would send a new guy every time. Mind you, by now she would have been even more wrong. My Franchisees owned and ran their own businesses and were far more localised than most independents. The majority would not take a new job from the office

outside their home suburb. They also tended to last longer in the business than other contractors.

In one area, however, this 'negative' perception may be correct: we do charge a little more than most independents. My constant message to Franchisees is to amaze clients with service but charge well for it. This has nothing to do with overheads. Given that they travel less, get significant discounts on insurance and mobile phones, and that our advertising is highly cost effective, their costs are probably about the same as most independents - even allowing for franchise fees. The extra money should go straight into their pockets, for no better reason than to keep them happy. This is the attitude reflected in the Jim's Group values. We are passionate about customer service (principle 2), but our first priority is to look after our Franchisees (principle 1)!

On the whole, though, the strong company image had now become an asset, which is one reason they can charge a little more. Some contractors tried putting their own private ads in the paper, but abandoned them as unprofitable. They were unable to compete effectively with the power of the logo. The change probably had a lot to do with having enough trailers to become a household name. But I believe the public was also changing their buying habits, as happened with fast food. When McDonald's first appeared, I myself was very loathe to use a big, international company rather than a local business. But I tried it a couple of times, liked the service and the child-friendliness, and began to be a regular. At least when my children were around! More people these days like dealing with an established company. It gives some assurance of better service, and they know there is a comeback if things go wrong. The change in attitude in our industry probably also owes a lot to the pioneering work of VIP. Certainly we expanded faster in Adelaide, where they had been established for more than a decade, than in any other State.

Another reason, which I like to believe is more important, is that better systems have given our brand an image of quality. People go to McDonalds because they know what to expect. No matter how much the Company spends on advertising or how many outlets they open, customers will not continue to spend if the food is cold or the staff unhelpful. I think that is generally the case with Jim's, or at least that is what our surveys show. I know there are also cases where people don't use us because of a bad experience, which is heartbreaking. I carry in my wallet a business card with a quote roughly scrawled on the back, a job we lost because of poor presentation. You can be assured that I show it often!

High standards were all the more important, because the market was becoming much more competitive. In the early days, back in 1982-83, I had it very easy. A single drop of one thousand leaflets flooded me with work. Shortly after, when we began using trades guide advertising, there might be only one or two competitors in some papers. Which was why my very ordinary business was able to prosper. With time, more and more people started advertising in the local papers, so less work was generated per dollar spent. Leaflets had never been more than half as cost effective, but they became even less so with time.

By the end of 1989 we were starting to look for alternatives. Since we were no longer 'anonymous', the logical next step was to strengthen our image by going on TV. And we now had forty or so Franchisees who needed work and had provided the funds to pay for it. One key advantage was that here at least we would be on our own. To the best of my knowledge, no-one had thought of putting a mowing service on television.

The ad we chose was a humorous one, with a client standing in grass up their eyeballs and me coming in - at high speed - to mow it and clean up the yard. We provided all the 'talent' ourselves with Karen, one of the staff, as the householder. To get the impression of eye-level grass they put a bunch of weeds and grass in a tray and held it up to the

camera just in front of her face. The story line was simple: Karen came to her front door, saw with horror how long her grass was, went back inside, rang Jim's Mowing, and in no time there I was. The ad ended with the lawn looking impeccable and the client looking happy. Not a bad result and very cheap. Only \$4500 (for the ad, not mowing the lawn!).

One thing I decided, though. If Jim's Mowing failed, modeling was not an option! Being filmed or photographed is horribly boring, and I am one of those people who look even worse on camera than in real life. Personally, I would rather clean up dog droppings. The only thing I hate worse is hearing how we've failed a customer, or seeing a Franchisee fail.

Air time was also cheap. We had worked out that most of our calls came in between 8.30 and 12.30 am. weekdays, and they were mainly from women at home. So it wouldn't cost a lot to give it a try. Which we did. And were quite unprepared for its success. All our eight lines were jammed, and we had to work very hard not to lose calls. One unintended spin-off from the ad was the cult following that it gained us amongst children, who loved the fast-forward sequence of me mowing the grass. For some time, our people were greeted wherever they went with a chorus of 'Hi, Jim!' from eager young fans sitting on fences. In fact, the appeal to children was so strong that it produced a number of childish hoax calls and we learned to avoid running ads in school holidays.

Still, the ultimate accolade came when our ad was sent up by 'The Comedy Company' on Channel 10. There is no surer sign of success in Australia than having the mickey taken out of you on national television.

Chapter - 5 An Amazing Blunder

In the first few months of the franchise system, my main focus was to make sure the 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 meant that it was focused in a relatively small area.

My aim from the beginning was that Franchisees should build major businesses. Some of them did this, employing a dozen or more workers and grossing up to a half million dollars a year. We did our best to teach other people the skills, running special seminars for those interested in gearing up, but most remained single operators. Profitably employing staff is a skill few people have, especially given the low margins of home services.

What I didn't realise is that my own margins were even leaner, because I never really counted the cost of what I did for my Franchisees. The first few bought in at \$6000, even less than an independent run would have cost. Which was enough, because it didn't cost that much to find customers in those days. But the ongoing fees, including advertising, amounted to only about four percent of turnover.

Now, 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. But at least I was aware of the lack, so after one year in Franchising I hired a management consultant to give me a hand. His analysis was interesting. He worked out that, merely to cover the costs of the office, we needed one hundred and fifty Franchisees, 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 did nothing about this. 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 weren't 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 mispending 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, many of whom had more business experience than I did. In fact, one newcomer had commented that our Franchisees looked and sounded more like GMH executives than gardeners. About the only way I was better qualified in a business sense was that I had mowed a lot more lawns. 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 deficiency 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 naivete 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, drew up projections month by month for the next twelve months, and generally put together as strong a presentation as I could. For me all this was like having a tooth drawn without anaesthetic. Then I offered to make some other changes to the contract that were favourable to the Franchisees, in particular the first change to the shortfall system referred to earlier. 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, there seemed no possible way the business could be saved. It all depended on one special meeting.

The night of the meeting came, and the hall was packed. I don't 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 was a very positive outcome, since it 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 favourable, 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.

Now began the three slowest weeks of my life. To change the Agreement for everyone, 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 people 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. Jim's Mowing owes a lot to Franchisees like Geoff.

One of my personal heroes is Liu Pang, a poor peasant who lived under a brutal Emperor in China at the end of the third century BC. Millions of men were being drafted for the army or labour projects under appalling conditions, with savage punishments for the most minor offences. Liu Pang had been put in charge of a forced labour levy, taking workers to the capital. Being delayed by floods, he knew he faced execution, so persuaded his followers to rebel.

In the chaos that followed, he faced opponents who were cleverer, braver soldiers, better generals, with powerful family connections while he had none. His strengths were an uncommon concern for ordinary people - and a willingness to take advice. On a number of occasions he had the humility to back down from his own clearly stated position when shown a better way.

His descendants ruled China for four hundred years.

Chapter 6 - Billy Cans and Margarine Containers

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 often 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. In the past few 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 some very stupid actions on my part.

It is no wonder that the third of our Group values is that 'we work constantly to improve our service and lower our costs'. And the fourth is that 'we put performance before display'. We don't really have the money to do anything else. Fortunately, by nature I

am the original 'Scrooge' (a character I think often unfairly dealt with!). And I was even more fortunate to enter business in the age of computers.

Suppose that a competitor had come to my office in pre-franchise days, looking for signs of future success: an air of quiet efficiency, of order and high level organisation. He would have walked out smiling, convinced he had nothing to worry about. In fact I doubt anyone, with the possible exception of my mother, ever thought the business would amount to much.

We were housed in a basic bungalow behind my home, and our system for allocating work revolved around a margarine container, a lunch box, and a billy can. New jobs were placed in the margarine container. Once allocated they went into the lunch box. And finally, when given out each evening, into the billy. And heaven help anyone who got this back to front! Jobs from the billy can were eventually 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. This was a serious problem in the days when - as mentioned earlier - around half of our phone messages were complaints.

The level of complaints dropped markedly once we franchised, but a single complaint was still one too many. I began to watch very closely why we were losing clients. One thing I noticed was that, towards the end of the week, a lot of people were asking for same day service. And going elsewhere when they could not get it. Yet many Franchisees were available to take work. In the days before cheap mobile phones, this was a major problem. We certainly couldn't ask the Franchisees to ring in at regular intervals just in case there was a job, and beepers were just as bad. In my own mowing days, I used to spend a lot of my time on the road searching for public phone booths, and it was a major hassle. So I asked the guys if they would like to get message pagers. They thought this was a good idea, so away we went.

Our new system worked like this. We asked 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 same day, which was a huge advantage. If not, they would get a definite date over the next day or two. Then we wrote down the details on a slip of paper, as before, but now someone would phone the paging company with a batch of jobs. After which the slip went into a box and was typed into the computer next day. Which still led to problems if a client phoned back and we had to go hunting through the box.

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 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. 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 we got a direct line to the paging company, which meant that we typed the message on a terminal and it was sent instantly. This was a big improvement, but even so the workload was immense. During the spring of 1990 we were so busy that we might have one person mainly occupied in paging work, another taking calls, another typing the details into the computer, and another shuffling frantically through pieces of paper trying to find a client. The office was full of people working away, but only one of them was actually doing the core work of talking to and looking after clients.

It was then that I realised that we needed more than my home grown database on a single PC. In particular, I wanted to be able to network our computers, so that each person had a terminal and could enter jobs directly from the phone. I approached a number of computer companies and found one that seemed able to give support in all areas, including hardware, programming and networks. I also liked the fact that they tried very hard to teach me enough to make my own decisions. The slightest inquiry would bring forth a torrent of information, most of it way over my head. But to me this showed both professionalism and a genuine concern for the customer. The owner was also a friendly, easy-going sort of fellow, which is important in dealing with someone as volatile as myself. He appointed a programmer to work with me, a bright young man called James with a gift for calmness. James and I came to know each other very well over the following months.

This company proved to be a very good choice. The only mistake I made was not to inquire too closely into the matter of copyright. I had assumed that, because I paid for the work and contributed many of the basic ideas, it belonged to me. In fact, because of the peculiarities of copyright law, it belonged to the company which wrote the program. Who, at least technically, were able to turn around and sell it to our competitors. It took a long time and quite a bit of trouble to sort this out.

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, there were problems with the blackboard that we used to record the amount of work each Franchisee needed. 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. Also, 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 work close to home.

James showed me how the blackboard could be computerised. Each Franchisee was keyed in for all the suburbs he was prepared to cover, and his work needs were entered on the computer. Simply by entering the suburb name and striking a single key, we could see who had territory rights and who 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. I have just done a check, and there are nearly 1500 Smiths in our local database. 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 our Franchisees at the end of each month.

This was all good stuff. But James came up with one idea that electrified me with excitement. Remember how, even after installing the direct line, we had someone sitting virtually full-time at the paging computer in busy periods, typing out messages to send to the Franchisees. James suggested that it might be possible to allow 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. I would specify the initial design. James would then do something. If not suitable, I'd say, 'That's not right, do this'. James would set up whatever we arrived at, leave us to test it for a while in practice, then come back to sort out further problems and changes. And so on it went, backwards and forwards. Despite the pressure to get the whole thing working properly, I found the exercise really interesting. After my own job, this sort of programming must be one of the best ways to make a living.

At last it was finished, and the new system worked like this: A call came in: 'Can you come and give a quote on my lawn?' 'Certainly. What suburb are you in?' 'Heathmont.'

We entered 'Heathmont' and struck a single key to call up the blackboard screen. This showed that the Heathmont territory holder was not working, but nine Franchisees had put themselves down to cover the same area. Of these two could take work today. This all took about a second. 'No trouble,' we told the client. 'Will you be home this afternoon?' With a single stroke we selected one of the Franchisees, then asked the client for their address and so forth, and entered them on the computer. At the end we say, 'We'll see you this afternoon. Thanks for calling.'

By this time the job was already being paged. The system then noted the Franchisee needed one less job, and was ready for the next call. There were a number of delays in the process, such as checking the street directory for the territory owner when there was more than one in the postcode, but most staff time could now be spent helping clients.

This system made us far more efficient. The number of staff needed per Franchisee dropped, though staff numbers grew overall, because the business was growing even faster. 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 an internal street directory. This not only prevented misspelled names, a major problem in the past, but gave Franchisees a map reference to save their time on the road.

Further developments allowed Franchisees to specify the jobs they wished to do, and which suburbs to service them in. Someone with a ride-one mower might take normal jobs only in their home postcode, but larger ones further away. Recent changes still allow Franchisees to take leads in any suburb, but give them a stronger priority close to home. 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 almost impossible to breach territory rights - something very important to our Franchisees. They also like it because it is fair: where more than one person is down for a job which is not in someone's territory, the system awards it to the one who has had least work over the past few days. It must be noted that these changes are mainly for the benefit of Franchisees, though giving jobs to the right person does tend to give faster and better service to clients!

One key theme is the need to answer phones as fast as possible. Putting people on hold is a luxury reserved for government departments and phone companies - not one we can afford to indulge too often! Customers can easily phone someone else, and Franchisees do not like to be kept waiting on their mobiles. One key to fast response is caller recognition software, which recognises existing clients and Franchisees and puts their information on the screen. We also have an overflow system in our Melbourne office, so that calls not answered quickly in admin get put through to experienced people in other departments. I'm writing this after five p.m. when most of the staff have

gone home, so I have just taken about ten calls myself in the past hour. It's a good way to keep in touch with the grass roots of the business.

Our Franchisors can now log into the system from home over the Internet, see what work their people are taking and adjust suburbs and work requirements to reduce travelling time and maximise income. We hope shortly to be offering our Franchisees the same facility, as part of a personal computer package that should also cut the time spent on paperwork by more than half. By little things like remembering how a client paid last time, including the bank details for a cheque. Or being able to print the day's invoices with a single mouse click. It should eventually be able to give them a detailed critique of the way they are running their business, telling them they are taking too long to quote jobs, travelling too far, or are owed too much money and need to tighten up on debt collection.

None of this comes cheap. Eight years ago we took on Stuart Lewien, who did an excellent job developing the system while supporting other administration offices over the phone. Our computer department currently employs five people full time and two part time. One distinct feature is that most of them have no formal computer training. Brendan, the young genius who heads our development team, actually joined us at the age of 14 and has no qualifications. Neither do Pierre or Chris, both recent hires of exceptional ability. In my experience, a passion for what you do is far more important than any diploma hanging on the wall. Capable, motivated people learn very fast, and the best learning seems to come from experience, or from short, focused courses over a weekend or a few evenings.

For a small company like ours - we directly employ less than thirty people - our investment in IT is huge. And yet I see it as 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 sit in the same office and talk to each other every day, and all Franchisee programs are field tested by people in the field who are in constant contact with the developer. My personal advantage is that I have spent years in the field as a mowing contractor, and many more in the office taking calls. So I understand what the applications are trying to do, and I'm a whiz kid at finding bugs and crashing new programs. As a programmer, of course, I have a mental age of about six!

Still, IT is one of our most exciting and promising areas. Apart from projects already mentioned, we are currently developing systems for Health Clubs, for exercise classes, for selecting staff and Franchisees, and for modeling the rise and fall of civilisations! All of these have commercial potential, some huge. Our new Franchise management program is being designed so that we can write applications for almost any business within a few months - or so I've been told. I can easily foresee a time when most of our revenues come from IT rather than franchising, especially since two of my sons are showing promise as programmers.

It's a long way from billy cans and margarine containers.

Chapter 7 - 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. 'This is a lawn mowing company!' My biggest ambition at the time was to survive the onslaught from VIP and have maybe 100 Franchisees. 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 a little less ridiculous. 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 terrified of flying. I could never enter a plane without imagining, in great detail, the crash to come.

Sometimes up to and including my funeral, complete with orphaned children. Nor did I have any desire to see the world. From a personal point of view, it would suit me very well never to travel more than a couple of hours' drive from home.

This is especially odd, considering my family history. My parents met hitchhiking in Wales, and went overseas at every opportunity since then. My father spent his seventies visiting places like Macchu Picchu and Easter Island, though he ran his consultancy business to the age of 75. My mother hitchhiked round Australia at the age of 73, thumbed rides up the Arctic Circle in Norway, and most recently visited Greenland. My brother and sisters all enjoyed travel. But I didn't. And I was very scared of airplanes.

So what drove me interstate? Basically, a sense of obligation, a feeling that I should achieve as much in life as I possibly could. You might describe me as a rather lazy person with a ferocious work ethic, which leads to some interesting conflicts at times. In this case, though, the work ethic won. I felt driven to go interstate, so I went.

But I was determined to go by train. And I delayed even this as long as possible. Let me describe how it happened, though I would not ask anyone to follow my example. It is an interesting example of how personal peculiarities can influence the course of a business.

I decided the best way to reduce travel was to run everything from Melbourne. We would advertise local phone numbers in each city and have the calls diverted back to head office. This would work, of course, so long as people did not know where they were phoning. Considering the troubles we had with getting people to accept even a central Melbourne number, I assumed that nobody would want to call interstate to get their lawns mowed.

This was the same system we had used pre-franchise to give the impression of local operators within Melbourne. If a householder from Sydney phoned a local phone number and got a local operator fast, it hardly mattered that the call had been routed via Melbourne. I knew this would cost money, but not as much as setting up and running five separate offices around the country.

Finding Franchisees was harder. Not in terms of choosing good people, because I was confident of judging character over the phone. But I feared that it might not sit too well with prospective purchasers. Someone spending several thousand dollars on a business is going to want to meet the vendor. There was also the problem of training people in what had become a distinctive and well-trying operational system, and our crucial step of trying out prospects with a successful Franchisee.

My answer was to fly them to Melbourne, at my expense. This was not as risky as it sounds. After posting them a brochure and doing a couple of phone interviews, I would have a fairly clear idea if they were suitable. And I figured that anybody who would invest a couple of days of their time flying to another city - even at no charge - was likely to be fairly keen. As it turned out, every person who came bought a franchise. But that is a deceptive statistic.

I advertised under 'Businesses for Sale' in the main dailies from Adelaide, Brisbane and Sydney. Why these cities? Because one day I would have to travel there, and all these cities could be reached by train. Going to Perth meant I would have to fly, so I left it on the backburner. Then I sat back and waited for the phones to ring. And ring they did. We had dozens upon dozens of inquiries, especially from Queensland. I talked, interviewed, posted off more than a hundred brochures. The reason for the size of this response only came out later, when I was talking with the VIP State manager in Queensland. He told me that if I ever ran short of my own brochures, he could help me out. A host of VIP people had called for their free handout, including office staff and Franchisees. We laughed about it. Since I had my own extensive library of VIP brochures, I could hardly complain.

Even considering the VIP component, the results were disappointing, to put it mildly. In fact, after a long period of time only two people actually made the trip, one from the Sunshine Coast in Queensland, the other from Adelaide. Generally, people were just not willing to travel to Melbourne, even at no charge, to find out about a mowing business.

As this was going on, I made a general appeal to our Melbourne Franchisees for anyone willing to relocate. The idea was that they could take prospective Franchisees out 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. Two, who were average operators in terms of our normal standards, went to Brisbane and Sydney. The third, Phil Maunder, set off for 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. And we were finding it very difficult to sign new people.

The only Franchisee with even moderate success was Phil. Still in his twenties, he was a champion weight-lifter from New Zealand who had previously worked as a rep selling veterinary supplies. In less than twelve months he had developed an excellent lawn mowing business in the northern suburbs of Melbourne. He was one of our top income earners and had pioneered a number of innovations. In particular, he was skilled at picking up new clients in the same street as existing customers. Like most successful contractors, Phil combined a pleasant manner with immense energy and determination. But even he was not achieving Melbourne style results, and we thought we knew why. One of the impressive things about our system is the office set-up. People who are interested in a franchise come in and see a hive of activity: computers going, people taking calls. All an Adelaide prospect knew of us was a voice over the phone and one operator with a strangely decorated trailer. Even if he was flat out.

While all this was going on I kept in constant contact with Phil, and was more and more impressed. He was full of ideas and initiatives and was doing an excellent job of showing people the system, even without an office. We continued to get on very well. I was tempted to set Phil up as a manager, and he would have been quite agreeable. In fact, that possibility was one reason he went to Adelaide in the first place. But I didn't want a manager, for several reasons.

The first was that our business requires a long term perspective. A manager could be tempted to sign a below par operator, simply to get trailers on the road and cash in the bank. Refusing such a person needs a very clear sense of the real interests of the

Company and even the individual. I felt an owner would be more likely to show such restraint.

The second reason was a reluctance to take on an extra financial burden. The year 1989-90 had been a good one in financial terms, but by November 1990 the economy was looking shaky. Calls were dropping off in Melbourne, and we had reversed our earlier decision to raise prices for mowing jobs. Though I did not realise just how bad things would be over the next eight months, I did have a feeling that we would need all available cash flow as a buffer.

A third reason was my preference for dealing with people on a relatively equal basis. In some ways, I was uncomfortable with the very idea of employing people. My office staff were encouraged to take on responsibility and share in decision making. I had Franchisees rather than employees and subcontractors, partly because I felt happier with this relationship. And I did not relish the idea of frequent interstate trips to keep an eye on things. Nor the mountain of administration and paperwork that this would involve.

The final reason, and perhaps the most powerful one, was that I feared the system would be hijacked. VIP had successfully used a system of State managers, but they maintained control by handling all paperwork and computer records from head office. Security may not have been their reason for the policy, but it seemed to me at least a possible benefit. I was determined that whoever answered the phone would have full access to the computer - again for the sake of customer service. Most of our calls these days are from existing customers phoning back: to have a casual job done again, to change the time for service, ask for some extra work, arrange to leave money or a key. And in some cases, regrettably, to complain about late service. To maintain quality control and provide good service, the phone operators must have all details at their fingertips.

But this creates a danger. A State manager would have the full computer system on tap, would know all our methods of answering the phones, of interviewing and signing up Franchisees. He or she would, naturally, have copies of the manual and franchise contract. Since the records were in their office, they would logically bill Franchisees and collect all money. With their knowledge of local conditions and the needs of the operators, they would handle the advertising. They would also have to be people of unusual energy and competence. What, then, would stop them from setting up a parallel system in opposition?

At the time, this was a particular danger because of our 'walk out' clause. The Franchisees had the right to go independent at any time. The State manager, rather than myself, would have a close personal relationship with the Franchisees. On departing, there would be nothing to stop him taking the best of our operators with him into a new concern. Perhaps I could have tied up the manager with legal safeguards, but I have a strong distaste for controlling people in this way. Principles of Restraint of Trade make this option a bit murky, in any case. I preferred a structure, like the franchise system itself, that rested on the self-interest of each party. So I decided to appoint regional Franchisors instead. Against the advice of most experts, it must be said. I had been reading about the McDonald's hamburger chain. One reason for their success has been the avoidance of regional franchises, which has allowed tighter control and more uniform standards. Problems with the Paris operation, in particular, showed how much damage a poor Regional Franchisor could do.

But I felt there were some key differences. In our system, the relationship between Franchisor and Franchisee is unusually close. McDonald's is known for the excellence of its head office support, but Franchisees can hardly expect to talk personally to their Franchisor several times a week. With us, they do (or should do), at least in the

beginning. As I have said previously, I would have preferred to run everything out of Melbourne, so as to keep personal contact with every Franchisee throughout Australia. Given that this was not working very well, as shown by the failure of the system to expand, I wanted someone else to have a position as close to mine as possible. Fully aware of all the pitfalls, but also banking on some of the advantages, I therefore offered Phil the position of State Franchisor. And as with my first Franchisees, the offer was designed to be 'too good to refuse'. To give some idea of the deal, his down payment was about equal to the profit he would shortly be making each fortnight.

My principle aim was not to make money. I wanted to trial the concept and see if it could work. Adelaide was to be a testing ground for the other States. Phil, of course, was delighted. We worked out a rough initial contract and had the Adelaide office working within a few weeks, by December 1990.

Meanwhile, to give the whole thing a boost, I decided to take a personal tour of all three States. The core of each visit was to be a seminar on how to run a mowing business, which we had used in the past to recruit Franchisees. And which was a direct descendant of the seminars I had given purchasers of my mowing runs in the eighties. In this case I decided to charge a \$20 entrance fee, and to sell a brochure on how to build and run a successful mowing business. A departure from normal practice, which was to make these seminars free, but I intended to give very good value. The information would have been priceless to me if I could have known it in 1982!

My staff arranged a meeting place in each State, put advertisements in the daily papers, and took bookings. Naturally, I wanted to travel by train: overnight sleeper to Sydney, train to Brisbane, and sleeper from Adelaide to Melbourne. But Brisbane to Adelaide ... surface transport was just absurd. So I gritted my teeth and allowed a plane journey for this leg.

My worst fears had come true. Not only was I travelling, but part of it was by air. The first leg was pleasant enough. Trains, unlike airplanes, have a soothing effect on me and next morning I enjoyed a very pleasant breakfast served on white tablecloths in the dining car. But my arrival in Sydney was not quite so soothing. Part of my luggage was what seemed like a half ton suitcase filled with brochures. After managing to heave this into the boot of a taxi, I discovered that the driver did not take my credit card. Being without enough cash, I heaved my case back onto the pavement and made my way to Parramatta by train.

The seminar went well. About fifty people paid to attend. So, with sales of a manual on how to run a successful mowing business, the cost of the trip was already covered. My Sydney Franchisee and I each gave a talk. There was quite a bit of interest in the system and I handed out a lot of franchise brochures. I invited the VIP people in the audience to come forward and answer questions on their system too. Nobody did, but afterwards a pleasant young man came up and introduced himself as one of their area managers.

The next leg was not quite so good. There were no sleeper trains to Brisbane so I had to sit up all night. Brisbane was hot and muggy and the meeting room overcrowded. Still, we again had a good attendance, a lot of apparent interest, and again the proceeds more than paid for the trip. Talking to the VIP State manager a few months later I discovered that the interest had not been entirely the kind I was looking for. Fully thirteen people, or about a third of all who attended, had been from VIP! I did at least have the presence of mind to thank him for helping to fund our expansion.

Passing by the next, airborne, leg of the trip, which was no better than expected, I arrived in Adelaide. Once again the seminar was well attended and apparently successful, but the best part of the visit was spending a couple of days with Phil. We talked a lot, in between games of squash. He was jumping with excitement about our

prospects in Adelaide, and I could now share with him a lot more of the principles behind the business and pick up some of his enthusiasm. It was good to communicate with someone who was operating a business on the same level as mine, even though he had been going only a few weeks.

The whole trip took about a week, and I returned to Melbourne to find that the staff had handled things very well in my absence. I felt quite happy with the idea of future trips. Except, perhaps, for the flying part.

Unfortunately, not much came out of it. In Sydney we signed up a couple of new operators, one of whom gained so much work that he decided he didn't need us any more. So he took the walkout clause. Meanwhile, our original Franchisee went downhill and ceased paying his fees. In Brisbane our operator signed up one new Franchisee, who turned out to be highly competent and motivated. He in turn signed up a number of new Franchisees and took upon himself much of the initiative of organising things locally. But alas, 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 financial problems in Melbourne as a result of dryness and economic recession, I found myself in financial hot water.

So I invoked the 'Act of God' clause in the franchise contract, which allowed at that time for reducing income guarantee in case of extreme weather conditions. Not only in Brisbane but in Melbourne, where we were having similar problems. 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 I felt in the wrong.

I went far beyond the contract in trying to compensate. Two Franchisees who did not feel able to survive were given a one-hundred-per-cent refund of their purchase price. And I took many other steps. 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, earned well over their income guarantees and had businesses worth more than twice what they paid for them. But I decided that I would never again let my Franchisees down in this way. The 'Act of God' clause was struck from the franchise contract. Not long after, we introduced the idea of paying Franchisees for free services, which reduced claims and got our new people out in the field building their businesses. So income guarantees were never again to be such a problem.

But our worst outcome was further north, on the Sunshine Coast. Our starter there was a young man who had seen the advertisement in the Brisbane Courier Mail and flown down to Melbourne to see me. He impressed me greatly and did very well on try-out, so there seemed no reason to believe he would not succeed. I started with the usual leaflet and local paper campaign and was very disappointed at the response. Out went more leaflets, and then still more, and in desperation I even bought a mowing round from an existing operator. By this time we had built his clients well past the income guarantee level, spending far more than his initial franchise fee.

But even this was not enough. Over the following months client after client cancelled, till it was obvious that the Franchisee himself must be doing something wrong. Now there is nothing wrong with the Sunshine Coast, as we were to prove later. So clearly, we had made a bad choice. The loss of clients put him in breach of contract, so eventually I asked him to go independent. For the first time, we had totally failed to establish a Region.

With New South Wales stagnant and Queensland limping, it was amazing to see how South Australia roared ahead. One of my greatest pleasures was to speak to Phil on the phone, or to spend a couple of days on a visit with him. He was always positive and

enthusiastic, with plenty of good news to counter my 'Melbourne blues'. Even during the first half of 1991, despite recession and drought, he averaged two franchise sales a month. Adelaide did even better in the second half of the year. By the end of twelve months of operation, Phil had more than forty on the ground, compared to perhaps one hundred in Melbourne. And most were flat out.

In effect, they were beating the pants off us. Adelaide is a city one-third the size of Melbourne, so they had achieved more regular clients per capita than we had, and in less than half the time. We have often wondered what made Adelaide so special. A slightly older population might have helped us find clients, though the difference in average age is not great. Likely more important was the strength of VIP, which started in Adelaide and had been running there for ten years before we arrived. In a phone conversation, VIP head Bill Vis told me we had actually helped his business by providing an alternative. And it presumably went both ways. In other words, for someone buying a mowing business, the sheer number of trailers in both systems makes a franchise a strong option. Clients also would be used to the idea of a mowing service with a 'name' attached.

Being a smaller city was certainly a help. With this and using our Melbourne TV ad, Phil went to air much faster than we had. He also negotiated some pretty good deals, so we quickly became very well known. This helped us find not only clients but Franchisees. But the key factor was undoubtedly Phil himself. He put tremendous effort into building the business, his dedication being at least as great as mine. He refused to compromise on the caliber of the people he accepted. No matter how great the need or financial temptation, anyone who did not meet Phil's exacting standards was not allowed in. Tough selection policies are clearly a key to fast growth. The more you knock back, the more you sign (within reason of course).

Then he spent an enormous amount of time with his people, far more than I could by this stage. And he had the people skills that I lacked, so was better able to build rapport. His innovations in marketing were spectacular and continuous. Almost every fortnight, it seemed, he would tell me about some new initiatives that he had taken. Free Jim's Mowing caps for new regular clients, free six-packs of Coke, prizes for competitions advertised over the air. I had been worried that the success of Melbourne might only be due to me. As it turned out, my first Franchisor was better at running a Region than I was. So much for my sense of self-importance! But at least it proved our system could work equally well interstate.

While all this was going on we managed to get a toehold into the last of the major States, Western Australia. Largely by accident. David and Jenny White had approached my stand at the Melbourne franchise exhibition of spring 1990. I took a liking to them immediately. Even if I had never seen David again after that day, he would have been a hard man to forget. He is a big fellow, in every sense of the word, cheerful and positive, with a booming voice and a broad smile. He had worked as a teacher, so lacked the business experience of many of our other operators, but his personal qualities more than made up for this. Both he and Jenny wanted to move to Western Australia and start us up there, an idea which I supported. Subject to the normal try-out, of course, which David passed with flying colours.

If I emphasise David's qualities, it is because by this stage I was cautious about the pioneer role. Our experiences in Queensland and New South Wales had shown that even successful Melbourne operators could fail interstate. A lot more was required of them, with different conditions and a poorer level of office support. A superb operator could do well, as Phil had shown. Less capable ones would fail.

As it happened, Western Australia was the toughest challenge so far. The trailer took ages to get across and arrived in a very battered state. Then it turned out that we

needed totally different equipment. Perth clients demanded a blade edger and a cylinder mower, a much more expensive option. Some basic market research would have found this out, but such efforts were far beyond my vision in those days, so it was all left up to the Whites. Then we had a lot of trouble finding clients. The local papers shared the deep, dark suspicions of most West Australians for anybody from the 'eastern states', which meant that the newspapers would not even accept our ads without a local agent. Which caused huge problems with messed up bills etc. Even when the ads hit the papers, there was not a lot of response. All of which meant that David and Jenny were on income guarantee for quite some weeks. And \$600 per week, which is what we offered at the time, was no princely salary. Particularly when they had uprooted their family and traveled several thousand kilometers.

Enough to defeat most people. But not, fortunately, the Whites. David and Jenny never wavered from their cheerfulness, their faith in the system and their willingness to take the long-term view. This paid off when, after several anxious weeks, business started to boom. And we have never had a problem since. By this time, I was so impressed by the Whites that I offered them the Regional rights. But they declined, preferring to stay with what they were doing. David did manage to sign up one more operator for us, however, so we at least had a toehold.

Still, it was clear from Adelaide that State Franchisors were the way to go. No matter how good the performance of the Whites in Western Australia, we were not going to fulfil the potential of the system without someone driving it locally. The problem was to find people who wanted it, who were competent enough to handle it, and who shared my sense of ethics.

The success of both Melbourne and Adelaide confirmed my earlier belief that genuine concern for Franchisees was really the key. In our business we are often tempted to cut corners, to look to short-term profits. This particularly means selling franchises to the wrong people, which is a huge temptation because you can make a lot of money by doing so - in the short term. That is why our fifth principle states that 'we sign only Franchisees and Franchisors we are convinced will succeed' (my italics). It's not good enough to be reasonably sure. The sixth principle covers much the same ground, in practice. 'We put the long-term welfare of the group before short-term profit'.

A successful Franchisor must have a deep-seated desire to do the best for his or her people and clients. Given that it was not going to be easy to remove anybody, choosing the right people was crucial. Phil had almost literally fallen into my lap. The rest were not going to be quite so easy.

My first idea was to turn to the same source that had yielded Phil: my top Melbourne Franchisees. These people had proved their worth over the long term and I had confidence in them. They also knew the mowing business, and in particular our approach to it. I contacted about ten of our top people and asked them to consider it. The results were not encouraging. Some were interested, and certainly had confidence in the system, but did not want to uproot themselves and their families. This was understandable, since I felt the same way myself. (One obvious step would have been to put Victoria in the hands of a manager and start another State myself, but I was not interested in moving. Business is not everything.) I even had a call from one of the VIP state managers, who expressed an interest on behalf of himself and some others. In the end he was spooked by our income guarantee, which seemed to him a danger for the Franchisor. Which it can be, if not treated properly. So nothing came of it.

At this stage I received one of the most useful phone calls of my career. It came out of a cold sales call, and is one reason why I always accept such calls (unless they are repeats, which is irritatingly common). Gary Parker and Bill Falloon had recently started an enterprise known as the Australian franchise Advisory Service and were prospecting

for business. I told them of my problems in finding State Franchisors, and their ears pricked up. Even more so when they saw my profits. Their first comment was that I was not asking nearly enough, and suggested figures about five times what I had in mind! They were perfectly right, and I was simply naive in asking so little. As it happens, these businesses are now worth more than ten times the price Gary and Bill put on them. I told them what I wanted in terms of drive and ethics, and that I would accept nothing less. They were totally confident that they could find me the best.

This was all very exciting, but it took a long time to happen. There were figures to get together and projections to organise. None too easy, given the financial chaos in my business. Then began the process of advertising in different States, with Bill and Gary receiving calls and doing interviews. I rang up every week or so to find out how things were going. There were always prospects in the pipeline, but nothing seemed to happen.

The first breakthrough, curiously enough, was Tasmania. This was a State that I had never even considered for Jim's Mowing. It had a total urban population about one tenth of Melbourne, mainly in the two widely separated cities of Hobart and Launceston. For a long time there would not be enough business to justify a full-time manager such as Phil or myself. The climate was colder than Melbourne's, so grass should grow more slowly. Furthermore, the economy was poor. I was deeply concerned that whoever went in would lose their shirt. Still, someone called Jon Adams wanted to have a go, and seemed confident it could succeed.

In fact, we got off the ground with remarkable speed, and for one good reason. In all other States we had started with local advertising such as free papers and leaflets. TV was not an option till we had enough people to cover the city. In Hobart that was straight away, since Jon himself could service any suburb. And cheap airtime meant that we had an immediate impact, even with a relatively small budget. Some weeks later, as I was walking through the streets of Hobart, children came up to me and said, 'Hey, you were on television.' It was that easy to become known.

Also, perhaps, in a place the size of Hobart, the sheer professionalism of the system was impressive. Signed trailers, properly answered phones, even our fairly primitive ad came across as well made! It was also very striking that when we first started, few people wanted same day service, unlike in every other State. People were just not used to the idea. Now, by contrast, most ask for it. We have raised their expectations.

Jon had a lot of contacts, one of which worked to our advantage. On his initial trip to Melbourne he bumped into Rick Patterson, an ABC radio presenter whom he knew. He told Rick about what he was doing and arranged an interview for me on my next visit.

My first on-air interview, and it was a real buzz. The realisation of my dream as a mowing contractor, that one day I would be the one on the radio!

It was easy to discuss my experiences and ideas on customer service, and the interview went so well that it lasted longer than it should have. I had no grounds for comparison then, but Rick was a good interviewer and a fortunate choice for my first experience live 'on air'.

This talk, of course, was done only for the very small audience of Hobart radio. Some time later I was driving through Melbourne traffic and tuned into the ABC. The presenter was talking about a journalists' strike, which forced them to cancel normal programming and import material from - guess where? Tasmania. I was astonished to hear my own talk, from beginning to end, broadcast throughout Victoria. This brought us a huge number of calls and favourable comments, far more than any print media. A number of people rang up to ask about franchises, and several customers booked in jobs on the spot. One lady said that she wished her unemployed son had heard it, as it would have encouraged him to start a business of his own. Strikes can be a major nuisance, but this

one did me a lot of good! This interview was the beginning of my love affair with the radio, which has always been an excellent medium for us. It's a great way to convey my passion and values directly, without interpretation, or the errors that sometimes creep into print media.

Tasmania soon ceased to be a concern and began to be an asset. Franchisees signed and began making good money, while Jon quite happily stayed on the road and mowed lawns. Relative to population, Tasmania has done as well as Melbourne, so my fears proved groundless. Some time later I confided my early worries to Jon. He said 'And you thought you had the jitters!'

With South Australia and Tasmania well under way, progress in the other States was still disappointing. They continued to stagnate, with no State Franchisors in sight. The next breakthrough happened when a Franchisee called Richard Sedawie approached me about moving to New South Wales. Richard was an outstanding operator, at that time probably one of our best three. Like many of our top people, he had a background in sales. Over the previous year he had built an excellent and very profitable round in the Camberwell area of Melbourne, and pioneered a number of business techniques such as door-to-door canvassing on quiet days. He was very good at selling products such as fertiliser to clients, something most Franchisees did poorly. His talks at franchise meetings were a torrent of motivation and new ideas. So, when Richard expressed an interest in taking over New South Wales, I was delighted and we quickly came to an agreement.

In many ways I was right about him. He proved to be an excellent salesman, and early growth in New South Wales was rapid. He was also very good at teaching people his own skills in how to pick up extra work, which was fortunate since the weather soon turned very dry. He also tried new ways of answering the phone. Like myself, he has been strongly influenced by the McDonald's example. When you order a hamburger at McDonald's, they ask if you want french fries. If you want fries, they ask if you would like a drink. He applied exactly the same principle to his mowing clients. If a client asked for mowing, he asked if they wanted gardens weeded. If rubbish, did they want their lawns mown? Done tactfully, this comes across as helpful rather than intrusive. And it certainly brought in a lot of extra work. Then the rains came, and work forged ahead to my great relief. Little knowing what problems we would face there in the future.

Shortly after signing up Richard in Sydney, we had a breakthrough in Western Australia. With only two Franchisees there was plentiful work, but we still had no success in finding more. Then came a call from the franchise Advisory Service about a couple called Peter and Michelle Ferry. Their previous business, selling luxury boats, had gone broke, which did not seem a very good omen. But Bill gave them a good report and asked whether I would like to speak to them.

I had a talk to Peter over the phone, which seemed to go well, but he did make one request that puzzled me. There was, in those days, an arrangement that half the initial franchise fee be spent on advertising. He asked if this could be changed. When asked why, he said that my projections showed only one quarter was needed to support the new Franchisee, so why specify half in the contract? I told him that in Melbourne we were spending half, but offered to check the matter out and get back to him.

I rang Bill Falloon and asked for a copy of what Peter had been shown. The figures did show advertising as only twenty-five per cent of the initial franchise fees. But they were not my figures! Apparently, Bill had made some comment to his people in the West that advertising could be more efficient, and they had adjusted the numbers accordingly. This, of course, inflated the profit and made the business more attractive. I insisted that they be changed back and revised estimates shown to Peter before we went any further. My business was not going to be oversold.

As it turned out, the twenty-five percent figure was right. It only took a quarter of the initial franchise fee to get a new Franchisee going in the west. But this was not from better advertising, so much as a better response to the same advertising. Something which could not have been predicted from our Melbourne or Adelaide experience. The thought that a business of mine might have been sold on the basis of misleading information still gives me the shudders. It is not only ethically wrong, but legally dangerous. If the business does not live up to projections, the buyers can sue. One of my managers worked for a franchise system that went bankrupt for precisely this reason. Which shows the problems in using an agent, however conscientious, to sell a business. And it is one reason why we do not use agents to sell our franchises. With the best will in the world, agents working on commission may be tempted to exaggerate a little. I want every promise and claim made during every interview to be one hundred per cent justifiable. We should undersell rather than oversell. These days, we even get Franchisees to fill in questionnaires on signup, to make sure they have no misunderstandings.

Even with the revised figures the Ferry's were still interested, so I asked them to come over. My approach to the interview was a lot more cautious than it had been in the other cases. Phil and Richard I had known for a year. Their track records gave me comfort. Jon from Tasmania had a good business background; but also, in a smaller State, the risks of failure for either party were less. Western Australia, however, was a large State where VIP had been very successful. If we failed to look after Franchisees, the effects would be serious.

As it happened, Peter and I got on very well. It was obvious that their previous business had been a victim of the recession. Luxury boats are the first thing people can go without when the economy nosedives. Peter's attitude to the business and the reason for its failure also gave me confidence in him. He came across as both competent and professional. Michelle also. She had the added advantage of an excellent background in public relations, which she later used to good effect. In the end, though, it was their obvious sense of decency and ethics that impressed me most. And in this I was certainly not mistaken. Peter later came to be the most widely respected person in the whole Jim's system, and I think largely because of his values.

We arranged for Peter to spend a week out with different trainers, as well as time in the office. Everything went well, and the trainers thought he was great. I did suggest that, after returning to the West, Peter spend as much time as possible mowing. Which proved impossible, because of the speed of growth. One problem the Ferry's never had was finding work.

But there were other problems. Western Australia is like another country, compared with the eastern states - even beyond the newspaper and equipment differences already referred to. This was shown very clearly by the attitude of the independent contractors in Perth.

Good solo operators do not normally resent franchises. We have no appeal to clients who are being well looked after already, and we tend to set standards of quality and price that stabilise the industry. In talking to people at our open seminars, most of whom were independents or intending to buy independent runs, I normally recommended they join their local association. Apart from advantages in sharing ideas and deals, being part of a group can be a lifesaver if they get very ill or have an accident, since other members can look after their clients. I have had a number of contacts with our Melbourne Association over the years, always friendly.

Not so in Perth. To attract potential Franchisees, we had organised another seminar for the following evening, at the same modest charge. I was startled by the number of bookings. In Melbourne, we normally get about twenty people to these events. My

Sydney seminar had attracted over 50, which I thought was pretty good. By lunch time in Perth almost 100 had put themselves down, and we had to close the book for fear of running out of room.

Someone gave a talk on mowing equipment, with particular reference to local conditions. It was an excellent talk, and the speaker later became the training manager for Jim's in WA. I then made a speech pitched directly, as usual, at people who were or wished to become independent operators. I did not assume that people would buy a franchise, and in fact gave advice on a lot of areas, such as advertising, that are of no interest to Franchisees. Some of this amounted to sharing with our competitors what most people would regard as valuable trade secrets. Including our carefully tabulated figures on the results from different advertising media, use of pagers, and the importance of answering phones live during the daytime. In Perth I also did an outline of the different options for starting off in a small business, including buying and building a business, and with no undue stress on franchises. I even gave as fair as possible an account of VIP. This was all part of my 'selling by not selling' approach. Give genuine help and advice, and rely on the goodwill this generates to create sales.

In the course of the talk I asked whether anyone from the Lawn Mowing Contractors' Association was there, and a couple put up their hands. I suggested that independents join the Association, and told them why. Then I threw open the floor to questions. Which came very quickly, and from members of the Association. In particular, they wanted to know how we could justify the 'rip-off' twenty dollars charged for a sales pitch on our franchise. Now, this was a moment of truth for me. I am not known, to put it mildly, for my calm and reasonable temper. My normal response to an attack is to fight back, hard, which is not always a good idea.

Fortunately, I had scarcely begun to reply when several members of the audience stood up and declared that they were quite happy with what they had received. Not one person gave the Association any sort of support, and the mood of the meeting was very much in our favour. One can scarcely blame people for wanting to fend off a serious competitor, but the manner of their attack probably did us more good than harm.

An Association member asked another, even more curly question, about a national mowing franchise that was being featured that evening on the ABC program The Investigators. Rumours about this had been flying for some weeks, although I did not know the exact details. In fact it was VIP, not ourselves, who were under the unwelcome spotlight. But the question could damage us, all the same. If one mowing franchise was being criticised by their Franchisees on national television, why should we be any different?

I told them the difference, in some detail. In effect, the attack allowed me to do what my rules would not normally allow: to give a sales pitch for the franchise. I explained the strengths of our system, pointing out in particular that any of our people (at that time) could leave us and go independent at will. And that only three had ever done so of their own volition. It could be said that Jim's Mowing is bad for our competition, but not that it fails to work for our own people. After the meeting Peter went up to the Association members and tried to build bridges, with mixed success. All in all, a very interesting evening.

Even more interesting was that night at the Ferry's, when we watched The Investigators on the VCR. In essence, a number of VIP operatives in Perth had become unhappy with a 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 I believe have since been well and truly fixed. The manager was replaced by a State Franchisor who did an excellent job of rebuilding the business. All the same, the affair must have cost them dearly. Years later, someone came to us in Sydney who had seen the program and would not deal with VIP. 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, far more than my brush with the Association. What happened to VIP in the West was almost a checklist of how not to run a franchise. 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. I later heard that we ourselves may have been partly responsible for the trouble. When we went on pagers in Melbourne, VIP thought they had better follow suit. But unlike us, they simply made it a requirement. Apparently, some Franchisees did not see the need and resented the cost. 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! The final state to be covered was Queensland, and after seeing the success of the system in other States I was particularly keen to see this happen. Our difficulties in finding a State Franchisor had been surprising, given that Queensland is the one State which draws Victorians like flies. Though not me in the slightest - I don't like heat or humidity. I had many times approached Andrew Mackintosh, our top Victorian Franchisee, and tried to persuade him to move. But his wife was against it. Then I had a call one day from Phil Maunder in Adelaide about one of his people, Tony White. They agreed to take the Regional rights as a partnership.

Shortly afterwards I spent a few days in Brisbane with Tony and Phil. We ran a reasonably successful open seminar, with someone whom Phil recognised as the VIP State manager sitting in the front row. It was interesting to chat with him afterwards and compare notes. I also met and spoke with our Queensland Franchisees, most of whom I knew from the phone but had never laid eyes on. Some of them were very impressive. I spent a couple of days in the office, chewing the fat with Phil and Tony and trying to work out a bug in the computer. We did some comparisons of prices between our States, and found to our surprise that the paging company was charging three dollars more per month in Queensland. Both Phil and I got on the phone and badgered their offices in our home states. After some weeks of effort we managed to get Queensland down to the normal level, which was about half the commercial rate. It was quite exciting being able to use our growing strength to drive a better bargain for our Franchisees (who were the ones paying). A dollar saved to Franchisees is just about as good as a dollar saved to us, since it is the success of Franchisees that builds the system.

By January 1992 Franchisors were up and running in all States and it was time for us 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, with the exception of Tony who was busy setting up Queensland, we arranged to meet for a weekend at a motel near Melbourne Airport. Our first national conference.

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. Richard and Phil, in particular, had developed a whole series of new approaches and concepts. We were now a national company!

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 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, we prefer to appoint Franchisors for areas 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. We found, later that profitable centres should be as large 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 to get instant access to Franchisee records 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 totally disillusioned. 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, starting with Phil Maunder and Peter Ferry but with many more to come. 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 my core values, though this would be severely tested in times to come.

Chapter 8 - Gathering Storm

There was no doubt by this time that Jim's Mowing was an excellent business. And 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 a tendency (common to many entrepreneurs) to barge off into a new venture as soon as there were two dollars in the bank.

Problems began in November 1990, just after Phil took over the Adelaide region. In that month, after an excellent early spring, the weather went dry and the economy plunged into recession. December was even worse. I had taken on too many new Franchisees and was hard hit by income guarantees. And all this when I was computerising the business and trying to expand interstate. Both these ventures were to pay off in spades later, but this did not help my 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 was intended to provide me with an income when my 'flash in the pan' mowing business was no longer profitable! 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 over me at such times, a feeling that was to become all too familiar over the next few years. I was so desperate that for a time I toyed 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 how concerned the Franchisees were that there might be 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 am not sure I could 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 scrupulously careful to repay such loans in the past. Then I went cap in hand to the bank to get an extension of our 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 by its Merchant Banking subsidiary. 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, as 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, including computers and phone answering, that had been so successful for mowing. I registered the name 'Sunlite' to run it under, since the Jim's 'bearded man' logo seemed inappropriate 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. I think another, more basic, reason was that I personally had no direct experience of the cleaning industry and was unable to give proper direction. Fortunately this became obvious after only two franchises had been sold, so I simply paid them out 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 me very little.

I tried other experiments too numerous to mention. We brought in a system of gift vouchers; allowed credit card payments; 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.

We realised that the laser printer cost more than the photocopier, so switched our usage accordingly. We got rid of any advertising that hadn't 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 reduce the savage penalty rates we were then paying. 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 sheer gold. 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.

Some things worked, others failed. But the sheer volume of new initiatives made it likely that something would work. The great thing about the service industry is that you don't 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 one hundred that don't. 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 income 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 we were very close. After three boys, we had even managed to produce a daughter. It is commonplace, these days, to say that boys and girls are basically the same, but Sarah was different from the beginning. She was the sweetest and most affectionate of my children.

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, often '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 many Franchisees suffered in marriage break up. But the situation left me no choice. So 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. There was no going back to the 'bridge of ice'.

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 were obviously not going to 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 very large and wealthy company. This has a lot of advantages 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 I was wrong. 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.

Soon after the divorce I became involved in a wrong relationship and left the Church. Though involved with a charismatic group for some time it was never really the same, and I soon became totally inactive. All of which hardly prepared me for what was to come, an event that led to the worst two years of my life.

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 hemorrhage of the tourist project and property settlement, the ongoing trauma of the Family Court, and a spiritual vacuum.

Chapter 9 - 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 some mileage in it. I thought it was a wonderful idea, except that someone would have to do the writing. Facing up to a blank sheet of paper was just too daunting. I not only suffered from my normal problems with laziness, but was fully occupied with running my Region at the time.

So I decided to get some help. A professional writer was found, who interviewed me for several hours and then edited and wrote it up into a draft. I was horrified. I came across as a pompous, self-opinionated gasbag. Which is probably the truth, but not quite how I wanted to appear. What is worse, he had left in all my vacuous philosophising but taken out the stories. Now, I am a person who loves stories. I tell stories to my children. I think in terms of stories. I learn best from stories. If someone is trying to explain an idea that has some trouble penetrating my thick skull, I ask them for an example.

The project stalled until I decided to give it to Sally Moss. Sally had helped me earlier when I was trying to turn my PhD thesis into a publishable book to be called 'The Hungry Ape'. My dream of running a research project had never died, though I certainly did not have the money to employ anyone at this stage. But I had spent a lot of time doing observational studies of guinea pigs, as well as reading journals in the library at Monash University. I now had a lot more material and wanted to write it up, for which project Sally proved a lot of help. The book got reasonable publicity but sold only about 1500 copies. Nor did it make the contacts or provide the kind of momentum and support which I needed.

Sally proved, again, to be the right person for the job. She interviewed me and wrote up a first draft. I rewrote and added about as much again. If anyone thinks this sounds easy, let them try getting up at 6 a.m. for a few months, especially in the middle of winter. That was the only time I could work without distraction. Still, in a remarkably short time it was done, and the first publisher we approached snapped it up within 24 hours.

Then came the fun part. I went on a publicity tour all over Australia and New Zealand. And while I was still not fond of flying, I loved sounding off in public. 'The Cutting Edge' and its successors sold a few thousand copies, 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 good quality franchise prospects. It helped create a company 'culture' and attract the right kind of people. Many new Franchisees told me that they were influenced to join because they liked the ethical standards and attitudes expressed in the book. And those who joined for this reason tend to be the best ones.

But the strength of my convictions was to be tested hard. As stated earlier, there is one kind of temptation that is peculiar to franchising. Most of a Franchisor's income, especially in the early days, comes from franchise sales. Now, putting up money to buy a business is in itself a form of self-selection. Candidates with poor business skills are less likely to have either the enterprise or the money. But a fair proportion of those who can raise the money are not suited either.

How to find out is a problem, and one for which there is no perfect solution. The question is whether to try. There is in the franchise industry a system for selecting Franchisees jokingly called the 'mirror test'. You hold a clean mirror in front of a candidate's face. If the mirror fogs, you sign them. This was put in another way by someone I spoke to who had sold franchises for another company (not lawn mowing). I asked him his employers' criteria for choosing people. He gave a wry grin and said. '\$50,000 and a pulse.' This is especially tempting if you are a new company, desperate to gain a presence by putting people out there. Needing the money very badly, and possibly with more clients than you can handle in some areas.

But it is a temptation I was fervently determined to avoid. Poor service to my clients upset and offended me. My vision for Jim's was a quality business, using quality Franchisees to give excellent service. Quite apart from my personal pride, anything less meant I would eventually start losing as many clients as I picked up, and the business would never grow. I wanted us to be not the biggest but the best in the world, to set the highest standards and constantly work on raising them. Well, of course, I wanted to be the biggest also!

So, right from the beginning, I chose carefully who I wanted to take on. 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 why. Jim's requires a high level of communication skills, since we expect our Franchisees to quote on new jobs from the beginning. We try to attract people who are articulate and ambitious, and who need a higher level of income. We only accept those who seem likely to measure up to our standards. In my opinion, this young man did not.

Poor Franchisees make it hard to sell franchises. They do not do well. They give prospects the impression that we either give poor support, or have low standards in terms of who we accept. This will turn off the best prospects, since such people do not want to join a second rate organisation. And in the end, poor operators will do badly and have to be replaced, having done a lot of damage in the meantime. The irony of this is that knocking back applicants actually speeds growth. We have found this to be the case within Jim's. Regions that are most selective, that refuse the most people, end up with the most Franchisees and the most profit. And they are a lot more pleasant to run. 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 all 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 working lives.

Gardening 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 phone the client and let them know. A good prospect knows this automatically, hardly needs to be reminded. 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. Anything 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. For example, someone who boasts of making a smart deal at another's expense.

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 established Franchisees, and will check out the opposition. The same applies to the first interview. We look for tough questions: a careful, critical attitude.

Right from the beginning I established one key requirement. Prospects must do a trial day with a successful Franchisee. Allowing people to trial the system is not in itself unusual. Most Franchisors do it. Where I differed was in giving my trainers the right to knock people back, a decision we very rarely reverse. This practice arose from my experience selling lawn mowing rounds, just before the franchise launch. I used to offer potential buyers a day on the road with one of my best subcontractors to get an idea of the business, though of course with no idea of rejecting them. One evening I had a conversation with a trainer, about two men he had taken out some months before. 'How did they go?' he asked. I noticed something in his tone of voice. 'Why do you ask?' It seemed these people had not impressed him, and he thought they would fail. And they both had, within six months. It struck me that an assessment on the road might pick up things an interview did not. Which is one reason I worked so hard to sign Andrew Mackintosh as my first trainer.

The system is designed to make it easy to fail. We do not pay trainers for passing anyone, and they can expect a grilling if the Franchisee fails a bad decision. 'What was the trainee like? Is there any way we could have known they would fail? How can we improve our selection in future?' In other words, we tell them, when in doubt say no. There is no second chance. We allow for lack of experience with equipment, but not for

a poor basic attitude towards quality or service. Franchisees may get worse in these areas, but they rarely improve.

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 didn't do it right first time; it was that he didn't 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 Franchisees. They have much less to gain from taking new people on, but quite as much to lose if we make a mistake. A bad operator in the neighbourhood can do a lot of damage to their business, which is one reason we ask local Franchisees to do the trialing. They are more likely to be tough.

Rejecting people on entry is also a lot easier than asking them to leave. Failed Franchisees may be people we have worked with, talked with for months and maybe even years. There is a terrible sense of failure in advising a Franchisee to sell out, especially if you know you shouldn't have signed them in the first place. Most of our Franchisees, I believe, have done fairly well. But to start a business and fail can be very damaging to family finances.

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. With time, we worked to make our selection system even tougher. During the financial crisis detailed in the last chapter, 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. It is also a primary focus of the training talk I give to our new Franchisors.

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. Woe betide any operation not up to his exacting standards! Close to home, I got to know someone who had held one of the top Bob Jane franchises 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. I hope I am the same, and if I pass one of my people working I will often stop and check their edges. But supervising 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 didn't show evidence of high quality work in their 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. Most people prefer to belong to a business with high standards.

We hammered customer service at meetings. In recent times, it is a mainstay of my talk at the induction training for new Franchisors and Franchisees, and an invariable part of any talk I give to Franchisees when travelling interstate or overseas. 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 their 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.

There was also, as discussed earlier, the system called 'Surplus/Shortfall'. Each Franchisee was compared to the average in their 'Conversion Rate', the rate at which they converted regular leads into regular clients. The better ones received a bonus on the resale of their business. The poorer ones had an equivalent sum taken out on resale, and could even be terminated if they did badly enough.

And yet, with all we could do, our service was nowhere near as good as it should be. Our average conversion rate at the time was around forty per cent, which was far too low. In other words, for every 100 regular mowing leads we provided, the average Franchisee ended up with forty regular customers. This was clearly not the best possible. The conversion rate was sixty percent in South Australia. And some of our Melbourne people were converting at 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'd notice an overgrown garden bed that needed tending or some rubbish that needed removal, and he'd 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 a regular mowing client who had a messy garden bed at the front, so he dug it over. 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. What Ian did not realise at the time was that 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 do-goodism, Ian was one of our top income earners at the time, despite being in his early fifties.

The most crucial aspect of picking up regulars is building rapport with customers. It is vital not only that our customers like and trust us, but that we have enough understanding of them to know what they really want. We recommend strongly that no one ever refuse a cup of coffee or a chance for a brief chat, however busy they might be. They should remember and even note down any personal details offered, such as names of children, forthcoming weddings, and so on. The needs of the garden will inevitably come up in conversations; and then, when the client is ready to have that pile of rubbish removed or branch lopped, we are likely to get the job. Almost as important is making friendly contact with neighbours and others in the street. A cheerful wave or

greeting has often yielded a valuable client at a later date, when the neighbour has a need.

Take a Franchisee called Steve. In one period of six months, Steve gave ten quotes for landscaping jobs averaging several thousand dollars each in value. These were not cheap prices, though neither were they exorbitant. He was making around \$300 per day, which is normal for a skilled landscaper. Most landscapers, however, would be lucky to get a fraction of their quotes. Steve lost only one, and that was because he had not been able to do it in the required time (just before 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 he 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 didn't. Price ceased to be the major issue. It was exactly the same technique that made it possible for me to sell mowing rounds: look first to the interest of your customer. Both Ian and Steve were committed Christians, which helped to give them a concern for others that was deep-rooted and real.

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 the top Franchisee in my Region had a poor, working class area, and the worst was from a suburb where I could not afford to buy a house. And both have neighbours with very different records. There is not even a correlation between affluence of suburb 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 we were getting far less income from them, but there had to be a huge effect on our reputation. If nine out of ten potential customers were not rebooking, what would they say to their neighbours and friends?

There were incentives built into the system, but they were clearly not working. The main one was what I have previously described: Shortfall/Surplus. Franchisees in Surplus would get a cash bonus when leaving, those in Shortfall a hefty deduction. In addition, someone with a large Shortfall could be terminated. Or in practice, asked to sell out or go independent.

Why did Shortfall/Surplus not work better? Partly it was a matter of under-reporting, something that became obvious when a Franchisee sold out and suddenly 'remembered' fifteen regular clients. In the meantime, of course, they had not been paying fees on them. I must emphasise, however, that most people were honest and the number of jobs involved quite small. Of course, we could have done audits, imposed penalties, etc., but this would add to costs and been no net benefit to the Franchisees. The main reason the incentive failed was that most Franchisees did not currently intend to sell. So a credit or debit on resale had no great impact. Given that we normally had

plenty of work, a Franchisee might prefer to skimp on quality and mow an extra lawn a day rather than worry about the distant future. Termination was a more serious threat, but one we were very reluctant to use. And it only applied to the very worst operators, and after major efforts to help them improve. So to most Franchisees it was no incentive at all. What we needed was a smaller but more certain incentive, not a large but unlikely one. It is the same principle that makes random breath tests for drivers so effective. Getting killed or crippled is a terrible sanction, but seen as unlikely. Losing a driving license is far less serious, but far more likely to happen. So people curb their drinking and the road toll drops.

This was why I developed a system called 'Expected Regulars', which was included in all new contracts. In effect, we billed Franchisees for the clients we expected them to have. Thus, if a Franchisee had received one hundred regular leads and the regional conversion rate was fifty per cent, we charged them for fifty clients. Regardless of whether they had thirty, or fifty, or one hundred and fifty.

Expected Regulars was impossible to cheat. In effect we charged on leads given, not on the work done. And there were huge incentives to look after clients, since the Franchisee was charged for the lead - regardless of outcome. Losing a client became a major problem for them, since a replacement client meant a permanent rise in fees. It was far cheaper to do excellent work and pick up more regular clients from existing leads.

Unlike many of my bright ideas, this worked. As Franchisees came on under the new contract, they were converting regular leads far better than the existing ones. So the conversion rate started to rise. And rise. And rise. Which eventually started to cause a great deal of discontent.

The trouble was the existing Franchisees, who were sliding backwards. Take someone who had received two hundred regular leads and currently serviced one hundred regulars. If the conversion rate was forty-two per cent, they would have a Surplus of sixteen (since they would be 'expected' to have forty-two per cent of two hundred, or eighty-four). But if the conversion rate rose to fifty per cent because of all the high performing new Franchisees, their Surplus disappeared. If it went to fifty five per cent, they had an even harder job. In this time they may have done sterling work, lost no clients and picked up five new regulars. But they still went from Surplus 16 to a Shortfall of five. Another way of looking at this is that Shortfall compared each Franchisee with the average. If one operator, throughout their career, had converted regular leads to regulars at the average rate, they had no Shortfall. If a whole lot of new Franchisees enter the system with a better conversion rate, because of the new incentive, our operator became - in retrospect - below average.

This did not affect their fees, since they were on the old system. But it did drastically affect resale value, and nobody likes to be 'below average'. I began to get more and more flak at meetings and over the phone. I was not prepared to abandon the change, because after all the problem was caused by looking after clients better! But I did sympathise, and proposed to the group that we cap the conversion rate at sixty per cent, in return for everyone going onto the new system. I figured sixty per cent was about as high as it would go anyway. Obviously, many Franchisees thought so also, since this was rejected.

But the rise did not stop at sixty per cent. It rose to seventy per cent, then eighty per cent, then ninety per cent. In other words, where one hundred regular leads in the past would gain us forty new regulars, now we were getting more than twice as many. This was an understatement, since the new Franchisees were converting at more than one hundred per cent. It was only the earlier Franchisees, with their huge 'bank' of underutilised leads from the past, who were pulling the average down. In effect, the

average Franchisee was converting regular leads to regulars almost as well as Steve or Ian Lusted.

I began to present the system to prospective Franchisees as part of my pitch for excellence of service. It would go something like this. 'Consider a householder with a party on this afternoon, whose mower has broken down. They ring for an emergency cut. Clearly they are a casual client, not a potential regular. You come out and quote \$25. You mow your lawn neatly and blow the grass off the paths. Obviously, you don't trim back the nature strip where it has grown ten centimetres over the path. This would take half an hour to do with a spade, and make the job totally uneconomic. So you straighten it a bit with the brushcutter, and at the end your lawns look as good as they ever have. They say "Thank you very much". You ask if they would be interested in a regular service, and they say no. After all, they have a mower of their own. But they are happy enough. Their lawn is neat for the party, and they got what they expected.'

'Let's try this again. You arrive to mow the same lawn and see the overgrown edges. You think 'opportunity'. You get the spade out and chop all the overgrown grass back to the concrete kerb. After finishing, you blow the paths clean not only of grass but of leaves. You take the brushcutter and get all the weeds from the cracks. All this might take an extra three-quarters of an hour. When you've finished you knock on the door and say, "Come and have a look and make sure you're happy. I know it's important to have it looking great for the party. What do you think?"'

'The client has never seen the place look so good. In fact, they didn't know it could look so good. They don't necessarily know what you have done, but they do see the results. Then you say, "By the way, I hope you don't mind-I've dug over the garden bed next to the letter box. No charge. I just like to see things neat, and you've got some magnificent azaleas". Or you might make some comment about the dog, or one of the children. The point is, this has to be genuine. You have to really care about your garden, or be fond of dogs, because people by and large aren't stupid. But can you see what you've done? The client sees you as a decent, caring person who has done more than expected. They probably won't become a regular client. After all, they do own a mower. But in perhaps one in three cases they will, maybe not today but when their mower breaks down again.'

Now let me give a real life example. Some years ago I had a Franchisee called Ron Goldsmith. A tubby little fellow, not much hair and shaped roughly like a beach ball, even after mowing lawns for some months. But he had a wonderful personality and a scrupulous eye for quality. Once he was sent to quote on a final clean up where a tenant was moving out. Clearly, this was not going to be a regular. The property was a bit messy, with all the edges overgrown. Ron quoted \$60, but the client said this was too dear. Ron explained that it would take quite a lot of work to get the edges looking right and so on. The client said he didn't care about that sort of detail; he just wanted it looking OK. But Ron said, 'I won't do second rate work'. And he left. Later, the client rang and asked him back. He would accept the quote after all. Ron did his usual excellent job and was paid.

A few weeks afterwards, the same client rang and said, 'I've moved now. Would you come and have a look at my new place?' This led to landscaping as well as a regular mow. And the incoming tenant to the old place also rang Ron for a regular service! Ron picked up two regular mowing clients from this once-off lead, because he refused to compromise on quality.

I started to run through these examples when talking to prospective Franchisees. Then I asked them how long they expected to be with us. I presumed, to be conservative, that they would already have enough work (as most Franchisees do) and would have to pass on a client to cope with a new one. I showed them that if they spend an extra three

quarters of an hour per job, and so turn one in three into a regular, they would gain a lot. For a start, surplus clients could be sold. But even more, picking up a new regular gave them a Surplus 'point', which both reduced their fees and gave them a cash bonus when selling. Adding it all, the extra time they spent netted them \$180 per hour! So what would they rather earn, \$25 per hour for doing a good job, or \$180 for a superb one? Of course, if they were short of work and did not need to sell a client, the benefit was even greater.

Obviously a person who did not convert well would end up paying very high fees, so they tended to sell out. Which was not a bad outcome for all concerned. Good operators, on the other hand, paid reduced fees. The very best avoided them altogether. Two Franchisees in my Region actually came to get a monthly credit from the office. In other words, we paid them franchise fees.

None of which did much to quiet the uproar. All my earlier Franchisees could see was their Shortfall rising month by month, despite anything they could do. One of the loudest voices was Santo Zappia, a highly successful Franchisee. In many ways Santo was one of the best. He was a gregarious character who knew everybody, and was brilliant at picking up extra work. In earlier days I had spent evenings on the phone listening to him talk, while busily scribbling notes. When the new manual came out, he turned to the section on picking up extras and said, 'Hey, that's me!' Without being aware of it, he had authored about three pages. One of Santo's lines was: 'When you mow lawns, never wear a watch.' I often tell people this and ask them to guess why. They rarely do. The answer? When somebody walks past, you say, 'Excuse me, have you got the time?' And there you are, talking to a potential client! A similar principle is always to greet neighbours while working on a client's lawn.

Yet, for all his obvious qualities and his excellent income, Santo had a bad Shortfall. We wanted to make him a trainer, but not with that hanging over his head. However much money he made, he was not a good model overall. I asked him what the problem was, and he said: 'I'd rather spend my time clearing gutters and trimming trees. They pay better than mowing lawns.' Picking up new regulars took time, and he had better things to do. Under the old system, this didn't matter too much. But as the conversion rate rose with the new incentives, so did his Shortfall. And he wasn't happy. We stood to lose Santo and many like him if we did nothing.

I was not about to abandon Expected Regulars, as many people demanded. The whole point of Jim's Mowing is to deliver excellent service to customers, and I would not and could not compromise on this. We were giving vastly better service under the new system. But Franchisees are also customers, and I had to listen to them. The upshot was a huge meeting at a local hall, which virtually every Franchisee attended. Santo took the chair and asked me to leave while they had a discussion. My presence might stop people giving their true views! So I spent an hour or so wandering around the car park. Eventually we came to agreement whereby the conversion rate was capped at one hundred per cent, I gave some relief on Shortfall - and everyone in my Region went on Expected Regulars.

This was by no means the end of it. Our key problem was that fees were charged, effectively, on leads received. This meant that every regular lead, whether accepted or not, was charged for every month thereafter. While once only leads, no matter how often they turned into regulars, cost nothing. Many Franchisees resented paying for jobs they had not received, while considering their 'pickups' to be a result of excellent service and thus quite properly free! We began to get a heap of requests to cancel leads, which I resisted strongly. After all, the whole point of the system was to encourage prompt follow up and excellent customer service. And to get Franchisees to stop taking clients

when they were too busy to look after them properly. If we simply cancelled leads that did not result in work, this incentive would be gone.

The system put huge pressure on people to perform, which is never comfortable. I was very open about this when talking to prospective Franchisees. I told them they would be required to give excellent service, and that below average levels would attract financial penalties. On the other hand, looking after clients well would bring considerable reward. If people were scared of that, they were not the kind we wanted anyway.

From a customer service point of view, it was a major success. Where once a hundred regular leads brought forty regular clients, in my Region they now brought 120. In effect, three times as many clients were happy enough to want to continue with us. Meanwhile, other Regions not using the new incentives did only half as well. And the new system was impossible to cheat and needed less staff time to run. It also kept Franchisees' paperwork to a minimum. Despite this, many Franchisees asked us to change to a flat rate fee, like VIP. Down the track, the same request even came from Franchisors, including some of the best and most successful ones. Phil Maunder told us our fee system was losing potential Franchisees to VIP. Peter Ferry was especially adamant, to the extent that I allowed him to trial fixed rate fees as an experiment.

In general, though, I insisted that all Regions use lead based fees. My own experience had shown that charging for leads gave better customer service. But I was very much aware of the discontent, and spent a lot of time thinking of how to reduce it in a way that would not clash with our obligation to customers.

One common complaint was that many Franchisees found the original system hard to understand, in that we first calculated the fees and then adjusted them up or down. So later we based fees on how many regulars we expect them to have, based on the leads provided. It came to about the same amount, but was a lot simpler to understand. There were questions about the way we defined a 'regular' lead, so we asked the Melbourne Franchisees' representative committee what question we should ask clients to determine regularity, and then used that over the phone.

We began to experiment with fee systems that combined a flat rate fee with a smaller lead fee. This seemed to work just as well from a customer service point of view, without causing the same degree of upset. As the non mowing divisions came on (of which more later), we had to adjust to businesses that had no regular customers as such. So we began charging a flat rate with a once only lead fee. In other words, Franchisees paid one fee for a customer lead, no matter how much work came out of it. Later, I was able to do a more direct test of these different systems in the cleaning division. For historical reasons, we had one group of Franchisees who were on a flat rate. Others were charged by Expected Regulars. And a third paid a flat rate plus once only lead fee. I organised a survey of 150 clients, with 50 each from the Franchisees in each group.

What I expected to find was that Expected Regulars would give the best customer service (since Franchisees had more to gain and more to lose), that once only leads would do next best, with the flat rate worst - but not by a huge margin. After all, these were Franchisees who had been selected and trained on our principles of customer service. What we actually found was that the type of lead fee made no real difference. Out of 100 given to Franchisees who paid lead fees, only three failed to get a call and 75% had work done.

On the other hand, and that was the startling point, a quarter of those clients entrusted to Franchisees on flat fees had received no contact and less than half had work done. In other words, Franchisees on flat fees were eight times more likely not to call a client, and achieved a staggering 33% less work from the same number of client leads! To put this another way, flat rate fees produced at most two thirds of the income of lead based

fees, and likely much less in the long run as disappointed clients warned their friends and neighbours not to call us.

I expect this was an exaggerated result. Cleaning was rather loosely run in those days (unlike now!) and we had poorer systems to deal with complaints. A well run Region such as Peter Ferry's would undoubtedly have shown much less difference. But that any group of Franchisees could show this kind of difference in behaviour was a major boost for lead based fees. Incidentally, analysis of the figures showed that most of the poor service came from a small minority, while most Franchisees even on flat rate leads gave good service. This was a pattern we have found pretty much universal. Another problem was that cleaning at that time had a large surplus of work, which is not uncommon for us. Some Franchisees on flat fees did not need work but could not be bothered phoning the office to stem the flow. Those on lead fees found it worth their while!

I might also add that all clients receiving the service said they were satisfied, which is what we normally find in our surveys. The great majority of our problems relate to time, especially getting back to the client in the first place. Which is why the lead fee incentive is so important.

The other finding was even more significant, in the long run. If once only lead fees achieved the same customer service benefits, here was an excellent way of resolving our problems with Expected Regulars. We already knew that once only leads raised far fewer objections from Franchisees. It is much less of an issue to pay \$6 for a lead you don't get, than \$4.50 per month to the end of time! This system was from then on applied to all non mowing divisions, and gradually taken up by mowing Regions. Usually after Franchisee referendums, since we don't have the power to change franchise fees without majority consent. Both Peter Ferry and Phil Maunder found the new system to meet their needs, and quickly adopted it.

It hasn't solved all problems. Some Franchisees still complain about being charged for leads they don't get, but this is helpful because their usual problem is that they aren't converting enough of them. If a lead costs ten dollars and eighty percent are converted to jobs, the cost 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's a matter of faster response, better presentation, more careful attention to the customer's needs.

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 for my 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 give them work. If we can be fifty percent more effective at turning leads into customers, we can provide fifty percent more customers for the same advertising expense. To achieve this by advertising alone would require us to maybe quadruple our advertising budget, since we already make full use of the most cost effective methods (trailers, local papers, Yellow Pages). Which would mean roughly doubling our Franchise fees!

And this understates the issue. Because looking after customers makes it more likely that others will phone us, so we get more calls in the first place. Some studies we did in later years suggested that brand reputation and office systems make us three or four times as 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 its field.

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. Over the years I spent a huge part 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.

By any standards, our customer service had come a long way since my subcontract days. The biggest advance was replacing subcontractors with carefully screened business owners. Then came systems to allocate work only to Franchisees who needed it and could offer the service, and the evolution of lead based fees. But I was far from satisfied.

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. I decided to see how bad the overall situation was by getting a printout of complaint numbers. A complaint is treated differently to a normal message in our system, so this was easy to do. The overall complaint numbers were not too bad, but I noticed something else. I was taking perhaps 3% of calls in the office, but was logging around 10% of the complaints. Unless some gremlin fate 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 complaints 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 quite as bad as I had feared.

I was very 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, including a personal phone call after every complaint, even when it was a matter of being five minutes overdue. 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 well below target. I'm looking forward to the time when we can make this standard even tougher.

More recently we have taken other and stronger measures to deal with the small minority of Franchisees who are responsible for most of our complaints. Those who exceed a certain level are cut off from work for a time, interviewed or retrained, and sent a warning letter - often from myself. Three such letters and they are permanently barred from any work outside territory. We've never yet sent a third letter. So far, poor operators either lift their game or put their business on the market.

These measures may seem drastic, but it's surprising how little opposition they provoke. Most Franchisees do give excellent service, and they resent having neighbours who have shabby trailers, are late, or in other ways let clients down. We get a lot more objections to leniency than excessive rigor. I did get one call from a Franchisee in Queensland, who didn't like a complaint being recorded when the tougher reporting system was brought in. I explained that recording all complaints was the only way of telling good operators from bad. A Franchisee who receives two or less complaints a year must be giving reasonable service. When complaints happen, we readily accept their explanation, or agree that it was a mistake that isn't likely to happen again. But given (say) a complaint or more per month - they must be doing something wrong! As I explained to this particular Franchisee, proper recording of complaints didn't put him in the wrong. Ironically, it showed that he was a good operator with an excellent track record. He seemed satisfied with this! In fact, I often respond to serious sounding complaints by checking the Franchisee's history. If it's good, I can reassure the client and have no great concerns that the problem will be fixed. Otherwise, I might take other steps to make sure they are looked after.

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 came to us saying he couldn't understand why he wasn't picking up regular clients. We rang clients and found out why. He wasn't reliable. Usually when a Franchisee has problems like this it's because clients aren't treated as well as they should be.

I am known for getting upset about poor service to customers, especially when the client complains. One interstate client had a problem with a job and felt hard done by. The Franchisee didn't agree. The regional Franchisor didn't either. So the client rang the national office and the person who answered the phone didn't deal with the complaint to his satisfaction. So he rang back, and asked to speak to me. I was totally shocked that he had been pushed to the point where he needed to ring the national office to get a resolution. And even more so that he had not been given instant satisfaction. I asked him for his address, wrote out a refund cheque on the spot and posted it to him. Then I hauled the staff member, and the Franchisor, over the coals: 'It doesn't matter whose fault it is-we're not running a court or an inquisition. All that matters is that we've got a client who is unhappy. You should never let a problem like this get to such a stage.' What made it worse was that the amount involved was only \$60. Any of my staff have authority to fix a client problem to the value of \$100, without even needing to refer to management.

As I saw it, the complaint must have been genuine, otherwise there's no way the customer would make all this fuss over \$60. He might even have been in the wrong, but that wasn't the point. He believed he was in the right. Unhappy customers are bad news, bad for business, bad for our reputation, bad for the bottom line. That is all that counts, period.

A business like ours needs to be obsessed with service.

Chapter 10 - Growing pains

All this effort paid off, and in the most obvious way. We were continuing to sign Franchisees. 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 had to tell him that my experience could not be more different. My staff were dedicated, honest, and hardworking. And it's not as though they had massive salaries or worked in plush surroundings. 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.

I could not even claim credit for choosing them. 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 it was that I was very involved with the day to day running of the business, and totally passionate about such things as customer service and looking after Franchisees. So 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. Of course, I was very happy for them to put in suggestions, since they knew how to do their job better than I did. Including suggestions that I was wrong, which is the hardest thing to teach employees to be honest about. In effect, what I offered them 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'm anything like a perfect boss. I can be very demanding, emotional, always changing things, tactless and insensitive at times. But despite this, our office environment does 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 don't think of my staff as inferiors and try very hard not to treat them as such. And in fact, I don't employ anyone who is not better than me. My admin staff, for example, are better at answering phones, more patient and more friendly. They also tend to be a lot more systematic and better organised, especially in accounts.

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 Regional 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 resold for \$90,000, and just recently the northern third sold for considerably more than this!

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. Quite naturally, they started to complain. They were paying about ten percent of their income in fees, which is not a lot by franchise standards. But then, I wasn't 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 income guarantees.

Another problem was that the regions 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 did away with the clause that allowed Franchisees to go independent at will, and we limited income guarantee payments by asking Franchisees to do free cuts in return. Most of these changes were not being taken up by other Regions. Many did not even know about them, and the ones they knew about they often chose not to adopt - with serious consequences down the track. Some of the Regions 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 didn't 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 first marriage broke down at the end of 1991, and I was faced with bills that would amount to 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. To this day, we have never had a complaint from a Western Australian Franchisee, which is a remarkable record. Peter Ferry became what I call the 'loyal opposition'. He 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 is alright with Peter, it is likely fine 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 I may as well call 'John Smith'. This guy looked and sounded like a manager. He even wore a business suit, which made me uncomfortable but was hardly a fatal flaw. After all, at Jim's Mowing we pride ourselves on a tolerant dress code. More important, he had business experience and a lot of energy and drive. He argued that I should be the national franchise manager, which was a bit of a soft soap, because what he really did was take over. 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, John 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 Smith', which shocked me. Using surnames with us is about as appropriate as wearing bathers and thongs to the opening of parliament. 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 did a phone round of the Franchisors to get their views - they had nothing good to say. So I fired him.

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 is 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 really been a difficulty. 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 made further TV ads, but none of them worked as well as the first one. We avoided the multitude of special

schemes such as planning calendars. Phone calls to tradesmen who were in them showed little success. Eventually, I had to start knocking back potential Franchisees in some areas on the grounds of not having enough work. Partly as a result, the price of a Melbourne franchise went up to \$10,000, then \$12,000, then \$16,000.

One of our problems was that it was hard to see which advertising worked best. For example, all of our studies showed that the great majority of calls came from the Yellow pages and the local paper. Trailers accounted for no more than five per cent. Yet, as I have said before, this was a massive understatement. The real importance of trailer signs only became clear by accident in the early days when I found one of my Franchisees not using them. So I did an analysis of calls coming into his area, which was the northern part of the suburb of Glen Waverley. This was about fifty per cent bigger than the southern section of Glen Waverley, and normally brought in fifty per cent more calls. Yet in the period when this Franchisee had no signs, and the Franchisee in the south did, twice as many calls came from the south. In other words, trailer signs seemed to treble the effectiveness of our advertising. When I showed these figures to my northern Franchisee, he fixed his signs in a big hurry. And the proportion of calls in the northern area rose to its normal level.

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.

We got hold of a CD ROM of the phone directory so we could phone householders street by street, then hired some people to make the calls. This gave us a lot of leads, so we felt encouraged to do more. But the quality of leads was low. In the end only a fraction became regular mowing clients, and the Franchisees who received them were not happy. The only exceptions were Kevin Clarke and Malcolm Wallwork, who had a franchise in the affluent Toorak area. They showed an uncommon ability to turn telemarketing leads into good, regular clients, and quickly built a very large business. Generally this was not the case, though. And a number of people objected to being called. 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 came up with a proposal for knocking on doors to find clients. This didn't seem a very 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, and we started some Franchisees with very compact runs. Also, we had no trace of bad reaction from the public. 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 us 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 it automatically.

Peter Poke 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 couldn't afford another John Smith.

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 very dedicated to staff well being, 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. And unlike me, an amiable sort of bloke who was unlikely to get into arguments with Franchisees. He seemed perfect. I started him out working with the guys in the field, which proved very popular but didn't 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 wasn't working. We were running short of money, we needed to be more productive, we needed to be giving 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. This 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 fairly well 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 did all the work myself. Then I organised the people who did the work. 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. I found business to be a vast, complex, endlessly intriguing game, with the added bonus of creating something of lasting value!

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 didn't think that would work.' I was not impressed. 'Then why didn't you say so?' I said. 'Your job is to tell me I'm making a mistake, as strongly and as loudly as need be. I might not agree, but at least you've done your part.'

This was a lesson I never let anyone forget. At Jim's, it is everybody's job to argue with the boss.

While all this was happening, we continued to open up new mowing Regions. One failure that had always bugged me was the Sunshine Coast in Queensland, where the Franchisee had been asked to go independent. So we tried again with a Victorian, but this time to run the Region. I was beginning to think there was something in the Melbourne air that grew excellent Franchisors.

Not in this case. One thing I did not realise, when appointing him, was that Ian was having problems with his marriage. He went to Queensland alone, and the demoralised victim of a marriage breakdown is not the person to drive a new business. After a few months, he asked to come back to Victoria. Fortunately, we had a replacement. Bruce and Denise Morcombe were running one of the best Melbourne franchises. Bruce was also one of our top trainers. We managed to arrange a 'swap' of the Sunshine Coast Region for the Morcombes' franchise, which gives some idea just how poorly Ian was doing.

Bruce and Denise proved to be superb Franchisors. Bruce went out on the road and built a customer base, so that when his Franchisees started they had plenty of clients and never needed to claim work guarantee. Denise answered the phones and managed a highly efficient office. From being a failure, the Sunshine Coast became our single best Region, with a customer penetration more than three times the national average. Which again proves the point that it is the quality of the people, not the area, which brings success in our business.

Both Brisbane and the Gold Coast also changed hands about this time. Ron Sadowski was certainly no newcomer to Jim's. Despite the name, he was a cheeky, irreverent Scotsman with a broad sense of humour. He and his partner Calvin Leiper owned a business called Kew Mowers, which provided much of our mowing equipment in the early days. They had been sort of 'Jim's Groupies', using any excuse to fly all over the country and attend national conferences. Almost as much part of Jim's as we were. They were men with a great love of life and ferocious energy, working and socialising until all hours of the day and night. They often regretted that they had got into the wrong end of the mowing business, so to speak, and wished there was some way they could join us.

In the end, Ron sold his share of Kew Mowers to Calvin and took over Brisbane. He was popular with the Franchisees and an excellent salesman. Calvin was less fortunate. Kew Mowers never became the business he wanted, and he always regretted not being able to join us. He ran into a lot of personal troubles and committed suicide some years later. This was a terrible shock to all of us, and obviously to a lot of other people. The church was packed for the funeral, with nearly a thousand people crammed inside and more spilling out the doors. It was sad that a guy so well thought of in life should have felt the need to end it.

The Gold Coast was bought by Steve and Kay Melton, for what seemed to most of us a ridiculously high price. It turned out to be a good investment, however, and their lifestyle was excellent. After a slow start, the Gold Coast ran very well. They bought a house on one of the artificial lagoons that wind through the area, using it to run the office from home - as is usual for our smaller Regions.

They faced a major challenge in the early days, however. At Jim's Mowing, we are used to competition. Every man and his dog can get out a mower and start work for almost no cost. New ventures, including attempts to franchise the mowing business, start up all the time. But most of these people fail by offering too little to their Franchisees. Their systems are inferior.

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 could we fight off the challenge, though Graham's remains a strong force in the market place.

By 1993 Jim's Mowing was in every State apart from the ACT, and we were starting to cast our eyes overseas. Phil Maunder approached me with the idea of a partnership for New Zealand. We would run it jointly, selling the Auckland Region to one of his top Franchisees. The price was low, only \$20,000 deposit, but my only concern was to get things moving.

Unfortunately, our choice of pioneer was once again poor. Phil's man went over and sold four franchises reasonably quickly. 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 himself some equipment and go out on the road, as Bruce Morcombe was doing in Queensland. 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. He did not want to extend himself any more 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 mowing lawns or otherwise doing the work. Only when pressure of business makes this impossible, usually around twenty to twenty-five Franchisees, do we recommend they start reducing their work in the field. None of which helped our situation in Auckland. Here was I, with four Franchisees whom I couldn't 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 wasn't even charging them fees. Plus I bought the Region back and paid out Phil Maunder, to give me a free hand to deal with the situation. A very expensive and depressing start to our first venture overseas, and something I needed like a hole in the head. But a good lesson to me about giving things away without asking the recipient to achieve anything in particular.

For eighteen months, we ran New Zealand over the phone, with one of the Franchisees allocating work from his mobile. John Smith, who was then national franchise manager, sent across someone he knew to run things. In those days I didn't have a clue how to select or run a manager, so I left things up to him. A total disaster. Our manager was not a mowing man. He knew little and did less. 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. We spent a great deal of time trying to recruit Rick Ashlin, an outstanding Franchisee from the eastern suburbs of Melbourne. Eventually Kevin Clarke and Malcolm Wallwork put their hands up. No doubts about these two, who were high quality trainers. They were the ones who had managed to turn telemarketing leads into a profitable business, when no one else could make a go of them. I offered them Auckland on no deposit, and they

were to pay me 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, Mike Hosking, ended up by taking on Franchisor rights himself. A pretty good outcome, considering our experience elsewhere when Franchisees start without a strong Regional office in place. 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 even come up to us in service stations to book jobs.

Finding Franchisees was a lot harder. We were charging \$12,000 for a franchise, which was less than we were then asking in Melbourne but far more than our original asking price. At first, we didn't 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 terms in an effort to kick start sales. They could do with less money, since there was so much work they didn't 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. Was it possible that lower priced franchises would sell a lot faster, enough to overcome the loss of immediate income? It would have been difficult to check in established areas, without undercutting the value of existing franchises. One of our first principles at Jim's is that we try not to hurt the interests of existing Franchisees. But one day, if possible, I would like to give the idea of lower cost franchises a try.

By this time, early 1995, we were spreading into the last corners of Australia, including areas I would never have thought of as possibilities. Regions were set up in the far north of Queensland, at Townsville and Cairns. There was plenty of work most of the year, but a lot more problems finding Franchisees. Many of those who signed came up from the south, attracted by the idea of the subtropical lifestyle. But some found the heat and humidity a bit much and quit after a year or so. Later, Phil Maunder took the rights to the Northern Territory, answering calls from the Adelaide office and commuting up and back regularly by plane. This went surprisingly well.

By mid 1995 our only major hole was in the ACT. VIP had been established there for some time, without much success. Of all major Australian cities, Canberra has the most extreme climate. The growing season is excellent, and prices charged there much higher than in coastal cities. But winters are bitterly cold with a great deal of frost. Grass simply does not grow there for several months of the year. This was a major challenge to us, since our system requires keeping people busy year round. It would also test whether we might succeed one day in the more extreme climates of Europe and North America.

Fortunately, we had the perfect candidate close to hand. Peter Poke had done an excellent job running the canvassing team, but was now looking for new worlds to conquer. Unlike most of our Franchisors he did not have a mowing background, but he certainly knew how to find work. Since he seemed so ideal, and was far from financial at the time, I offered him another no-deposit deal. So in very short order, he arranged his affairs and moved his family to Canberra. My only regrets about the move were personal, as Peter and his wife Susan had become good friends.

They did well. Peter kept his Franchisees busy during the winter with rubbish removal, pruning, and so forth. Not only did he canvass work himself, he took Franchisees out on the road with him and showed them how to do it. The ACT became one of our fastest growing regions, with an exceptionally good bunch of Franchisees and the highest average earnings in the country.

Chapter 11 - Sitting on a Purple Ball

All this expansion, and the growth of my own region, brought us a problem. We were running out of space. For as long as possible, I had run my business from home. I don't much like driving at the best of time, and I absolutely hate commuting. Also, my children were young, and working from home allowed me to spend much more time with them. And to spend 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 couldn't do for lack of space. Also, by this time I was divorced and my children were no longer with me. So I bit the bullet and took an upstairs office in a small row of shops, about eight hundred square feet.

Things went OK for a while, but the business kept on growing. We began spreading through the row of shops like a virulent green fungus. First opening a hole through the wall on one side, then on 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 breathing 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 staff 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. So 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. 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 they were no great problem. Also it was cheap.

I had very strong ideas about how the business should be run, and the layout of the office was crucial. I wanted to be where I could see and hear as much as possible, and where people could easily find me. Once, a major problem with a manager only came to light because someone made a comment while passing by my desk. So I wanted my desk where people would commonly pass it by - right in the middle of things.

Working in a traffic area could be distracting, so I tried to do focused work in the early morning or the evening. During the day, my main job was to be available. I also spent a lot of time just wandering around the office, or picking up the phone at random.

Especially the Franchisees' line, which was separate in those days.

Being accessible to Franchisees was becoming even more of a problem as the business grew. In the beginning, of course, I knew everybody. But with time there grew up a kind of mystique about being 'Jim' that made people reluctant to approach me. 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, but he had never spoken to me. I asked him why, 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 did concern me that my own Franchisee, with my face plastered all over his trailer, did not feel able to pick up the phone to me. As time went on, we were to spend a great deal of effort trying to overcome this problem.

The problem of distance was somewhat less in my own Victorian region, because of my habit of picking up the phone. But it also meant, since I owned the Region, that my people didn't have anyone to appeal to. I was concerned that as the business grew and became less personal, the Franchisees would lose the influence they had in the early days. I did not want the cancer of inequality creeping in.

So we set up a Franchisee Representative Committee. Our meetings had come to alternate between large training meetings one month and smaller localised discussion groups the other month. These local meetings were now asked to come up with suggestions or complaints, and delegate someone to take it to the Reps Committee. Trainers were also welcome to attend, though a lot of them were delegates anyway. This worked remarkably well. Reps tended to be the better and more experienced Franchisees, so they rarely made silly suggestions like halving fees. But they could be relied on to tell us, without pulling punches, if we needed to mend our ways. Some of these meetings ended up with blood on the carpet, so to speak, and not usually theirs! This committee was given quite a lot of power. It had the final say on disputes over income guarantee or termination. This meant that if a Franchisee felt badly done by, their own peers could overturn our decision. In practice they never did, though the existence of this 'court of appeal' may have made us lean towards the Franchisee in borderline cases. If we didn't think the Reps would support us, we didn't do it. In fact, the Reps had more problems with us being too lenient. Their most common criticism, after seeing the complaints, was that we left termination too late. Franchisees, especially the better ones, do not like poor operators in the system.

Matters of policy were more contentious. There were a lot of complaints, at one time, over how we defined whether a mowing lead is regular. This was an important issue, since it determined what leads we charge fees on. Since the committee did not like our way, we asked them for an alternative. They came up with a form of question, which we immediately accepted and asked the staff to use in future. I could give many other examples. Ultimately, of course, I decided. But it is a very stupid Franchisor who ignores the opinion of the Franchisees who are his main customers.

Our trainers and representatives were starting to play a more and more important role in the system. In July 1995 we decided to recognise this by inviting our top Franchisees on an all-expenses-paid weekend. This was partly a reward for their efforts, and partly encouragement for them to build their businesses or take on Regional franchises. It was also an attempt to pick their brains on how we could do better.

It was a roaring success. They came up with a host of ideas, including a notion for advertising rubbish removal in the Yellow Pages, which was to bring us a heap of extra work. One of those attending, Robin Watson, was so motivated that he took on a Region of his own in Western Victoria. And we had a great time shooting each other with laser guns in Zone 3 and racing the go-karts, where my prime moment was sending Ron Goldsmith spinning into the tyres. The only sour point, from my point of view, is that I only came second in the derby. I had arranged a lift back with the winner, Rick Ashlin, so we drove the whole way with the trophy tucked smugly between us! The weekend was so successful we decided to make it an annual event.

Making myself accessible was part of the answer. But I wanted my new managers to share the same ethos and working conditions. Office layout needed to reflect an open, relatively equal atmosphere. There were to be no private offices, not that anyone was

asking. The only time a manager insisted on an office, he got so out of touch he lost his job very quickly. It was then used as a store-room until we got round to pulling it down. Furnishings were in our normal austere tradition. My own chair 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, good for rocking back and forth on, and supposed to be better for the back. But not most people's idea of executive furniture! In my business, no-one can tell who the managers are from looking at where they sit. Or what they sit on.

With the new office we had, for the first time, our own kitchen. Which caused its own problems, since dirty cups and plates tended to pile up until one or two of the female staff got round to washing them. I wasn't too pleased with this. Washing up in an office is a personal service, not a job description. So we set up a roster. One of my managers protested. 'My time's too valuable. Let the girls do it.' I said, 'Listen, I'm doing it.' End of argument. Mind you, I'm not entirely sure it was an accident I got rostered on to cleaning up after the staff party on Christmas Eve!

I was even more down on personal services within the office. One time, a new manager asked a female staff member to make him a cup of coffee. She just ignored him, and he soon learned better. Of course, someone going for a cup may ask if a co-worker wants one too, but that has nothing to do with who gets paid more or who is a female. Asking someone to make you a cup of coffee is like expecting a junior to step aside when you walk through a doorway. Totally unacceptable. Of course, this kind of thing tends to creep in as the business grows, and you have to guard against it. I once found a new manager passing a handwritten letter to a female staff member for typing. I told him to do it himself and booked him in for a touch typing course.

This ethos can at times confuse visitors. One guy came into the office to talk about a franchise. I was standing around so I offered him a cup of coffee. While he was drinking it we began chatting about this and that, and he said 'What do you do here?' Assuming he knew who I was, I said, facetiously, 'Oh, I'm just a sort of figurehead.' After a while he said, 'Hang on, you're not the Jim are you?' The scruffy looking figure in Jim's greens did not fit his picture of the owner of the company.

And my car probably wouldn't have fitted the image either. Once I mentioned the idea of getting a larger vehicle, for my children. It was suggested, only partly in jest, that we mount the old one on a pedestal-as a statement of our principles. We have an ongoing joke that if you work hard, keep your head down and are successful, one day you too will be able to drive a battered 1982 Volvo!

Maybe it is a bugbear of mine, but I believe corporate trimmings do far more harm than good. I recently got to know a young man with enormous drive and energy, good people skills, and an excellent idea. He had launched the business and gained considerable 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. Maybe even sitting on a purple ball.

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.

At this time, a radio station approached us about advertising. I mentioned we needed more Franchisees, and they offered to run a campaign to find some for us. I shook my head. 'It won't work.'

'We're confident it will.'

'I don't think so. Anyway, your station demographics are all wrong. We need an older listening audience.' They continued to press the point.

Finally I said, 'OK, if you're so convinced, why not put your money where your mouth is? You run the campaign, and we'll pay you for the leads we get.' Of course, this was not on. We had to pay for airtime, not results. After some more discussion, I became quite angry. 'Look, you're the people who think it'll work. If you won't risk your money, why should we risk ours?' They went away. Eventually they came back and agreed. We would not have to pay a cent until we had generated at least one hundred and fifty leads.

We began a three-week campaign, but I had to call a halt after three days. The lines were jammed with people who couldn't believe you could buy a business for \$20,000. By the end of the week we had reached our target, and I paid up for the whole campaign. So the station got their full fees for only one third the airtime. All of which goes to show the unerring strengths of my marketing instinct. I wouldn't have thought we would get fifteen calls from a radio campaign, much less one hundred and fifty. Unfortunately, the benefit from this campaign was largely lost by the mistake, described earlier, of employing a salesman. No other approach was ever to generate the same number of leads.

After this debacle I tried a number of other ways to improve franchise sales, one being to involve some of our top Franchisees. This had a number of successes, with one Franchisee initially converting about one in five of his prospects to franchise sales. But after almost getting into a court case over misrepresentation (we agreed to buy the Franchisee out), we brought the whole thing back in house.

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. I made use of my history studies by starting to tell them a continuing story in which they, as ancient Egyptian children, went into a 'temple' in the desert, which made them immortal. Later they separated and lived through all the great civilisations in history, having adventures but never growing old or dying. It was also a way for me to teach them values such as kindness and achievement and moral courage. And about the only practical benefit I ever gained from my PhD!

These stories became the high point of each visit, greeted by the children with great excitement. As we would get into the car they would begin to call out 'Story, story,' breaking into a chant if I tried to tease them by delaying for more than a couple of minutes. For a time in mid 1995, when my ex wife had some emotional 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 very well, especially Ian Rolls in the Melbourne bayside

suburbs, but reduced my own income still further. I even tried to sell off the national rights to a consortium of Regional Franchisors. The national office produced only a fraction of my income but the great majority of my headaches. Fortunately, apart from Phil Maunder, nobody saw enough potential to want to buy in. Once again I was saved, by blind luck, from making what would have been a very poor decision. I wish I could say the same about all my mistakes.

By October 1995, it was clear I was heading for disaster. I had no reserves, no capacity to borrow any more money. My own living expenses were cut to the bone, and I am not a 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 for the title of world's largest lawnmowing franchise, and growing at a much faster rate. 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, giving us the prospect of offering better service to Franchisees at a lower cost. And while our venture into cleaning was not an overwhelming success, it was clear there was huge untapped potential in other areas. I felt we had the potential to be the McDonalds of home services.

If selling out was not an option, there had to be some other way of finding money. So I looked very hard at everything we were doing, and came to the inescapable conclusion that my tourist project would have to go. This was painful in the extreme, after all it had cost over the years, and especially when a little more spending might bring success. But there was clearly no choice if I was going to survive. So I shut the project down, cold. Then I took another step which was to have far more tragic consequences.

Maintenance payments to my first wife were running at around twice the child support agency formula, and far more than I was personally living on. Because of my financial situation, I had no alternative other than to reduce them to the level of the formula. From that day, all contact with my children stopped.

The period that followed was the worst in my life. I was devastated by the loss of my children. I shut away all pictures of them in a cupboard. Walking in the open air, which I had always loved, became impossible. The sight of a father with his children filled me with unbearable 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 (naturally) of child abuse, amongst other things. Nothing was ever proved or even supported. In fact, the opinion of an experienced child psychiatrist was that I was a good and competent father. Again and again, the children expressed a fervent desire to see me, and were clearly disturbed and upset at the separation. None of this counted. Apart from meetings under conditions of unbearable stress, I was not to see my children again for more than two years.

By February 1996 there was no progress with my children, but financially we were pressing ahead. I had expected almost no franchise sales in December and January. Instead, we had two record months. The radio advertising we had done, plus getting rid of our salesman, was starting to bear fruit. With this, plus the end of the tourist project, we slowly drew back from the brink.

I also began, very slowly, to learn the lessons of financial prudence. In the past, when I needed 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 Regional offices, as to how many staff were employed per Franchisee. To my shock, I discovered my Region 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 right thing, meaning the success of the 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. Many service franchises that I know of spend more in support than they charge in 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 adept 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 can't 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.

Around this time I had to find a replacement for Peter Hansen as national franchise manager. This proved necessary because of the situation in New South Wales, which had been getting worse. Richard had proved to be a great salesman but less skilled at administration. His fees to the national office had fallen behind and advertising bills were not being paid. Most important of all, we were starting to get rumbles from his Franchisees about lack of support.

A large part of the problem had been the weakness of the national office. We had failed to insist on the new contracts that were working so well in Victoria, including Surplus Corrective and the use of free cuts for income guarantees. As a result, fees plummeted in the winter, just when money was most needed to provide support to Franchisees.

Also, we should have moved in and taken over when fees started to fall behind, putting the Region on a sound financial basis. Neither insisting on national contracts nor seizing control would have been popular, but they would have prevented worse problems from arising.

The end result was that Richard could no longer continue, and Peter Hansen arranged to buy out New South Wales. He knew how valuable a well run Region could be, and I felt he had the experience to pull things together. Negotiations for the sale had actually

started in mid 1995, but it took more than a year to bring about. We could have terminated but preferred to handle things by negotiation. Franchisors, like Franchisees, are customers.

Which left us with finding a replacement for Peter. This time, we did not make the mistake of running another four-line ad. We spent \$800, a huge sum for us in those days, on the impressive kind of ad that these sorts of positions require. And got about a hundred résumés, many of outstanding quality. Of these we interviewed six, and short-listed four.

To make the final choice we decided to involve the Regions. After all, they were paying the fees and were going to be getting the support. So we invited the major Franchisors to Melbourne, all expenses paid. The final interviews were held in what we jokingly call the 'board room', though the table was more like what most people use for picnics. Phil Maunder and I were particularly impressed by a young man in his late twenties. The others felt he was too young and leaned towards a retired policeman. Eventually we agreed on Peter Hoefler, a man in his late thirties with a great deal of energy. He was well prepared, had read my book and knew a great deal about the business.

Peter's references checked out well. He had worked for a major deli chain, and one of the referees said that he had been known for standing up to management on behalf of the Franchisees. For a Franchisee-focused business such as ours, this was the best possible recommendation.

He turned out to be a superb choice, an example of how a committee can sometimes do much better than an individual! The national office gained new power and direction.

There was a new sense of leadership. National conferences became more useful and relevant. We started to have greater uniformity in contracts, in uniforms, in manuals and marketing materials. Peter also proved to have an extraordinary talent for getting people to do what he wanted while gaining their admiration and respect. He had an in depth knowledge of how people worked, and I found myself turning to him more and more for advice. Within twelve months he was effectively the General Manager of the business, and it was no more than a formality to give him the title. We formed, as I came to realise with time, the classic partnership between the visionary but undisciplined entrepreneur and the professional manager. And it is widely recognised that he has at least as much say in running the business as I do.

The other key to the coming together of the business in late 1996 was the Franchisors' committee. This was the successor to the group that had helped to choose Peter. It worked so well that I proposed continuing it as an elected committee, with each Region getting one vote per Franchisee. Later, the Committee amended the voting system to give more weight to smaller Regions, while still taking account of Franchisee numbers. Every two or three months we would fly them to Melbourne, again at our expense. This was an advisory committee only, and certainly had no power to change the basics of the system. But issues such as marketing, PR, uniforms, and so forth were more to do with strategy than principle, and the Committee made sensible decisions in fast time.

One early decision was to update our logo. It was felt that we could do with a cleaner and more friendly look, so we prepared one based on a smiling photo. Smiling into cameras is not my strong point, and in the end they had only achieved it when Peter pretended to stick his tongue in the photographer's ear. (At another, later shoot they achieved the same result by getting one of our Franchisors, Greg Puzzolo, to pull his trousers down, revealing a pair of bright red jockey shorts!) Considering how big a change it was to alter the company logo, it happened with remarkable speed. Most committee members preferred the new look to the old at first sight. The peculiar result was that I seemed to have grown both friendlier and younger over the past decade, which was not true. On either count!

With time, Advisory Committee meetings were reduced to twice yearly before National Conference, with more urgent issues handled by Email. But its importance actually grew with time, and elections came to be keenly fought with a great deal of lobbying. Meetings would start with a report back from National on actions determined by the last meeting, most of which would have been implemented. If not, a report would be given as to progress. Various members would then bring up issues of concern, leading to discussion and a decision about any action to be taken. We would also bring up proposals. For example, a few years back we had a concern about the condition of many trailers. We asked that all trailers be examined and refurbished, if necessary, by a set date. The committee agreed with the principle, but determined on a date six months later. On another occasion, we proposed a different kind of grass for use on mowing brochures. The Committee, after vigorous debate, decided on a completely different design.

In the beginning, issues were determined by majority vote, with myself casting the decider if necessary. Gradually we shifted towards a system of consensus and I withdrew my own voting rights. The remarkable thing since then is that we have never overruled the Committee, though members of course know better than to bring up proposals that would reduce customer service or Franchisee rights. Such as flat rate fees or a time limit on Work Guarantees! In fact, in both areas the Committee has supported more rigorous policies, setting up new systems to deal with complaints and to make sure that Franchisees are properly looked after.

The Committee also backed us when we introduced the idea of Franchisee business reviews, as will be described later, despite the fact that this put a large extra burden on them and on the other Franchisors. They did, however, decide on less frequent review than we had originally proposed. And later, after feedback from constituents, changed the frequency and format yet again. Discussion on these points was vigorous, but all decisions were unanimous. The striking harmony of the Committee is partly a tribute to the people involved, as well as a result of our strongly shared values.

I began to think about exactly what these values were, and articulate them in talks given to Franchisors and new Franchisees. Our first principle, we decided, was service to Franchisees. It is generally not difficult for us to find clients. The limits to our growth are our ability to find first rate Franchisees, especially since we operate a rigorous selection process. Good people can attract and keep good clients. An example of this priority is that we do not ask Franchisees to service clients outside their area, when it is not in their best interests. For example, if they could easily pick up work closer to home without the need to travel. We would rather apologise to the client and tell them we could not provide service, rather than see a Franchisee lose income to any extent. The second principle is service to clients, something that has always been a passion with me. It takes me half an hour or more to go through all the incentives we use to promote customer service, including lead based fees, measures for dealing with complaints, and our job allocation system. And, of course, we have no problem in making sure Franchisees satisfy customer needs. In one recent case, a client complained about a fence erected by a mowing Franchisee. I had the fence inspected by our fencing Franchisor, who said it was not only poorly built but unfixable - due to poor materials. I told the client not to pay, and the Franchisee to remove it. We then quoted for a completely new fence.

This was a painful case, for me but obviously far more for the Franchisee. Some feel this kind of decision conflicts with 'Franchisees first'. I disagree. Looking after Franchisees means, above all, keeping them busy as much as we possibly can. And the single biggest factor deciding whether people will phone us is how happy they are with the work we have already done - for them, or for anyone they know. The benefits of

happy customers are hugely greater than the costs, especially for other Franchisees but even - in the long term - for the Franchisee himself.

A third principle, though obviously related to Franchisee welfare, has to do with my own dislike of power hierarchies. I have spoken a great deal about the Australian and New Zealand sense of equality, which has been a crucial part of our success and the success of other home service franchises in these countries. I was determined that this not be lost as the company grew and the early personal closeness was lost. Amongst other changes we modified the contracts to give Franchisees more protection.

But the most dramatic change has been one inserted into all Franchisor Agreements over the past five years. Most of our Franchisors have been excellent, but I am always concerned that they may treat their Franchisees as subordinates rather than clients. No amount of contractual statements can alter the fact that there is an imbalance of power between them and their Franchisees. So we have given our Franchisees a completely unique right: that of voting out their own Franchisors. If 50-60% of Franchisees (depending on the contract) are prepared to put in writing their dissatisfaction, the Franchisor has six months to win them back. Failing this, he must sell out.

I also took steps to make myself more accessible. In fact, I decided that staying in contact with Franchisees was one of my key jobs. I address all initial training courses, either directly or through a video, and invite any Franchisee with a problem to call my mobile phone number. This same number is given in a personal letter I send out welcoming new arrivals, in newsletters, and in audiotapes. My staff know that any Franchisee who phones for me is to be put through with the highest possible priority. Emails will normally be answered within a few hours. As a result, these days I normally receive several calls a week from Franchisees all over.

I also made a pledge to attend Franchise meetings in all major Regions at least once a year, and in most smaller ones every two years. This is not an easy thing for someone of my temperament. I like meeting Franchisees but, while not exactly scared of flying any more, I certainly don't enjoy travel! Recently, I have set myself a further goal of phoning Franchisees systematically, with the aim of reaching everyone over 2-3 years. Most Franchisees contact me on fairly small issues. They have a question to ask, or a suggestion to make, or a minor issue with a Franchisor that may need some mediation or clarification. We talk with the Franchisor, and then come up with an agreed on solution. Quite often the Franchisor is doing completely the right thing, but may not have been tactful enough in the way he explained it. Or failed to respond fast enough. In which case I will talk to them about it, supporting their decision but emphasising always that Franchisees are clients, to be treated with the utmost courtesy and respect.

In other cases, surprisingly often, these conversations result in a change of practice. My policies of regular visits to Regions and proactive phone calls both arose from Franchisee suggestions. Recent changes have included a work allocation system that gives more support to established operators, and efforts to give Franchisees more control of the process. In other words, we want them to be able to make as many decisions as possible about the work they receive, independently of their Franchisor. One major change arose out of calls from Franchisees with income problems. My normal practice in these cases is to check them out on the system. Look at how consistently they were putting down for work, suburbs and services asked for, unserviced jobs nearby, etc. I would ask about their pricing, number of jobs done per day, proportion of leads converted into jobs, proportion of work coming from what we call 'extras' (such as gardening and rubbish removal for the mowing people), complaints registered, etc.

Out of this could come any number of suggestions. I might put them down for an extra service or two, increase their suburbs to cover areas where jobs were unserved, or reduce them to lessen travelling time. I might challenge them to ask clients for extras, or to phone back more promptly when getting a page (surveys show that phoning back after two hours doubles the chance of losing a quote!). Suggest they raise prices, give quotes rather than hourly rates, tighten debt collection, budget more carefully, reorganise their diary, attend relevant training, listen to an audio tape on the subject, and so forth.

This was not always successful, but in some cases had a quite heartening impact. One Franchisee was able to more than double his income once I showed him how to put down for work properly. Another told me that the extras picked up as a result of my challenge had been the crucial factor helping him through a very tough winter. All this had been covered in initial training, but it was obvious that a lot more follow up work was needed.

Out of all this came a system of Business Reviews, developed in consultation with the Advisory Committee as detailed areas. We looked at all the key areas for success and developed a series of Business Reviews. This consisted of questions to be asked at different intervals. The hardest part of this was to develop a system of feed-back and accountability, so that we would be able to check that everyone was being looked after and that all appropriate follow-up was done. There is a saying in the Bible that 'not even a sparrow falls to the ground' without God knowing. I wanted something similar for Jim's, that no Franchisee should run into difficulties without us knowing exactly what was going wrong and doing everything possible to help. And if they still failed in the end, we should look back to our selection system. After all, if a Franchisee has the right attributes and is given good support, why should they fail? Unlike many businesses, we rarely suffer from lack of clients.

The same applies to Franchisors. Under advice from the Committee we give them the same pattern of Reviews as they give their Franchisees. We want to know why some do so much better than others, learning from the strong performers and helping everyone lift their game. One clear finding was that small Regions with their own Admin Centres often ran into financial trouble. Franchisors made a lot less money answering occasional phone calls than they did working in the field. So we began encouraging Centres to merge, even insisting on it when a Region was sold. Adelaide, which is probably our most efficient Centre, took over the calls for Western Australia, Tasmania, and the Australian Capital Territory. Despite concerns at the time, the level of service in these areas has been very well maintained. And the office is open for much longer hours.

Some Franchisee problems cannot be so easily resolved. A Franchisor may have a habit of being rude or dictatorial, not providing support or returning phone calls, failing to hold meetings or provide proper training, or acting dishonestly in some way. In most cases there is no actual breach of agreement, at least not one strong enough to justify termination, but he is certainly not fulfilling the needs of his Franchisees. Our position is that Franchisees are customers, and rudeness to customers can never be justified. In this case I will normally phone up and talk to other Franchisees in the region. If they show a high level of discontent, we work with the Franchisor in trying to fix the issue. But if all else fails, or if the matter has gone too far, I will suggest to the Franchisees that they put their wishes in writing.

This is important because of a unique clause in our current contracts. If 50-60% of Franchisees in a Region want their Franchisor to sell, and he cannot regain their support within a set period, he must do so. We exist, the whole system exists, to look after the interests of our Franchisees. If we cannot do this, to their satisfaction, then we

must do whatever is necessary to fix the problem. It is like our definition of good customer service. Good customer service satisfies the customer. There is no other meaningful measure! Thus in several cases so far, a single phone call to me has brought about - in the end - a change of Franchisor. Franchisors can be advisers, coaches, personal counselors, maybe even friends, but never dictators. Ultimately, power lies with the Franchisee.

We apply the same principle to the operation of our Admin Centers, especially after we began to appoint multiple Franchisors in each city (of which more later). Admin Centers also exist to serve Franchisees, so it is only reasonable that Franchisors should be able to force the sale of the Center if they are not happy with the service provided. A clause to this effect has been inserted in all Admin Center contracts, and I would certainly apply the same standard to my own.

Over the years we have worked to improve our support to Franchisees. The 'vote out' clause was brought in to give them more power. We have also worked to improve our training. In the earliest days training 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 approached us with the suggestion that we needed something more formal and systematic. They gave us an outline, which we used as the basis for a five-day training course. This proved highly successful and was later extended to other Regions. 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 cost or obligation. These days, the great majority of Franchisees and all Franchisors do full training before signing anything.

I won't say this has no downside. Over the years we have undoubtedly done much to train our opposition! But we have also attracted many quality people who would not otherwise have joined us, and the great majority of attendees 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 information we provide now is a lot more valuable than a twelve-page brochure. We share all our information with people in advance, letting them know exactly what they are getting. I also make a point of telling them how rigorous we are when it comes to customer service, and how far we will go to satisfy an upset customer. I would be the first to admit that some of our practices are extreme, by normal business standards. Other franchise systems may be fanatical about customer service, but I know of none that provide training before the Franchisee signs, or allow Franchisees to vote out their own Franchisor. Giving an 'Advisory' Committee the kind of clout that ours has is quite unusual, too!

I guess one justification for this policy is our rate of growth, and the fact that in Australia we are about as big as our next five competitors combined. But there is another factor. Litigation by Franchisees is one of the greatest dangers and heaviest burdens a Franchise system can face. Many Franchisors have been destroyed by it, bankrupted or forced to sell out. It is not uncommon, in some businesses, for 10% of Franchisees to be in some sort of legal dispute with their Franchisor.

At present there are in Australia, New Zealand and Canada, well over 2,000 Jim's Franchisees and Franchisors. To the best of my knowledge, at the time of writing, we have no legal dispute with any of them.

Chapter 13 - What doesn't Jim do?

While all this was happening, the business was changing in other ways as well. In particular, we made our first tentative steps to branch out into other services. There were a number of reasons why this seemed a good idea. We already knew a lot about franchising, and we could use the power and recognition of our name to kick start extra

businesses. We 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 whole 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.

Not that there was anything original about offering other services. Our rivals were already doing the same thing. The Service Professionals had been set up from the beginning with this in mind. And 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 the slow coach. 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. 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. Businesses like the Service Professionals, which tried to offer everything, typically did less well than those that focused on a single service.

VIP had been more successful, especially with their cleaning division. But even they seemed to run into some 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 them. In the early days we also saw evidence of a lot of discontent among their mowing Franchisees, including area managers. Many of them 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 itself cost them good will.

I also had a concern about our logo. It had clearly worked well for us in lawn mowing, possibly better even than VIP's, which was simply the letters in a distinctive script. 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 they had made a better choice. 'VIP Home Services' could apply equally well to anything. How would people react to this 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. We started a cleaning business under the name of 'Sunlite', quickly signing a couple of Franchisees. This proved a total disaster. I did not understand the cleaning business, had no systematic training program in place, and was totally unable to find my Franchisees enough work. Everyone seemed to want women working at (in those days) \$12 per hour, which was certainly not the sort of hourly rate to support one of our Franchisees! Within a couple of months, I refunded the Franchisees their money and closed the division.

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. I was able to learn from the example of another company, whose mowing Franchisees had reacted badly when their cleaning division was set up. They felt, rightly or wrongly,

that their advertising funds were propping up cleaning, and that their managers were diverting their attention elsewhere.

I determined that each division would have its own advertising funds and manager, so that mowing Franchisees would not lose any attention or advertising support. I wanted the manager to be selling cleaning franchises only, 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 he or she 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 conversation I had some years earlier. A couple of men came to me about a soft drink distribution business that was not doing as well as it could. They had seen the success of my business and wondered whether franchising might solve his 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 couldn't 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?'

As though this were an odd question, they replied, 'No, we work in the office, on the management side of things.' At last, things began to make 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 earn twelve hundred dollars per week. Show that it's possible, then 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 how many would-be Franchisors neglect the issue of how much Franchisees could earn. 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.'

We teach our mowing people to quote so that they will make at least \$25 per hour and preferably more, so they can make their thousand dollars a week. Less than this and it is impossible to attract the kind of people we need. Mind you, though I would like to see \$1,000 per week as a minimum, it is not much under the average. A recent survey of our mowing Franchisees showed an average income of only \$1150 per week, which is much less - in real terms - than I used to do myself. One of our major goals is to see all our Franchisees doing a lot better.

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 I decided to 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. Recognisably linked, yet clearly different. John and I entered into a partnership to jointly own the regional rights for Victoria. I retained the national rights, including responsibility for quality, trade marks, 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, very poor work by cleaning Franchisees could not be allowed to hurt the public image of the mowing Franchisees.

We got some Franchisees on board and started advertising for work. On the positive side, there was no doubt about the value of the logo. Quite often, when our reps were out cold calling, they would be getting nowhere. 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 income 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 certainly gave us 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. 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. Even though operating from Melbourne he wanted his own office, but unfortunately lacked highly frugal habits. His rent was almost the same as ours, though he never serviced more than fifteen Franchisees to our two hundred plus. 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.

It was at this stage 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. It gives a much more thorough clean than a normal bath, taking out the doggy odour that most people object to. I had some experience of this, 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, a charge of around \$20 would be enough to earn the Franchisee \$25 per hour, or \$1,000 per week. The minimum figure we had already determined for a viable franchise in those days. This was a better deal than offered by most of our competitors. I ran the idea by Peter, who thought it worth a go. 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 we bought 'Barney the basset' as the company mascot to fit the logo, though it would be nice to claim it was the other way around. 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 the 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 our 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. Eventually we settled on \$30 for a casual wash, \$20 for a regular. This proved enough of an incentive to re-book, while still giving the operator a decent return. Later, with the success of the division, we were able to raise this considerably. We also offered reduced price for second and subsequent dogs, which caused some people to book 'dog parties' for their neighbours and friends. 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 Auckland experience. I had been struck with the success there of what were essentially lower priced franchises. 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! To do this we had to bring the price of new franchises right down.

One thing that encouraged this was our remarkable success 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. Based on the Auckland experience, we went in with \$6,000 franchises, only raising the price to \$8,000 when the first twenty-five were sold. Combined with the superb management skills of Mike and Carol, 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. Relative to population, this was a fifty per cent better penetration than we had achieved in Melbourne in more than eight years.

Clearly, price was far more important than we had imagined. 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 clamored 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 Regions were eager to take on dog washing Franchisors 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 orders for ten or 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 being trained to answer the phones as 'Jim's Group' rather than 'Jim's Mowing'. Cleaning had been allowed to go its own way, and the results were disastrous. John had overspent and was getting into worse and worse difficulties. He eventually became insolvent.

So we stepped in and brought cleaning back into our office, slashing costs and reassuring the Franchisees. We found that in some cases work guarantees had not even been paid, which was of course our first priority. And, what was a tougher problem in the long run, we believed some people had signed who should not have been signed. 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.

Our next venture, like dog wash, almost fell into my lap. One of our mowing Franchisees, Craig Parke, came to me with a proposal. Craig was a successful operator who had been the most effective of our 'area managers' in that short-lived experiment. He had started doing a lot of tree work, and wanted to start up a 'Jim's Trees' division. This was a very sensitive area, and was to cause major problems in time to come. 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 of our Franchisees, like Craig, who were qualified. But they were making a lot of money out of the smaller trees, and the thought of losing them raised concern.

Still, I liked the idea of a tree service 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 used to deliver tree-logging leaflets that also offered lawn mowing. Their tree-logging work, which was very lucrative, would pay 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. So 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. There was too much potential danger in tree work for us not to take every possible precaution. Another first for us was the system for charging fees. At that time we were still on the 'Expected Regulars' system, which obviously was not going to work in an industry without regular clients. And I did not want to go back to a flat rate per month, which gave no incentive for service. So we arranged to charge per lead from the office. This meant that a poor operator who did not follow up leads would be penalised. While one who did superb work and gained a lot of referrals would pay much less. Later, as has been mentioned, this became the standard not only for the non-mowing divisions but for most mowing regions as well.

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 the existing offices.

Then Andrew Mackintosh, my original trainer who was running a very successful mowing franchise, came up with the idea of Jim's Fencing. In this case, though, rather than appoint a manager, Andrew asked to buy the Franchisor rights for Victoria. I was very happy with the idea of him becoming a Franchisor. Years back, I had offered him any Interstate Region he wanted, and on virtually any terms. Still, I was highly skeptical of fencing as a division - one of my most famous misjudgments, and one I often quote when people try to set me up as some kind of 'business guru'!

However, 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. Experience had also shown that the quality of the person was more important than the quality of the idea. 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 managers working from our office, and now a Franchisor working from home but with admin and call answering from our office. This fairly casual arrangement was to prove a major turning point for us, though we did not know it at the time.

Our main concern in diversifying, though, was the attitude of existing Franchisees. In particular, as mentioned earlier, mowing contractors feared losing work and income to the new divisions. There were no problems with dog wash or car cleaning, but trees and handyman work were an important part of their income. This was not a contractual matter, since territory rights covered neither type of work, but I was determined to cause as little upset as possible. Happy Franchisees are essential to everything we hope to achieve.

Along with trees, Franchisees had serious concerns about handyman work. Was this going to hurt their business? And were we going to be franchising even more crucial areas such as rubbish removal? To get a clearer idea of the issues, I had an anonymous poll done of people from my Region. This is something we had done previously in other Regions. Franchisees are phoned by someone from outside the company and asked their opinion on a number of issues. Not only on key aspects such as payment of work guarantees, but on their feelings about us. Is this or that aspect of the system fair? Are they being listened to and their opinions respected? Are they treated with courtesy? To allow them total freedom to speak their minds, we do not record their names. The overall results are given back to the Franchisor, as a valuable guide on how to lift their game.

Some of the results from my Region were disturbing, to say the least. A minority felt that their territory rights were being breached. Some said work guarantees had not been paid. There were complaints that calls to the office were not being returned promptly.

This was a particular concern because the weather over the previous year had been very dry, especially in the Western suburbs. And we were right about the concern that new franchise systems, in particular handyman, might reduce their income.

I was convinced it would not, and had done everything possible to make sure. For instance, rather than take attention away from mowing as the new services came on board, I had hired a successful Franchisee from the field as training manager. We were thus able to give more attention and help to the mowing Franchisees than before. This was all right for me to know, but it had to be conveyed to them. So I called a general meeting, with a personal letter of invitation to every Franchisee in Melbourne. About 200 crowded into the social room at the Richmond football club, and there I spoke my piece. I handed out a sheet giving the results of the survey, and then went through each problem in turn. I asked them to set up a committee to come into the office and check for breaches of territory rights. (This is easy, because we also keep a record of what work each Franchisee asked for in the past. If a job started on a day he asked for territory, then we are in breach). I offered compensatory work plus a free dinner for two for anyone who could show a breach. In relation to work guarantees, I repeated an earlier offer that the Franchisee Representatives Committee act as arbiter in case of dispute. If they ordered us to pay, we would pay. In case of late return of calls, I offered another free dinner for anyone who failed to get a call back within 24 hours on weekdays. About twenty tried us out over the next couple of days, and one got their dinner. But at least it showed we were serious!

In relation to the new divisions, I carefully detailed how each new business was designed to help, not hurt, existing Franchisees. I showed how they had benefited from new ventures, such as by a flow-on effect from advertising. This was a striking pattern, and one that went far beyond expectations. We could see how the phones lit up with mowing calls when we advertised dog wash on the radio. The effect was to become even more marked the following year, when mowing Franchisees had by far their best winter ever.

Trees caused the worst problem, and the meeting became very angry at times. In the end, we offered to ask incoming clients the size of the tree. If below roof height, it went to the mowing guys - tree franchisees were not interested in this type of job anyway. If above, it went to trees. A few months later, after a shocking accident and advice from people in the industry, we restricted tree work to those who had done an accredited course. But we offered to pay for the course, and to give a tree franchise to any mowing contractor who passed. This actually worked quite well. Some mowing Franchisees switched across to the trees division, and the mowing guys now get about as many tree jobs as they used to - but only the ones they can safely handle. Even better, there is a huge amount of work referred back and forth. I think there can be little doubt that the trees division has markedly increased the work available for mowing people. In recent years, there has been no trouble at all.

I then went on to describe the new handyman system and again, as with trees, offered a free franchise to anyone who could qualify and do the necessary training. Giving them the right of first refusal on a franchise before offering it, at full price, to any newcomers. I categorically told them there would be no rubbish removal, gardening or landscaping franchises. Apart from anything else, this would be a clear breach of their territory rights. Territory rights have become, in effect, the determinant of what new divisions we can launch. I often get enquiries from people with an idea for a new division, and have to tell them I just can't do it for this reason. I'm sure they don't believe that I lack the power, but I don't! A new division that breached territory rights would not only be contractually wrong, but totally stupid as well. We simply don't do things that would have an overall bad effect on current Franchisees. A good example of this is our new Irrigation division.

Though some of our mowing people do put in sprinkler systems, there have been very few objections. It's not a job that we currently advertise for, and the mowing business has a lot to gain from well-watered lawns!

To return to the Richmond meeting, I also pledged that, until further notice, there would be no new franchise sales in the bone dry western suburbs. There were other issues which we could not deal with so neatly, but I doubt anyone at that meeting could have doubted my willingness to listen to their concerns. And the overall response was very positive. More than a hundred people applied for a handyman franchise. One major concern was with initial training, and here we were able to report that we had already taken steps by launching the induction course referred to earlier. We had very few problems after this point.

Chapter 14 - One Step Forward, Two Steps Back.

Problems aside, the new divisions had given us a real shot in the arm. And as if this was not enough, we were now expanding geographically as well. Back in 1982 I had called myself 'Balwyn Gardening', since I did not intend to operate outside three or four suburbs. In 1989 I laughed when the solicitor suggested 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. New Zealand would have seemed like another world.

By 1996 I was starting to see the real potential of the business. I had been reading up on lawnmowing businesses and franchises in North America, and it was clear that we Australians were onto something new. Not only were the American systems much smaller, but they operated like more traditional franchises such as those in fast food. There was nothing comparable to our system of joint marketing and job allocation. We had only started to scratch the surface of the Australian market, which is a minute fraction even of the First World. What might Jim's be like with one hundred thousand Franchisees, or even a million?

The prospects were glittering, but North America was to prove much tougher than New Zealand. New Zealanders are much like Australians, a down-to-earth people with a strong sense of equality. They see no disgrace in doing manual work, so we were able to attract the same caliber of Franchisee in New Zealand as in Australia. Of course, the amount of migration back and forth between the two somewhat blurs the picture. I always liked the comment made by a New Zealand Prime Minister when asked if he was concerned about the number of people leaving for Australia. 'Not at all,' he said. 'It raises the I.Q. of both countries!'

A lot of Kiwis contributed to the success of Jim's in Australia, most notably Phil Maunder, our first Franchisor. Successful Franchisees from Australia, in turn, were the spearhead of our entry into New Zealand.

Going beyond would be harder, though, complicated by differences in legal systems and cultural attitudes, by time and expense in travelling, by differences in time zones. By late 1996 I had been working on American legal requirements for years, achieving not much more than some modest prosperity for a couple of American law firms.

At this time we got a call from Dennis Reidy, a Canadian businessman who had heard about us while having a glass of beer with an Australian visiting Vancouver. He picked up the phone and called us direct. Dennis came over and was impressed with our operation. He had checked and confirmed that there was nothing like it in Canada, or anywhere in North America. He suggested starting Jim's Mowing in Vancouver.

Now, to be honest, Canada would not have been our first choice for an overseas launch. Like most Australians, we thought of it as an ice-bound wilderness for much of the year, not ideal for a mowing service where we were offering work guarantees! But

we were told that Vancouver had a mild, coastal climate hardly more extreme than Melbourne's. Dennis was a great booster for his home city, leaving at the office a big coffee-table book full of spectacular scenery. He also said that Canadians were keen and well-informed gardeners, with gardening listed as their number one leisure activity. So Vancouver looked like a good option, and we offered Dennis the rights to British Columbia.

Making creative use of radio and other forms of advertising, he began signing Franchisees. A huge amount of work needed to be done to adapt the system to different social and legal conditions. Work was not hard to find, but there were problems attracting the ex-bank managers, teachers and other high caliber people who were the backbone of the system in Australia. They found it hard to believe that a lowly 'gardener' could make excellent money even in winter, by targeting extra services such as snow removal and putting up Christmas lights. There was also a sense that manual work was lacking in prestige.

Growth was slow at first, but signups began to come quickly as the first few were successful. As franchise numbers passed twenty, a crucial milestone in our business, we all signed and sent a baby card with congratulations on the safe arrival of our newest 'baby', Jim's Mowing British Columbia. By 2000 Dennis and his people had reached forty Franchisees, an impressive achievement considering the groundwork they had to do.

By this time we had also opened for business in the United States. Most Australians have an almost mystical view of the American 'service culture'. Americans are seen as knowing all about service, as well as about franchising. There is a widespread feeling that whatever we do, they are already doing better. I don't know where this comes from, perhaps from our experience of their fast food chains. But people who believe it should try to get their shrubs trimmed in Dallas.

One of our Franchisees went over to spy out the land. He stopped at a house in each of several cities and asked for quotes to get the lawns mowed. Nobody could provide the same day service which is now standard for Jim's in Australia. The average contractor who replied took several days to give a quote. One fellow in Atlanta took three months. He must have felt he had a chance, which says something about the patience of his customers.

A couple of our top people were fired up enough to give it a go, by getting visas and heading off for Texas. They had no trouble finding work and prices were high, just as expected. We really felt like an international company.

Despite problems with cleaning, 1997 proved to be a spectacular year. At the start of it, we breached the magical 'one thousand' barrier. 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 in 1997 could not be sustained, and in some ways was to lead us into serious trouble. Work was easy to find in Texas, but not so Franchisees. Even more than in Canada, business minded Americans seemed to feel that manual work was beneath their dignity. We just couldn't attract Australian-caliber Franchisees, and the venture soon folded. It was also clear that local connections and knowledge were vital, as Dennis was showing in Vancouver. And our experience in Texas suggested that 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.

Meanwhile, dog wash began to cause us a heap of problems. Though we had given Franchisor rights to our best mowing Franchisors, they were not able to make a success of it. The difference in skills and attitudes was too great, and they found it a distraction from their core businesses. In the end, at their request, we took back control of most Regions to our Melbourne office, but this did not work well either. We could organise advertising and meet all obligations under the Franchise agreement, but the effects of running dog wash Franchisees at long distance were the same as they had been for mowing much earlier. Worse, in fact, because no-one at head office had any real experience of the business. 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. Things were not much better in Melbourne. Leasing and renting out trailers, which had seemed such a great idea at the time, was proving a disaster. We had set the rental charge at barely above our leasing cost, which was feasible because our Franchisees were to be responsible for maintenance. Unfortunately, the trailers had a lot of problems. Carrying and heating their own water was a major time saver, but it also made them heavy. This caused problems with axles, and the pumps themselves showed an unfortunate tendency to break down. The Franchisees, as 'renters', felt these were our problems rather than theirs. In fact, anything that went wrong with the trailers was considered as faulty design and not their responsibility. There was huge discontent with our 'Expected Regulars' fee system, in which every office lead resulted in a small but permanent rise in fees. And to make matters worse, we came into conflict with our dog-wash manager, who eventually left - but not before the dispute had badly affected our current Franchisees.

It would be hard to overstate the extent of this disaster. For all our financial and other problems in earlier years, we had always seen growth. For the simple reason, I believe, that the great majority of our Franchisees felt we were looking after them. It was clear that dog-wash people did not share this view, and numbers were actually in decline. So steeply as to largely cancel out the continued rise in mowing. I felt an agonising sense of personal responsibility for the Franchisees who were failing, and for the others who simply did not feel looked after. .

We were also suffering financially. Dog wash advertising had been a huge cost in the early days, just to establish the brand with the public. Our internal management system was also proving to be very expensive, a large part of the reason for our conflict with the manager. Add to this trailer repair costs, an increasing number of trailers that were leased but not rented out, and difficulties collecting money from our Franchisees, we were now finding it hard even to pay our bills.

On top of this came the only piece of bad publicity we have had in fourteen years of operation. Australian's are notorious for their dislike of 'tall poppies', but all I can say is that we had been treated very well by the media - until now. I was actually in Tasmania when word came through of a potentially hostile article in the Melbourne Age. I immediately rang the journalist concerned from my hotel room. In the end, and under the circumstances, the piece was more than fair. He had done careful research and rung up a great many Franchisees, to find near universal discontent. But he also gave full credit to our efforts to resolve the problems, including a referendum on change to a once only lead fee system, which was successful soon after. I think it probably helped that I did not blame anyone, least of all any of the Franchisees concerned, and took full responsibility for the mess. My only mistake was that I had been a little too frank about our current financial problems!

Our other 'in house' divisions were also proving a disappointment. Cleaning, car cleaning and handyman showed little growth after their initial burst, and all were now running at a loss. Our trees division had an exceptional manager in Gary Thyer, who had previously run a highly successful business of his own. In fact, it was a surprise to me that he had agreed to come on in the first place, given what we had to offer. Unfortunately we were unable to hang onto him after the first year, and he left to help one of our rivals set up in competition. I have very rarely lost a competent manager, and this was a severe blow. I couldn't help thinking that if our model was different and we had more to offer, this would not have happened.

As if these problems were not enough, my own 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 around 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.

Chapter 15 - Rethinking the Model

The only exception to this general picture of disaster was fencing, as run by Andrew Mackintosh. 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 be making 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 the running of any other division. I must emphasise that this development was only made possible by our new computer system allowing Internet access by Franchisors from home.

I began to think of breaking up my own Region, by selling Franchisor rights to successful Franchisees. This was inspired in the first place by Ian Rolls, who had taken a Regional Franchise in the Melbourne bayside suburbs some years back. His penetration rate was now almost twice that of my own larger Region, largely because of his close relationship with his Franchisees. He knew their problems and their strengths, recognised their voices when they phoned him without needing to ask their names.

More than 80% of his sales came to be referrals from other Franchisees, and his drop out rate was far less than mine. I could also see the evidence of faster growth in other small regions, such as that run by Bruce and Denise Morcombe on the Sunshine Coast.

Similar results came about when we sold a portion of rural Victoria and south-east Melbourne to Anthony Silverman, a successful Franchisee from the Berwick area.

These sales, and another which I later bought back, had been made for financial reasons. And I had cause, over the years, to regret them. The main problem was that each Region had its own call centre, since they were sold when the old computer system was in place. This effectively meant a 'brick wall' round every Region. Ian might have a Franchisee in East Bentleigh short of work. I might have jobs in a neighbouring suburb which we could not handle. But there was no way to link the two. This was the worst service possible to both Franchisees and clients.

This separation of admin center from Franchisor rights was a major breakthrough in our thinking. In the beginning they had been treated as inseparable, so much so that for a long time we did not clearly distinguish the two in our own financials. All of our original Mowing Franchisors had set up their own call centers. The change began when we saw the problems with cleaning: a separate office meant cost blowouts and a loss of control on our part. So we determined that all the new divisions would be run from the same

office, and would advertise under the same national number. Causing the problems referred to in the last chapter.

The new computer system changed all that, as we could continue to take calls from our office. Any new Franchisors would be able to work from home, without the need to give up their existing business. The advantages of this approach were even greater when Jan Thorpe, who had answering phones in quiet obscurity for several years, suddenly emerged as a highly effective admin manager. Using the efficient South Australian office as a template, she slashed admin costs while raising staff morale and wages. And with a reduced level of Franchisee complaints. One key reason for the improvement was that both she had spent a great deal of time answering phones and working in administration, so she understood the processes involved. My own experience on the phones and in the field was also a great help when designing new computer systems, which were becoming effective at this time.

Thus a single call centre was not only better for service, it would also be more efficient. I was able to offer our admin services to Ian and Anthony at a rate too good to refuse, and within a couple of years they merged their centres with ours.

Despite all this, I have to emphasise that the idea of selling my Region 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 Franchisees I wanted as Franchisors had the cash to pay. 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, it was a decision based less on profits than on the principle of 'Franchisees first'. I was not providing effective service for my Franchisees, and I believed that these people could do it better. The people I had in mind were all successful in the field, had an excellent attitude to customer service, and were already helping other Franchisees to succeed in their capacity as (unpaid) trainers. Furthermore, they would be solely dedicated to their business. This was the Andrew Mackintosh/fencing model, and I believed it would also work for mowing.

So I arranged to sell Franchisor rights for an area of eastern Melbourne to Joe Kerlin, a successful and popular Franchisee, who quickly achieved results far beyond what any of us expected. He built a strong bond with his people and Franchisee satisfaction shot up, as did franchise sales. And Joe was happy to continue working in the field.

This last fact proved to be of benefit in quite unexpected ways. Not only was it better financially, since Joe could make more money mowing lawns than answering the phone, but it helped him stay in close touch with his Franchisees. He was doing the same kind of work, and he quite often bumped into them in the field because they were all in the same area. A number of them used to meet together for lunch at a local café, their trailers making a big visual impact on the street!

This would not work if Franchisees felt their Franchisor was in competition, but they very rarely do. Franchisors who work in the field must pay their share of the advertising fund. And the computer, which tries to be even handed, allocates work outside territory. Any attempt to manipulate this would be very public and quite unthinkable. In fact, many Franchisors only take work that no Franchisee can handle.

With Joe's success, I started offering Franchisor rights in all areas and all divisions on very favourable terms. And after my top Franchisees heard what Joe was making, there was no lack of interest. Takers included Jason Jaap, a young man I had financed into the business some years before, who took over the north-western suburbs, and Paul Kelly in the far west. Andrew Mackintosh, still a successful Mowing Franchisee as well

as the Fencing Franchisor, decided to take on the local mowing rights as well. This breached our principle of one Division per Franchisor, but his track record was exceptional enough to be worth the try.

I need to emphasise that ability to pay was not our main concern in all this. Paul Kelly bought his first region on no deposit, with payments over four years. We tried for more than six months to recruit Rick Ashlin, who had been our first choice for Auckland. We offered him zero deposit, extended terms, and every incentive we could imagine. In the end without success, but not for lack of trying!

In all areas of Melbourne we soon saw a lift in morale, fewer people leaving, and increased sales. In some parts we were to double the number of Franchisees within two years. Which was also good news to the Franchisors involved. Franchisor rights were shortly being split and resold for up to twice what we had asked a year earlier. And, as an added bonus, the change was a financial success. rapid growth plus our cut of Franchisor resales meant we were making more money than we had from running the whole of Melbourne ourselves.

We began to apply this model to our other divisions, the hardest thing being to find the right person. After working on him for more than a year, we managed to persuade our top cleaning Franchisee, Trevor Chrisp, to take on cleaning rights in eastern and southern Melbourne. Shortly afterwards another successful cleaner, Haydar Hussein, bought the remainder. There was an immediate turnaround, with Franchisee satisfaction and numbers shooting up. Trees were eventually taken over by another successful Franchisee, Rob Muller.

Jim's Antennas was a joint effort of the Parke family, with Craig's brother Andrew getting involved. After a trial that showed a ready acceptance by the public, Andrew's mother took on Franchisor rights to north-west Melbourne. Shortly, there were five antenna Franchisors scattered around the country.

One of our most outstanding recruits, who was to be a model for future efforts, was Damien Hone. Damien had for years been running one of the largest and most successful paving companies in South Australia, including retail centers and a small group of Franchisees. With so much invested in his own business name and systems, he was understandably cautious about the idea of joining us. But he did have an ambition for an Australia wide business, so he agreed to attend our Franchisor training course in Melbourne.

Here he had an experience which proved to be crucial, and which I often cite in talking to new Franchisors about the importance of selection. It is our practice to observe potential Franchisors during the course, as well as in face to face interviews, to get a better idea of their suitability. We probably knock out about 20% on this basis alone. Selection of Franchisors has to be especially rigorous, since a failed Franchisor can hurt not only himself but any Franchisees he may have signed.

Anyway, Damien asked us about a certain attendee whom we had already discussed and decided to reject. Somewhat embarrassed, we told him this. 'That's good,' he said. 'Because if you had taken him I would not be joining.' The best people want to be in a group with the highest standards.

Damien did buy a Franchisor, and his arrival proved excellent value for both sides. He quickly recruited Franchisors in other States, building Paving into one of the most dynamic new divisions. And, more surprisingly, the Jim's brand proved a huge boost to his own business. Within a few months, his advertising cost as a percent of turnover dropped from over 6% to under 2%. Partly because more people were calling from the ads, but also because the acceptance rate on quotes was significantly higher. This was especially surprising because his own business was very well known in Adelaide, and

Jim's there was essentially a mowing brand. A striking tribute to the power of our logo, as well as to the excellent reputation built by our South Australian mowing Franchisees. A striking tribute to Damien's integrity, and that of his Franchisors, is that they later actually reduced the lead fee charged to Paving Franchisees. Their argument was that since work was easier to find as the division grew - quite common with us - they did not need to charge as much to make a reasonable income. This is a perfect example of the Jim's spirit at its best.

Not all of our new ventures were this successful. The alarms division initially made us a great deal of money. It was based on a deal with ADT in which we were paid, quite generously, to install an alarm for free where customers accepted a three-year monitoring contract. Unfortunately, the American parent company suddenly changed its mind and yanked the deal, a good lesson for us on the dangers of relying on a single customer! Security doors was another division that failed, largely because of the difficulty of finding installers who could also sell. In the end, we negotiated deals with the Franchisees and merged it with alarms into a new Security Division. Which clearly has promise, but has yet to prove itself. Other potential divisions, such as mobile picture framing, pet enclosures, and pest control, have never made it out of the trialling phase. We will never allow franchises to be sold until there is a proven capacity to find the Franchisees work.

There were also businesses for which the Jim's name was not an advantage. We had some negative reactions to Jim's Driving School. Basically, 17-18 year olds tended to find the logo embarrassing. So it was rebadged as 'Jim's Road Training' and the logo removed from the cars. Michelle Rosenberg and Lauren Gabriel were physios running very successful exercise classes for pregnant women under the name 'Preggi-Bellies'. When they decided to franchise with us, nobody seriously suggested replacing their logo with my rather homely face!

The same applied when Adam Price approached me with the idea of franchising women's Health Clubs. He had developed a chain of five clubs in Melbourne's bayside suburbs under the quite appropriate name of 'Beach House'. Financials, marketing and operating systems, layout, it all looked very impressive. We were very happy with Adam's ethical standards, as in his treatment of staff and customers. We especially liked his emphasis on monthly direct debits rather than annual memberships. This tends to focus the business on keeping customers happy, rather than on making new sales. A quick survey of my staff also suggested a large and untapped market. All of the women expressed a strong preference for female only clubs.

The challenge for us was that this was a site-based franchise, quite different from our normal service model. The contract and disclosure documents were not a problem, though they took a few more days than usual. The challenge was to come up with a fair form of partnership. In the end we determined on a joint venture where Adam took most of the fees and looked after the Health Club side, while we looked after contracts, leases, disputes and a number of other areas where we had greater experience. Our reputation was also very helpful, of course, in attracting high caliber Franchisees. There were a number of serious challenges in the early days, most notably when our computer software failed to work properly! But overall the experiment has gone remarkably smoothly. We quickly grew from five to fourteen sites, with many more likely to come on within the next year or so. Given the right partner, we see the Joint Venture model and site based franchises as a key part of our future.

Apart from these cases, however, most people who came to us with a business idea were keen on using the logo. They felt it would give them credibility with the public, as well as with prospective Franchisees. In fact, new proposals were arriving thick and fast. So many Franchisors were starting that we began running special monthly training

seminars for them, as well as for our new Franchisees. At any training course, I made sure to take the session we call 'Jim's Ethos'. I would talk about our determination to make sure Franchisees are treated as valued clients with considerable rights.

At the start of 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. Most attitudes were positive, but it was interesting that there were more concerns raised over communication than with issues such as fees. Not surprisingly, Peter Ferry's West Australian region came out as the best. Shortly afterwards he sold out to some of his best Franchisees, including Alan Caple and Andrew McQuoid, who proved effective successors.

Another good thing about Franchisee training was that it gave me a chance to meet new Franchisees, at least those starting in Melbourne, and to do some talent spotting. Our thirst for Franchisors is such that we look for promising Franchisees right from the start. I exchanged regular Emails with one of them, Darren Saunders, until he bought a Region something over a year later. We noted that a number of best Franchisors were coming out of Ian Rolls' region, including Greg and Carolyn Puzzolo, Gerard and Jenny O'Shanassy, Matthew Kenny and Dennis Foley. It was a pattern to be repeated elsewhere, that the best Franchisors also did well at helping their own Franchisees to move up. We also found, when Ian merged his office with ours, that his Franchisees generated very few customer complaints.

Our new Franchisors were a different breed from the earlier ones. They normally worked in the field, running their Franchisor from home with a mobile phone and computer linked to the Internet. Low startup costs, low overheads, and generally profitable from the word go. Unfortunately, this did not work so well in North America. There, selling from home means you are not making money, so the business can't be any good. Everything - presentation, office, vehicles - needs to be at a higher standard. Realising this, Dennis had an office in Vancouver right from the beginning, and took a great deal of care with the material they provided.

A further innovation at this time was what we term the 'Divisional Franchisor'.

Franchisors in new divisions could take on the right to sell Franchisor rights and drive the system nationally, in return for a share of revenues. Subject, of course, to strict requirements as to growth and performance. It was a way of providing advanced technical training and a greater degree of focus on the division, as well as rewarding our pioneers. People taking Divisional Franchisors sometimes have an interest in supplying product, though we made it clear that their Franchisees could not be directed to buy from them. One major company offered a Divisional Franchisor \$500,000 for a half share in his business, without any interest in royalties. He refused outright, as he felt this might limit the right of his Franchisees to choose the best supplier.

It is a matter of record that all of our most dynamic divisions are headed by effective, energetic Divisional Franchisors: Damien Hone for paving (and more recently irrigation), Andrew Parke for antennas, Trevor Chrisp and Haydar for cleaning. Another is Warren Smith, who had no fencing experience at all when he took over a Region with only two Franchisees in the (then) sleepy fencing division. In short order he rewrote the manual, reorganised training, showed his Franchisees how to quote - and get - work at prices well above their competitors'. He works intensively with his Franchisees, who often express amazement at how he finds the time to do what he does. But happy Franchisees have helped make fencing our largest division after mowing, and almost certainly the largest fencing business in Australia.

It is a common joke at Jim's that regular attendance at our conferences is dangerous, since virtually everyone who does so ends up buying in! Examples include Ron Sadowski in mowing, and Keenan Archer, a printer who has recently bought a Beach

House Franchise. John Birse had been running our computer training for some time when he submitted to the inevitable and came into Book-keeping. At the time this was a very shaky division, with too little work and a high turnover of Franchisees. Unlike most trade businesses, where we can usually find ample work from day one, book-keeping takes time to build a customer base. And doing so is a lot more complex than putting an ad in the local paper.

John showed enormous energy and ingenuity in promoting the service. He is also a quite shameless self-promoter, known for turning any conversation or forum into a pitch for his division! This last tactic is, however, quite effective, as our people have a strong preference for using each other. About 40% of book-keeping work is done for other Jim's Divisions, Franchisee numbers have grown markedly, and most seem to be doing well. The logo also seems to work quite well for this Division, despite early thoughts that it might need a more 'professional' image.

Even though most people see Jim's as a monolith, the reality is that we are more like a group of joint ventures. Non mowing divisions have a great deal of autonomy in the way they run, and complete control of internal finances. So long as they adhere to our principles of Franchisee and customer service, and use the admin centres where relevant. We do what we do best, including dispute resolution, contracts, Conferences, generic training, Franchisee polling, etc. They look after everything else.

Our system encourages Franchisors to meet regularly, and sometimes leads to people hopping from one division to another. This was particularly the case where an obviously competent Franchisor was in a division with less capacity for growth. Dave Morrison jumped from blind cleaning in the ACT to fencing, Geoff Pryor from blind cleaning to dog wash. And Phil Cobby took on floor sanding and polishing in addition to appliance repairs. Both these last were at the Divisional level.

One lesson we were learning from hard experience was that success seemed to depend largely on the level of investment made. In the early days, we would sometimes grant 'free' Franchisor rights to the individual who pioneered the new concept. Most of these people failed. When we charged for the rights, almost all succeeded. In fact, the amount we charged - \$30,000 - was what experience showed as the minimum to ensure a long-term commitment. It had nothing to do with our actual costs in setting up the division, which were minor. For similar reasons we began charging Franchisors a minimum monthly of at least \$500, to encourage them to sell Franchises and to make sure we had the resources to support them.

It is the same principle as applies to selling Franchises. Investing money creates a commitment that makes someone far more likely to succeed. 'Free' franchises, or even those based on vendor terms, almost never work. We also charged for Divisional rights, and for much the same reason.

But this, together with the other changes discussed earlier, had one quite bizarre result. From the launch of the Franchise until mid 2,000, we had normally been close to our absolute financial limit. Any spare cash had been eaten up by my failed tourist project, the Family Court, and various mistakes and fiascoes such as the trailer leasing. And profits were not great in the first place, as is common in an industry based on high volume but very low margins. Two of our most serious rivals had either failed or gone broke in the previous two years.

Our financial controls had also been totally inadequate for a company that was growing and diversifying at such a frantic rate, especially with the non mowing divisions. We were setting up new ventures and projects almost every month, with little attempt to budget or see how we could fund them. For many years, our books were managed by certain of my admin staff, wonderful and dedicated ladies but with no financial training

whatsoever. In other words, although we did a lot to cut costs, and I have always been a frugal person (to put it mildly!), we really had no idea what we were spending or where. I was very aware how often entrepreneurial companies fail because they fail to manage growth. I did not want us to lose the flexibility and fast response time that had driven our success. Time and again we had sidelined competitors by seizing a new opportunity or new technology. But we needed more.

So we hired a full time accountant to balance and reorganise the books, and set up a series of spending controls and reviews. And we were fortunate indeed to find 'Moodie' Mohammed, whose dedication and integrity go hand in hand with his Islamic faith. He allowed us to see, for the first time, exactly what and where we were spending, and was rigorous in working out ways to save on unnecessary costs. While successfully persuading a surprising number of my staff to join him in his Ramadan fast!

One obvious lesson, once we fully understood our financial position, was that the trailer leases were a crippling burden. Not only were they eating up our cash flow, but they stopped us selling trailers to the Franchisees who wanted them. So we negotiated a loan with the bank and paid out the lease, selling trailers and using the extra cash flow to repay the loan. We sold a small business, a trade exchange, which was losing money. Cut the cost of administration, once we fully realised what those costs were and could compare with other centres. And we began to pay more attention to chasing up our debts.

This is easy to describe, but it took years to implement. Financial controls, reorganisation, the change to the divisional system with lower costs and faster growth. And for a long time, nothing much happened. We were making intensive efforts, but always seemed to be on the edge of insolvency. And then, in mid 2,000, prosperity hit us like a thunderbolt. Suddenly, instead of an overdraft we had money in the bank. And the bank was eager to lend us more!

2,000 was a banner year for me in quite another way. For eight years, though the business grew and developed, my personal life had been chaotic. I had been in a spiritual void since my first marriage broke down, with relationships ill chosen and disastrous in their consequences. And then, in February 2000, I decided to come back to Church. This improved my life greatly on a personal level. And for those who accept the principle of tithing, explains something of the timing of our financial breakthrough a short while later!

The challenge of prosperity is not to become soft or complacent, and we have worked hard over the past few years not to be so. My obsession as always is with constantly trying to improve everything we do. This has involved more attention to customers, including some of the measures described in chapter nine. We have also done more surveys of Franchisors and Franchisees, specifically asking them to complain. This gave us a lot of ideas for improvement. qq

In recent years, better finances have started to make other ventures possible. One has been the purchase of a defunct university site on Edinburgh Rd Mooroolbark. We recently gained permission from the Council to turn it into a Conference Centre, an obvious business since we do a great deal of training and have a lot of experience in the field. My national staff are superb conference organisers, and each conference seems to be better than the last. If we know how to run our own conferences well and cost effectively, it should not be too hard to do it for others! With a beautiful rustic site right in the eastern suburbs of Melbourne, we have great hopes for this project.

On another level, I now have the funds to pursue my research, 'temporarily' put aside with the start of my business twenty years earlier. A project will shortly begin running through the Physiology Department at Monash University, Clayton. If I am right, it could do a great deal to change the world for the better.

Money is also helpful in other ways. Many years earlier I had seen a television program on an Ethiopian Valley which erosion and poor agricultural practices had turned into a disaster zone. There was footage of starving children from a famine a few years earlier. Since then, World Vision had started a project of agricultural development, providing training and basic materials such as seeds but mobilising the local people themselves to do the work. The result was a total transformation, with the environment restored and the people well able to feed themselves.

This kind of project is a lot harder to fund than famine relief, because it does not have dramatic TV pictures to tug at the heartstrings. But it seemed to me far more humane to prevent famine than to try and deal with the consequences of it. And also more cost effective: the old adage 'teach a man to fish, and you feed him for life'. Here was a way in which a relatively small amount of money could do an enormous amount of good.

This project came to my mind when I started musing about shaving off my beard, partly I must admit because as a single man it might help advance my love life! Most men can shave off or grow a beard at their whim. Less easy when you've plastered it across 1700 vehicles, which was our count of Franchisees at the time. So I approached World Vision with the idea of using it to raise money for something like the Ethiopian project. This would not only serve a cause dear to my heart, it should also be good PR for the company and could hopefully be funded out of the marketing budget.

A few weeks later I was in China, touring a project site. I had chosen China because of my longstanding fascination with the country, the culture, the people. What I saw in Yunnan was intensely moving. The terrible poverty, but also the sense of hope about what could be done. I was very impressed by the project leaders I met, idealistic young people from Hong Kong who worked under very primitive conditions in the villages. I was also struck by the efforts of the Chinese government to help poorer ethnic minorities, something we hear very little of. Their local county government gave us the warmest possible welcome.

My most vivid memory is of visiting a small, dark house, in one very poor village perched on a ridgeline. In it lived an old man with two young children. Their father was gone looking for work and their mother had disappeared - probably run off to escape the grinding poverty. All the food they had in the house was a few shriveled ears of corn hung from the ceiling. And this was to last until next harvest, nine months away. Yet I had, in my wallet as travelling money, more than enough money to feed the entire village for six months.

I came back from China and gave a passionate account to the National Conference, held that weekend. The Franchisors agreed to give their financial and personal support. The plan was to motivate our Franchisees to hand out leaflets to their customers, and for me to stump the country talking to every available audience and media outlet. This raised some money, but not as much as we hoped. So I decided to shave it off and keep it off, until we have reached our million dollar target.

I also began steering all my speaking fees to the project. I had only recently begun charging, mainly because speaking engagements were taking up too much of my time. I loved doing it, but I also had a business to run. This way, I could address groups who really wanted to hear me, while also doing some good in the world. So far we have raised about \$50,000.

I know many people consider me eccentric with my twenty-one year old car, basic house and 'limited' wardrobe. My own feeling, when I think back to that time, is uneasiness about the extravagance of my lifestyle. The average Australian, by world standards, has a life of comfortable affluence. I see no reason to live any better than that.

The trip had another consequence, in that it fired my determination to learn Chinese. I bought a whole series of 'teach yourself' guides, one after the other, but found them grindingly difficult and unhelpful. It seemed to me there must be a better, easier way to learn a language, more as a young child does. I spent quite a lot of time with a Chinese friend, who gave me informal language lessons. This was more fun and I picked up quite a bit, but unfortunately soon forgot it. I wished there was a way to record what he taught me and go over it again at home.

I also realised after a time that my friend's Mandarin was the Malaysian version, quite different from a 'pure' Beijing accent! So I found someone else to record a short tape, giving words in Chinese and then English, and gradually building up to more complex phrases. This was startlingly helpful and surprisingly easy. I could play it in the car and learn almost without effort. I began experimenting with different speeds and degrees of repetition. The project grew until I now have on my desk the first of what will be about 50 tapes or CD's, a complete language course that can be taken in the car. I hope this will be the start of a major new business. We will see!

But in another sense, the project has already paid for itself a thousand times over. In April 2001 I was getting some help on the project from Du Yuwei, a highly educated lady doing postgraduate work at Melbourne University. She mentioned that she had a classmate, a beautiful lady that I might like to meet. I agreed readily, though not taking her assessment of looks too seriously. Women tend to be biased when speaking of their friends! I later found out that our meeting took three days of persuasion. Li's opinion of businessmen was that they lied and slept around, and she certainly did not want to go out with one. But Du is a strong willed lady, and in the end she prevailed.

I met my future wife, without makeup and wearing her plainest clothes, one cool autumn evening at the Carnegie railway station. I saw that Du had not exaggerated at all.

Li did not decide about me until she met my mother, who informed her - out of the blue - that I never lied, even when any sensible person ought to! We were married a few weeks later. She came with the bonus of a sweet five-year-old daughter, shortly to be joined by our second daughter and soon a third. We attend Church together where she helps in Nursery and I teach Sunday School. And I am the happiest, luckiest man in the world.