Can franchisees be effectively trained in a

digital environment exclusively using e-learning?

Wesley Parsell

Bowling Green State University

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CHAPTER I: INTRODUCTION

CONTEXT OF THE PROBLEM

Traditional, face-to-face franchise training faces many challenges; some of which include travel expenses, time, coordinating schedules and the availability of human resources. Since thorough franchisee training is critical in the development of a franchised business, it is important to continually revise and improve the delivery methods of the training. As technology continues to advance, new, viable platforms for training become available. Some of these platforms include educational games, learning modules, real life (game based) simulations, interactive tutorial videos and even hybrids that combine the delivery methods. For training and educating franchisees, applying some or all of these web-based training methods can potentially be more advantageous than traditional methods because it eliminates some of the aforementioned challenges including travel expenses, and the web-based training can always available as a reference or for re-training as needed.

PROBLEM OF THE STUDY

The purpose of this study is to determine whether it is feasible to train franchisees exclusively using e-learning in a digital environment. A variety of digital platforms, all synchronous, will be used to deliver training materials throughout a predetermined time frame with check points and goals. Results will be evaluated and measured using an assessment, survey and general observation during the training.

SIGNIFICANCE OF THE STUDY

OBJECTIVES OF THE STUDY

The objectives of this study were to:

1.) Establish whether or not franchisees be effectively trained in a digital environment exclusively using e-learning.

2.) Determine whether there were any unintended outcomes from using a digital environment exclusively to train franchisees.

3.) Were learners engaged in the training.

By answering these questions, the effectiveness and overall impact of the training will be able to be evaluated for effectiveness.

ASSUMPTIONS

1.) Participants honestly answered the questions.

2.) Participants had a basic working knowledge of computers, internet access and software capable of executing the training module properly.

LIMITATIONS

1.) This study will focus on participants currently residing in the United States.

DEFINITION OF TERMS

Franchise/Franchisee  
ROI  
E-Learning  
Social Networking  
Synchronous  
Asynchronous

CHAPTER II: REVIEW OF LITERATURE

**Introduction**

Effective franchise training is essential in the expansion of a franchised business. With advances in internet connections, web applications and multimedia capabilities, training for new and existing franchisees can now take place online, and can come in the form of educational games, learning modules, real life simulations, tutorial videos and more. Utilizing web-based training can more effectively train and educate potential franchisees on how to get started with their new business, train future employee, handle customers and manage and grow their business.

In addition to potentially increasing the overall effectiveness of the franchisee training; web-based training also eliminates some of the challenges of traditional, face-to-face franchise training like travel expenses, time, and the availability of human resources.

Throughout this literature review, the following points will be discussed and evaluated:

* **A Brief History of E-Learning**
* **Benefits of E-Learning and Applications for Franchises**
* **Evaluating the Effectiveness of E-Learning in Corporations**
* **Digital vs. Traditional Communication Resources for Franchisees**
* **Who is Using Web-Based E-Learning**
* **Considerations for Creating and Applying Web-Based E-Learning for Franchisee Training**
* **Personal & Technological Limitations**

**A Brief History of E-Learning**

While e-learning is not a new subject, new applications of e-learning are always being discovered, especially web-based methods. With e-learning, information can be enhanced using audio, video, graphics, and video conferencing, and two parties can communicate in real time, known as synchronous communication, or at separate times, known as asynchronous communication (Schweizer, 2004). E-learning includes virtual, web-based, computer-based and any other form of *electronic* based learning, and the beginnings can be dated all the way back to the mid-1980s when the personal computer was invented. According to Jay Cross (2005), author of “E-Learning for Business,” one of the more significant pioneers of e-learning for businesses was Bill McCabe, an entrepreneur from Ireland, who founded CBT Systems (Computer Based Training Systems) in 1984. CBT Systems initially focuses on training computer professions in person at the computer, then converted to CD-ROM based training for a wider audience, and then finally changed gears to focus on web-based in the late 1990s, which “not only delivered content over the Web, but also provided a personalized learning portal, tracking systems, online newsletters, and discussions groups.”

Outlined by Schweizer (2004) in her article “E-learning in Business,” significant characteristics of e-learning include three criteria:

1. **A majority of the communication between student and student must take place asynchronously.** Studies on effective learning shows that student-to-student communication is as important as teach to student communication.
2. **Two-way communication between student and teacher facilitates and supports the educational effort.** With a variety of new methods to communicate, and advances in old methods to communication, open communication proves to be a highly important aspect of education.
3. **Technology mediates communication.** “Not only does computer-based technology provide new approaches to learning, but also gives teacher and student the possibility of using a variety of media to convey, synthesize, analyze, and create knowledge” (Schweizer, 2004,).

**Benefits of E-Learning and Applications for Franchises**

“In 1999, IBM saved $200 million dollars, and provided five times the learning at one-third the cost of their previous methods” (Strother, 2002); but implementing e-learning has many benefits that go beyond saving time and money. “The convenience, standardized delivery, self-paced learning, and variety of available content, have made e-learning a high priority for many corporations (Strother, 2002). In addition to those benefits, students get the opportunity to experience enriched and more engaging content.

According to Cross (2005), “the success of an eLearning initiative (in a business environment) is now measured in customer satisfaction, quicker time-to-market, higher sales, and fewer errors,” and the benefits are:

* Accelerating business processes
* Improving the productivity of sales channels
* Helping customers become smarter buyers
* Enabling vendors and partners to work more closely and quickly
* Accelerating the orientation of new employees
* Bringing new leaders up to speed faster
* Aligning the workforce with current strategy
* Launching new products and services globally
* Rolling out enterprise systems such as CRM and ERP
* Documenting regulatory compliance (Cross, 2005).

With all of the benefits that exist from implementing eLearning in business for training employees, the same benefits can be obtained by franchisees that strive to develop and grow their business as an owner. With many franchises being independently owned and operated, franchisees need to not only learn how to operate their business, but also train their employees. This means that franchisees can re-produce the materials that they found beneficial throughout their training, then improve those resources to create the best possible learning environment for their employees.

**Evaluating the Effectiveness of E-Learning in Corporations**

Just as important as utilizing E-learning to improve business performance is evaluating the results. According to Judith Strother (2002) in “An Assessment of the Effectiveness of e-learning in Corporate Training,” using Kirkpatrick's 4-level model (Kirkpatrick, 1979) can be used to evaluate any type of training, and (Phillips, 1996), recommends the addition of a fifth level to Kirkpatrick's model (Strother, 2002):

**Level I:** Reaction is a measure of learners' reactions to the material.

**Level II:** Learning is a measure of what they learned.

**Level III:** Transfer is a measure of changes in their behavior when they return to the job after the training program.

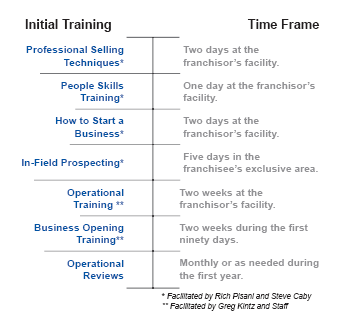
**Level IV:** Results is a measure of the business outcomes that occur because they are doing their jobs differently

**Level V:** Is a measure of the Return on Investment (ROI), the cost-benefit ratio of training. In this level, the Level IV data are converted to monetary values and then compared with the cost of the training program.

As mentioned above, Kirkpatrick's model for evaluating the eLearning effectiveness with the addition of Phillip’s fifth level can also be applied to any type of training, including the training of franchisees and their employees. These levels are a good model because they add the business perspective of ROI, which certainly plays a role in franchising, and they also evaluate the reaction(s) of the learner, which helps to improve future training.

**Digital vs. Traditional Communication Resources for Franchisees**

Below is a figure that demonstrates how franchisee training was done traditionally. The franchisee was required to travel to the franchisor’s facility for extended periods of time to undergo training. This incurred travel expenses, lodging, meals and human resources on top of any training materials. The methods of communication were limited to face-to-face and occasionally telephone phone calls and faxes during the event-planning period.

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Here are some web-based resources that new technology has made available to improve the traditional training and/or communication process:

1. E-Presentations
2. Go to Meeting / Elluminate Sessions
3. Email
4. Q&A Forums
5. Interactive Modules
6. Wikis
7. Social Networking Sites
8. Virtual Case Studies

The above resources could be utilized individually, or in addition to traditional communication methods. Eliminating face-to-face training is not a necessity, but when it can be limited to focus on the more important aspects of training, the new methods of communicating can complement and improve the outcomes of the training.

**Who is Using Web-Based E-Learning**

It is said that it is easier to start a new business than it is to change an existing one, but this does not seem to be the case when it comes to web based training. Huge corporations were early adapters, as many saw the potential in moving training to the web. Whether their reasoning is cutting costs or more effective results, IBM, GE, Ernst & Young and others have already jumped on board. Using a blend of Web-based (80 percent) and classroom (20 percent) instruction, Ernst & Young reduced training costs by 35 percent while improving consistency and scalability. Rockwell Collins reduced training expenditures by 40 percent with only a 25 percent conversion rate to Web-based training (Strother, 2002). A.G. Edwards, a conservative financial company, found the ability to easily update their web-based training was a huge benefit they wanted to take advantage of. With tax laws and investment information always changing, they wanted to stay competitive and coach their employees to be the highest performing brokers (Schank, 2002).

“Forrester, an independent research firm that helps companies assess the effect of technology change on their operations, interviewed training managers at 40 Global 2500 companies and found that all but one of them already had online initiatives in place (Dalton, 2000). A survey of 500 training directors (Online Learning News, 2001a) clearly shows the new priorities:

* Sixty percent had an e-learning initiative.
* Eight-six percent had a priority of converting current instructor-led sessions to e-learning.
* Eighty percent will set up or expand knowledge-management programs.
* Seventy-eight percent were developing or enhancing electronic performance support (Schank, 2002).

With the early movement towards web-based eLearning by large corporations and Ivy

League colleges such as Harvard and Columbia, it is clear that a similar implementation for developing franchisees would be advantageous, especially to companies like McDonalds; whose franchise development and training program lasts between 9 and 12 months.

**Considerations for Creating and Applying Web-Based E-Learning for Franchisee Training**

Web-based eLearning for franchisees can come in the form of educational games, learning modules, real life simulations, and tutorial videos that can more effectively train and educate franchisees. Before getting started, content, context, consistency, instructions, support, customer service, evaluation, and collaboration should all be considered and planned carefully (Evans, 2002). Global considerations should include language, time zones and cultural differences (Tai, 2008). According to Sinclair (2002) in “Creating Web-based training: a step-by-step guide to designing effective E-learning,” the progression in creating and conducting any training is:

1. Assess needs
2. Design instruction
3. Develop materials
4. Deliver
5. Evaluate.

Topics of focus for developing franchisee training would include some of, or all of the following:

* How to get started with their new business (This would include general business practices such as cash flow, sales tax, ordering supplies and materials, etc)
* How to train (and evaluate) employees
* How to attract and handle customers
* How to manage and grow their business
* Marketing techniques, Public Relations, etc

In addition to the above considerations for developing an effective web-based learning platform, it is important to incorporate the psychological and cognitive perspectives of the learner. This means that it is imperative to have a basic understanding of how a learner’s brain will interpret the information given to them, even though no two individuals will perceive the information *exactly* the same. “Our brains automatically try to make predictions based on past experiences even though it does not remember the exact details of what it sees, hears, or feels; only the important relationships that are made (Hawkins, 2004).” Since the learner will only remember the important relationships that are established during the training, effective planning and research is vital in aligning the learning outcomes with those important relationships, and making sure they reoccur throughout the training.

Once all of the variables and materials have been considered, focus should then move on to executing an effective learning environment. Feedback will be important along the way, and regular evaluations of content and effectiveness will help ensure a continually improving atmosphere.

**Personal & Technological Limitations**

Most personal limitations will not limit the capabilities and effectiveness of web-based eLearning for franchisees, but it is vital that they be factored into the planning and development stages of training. Common limitations are:

1. Business Background
2. Knowledge of Industry
3. Age
4. Time to Commit
5. Financial Resources
6. Web Experience

These personal limitations are common and can be accounted for in the training; or a company can set restrictions on specific variables like age and financial resources that could help filter out the best candidates for running a franchise.

Below are some technological limitations that may have a greater effect on web-based training.

1. Computer Hardware
2. Internet Connection

These technological limitations could hinder the ability to play audio, video and communicate in real time, and would need to be addressed in advance. Some solutions include requiring certain Internet connection speeds or minimum hardware specifications as part of the franchise agreement, or lending laptops out to franchisees during the training stages.

**Conclusion**

E-learning has been a major focus of both educational systems and businesses for the better part of the last two decades, and with continual advances in the capabilities of the Internet, web-based training for franchisees is more viable than ever. As seen by the reluctance in corporations like McDonald’s, there has yet to be a movement towards purely web-based training for franchisees, but the potential is there.

CHAPTER III: METHODOLOGY

INTRODUCTION

This chapter illustrates the methods and procedures used in this study relating to the research design, data collection and analysis. To refrain from tailoring to franchises in a specific industry, the focus of this study will be on the actual business structure and creation of a franchise by an owner, as opposed to employee training or day to day operations.   
RESTATEMENT OF THE PROBLEM

The purpose of this study is to determine whether it is feasible to train franchisees exclusively using e-learning in a digital environment. A variety of digital platforms, both synchronous and asynchronous, will be used to deliver training materials throughout a predetermined time frame with check points and goals. Results will be evaluated and measured using an assessment, survey and general observation during the training.  
POPULATION

This study will began by evaluating existing franchise applications, requirements, training methods and materials from businesses that already use a franchise model. From there, areas of focus will be identified and an original instrument will be created and tested with a sample group.  
RESEARCH DESIGN

To evaluate the true effectiveness of using e-learning in a digital environment to train franchisees, a feasibility study will be conducted on a sample group of participants with an interest in either running or franchising a business. A survey will be developed to select only qualified participants for the study.

After a qualified group of participants have been determined, they will be asked to take a pre-test to measure their existing knowledge of starting a business and general business practices. After the pre-test has concluded, the test group will complete the franchisee training module which will use a variety of digital platforms, all throughout a predetermined time frame with check points and goals. This module will strictly cover material related to forming and starting the franchise. Topics included in the training will be:

* Legally structuring the business
* Marketing
* Finance / Accounting / Taxes
* Customer Management

At the conclusion of the training module, a mixed methods approach will be used to evaluate the results determining the effectiveness and feasibility of the training. Evaluation methods will include an assessment, a survey (using the Likert scale) and general observation during the training.

Once the results are reviewed, a modified “beta” version of the training module will be developed with adjustments to better determine whether problems were indicators of barriers inherent to online training environments or whether the issues were specific to the “content” (but not the medium of delivery) of the alpha version.

HYPOTHESIS

At the completion of training, franchisee assessment scores and overall comprehension of material will conclude that it is feasible to exclusively use e-learning in digital environment as the sole means of training.

Possible Survey Questions to Qualify Participants:

* Do you currently operate or have you had experience in operating a business?
* Do you have any formal education in general or specialized business?
* Do you intend on purchasing or operating a franchise in the future?

Possible Research Questions:

* Would asynchronous training be preferred?
* Does either synchronous or asynchronous training require more time to be effective?

1. Does this affect the results?
2. Does supervision encourage the trainee to be more focused?

* Does prior knowledge of the technologies used affect the results?

1. Positively or Negatively?

* Do technological limitations decrease results?
* Is there a learning curve for the technology platforms used to deliver materials?

**Qualitative**

* Final Comprehension Assessment
* Focus Group
* Observation

**Quantitative**

Questionnaire / Survey

CHAPTER IV: FINDINGS

CHAPTER V: SUMMARY AND CONCLUSION

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