

Q&A: Franchising expert discusses DFW franchising industry, outlook

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Many different types of businesses are struggling during the economic downturn, but there are still many that are continuing to thrive — and the same goes for franchise businesses, said Sara Waskow, market president of FranNet of Dallas-Fort Worth.

For instance, businesses that are providing home services such as lawn maintenance, painting, roofing and interior services are doing well.

“I will also say that even some of the businesses that were shut down have reopened and people are going back,” Waskow said. “They recognize the need to exercise, they need to get their haircut, they want to take care of themselves. Even the massage, beauty and wellness businesses had to shut down for a while, but they're back open and following protocol and people are returning.”

Waskow spoke with the *Dallas Business Journal* about the DFW franchising industry, the unique challenges it's facing and more:

What franchising businesses are especially struggling in this environment?

Restaurants, for example, a lot of them still don't have their dining areas open. I think personally it might just not make financial sense. They're just keeping the drive-thrus open, curbside pickup and that sort of thing. It probably doesn't make sense to only be able to seat 50 percent of the restaurant and still maintain the staff required and that sort of thing.

How is the franchising industry especially affected by this recession and pandemic versus your typical small business?

Franchisors are really having to make a lot of decisions on how they can help their franchisees. When these businesses were shut down, obviously, there was no revenue coming in. The franchisors were not able to earn their royalties, which is what helps sustain them. I would say that was probably a unique challenge for franchises. But some of the benefit when you are in a franchise that's going through a lot of these changes is the support that they're providing and the help that they are giving to their franchisees. We had a conference right after all this started and within a week of everything shutting down, the franchisors were sharing with us all of the things that they have done to help their franchisees.

I find great comfort in having that support system as a business owner and somebody that's guiding me through these uncharted waters that nobody really knows what to do in and getting some guidance and direction from the franchisor vs. trying to figure it out on my own. But obviously, that's a challenge for the franchisor to try to figure that out. But as a business owner, you have that support system there to help you, as well.

How is the DFW franchise ecosystem impacted vs. other markets in Texas?

Our economy is really strong. Obviously everybody is experiencing struggles with this. I think compared to a lot of the other economies, Houston, for example, is so dependent on oil and gas and with that industry just plummeting, I think they've been much more negatively impacted — potentially than Dallas-Fort Worth. Because we have such a diverse range of types of businesses that contribute to our economy.

When do you see the franchising industry recovering?

Nobody can predict, it's hard to know. Certainly when a vaccine is available, I think people will have more confidence. But honestly, right now, there's a lot of interest in business ownership. I think people recognize the positives on the back-end of this. It has been a landlord's market up until now. I believe that tenants are going to have a lot more negotiating power, because unfortunately, some of the businesses are closing and these landlords are going to want to get new tenants in.

People are recognizing that there's some opportunity ahead and want to be ready. I definitely see later this year or early next year with new businesses, opening people recognizing the changes in place, and looking ahead.

This interview has been edited for brevity and clarity.