

Selection Audit — Franchise System (Anonymized) — New territory ramp underperforms in first 120 days

Deliverable: Selection Audit

Brand: Selection Systems

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PRIMARY CONSTRAINT

Incentives

120-DAY TARGET

Increase new-territory performance in first 120 days without sacrificing margin quality or service reliability

CORE LEVER

Scoreboard + weekly inspection (WBR)

NEXT INPUTS NEEDED

Answer 3 questions to confirm the constraint and finalize the plan.

EXECUTIVE SUMMARY

- Problem: Early territories underperform: inconsistent sales execution, inconsistent CRM/tech usage, owners struggle to manage sales activity.
- 120-day target: Increase new-territory performance in first 120 days without sacrificing margin quality or service reliability
- Primary constraint (best current guess): **Incentives**
- Why this matters: early-territory variance compounds into weak validation calls, higher support load, and slower expansion.

INTAKE SNAPSHOT (WHAT WE'RE SOLVING)

- Organization: franchise | logistics / 3PL
- Scope: US expansion (territory-based)
- Success metric: gross margin ramp + pipeline health + exceptions | baseline=unknown → target=unknown | 120 days

- Non-negotiables: Protect brand quality (service reliability), Protect margin quality
 - Available levers: Initial onboarding/training, Ongoing coaching, Internal software stack (CRM / workflow tools), Leadgen pipeline
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SELECTION MAP (WHAT THE ENVIRONMENT IS CURRENTLY SELECTING FOR)

- Measured/inspected: new revenue / gross margin (lagging); sales activity (often uninspected); exceptions / service failures (implicit brand signal)
 - Rewarded: territory awards / expansion optics; short-term momentum
 - Punished: slow ramp; service failures; low-quality margin
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WORKING DIAGNOSIS (WHY NEW TERRITORIES UNDERPERFORM IN THE FIRST 120 DAYS)

Most early underperformance is not a knowledge problem. It's a selection problem:

- Owners believe 'momentum = survival,' so they chase activity or volume that isn't tied to margin-quality outcomes.
 - 'Manage-the-manager' isn't enforced via inspection, so Sales Executive activity drifts and CRM discipline collapses.
 - Tech and process become optional when they're not tied to what gets rewarded/withheld.
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Observed beliefs (as stated in intake):

- We need early momentum to survive
 - CRM/tech is extra work unless it directly helps win freight
 - I hired a sales rep so sales should run itself
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PRIMARY CONSTRAINT DECISION (TURN BEST-GUESS INTO A HARD CALL)

Use this as the fork to identify whether the bottleneck is Incentives, Resources, or Perception:

If these are true → Primary constraint = Incentives

- Franchisees can 'feel busy' (calls/quotes) without building gross margin, and nothing in the system forces correction.
- The easiest way to avoid pain is to chase volume/momentum, even if it damages margin quality or service.
- Tech/CRM usage is optional because support/visibility isn't gated on it.

If these are true → Primary constraint = Resources / Capability

- Owners want to manage the Sales Executive but don't know *how* (no scripts, cadence, or clear activity standards).
- Training exists, but the specific 'manage-the-manager' skills aren't being transferred into weekly behavior.

If these are true → Primary constraint = Perception (after incentives/resources are addressed)

- Owners believe 'this is just how freight works' / 'CRM is pointless' even when the system makes the right path easier.
- They dismiss the winning path as "corporate nonsense" despite evidence.

If these are true → Primary constraint = Controllability

- Expansion is blocked by state registration / legal qualification (can't sell in key markets).
- The constraint is upstream of execution; solve policy/qualification first.

30-DAY EXPERIMENTS (DESIGNED TO REDUCE VARIANCE FAST)

Experiment 1 — Install a 3-number scoreboard + weekly inspection

- **Change:** Define 3 weekly numbers that predict gross margin ramp + pipeline health, and inspect them in a 20-minute weekly review.
- **Prediction:** Within 2–3 weeks, franchisees will start managing Sales Exec activity and tech usage will become non-optional.
- **Owner:** Director of Franchise Performance + franchisee (required attendance: Sales Exec)

Experiment 2 — Tie territory protections to the behaviors that create early success

- **Change:** Translate 'keep exclusivity / avoid competition' into explicit weekly requirements (sales exec retained + minimum gross margin ramp + reporting hygiene).

- **Prediction:** Early-stage franchisees stop treating basics as optional because the consequence is real.

Experiment 3 — Make tech the path of least resistance

- **Change:** Require CRM/proprietary system use for (a) quoting workflow, (b) pipeline review, and (c) exception handling.
- **Prediction:** Adoption rises when it is the only way to be 'seen' and supported.

SCOREBOARD DRAFT (CLIENT-READY; EDIT TO MATCH ACTUAL KPI PACK)

These are deliberately simple. The goal is to reduce variance, not create reporting overhead.

New Gross Margin Added (weekly)

- Definition: gross margin booked this week from new customers (or new lanes), net of direct shipment cost.
- Why it matters: matches the royalty economics (30% of gross margin) and forces margin-quality selling.

Pipeline Health (weekly)

- Definition (pick one):
- Qualified opportunities created (meets minimum data + next step scheduled), OR
- Stage movement count (opps advanced to pricing/quote/close stages), OR
- Weighted pipeline value (expected gross margin) for next 30 days.
- Guardrail: activity-only metrics (calls/emails) don't count unless they create qualified opps.

Reliability / Exceptions (weekly)

- Definition: # of shipments with service failures, claim events, or escalations; track rate per 100 shipments.
- Why it matters: prevents 'margin wins' that are actually future churn/refunds and keeps the brand promise intact.

IMPLEMENTATION PLAN (WEEK 1-4)

This is the 'how'—the part most systems skip. Keep it boring and repeatable.

● **Week 1 — Define the scoreboard + install the cadence**

- Deliverable: final definitions for the 3 numbers + who owns them + where data comes from.
- Create a single shared sheet/dashboard with Red/Yellow/Green thresholds.
- Schedule the Weekly Business Review (WBR): 20 minutes, same time weekly, mandatory attendance (franchisee + Sales Exec).

● **Week 2 — Run the first WBR + enforce data hygiene**

- Run WBR #1 using real data (even if messy).
- If pipeline health can't be produced from CRM, the action item is: 'fix CRM inputs' (not 'work harder').
- Require one 15-minute franchisee→Sales Exec 1:1 per week with a written agenda (stored where DFP can audit).

● **Week 3 — Add consequence + support gates**

- Make support visible: extra help, marketing boosts, or leadership attention are gated on reporting + cadence compliance.
- If Sales Exec is missing >X days or role is vacant, create a recruiting sprint plan (because exclusivity risk is real per Item 12).

● **Week 4 — Calibrate thresholds + lock the rhythm**

- Update R/Y/G thresholds based on what's realistic in first 120 days.
- Identify 1–2 playbooks from 'green' territories and standardize as the default operating path.
- Publish a one-page 'First 120 Days: What Great Looks Like' and attach it to onboarding.

WBR AGENDA (20 MINUTES)

- 1) Scoreboard (5 min): GM added | Pipeline | Exceptions
- 2) Constraint call (5 min): what is the ONE bottleneck this week?
- 3) Commitments (7 min): 1–2 actions, owner, due date
- 4) Close (3 min): confirm next meeting + what will be inspected

R/Y/G THRESHOLDS (STARTER DEFAULTS — ADJUST)

- Green: numbers are produced weekly + trend improving
- Yellow: data exists but inconsistent / flat
- Red: can't produce numbers OR exceptions rising

WHAT WE NEED NEXT (TO FINALIZE THE CONSTRAINT CALL)

Answer these and we can move from 'best-guess' to 'hard diagnosis':

- 1) What does the KPI pack look like today (weekly/monthly)?
- 2) What does a 'good' first-120-day ramp look like (gross margin + pipeline leading indicators)?
- 3) Where do deals die: lead flow, conversion, onboarding, or execution after launch?