

Keeping up with Millennials and Gen Z

CFA Members provide insight into the value these generations bring to franchise systems as employees, leaders, and franchise owners

In today's rapidly evolving workplace, the rise of Gen Z and Millennials is reshaping the dynamics of leadership within the Canadian franchising industry. With their unique perspectives, technological prowess, and a desire for purpose-driven careers, these generations are bringing a fresh approach to the industry.

Gen Z, referring to those born roughly between the mid-1990s and early 2010s, are digital natives who grew up with smartphones and social media. Millennials, born between the early 1980s and mid-1990s, experienced the rise of the internet even earlier.

Recent studies and surveys shed light on the contrasting characteristics and preferences exhibited by Gen Z and Millennials when it comes to leadership and work environments. Notably, an overwhelming 88% of these cohorts consider work-life balance as a critical factor in selecting employers, as revealed by a survey conducted by Deloitte.

Read on as two CFA Members: Fuzz Wax Bar and Real Property Management LP provide insight into working with Millennials and Gen Z in the world of franchising.



Franchising for Millennials – and the two other groups we should all be thinking about

BY FLORENCE GAVEN ROSSAVIK, CO-FOUNDER OF FUZZ WAX BAR



As we settle into the post-pandemic world in early 2023, the Millennial generation is now between 26 and 40 years old. This is the generation that's currently pushing the baby boomers out and taking over the business world.

Most millennials grew up during the 80s and early 90s, a decade of abundance, opportunity, and rapid technological changes. It was a time of crisis as well, but these tended to find finite resolution (for bad or good) thanks to material and societal tools, like money, political changes, or revolutionary technology.

The Millennial generation's appetite for business ownership is well documented and will soon surpass their predecessors. There are a few key points that explain why they are the perfect generation for entrepreneurship in the world of franchising.

- They believe in optimistic outcomes. They grew up during a semi-worry-free time which has helped create a sense of optimism in the future regardless of what the world is currently encountering. Whether it's a pandemic or an economic recession, this generation remembers that there was a time when things were OK and believe it's bound to happen again.
- They are tech-savvy, but they remember the world before the internet. They understand the gaps that technology closed and are amazed by it because they remember the daily habits pre-internet. They embrace this technology and manipulate it to create growth without fear of it.
- They thrive in groups. They grew up in environments where most communications had to happen face-to-face. They enjoy teamwork, whether it's working within a team or leading one. Building something as a collective is very attractive to them and understand that taking risks is less scary when you are not alone.

When we are looking at franchising, Millennials are a bit less obvious candidates than other generations because they are such entrepreneurial spirits and have a hard time letting go of their own creative designs. They believe they have a lot to offer to the world, whether it is in their corporate jobs or their craft, and embracing a system with limited flexibility is not very appealing.

So, how do we sell to Millennials? We adapt our systems and processes to their mentality and bank on that creative mindset instead of fearing it.

- Millennials want to have a say. The main difference between them and previous generations is their infinite access to knowledge and the ease at which they utilize technology. The franchisor no longer must do all the research on its own or look for the next best technology for the business. Empowering franchise partners to be the front runners for part of the research and development process is essential to retain trust and interest in the brand.
- By offering a brand that is recognized for its positive impact. Let's say you are in the cupcakes or window cleaning business. People could argue that those are offers that while being largely used, the world could arguably do without. But start using only fair-trade cane sugar that benefits impoverished farmers or focus on hiring cleaners within marginalized communities, and suddenly your business proposition has a secondary purpose that might make the difference for a candidate.
- Offer work-life balance. This might sound basic nowadays, but there truly is no better argument for a franchise candidate than being offered flexibility and well-being. The one caveat: it must be real! If your brand hasn't yet figured out how to transition from a Baby Boomer "work work work" system to a "work from the beach" possibility, you have some work to do. And be reassured, despite misguided beliefs, Millennials are not lazy. They are not unwilling to work; they will not prefer seating on the couch or take that "work from the beach" possibility to the letter. They just need to be offered the choice to operate with their own priorities in mind and put their well-being first, and they will do the hard work needed to get them there.

Millennials are the main subject of conversation these days, but there are two other groups we need to pay close attention to when we talk about selling franchises.

The Empowered Mature Woman

A growing number of candidates are coming from the tailgate of Generation X, currently the 45-55-year-old, and a larger percentage of women than ever before. This mature female group is an amazing opportunity for franchise systems as they generally tick all the boxes.

- They are often investigating the franchise world because of a new life circumstance, such as exiting a corporate job, going through a personal separation,

grown kids leaving the nest, or selling some property. They are ready to do something for themselves and feel a sense of purpose that had been put on the back burner for the first part of their life.

- This is the first female generation that is truly financially and spiritually independent, but they still had to fight for it. From wage gaps to gender harassment, they have come into their own in a time that was neither fair nor easy. This fuels a desire for personal achievement which can finally be considered now that they have the time and finances required.
- They are looking for less risky solutions. It seems true that women are generally less inclined to take risks than men (as demonstrated for example by brain waves medical studies, or societal studies reflecting the fact that women bear the consequences of risk-taking actions more than men) It's possibly why that group is seen approaching the idea of franchising with great interest. And why franchisors should learn to target that specific candidate well.

The elephant in the room: Gen Z

The question mark generation. They are just about to hit 25 years of age and are entering the corporate world as well as the business ownership world. This is the generation we need to be ready for.

Gen Z, unlike their predecessors, didn't get to go through their formative years during abundant times. Things are much more black and white, good and bad, trustworthy or evil to them. Unlike the Millennials, Gen Z is struggling with the idea that the world will ever be OK again. It is coming of age through an undeniable environmental crisis, a global pandemic, and the disappearance of the middle class.

Perhaps that is why they are at odds with the world and want to be loud about it. Being "woke" is no longer a trend as Gen Z is distilling this way of life into all the parts of society that they touch. They can be quite forceful about it, but that's because they can't fathom looking at the world differently. It is messed up and it must be fixed. Now.

It's also important to note that technology is of course part of their norm, but it is something that has taken over so entirely that they rely on it to help them form opinions about the world and often about themselves (through the voice of bloggers, streamers and Tik Tokers with millions of followers). As that generation gets older, those habits might change, but for now, it is a key element that will need to be fully embraced (and well-managed) by any business that wants to attract this group.

Why is Gen Z the perfect franchise partner, but will be even harder to attract than previous generations?

It's not immediately obvious, but Gen Z will be a great franchise partner. Here is why:

- They want to be independent, but they will be less inclined to take risks than the previous generation. This is a group that will look towards safety and will be happy to follow a system if it aligns with their values. They have grown up looking up to others (mainly on social media) to tell them what to eat, how to dress, and how to address other people. It's not to say they don't have their own personality, but they understand the impact that others (or businesses) can make and are not afraid to follow the right leader. Those principles apply well to franchising, which is a less risky endeavor than starting an enterprise from scratch, and when well-led can be an aspiration for young entrepreneurs.
- Gen Z are multitaskers – and that's good for franchising. Most franchise businesses offer the flexibility of semi-absentee ownership or even part-time franchise. This generation has a hard time understanding the limitation of singularity, whether it be in jobs, hobbies, or partners. Building a business generally requires 100% of attention and time, but franchising doesn't always have to, they can still pursue other things while opening a franchise and that will be extremely appealing to them.

The caveat: If you think it's hard to attract a Millennial to be a franchise partner, wait for Gen Z to come around. They might be a great franchise generation on paper, but they will still be very difficult to convince. Here are some thoughts on how to bridge that gap:

- Up your Purpose game. Brands that have done a good job at catering to their Millennial franchisees will have an easier transition but will need to push the envelope. The main difference is that it won't be enough anymore to be vocally supportive of great causes. Brands will need to be truly engaged and spend some real money on giving back, all the while being modest about it.
- Tech will be key. Embracing how technology can evolve your business and most importantly the bothersome parts of administration, operations, training, or HR will be fundamental to giving Gen Z piece of mind and keeping your brand on their list of top opportunities. This generation will not forgive outdated processes (like not using AI, instant communication, or social media)
- Flexibility will be the most appealing sales argument. This generation needs to be mobile and to be able to change their mind. By putting processes in place for easy transfers, exits, turnkey management, and remote operations, you will be able to attract people who have fundamentally rejected the idea of doing one thing only for the rest of their lives.

It might seem overwhelming to think about catering to new generations when it comes to well-established

franchise systems. The older the business, the bigger the evolution will need to be. But if there is one fact about these new generations is that doing things genuinely and purposefully is what will matter, so time is

of the essence to engage on that path. Imagine a world where cupcake making and window cleaning help save the world... Maybe these new generations are on to something after all.

Generation Z: Embracing change, innovation, and redefining the future of franchising

BY CARLA BROWNE - PRESIDENT,
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Generation Z, the tech-savvy demographic born between 1997 and 2012, is making their mark on the franchising landscape, driven by their pursuit of financial independence, their desire for a balanced work-life ratio, and a collective ambition to leave a legacy beyond traditional careers.

At Real Property Management, we are witnessing first-hand how Gen Z franchisees are transforming our industry. They're embracing our tech stack and AI initiatives with enthusiasm, leveraging their inherent digital familiarity to maximize operational efficiency and drive business growth. Gen-Z's proactive communication style also fosters a culture of transparency in the workplace, helping us to address issues promptly and improve our systems. Furthermore, Gen-Z franchisees are leveraging their social media savvy to innovate in customer outreach, often spearheading initiatives on platforms like Instagram and TikTok.

Gen Z values their autonomy and has a distaste for rigid, traditional working structures, making them well-suited to franchising, where they can chart their own course while having the safety net of an established brand. They see franchising to control their financial destiny without the uncertainties of a start-up. The flexibility that comes with owning a franchise aligns perfectly with their desire for a balanced work-life.

Moreover, the flexibility inherent in franchising aligns with Gen-Z's emphasis on mental health and work-life balance. Able to set their own schedules, they can maintain productivity while fostering well-being. As franchisees, they can shape their work culture to prioritize mental health, creating an environment that doesn't just offer financial freedom, but supports their holistic vision for a fulfilling professional life.

Beyond financial success, Gen-Z franchisees aspire to create lasting legacies through their businesses. They're using franchising to create ventures that reflect their values and vision, contributing to their communities in meaningful ways. This shift marks a new era in franchising, opening avenues for franchisors that cater to this desire for impactful entrepreneurship.

At Real Property Management, our diverse home office team, which includes Gen Z members, puts us in a unique position to understand and cater to this dynamic generation. This diversity allows us to create an inclusive and adaptable franchise model that resonates with Gen Z's values and aspirations.

As Gen Z enters the franchising world, we're not just witnessing a demographic shift but a transformative wave that will redefine the industry. Their quest for financial freedom, work-life balance, and a lasting legacy, coupled with their tech-savviness and innovative outlook, are perfectly aligned with the flexibility and potential for impact that franchising provides.

The rise of Gen Z in franchising is not merely about keeping up with trends; it's about investing in the future of the industry. As this generation is expected to account for a significant portion of global consumers and have substantial spending power, businesses that fail to acknowledge their influence risk falling behind.

As we continue to navigate this transformation, we at Real Property Management welcome this change and are looking forward to adapting and learning from these young entrepreneurs. Their perspectives enrich our franchise systems and help us better serve our customers in an increasingly digital world.

Here's to the future of franchising, shaped by the energy and vision of Gen Z. 🌟