The Steering Committee of the Franchise Mediation Program met in Washington, D.C. on Friday February 10, 2006. Present were:

Kay Marie Ainsley  
Michael H. Seid & Associates, LLC  
Kennesaw, GA

Kathryn M. Kotel  
McDonald's Corporation  
Oak Brook, IL

Morton H. Aronson  
Kilpatrick Stockton LLP  
Atlanta, GA

Scott G. McLester  
Cendant Corporation  
Parsippany, NJ

Charlie Broun  
InterContinental Hotels Group  
Atlanta, GA

David Mayberry  
Kilpatrick Stockton LLP  
Atlanta, GA

Harris J. Chernow  
Chernow Katz LLC  
Horsham, PA

Jay S. Patel  
Asian American Hotel Owners Assoc.  
Atlanta, GA

Stephen A. Ellerhorst  
Independent Hardee’s Franchisee Association  
Indianapolis, IN

Robert L. Purvin, Jr.  
American Association of Franchisees & Dealers  
San Diego, CA

William G. Hall  
William G. Hall & Company  
Fort Worth, TX

Richard L. Rosen  
Richard L. Rosen Law Firm PLLC  
New York, NY

James L. Hansen, CEO  
North American Association of Subway Franchisees, Inc.  
Coral Gables, Florida

Matthew Shay  
International Franchise Association  
Washington, DC
Co-Chairs Bill Hall and Scott McLester convened the meeting at 10:10 a.m. The chairs thanked Mr. Shay for his hospitality. The attendees introduced themselves and Mr. Phillips gave a brief introduction of the Program.

Approval of Minutes

On motion duly made and seconded, the minutes of June 24, 2005, were approved as submitted.

Discussion of Pending Activities

Mr. Hall recounted that the mission of the Program has shifted away from encouraging mediation of particular cases through a set of rules administered by CPR, in favor of a broader advocacy of conflict management and dispute resolution generally. The measure of success therefore will not be the number of franchise mediation cases that go through CPR, but the extent that the franchise community is aware of mediation and uses it and other sophisticated methods to add value to their businesses. The main objective is to educate the community to promote mediation as a management tool. As various projects are presented, the Committee’s input and ideas will be sought and certain selected projects will be executed.

The group has agreed to drop the word “National” from the name of the Program. Ms. Ainsley distributed a logo and letterhead incorporating that new name. The logo and name have been searched and will be registered. The logo and name were both approved by the committee, and a suggestion was made that the name be supplemented with a phrase or “tag” communicating that it is a nonprofit alliance of franchisors and franchisees, aimed at promoting mediation (in order to distinguish it from a mediation service provider organization or other vendor). Mr. Smith noted that he has encountered skepticism of the Program because it is perceived to be biased in favor of franchisors, and that issue should be confronted “up front” in a headline. Salient concepts to be included are “nonprofit,” “franchisor/franchisee,” “mediation” and “promotion/education.” The group approved: “A nonprofit program promoting the mediation of franchise disputes.” The list of Steering Committee members should appear on the left of the letterhead.

Mr. Phillips presented a schematic of the enhanced www.franchisemediation.org web site. Suggestions were made to ensure that the Program is fully described, and that franchisee organizations be linked in building a very wide “library” in the “Resources and Links” section. Everyone was encouraged to contribute links. Mr. Valentino suggested that testimonials also be included. The home page will be designed distinctly from the CPR web site, where it now resides.

Mr. Phillips described the revised booklet of description and rules of the program and the committee reviewed it section-by-section. The committee discussed how the administrative
costs of neutral selection (Section E) should be borne, and whether any obstacle presented by administrative cost can be overcome. A distinction was made between administered processes such as AAA and JAMS, and the non-administered process of the Program, which offers assistance with neutral selection only. Also, the “nonprofit” message of the Program may be confused by the imposition of cost. The free use of the neutrals list should therefore be more emphasized. The wording of the “no-waiver” precaution in section F(9) was discussed and the question remained whether any legal advice should be given in these materials. It may also be possible to place such information in a sample agreement, for the consideration of individual parties. A statement that parties are not precluded from litigation may be sufficient, especially if placed elsewhere than in “Ground Rules.” Rule F(13)(a) should be changed to calendar days rather than business days. Section K should exclude any reference to the content of the agreement. The document will be revised and circulated to the committee before distribution.

Mr. Hall updated the group on the survey project. The IFA has online survey capabilities and the questionnaire has been modified at IFA’s suggestion. The order of questions has also been adjusted. The survey will be sent to a small group of IFA Board members and the Steering Committee. Based on those responses the questionnaire will be sent to the IFA membership. Comments were offered and the questionnaire will be distributed to the Committee before being circulated. It will be sent after the IFA convention.

**Growth of Program**

Mr. Hall distributed a P&L statement and balance sheet for the Program. The Program has little money earned or spent. The IFA has supported advertising in its magazine on an “in-kind” basis but nothing has been spent on printed material, other media, or a formal and professionally planned promotional or educational campaign. The committee reviewed a draft letter from the Chairs requesting that franchisors make a contribution to the program, in return for a “seal of endorsement” that the company can post as a “good citizen.” The question is whether a value proposition can be framed to such companies. Alternatively, the pitch can be charitable and community-related. The group discussed the comparative importance of membership by franchisors and franchisee associations. It was suggested that the letter start by posing a problem and offering a solution to that problem through the Program. The constituency of the Steering Committee should be independent of support for the Program. Also, the expense budget may not be great and therefore the membership contribution may be modest. One member used the term “affinity marketing,” a company’s being affiliated with an admired organization: “proud sponsor of this educational effort.”
On a closing note, Mr. Phillips announced that CPR Institute’s President Tom Stipanowich has announced his intention to return to teaching, and that a search was being conducted for his successor. With thanks to all, Co-Chairs Hall and McLester adjourned the meeting at 2:30 p.m. The next meeting will be held in June in Atlanta.

Respectfully Submitted,

F. Peter Phillips
Secretary