INTRODUCTION AND WELCOME

Mr. McLester convened the meeting at 9:10 a.m. and welcomed the group. He thanked Craig Prusher and Greenberg Traurig for the firm’s gracious hosting of the meeting.

APPROVAL OF MINUTES

The Minutes of June 17, 2004 were approved as submitted.

RECENT EVENTS AND REPORTS OF EXPERIENCES

Mr. McLester reported on a meeting that he and Mr. Hall had at AAHOA’s office with representatives of two of the three AAHOA panel firms to investigate the prospect of working closer with the franchisee bar to encourage the use of mediation. The meeting went well and Mr. Schwartz was commended for his efforts to make it happen.

Mr. McLester distributed an article written by Nash Patel for the AAHOA magazine. He also reported that Cendant has been encouraging mediation and assuming the franchisee share of the initial cost when going through the Program – 20 mediations occurred or were scheduled through July, of which 12 have settled, and about half went through the Program.
The rest were court-ordered. Mr. Schwartz suggested a simple, succinct and clear one-page explanation of how to initiate a mediation, for use of franchisees.

Mr. Aronson attended a recent AAHOA conference and sensed a much higher level of awareness of the program than before.

Work has progressed to create a hospitality-specific group of neutrals. The group discussed how to bring that list to the attention of potential users most effectively. It also discussed whether separate panels for fast food or other sectors would be helpful, and discussed the importance of a mediator’s experience in a particular business.

Mr. Phillips said that the Panel will be publicly available next week on the CPR web site and all new Panelists, as well as Hospitality Panelists, will be listed.

Mr. Valentino reported he had participated in a mediator training course in Boston and encouraged all to be trained. Mr. Phillips promised to invite the Committee to take part in the CPR mediator training in New York City in January.

REPORTS OF ORGANIZATIONS

Mr. Shay reported that the IFA’s self-regulatory program includes NFMP and the Ombuds program, as well as the activities of the National Franchise Council working with the FTC in offering training in the context of enforcing compliance with certain regulatory requirements. That compliance training program is also being offered to new franchisors who join IFA. He also reported on the creation of a report on franchise economic impact, detailed to specific Congressional districts. IFA is also working on a report of small business ownership, particularly by women and minorities. Mr. Kujawa suggested that the IFA might assist in introducing language in the UFOC noting that the franchisor is willing to mediate appropriate disputes. Mr. Valentino said that his company was preparing an amendment to its UFOC to encourage use of the Ombuds office and mediation prior to arbitration.

Mr. McLester said that he hoped either Ron Gardner or another representative of the ABA will be in attendance for the next meeting.

Mr. Rosen reported that there continue to be indications among AAFD members that the up-front fee may be an obstacle to franchisee usage of the Program. Communication vehicles for the Program will be sought by Mr. Rosen; the next AAFD meeting will be in March in San Diego.

Mr. Schwartz reported that the next major event will be its March convention, at which the Program will be featured. Mr. Aronson asked how to involve other hotel leaders in the Program. Efforts will be made to do so.
Mr. Phillips noted the retirement of Jack Kelly from CPR, the hiring of Neal Blacker as Vice President of Panels Services, and the activities of CPR in markets outside the United States. He urged companies with international activities to be involved in CPR’s work in that area.

REPORT ON PROGRAM USAGE

A report was distributed. Usage of the Program has increased in the past few months.

DISCUSSION OF PROGRAM MISSION

Mr. Hall distributed a draft mission statement and proposed definitions of the product and customers of the Program. It was noted that the mission includes “pragmatic” dispute resolution information and services, not merely educational and promotional activities. Changes in wording were encouraged to be sent to Mr. Phillips. It was noted, however, that the Program does not intend to train, though it will promote and encourage education and training. The mission statement should also define the organization rather than the group that constitutes it. The Chairs will draft a revision and distribute it.

The product definition discussion led to a consensus that the Program’s central intention was to develop and convey educational and promotional products to encourage the use of mediation, not the provision of services to disputants in individual cases. Public policymakers should be included among the prospective customers.

The group discussed targeting certain segments of customers and developing an execution strategy to reach them. Three strategies were considered – speaking engagements, articles (and other promotional written or web materials) and the collection of empirical business-related data containing metrical expression of cost savings that would make the business case for mediation. Among the statistics might be average cycle time of disputes, cost of dispute management, and maintenance of business relationship after conclusion of the dispute. Anecdotes should also be gathered. The materials should emphasize how the process works and how it differs from arbitration. The creation of an exemplar DVD or TV program was also considered. Mr. Shay said that IFA has some experience in benchmarking studies.

Mr. McLester suggested that these activities would require further funding sources and broader participation in the Program. The group agreed that the Committee should be enlarged but that care should be taken to add franchisees as well as franchisors, to maintain balance. Each Committee member was asked to make at least one recommendation for a new member to Mr. Phillips for consideration by the Co-Chairs, who will have the authority to make the invitations after consultation as they think appropriate. It was recognized that the resources available to franchisees and franchisors were different.
A new contact sheet was requested and will be prepared and distributed, along with the list of original signatories to the Program. The Program will have a presence at the AAFD convention March 24-26.

The meeting adjourned at noon.

Respectfully Submitted,

F. Peter Phillips