

SKILLS SHORTAGES



There are many variables that can threaten to stall even the best franchise business model.

One of the greatest challenges currently facing franchises is the national skills shortage across a diverse range of industries.

As Jim Penman, founder of the Jim's Group of franchises told a roundtable earlier this year, '... we're competing with somebody who's been offered \$100 000 to go and hold a sign on the road.'

Mr Penman cites the booming Western Australian economy as one of the hardest places to find good franchisees due to the demand for workers. But staffing businesses can be equally difficult on the east coast of the country.

With a national unemployment rate of 4.9 per cent, finding and retaining quality staff has become a major hurdle. In the ACT, where unemployment has reached a low of 3.2 per cent according to Australian Bureau of Statistics labour force data, the challenge is even more difficult.

Just Cuts salons in the ACT (see p. 4) are among many businesses to have felt the pinch of the country's strong economy and the resulting lack of available workers.

At its peak, John and Monica Longmire were operating five Just Cuts salons in the ACT, but have gradually reduced the number to two as a result of several pressures, one of the most pressing being the difficulty to find good, qualified staff.

The Longmires sold two of the franchises to former staff members wanting to further their careers with the business.

'We have had opportunities to expand, but the lack of qualified hairdressers has hindered that', according to Mr Longmire.

As one possible solution the business is now looking at overseas recruitment and training, to try to fill some of the shortfall.

Many companies are also looking at mentoring and career planning, including encouraging employees to take on skills to run their own outlets, as has happened in the ACT.

Incentives to keep staff in the business longer include secondments to other stores, both interstate and overseas, as well as centralised training for staff to develop retail, business and management skills designed to help them in the transition from employee to potential employer.