

Trump's Labor secretary pick knows franchises make the difference

By: Cheryl Bachelder

Cabinet choices have consequences. And last week, President-elect Donald Trump made one choice that will improve the circumstances of millions of working Americans: nominating Andy Puzder, CEO of CKE Restaurants, as the next Secretary of Labor.

As CEO of Popeyes Louisiana Kitchen, I know Andy as a competitor and friend. We have both been called turnaround specialists.

Andy took CKE Restaurants, which owns Carl's Jr. and Hardee's, from a distressed and debt-ridden company to a healthy billion dollar brand. Similarly, I have led Popeyes, from a declining brand in virtually every metric to a thriving competitor with an enterprise value of \$1.3 billion.

Two restaurant turnarounds have created tens of thousands of jobs and tens of millions of dollars in economic activity for America.

While the comeback stories of CKE Restaurants and Popeyes differ in some respects, one similar feature is our deliberate focus on serving franchisees well.

Almost all of the restaurants at both companies are owned by local owner operators, called franchisees. Franchising allows Americans to own their own business with a recognized brand and a proven business model. It allows anyone with a work ethic and a commitment to customer service to pursue the American Dream.

Franchising's results speak for themselves. It has created 733,000 small businesses in this country, supports 21 million jobs, and accounts for \$2.3 tril-

lion of economic output. Local owner operators use their capital and business knowledge to open franchises in every zip code.

Of note, franchisees are more likely to open in minority neighborhoods, hire minority employees, and provide jobs and products to minority residents.

Many owner operators are deeply committed to the communities where they do business, making generous contributions of time and resources to support the local area.

Yet this business model is under attack. The Obama administration's Labor Department released guidance earlier this year blurring the lines between franchisors and local owner operators. This guidance came after the National Labor Relations Board's "joint employer" standard implying that franchisors are jointly responsible for the employees of their franchisee local operators. Why does this matter?

Under a joint employer standard, franchisors could be held liable for the millions of daily employee-related decisions made by the local owner operators. To protect themselves from this risk, franchisors would likely narrow their focus to larger owners with a proven track record and avoid first time business owners that could make risky mistakes.

Such a move would dismantle the franchise model, which stretches far beyond just restaurants, including brands in more than 300 categories from hotels to landscapers to doggie day cares.

Andy recognizes the importance of the franchise system and will protect it

from excessive regulation. His logical, empirical defense of free markets as the best way to create jobs and raise wages will help create a thriving economy in America.

Like any consequential decision, Andy's nomination has not been without controversy.

Strangely, the media has focused on Carl's Jr. television commercials to attack Andy's fitness for office. A small amount of homework would reveal that this high profile, memorable ad campaign convinced many Carl's Jr. customers to buy more hamburgers.

That is the essence of a successful business turnaround — when people come more often to enjoy what you sell. It is also the hallmark of a successful business enterprise that is providing jobs and career opportunities to over 75,000 team members.

Andy will be an excellent labor secretary who understands how to grow small business and create more jobs with better wages.

He will defend the franchise model that has allowed Carl's Jr., Popeyes and many other franchised brands to flourish and provide meaningful ownership and career opportunities for all Americans. We look forward to his leadership.

Cheryl Bachelder is the CEO of Popeyes Louisiana Kitchen, a board member of the International Franchise Association, and a member of the Job Creators Network. She is the author of Dare to Serve: How to drive superior results by serving others.