

## COMMENTARY

## COVID Is Killing Businesses, Too

By GERALD FREISLEBEN

The pandemic claimed a 74-year-old local victim in late January. As the number of lost American souls nears 500,000, I fear that we are becoming increasingly desensitized to human suffering and death, as well as the virus's crushing strain on mental well-being. In this case, though, the septuagenarian was not a mother or father, husband or wife, sister or brother.

Instead, it was the demise of a beloved neighborhood establishment – Encino Dry Cleaners – thought to be the oldest continuously operating business in the community since its opening in 1947.

It may seem trite or unfeeling to mourn the closing of a business while trapped beneath a shroud of illness and lost lives. However, the demise of local business – especially one steeped in the area for as long as this one – has deeper implications to all communities, not just Encino.

Family owned by Janet and Richard Winters and their adult children, Julie Kaltenbach and Danny Winters, Encino Dry Cleaners was emblematic of small, multi-generational local businesses that have historically been cornerstones of neighborhoods. It was even common to see Danny Winters' teenage sons – effectively the third generation – pushing laundry bins or sorting garments during their school vacations.

Like many family businesses, this was a pride-in-ownership establishment. Quality and service were paramount. The front of the store and plant were pristinely maintained. Dick Winters could be found at a perch behind the press wearing a polo shirt with the store logo embroidered on the chest – his own badge of honor. When a daily newspaper's reader poll named it the best dry cleaner in the San Fernando Valley several years running, the Winters produced a banner that hung across the storefront awning proudly touting the honor.

**'Mom-and-pop, brick-and-mortar businesses are the fabric of neighborhoods.'**

The Winters knew and cared about their customers and, reciprocally, that clientele held the proprietors in similar esteem.

Dropping off and picking up through the years, I would listen as customers ahead of me traded anecdotes about family with Dick and Janet or their staff. Through piles of dry cleaning and laundry lives unfolded – or maybe fluffed and folded in this case: Thanksgiving table linens from a woman who sentimentally recounted that her feast included four generations of family around the table; a distinguished-looking gentleman, still bursting with pride, dropping the suit he had worn to his granddaughter's bat mitzvah the preceding Saturday. During the spring and summer months – wedding season – the racks in the plant held countless bridal gowns, symbolic of new lives getting under way.

Certainly, the pandemic alone did not kill Encino Dry Cleaners. The transition to business-casual attire in the last 10 to 15 years has sent tailored-clothing sales into a tailspin and, with fewer dresses and suits worn, dry cleaners have become an inevitable casualty. But if less formal dress dealt a body blow, then COVID-19 nailed Encino Dry Cleaners' coffin shut. Working from home, people have worn workout togs for months on end. An absence of holiday gatherings meant no table linens. The breaking point came.

Restaurants have been dying on the vine during the pandemic, so why bemoan the demise of a single dry cleaner? The short answer is that in the

best of times, restaurants are high-risk propositions where more than 60 percent fail their first year. Fewer still are the dining establishments that have a personal connection or know their customers this way, let alone endure for nearly three-quarters of a century.

COVID-19 claimed another victim last month and it was our local community. Mom-and-pop, brick-and-mortar businesses are the fabric of neighborhoods. They sponsor the local little league, support the public schools and sustain their areas' chambers of commerce.

In what may be the cruelest irony of all, the entire Winters family – three generations of lifelong southern Californians – are pulling up stakes and moving to Texas, following daughter Julie and her husband John Kaltenbach, who relocated to Dallas for career opportunity two years ago and have not looked back.

This is not the place to rail against California's tax rates and reputation for stringent regulation or to argue for the passage of President Biden's comprehensive COVID-19 relief package. Let's leave that to elected leaders and economists to debate those merits.

The virus claimed another victim last month and it is the further demise of our neighborhood businesses and its domino effect on tax rolls and the population base. Faceless national retailers and e-commerce simply can never be the substitute for the proud owner of a local business – essential connective tissue of community and socialization.

The bells of Encino toll 74 times – one for each year – for this lost local establishment. But they toll, as well, for the rest of us in communities everywhere grappling with the consequences of similar loss.

*Gerald Freisleben is president of FoleyFreisleben, a Sherman Oaks corporate communications consultancy.*

## Why Some Franchises Are Thriving

By BARRY KURTZ

The COVID-19 pandemic has created unprecedented challenges for the food service industry, including the thousands of fast-food and sit-down dining franchises operating in the San Fernando Valley area. These businesses' ability to weather the pandemic storm – or not – has in large part rested on the dynamic between franchisors and franchisees.

As one Chinese proverb puts it: "A wise man adapts himself to circumstances, as water shapes itself to the vessel that contains it." What lessons can we learn from those food-service franchises that have successfully navigated the COVID-19 era? How did these enterprises overcome fear of the unknown and resistance to change in order to speedily adopt new and necessary ways of doing business?

The answer, in many cases, is communication. Franchises that have survived and even thrived during the pandemic have enjoyed a markedly cooperative relationship between franchisors and franchisees.

Wise franchisors did not impose changes to business practices unilaterally. Although they provided leadership over the adaptation process, they also listened to their franchisees and involved them in the decision-making process. Wise franchisees in turn trusted, or at least listened to, their franchisors. They agreed to and implemented changes to their standard operating procedures, in part, because their franchisors made them feel like active participants in the development of those new protocols. In these models of success, cooperation

triumphed over conflict, and was likely key to each party's survival.

All franchise agreements call for the franchisor to consult with, and provide support to, their franchisees. Some franchisors do so better than others. Notwithstanding franchisors' efforts, there will always be some franchisees who contend that their franchisors are not providing enough support.

Nevertheless, during the pandemic, we've seen many franchisors step up to support their franchisees in new and unique ways. Some examples include:

- Counseling on ever-changing health and safety protocols.
- Making changes to their menus to remove slow-selling items and keep better-selling items that were easy and fast to prepare with existing restaurant equipment.
- Adjusting inventory requirements as conditions warranted.
- Modifying kitchen procedures to comply with government-mandated protocols without substantially affecting service.
- Taking steps to maximize indoor and outdoor seating with physical barriers and the use sidewalks, streets and parking lots as outdoor dining areas.
- Assisting franchisees with preparation of PPP loan applications.
- Counseling on the manner of negotiations with landlords for rent abatement, deferment and lease modifications, and with lenders for abatement, deferment and loan modifications.
- Designing and redesigning remote ordering, drive-thru, take-out and no-contact delivery proce-

dures as they became the primary or sole source of revenue for the restaurants.

- Expanding the use of technology to interface with customers on mobile apps and the Internet and improve operations in the restaurants.

Once the pandemic is over, we can expect many of these COVID-19-related changes to remain as standard operating procedures. Franchisors and franchisees alike should consider these procedures – and the cooperative spirit that fostered them – as an unexpected benefit of the pandemic.

But we are not out of the woods yet. Unfortunately, the pandemic continues to disrupt the food service industry, along with the Valley economy and workforce. Additional adaptations at franchised restaurants will undoubtedly be necessary if they are to survive the rocky months ahead. Franchisors must continue to grant franchisees the flexibility to adjust their operative procedures to meet the daily realities of the pandemic. At the same time, franchisors should take steps to protect the value of their brands and maintain consistency in system standards to the maximum extent possible.

The next few months may require extraordinary measures and grit on the part of franchisors and franchisees. Let's hope that the spirit of cooperation and adaptation that flourished amid the COVID-19 crisis will outlast the virus and strengthen the food-service economy long into the future.

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