

The BRC as Brand

By then, the MSF had begun to develop the new Basic Rider Training (BRC) course curriculum with a focus on making it more identifiable as the MSF training. The MSF spokespeople emphasized the new BRC was supposed to be less intimidating and more fun. While that may be a good thing, it also makes training more marketable and appealing—something essential for franchise profitability. The standards for passing the course were lowered and a practice session immediately before the test was added, making it less likely a student would fail. It is reasonable to assume that students who pass buy more motorcycles and gear than students who fail the course.

On the other hand, non-profit state programs exist and stay in operation based on state law rather than on how many students they train. They do not need to make a profit, nor do they require a “brand name” to sell the necessity of training—particularly because they can offer a driver’s license-waiver upon graduation, meaning no further testing at the Department of Motor Vehicles. Franchises, however, need an on-going flow of students to stay profitable and in business. Fun, easy “brand name” training is simply more important to for-profit operations than it is for non-profits. Once again, it may be coincidence that many claim the training was “dumbed down,” but if so, it is certainly an aspect that fits well into a move to franchising.

The new marketing focus appeared in full force when the Basic RiderCourse rolled out in 2001. To make the brand identification even clearer, the MSF invented terms and trademarked them: RiderCourse and the RiderCoach specifically. The MSF also began talking as if the instructors worked for them and not for the state programs. In other words, the MSF was rider education and the local programs were simply the way to deliver it.

At the same time, the MSF cut off communication with the state programs, dropped their membership to the State Motorcycle Safety Administrators (SMSA) organization and began ignoring input or complaints from states. Although initially puzzling to many, this can also be seen as the abandonment of the non-profit programs the franchise report had predicted.

The MSF is also developing an extensive set of courses including ScooterSchool, Advanced Traction and Brake Management, an On-road course, Skills Practice and a driver’s license-waiver course for those who already know how to ride. This proliferation of programs is also odd, since both the state administrators and the MSF agree that states can’t even keep up with the demand for the novice course. So who would offer these extra courses?

In our August, 2004 interview with the MSF, Tim Buche seemed to hint at franchises when he said, “There might be those who say, as a business, ‘we want to offer these other courses.’” It occurs to us that a one-time customer base isn’t, after all, as appealing as repeat business. Particularly since there’s an opportunity for addi-

and still make a profit. Therefore, if MSF sells a franchise in a given market, it must be prepared to terminate its relationship with and support for other organizations in the area.

FINDING 5. Since most of these present providers are primarily interested in offering a service to their constituents, MSF’s franchise agreement could include a provision for discount tuition for those constituents no longer able to get training from their organizations. To obtain an exclusive franchise a franchisee should be willing to offer discount rates to students enrolled in local educational institutions that either cancel their competitive programs or elect not to set up their own programs. In exchange for these discounts the educational institutions can agree to inform their students of the franchisee’s course and refer interested individuals to the franchisee.

FINDING 6. To make a franchise system work MSF must set up a network of field representatives who work out of about five regional offices. To justify its franchise fee and income sharing MSF must be very responsive to franchisee needs. A field representative who works closely with the franchisee during startup, makes periodic visits, and responds to individual requests for advice and help is the means by which MSF can be responsive. The field representative must be a generalist who knows how to make a small business profitable. He can draw on regional or central office technical experts for specialized problems and for instructor training.

FINDING 7. A franchise system could be introduced gradually on a region by region, market by market basis. A gradual transition from the present process which encourages educational and other community organizations to offer training by providing materials and grants to a new franchise system which operates through for-profit companies would enable MSF to build its franchise network in an orderly manner while assuring that existing training opportunities remain available in areas not yet served by franchises. This transition process can also permit MSF to continue to subsidize training provided by educational institutions in markets that are not large enough to make a franchise operation financially feasible.

Since MSF already has a Western Regional Office, that is a logical place to begin. Target markets within the region can be identified on the basis of volume of motorcycle registrations. A schedule that reflects staff capacity to support startups can be developed. Institutions in the target area now offering training programs can be given advance notice of MSF’s strategy so that they can plan accordingly. New regions and markets within regions can be phased in on a planned basis.

FINDING 8. While individual franchisees will be expected to be profitable, MSF can retain its tax-exempt not-for-profit status. By determining franchise and royalty fees on the basis of the cost of providing specified support

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tional merchandise sales every time a student takes a course.

Consider also, the MSF’s DirtBike School (DBS) was set up as a franchise from the beginning. DirtBike School (DBS) began in 2000 and is currently offered by dealerships who pay for instructor training and give a portion of their profits to the MSF for every student that is referred through the MSF call center. Basic rider training is also already moving into franchising or, at least, direct control by the manufacturers. In addition to Harley-Davidson’s Rider’s Edge, Honda is offering its own, non-state training program with courses given at their center in Atlanta-Alphretta, Georgia. There are also rumors that BMW is working on their own version of rider training.

The MSF’s mission statement was re-written in 2003 and is now: “To make motorcycling safer and more enjoyable by ensuring access to lifelong quality education and training for current and prospective riders, and by advocating a safer riding

environment.” This opens the door to just about anything the MSF decides ensures access—including taking over more state programs.

The 1981 report had anticipated opposition from non-profit programs if franchises were introduced in their territory. If, however, the MSF was the non-profit program administrator, it’s unlikely that it would oppose itself.

Broken Model

In December of 2003, Tim Buche made his now infamous remarks in Washington, D.C. We wonder if people would have been so surprised if they had known that the franchise plan existed?

What was interesting was Buche’s choice of words—“a broken economic model.” He didn’t then and hasn’t now proposed a new economic model. He has, though, repeatedly said that those who are being trained should pay for the training. This is exactly what they would do in a franchise economic model. Is that the new economic model he was thinking of? We don’t know, but it certainly fits with what he said in a paper presented at the FIM 4th International Public Policy Conference in Prague in April, 2004. At that conference, Buche talked about other “delivery partners” than the state programs and included “manufacturer specific training, retailer operated courses, military programs and independent training sites.”

Is California the Key?

It was also in December, 2003, that the MSF won the California contract to administer the largest motorcycle safety education program in the country. Maybe it was coincidental that California was the state it had, so long ago, designed to accommodate franchisees.

Perhaps it was coincidental that Rider’s Edge had been unable to become a recognized provider before then. And just a twist of fate that Rider’s Edge is in the process of doing exactly that since the MSF took over the administration. According to a very highly placed source in the California Highway Patrol, Rider’s Edge may be rec-