

STARTING A FRANCHISE

Business Considerations and Opportunities

FRANDISCOVER, LLC

Franchising Your Existing Business

What are the Considerations?

Why Become a Franchisor?

- ❖ Desire to grow business to scale
- ❖ Business model needs local and motivated operators in multiple states
- ❖ Company needs capital provided by franchisees to accelerate expansion
- ❖ Successful model that attracts quality participants
- ❖ Want a more structured relationship and format with new business partners

Business Realities of Being a Franchisor

- ❖ Your business sells products or services, a franchisor sells Business Opportunities
- ❖ Capital necessary to develop and support franchisees
- ❖ Franchise development (recruiting new franchisees) is lifeblood of any franchisor
- ❖ Competition is not just with players in same industry

Business Realities (cont'd)

- ❖ Must be willing to give up local operating control to others
- ❖ Strength of Franchisor is based on quality of franchisees
- ❖ OJT is not the preferred or least risky way to recruit franchisees – Seek experienced help
- ❖ Willing to constantly improve system support and marketing

Business Realities (cont'd)

- ❖ Greater importance placed on legal issues in becoming a franchisor and in the ongoing operation of the franchise business
- ❖ Must be willing to start-up a NEW business
- ❖ Franchising is usually more complicated than other alternative business relationships
- ❖ Franchisee success = Franchisor success

Qualities of Franchisor That Attract New Franchisees

- ❖ Successful operating model that can be duplicated
- ❖ Registered Trademark
- ❖ Sales and marketing plan
- ❖ Experienced leadership
- ❖ Competitive and sustainable advantage
- ❖ Growing industry

What are the Next Steps to Franchising my Business

- ✓ Do a Feasibility Study and determine if my business model can successfully franchise
- ✓ Evaluate risk and opportunity
- ✓ Get strong advisors – Franchising, Legal and Accounting
- ✓ Develop the business offering and pro-forma
- ✓ Complete legal documents and registration

Opening my own Franchise Business

Considerations and Opportunities for individuals seeking to be a business owner and / or individuals expanding their existing business interests by opening a franchise

Prospective Franchise Owners:

- Is opening a Franchise business right for me?
- What are the advantages vs disadvantages?
- What opportunities are available?
- What does it take to qualify?
- How do I find the right one, that is available?

Practical Considerations for franchise candidates

- Must be willing to be in business for yourself, but not by yourself
- Risk is involved in starting any business, even a franchise
- Risk can be minimized with franchise opportunities that have a successful model
- Buying a franchise is an investment, not a job

Practical Considerations (cont'd)

- Buying a franchise is about finding the right opportunity, for which you qualify, and that matches skills, investment level, goals and lifestyle
- Financial qualifications are key consideration
- Some franchise companies allow passive ownership. Others require full time involvement

Practical Considerations (cont'd)

- Seasoned and experienced franchise systems are generally less likely to negotiate much of the agreement
- New emerging franchisors may be more risky, but usually more flexible
- Most franchisors know what type of candidate is the best for their system
- Multiple opportunities are available

Practical Considerations (cont'd)

- Service businesses with less investment are on the rise
- Franchise candidates who do their homework are less likely to get into the wrong system
- Make sure the “fit” is right
- Candidates should seek professional help in all aspects of the process

Franchise Categories from which to Choose

- Automotive
- Decorating
- Child Education
- Computer Technology
- Direct Marketing
- Dry Cleaning
- Employment & Personnel

Franchise Categories (cont.)

- Financial Services
- Fitness
- Food Establishments
- Hairstyling
- Health & Beauty
- Lodging
- Maid Service & Cleaning

Franchise Categories (cont.)

- Maintenance
- Management & Training
- Pet Care
- Printing & Copying
- Repair & Restoration
- Retail Home Products
- Retail Sales

Franchise Categories (cont.)

- Senior Care
- Signs
- Sports
- Unique / Miscellaneous

What are my next steps?

- Get a FREE profile evaluation of skills and categories for which I could qualify
- Search of available brands that “fit”
- Review of Search
- Decide on which brand is most appealing
- Get introduced – have initial discussion
- Do a mutual investigation of Franchise Company

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