

COULD YOU FRANCHISE YOUR BUSINESS?

To find out, read and answer each of the following questions in turn:

* Circle your answer.

| Question | Answer* |
|--|---------|
| 1. Do you own your own business, or own the business in conjunction with a small number of other individuals? | Yes/No |
| 2. Have you been running the business for at least three years? | Yes/No |
| 3. Have you developed your own products or services so that you provide them in your own particular way? | Yes/No |
| 4. Is the business running well and making a reasonable profit? (Low margin businesses are harder to franchise because margin is shared between franchisor and franchisee). | Yes/No |
| 5. Does the delivery of your products or services currently rely upon know-how that you have in your head, or that is held in the heads of a small number of people who work with you? | Yes/No |
| 6. Are you currently limited by the distance you can travel to provide your products and services, or the distance your clients can travel to you? | Yes/No |
| 7. Is there evidence to suggest that there would be demand for your products and services if you had "branches" or "outlets" elsewhere? | Yes/No |
| 8. Is there a part of your business that could be replicated and work by itself? (For example, could the sales or service elements be separated out?) | Yes/No |
| 9. Are you independent of any distribution or supply agreements that would prevent you from subcontracting out or licensing what you do? | Yes/No |
| 10. Are you keen to grow your business but reluctant to make a heavy financial investment by yourself? | Yes/No |

Evaluating your results

The more times you circled "Yes" the more likely it is that your business is suitable for franchising. If you recorded "Yes" seven times or more it may be worth doing a more detailed evaluation. Whatever your score we are very happy to discuss your options with you.

If you recorded "Yes" three times or less you probably have considerable work to do to make your business franchisable.

Even if you decide you don't want to franchise your business you have some other interesting options. You might be interested to discover that if you apply franchising techniques to your business you could benefit in lots of other ways. For example, you can significantly increase productivity, spend less time managing day to day details, and improve the saleability of your existing business by making it less dependent on you and your availability.

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The power of franchising – a short true story...

When I was at school I had a Saturday job at a general stores owned by my uncle and aunt. The store was located by a main road miles from the nearest supermarket.

The store was very busy all day long. It sold everything from groceries to garden plants. Many of the customers were regulars who lived nearby. There was also lots of passing trade because it was easy to pull up and park outside.

Nearby, was a small hardly-used grocery shop.

One day a sales representative from one of the store's wholesalers called by. The rep. told my uncle that, in order to face competition from supermarkets, his company was switching from being a wholesaler to become a franchisor for a chain of small stores.

He explained that his firm was creating a new brand that would be heavily advertised. They would have lots of bargain offers. They would provide their franchisees with new shop-fronts, marketing, goods at highly competitive prices and an exclusive agreement to trade in their own area. He asked my uncle and aunt to become franchisees. He said their business would grow.

They liked a lot of what they heard but were uncomfortable about some loss of their freedom.

Eventually they decided that they wouldn't sign up for a franchise.

They reasoned that they had a thriving business with loyal customers, lots of passing trade and little need for further promotions. They could keep on pulling in the customers as before.

A few weeks later they were surprised to discover that the little grocery shop nearby had become a franchisee. Then there were leaflet drops and adverts for the new franchise chain in the local press and on TV.

Initially, nothing seemed to change. Then it became noticeable that some of the regulars were visiting the franchise store – "just for the special offers" they would say. Also, more cars were stopping outside the franchise store than when it was just a family shop.

My uncle and aunt had completely underestimated the pulling power of a franchise chain against a small family business. By the time they retired some years later the franchise store was the biggest in the area while their own business was worth very little.

The franchisor-franchisee combination is a winner. *"If you can't beat 'em – join 'em."*

What to do now

If you'd like to explore these ideas further without obligation then speak to Carl or Kirsten today. Or **just call 0845 5820 144.**