

5 MUST KNOW TIPS FOR FRANCHISING



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Introduction

Franchising has become the dominant trend in the business industry today and it's not surprising. In my travels, I've noticed a multitude of the same store interspersing a city. Perhaps you've seen it in your hometown yourself. I'm betting there are several McDonald's fast food restaurants close to where you live. This no longer comes as a surprise especially when you are in business. Business owners are convinced that franchising is by far the fastest and the easiest way to grow any business. And what's great about it is that it doesn't even matter if you've been in the business for a long time or if you've just started out. Entrepreneurs rush into franchising because they are captivated by the marketing concept of franchising believing that it opens doors to growth opportunities thereby maximising potential profitability.



What is a franchise business?

You've heard of franchising before but do you know how it works? A franchise is a unique way of doing business with people and it involves a business relationship between franchisors and franchisees. In this particular type of business the 'franchisors' sell the rights of their business name, logo and model to 'franchisees'. Some examples of well-known franchise business models include the famous McDonald's, KFC, and Subway to name a few.

However, franchise businesses aren't isolated to food chains alone. Like my business for instance, HydroKleen Australia is an air-conditioning servicing company that specialises in cleaning and sanitising split systems, window units, ceiling cassette units and ducted units. As you can see, it's remarkably varied depending on the nature of your business.

How does it work?

To invest in a franchise, a franchisee needs to outlay an initial fee. Ideally, the initial fee covers the rights to the business, the equipment needed for operation as well as training. As soon as the business starts its operation, the franchisee is obligated to pay an on-going royalty fee to the franchisor and this can be done either on a monthly, quarterly or a yearly basis depending on the agreement. The payment is usually a percentage of the gross sales of the franchise operation.

When the contract has been signed and sealed, the franchisee will then open the business, which is the exact same model as the franchise business under the direction and supervision of the franchisor.



Who controls the franchise?

Normally, franchisors would demand that the business model stays the same. For instance, the franchisor will request that franchisees use the same colour of uniforms, the same business methods, the same logos and signs, the same colour scheme etc. Franchisees should keep in mind that they are not just purchasing the right to sell the product and service, they are actually buying the rights to make use of the franchisor's tested business processes and systems. In addition, franchisees must also follow the same pricing to keep the advertisement efficient.

Time and time again, the concept of franchising has proven itself successful and that is why entrepreneurs are contemplating franchising their businesses. Franchising has the power to boost your sales, generate more profit and grow your business.

But before you get all excited, I'd like to tell you something...

Franchising is not for everyone because as easy as it looks, there are actually so many things you need to consider, learn and understand about this marketing concept before you take the plunge and go all out.

Here are **5 tips for franchising** that you should not overlook when planning on your franchise model.



Tip 1: Choose Franchisees Carefully

One of the most important aspects that need careful attention on your part is the screening of franchisees. You need to be selective when it comes to your business franchisees. Franchising is just like marriage as it involves an agreement between two parties. It is a relationship that strives to stand the test of time. Remember that a considerable amount of money, time and energy are invested in franchising. The same is true with marriage. If you've ever been married I'm positive you can attest to this.

As soon as you advertise your intention to franchise your business, expect in advance that you'll be greeted by an influx of interested franchisees. Don't get too excited to sell your model right away to the first interested franchisee. This is not the way it should be. If you want a successful franchise business you don't choose franchisees that come into your brand just because they can afford your model.

When choosing franchisees, a criterion to look out for is making sure they share the same core values and beliefs as you do. Don't just say yes and hand out a contract to anyone who comes along. Keep in mind there are so many people out there who have money and who can easily afford your offer. However, this shouldn't be your only gauge to determine whether these people deserve to be your franchisees.



Choose the franchisees who believe in your product, franchisees who believe in your message. In HydroKleen Australia, we care about the environment and we care about people's health, so it makes sense that we choose franchisees that share the same advocacies and beliefs as the company. We want to make sure that the franchisees are passionate about these things as well.

In addition, you should make sure they suit your business model. If your business model requires them to work long hours then find someone who is ecstatic and willing to work long hours. If you're into retail make sure that the franchisee has a clear understanding about working in retail and that he or she is expected to be around people a lot. Some franchisees aren't comfortable dealing with a lot of people so you need to consider this as well. There are some who like the idea of your business but are not willing to make sacrifices. These kinds of franchisees are highly unlikely to succeed and you don't need them in your business.



Tip 2: Have Great Systems

The secret to a successful franchise is having systems that are fit for emulation. Emulation means imitation or duplication and so if you are talking about systems fit for emulation it means that a second system can be able to duplicate the exact same behaviors and methods of the original system. To get the most profitability, your franchisees should be able to duplicate your system.

To create a duplicatable system you should be spending a considerable amount of time studying and taking down notes on the steps that made your business a success. You are going to do this so your franchisees would not have a hard time copying your system. Without this very important step, success won't be knocking on your door and don't expect it to knock at your franchisees' doors either. It is very important for franchisors to know that they are not just there to sell a product or a service but they are also selling their system as a formula for success.

The franchising business is all about having clear and duplicatable systems. It is imperative that all aspects of your business are duplicatable. This means that what you are doing in your business, your franchisees must be able to do it the exact same way as you and the only way for them to do that is if you prepare a clear system for them to follow.



As a franchisor, my advice is you keep your systems clear and simple. Don't complicate anything that does not need complication. Furthermore, you should also make sure that your model is capable of training people. You should plan and prepare manuals, brochures and instruction booklets they can ready and study.

You see it's not enough to have money for you to qualify as a franchisee. As a franchisor, it should be your responsibility to instill in your incoming franchisees the importance of having knowledge about how things are done so they can experience the same outcomes in their businesses like you. If you're making money, make sure your franchisees are making money too and the secret to that goes back to having clear, simple and duplicatable systems.



Tip 3: Train, Train and Train Some More

Train, train and train some more. I cannot stress this enough. Good, solid and continuous training is an indispensable necessity in the franchising industry and although it may seem that this benefits the franchisee more, in truth, training benefits both the franchisor and the franchisee on so many levels.

Training is necessary so that your franchisees will be able to understand the fundamental components required for daily operations. Training also helps make sure that you start your business smoothly. As a franchisor, you need to see the significant importance of investing in training since this helps your franchisees evaluate the employees fit for the job based on their skills. Training them before recruitment, during and even after makes them more productive in what they do and if and when challenges arise they would know how to handle them.

Training them before the start of operation is also very important although training should be an on going process. Why? It makes sure that your franchisees are off to a good start and more importantly it minimises the possibilities of errors. Instead of your franchisor focusing on productivity and sales, his or her attention will be redirected to correcting franchisees' mistakes. Besides, the end result of training is always an increase in profitability.

So train yourself, train your team, train your suppliers, train your affiliates and train your franchisees. These people need to know what your values and beliefs are. They need to know what your



products and services are all about so they can spread the word as well. Training before recruitment includes training them about your systems, your core values and beliefs and basically training them about how things work. During recruitment you should do intensive training and initial startup training. And even after recruitment you should make it a point to train them. It may take 5 to 10 years of training since the business industry isn't static so you need to update everyone about recent changes and developments.



Tip 4: Protect Your Brand

Entrepreneurs are aware of the fast paced and highly competitive world of business. That is why it is of paramount importance that they establish and maintain a connection between their customers and their brand. Business owners who have seen the value of protecting their brands know that it takes a significant amount of time and investment to build and develop a brand and yet it only takes a couple or even just a single mistake to destroy it. And now that everyone has access to the Internet, customers can easily type away their criticisms and negative feedback about a company's product or service when they aren't satisfied. And we all know word-of-mouth can spread like wildfire. This is why entrepreneurs should be more vigilant than ever to protect their brand.

If you don't find ways to protect your brand, your competitors can and will use your weakness and turn it against you with the aim of destroying your credibility. They can easily ruin the reputation of your company that you worked hard to build. How can you protect your brand then?

One way of protecting your brand is making sure that everyone is following the systems you've created like your brand's colour theme, marketing materials, logo, etc. You need to be very strict with this to avoid brand dilution. Sometimes, as a franchisor you need to be tough on your franchisees for the sake of your brand's integrity. So always complete quality control as much as possible or mystery shop your franchisees so you will know if your customers are receiving the same experience whether it be nationally or internationally.



Tip 5: Get A Franchise Coach

No matter how long you've been in the franchising business, at some point you'll realise that you really need someone with more wisdom, more experience and more knowledge than you to get you through tough days. I personally believe the best person to ask help from is a franchise coach. Don't wait for tough times to come before deciding to partner with a franchise coach because whether you like it or not, tough times will come and if you don't have the knowledge to deal with problems involving franchising, it won't be long before you get discouraged and we all know what's going to happen next.

If you don't know much about franchising or if this is your first time opening a franchising business then you really need a good franchising coach. A franchise coach has the wisdom and expertise to guide you so you can make sound and rational decisions regarding your business. The job of a franchise coach is to empower you to make smart and wise decisions when it comes franchising. They teach you and they guide you so that in the future, when problems arise, you will already know what to do and how to handle them.

Always know that no one can franchise alone. Yes, there are companies that offer strategies for franchising like providing you with training manuals, policies and procedures, documents etc. but they're not going to be there for long. A franchise coach, on the other hand, is going to be there for you for a longer term and they are available to talk one-on-one about strategies tailored for your

business so you can build your brand. When looking for a franchise coach make sure you find someone who actually owns a franchise business and not someone who works for one.

Conclusion

Not all franchise businesses end up successful. Even though the prevalence of franchising is increasing year by year, it still does not guarantee that you'll succeed in the long run. A lot of franchisors fail each year and when a franchisor fails, expect franchisees to fail as well. If you care about your business and the businesses of franchisees that believe in you and your product and service then you really need to study the franchising business very carefully. You need to see the importance of being selective when it comes to your franchisees. You also need to create duplicatable systems so your franchisees can copy what you do with your business. Simple systems allow them to do just that, so don't complicate your business system. Make it as simple as possible to avoid confusion; learn the importance of training and the positive impact it has on your business. Always remember to find ways to continuously protect your brand no matter how long you are in the business. And lastly, don't forget to get yourself a franchise coach so you can get through the toughest times and still rise up a success.





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