

Franchising – How hard can it be?

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Why do people franchise? Think back to the last purchase you made... Did you evaluate every possible alternative and rate them according to the pros and cons... Or did you just go with the brand you know?

In Australia franchising employs over 650 000 people and contributes over \$150 billion in revenue to the Australian economy!! Clearly there are benefits to being part of a franchise network. Besides the huge advantage of owning a recognized brand, franchising will also allow a business to grow much faster than it would otherwise. The three fastest growing franchise networks in the 08-09 financial year grew by over 200%! This is because most business owners simply do not have the capital to open several outlets, so franchising provides the opportunity for someone with the capital to grow your business for you. This person, often having invested their life savings into your business, is likely to be as motivated and dedicated as you because of the investment they have made.

Now before you dive in head first and start searching for your first franchisee there's a few things that need to be considered. For a franchisee to invest in your business they will need to be reassured that they are making a sound investment that will earn a good return. So how are you going to prove this to your potential franchisee?

The first thing that you should consider is; what makes your business different from its competitors? And does this unique selling point translate into strong profits? This is one of the most fundamental aspects to a franchise network.

The next critical aspect is how your business is run. Do you have structures and procedures in place that ensure best practice? Do you have a sound operations manual that will allow any franchisee to run the business in the same way you do? Will there be a strong support network for franchisees?

Of course it's important to be selective when choosing a franchisee, but remember they will also be selective with you. Only if you have a solid business structure can you successfully attract quality franchisees. But once you do, the opportunities are virtually unlimited.

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