Franchising 101

FranchiseNet
LOCAL. TRUSTED. FRANCHISE EXPERTS.
Topics for Discussion

- Why Franchising?
- Franchise Industry overview
- How franchising can benefit the community.
- How Franchisors pick communities.
- Is your community franchise friendly?
Jania Bailey
CEO

- Over 30 years experience in the franchise and banking industries.
Who is FranNet?

• 29 year old International Franchise Consulting Firm
• Over 100 locally-based consultants across North America and Europe
• National partnerships with SBA, ASBDC, SCORE and WBC. Only franchise consulting firm with those partnerships
• We match people who want to be in business with a franchise that meets their needs.
• NO COST!
Business Ownership Options

Build your own business

Buy an Existing Business

Buy a Franchise

www.frannet.com
Buying a Franchise

**Advantages**
- Name recognition
- Licensed trademark
- Proven business system to start and operate
- Training and support (initially and ongoing)
- Marketing expertise / Purchasing power
- Lower failure rate
- Financing options
- Disclosure
- Franchise family

**Disadvantages**
- Structured operating system in some franchises
- Territory restrictions
- Can only sell their products
- Little *initial* cash flow
- Franchise Fee and Royalties
What is Franchising?

The creation of a distribution channel to build brand identity and attain market dominance…

QUICKLY!
Franchise is…

A license to use:
- Name and trademarks
- Products
- Business Systems

In exchange for:
- Initial franchise fee
- Ongoing royalties
Franchising Myth:

“Only fast food and retail”
Franchising Fact:

FACT:

• Over 3,100 different franchise companies
• In more than 80 industries
• With over 900,000 operating units

Popular Categories

• Education
• Retail
• Pet Care
• Cleaning
• Real Estate
• Senior Care
• Home Repair
• IT Services
Break Down of Industry Sectors:

• Most Popular:
  – Quick Service Restaurants
  – Lodging
  – Business Related

• Least Popular
  – Video
  – Security-related
  – Party-related goods/services
Franchising Myth:

“Franchises are expensive”
### Total Investment Range vs Percentage

<table>
<thead>
<tr>
<th>Total Investment Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $50,000</td>
<td>13%</td>
</tr>
<tr>
<td>$50,001 to $100,000</td>
<td>17%</td>
</tr>
<tr>
<td>$100,001 to $250,000</td>
<td>28%</td>
</tr>
<tr>
<td>$250,001 to $500,000</td>
<td>23%</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: December 2010 FranData
FACT:
There is no automatic correlation between the cost of the franchise and the potential return.
FACT:
Service businesses require far less capital investments and frequently yield higher returns.
Franchising Myth:

“Industry experience is required”
Franchising Fact:

FACT:
• Franchisors want a person that can use their system.
• They want someone who will focus on being an owner
  – business and management skills
  – people and communication skills
• Proven Process
  – Franchisor trains on how to use their system
Franchise Facts:

• 900,000 franchised businesses provide 21 million jobs
• Over $2.3 Trillion Dollar Business
• Provide $660.9 Billion of annual payrolls
• More than 3,100 franchise concepts in over 90 different categories.
Franchises Are Not All the Same

• Many Units vs. Fewer Units
• Older, well established vs. Newer
• Structured vs. Flexible Systems
• Expensive vs. Inexpensive

There is no automatic correlation between the cost of the franchise and the potential return.
Why Franchising Works

Proven, systematic approach to starting and staying in business

- Experience
- Simplicity
- Initial Training & Ongoing Support
- Name Recognition
- Sales, Marketing & Operational Systems
- Culture of Teamwork
Personal Business Model

- Employees
- Budget
- Business Environment
- Full or Part-time Hours
- Number of Units

Business Preferences

- Types of Customers
  - Service or Product
  - New or Established Industry
  - Room for Growth
  - Other Items?
How Franchisors Select Franchisees

• GOOD Franchisors are VERY selective about bringing on Franchisees.
  – They have to live with the Franchisee for the life of the contract– usually 10 years or more.
  – They match the skill set, budget, income needs, etc. to the candidate.
  – It is a mutual approval process
Get in Touch!

Connect Socially:

Facebook.com/franchise.connection
LinkedIn.com/company/frannet
Twitter.com/frannet_team
Get in Touch!

www.frannet.com

FIND YOUR PERFECT FRANCHISE.

Schedule your FREE franchise search and consultation today!

*First Name:  

*Last Name:  

*Email:  

*Zip Code:  

*Phone Number:  

SUBMIT

*Required