



FRANCHISORS

DEVELOPING YOUR BUSINESS THROUGH FRANCHISING

The benefits of franchising as a means of expanding a business are twofold. One, it involves low capital investment by the franchisor, as the capital used to expand the network comes from franchisees. Two, by franchising the business, the franchisor places the expansion of his/her business in the hands of people who are motivated to make the business successful. Having invested what in many cases are their life savings in a franchise, franchisees will strive to make the business successful. Their livelihood depends on it.

A profitable business with a successful track record has the option of franchising the business as a means of expansion. To embark on this path is a major strategic move and one that requires the preparation of a detailed franchise development plan.

The preconditions

The following are the preconditions necessary before you consider turning your business into a franchise.

- A profitable track record
- Name protection
- A clear identity
- A transferable operation
- Management depth

Track Record

Your track record should be long enough for both potential franchisee investors and their lenders, if involved, to be comfortable with the investment. It is easier to franchise a high margin business as each individual unit will have to generate sufficient margin to pay you a royalty and an advertising levy

as well as securing a sufficient return on their own investment. If you are thinking of franchising your business, it is essential that you can produce up-to-date audited accounts and that all the affairs of the business stand up to scrutiny.

Name Protection

It is also crucial that you have investigated and taken steps to protect the name of your business. Franchise companies have sometimes launched in a new country only to find they were infringing a registered trade mark of an existing business in that market. There are a number of trademark agents who will assist you in this area.

A Clear Identity

Successful franchise companies are clearly differentiated from the competition by means of their "trade dress". This comprises several features including a distinctive logo, storefront, furniture, uniforms, and vans, cars or trucks. Trade dress not only differentiates your business but it also ensures consistency from one location to another and simplifies the business for the franchisee.

Transferable Operation

A franchisable business is one that can be transferred from one location to another while delivering consistency of product or service to the customer. Trade dress will help but must be complemented by a structured training programme that transfers skills and knowledge to new franchisees. This initial training will be supplemented by a reference manual detailing the precise methods to be implemented in the running of the business.

Management Depth

A franchisable business is very different to a non-franchised business. The former must promote itself as a franchise, and provide potential franchisees with information packs and application forms that in turn will have to be vetted. Interviews and open days must be organised, contracts drawn up and executed, and training and ongoing support provided.



Irish Franchise Association

If you want to become a successful franchisor you should have the necessary resources to implement this programme.

The Association can be contacted through its website:

www.irishfranchiseassociation.com or at

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