

Women: Becoming a Franchisee Fact Sheet

Have you always dreamt of having your own business, but concerned as to whether you have the skills or knowledge to make it work. Instead of going it alone and learning by your mistakes, why not franchise? Obtaining a franchise allows you to run your own business (as the franchisee) using the tried and tested methods of someone who has made a success of their business (the franchisor). There are many Full Time and Part Time franchises that target women specifically whilst many more than can be run equally well by either a man or a woman.

WHAT IS FRANCHISING?

"Business format franchising" grants the franchisee a licence/the right to replicate an existing business using the franchisor's trade name, product and service. The franchisee obtains the right to own and operate the business whilst allowing the franchisor to retain strict control over the marketing, products, services and operating systems. In return, the franchisee can tap into a proven business concept and the ongoing expertise and guidance to help run it profitably.

The franchisee pays an initial franchise licence fee (typically a 5 year term) with a right to renew coupled with ongoing fees usually as a percentage of turnover but can also be a fixed monthly fee, a mark-up on goods bought from the franchisor or a combination of any of these. Training will usually be provided so previous experience in a chosen business is not normally required.

WHAT DO YOU GET FOR YOUR MONEY?

When a franchisee buys a franchise there are a number of things that they should expect:

- The franchise has a tried and tested product or service.
- The business model is profitable.
- Any existing franchisees are achieving the projections you have been given.
- The demand for the product or service has a long life span.
- In depth training by the franchisor.
- Ongoing support of the franchisor.
- Ongoing research and development by the franchisor into new products and services.
- The entitlement to use the franchisor's trade name and or trade mark.
- An exclusive territory to operate within.

In essence when you become a franchisee, you can expect the entire package of how to operate the business successfully and profitably. Remember that most franchisors are trying to sell you their franchise and therefore don't believe everything they tell you without checking first. Before buying any franchise speak with franchise experts to find out how the franchise is viewed within the industry and also speak to any existing franchisees they may have to see whether all the claims the franchisor is making hold true in practice.

WHAT IS EXPECTED OF YOU?

The franchisor must ensure that they protect their brand and business reputation both for themselves and for all their franchisees that have paid money to operate under the franchisors brand and using their systems and processes. Therefore as a franchisee, you will have to follow the rules and operating restrictions placed on you by the franchisor.

Whether you are looking for a Full Time or Part Time franchise, there is still a large time commitment in running a business even with the support of a franchisor. You will also be entering in to a legal contract to run your franchise for normally a minimum of 5 years, so you should only buy a franchise if you are looking for a long term business opportunity.

WHAT CAN YOU EXPECT OF THE FRANCHISOR?

In franchising, the franchisor should make the majority of their money through your success, normally through taking a % of your sales, and therefore it is in their best interest to give you all the support you need. This support should come in various ways:

- Sufficient training to allow you to run the business competently. This should include general business skills as well as technical product knowledge.
- Marketing material that has proven to work.
- Ongoing support and advice for any questions or situations where you need help.

WHAT ARE THE COSTS?

There are a number of different costs related to buying a franchise.

Fees paid to the franchisor:

- Upfront Franchise Fee (*from £500 to £250,000*)
- On-going Franchise Fees (*average 8% of turnover*)
- National Marketing Levy (*average 3% of turnover*)

Other costs:

- Legal Fees (*in the region of £400*)
(*You should always have the Franchise Agreement reviewed by an experienced Franchisor Solicitor before signing*)
- Travel and subsistence
(*Often there are costs associated with travelling to meet the franchisor, attending training, and doing your homework on the franchise by speaking to existing franchisees to find out what being a franchisee is really like*)

NEXT STEPS

Your commitment in capital and time in buying a franchise may be significant. You need to think through the process carefully, starting with an assessment of yourself and your motivations. If you are exploring franchising for the first time, Business Options offer a “*Two Stage Franchise Search Service*” whereby we firstly provide an objective evaluation to help you determine if franchising is for you and then identify suitable franchises that meet your requirements. If you are considering becoming a franchisee let Business Options help find the right franchise for you.

For further information on the Business Options services contact Business Options on 01420 550890 or email enquiries@businessoptions.biz