7 common pitfalls of Franchising and how to avoid them

There are some particular pitfalls and issues to be faced when franchising a business. It is rare for even the most experienced businessperson to have them all covered. We can help you flush them out so they can be addressed before you start the business, when fixing them is least expensive.

Here are some of the more common pitfalls you could come up against:

1 Using the wrong kind of cost-model

A management accounts view of your franchise business won't tell you everything you need to know to ensure your new business is successful. It won't tell you whether you've got the right financial split between franchisee and franchisor so you both make money.

Neither will it tell you what is the right speed at which to move forward, or when to take remedial action if things don't turn out quite as you expected.

We can help you to produce a process-based cost and revenue model that enables a thorough 'what if' analysis, starting with an individual outlet then looking at the franchise business as a whole.

This enables you to see the potential impact of different scenarios on the growth of your business before they happen and to identify which are the critical factors for the success of your business. This means you get the chance to adjust your business model to pre-empt these problems right from the start.

2 Underestimating the total amount of time, effort and money it's going to take to do it properly

Discounting specialist fees, the cost of setting up a franchise that will run successfully is significant. You and possibly other members of your team will need to spend a considerable amount of time and effort thinking about what you want to do, the best ways to make it work and then getting it to actually happen.

This will have an impact on you and your current business. We can help you make the most of your input into the franchise set-up.

3 Setting the wrong scope for the franchise outlet

You need to get the right split between franchisor and franchisee, so you can be sure that each party is extracting the maximum profit from the business.

If the scope is wrong you can introduce inefficiencies or worse, endanger your intellectual property. We can help you work out what the split should be before you start.

4 Getting the franchisee proposition wrong

Buying into a franchise is about much more than money, and getting the franchisee proposition wrong can mean that you spend a lot of time and money looking for the wrong kind of person in the wrong place only to filter them out of your selection process.

We can help you to ensure you've put together the right package to attract the people best suited to run your franchise outlets.

Facture
Grow what you Know

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We can also help you design the process you'll need to run to get these people signed up as franchisees. We can also run this for you if you wish.

5 Leaving out key aspects of franchisee training

Unless training comprehensively covers exactly how the franchisee performs in every aspect of running the franchise then they are likely to under-perform as a business.

Technical and product training, however detailed, doesn't make a good franchisee. They also need to learn how to market and sell effectively and to really understand where the profits are in the business.

Conventional training methods or "on-the job" training won't deliver this. We can help you deliver sales and service training that really sticks, and to instil a real sense of entrepreneurship in your franchisees.

6 Over documentation of some processes, under-documentation of others

Traditional methods can lead to the production of over-detailed and bureaucratic definition of processes which are hard to maintain - especially in the early stages of a franchise, when they are most likely to change – and hard to use afterwards. The result can be a cumbersome set of manuals that no one wants to use and which quickly become out of date.

On the other hand many franchises do not specify and document key service processes enough. This results in inconsistent levels of service between outlets and can seriously undermine your whole brand and ultimately market share.

Our innovative approach is based on the philosophy of supporting competent people with well-designed material that is easy to learn from and simple to use and maintain.

We start by outlining your key processes in the early stages of your project. Then, during our Delivery of Concept phase we use creative process design techniques to help you refine these designs into extraordinary processes that can be run by ordinary people.

Finally, we use accelerated learning techniques to ensure that your process designs and the philosophy behind them is fully internalised by franchisees and their staff. The result is that your clients get a consistent delivery of service wherever and whenever they buy.

7 Not paying enough attention to third parties you need to work with

You can't always deliver everything yourself or through your franchisees. You may need to work with other parties to deliver your concept, so the proposition needs to be right for them too.

We can help you do the analysis you need to ensure you've put together the right package to attract the right partners for your business and outlines the process you'll need to run to get them on board.

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8 What you get in a Full Franchise Set-up from Facture

- ✓ Creation of a complete and set of optimised operational processes together with manuals for the franchisee and franchisor
- ✓ Creation of a complete franchisee training programme both in terms of operating the outlet and in performing effective sales and service (the only things not included are specialist qualifications)
- ✓ A franchise agreement (we commission a solicitor to produce you a suitable one)
- ✓ A complete business model that will enable you to analyse the costs and revenue of an individual outlet and your business as a whole over the next three years
- ✓ A fully branded business with a set of marketing materials for use in the outlets and to win outlets.
- ✓ Running a project to set up an initial set of pilot outlets -including franchisee capture, training and outlet set-up
- ✓ Full support for 12 months from project start.

… plus the comfort of knowing that we can help you avoid the pitfalls…

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