



FRANCHISE RECRUITMENT

Taking the franchise plunge

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With the recession hitting businesses hard and unemployment at 7.1% – up 0.8% over the quarter and 1.8% on last year (*source: Office for National Statistics*) – a significant number of people are considering going into business on their own. And with so many options available and promises of quick cash, you need to have your wits about you when navigating the minefield.

The truth about going into business on your own is something entirely different and while the opportunity for riches is achievable, the only true secret to any business venture is hard work. There really is no getting around it: the harder you work at making your business work, the more successful you will be.

Once you have taken the decision to 'go it alone', which in itself is a life-altering decision, the next step is to decide whether to start up a new business, purchase an existing business or to go the franchise route.

The franchise route is one that offers new business owners a structured approach to business and can provide support necessary when starting up on your own.

The term 'franchising' has been used to describe many different forms of business relationships, including licensing, distributor and agency arrangements. The more popular use of the term has arisen from the development of what is called 'business format franchising'.

According to a *Nat West/ British Franchise Association (BFA) Franchise Survey 2009*, there are 835 franchise systems in the UK with 34,600 franchised outlets. Accordingly, the sales turnover for the franchise market is £11.4b with some 383,000 people directly employed in franchising.

The survey goes on to state that 90% of all franchisees are profitable and in 2007, the franchise industry grew by 15% - this makes up 3.1% of the UK economy.

Before making the decision to buy a franchise business, it is important to fully understand what you should be looking for in your chosen franchise. Here are some questions to consider:

- Is it a contractual long-term relationship?
- Does it have an established trade name/ trademark?
- Are its products/ services tried and tested?
- What sort of return will you make on your investment?
- Is there a healthy transfer of knowledge between you and the franchisor?
- Does it offer a total business format package?

There are a number of benefits to buying into an established franchise operation as opposed to 'going it alone' and these should include some or all of the following:

- Profitability from research and development by your chosen franchisor
- Established consumer/ client credibility
- Higher likelihood of success: you are more likely to be profitable
- Assistance with the set up and running of your business
- Extensive marketing by your franchisor
- Easier financing
- You can focus on your core skills
- Business model is tried and tested
- A brand name and corporate image
- Working with people who have experience of the business
- Operations manuals to guide you
- Buying power and technical knowledge of your chosen franchisor
- In-depth training

- Ongoing support

The benefits to a franchise of a motivated, dedicated team of franchisees include:

- Better quality of service
- Access to local knowledge and expertise
- Feedback on market, idea generation
- Track record and success stories
- A standard, reliable, consistent service across the network
- National network
- Increased quality, accreditations

Franchising is creating:

- SMBs (Small and Medium Businesses)
- Employment
- Redistribution of wealth
- Growth in the economy

The *Nat West/ BFA Franchise Surveys 2009* show that 90% of all franchises succeed and 90% are profitable. Also, it is interesting to note that 3,000 new small businesses go into franchising every year.

The best advice ever given to me before I decided to buy a franchise was to do my homework. Take time to investigate the proposition made by the franchisor before scheduling to meet with them face-to-face. Take a good, hard look at the strength of the organisation behind the business model and find out what ongoing support you have a right to expect. Investigate the market thoroughly and pull on the resources available to the public (e.g. business advisory services, government structures).

There is a wealth of information available to you – make use of it.

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