

Getting ready to franchise your business

If you are thinking of franchising your business, but you feel you are not yet ready to start a formal programme to achieve that, then this sheet will help you to get started on the right road. It contains practical tips and some key things you need to think about as you get ready to replicate your business.

Of course Replico can help you with an entire programme for doing all this, but we can also help you with advice and support on an ad-hoc basis too, so please do feel free to ask if you would like help with any of this.

“Start with the end in mind”

McDonalds don't sell burgers. They sell franchises. Their franchisees sell burgers.

If you are creating a franchise you have to develop a saleable product - the franchise, so the more you can turn your current business into a fully packaged product the more franchiseable it is. Everything else that follows is about how to make that happen.

You and your time

If you *are* your business it isn't yet franchiseable and you won't have the time to run it as a franchise. So you need to free up time to work on franchising, not by working even longer or harder than you already do, but by working smarter.

In a nutshell, the 2 key points here are

- ‘only do what only you can do’¹. You should only get involved in the activities that need you – get everything else done by others.
- build ‘extraordinary processes that can be run by ordinary people’ – systematise the way you do things so that other people can run the rest of your business like clockwork. Check out ‘The E-myth’ by Michael Gerber for a guide to doing this yourself (available from www.replico.biz/recommended-reading-for-franchisees-and-franchisors/)

Start a journal

Start a hard-backed A4 journal for notes. I call this an ‘Enquire within upon Everything’ book. Start to write down how things work for your business. This is not a novel or an instruction manual – it can take the form of bullet points or checklists or even pictures. All you are trying to do is start to capture how things get done in your business. Each time you have an idea about what could or should be done note it down.

Use separate page headings for each topic e.g. sales, service, brand, systems, technical requirement, rules and regulations etc....

¹ Thanks to Edsgar Dijkstra for this idea...

Getting ready to franchise your business

Scope the franchise

Franchises tend to be niche businesses. That means they offer a highly specific product or service (e.g. making pizzas, cleaning ovens) or serve a specific segment of the market (e.g. relocating doctors).

Successful franchisors tend to limit the scope of what they include in the franchised part of their business. That might mean picking a particular niche. It also tends to mean that what gets included in the franchise is the part of the business that needs to be local to the customer.

This can be just the sales function (e.g. a showroom outlet), just the service delivery function (e.g. a person with a van visits clients to do the job) or a combination of the two (e.g. a fast food outlet).

Also, in the early days of a franchise the products or services on offer tend to be limited to a few popular items that require the least know-how and resources to provide.

The other side of scoping what's in the franchise is scoping what your head office will do. Many franchises have central marketing functions and central supply functions, others have highly autonomous outlets.

Articulate what makes your current business different and special

In order to enable your franchisees to sell effectively you need to get to the heart of what it is that is on offer for your end users. That means having a clear, sharp and concise definition of what you do for your customers and why they should use you instead of the alternatives.

Once you have that you'll find it much easier to design marketing and sales material for both your franchisees and for you as a franchisor. We have some sheets you can work through to help you with this. We also work with an extremely good sales and branding partner who can provide extensive help with this.

Define the Outlet's sales process

Part of what goes into your new product – your franchise – is a predictive process for generating business. You can't guarantee results, but you should be able to demonstrate that if a franchisee follows the process you give them using the materials provided, they should get results that are similar to those you currently achieve in your business as it is now. So, you need to have answers to the following set of questions:

- How do you currently get customers?
- What PR and advertising do you do?
- What proactive marketing methods do you use?
- How many leads do you get?
- Where do they come from?
- What do they cost you?
- How many leads turn into business?

Getting ready to franchise your business

- What is your cost of sale?

If you don't know the answers yet, start measuring what you do and the results you get.

Record details of what works and what doesn't work in your journal. The point is to carry on with what does work and stop what doesn't – or change it so that it does work and try it again.

Define the Outlet's delivery process

Having sold the product or service, your franchisees will need to deliver it. You need to start to write down what you want them to do and how you want them to do it.

At this stage you are definitely NOT writing your manual. Instead assemble notes in your journal under suitable headings on key points. Bullet points work well. Here's what you should consider:

- How is an outlet supposed to deliver your products or services?
- What's the very least that should happen for each customer?
- What do you want every customer to think and say about your business?
- What are the beliefs and thinking behind what you do for the customer?

Scope the catchment area and customer base

Each outlet will need to operate in a territory that is large enough to support them. You need to think about how this territory should be defined. Rather than going straight to postcodes or counties, think about who you sell to currently and where the boundaries of your current territory are:

- What is the smallest area that contains 95% of your current customers?
- What "population" does that contain? Depending on your business and who you sell to, find out the number of people, households or businesses that are potential customers in your area.
- What share of your local market do you currently have? What share of the potential market is buying?
- What capacity for expansion do you believe exists inside your current territory?

Assemble Financials

Taking the part of the current business that you think you would use as the basis for a franchise, assemble answers to the following questions:

- What is the current annual turnover?
- What are the direct sales costs?
- What are the overheads?
- What is the net profit?

Getting ready to franchise your business

- What would a franchisee be able to earn?

Imagine someone was starting from scratch with you to advise them. Write down your answers to these questions:

- What would they need to get set up (equipment, premises etc...)?
- What would it cost them?

Define Outlet staff roles

Franchise outlets sometimes start off being run single-handed by the franchisee but normally there are several roles to be performed.

Often it's better to start with a team of individuals each performing clearly defined roles – even if these roles are part-time.

Identify the key roles needed in your intended outlet and the skills, attitudes and abilities that are needed to perform them.

Perform Diagnostics on your current business

As you go through the above points you'll uncover parts of your current business that don't work as well as they could. Make a note of these as you find them, so you can remember to address them.

What parts of the current business would you honestly say don't work that well, or depend heavily on you, or are somewhat unpredictable or variable?

What key things would help you improve each of these problem areas?

Follow an Action plan

Look through the above each week and set yourself a small number of objectives.

Then set aside time during the week to work on them. Call us if you need any help or guidance.

In a few months you could have a franchiseable business.

And of course if you want ad-hoc help with any of this call us on 0845 5820 144, or email kirstengibbs@replico.biz. Check our web-site www.replico.biz for helpful hints and tips too.