



# FRANCHISING

# BASICS

How To Get Started  
With Your Franchise Business

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# CHAPTER 1

## What is a Franchise?

There are many different types of business opportunities but one of the opportunities that many people seize on a regular basis is the chance to create a genuine revenue stream by owning part of the company. These are actually most always called owning stock in the company, but there is also another way to look at this scenario as well. If you have ever wondered exactly what a franchise is, but have never really had the opportunity to explore everything that went along with it, here is the perfect chance to learn about everything you wanted to know about starting a franchise!

## The Franchise Experience

What exactly is a franchise, though? Simply put, a franchise is an extension of another company; they use the same signs, advertising methods, products, and services of the company that it was derived from. Virtually any type of business is able to be franchised if the terms are set forth in the company contract. For example, restaurants such as McDonald's, Burger King, and even Wendy's have the ability to be franchised. Other stores, such as Starbucks, specialty retail stores, as well as plenty of other restaurants and stores have the ability to create a franchise of themselves. In other words, franchises are essentially clones of the company, but the franchise owner is able to make separate decisions apart from the company itself.

Owning a franchise, though, shouldn't be confused with owning an actual store of the business. Depending on what the franchise is and where it is located, one might have more luck owning an actual store of the business than he or she would with owning a franchise! However, that issue is debatable, but a franchise owner is able to experience all of the same situations as the company owners are.

Even though the company that had a franchise created of themselves still has some control over the franchise itself, such as the specific foods that are used if the franchise is a restaurant, there are some decisions that the franchise owner can make that will have no impact on the company as a whole. For example, franchise owners are typically allowed to change the seating style in his or her restaurant or store, as well as the prices of the products themselves. In certain cases, certain aspects about the products can also be changed with the consent of the company. If you own a franchise, though, the best thing to do would be to contact the company itself to make sure you are allowed to make changes without negating the whole contract!

All in all, franchises are great experiences to have and there are all sorts of benefits one can enjoy from owning one. They are definitely great opportunities to take advantage of if you have the capital to get started! Franchises are essentially clones of another company, and in this way franchise owners are able to make most of the decisions and experience the whole business on their own!

## CHAPTER 2

### The Many Types of Franchises

Owning your own business is a great accomplishment for virtually everyone who has ever tried to succeed in business or marketing. However, if you don't think you're intelligent enough or don't even want to attempt to start your own company from the ground up then one option that you always have is to start out with a franchised company. There are plenty of great things about starting with a franchise of a popular company, but the best thing about it is that you will receive all the help you need if your franchise begins to slip and fail. Furthermore, chances are that you'll receive adequate training before you even start with a franchise so that you'll actually be setup for a long successful road ahead.

Whatever the case, though, franchises are an excellent way to have your own business and to actually own it. However, if you have ever thought about owning a franchise then probably the first thing that popped into your mind was how you would be able to pay for it. On the contrary, though, your first thought should not be about how you'll pay for the franchise, but should be about what type of franchise you want to start. Here are a few suggestions of the franchises one can easily get a hold of in the corporate business world.

#### Fast Food Restaurants

There is probably always going to be an empty spot somewhere throughout the country or the world where a fast food restaurant will be able to fit. One of the things that make fast food restaurant franchise opportunities a great idea is the fact that you are quickly able to turn a profit. Even though it may not be in the first year of owning the franchise (even though it very well could be in the first year) chances are that you won't have to go that far over the first year in order to realize a profit. Some of the most successful franchises that you probably already could have guessed are McDonald's Restaurant and Wendy's fast food restaurant.



#### Office Supply Franchises

One interesting type of franchise that will allow you to have success is an office supply store. Even though you don't have to acquire a large office supply store like Staples to be successful, there are plenty of smaller supply stores that specialize in office things, business stationery, and small pieces of furniture like computer desks and chairs. Office supply stores are definitely needed throughout the country which is why it makes them a great franchise opportunity!

On the other hand, there are plenty of other franchise companies to get involved with if you don't want to start up your own fast food restaurant or office supply store. A donut store franchise, such as one that is purchased from Dunkin' Donuts or Krispy Kreme, can also be successful since many people already love the morning donut products that they

offer! All in all, though, there are plenty of franchise opportunities to choose from, but it just takes a little bit of homework to determine which will be successful!

## Popular Franchise Companies

Owning franchises in the United States is just one way to raise capital for yourself and for your business. There are all sorts of reasons why one might want to invest in a franchise on their own, and there definitely are some popular franchises in the United States. If you have ever wanted to know about what's required when owning a franchise of a certain company then here is the information that you need. Here's a trivia question that you can take home to your family, though: what franchise has been ranked #1 many times over? You probably could very well guess what it is, and if you were thinking McDonald's Restaurant you were exactly right. There have been several times when McDonald's Restaurant has been ranked #1 for the food category it's been placed in, but here are some other interesting facts about owning a McDonald's franchise:

### The McDonald's Franchise



Did you know that there are more than 11,000 McDonald's franchises all over the United States? Indeed, McDonald's has seen tremendous growth in the restaurant level over dozens of years and it has essentially created a world filled with Chicken McNuggets, Big Macs, and Ronald McDonald characters. But it's actually easy to see why owning a McDonald's franchise is popular, and it's actually not as expensive as everyone would have thought. In order to have a McDonald's franchise about the only thing that is required of the franchisee is to have a cash liquidity value of about \$100,000. In addition, the franchise fee for owning a McDonald's is set right at about \$45,000 and the total investment that one is required to put forth when creating a McDonald's franchise restaurant altogether is somewhere between half-a-million dollars and one-and-a-half million dollars!

On the other hand, owning a McDonald's franchise restaurant is well worth the opportunity, which is why many franchisees see it as a golden opportunity. Considering the fact that many McDonald's franchises make well over \$1 million per year, having a McDonald's franchise under your belt may be just the thing you need. In return, though, be prepared to pay a hefty royalty fee to the McDonald's headquarters, which is currently set right at about twelve percent!

### Burger King is Much More

You may be surprised to find out, however, is more all over. The franchise fee is more, thing that is less is actually the royalty fee, thought that owning a Burger King, though, franchise? In fact, a Burger King franchise



that when it comes to owning a franchise, Burger King the total franchise investment is more, but the only which is just around five percent! Who would have would be more expensive than a McDonald's costs just about double what a McDonald's

franchisee is required to have available and pay.

Nevertheless, these are two of the most popular franchises throughout the United States. The McDonald's Corporation is definitely raking in the dough, but the comparison up against their fast food restaurant rival, Burger King, is interesting as well!

## CHAPTER 3

### The Advantages of Owning a Franchise

Starting out from scratch when creating your own business can really take a lot of work. Many people choose to start from scratch and build their own company from the ground up just so that they'll be able to have a sense of pride and accomplishment. Those are both noble causes and it's always a good idea to become an entrepreneur when creating your business. On the other hand, there are also some individuals who would rather simply work with a company's brand name so that they won't have to worry that much about marketing or spreading the word about what types of products and services they offer. This type of ownership of a business is called a franchise. There are many advantages that an individual has when they own a franchise, but probably the greatest advantage that a franchise has, as mentioned, is the fact that they are starting out with an already recognizable brand name!

#### Use of the Company's Whole Reputation



One great thing about starting out with a franchise is that you are able to use the company's whole reputation in order to advertise services, give out coupons, and treat the customer's right. In some cases a franchise may actually be better for the company itself if the company has previously had a bad reputation in certain aspects of treating their customers. But the use of the company's whole reputation means that there is less work involved for the franchise owner.

#### The Ability to Change

Most companies that allow their stores to be franchised usually have stipulations that go along with owning a franchise of their store. However, one of the abilities that a franchise owner has that others do not is they are able to change things as much as possible. Of course, a pizza company's franchise can't change the whole structure of the business and can't go from selling pizza to office supplies, but other things about that pizza franchise could change. For starters, perhaps the company uses a specific sauce that the franchise doesn't want to use. Of course, all of this and many of the changes have to be cleared with the officials at the company before it's done, but franchise owners do have the ability to change things within their actual store.

One other element of change that franchise owners are usually allowed to do is to change the outside or "look" of the building that they're in. Many people realize that usually all stores, restaurants, and other businesses usually all have the

same outside look and feel of the store. However, franchise owners are sometimes not bound to that same outer look of the building!

Simply put, franchise owners really do have the upper hand when forming a branch of a company in their own town or city that they want to start it from. Even though the franchise owners themselves won't gain any of the recognition for starting a company from scratch, he or she will still be able to enjoy everything else that goes along with forming a company and turning profits!

## CHAPTER 4

### Why Franchises are Good Investments

There are many different types of business individuals throughout the world, but one type of person that would take up a franchise as their own and succeed at it; someone who has an entrepreneurial type of attitude. There are many reasons for investing in a franchise, but an individual who is a real go-getter and is able to get things done will realize the true value of owning a franchise. Many people throughout the world have realized that franchises are good investments to take advantage of and if you have never considered it until now then perhaps it is time to put your business thinking cap on. Here are some reasons why so many people consider franchises good investments:

#### Just Plug It In!

Essentially, all you have to do to a franchise is just plug it in. In other words, though, the old phrase of "if you build it then they will come," is certainly true in the view of the franchise-owning individual. Since the name of the franchise is a store that is usually pretty much known throughout the nation, chances are that people will be instantly attracted to the business. For example, if you build a franchise of Starbucks next to an apartment complex and it is closer to them than any other Starbucks around then chances are that you'll be in luck and have chosen a good spot for the franchise.



#### Copyright Ownership

Another great thing about owning a franchise is that you have the ability to use the copyright of the original company. Of course franchise owners won't want to do anything to damage the reputation of course, especially since the franchise is trying to succeed, but being able to advertise that you own a part of the company is a great accomplishment for many people! Franchise owners have the ability to advertise coupons in the company's name, give out discounts, as well as many other benefits that come along with owning a franchise package! Furthermore, many of the customers won't even know that you're a franchise of the company but will treat your store as if it was the company store itself!

## Possibility of Profit in the First Year

The franchise that you build will most definitely make some sort of profit in its life, but a franchise usually has the possibility of producing a profit or profit margin within the first year! The reason for this is mainly that it usually doesn't cost as much to start a franchise as it does to build a business or company from scratch. Those who are starting a franchise, though, will be able to realize profit a lot sooner than they thought!

All of these ideas are the exact reasons why franchises are a good investment! Of course, there are plenty of other reasons why it's a good investment to get started with a franchise but there are too many to name here. If you have ever thought of owning a franchise then hopefully the information presented here provided the nudge you need to get started!

## CHAPTER 5

### The Downside to Owning a Franchise

Franchise opportunities exist all over the world today. In fact, franchises are essentially what the whole world is made up of if one is to truly think about all the different opportunities that exist. Considering the fact that one company alone probably has thousands of franchises already located in the United States and around the world, it is definitely safe to say that over 5 to 10 million franchise outlets exist throughout many parts and corners of the world! There are definitely advantages to owning your own franchise of a company because it is essentially like owning a smaller portion of the company itself. Franchise owners get to keep most of the profits that come into their business in exchange for usually a modest royalty fee of their profits that get sent back to the company headquarters.

On the other hand, though, there can be some downsides to owning a franchise. The first downside to owning your own franchise is that you won't actually own your own company even though you'll own your own store or other company location! Many people have the desire to actually open up their own store and create a company all by themselves, but owning a franchise is not what that's all about.

In fact, you are essentially paying for a copyright allowance to be able to use the reputation of the company that you're working for! Indeed, by owning a franchise you are essentially working for that company. Why else does McDonald's or Burger King require part of the profits from your franchise? A franchisee owner is essentially working their franchise location in order to send more profits back to the company headquarters, even though that's not the way that many would like to think about it.

Another downside to owning a franchise, though, could possibly be the contract that you've locked yourself into. Considering the fact that the average contract length for a franchise store owner is usually 15 to 20 years at the onset it would truly make it difficult to get out of if a franchise owner was having trouble getting the popularity of the franchise store off of the ground in the first place. Furthermore, there may actually be hefty breach of contract fees as well if, in fact, your franchise doesn't do as well as projected and fails within the first few years!

The help and resources that a franchise owner might receive from the company may not be worth everything that is paid to the company headquarters as well! Many company headquarters actually have giant startup fees, annual fees,

and royalties that must be shared with them, but if the franchise store owner is not able to get adequate help or training then the whole opportunity may be lost in the first place.

Considering all of these things before going down the road of opening up your own franchise is very important. Not only is it important to make sure you understand all the implications of owning a franchise, but making sure one understands the total commitment is also important!

## CHAPTER 6

### Starting Your Own Franchise

Even though you may be plenty excited to start your own franchise business there are a lot of things that need to be considered before you do! Franchise investments can be a great thing for many different types of business people and if you are the entrepreneurial type then a franchise may be the perfect solution to starting your own business. However, if you have tried to set up your own franchise in the past and actually failed then perhaps it isn't the company's fault but perhaps you should have done some fore-thinking about the franchise. But if this is your second time setting up a franchise, or even if it's your first, here are some very important considerations that you must think about before approaching a company about acquiring a franchise:

#### The Market around You

The first and foremost issue that you'll want to be concerned is the market around you and where you live. One question to ask yourself before you get started is whether or not there actually is any type of market for your franchise where you live. You may be someone that wants a particular product or service, but if there are no other consumers around the living space that you are in then chances are that your franchise will be doomed from the start. Making sure there is a need, want, or market for the area that you'll be moving into is crucial to having a successful franchise business!

#### The Competition

Another issue that you'll inevitably need to think about is all the competition that you have along the way down the starting point. It's possible that you may not have to worry about competition if you are offering another unique type of product or service that no one else is offering, but chances are that you'll have some type of competition no matter how fierce it is. On the other hand, though, you want to make sure that your franchise won't be setup in a literal price war zone or else you'll probably have to keep lowering and raising your prices just because another retail seller does!

## Growth Potential

Being successful with a franchise is something that many people would like to be, however, one consideration of starting a company's franchise is your growth potential. Is the retail store or other item you are pushing always going to be in great demand or is the market slowly dying for it? One example of a trend that didn't last for very long is the Ty Beanie Baby craze. Even though there was a market for these products in the beginning, the demand for the toys slowly dropped until they were not popular anymore!

These franchise fore-thinking considerations are very important to not bombing out within your first year. Even though it may seem like your business will never get off the ground, if your company truly has a unique product then you don't need to be worried about anything at all!

## CHAPTER 7

### Researching a Franchise Opportunity

If you have ever wanted to open up your own store but simply don't have the talent or the patience to do so, one of the things that you might consider is opening up a franchise of a company where you're living. Chances are that you have been thinking about the lack of businesses or the needs of the consumer in your area that are not fulfilled right now, which is one reason that makes owning a franchise such a tempting opportunity. Although there are plenty of risks associated with owning a franchise, if you are not accustomed to owning your own large store then there may be some questions, albeit a lot of questions, that you'll need help with in the beginning. In addition, if you are new to the whole franchise idea then some of your questions might be immediate. But there are plenty of places where you can go in order to find out more about a specific franchise opportunity. Here are some great resources, though, if you would like your franchise questions answered immediately:

#### An Independent Franchise

The first place that you could possibly direct your questions to is another franchise owner. Considering the fact that many franchise owners are not usually involved with the day-to-day operation of the franchise business itself then franchise owners may actually not mind speaking with you. These are the people, though, who are the most experienced with opening up their own franchises and can easily guide you and inform you with the correct information so that decisions will be easier. Some independent franchise owners may even tell you about whether or not owning a franchise is a profitable venture, but chances are that many times they will endorse the opportunity!

## Authority Resources

Another place to go to if you want to know more about that Taco Bell or Wendy's Hamburgers franchise opportunity is the Entrepreneur magazine. The Entrepreneur magazine has both a print publication and an online version of their magazine that you can purchase. In addition, their website is filled with all sorts of good information about how to get started with franchises, the facts about how much money it takes to own a specific franchise you may be interested in, as well as the qualities and considerations that a prospective future franchise owner should make. In addition, though, the Entrepreneur resources will be able to give you the lowdown of virtually all the franchise opportunities in the United States. Entrepreneur is definitely a trusted resource for finding this type of franchise information.

## Franchise Brokers

On the other hand another valuable resource that you may have at your disposal is a franchise broker. Franchise brokers are certain individuals that usually get paid a certain percentage of the startup fees that you'll have to pay, but they can be a valuable resource in the fact that they can give you all the secrets about a certain company and what many franchise owners' opinions might be of them!

All in all, there are plenty of places to go to in order to thoroughly research a franchise opportunity. Even though there are plenty of other places to start rather than with another franchise owner, Entrepreneur magazine, and franchise brokers, these places are definitely good sources of franchise information!

# CHAPTER 8

## Choosing a Franchise

There are hundreds of options to choose from when it comes time for you to decide to open up a franchise of your own, but there are some important considerations that one must think about prior to doing so. Even though it may seem important to you to jump right into a franchise opportunity with both hands tied behind your back, being so careless about owning a franchise is just one way to enable a failing franchise from the outset! Nevertheless, many people do jump into purchasing a franchise of a company before they really think about what type of a franchise they truly should be running. If you are one that is prone to quick thinking decisions then here are some things about choosing a franchise that you should consider:

### Your Interests

Even though you've probably heard over and time again that it is very important to think about your interests when opening a franchise, this could very well be an indicator and predictor of whether or not your chosen franchise will sink or swim! Do you want to own a restaurant franchise? Is opening up a restaurant franchise something that you will be

able to keep up for years on end? Even though franchise opportunities, such as upscale restaurants like The Olive



Garden, The Golden Corral or another company may seem like a very profitable direction to take, you may not feel like owning the franchise is ten to fifteen years, although many franchise contracts usually require a minimum of twenty years.

Indeed, then, it is truly important to think about what you like doing in your spare time that should lead you to what types of franchise opportunity that you want to open up. For example, if you love watching sports games on television than you may just think about opening up your own sports memorabilia franchise so that you'll be able to watch and be surrounded by the things you love all day long. On the other hand, if you love working with cars then perhaps opening an automobile accessory franchise is the thing for you. In the end, spending time with things that you are passionate about is very important so as not to get too burnt out on the work that you have to do each day in order to make the franchise survive!

### Opening your own Store!

Even though owning a franchise can seem like a tempting option to choose, another avenue that many people overlook before heading to the franchise aisle is to open up their own business. There are many advantages to owning your own business rather than having a company franchise, and some of the benefits include being able to dictate what you will do with your own store, as well as how you'll decorate the company store you've created!

All in all, these are some of the most important things to think about when it comes to opening up your own franchise and possibly starting a company of your own. Many people open up franchises everyday with the intent to succeed only to find out later that they are about to close up shop! Finding a franchise opportunity that is good for you will definitely help you in the long run!

## CHAPTER 9

### Learning to Manage a Franchise

There are many people who own franchises around the world. But if you have yet to jump on the franchise bandwagon there are definitely some things about owning one that you may want to consider. If you have ever dreamed of owning your own company or store, yet have lacked the talent or drive to create your own company from the ground up, a franchise is a simple store that will allow you to have the popularity that you want, but the experience of owning your own store. Essentially, franchise owners are store owners, except that they're simply using the reputation of the company in order to succeed. There is nothing wrong with this practice, however, because millions of people throughout the world engage in the practice of buying and owning franchises of another company.

If you are set on owning a franchise, though, there are some principles about managing one that you probably should know! For starters, the first thing to realize about owning a franchise is that it is like your own mini-store that has been cloned from another one. You are the boss of the franchise and you are also able to hire out the managers, employees, and whole operation of the franchise altogether! Essentially as the franchise owner you are the one who will be responsible for the actions of the employees and you are also the one that others will go to with questions, concerns, and even emergency situations.

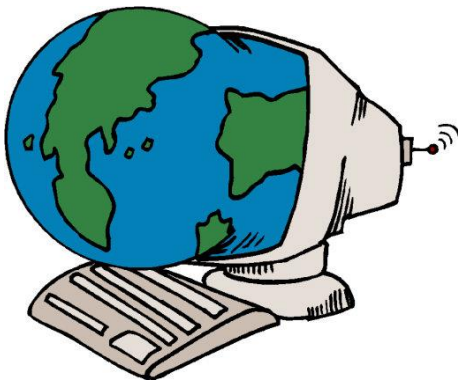
Managing a franchise, if you are the franchise owner, definitely requires patience and steadfast diligence. Starting any company is hard enough, but starting one that has already had years of experience to gain a reputation may be even harder simply because you have standards that have already been set. In other words, the expectations of the people that visit your franchise are no different from the expectations that they have at any of the other store locations!

Another thing that managing a franchise entails is the ability to trust. There are many people who buy franchises for the sake of having a revenue stream that they can count on, but this also involves hiring managers and assistant managers that you'll be able to trust to run the store. Assuming that you won't be there for much of the time as store owners rarely ever are, the head managers are the ones who will deal with employees, guests of the business, and other customers as well! This all goes back to hiring the right kind of people and you'll definitely want to hire the right people for the job of managing the restaurant if you choose not to be involved the majority of the time!

Learning to manage a franchise could be a great learning experience and there are all sorts of reasons why you may want to invest in one. As mentioned, franchises are essentially using the reputation of an already-established company in order to grow and earn money! In fact, franchise stores are the backbone of many different types of businesses in our society, and without them there would be many people at a loss!

## CHAPTER 10

### The Online Franchise Experience



If you have ever wanted to create your own franchise in the offline world, but simply haven't had the chance to accomplish it then one suggestion would be to use the World Wide Web as your first resource for a franchise that you can own. You'll see why owning an online franchise is a good opportunity in the following paragraphs, but the main benefit of owning an online franchise is that you don't need to be worried about any of the details that go along with owning a brick-and-mortar store. For example, online franchises don't need to be worried about building inspections or whether or not their building is safe, and they also don't need to be worried about stocking products because everything is done right from a website!

#### What is an Online Franchise?

Of course the main thing that one should know about online franchises is what they are and how they can be acquired. For those that don't already know, however, online franchises are essentially extensions of other types of stores on the internet or off the internet in the real world. An example would be a website that you create that sells products directly from a company. These types of websites are known as retailers, but you could possibly reach an agreement with the company itself to drop-ship the products directly to your customers. This way you don't need to worry about buying products in bulk and storing them, but the goods are shipped out as they are ordered from customers on your website.

## The Benefits of an Online Franchise

As mentioned, there are some benefits of an online franchise that you'll definitely enjoy and those benefits were outlined above. Just to recap, though, online franchises don't need to worry about product spaces for the things they're selling, they don't need to be worried about the business space and whether a brick-and-mortar store is large enough to accommodate all of its customers.

On the other hand, though, there are also downsides to owning an online franchise. The downside is that your company or franchise will have a lot more advertising and marketing responsibilities. Of course if you have come to the World Wide Web after having years of "real world" marketing and advertising experience then you may actually be pretty successful with this venture. On the other hand, just as the majority of franchises and business fail in the offline world, so too do they fail in the online world. There are many reasons for this; however, the main one is that individuals and their franchise companies simply don't spend enough time or money on the advertising of the company and its products.

Altogether, though, online franchises are a great idea to own your own store if you have ever had the desire to do so. They can offer some of the best opportunities at minimal prices and there is a lot of room for growth as well so that your franchise can be the best one throughout the World Wide Web!

## CHAPTER 11

### Starting a Coffee Shop Franchise

As you would have guessed, there are plenty of franchise opportunity for pretty much everyone to get involved with. Just think at the number of restaurants, stores, and retail outlets there are across the United States and combine that with the thought that there are so many franchises around the world and you'll be amazed at how many franchises it's actually possible to have in one country! Even so, did you know that there are currently more than 11,000 McDonald's franchise restaurants throughout the United States and about just as many, if not more, exist in other countries as well! Indeed, owning a franchise in today's world has become about the most popular idea next to actually owning your own store or creating it from scratch. There are breakfast house franchises, though, fast food restaurant franchises, retail franchises, and even coffee shop franchises that one is able to start on their own.

A coffee shop franchise is a very interesting and unique opportunity to afford, though. Out of many of the coffee shop franchises available, many of them have upwards of \$200,000 in startup costs. Aside from the really big coffee and



donut giants like Dunkin' Donuts as one example, owning a coffee shop franchise does require a hefty out-of-pocket financial requirement although \$200,000 for the average amount for owning a coffee shop isn't too bad at all when compared to other franchise opportunities. One example of a popular coffee company that everyone has practically heard of is the Gloria Jean's Coffee Company. Even though owning this franchise is the

exception to a rule, the startup costs for opening up a Gloria Jean's Coffee store is actually between \$300,000 and \$515,000!

If one would truly think about the opportunity before them, though, the returns that are earned from a coffee shop franchise are well worth the money that is paid for them. Considering the fact that millions of Americans, as well as individuals throughout the world, absolutely cannot continue throughout their morning or day without first grabbing that cup of Jo then one is definitely in luck if they are going to own a coffee shop franchise!

In return for owning a coffee shop franchise store or any other franchise for that matter though, one can receive in return an awesome set of extra hands to help them with their initial startup problems and jitters. Indeed, the headquarters of the company exists essentially to help out the other franchises around the world, so this is definitely the first place one should turn in order to ask if they can change the seating in their restaurant, order coffee from a different supplier, and ask many of the other questions that coffee shop franchises usually have!

Altogether, it definitely is worthwhile to open up a coffee shop franchise on the next corner of your neighborhood! With all the different types of coffee shop franchises around, though, chances are that it will not be too hard to find a store that you like!

## CHAPTER 12

### The Best Franchise Companies

Many people would have thought that McDonald's or Burger King or some other similar type of fast food restaurant would make for a good franchise. Even though these types of businesses usually will pull in some sort of profit their first year, they weren't chosen for the best franchises of 2007. In fact, you may actually be surprised at some of the companies that topped the list of Entrepreneur's list of the Best Franchises for the 2007 year. If you're looking for the perfect franchise opportunity then you may want to take a look at this list for some possible business ideas!

#### The UPS Store



Even The UPS Store got some kudos from Entrepreneur magazine! The UPS Store is basically an office supply store where customers are able to purchase UPS products, boxes, as well as possibly drop off their boxes and packages for shipment. Perhaps this is the main reason that they were voted at the top of the list for the Best Franchises in 2007. In fact, though, The UPS Store only started to crop up after the beginning of the 21st Century! In a few short years this company, The UPS Store, actually had over 5,000 locations and Franchises worldwide! That is an amazing feat to pull off, but those who are in the business for The UPS Store may just realize the value of the products and services they're selling!

#### FASTSIGNS



Pulling in well over \$500,000 per year this store may not seem like an obvious choice, but it is a franchise opportunity that many consider a once-in-a-lifetime opportunity that they simply cannot pass up! If you are wondering what exactly FASTSIGNS does, they create a whole line of products devoted to signs, labels, banners, displays, digital printing, as well as custom graphics. This franchise and company will even help you wrap your whole car in advertising for different

companies. Many smart entrepreneurs have chosen this company to franchise for and it has been proven to be a smart choice!

## Got Junk

Even though you thought junk removal probably would never make it to the top of the list for franchise opportunities, the company 1-800-Got-Junk? is actually a fast growing business opportunity throughout the whole country. Many people are taking this company up on their advantage within the current market. You know that fast food restaurant that you were considering franchising for? Perhaps your money would be even more well spent on a franchise such as 1-800-GOT-JUNK.



There are plenty of other great franchises throughout the world, but these are only a few of the ones that made the year 2007's best franchise list! The companies FASTSIGNS, The UPS Store, as well as the Got Junk business all three are excellent franchise opportunities that are formulas for success. But doing this type of research and finding out what type of franchises are great for a ground-floor business opportunity is very important to having a successful business and excelling with a company's brand name!

## CHAPTER 13

### Creating a Successful Franchise Opportunity

There are many companies that decide to stay a single-chain store and move up the ladder of financial domination by simply controlling all of the stores and outlets that they open up. On the flip side there are also companies who decide to let their store become someone else's by giving the public an opportunity to open up a franchise. Both of these ideas are important, but creating a franchise opportunity for interested parties is something very important that would be good for the whole company to do. Unless you allow franchises as much freedom as possible in their contracts chances are that you'll want them to stick as close to the company's policies and products as possible so as to not tarnish the company name!

Large companies are the ones who mainly allow others to open up franchise stores, but there are also other smaller companies that definitely should allow it. For example, small towns that have stores, restaurants, and shops that are very popular with the townsfolk there should definitely consider allowing others to open up franchises in other places. If you are a small-town store owner and would like to create a franchise opportunity for interested individuals, here are a few guidelines to remember about making the franchise opportunity a successful one:

## It Is Your Company!

Whether or not you will remember this in the end is up to you and how hard you negotiate the contract, but the main lesson to remember here is that a franchise store of your company is still your company, but it is only an extension of the products and services you are offering to people in your neighborhood. When someone approaches you to ask if franchise stores are allowed you may immediately reply "no," but you should definitely reconsider because franchise opportunities are a good thing for both the whole company and the individual who wants to start one.

Another issue that goes along with remembering the whole company and its name is the fact that you, as the company owner, get to be in control of the majority of the contract with the franchise store. If you don't want a certain aspect of your company to change, such as the seating style or the companies that you buy supplies from, all of this needs to be stated in the franchise contract! Everything that has to do with how the franchise presents itself is also very important so that the company name doesn't earn a bad reputation!

## Spell Out Everything!

Along with making sure that the franchise owner knows your wishes for the franchise itself, something else that you will definitely want to do is to spell out everything in the contract itself. Making everything clear for the franchise owner is important so no one is confused!

All of these things are important when starting a franchise opportunity of your company for those that are interested in owning them! In turn franchises that are created in the company name essentially mean more profit for you in the long run, which is yet another reason why they're considered a good venture to follow!

## CHAPTER 14

### What to Do if your Franchise Fails

As the saying goes, there are plenty of business failures in society and there are actually more business startup failures than there are successes. But as the other saying goes, though, why do some people fail if not to pick themselves back up again? Indeed, successes and failures are two important ideas to keep in mind when starting your own company or even getting started with the franchise of a business opportunity itself. If you are a person who is bound and determined to make your franchise location the best there ever was in the world then chances are that you'll have no problem with succeeding and making a large profit every year. On the other hand if you are apprehensive about your abilities as a franchise owner then those thoughts may very well impact your franchise as well. Here are some routes to take, though, if you find that your franchise location is falling by the wayside and starting to sink ever lower in the financial quicksand:

## Getting Help from Experts

Chances are that there are already franchise experts in the company you have chosen and if your particular franchise is failing then it may be a good idea to consider speaking with one of the franchise experts in order to know which direction to take your store. As many people would have guessed, when your franchise is failing is not a good time to speak with the company headquarters because chances are that all they will be interested in is their profits anyway. Other franchise experts, though, can actually be found within the market that your working. It's also possible that you could even speak with another individual who owns the same franchise as you do, but tapping in to the resources of franchise experts is crucial to saving your store at this point!

## Third-Party Help

There are many other third-party organizations and businesses that are actually solely created to help the failing franchise owner. Indeed, even if you're not failing there are all sorts of places you can turn to that will be able to guide your franchise in the right direction. Some of these organizations and help from businesses can come from searching on the World Wide Web, but there many also be groups and franchise clubs around the city or area that you're living in.

## Banks and Credit Unions

One option and route that you most likely always will have available to you if your franchise location is indeed failing is to secure a business loan. There are plenty of banks and professional credit unions out there in the world that will help you secure a business franchise loan if you are in the midst of financial turmoil. Of course a business loan is only a temporary solution to your problems and you want to be sure that you have the resources available to pay it back, but getting a loan may be a good avenue to take.

Considering all of these options are good things in order to help out the franchise that you already have. Even though you may think it's too late to save your franchise store, chances are that you can find at least one positive step to take in the right direction toward success!

# CHAPTER 15

## Alternatives to Owning a Franchise

Owning a franchise can be an endeavour that is only taken on by a few because there are so many responsibilities that has to be considered. On the one hand the franchise owner is responsible for all aspects of the business franchise, which could be considered a good thing, but on the other hand he is also responsible for personally financing the whole franchise business in the first place. There is definitely no way around the personal and financial commitments that a franchise owner must make. To a lot of people all of this hard work just does not pay off in the end! For this reason

there are plenty of folks who actually decide not to own a franchise in the end, but they rely on another technique to acquire the franchise that they want:

### The Franchise Partnership

As mentioned, owning a franchise takes a great deal of financial equity and responsibility. This is something that many people are ill-equipped to handle even though they may want to own the franchise all they want! On the other hand, a franchise partnership may be just the option that they are looking for. As in any partnership, a franchise partnership relies on both people being involved in the business. One party makes half of the financial commitment while the other party makes the other half. Of course there could be various other business agreements as well, such as one party may make the sole financial commitment to purchasing the franchise in exchange for the majority of the profits for a time.

Franchise partnerships can be a great way to getting around owning a whole franchise by yourself and it definitely allows one to have greater freedom and relaxation in the things that are done. For example, instead of having to hire everyone by yourself in order to run the franchise then your partner will be equally as responsible for helping to hire managers, assistant managers, and other employees.

On the flip side, though, as quickly as a franchise partnership is made it can also be destroyed. If you have ever heard the saying that it only takes "one bad apple to spoil the batch" then this is definitely true here. Even though one person of the franchise partnership may be in the business for real and conduct him or herself in an honest way, there are plenty of other individuals who may just be interested in making a quick buck and then pulling out! This can be especially disconcerting if the person who ends up negating the contract was the one to have the least amount of financial obligations toward the franchise business.

All things considered, though, franchise businesses are a perfect opportunity for anyone who doesn't want to own a whole business by himself. These opportunities provide an excellent way for two or more people to be involved so that the responsibilities and obligations, financial or otherwise, don't all rest on one pair of shoulders or in one single back account!

## CHAPTER 16

### FAQs about Franchises

There are many questions that go along with getting yourself into a franchise operation. If you are the owner of the franchise then you particularly want to know all the specifics about owning a franchise, so here are some questions and answer that many people will typically ask the company directly in order to know where to begin first.

#### Franchise Question #1: How Much Capital Do You Need?

Answer: The most obvious concern that one should think about before approaching a company for one of their franchise businesses is how much startup capital they will need. Most of the time this answer will be laying right out in the open, but it's okay too if one decides to approach



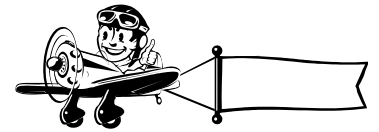
the company directly and ask how much he or she will need. Many times the company will have a startup capital requirement, but then again some companies are only concerned about getting their fees that are associated with a franchise being able to use the company name, logo, and reputation. On the same note, it would be a good plan to pay the startup or initial fees of the company with cash instead of relying on a business loan for the money. Considering the fact that many franchises will need to get business loans anyway for all types of supplies and other necessary furnishings the best route to take would be to essentially pay for your franchise with cash!

#### Franchise Question #2: Where Will You Get Supplies?

Answer: Perhaps the next thing that a franchise owner will want to know before he or she actually starts opening the business is where the supplies will come from. When dealing with company headquarters there are many different rules and regulations that are associated with each type of franchise. Some companies will require the franchise owner to purchase the supplies, such as seating, chairs, and cash registers from a specific company that furnishes all of their company's store branches, but there may be other companies that have real loose guidelines about the whole issue. One must make sure, though, that he or she knows all the ins and outs of furnishing the store with supplies before any agreement is ever made!

#### Franchise Question #3: Am I required to Advertise?

Answer: This is a very important issue in and of itself. Many would-be franchise owners don't realize this, but the advertising that is done for the franchise is actually done by the company itself! Some of the fees that are required to be paid by the franchise include advertising fees, and these advertising costs and fees are supposed to be used by the company in order to generate advertising and marketing for the franchise itself. Such advertising methods may include special discounts that are given on a monthly basis, coupons that are placed in newspapers, and customer appreciation days. Of course, if the franchise is allowed to advertise in whatever way the owner sees fit then no advertising fees may have to be paid, but knowing what exactly is required is of utmost importance before advertising for the franchise itself!



## CHAPTER 17

### Resources and Help for your Franchise Business

Starting a franchise of a restaurant or store definitely has plenty of benefits associated with it, but there are those times throughout ownership of a franchise where you may need just a little bit of help to get. Whether you are dealing with financial responsibilities and commitments that are just too much to handle or you don't know where to start to improve your franchise as a whole, there are many different routes that you can take in order to definitely improve the situation!

## The Company Headquarters

Did you know that many company headquarters offer their franchise restaurants ongoing support for their franchise opportunities? Indeed, if you have caught yourself in a snag or a bit of trouble then the company headquarters should be the first place that a franchise should turn to. Chances are that the headquarters will have the perfect solution, or they can at least point you in the direction of where to go in order to find the answer. Considering the fact that many store and company headquarters make franchise owners pay a hefty royalty fee out of the profits they receive each year, though, ongoing support and training should be one of the concerns that is practically expected!

## Other Franchise Owners

On the other hand if you don't want the company headquarters of the franchise you own to know about the trouble that's brewing in your own franchise store, there are other ways to receive the help that you need. Thinking about the many different franchises that are located throughout the United States alone, it is quite possible to receive some type of support from another franchise. For franchises sprinkled across America so speak with another franchise owner owners share information with each the process of owning your franchise



example, there are thousands of Dunkin' Donut chances are that it would be pretty easy to that also owns a Dunkin' Donuts. If franchise other, though, chances are that it would make that much easier!

## Internet Resources

Of course there are plenty of other resources that one has at their disposal as well and it's called "surfing the web" to find your answers. Granted, there is a lot of useless information scattered throughout the internet, but if a franchise owner is careful enough then chances are that he or she can find the exact piece of information he is looking for by doing a worldwide search of the internet. Practically any question that you have about owning your own franchise can be answered on the internet, but the trick is to knowing just what search terms to input in order to find the answer!

All in all, though, owning a franchise does take a lot of hard work and dedication and no one has ever said that owning a franchise is easy. But being prepared for the long road ahead by having all of your ducks in a row and resources in order chances are that you'll be able to receive great help and support in no time!