

7 Steps Before You Franchise Your Business

- For Those Considering Franchising

By: Lori M. Lofstrom

1. “Prepare To Franchise!”

It is so important to *take your time* and do this correctly. Errors are expensive.

2. “Franchise-ability.”

There are many different businesses that are franchise-able. It’s really a case by case assessment of what you’re doing with your business or your unique “angle” that is important. Talk to a franchise consultant or franchise counsel.

3. The Psychological “Shift.”

Once you begin to franchise, you will be operating a different type of business than the underlying business. This step can be difficult as it involves a new identity and takes you out of your “core” business.

4. Establish A Successful Business Model and Infrastructure.

- one or more operating units with a track record (1 or more years) of success.
- manuals or operating guidelines.
- training program for franchisees and staff.
- support personnel to help when franchisees stumble.

- successful operations when you’re gone.

5. Adequately Capitalize.

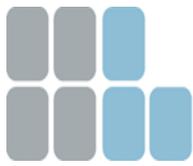
You will need enough cash to sustain some legal, accounting and consulting expenses in setting up your infrastructure as well as for additional sales and support personnel. You will need sufficient finances to fund the venture *PRIOR TO* ever selling a franchise.

6. Protect Your Intellectual Property.

At the heart of any franchise system is a license of its trademarks and other proprietary information. It’s imperative that you take this step early since it can take some time to register your marks.

7. Get Educated.

Attend franchise conventions and meetings to fully appreciate the effort needed to become a successful franchisor. Take a “professional” view of franchising, you may well find that franchising is not the right vehicle for your growth.



7 Qualities of Successful Franchisors

-For Newly Established Franchisors

By: Lori M. Lofstrom

- 1. Keep It Simple.**
Complicated concepts including multi-unit franchising, area development programs or those dramatically outside the norm can come later. Avoid significant revisions to your documents and making “special deals” that are difficult to track and compromise uniformity.
- 2. Find a Mentor.**
Try to meet up with “seasoned” franchisors willing to share. This can help you avoid costly mistakes and learn proven methods to accomplish your goals successfully. Join trade organizations like the IFA.
- 3. Compliance Program Set-up.**
Work with a consultant or counsel to draft a compliance checklist for you. This will help ensure that you are following the franchise sales rules and maintaining good recordkeeping.
- 4. Sales Process Checklist.**
Successful franchisors have a pre-determined, step-by-step sales process through which they carefully and methodically lead each of their prospective franchisees. If a franchisee cannot follow a sales process, they will probably not be able to follow your system either.
- 5. Controlled Growth.**
Don’t let your prospects control your growth, set a growth plan of those states that you will expand to and stick with it. Establish a response system for prospects in states where you are not yet legal to offer or sell.
- 6. Franchisee Communication.**
Facilitate periodic communication with your franchisees to get their input and feedback. Set up a Franchise Advisory Council once you have some interested franchisees that are not in “start up” mode.
- 7. Enforce Your Agreements.**
When a franchisee is not following the system, it is your responsibility to the System and the other franchisees to notify and mandate that the franchisee comply. Follow the steps in the franchise agreement, but be firm so that you send the right message to all.