

7 Qualities of Successful Franchisors

-For Newly Established Franchisors

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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.

Resources:

Franchisees:

California Department of Corporations “Look Before You Leap,” A Guide to Buying a Franchise.

Federal Trade Commission’s Guide to Buying a Franchise.

American Association of Franchisees and Dealers – www.aafd.org.

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