

## ***7 Steps Before You Franchise Your Business***

### ***-For Those Considering Franchising***

*By: Lori M. Lofstrom, Partner*

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.
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 care of this step early since it can take some time to assess and 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.

### **Resources:**

#### **Franchisors:**

[www.holmeslofstrom.com](http://www.holmeslofstrom.com) under “Resources” section of site.

[www.franchise.org](http://www.franchise.org) – resources and contact information about Franchise Consultants and various suppliers such as brokers, technical writers, intranet, website development, etc.

[www.franchise.com](http://www.franchise.com) – marketing resource and online UFOC delivery services.

*“What No One Ever Tells You About Franchising” by: Jan Norman.*

❑ Northern California Office

4251 S. Higuera St., Suite 401 · San Luis Obispo, CA 93401  
Phone: 805.547.0697 · Fax: 805.547.0716



❑ Southern California Office

6621 E. Pacific Coast Hwy., Suite 250 · Long Beach, CA 90803  
Phone: 562.596.0116 · Fax: 562.596.0416