



Growth... *Is Franchising for You?*

BY REBECCA PAGE

“Franchising is a way to minimize the cost of expansion, because the franchisee assumes the cost of the new location.”

When you drove through for coffee this morning, stopped in for an oil change during lunch, or picked up pizza for dinner, you probably visited a franchisee-owned business. A visit to your local mall demonstrates that franchising is thriving in Canada. Yet many people don't really understand franchising, how it works, or how it could be used to expand their business.

Unlike many entrepreneurs, my goal when launching my business seven years ago was to franchise it. Two years ago, when my youngest daughter was still crawling, I started the daunting process of becoming a franchisor. I read up on Canadian franchise law and browsed through the success stories of people who had built large franchise systems. Then I picked up the phone to cold call Canadian women who had franchised their business. Most were happy to share their experience and give advice.

Benefits of a Franchise Consultant

One recurring piece of advice I received was to work with a franchise consultant. While a lawyer is necessary to prepare the required legal documents, a franchise consultant assists with strategy and marketing. I connected with a franchise consultant in Vancouver who had actually written two of the franchising books I had read when doing my research!

Working with him was a very involved process. With his guidance, I prepared the operating manual that my franchisees were to use. We also discussed and developed a marketing plan. After about six months, everything was complete, and I was ready to franchise in the fall of 2007.

Skip ahead a year, and we are getting our third franchisee ready to open. I have learned a lot and my franchise consultant is an ongoing source of advice, knowledge, and expertise. Working with my franchisees and helping them develop their business is enormously rewarding. This was certainly the right choice for me and my company. Could it be the right path for your business?

Franchising is a way to minimize the cost of expansion, because the franchisee assumes the cost of the new location. It also minimizes your time, because all the day-to-day operations of the new location are the responsibility of the franchisee. These are the pros.

The downside is that there are huge costs involved with setting up a franchise system, with no guarantee that a franchise will ever get sold. Also, having franchisees is not like having employees. You cannot supervise their day-to-day activities. This is a pretty big con if you like to maintain close contact with customers.

If you do decide to take this step, here is some of the advice I have picked up along the way:

Do....

- **BUILD A SUPPORT SYSTEM.** Find mentors, join the Canadian Franchise Association, and use your network. Surround yourself with resources.
- **PROTECT THE BRAND YOU ARE BUILDING.** Trademark your company name and logo.
- **RELY ON YOUR STAFF.** Finding, training, and supporting franchisees will take lots of your energy and time. Be sure that you have the staff in place to take care of the clients in your existing business. Talk to them so that they understand that you won't be as involved in the day-to-day activities of your business so that you can shift into the role of franchisor.

Don't....

- **TRY TO DO THIS ALONE.** The legal requirements are daunting and vary in each province. Be sure you select an experienced lawyer to ensure that all franchise agreements and documents are correct and up to date.
- **GROW TOO FAST.** Selling five franchises in three months may sound great on paper, but may not be realistic. Pace yourself so that each franchisee has ample time and training to succeed in their territory.



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