



BY DICK MUELLER

The Fastest Way to Multiply Your Business Success

Is Your Business Franchise-able?

You have spent years creating a successful business, and have probably trained employees who you thought could use that knowledge to go out on their own and start similar businesses. Instead of being concerned about them competing with you, you may want to actually help others start copies of your business in a process that you control. It's called franchising.

Despite everything you read about a few dot-com billionaires, more fortunes have been made through franchising than any other business model. First, consider the scope of the franchise industry, which is huge, diverse and still growing more than 150 years after the Singer Sewing Machine Company started selling franchises in the 1850's. Today there are over 850,000 franchise establishments operating worldwide, supporting 18 million jobs and creating over \$2.1 trillion in economic output, according to the International Franchise Association.

Franchises exist across 81 different industry categories. Although most are retail establishments, business-to-business franchises, including environmental, Internet, paralegal and training services lead the list of new franchise formats.

So, what exactly is franchising? Technically, it is a relationship between a parent company and an independent owner in which the independent party, for a financial fee, acquires characteristics and elements from the parent. These elements can include identity, imagery, site selection, training or supplies. The individual who owns the original business or product is the "franchisor" and grants to the "franchisee" the rights to sell or distribute a product or service and utilize business processes and tools developed by the franchisor.



Franchising is really all about multiplying success through business relationships. It is a legitimate business expansion strategy for product and service businesses. And it's not just for big businesses - nearly 70% of all franchises have fewer than 50 locations.

Here are the questions to ask yourself about your business when considering growing through franchising:

1. Is your business profitable? Do you want to expand it rapidly?
2. Is it relatively simple to operate? Could it be learned quickly and easily by other business people?
3. Can it be readily systematized and broken down into its essential components?
4. Does it generate enough profit for both your company and a franchisee to share in the wealth?
5. Could it be cloned for a reasonable amount of money?
6. Is your business based on a solid trend reflecting ongoing customer needs, rather than just a fad?
7. Are you prepared to enter long-term relationships with independent operators?
8. Are you willing to invest the time and funds in a franchise program for your business?

If, after considering these questions, you believe your business has potential to be franchised, there is a critical due diligence process to confirm that belief. It involves a review of your accounting procedures, training/operational systems and legal agreements to ensure they are in alignment with accepted business practices and offer value that will stand up to examination by any potential franchisee.

Conducting this process, and beginning you on the path to developing your franchise, calls for expertise of professionals who have successfully launched and operated franchises. In the end, expansion through franchising will not work for every business. However, for the owner of a small business that offers replicable value and who is truly interested in multiplying growth, franchising offers an excellent way to achieve it. **SLB**

Dick Mueller is co-owner and Franchise Consultant with FranSelect, Inc. located in St. Louis. He has over 30 years experience developing and expanding successful franchise brands across the country, including Sport Clips, Fantastic Sams and Money Mailer, and is also a franchise owner. The FranSelect team offers services in franchise assessment, consulting, operating and financing. To learn more about how FranSelect can help evaluate your company for potential franchising, you can call Dick for a no-obligation initial consultation at 636-530-6925, email him at dmueller@franselect.com, and you can learn more at their website www.franselect.com.