



Who? When? What? How? Which?

Approaching Franchising with Confidence

Your Frequently Asked Questions

WHAT IS FRANCHISING?

Franchising is a means of starting and running your own business with a very high success rate - providing you choose a good franchise in the first place.

A good franchise will offer you a proven business format with the initial and continuing support that you will need. Your business will work under the brand established by your franchisor using the business system they have developed and proven in the marketplace. You will pay an initial fee to set up using the brand and the proven business format.

You will pay continuing fees for ongoing support that will help you operate and allow you to build the business and eventually build a capital asset that you can sell.

DOES FRANCHISING WORK?

Time and again, franchising has greatly out-performed other start-up businesses. Its formula of a locally owned and run enterprise, driven by a small business owner, with branding, economies of scale and support from the wider network, gives the business a far better chance of success. However, this is only the case if it is done well, so make sure you do your homework when looking into franchising.

WHAT DOES BFA MEMBERSHIP MEAN?

British Franchise Association Members have chosen to be examined against a rigorous code of business practice. They endeavour to be the good franchisors that can deliver the system and support that is needed. The code of practice is recognised by the European Union and the British Franchise Association is a founding member of the European Franchise Federation and the World Franchise Council.

WHAT ARE THE ADVANTAGES?

- > About 90% of all franchisees reported profitability over the last 12 months.
- > The business format is proven. You don't ever make expensive mistakes yourself.
- > You have the opportunity to build your capital as well as your earnings and build a future for your family.
- > It is your business and you are the owner manager, providing you follow the system, you decide what goes.
- > The major banks are very supportive of good franchising.

WHAT ARE THE DISADVANTAGES?

- > Running any business is hard work, demanding the highest level of personal and family commitment.
- > You make a financial investment. No investment can be guaranteed, especially when it depends on your own efforts as well as your franchisor and the market place for your product or service.
- > You buy into a proven business system for its benefits but you also take on responsibility for following it.

HOW DO I KNOW IF A FRANCHISE IS GOOD?

bfa membership is the first thing to look for, but it is not a replacement for your own work. You will want to find out what experience of franchising the company has, their success rates and what you get for your money. You are also strongly advised to ask for a list of franchisees to speak to and find out what the day to day realities of running a franchise in that network is like.

HOW MUCH DOES IT COST?

This is very dependent on the business that you may be looking at, as it may range from less than £10,000 up to hundreds of thousands of pounds. What you need to be sure of is that you understand all of the costs involved and what they cover. You will want to check that you fully understand what you will need to invest or borrow from day one, plus what money you may need to see you through until you start making profit.

WHO CAN I TALK TO ABOUT FINANCE?

HSBC, Lloyds TSB/Bank of Scotland, and RBS/NatWest are the three major banking groups who have specialist franchise departments. If you approach these bank departments, they will be able to give you the best information and support about finance in franchising.

WHAT BUSINESSES FRANCHISE?

The industry today covers a wide range of businesses: from home cleaning to high street retailing, from car repair to business services, and from lawn care to hotels. The bfa have full lists of accredited businesses on their website at www.thebfa.org

WOULD I NEED PREVIOUS EXPERIENCE IN THE SECTOR?

Not necessarily. Many businesses actually seek those that haven't worked in the industry as it means they haven't picked up bad habits from other ways of working. It's best to speak to the business to find out.

DO I NEED PREVIOUS EXPERIENCE OF RUNNING A BUSINESS?

Franchising involves training, so it is more about your attitude and aptitude. Some franchises will need more experience than others, but most will be set up to give you the skills you need.

AM I GUARANTEED TO BE ABLE TO BUY A FRANCHISE?

No. A franchisor is going to be just as choosy about whom they take on, as you should be about which company you want to join. There will be an interview process and you will want to make sure they are diligent about the quality of those they recruit, as this will tell you a lot about others in the network.

CAN I CHOOSE WHERE THE FRANCHISE IS BASED?

Not usually. Franchises are split over set regions, or based in planned locations, so it may be that the only opportunity available is in a very different location. Have this talk with the franchisor at the start as you may need to move.

WHERE CAN I GO TO FIND OUT MORE?

The British Franchise Association provides various educational seminars and has links with media, exhibitions and websites. Take some time to understand what franchising is, attend seminars if you can and do as much research as possible on any franchise you are interested in.



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