

Title:

Converting Independent Business To Franchise

Word Count:

363

Summary:

In recent times there has been the prevalence of conversion of independent businesses in same industry into franchise units. This has fostered the rise and growth of a number of franchise systems. Now the question that arises in the minds of all businesspersons is that whether considering franchise is gainful. While venturing into franchise the pros and cons of it need to be adjudged properly. Only then can you, the businessperson, proceed towards conversion of your independe...

Keywords:

business,franchise,franchises,business advice

Article Body:

In recent times there has been the prevalence of conversion of independent businesses in same industry into franchise units. This has fostered the rise and growth of a number of franchise systems. Now the question that arises in the minds of all businesspersons is that whether considering franchise is gainful. While venturing into franchise the pros and cons of it need to be adjudged properly. Only then can you, the businessperson, proceed towards conversion of your independent businesses to franchise. There are both advantages and disadvantages of conversion of your business into a franchise.

By this conversion you may get a considerable marketing advantage if you are associated with an established brand. This is especially so if the brand has a national or regional significance. Leading brands automatically drive in more customers and thus more profits. Again, a significant purchasing power savings is obtained by being associated with a large system having a much better bargaining power than a single independent operator. Besides, by changing over to franchise the benefits of an operating system of a concern of choice, which is tested and proven by many other operators to have produced the highest possible level of success in business, is obtained.

There are also some disadvantages lying in converting independent business to franchise. Fees and operational flexibility pose as important drawbacks. A converting franchisee requires paying both initial and ongoing fees. These are

the fees that represent the expenses, which are not incurred by an independent operator. So, it is pointless to opt for the franchise unless the increased projected revenue, cost savings and profitability will more than offset the fee costs. Again, a franchise system has many rules based on which a franchise business is to be run some of which may seem uncomfortable. This is not the case in independent business.

In order to evaluate the prospects of conversion the franchisor may conduct a business review of the existing operation and inform the prospective franchisee of the key charges required in conversion. In this way the benefits that will accrue to the operator upon converting can be listed. Thus, a wise decision can be taken upon consideration of the profitability prospects.