

Three Big Questions to Consider If You Are Thinking of Franchising Your Business Concept

Entering into the world of franchising is a major decision. If you are contemplating becoming a franchisor to franchise your business concept, you should conduct thorough due diligence and ask yourself and others many questions before you make the leap. Implementing a franchise business model can have major legal and financial implications for you. But, before you get into a detailed legal and business analysis, you may need to analyze your personality. Franchising isn't right for everyone. Below are a few big questions to get you started in evaluating whether your personality is right for franchising. If you would like to discuss franchising a specific concept, contact CBL.

1. Have You Developed Procedures, Training and Systems That Will Allow You to Easily Duplicate Your Success?

First, note that the question begins by assuming you have achieved success in the business. If you haven't ever operated the business concept previously or have been struggling in your business, you may find yourself or your sales crew crossing lines in the franchise sales process that could lead to major legal battles later. Assuming you have a successful business model, ask yourself whether it could be easily duplicated without you. A successful franchisor needs to have systems, training and procedures in place that can be passed on to others so that they can operate the same business without you. If your business model is successful in large part because of your personality, you may not be ready for franchising or may need to consider what it is about your personality that leads to success and incorporate these criteria into your requirements for approving a franchisee. Contact CBL for assistance in evaluating your procedures, training and systems and to discuss whether your business is right for franchising.

2. Are You a Top-Down Control Guy/Gal or a Relationship Builder?

Many successful business owners achieve success, in large part, by making swift decisions and implementing and enforcing those decisions with a firm hand. While as a franchisor you most certainly want to require franchisees to adhere to your standards, a successful franchisor is first and foremost a relationship builder. That means being willing to

invest time and energy in building the relationships with your franchisees and being willing to involve the franchisees in the process of making some decisions. If you don't get at least some of your franchisees to support decisions to change, you may face a significant battle in implementing or enforcing any changes you make to the business. As a franchisor with a properly drafted franchise agreement, you would likely be contractually and legally entitled to make changes, but unilaterally dictating those changes to your franchisees often leads to dissatisfaction and legal challenges. Contact CBL to discuss ways to structure your franchise system so that you retain control and autonomy to make decisions but include your franchisees in the process.

A good indicator regarding whether your personality is right for franchising is to ask whether you would enjoy teaching a kindergarten class for the next 20 years. No disrespect is meant to either the Franchisor or Franchisee by this analogy. Franchising is long-term, and it is exhausting. In a kindergarten class, like a franchise system, there are rules which are not set by the students/franchisees but which the students/franchisees must follow. A successful class, like a franchise system, however, requires much more than rules. The teacher/franchisor must establish expectations, clearly communicate expectations (repeatedly), and encourage students/franchisees to meet those expectations. Dictatorial controls are not the most productive. Students, like franchisees, need consistency, and they need to buy into changes in the game plan and understand why the changes are being made. They also need the assurance that you have the answers. Students/Franchisees will not all have the same rationality or strengths, and some will require more hand-holding than others. Some students/franchisees will grasp certain concepts easier than others (and these same students/franchisees will struggle in other areas). Do you have the time and ability to assess which ones are which? Can you identify the leaders who will help assist other students/franchisees in becoming successful?

3. Do You Love Your Business Too Much to Let Go of Some Control?

Many successful business owners look to franchising as a way of expanding their business, but they believe the franchise units will still be **their business**. While franchise units will become a part of the franchise system, the franchised units will be owned and operated by someone other than you. As a franchisor with a properly drafted franchise agreement, you will have authority to enforce your system standards, but you need to be willing to accept the fact that there will inevitably be some differences. Every franchisee is not going to make every decision the same as you would make, and some franchise units may fail. Are you willing to accept those differences and failures? Contact CBL to discuss additional implications of franchising your business and ways to structure your system standards to maximize continuity within your franchise system.

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