

## 1: How to Start a Business

*Most honest advisors in the franchise business will tell you that you'll need at least \$, to \$1., in initial capital to even think about starting a franchise company.*

First, you need to find a good idea, then build a plan for marketing, branding, sales, hiring, etc. Then, you need to work on the product strategy and finally, raise capital to execute your plans. Sounds like a lot of work.. This is where Franchise Business can help you. In simple terms, Franchise business is the extension of an existing successful business. These private operators are called as franchisees. The relationship between the owner and seller is contractual. There are a lot of common examples of franchise business around us. There is an initial fee for buying rights to the business, methods, equipment, marketing techniques etc. Once you buy the rights to the tested and the proven business system, you also get the access to trademarked things of the brand. For example slogans, brand name, logos etc. Not only this, the time period for which the contract is going to be intact would also be specified in the agreement. Generally, the tenure of the agreement is around 5- 10 years. Also, most of the times the right to renew the time period is also available. As soon as the business starts off, there is then payment of ongoing royalty payment which might be on the annual basis or it depends. The amount of royalty payment is calculated on the basis of total sales made by that franchise retail outlet. Thus, a contract would be signed between franchisee and franchisor. The methods of the proven business system would remain same. The methods involved in the process, the uniforms, the pricing etc. It is just going to be an outlet in the same city or in a different city with exactly the same representation of the already tested business operation. Some of the companies are mentioned in later part of this article. Pros And Cons Of The Franchisee Business It is very important to understand the advantages and disadvantages of franchise business before buying the franchise business rights. Risk – The biggest advantage of owning a franchise business is investing into a business which is already tested and proven. The probability of the risk regarding the profits and growth of the business is likely to be very low. Training – When you are buying the rights to the franchise business, you also get the advantage to get trained with the technology the proven business is already using, so that you get hands-on training on the methodologies of the already tested business system. Marketing Strategy – There are a number of marketing techniques which are required in order to run a business. Support – There are all kinds of support provided by the Franchisor to the franchisee. Not only franchisors would provide support through the technologies and methods they use, in the case of support is required in resourcing a good location, franchisors are going to lend support in that context as well. The importance of a good location is realized in terms of profits which would be shared not only the franchise alone but franchisor as well. Connections and links – There would be another franchise who might have experienced the same troubles you might are experiencing. Of course, by discussing and sharing out your problems with other franchise people would help you a better vision of the business plan and strategy to be opted for. Initial fees – The initial payment which is required to be made in order to buy the rights of the business is a must fee. It is the cost of buying the license. The fees vary from brand to brand but at par, it is almost same. It costs a lot. Normally, it starts from couple of lakhs and go up to few Crores. Payment of ongoing royalties – It is calculated on the basis of the total sales of that particular outlet. It must be pay at regular intervals, might be on the monthly or annual basis. You have to follow the rules – Even after buying the franchise, you have to follow the rules and regulations those are pre-decided. If rules would not have to be followed, then the taste of dominos or Pizza hut would not have been the same in different places around the globe. Fund for marketing – Marketing strategies do not really come free of cost. There is a price for marketing funds as well. Selling you Franchisee – If you ever happen to sell your franchise to someone else, you must consider the fact that the buyer must be approved by the franchisor. You just cannot sell your business to any random buyer. Before proceeding further with the investment in the franchise business, you must consider the pros and cons of this kind of business system and then finally make a decision. A franchisee attorney would help you further in finalizing your decision regarding purchasing of the rights in context to your investing business plan. Not only this, you must equally understand the franchise agreement before actually signing a contract. Another

important question that comes to mind is when to start off with a franchise business. Even when you are investing this big money, the probability of failing down business is low as already you would be running you business into a proven business system. With the support of franchisor and guidance, any problem that would come along the way would be solved and you would not be all alone to deal with the difficulties when starting off with this new venture. Low-Cost Franchise Business Opportunities In India There are a number of websites that provides the links to start up low-cost franchise business in India. A category giving options for location is also provided to facilitate the buyer from the best possible locations. Some of the websites would also provide the options to choose from the brands available for starting the franchise business. Following are the list of few websites:

### 2: How to Start a Vending Machine Business Without Franchising | [www.enganchecubano.com](http://www.enganchecubano.com)

*Of course, as with any business, there are still challenges involved in starting a franchise and running one. As much thought will have to go into location, hiring, and management as any other type of business, even with the business model and brand laid out for you.*

From Innovation, Science and Economic Development Canada If you are looking for ways to expand your successful business, you may want to consider franchising. By allowing others to replicate your business for a fee, you can expand your business faster and for less investment capital than you would need for other business expansion models. This is because your franchisees will be using their money to help your business grow. When you create more distribution points for your goods or services by developing franchises, your business will gain market share. Because your franchisees will have invested their own money and efforts into your brand, they will be committed to working towards mutual success and growth. How does it work? As a franchisor, you grant a licence that gives the franchisee the right to use your trademark, brand and operating methods after paying an initial franchise fee. The licence tends to be of a contractual, fixed-term nature. Both parties win – you profit by taking in a franchise fee and royalties as you increase market share, while the franchisee has the benefit of buying into a proven business model, a brand and a support system. To consider franchising, you should:

- Have a successful business with a concept that can be replicated
- Be able to choose franchisees who are committed to selling your goods or services
- Implement procedures that will create consistency among your franchise units
- Demonstrate strong leadership and provide a healthy corporate culture

In addition to the initial franchise fee, your franchisees will pay you royalties based on their revenue. The royalty is often calculated on a percentage of gross sales revenue, but can also be based on net sales after expenses. Because business models vary, there is no standard royalty amount. The royalty fee is usually paid on a monthly basis. As a franchisor, you can use these royalties to provide support to your franchisees. This infrastructure could include:

- Research and development
- Computerization and accounting systems
- Training

It is always sensible to get legal and accounting advice before making any decisions regarding franchising. A lawyer who is well-versed in the field can provide help in drawing up the franchise agreement, as well as other legal documents you may require. An accountant or other financial expert who can assist you in developing a financial model that includes cash flow and royalty structure should also be able to determine if revenues will be adequate for all parties. Other questions you may want to think about include the following:

- Will you require a franchise fee deposit while prospective franchisees take time to come to a firm decision?
- How will you word your disclosure agreements in preparation for the end of the licences?
- Should your franchisees contribute fees to a cooperative advertising budget?

Keep in mind that the key to successful franchising is consistency – an element of business that builds consumer confidence. They will expect all units to adhere to the same standards, so it is up to you to ensure that all your franchisees follow your operating systems and methods. Nevertheless, while the onus falls on you to uphold your brand, it is also a good idea to encourage input from your franchisees:

## 3: How to Start a Franchise - MBB Management

*How to Manage a Top Franchise Business Franchise business offers a great medium to start your own business with less risk involved. With top franchise opportunities you get to sell a product that is known in the market with full support from the franchisor.*

You will need to upgrade or access from a different device in order to get the best experience. Essential business skills You will require a number of skills to start and run a business. It is important to identify the skills you need to develop or improve so that you can succeed in your day-to-day business operations. You will need to be able to forecast your cash flow and sales, as well as, monitor your profit and loss. You will also need to declare your income to the Australian Tax Office. Having sound financial management skills will help you to run your business profitably and protect your financial investment. Find out more about managing your financials. Marketing, sales and customer service It is important to be able to promote your products or services effectively. Providing good customer service and having a marketing strategy in place will help you to generate sales. Find out more about marketing. Communication and negotiation You will need to communicate and negotiate with your suppliers, potential investors, customers and employees. Having effective written and verbal communication skills will help you to build good working relationships. Every communication should reflect the image you are trying to project. Leadership If you employ people leadership will be a key skill. You must be able to motivate your staff in order to get the best out of them and improve productivity. Allocate time to mentor and coach your employees. Find out more about employing staff. Project management and planning Starting a business means you will have to manage a range of projects, such as setting up a website, arranging the fit-out of your premises and developing a range of policies and procedures. Knowing how to effectively manage your resources, including time, money and staff will help you to achieve your goals. Delegation and time management Failure to delegate is a trap many business owners fall into usually because they are reluctant to let go of control. Managing your time effectively may mean delegating responsibility to someone else in the business or outsourcing. Identifying who you can delegate tasks to allows you to concentrate on those tasks that generate revenue. Problem solving However much you plan, you will encounter problems in your business. This means you need to be able to make good decisions, sometimes under pressure. Consider joining an industry or business association to grow your network. Further your knowledge and skills Running a business is a demanding task. Seek assistance if you are unsure about your abilities and skills. Developing the necessary skills will provide your business with solid foundations. More information Consider attending our business workshops. Search for small business training courses on the MySkills website. Speak to your industry association about whether they provide training.

### 4: How To Franchise a Business - Franchise Consultants | iFranchise Group

*Franchising your business is a proven route to rapid growth. But becoming a franchisor is not an automatic ticket to success, especially in this challenging economy.*

How to Franchise a Startup: Instead of owning and operating all the locations yourself, you can offer your business model as a franchise opportunity, and allow other hardworking entrepreneurs to run each establishment under your brand name. Here are four expert tips for turning your startup into a franchise. Considering opening a franchise? Before hiring any franchisees or even considering opening an additional location, ensure that you also have the right documents and agreements in place: Franchise Agreement The franchise agreement exists so you and your franchisees are on the same page. Busker noted that it should be legally sound and not dependent on the franchise location. Check out our guide on how to choose the right one for you. You should update the document each year, outlining the requirements of the Federal Trade Commission FTC and any state that has a separate registration, said Busker, who advised hiring a franchise attorney for assistance. Plus, there is often an ongoing franchise fee or royalty that franchisees must pay. The price for these is often related directly to a percentage of the gross revenue. These may bring the need for a potential franchisor to seek a loan. This may result in several trials and errors, but the goal is to streamline and move on to opening a second location. Hire professional help The franchise journey should not be endured alone. One location is enough of a responsibility on its own, but opening multiple is a nearly impossible endeavor to accomplish as one person. Brokers will help your franchise grow with new owners. You may have a great idea for a franchise business, but it takes a team to grow that to reality. Coming up with a solid marketing plan for both will keep you on track as you grow. In larger companies, franchises often require its members to participate in a common advertising fund. This can be a fixed dollar amount or it may be a percentage of revenue, such as the 1 to 4 percent range. Some source interviews were conducted for a previous version of this article. Sammi Caramela Sammi Caramela has always loved words. Reach her by email, or check out her blog at [sammisays](#).

### 5: How to Manage a Top Franchise Business: 7 Steps (with Pictures)

*Franchising your small business may be a good way to grow fast. Figuring out whether or not franchising will work for you is a matter of knowing your business and yourself.*

While it still requires quite a bit of time, money, and energy, your chances of success are much higher, especially if you work with one of the popular franchisors. Pick Which Franchise Opportunity You Want to Start When it comes times to start a franchise, you have a huge variety of opportunities to choose from. Unless you area already has the most popular fast food restaurants , for example, this might be the perfect opportunity to start a lucrative business that the people in your area have been itching for. You might already have a franchisor in mind, especially if you prefer a certain restaurant or brand, have experience with a particular brand, or think that a particular brand would perform well in the area where you want to start a franchise. It is important to consider whether or not the consumers in your area would actually take advantage of the franchise you are thinking about starting. For example, if you are thinking about opening a burger franchise on the same block as four other burger franchises, will people be willing to come to yours, over the four others that are already open? In big cities or on well-trafficked parts of the highway, more than one fast food joint can survive, but in very small towns, however, you might not want two very similar or even identical franchises. When you contact the brand that you want to work with, talk to them about where you are thinking about opening the franchise. Many of them have advisors and consulting services that will help you make sure you are making the right decisions for your skill set and for your area. If you are not already sue of which franchise you want to open, it might be worth your time to contact more than one brand to see which ones are the most compatible with you and your goals. Find the Location In small towns, there are probably only a few locations that makes sense and even fewer locations that are actually available. In larger areas that are more densely populated, you might have a huge variety of locations available to you. The perfect location is one that gets lots of foot traffic, no matter what the brand you choose is actually selling. Because many franchises are restaurants, it is worth your time to take a look at what other businesses surround yours. If there is a lot of shopping or many offices in the area, a restaurant can be a huge draw for people in the area, even if there are other dining options on the same block. It might need to be a certain size, be in a certain zoning area, or be near certain other amenities. For example, they might not want you to put the franchise at the end of a dirt road on land that has not yet been developed. Talk to Current Franchisees This might seem like an erroneous step, but if you want to learn what it takes to be successful, you should spend a little time talking to people that already have successful franchises, both from the same brand that you want to work with and from other brands in the area. The brands generally talk about only the benefits of becoming a franchisee and do not spend very much time actually talking about how difficult it is or what steps you need to take to be successful, until you have already bought in. Talking to someone who already owns a franchise is a great way to see what your day to day is going to be like, what kind of time and energy you are going to need to put in, and what your profits might look like a year, five years, and a decade down the road. Talk to a Lawyer Before agreeing to anything, you might want to have a lawyer look over the agreement and tell you whether or not the fees and requirement seem fair. If not, you can either negotiate with the brand or you can look for a different brand that has more amiable terms. Submit Your Franchise Application Most brands make it very easy to fill out and submit an application to open a franchise. Before or after this process, you might be called by a franchisee representative of that brand, who will want to discuss why you want to open a franchise with their brand and whether or not you have what it takes to be successful. They will likely want to talk about your training, your background, your education, and your experience with the brand. Be ready to explain and to convince them that you are a good candidate for opening a franchise for their brand. Interested in Becoming a Franchisee? Interested in becoming a Franchisee but not sure where to start? Contact MBB Management for a consultation. Call or send us a quick message.

## 6: A Step by Step Guide to Starting a Business

*Start your journey to franchise ownership by meeting with franchise businesses that interest you. Schedule appointments with representatives from your chosen franchises to learn the requirements to open your own franchise.*

The most frequent causes: A critical initial decision is picking a product you care about. Consider hiring a consultant to analyze whether you are a good fit with the business opportunity you are thinking about buying into. You also have to couple passion with discipline, avoiding too-fast growth at the expense of high-quality expansion. Among the most common mistakes new franchisees make is signing on before adequately researching the business. Study what it will take to run the business successfully. Owning a franchise is rarely a get-rich-quick scheme. Contact current and former franchisees to get their feedback, using names from the franchise circular from the franchisers. Never make a commitment based solely on information provided on the Internet or over the phone. Sometimes, franchisers are to blame. Franchisers may be inexperienced themselves, a situation often found in very small systems. Or they may expand too aggressively, rendering them unable to service franchisees. Brokers or consultants selling concepts may be more interested in a sales commission than in making a good match between business and franchisee. Another pivotal decision early-on is location. Think twice before locating a franchise using only your intuition. A location on the outskirts of town might be more affordable but may be too remote for customers to reach conveniently. Other factors may be at play. For example, one franchisee thought his spot on a college campus was perfect for his fast-food franchise. Students were a built-in source of employees and customers. And they were "there" when they were around. But they disappeared for football games and vacations. At the end of each semester, they had little spending money left for take-out or delivery. The location had no parking and so had no other customers. It eventually moved to a freestanding building with a big parking lot. These tools can cost thousands of dollars. For a few hundred dollars, you can buy demographics reports for any ZIP Code in the country that will analyze population characteristics, income levels, lifestyle trends and even traffic patterns within about a mile of potential sites. You might want to pinpoint, for example, a high-traffic area with at least 40,000 cars a day, 50,000 people living within a two-mile radius, and retail locations nearby. Also consider whether adequate parking is available. That may include making additional investments to improve customer experiences, working overtime to satisfy customer time demands, and putting out extra effort to ensure products and services are done right. While franchise systems offer pre-set business formats, flexibility and versatility help a lot. To bring customers in the door, successful franchisees report using tactics such as discount coupons, free samples, direct-mail ads and fax blasts. No marketing job is too small or difficult for a franchisee determined to succeed. Many have success with community-based marketing initiatives, such as those involving schools. For every franchisee chasing success, there are many competitors engaged in the same pursuit. Winning franchisees treat employees well, so they will treat customers well. Some franchise businesses, such as fast food, have high employee-turnover rates. Providing corporate-style benefits such as medical, dental and retirement benefits can go a long way to helping workers feel as though a franchise job is a career. Making sure employees are properly trained and executing according to the rules is vital. That goes double for your managers. Franchisers say the No. 1 mistake franchisees who lack management skills themselves might want to choose a business that could be run by just one or two people. Or, consider hiring someone skilled at motivating others. You have to follow the rules, too. They depend on a by-the-book execution of a business plan, adherence to time-tested systems, and a willingness to follow directions. Insufficient funding is a prescription for failure in any business. With a franchise, the initial fee is clearly stated, but newcomers often underestimate operating costs. A slow beginning or unanticipated event can quickly drain and doom an undercapitalized franchise. Unrealistic optimism also can be a recipe for financial distress. Borrowing to expand just before a downturn, for example, can lead to rapid bankruptcy. Franchisees need a financial cushion to weather unexpected situations. Experts advise new franchisees to have a nest egg for emergencies and assume they will lose money the first two years. Franchisees who leave the management of their units to managers and who may or may not be on the premises every day are also less likely to succeed than owners

who take a hands-on approach. They may not know if the help is showing up, what customers are complaining about, or whether employees are dipping into the till. Theft can be contagious and contaminate an entire organization if not stopped immediately. Secrets of My Success Online Tools: The Franchise Option lesson -- An online lesson on franchising vs.

### 7: How to Succeed As a Franchisee - Small Business - [www.enganchecubano.com](http://www.enganchecubano.com)

*For many business owners, planning efforts can take a backseat to all of the day-to-day operations and management duties. Before you get too caught up in your daily routine, make sure to set short- and long-term goals for your business and have a plan as to how you are going to achieve them.*

Sep 9, Wondering how to start a business? This startup guide will help you understand what it takes to start a business and turn your business idea into a profitable small business. Each year, hundreds of thousands of people start businesses in the United States, alone. Like you, they are men and women who dream about becoming their own boss, controlling their own destiny, and possibly making more money in their own business than they can working for someone else. These business startups are as varied as the people who start them. But trying to weed out the sales pitches from the practical information is time consuming. How To Start A Business The best way to start a business is to break the project down into small steps and complete those steps one by one. Self-Evaluation - Are you cut out to run your own business? Dreaming about starting your own business is easy. While those things are important they are first on the bulleted list below , your personality, attitude and soft skills are equally as important. Before you start your business be sure you ask yourself and honestly answer all of these questions: What skills, interests, experience and industry knowledge do I have? Am I a self-starter or do need to have other people tell me what to do? Am I good at planning, making decisions and carrying them out? Am I open to suggestions, criticism and change? Am I able to set goals and deadlines and meet the deadlines? Will I be able to stay focused even when things are difficult? Am I both optimistic and realistic? Am I honest in all my dealings with other people? How much time will I be able to devote to starting and running the business? How much money can I afford to put into starting a business? Am I willing and able to take on debt to start a business? How soon do I need it to make money from the business? How supportive will my family members be? How much money will I need to get out of the business to keep a roof over my head and food on the table? What kind of business would best match my interests and skills? Do research to evaluate your business idea Once you have a business idea in mind, you need to research the business so you can determine the likelihood that customers will want what you sell and so you know what will be involved in operating the business. A few of the market research questions you should investigate include: How many people or businesses need the product or service you have in mind? Who are those people identify your target market -- what characters they share such as age, location, gender, etc. How do those people learn about this kind of product or service now? How will you reach those people to promote your business? Who will your competitors be and how many are in your selling area? What will you have to do to convince customers to buy from you instead of a competitor? Business operational and industry information you should research includes: What are the average annual sales for this type of business in your part of the country? How much profit do they make? How much money is needed to start this type of business and keep it going long enough to start making a profit? Is the need for this product or service growing or declining? How many businesses offer similar products in the area I want to serve? Are people buying this product or service online instead of shopping locally? What are all the income streams for the business, and which is most profitable. For example, will foot traffic provide enough income for that bakery you want to open in town, or will you need to sell to local diners, coffee shops and hotels? If so, where are those places getting their cakes and muffins now? Do you need any special licenses or permits to operate the business? How much knowledge do you have about the operational details of a business you are considering? For instance, if you want to open a boutique, do you know where to find products to sell, how to figure up your markup, what your inventory turnover rate should be ie, how fast will it sell out? Where will you get your inventory and how much inventory will you need to stock? What other suppliers will you need to deal with? How many employees will you need? What local laws will you need to comply with? The company is an excellent source for industry and location-specific financial analysis and market research data , as well as other data helpful for writing business plans. BusinessKnowHow is an affiliate for Bizminer and will make a small commission if you buy through our links. Should you buy an existing business, buy a franchise or start your

own business? Buying an existing business or a franchise can be advantageous to starting your own business in some cases. If the business you want to buy is doing well and gets repeat business, your initial marketing chores will be easier. Your startup will be less stressful, too, if the existing owner is willing to show you how they run the business. If you plan to buy a well-known franchise, your new business will have immediate name recognition, and the franchise will provide some training. Despite the apparent advantages, there are still no guarantees of success. Thus, before you proceed, look carefully at issues like these: What are their annual sales? What is their profit? Have you worked with an accountant to learn what due diligence you should complete before buying the business? How many similar businesses exist in the locality you plan to serve? What additional expenses will be incurred for constructing or renting the franchise storefront, vans, equipments, etc? How big will your territory be? Are there competing franchises that might open up nearby? How much training and operational guidance will the franchise you have in mind provide? How successful are they and their franchisees? Before you go ahead with the purchase of either an existing business or a franchise we suggest you consult your own accountant and attorney. Write a business plan To be honest, a lot of one-person startups skip this step or gloss over it. Business plans typical include these elements: Business description This section describes the nature of your business, the industry it fits into, and the need your business will fill. In either case, business plan software such as LivePlan can make the process of writing your business plan easier. BusinessKnowHow is an affiliate of Live Plan and Palo Alto software and will make a small commission if you buy through our link. Where to Find Money to Start a Business 5. Among them will be naming the business and making sure you have the right to use the name, registering the business with appropriate authorities, choosing a form of business, getting business licenses and certificates, getting a tax ID if you will have to collect sales tax, renting space if necessary and getting an accounting system set up. The easiest way to keep track of all of these startup tasks is to create a checklist. This startup checklist will help you decide what should be on your own list. Free Business Startup Checklist Starting a business can be overwhelming! This downloadable Word document lists the steps you need to take to get your business up and running, and includes space for you to note your own comments and deadlines. You can get the checklist free when you subscribe to the free Business Know-How Newsletter. You have to start marketing and selling. Do everything you can to build word of mouth. Create fliers and brochures. Get to network meetings. Tell all your friends. Get on social media. Place ads you want to place. If you need more suggestions for finding customers read these articles:

## 8: How To Benefit From Franchise Business Opportunity

*Franchising can be a great way to ramp up profitability -- if you tackle it right. you can manage logistics easily. a free virtual mentorship program that helps millions of entrepreneurs.*

Figuring out whether or not franchising will work for you is a matter of knowing your business and yourself. The idea of growth is appealing, but a small business owner wants his or her company to scale at a reasonable rate. Getting from drawing up a Financial Disclosure Document to figuring out what potted plants will line the storefront, when turning a business into a franchise the devil is in the details. The pay off, however, can be lucrative, as franchising is one of the best ways to spread a brand and grow a business quickly. Data released by the U. Census Bureau in , the first report drawn up by the Bureau that gathered information on franchises, says that franchises made up For businesses that are looking to become franchises, there are franchise consultants. Dennis Mulgannon walked the beat as a police officer until , when he decided that he wanted to start his own business. He opened a sandwich shop in the San Jose area. His chief competition was another upstart shop down the block called Subway. Mulgannon said that potential clients come to him with some sense of why they want to become a franchise, but where they are in their planning tends to vary. Know your business inside and out. The directions provided to each franchisee will likely have to be precise. Business owners, however, are frequently accustomed to running their companies on intuition, and it may be difficult for them to itemize all the infinitesimal but important obligations they fulfill every day. Franchisees will not have the freedom to improvise, and will need to be told how to do everything from keeping the books to ordering supplies. Every step of the process must be carefully outlined. The business owner may have to rediscover what it is like to run a company for the first time. Tariq Farid had owned four flower shops by the time he was When he reached his goal, he turned it in for another dream. Soon he was telling his mother that he wanted to make eight, nine thousand dollars a day. Which means no job was too small for Farid to take on himself. When the company website needed photos of the product, Farid became an amateur food photographer. When his shop needed a more robust back end to allow them to fill more orders online, Farid built it. To see what might be involved in opening a franchise, Farid decided to do a test run himself, in the form of a second store. He found a building, filed the documents, and went through all the minutiae himself, from interior decoration to training the staff. He forced himself to work through each step of the process exactly as a new franchisee would. Can You Explain it in 30 Seconds? Learn about the legal issues. Mulgannon advises all business owners looking to get into the franchise business to pay close attention to Item 19 on their FDD filing. This is where a franchisor outlines financial performance information. These legal complications are an area in which the hopeful franchisor may want to seek out professional help. The International Franchise Association is also a great resource when it comes to the legal issues surrounding franchising. The IFA compiles information on franchises, lobbies for legislation favorable to franchises, and provides resources and aid to businesses looking to become franchises. The association also publishes reports on the legalities involved in franchising, including one titled An Introduction to the Law of Franchising. Know how you want to grow. For some companies looking to become franchises, the new business model may mean expanding coast to coast, even internationally. For others, it may mean adding a handful of new outlets. The experts recommend growing at the rate natural to your business. When a business comes to Mulgannon to explore the potential of franchising, the first thing he does is sit down with them and carefully examine their proof of concept. They grew, but within the scope of their brand recognition. At the other extreme is international franchising, something Mulgannon says he has explored with Junk King. Farid says he has a way of knowing whether or not someone will make a good franchisee. Over enthusiasm is as common in franchising as it is in any realm of business. Apart from the documents and financial information supplied by potential franchisees, Mulgannon says, he considers the personalities of the business owners. Contrary to what one might expect, Junk King is not interested in franchisees who are primarily interested in putting on a pair of work gloves and getting on the truck. Mulgannon says he and his staff will scour over data supplied by applicants in the search for certain qualities. How to Improve Your Hiring Practices 5. Set the right

restrictions. Even after giving franchisees very specific instructions on hiring, training, and other practices, there will be, and should be, certain freedoms they are allowed. They are small business owners, too, and as the franchisor begins to step back from daily operations, he or she will have to rely on the judgement of the franchisees as they explore new business opportunities. Give them freedoms, but keep those freedoms circumscribed. Different franchises will have different ideas about the restrictions they want to place on their franchisees. They struggle with how to balance preserving brand identity with the touch and sensibilities of individual franchise owners. Mulgannon says he turned down one business that wanted help becoming a franchise because they were going to set very narrow limits on who could become a franchisee. Junk King provides about 90 percent of the promotional materials required, he said, and companies can get other ideas approved through the corporate office. Even as the franchisor begins to remove him or herself from the daily business of the franchises, he or she should spend extra time getting to know the franchisees. A franchisee is unlike other types of small business owners. He or she has opened a new store or service provider and is responsible for its performance within a designated area. He or she derives a livelihood from the business, and oversees all daily operations. Yet, there is always a larger corporate structure overhead, and how the franchisee works within that structure varies from franchise to franchise. A franchise model presents some particular challenges because, if business is good and new stores are opening, the company is always working with new recruits. Farid says Edible Arrangements has a department that works with franchises on the sourcing of their materials. Another handles training, and other worry about problems that may be coming down the road, unexpected variables of any kind. Ensuring that all the cogs spin together requires constant communication. The boy who wanted to find a way to sell more long-stemmed roses still finds it hard to fold up his apron at the end of the day. But he would say that the hunt for it never ends. These articles are editorially independent - that means editors and reporters research and write on these products free of any influence of any marketing or sales departments. In other words, no one is telling our reporters or editors what to write or to include any particular positive or negative information about these products or services in the article. You will notice, however, that sometimes we include links to these products and services in the articles. When readers click on these links, and buy these products or services, Inc may be compensated. This e-commerce based advertising model - like every other ad on our article pages - has no impact on our editorial coverage. This advertising model, like others you see on Inc, supports the independent journalism you find on this site.

### 9: 6 Steps to Franchising Your Business | [www.enganchecubano.com](http://www.enganchecubano.com)

*While franchising's prevalence in the U.S. economy indicates that franchisees can succeed, hundreds of franchisees fail each year. The most frequent causes: lack of funds, poor people skills, reluctance to follow the formula, a mismatch between franchisee and the business, and poor management.*

For example, the franchisor may provide you with help in finding a location for your outlet; initial training and an operating manual; and advice on management, marketing or personnel. The franchisor may provide support through periodic newsletters, a toll-free telephone number, a website or scheduled workshops or seminars. Owning a franchise comes with defined costs, franchisor controls and contractual obligations.

**Initial Franchise Fee and Other Expenses** Your initial franchise fee will typically range from tens of thousands of dollars to several hundred thousand dollars and may be non-refundable. You may face significant costs to rent, build and equip an outlet and to buy initial inventory.

**Continuing Royalty Payments** You may have to pay the franchisor royalties based on a percentage of your weekly or monthly gross income.

**Advertising Fees** You also may have to contribute to an advertising fund. Some portion of the advertising fees may be allocated to national advertising or to attract new franchise owners, rather than to promote your outlet.

**Franchisor Controls** To ensure uniformity, franchisors usually control how franchisees conduct business. These controls may significantly restrict your ability to exercise your own business judgment. A franchisor may control:

- Site Approval** Many franchisors retain the right to approve sites for their outlets, and may not approve a site you select. Some franchisors conduct extensive site studies as part of the approval process and a site they approve may be more likely to attract customers.
- Design or Appearance Standards** Franchisors may impose design or appearance standards to ensure a uniform look among their outlets. Some franchisors require periodic renovations or design changes; complying with these requirements may increase your costs.
- Restrictions on Goods and Services You Sell** Franchisors may restrict the goods and services you sell. For example, if you own a restaurant franchise, you may not be able to make any changes to your menu. If you own an automobile transmission repair franchise, you may not be able to perform other types of automotive work, like brake or electrical system repairs.
- Restrictions on Method of Operation** Franchisors may require that you operate in a particular way. They may dictate hours; pre-approve signs, employee uniforms and advertisements; or demand that you use certain accounting or bookkeeping procedures. In some cases, a franchise advertising cooperative may require you to sell some goods or services at specific discounted prices, which may affect your profits. Or, the franchisor may require that you buy supplies only from an approved supplier, even if you can buy similar goods elsewhere for less.
- Restrictions on Sales Area** A franchisor may limit your business to a specific location or sales territory. For example, the franchisor may have the right to offer the same goods or services in your sales area through its own website, catalogs, other retailers or competing outlets of a different company-owned franchise.

**Contractual Obligations** Franchise contracts last only for the number of years stated in the contract.

**Terminations** A franchisor can end your franchise agreement for a variety of reasons, including your failure to pay royalties or abide by performance standards and sales restrictions.

**Renewals** Franchise agreements may run for as long as 20 years. Renewals are not automatic. For example, the franchisor may raise the royalty payments, impose new design standards and sales restrictions, or reduce your territory. Any of these changes may result in higher costs, reduced profits or more competition from company-owned outlets or other franchisees.

**Is a Franchise Right for You?** Before you invest in a particular franchise system, think about how much money you have to invest, your abilities and your goals.

**Your Investment** How much money do you have to invest? How much money can you afford to lose? Are you purchasing the franchise alone or with partners? Do you need financing? Where will you get it? Do you have savings or additional income to live on until your franchise opens and, you hope, becomes profitable?

**Your Abilities** Does the franchise require technical experience or special training or education? For example, auto repair, home and office decorating or tax preparation? What special skills can you bring to this business? What experience do you have as a business owner or manager?

**Your Goals** What are your reasons for buying a particular franchise? Do you need a specific minimum annual income? Do you want to work in a particular

field? Are you interested in retail sales or performing a service? How many hours can you work? How many are you willing to work? Do you intend to operate the business yourself or hire a manager? Will franchise ownership be your main source of income or a supplement to your current income? Are you in this for the long term? Would you like to own several outlets? Are you willing to let the franchisor be your boss? Franchise Exposition Attending a franchise exposition allows you to see and compare a variety of franchise possibilities at one time. Before you attend, research the kind of franchise that may best suit your budget, experience and goals. When you attend, visit several franchise exhibitors who deal with the type of industry that appeals to you. How many franchised outlets are there? What is the initial franchise fee? What are the additional start-up costs? Are there continuing royalty payments? How much are they? What management, technical and other support does the franchisor offer? What controls does the franchisor impose? How long has the franchisor been in business? Exhibitors may offer you incentives to attend a promotional meeting to discuss the franchise in detail. These meetings can be another source of information and give you a chance to raise questions, but they may also expose you to high-pressure sales tactics. Be prepared to walk away from any franchise opportunity " and promotion " that does not fit your needs. Typically, a broker reviews the amount of money you have to invest and then directs you to opportunities that match your interests and resources. A broker also may help you finish applications and the paperwork to complete the sale. Brokers often work for franchisors, and are paid only if a sale is made. What choices does the broker offer? That may be true " or not. Ask how many franchisors the broker represents. A broker who represents only a few franchisors will give you limited suggestions. How does the broker select franchises? Some franchise brokers may claim they will suggest only those franchises that meet certain standards. You may think this means that your risk is limited because the broker weeds out poor investments. In fact, some brokers represent any franchisor willing to pay them a commission for a sale. Ask how the broker selects franchisors to represent. Ask to see the selection criteria and how many franchisors the broker has recently turned down. How is the broker paid? Some brokers earn a flat fee regardless of the price of the franchise they sell. Others earn a commission based on the cost of the franchise. These brokers may steer you toward a more costly franchise to increase their commission. Ask who pays the broker and how the payment is calculated. Find out whether the broker earns a commission based on the cost of the franchise. If he or she does, consider whether the broker is suggesting a higher priced franchise in order to earn a larger commission. To convince you to buy a particular franchise, a broker may talk about how much money you can make. These claims may not be true or can be misleading. Or the claim may be based on outdated industry data. In some instances, earnings claims may use gross sales figures, but when you consider likely expenses, you may find that actual earnings will be far less. Talk to them, rather than relying on information from the broker alone. Ask about their experience with the franchisor. Selecting a Franchise Purchasing a franchise is like any other investment: Is it seasonal or evergreen? Could you be dealing with a fad? Does the product or service generate repeat business? How many franchised and company-owned outlets are in your area? Does the franchise sell products or services that are easily available online or through a catalog? How many competing companies, including competing franchises, sell similar products or services at a similar price?

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