

Mark Scott, National Franchise Manager at NatWest offers his advice on finding the perfect franchise partner.

FIND THE PERFECT PARTNER

Now could be the time to find a new business partner or, in this industry, a franchisor that will be able to support you in your new venture. After an initial slowdown in January; franchising activity generally picks up in February following The British Franchise Exhibition. As a result, this could be one of the most active periods for a potential franchisee who is undertaking their investigations into franchising and towards their chosen franchisor.

If franchising had already been considered, they may have already obtained information about a number of franchisors at the recent exhibition, or through enquiries direct with franchisors. However, there will also be franchisees that surf the net looking at the advice on offer from independent organisations, such as The British Franchise Association, or the banks, such as NatWest, and then examining the various franchisor websites. One of the most visited sites is that of the bfa and, therefore, having a link by being a member may increase the possibility of recruiting franchisees.

The potential franchisee may then be looking to meet with their shortlist of franchisors. They could even attend The British & International Franchise Exhibition at Olympia on 23-24 March to see the franchise first-hand.

Franchisors, in increasing numbers, are advising me that a franchisee will first find out about them via their website. I am certain that this is a trend that is set to continue and the annual NatWest/bfa survey - due out soon - may confirm this fact. It would therefore seem appropriate that franchisors review their websites on the basis of possibly, higher activity during the year ahead.

Top tips

So what should a potential franchisee look out for when undertaking their research? NatWest has put together a top 10 helpful hints when considering buying a franchise, no matter what time of year it is. They are:

- 1** Take a critical look at your strengths and weakness - are you sure you have the capacity, temperament and skills to run your own business?
- 2** Make sure you have the full support of your family - do not underestimate the additional responsibilities and demands on your time, which will inevitably cause some strain. This time of the year should give you ample time to discuss it.
- 3** Ensure you have sufficient capital - you will need at least a third of the start-up costs and half for a less established franchise.
- 4** Obtain a full list of existing franchisees - don't just speak to those suggested by the franchisor, they may be the only ones that are successful. Visit where possible, but at the very least ask them how their business is performing and what support and service is being provided by the franchisor.
- 5** Examine how well known the franchise and its service/product is. A good reputation is a head start in business.
- 6** Look at the market as a whole - find out who your competitors are and how strong their position is.
- 7** Examine costs closely, in particular the franchise fee and monthly management fee, and whether they are reasonable and value for money.

- 8** Will the margins be sufficient to support the business after payment of regular fees to the franchisor?
- 9** Is the training provided by the franchisor sufficient to enable you to run the business successfully?
- 10** Seek professional advice from an accountant about income and profit projections and from a solicitor about the legal agreement. Both should have a good understanding of franchising and preferably be affiliated to the British Franchise Association.

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