

10 Tips for Franchise Success

By Cheri Carroll – SCORE San Diego Counselor

Why do some franchise outlets thrive while others end up with a ‘closed for business’ sign in the window? Sometimes the franchise concept or location determines success, but a lot of it has to do with you, the franchisee.

Making smart choices every step of the way—and avoiding certain pitfalls—can make a big difference to your bottom line and your franchise’s viability. Read on to find out 10 ways to improve your odds for franchise success.

1. Choose the right business for you

Franchisees whose skills are a good match for the business tend to do better than those who are not in their element—but how do you know if the concept you’re buying is right for you? It’s really quite simple: ask yourself what you like to do. For example, if you love kids, find a franchise that allows you to work with them. If you have a passion for technology, seek out a computer-related franchise concept. However, don’t just think about the product or service, but what your actual daily tasks will be. You may love to cook, but owning a restaurant will be about more than just food. In fact, your primary tasks will involve managing, hiring, training and firing staff.

In addition, make sure your skill set matches what the franchise will require of you. Do you like building long-term relationships with customers? If so, a postal franchise might be right for you because customers come back regularly. However, if too much routine bores you silly, a postal unit would be your worst nightmare.

2. Improve your business skills

While franchisors will teach you their system to help you build a successful outlet, most also expect you to bring some basic business skills to the table. If you don’t know accounting basics, how to read and work with financial documents or how to hire and fire employees, you’re going to encounter trouble.

If your sales skills are rusty, your knowledge of business taxation is a bit shaky or you’re not up to date on Internet marketing, consider taking a class to improve your skills. Continue to upgrade your knowledge annually. These classes are often available at a local school; there are even one-day seminars and webinars (Internet-based seminars) that take less time and monetary investment.

3. Follow the system

Part of the reason you choose a particular franchise is because it has a successful system. In order to be successful, you have to learn that system. Don’t just ‘get by’ during your initial training; absorb everything they can teach you. Continue to read the manuals and work with other franchisees up to and after your opening day. Don’t listen when franchisees try to tell you they have a better way than the franchisor’s—you are purchasing a tried-and-true system, and you owe it to yourself to follow every element of that system until you understand it completely.

If you implement changes on your own, particularly in the early days, you could put your franchise at risk or run into unforeseen consequences that the franchisor already has anticipated. Don't try to be a rebel – only make changes after speaking about your concerns at length with your field representative. By taking this approach, you can avoid making a rash error (and possibly save your franchise).

4. Have a business plan

While the thought of putting together a business plan might be intimidating to a franchising novice, it doesn't have to be. It can be as simple as setting some goals and doing a financial projection for the next year or detailed enough to take to the bank for cash. When in doubt, ask you franchisor or fellow franchisees for advice on how to proceed.

5. Play well with others

A friend of mine named John opened a quick-service restaurant (QSR) franchise when the company was relatively new to franchising (it was a recognized brand, but had previously relied on corporate-store expansion). As such, there were some glitches in the franchisor's dealing with new franchisees versus corporate unit managers. Some franchisees started playing political games—they formed groups, talked incessantly, complained about the marketing, objected to the rules and generally whined—but John kept out of it.

When the company's field rep walked in, John treated him with respect. He listened carefully, asked questions and maintained a positive attitude. When a new policy came out from corporate, he implemented it without complaint. He refrained from gossip and spent time with like-minded franchisees, discussing what a great opportunity they had in this business. In return, the franchisor treated him with respect. Guess who got first choice when a unit became available?

Corporate employees are dedicated people who are doing everything they can to make franchisees successful, but first and foremost, they are *people*. Your efforts to respect and listen to them will pay dividends for you. (The end of the story: When John sold his multiple units, he banked a huge profit!)

6. Take control

Part of the appeal of a franchise system is the support a franchisor can provide. However, the ultimate success or failure of your franchise is largely your responsibility. Yes, your franchisor is going to train you on its system and give you the tools to build a business—but you will be on your own to run the day-to-day operations of your outlet. You can call the franchisor with questions, but the decisions will ultimately be yours. Embrace and enjoy this freedom—it's part of the appeal of entrepreneurship.

7. Never stop marketing

As a franchisee, your job, first and foremost, is the sales and marketing of your product or service. Don't wait for your franchisor to remind you—get your marketing out there all the time, analyze the effectiveness of each method and share effective techniques with your fellow franchisees. If you're busy working on your computer or handling other administrative tasks over marketing initiatives, you are limiting your success.

8. If you can't sell, hire someone who can

Simply put, some people just hate to sell. They just aren't comfortable picking up the phone or working a room. However, sales are an inevitable part of almost any franchised business. If you don't feel comfortable handling this task, you need to find someone who will.

Ask for help from your franchisor and fellow franchisees who have effective salespeople on staff. Instead of hiring someone just like yourself because you like them so much, recognize that as a business owner, you're going to need to leave your comfort zone and hire someone with a different personality and skill set. A highly successful friend of mine puts it this way: "Hire people smarter than you—that's the key to forming a great team."

9. Avoid credit cards

The incredibly high rates on this expensive form of credit can slowly eat away your profits and cause you stress. Real financing at a reasonable rate is hard to get, but not impossible—unless you wait too long and you're in financial trouble. Make sure you have plenty of cash before you launch your business, and seek financing immediately if you see a downturn in your future.

10. Learn your industry

Once your franchise is up and running, learn as much you can about your new industry (in addition to what you learned during your franchise research). Almost every sector has associations and meetings where business owners gather and share ideas. Trade associations and local boards of trade bring together new and established businesspeople, providing a great forum for learning and networking. Your fellow franchisees can also offer great insight into your industry; don't ignore this valuable network.

Cheri Carroll is a franchise consultant with 30 years of experience and she has been a San Diego SCORE volunteer for over 15 years.