

Franchise Guide:

Franchising allows you to be in business for yourself, but not by yourself

A Franchise Definition:

A franchise is a method that allows an existing individual to buy into an established business operating system, brand name and advice network.

Why Buy a Franchise:

Franchise opportunities allow franchisees to own and run their own business, but the franchisee opens with a market reputation and franchise information already in place.

With a franchise opportunity, you get a system that someone else has proved will work, so your chances of success are enhanced. Customers are more likely to trust a new business when it is a branded business franchise, as they know that the franchisee is working to a regulated franchise definition and the service will be consistent.

The Basics of How a Franchise Works:

Franchises exist between two parties: Franchisee and Franchisor. A Franchisee is an individual or company, trading independently, who pays a franchise fee for the right to operate under the banner of a business franchise.

The Franchisor collects this fee from franchisees, and in return, provides a combination of franchise information, franchise guidance and franchise support in an effort to help the new business franchise partners to increase their trade and improve their turnover.

The Franchisor grants a licence to a Franchisee giving them the right to operate a business under its name, using its operating systems, methodologies and know how, for a set period.

Each franchise is owned and operated by the Franchisee. However, the Franchisor retains control over the way in which the services are marketed and sold, and controls the quality and standards of business.

Five Facts about Franchising:

1. In 2009 the franchising industry proved that it was recession proof – growing 3.4% whilst the rest of the UK economy contracted 2.8%.
2. There are 35,000 franchisees working in the UK, employing more than 450,000 people.
3. Natwest have recently announced they have £100m investment to support newcomers to the lucrative world of franchising. This means that it is easier to secure funding and support from their managers.
4. It is a well known fact that less than 7% of franchise owners fail within the first 3 years, as compared to over 90% of new business start ups.
5. Over 90% of all the franchises surveyed made a profit!