

Good Franchising - it's not Rocket Science, it's Common Sense

The franchise business model since its early beginning has always been fundamentally a business marriage. At its core, a franchisor is a business concept developer who engages local owner-operators to sell the franchisor's products and services in a local area.

To make it work, the franchisor must standardise the operating systems so that every franchisee has a uniform, templated model to follow. The franchisees, in turn, must focus on building up the business in their local area through hands-on commitment to sales and customer service. That is, they must become the franchisor's local representative for the brand.

Translating this into franchising practice, a franchisor must, above all else, deliver to its franchisees three fundamentals. These are the Rules of 'Good Franchising':

Rule # 1. Better Buying. A franchisee must be able to buy from the franchisor the stock, equipment and supplies to operate the business at prices that are better (cheaper) than the franchisee can purchase elsewhere for similar quality goods.

Rule # 2. Marketing. The franchisor owns the brand and has the broad market perspective, so it must take charge of marketing the business's goods and services to the public. The franchisee's role is to service the customer, not create marketing campaigns.

Rule # 3. Support. The franchisee buys the franchise for the very reason that he or she is buying a proven business system that comes with help and guidance from the developer and owner of that system. The franchisor needs to be able to train their franchisees and provide ongoing operational support services to enable the franchisee to deliver excellent customer service and product / service delivery.

So, there you have it. Franchising in a nutshell. A two-way commercial partnership between two parties making complementary contributions to the overall success of the group. Simple, really!