

HOW TO
SELL A

FRANCHISE



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CHAPTER 1

Introduction to Franchising: What Every Entrepreneur Should Know

Franchising is widely recognized as a great wealth builder, but its role in the business world is much further-reaching.

In the U.S., the Singer Sewing Machine Company is often linked to franchising. However, the company did not offer franchises as we view them today. Instead, in 1851, it grew by constructing local offices that were independently managed by their respective employees. According to the International Franchise Association, the first modern-day franchisor was likely Martha Matilda Harper, a Canadian-American who began to franchise the Harper Method Shops in 1891.

By the time the franchise model that we know today was up and running, the Second Industrial Revolution had already started (in the 1870s). This created the perfect environment for the franchise industry to explode with manufacturing, automotive and beverage industries embracing the model.

Now, as the model has increased in popularity over the last 100-plus years, franchises are everywhere. In the U.S. alone, there are around 790,000 franchise establishments.

“I think when people finally start to look for a business, they’re looking within a certain field for any that are available to purchase from an existing listing standpoint,” explained Tipton Shonkwiler, president of Accurate Franchising and managing director of the Consulting Division of United Franchise Group. “That’s when they uncover that the business they’re interested in is actually a franchise.”

What Franchising Means for Business

Franchises benefit all sides of the business world. For franchisees, the model makes business ownership far more accessible, meaning individuals can bring passion, curiosity and a reasonable initial investment to the table to launch their entrepreneurial journeys rather than working tirelessly (and often alone) to build a brand from the ground up.

“Franchising in general has been a great wealth-creator at both the franchisor and franchisee level,” said Shonkwiler. “It’s a great business model; it really is. It’s a great way to exit, as well. If someone is looking to develop their brand into a franchise, that’s a great way to have something to do for 10–15 years, and it places them in a much greater place to exit later on.”

For franchisors, the ability to leverage the passion and dedication of these same local owners is also a great advantage. Many giant brands, though well-resourced, simply cannot expand at the rate they do when offering franchises. Plus, having a local owner with boots on the ground can make a huge difference in local consumers’ experience of the concept.

What Is Franchising, Really?

In the simplest terms, the franchise business model is based on a franchise agreement. Though the details of said agreement will vary between brands, the basis remains steady: the franchisee pays a franchise fee and ongoing royalties in addition to their baseline time and capital investments. In exchange, the franchisor provides support, expertise and brand recognition to drive each local owner’s growth.

The key components of the franchise model include:

- **Application Process:** To protect the strength of the brand, franchisors must carefully evaluate prospective investors. Most application processes will include questions about the prospect’s net worth, liquidity, financing plans and history with business ownership. Some franchisors will also spend a substantial amount of time or effort evaluating how the prospect may fit with the existing culture of the brand.
- **Franchise Disclosure Document (FDD):** Franchisors typically provide this document during the due diligence stage. Each year, FDDs are put together based on the brand’s performance and any changes that happened in the previous year. Often, a franchise attorney will help with this process. Once complete, the FDD is an invaluable resource for prospects.
- **Franchise Agreement:** If everything goes well and all parties agree with the partnership, the franchisee will be offered a franchise agreement. This is the document they will sign that serves as a binding contract between them and the franchisor. These agreements typically outline the rights and responsibilities of the franchisor and franchisee in each respective role.
- **Training and Support:** As a crucial part of the franchise model, the franchisor should provide training and other support programs or manuals to the franchisee. Commonly covered topics include leadership, marketing, brand standards, operational best practices, hiring, sales and business development.

“Franchisees can get started a lot quicker because of some of those benefits,” said Shonkwiler. “Certainly, someone would also want to consider how they are with operating someone else’s business model.

What kind of mindset do I have? Do I align with that? They need to weigh that against how much it would cost and how much time it would take from a ramp-up standpoint to start on their own.”

Who Wins in Franchising?

Optimally everyone wins in franchising. With a healthy business model, franchisors can embrace rapid growth while supporting the entrepreneurship of local business owners. When a franchisor takes the time to evaluate its own ability to develop support systems prior to launching the franchise model, the system is more likely to succeed. For entrepreneurs looking to expand their own existing business, franchising should not be viewed as an “easy out” though. While the franchise model is a great driver for growth, it is not without demands.

“Some franchisors go out there and start selling franchises,” said Shonkwiler. “They’re focused on that but not focused on taking care of what they’ve already sold. You never want a franchisee to feel like they’re on an island. You want to have that ongoing engagement between the franchisee and franchisor; that’s how you properly do it.”

Maintaining engagement and keeping lines of communication open benefits both franchisees and franchisors. With a strong relationship and alignment of goals, franchisees can serve as powerful advocates for franchise brands within their own communities, driving both parties toward success.

“The franchisor also needs to get to know someone and make sure they’ve laid out the company vision and what they want in a franchisee so that they can properly set that tone,” he added. “In a franchise agreement, you’re entering into, sometimes, upwards of a 35-year agreement, so you really want to make sure you’re making the right decision on both sides of the fence.”



CHAPTER 2



Evaluating Your Business for Franchising Potential

There are a handful of crucial questions to consider when deciding if franchising is right for you and your business.

Considering franchising as a growth strategy for your business can be an exciting prospect for any business, but it requires careful evaluation to determine if it would be successful. From assessing the profitability and scalability of your business model to examining its financial viability, this process plays a critical role in determining whether your business is ready to grow in the hands of franchisees.

By conducting a comprehensive evaluation, you can gain valuable insights that will not only help you make informed decisions but also create a solid foundation for a successful franchise expansion.

Qualities to Consider

One of the most important qualities to consider when evaluating a business for franchising potential is whether or not it is replicable in another part of the country. In order for a franchise to be successful, local owners need to be able to adopt the system.

“There’s a huge difference between doing it yourself and having someone follow what you set out for them,” Cliff Kennedy, CEO of Frios Gourmet Pops, previously told 1851 Franchise. “You have to ask yourself if your business is replicable and if you are willing to do that.”

The CEO added that business owners need to be able to hand over their business to someone else and still

have it maintain the same culture, customer service and consistency.

In addition to replicability, president of [Pool Scouts](#) [Michael Wagner](#) notes that brands should also ask questions such as the following: Can it scale at a national/international level? Is there room to create a national brand? Are there solid unit economics that can be replicated? Is the value of the business all in the goodwill of individuals or is it a scalable opportunity?

Brands should also conduct a thorough business analysis before franchising.

“Really dive into unit economics and what it would require to support a franchise system from a people and systems perspective,” said Wagner. “Look at any regulations that exist in states for licensing or other barriers to entry.”

Who Brands Should Consult Before Franchising

There are several types of professionals that can help brands navigate the complexities of franchising before they start. Legal counsel, for example, is a great place to start. Wagner recommends talking to legal counsel when creating the all-important Franchise Disclosure Document.

It is also important to consult a financial professional to help evaluate the financial feasibility of franchising and to create accurate financial projections. They can also assist in determining franchise fees, royalty structures and other monetary aspects of the franchise model.

“Funding needs to be set up before launching a franchise system as it is expensive and takes time,” Wagner added. “Also, look for regulations in the industry that would prohibit or delay entry into the market with a national brand.”

Brands can also talk to franchise consultants when evaluating their potential for franchising. These valuable resources specialize in the franchising industry and can help assess the brand's readiness for franchising.

Creating a Unique Selling Proposition

It is also crucial to develop a unique selling proposition (USP). A USP can be defined as “the factor or consideration presented by a seller as the reason that one product or service is different from and better than that of the competition,” according to [Entrepreneur](#). USPs are especially important when a brand is offering a product or service similar to others on the market.

“Work with a branding group/agency and legal resources to properly position a brand for a franchise concept,” said Wagner. “It is extremely important to convey the message and to ensure proper copyright and trademark issues.”

Evaluating your business for franchising potential is a crucial step when determining if expansion through franchising is right for your brand. Through analysis of your business model, financial stability, operational efficiency and brand strength, you can gather valuable insights that will help you embark on your next steps.



CHAPTER 3



Developing a Franchise Business Plan

Developing a franchise business plan can be vital to the long-term success of a franchise, but what exactly goes into a franchise plan?

For entrepreneurs looking to expand their portfolio, franchising serves as an effective way to gain business acumen. For first-time business owners, one crucial aspect often overlooked when planning to open a new franchise is the development of a comprehensive business plan.

What Is a Franchise Business Plan?

A franchise business plan acts as a comprehensive document that outlines a franchisee's strategic roadmap, operations and financial projections. Developing a well-crafted franchisee business plan can be essential for the long-term success and profitability of a franchise. While the franchisor may provide the tools and support necessary to get you started, it's vital to create a solid business plan that will guide you toward success and allow you to scale your business.

But what goes into developing a franchise business plan? Let's break it down.

Crafting a Strategic Roadmap for Franchise Expansion

One of the first things that should be included in your franchise business plan is a strategic roadmap. This roadmap should serve as the foundation for your franchise expansion and should outline the step-by-step

procedures and guidelines that will ensure consistency and efficiency across your franchise locations, whether you have one or several. Your roadmap should serve as the backbone of your entire franchise business plan and provide you with a clear path for growth.

Tony DiSilvestro is an entrepreneur, a business consultant, an author, and the founder and president of Ynot Italian Restaurants. DiSilvestro began franchising roughly 12 years ago, and he says to first focus on “systemizing your systems” before you start planning for expansion. Consider factors such as target markets, growth projections and franchisee support. He also says understanding and documenting every process is critical to the success of your franchise, and should be one of the first things you consider before becoming a first-time franchise owner.

“You have to understand every single process down to the smallest degree,” said DiSilvestro. “That’s where franchising starts. It’s irrelevant what the actual franchise company does because the quality of the systems is what’s going to make it successful.”

Setting Realistic Goals and Objectives

As part of your franchise business plan, franchisees must also set realistic goals and objectives to help drive the success of their franchise. While the franchisor may provide you with certain expectations and performance benchmarks, it’s essential for franchisees to establish their own short-term and long-term goals that align with their individual ambitions.

When setting goals and objectives, consider revenue targets and financial projections, sales and marketing goals, staff recruitment, and customer satisfaction. According to DiSilvestro, it’s the franchisor’s job to set proper expectations and goals for new owners. But, as the franchisee, you’ll be responsible for the day-to-day operations of your business. Ultimately, the growth of your franchise is all up to the work you put in, which is why it’s vital to set realistic goals.

“The beauty of buying a franchise as a franchisee is it’s only as good as the operator,” he said. “You can have the best systems in the world, but you have to be the right operator to be able to execute those systems to get the desired result you’re looking for.”

Analyzing the Target Market and Competition

Another important part of your franchise business plan is understanding your target market and competition alike. Identifying the needs, preferences and demographics of your target audience enables you to tailor your services to their specific requirements. According to DiSilvestro, many franchisees don’t understand who their customers are, and that plays into their downfall.

When he first started offering Ynot Italian Restaurant franchises, one location was on a college campus. Although he thought it would be a great opportunity, the business didn’t do as well as he had hoped because he didn’t fully understand the target market. Many students either already had a pre-established meal plan through the school or were receiving financial aid and couldn’t budget for the off-campus restaurant.

“It’s vital to understand what you’re buying and know who your customer is,” DiSilvestro noted. “Don’t just look at the Franchise Disclosure Document. Actually go out and do your own research.”

DiSilvestro says studying and gaining intimate knowledge of the market landscape will allow franchisees to identify opportunities to differentiate themselves and stand out among the competition. That being said, it’s equally important to analyze your competition. DiSilvestro believes you have to be willing to understand everything about the franchise you’re signing with, and that includes knowing just as much about your competition.

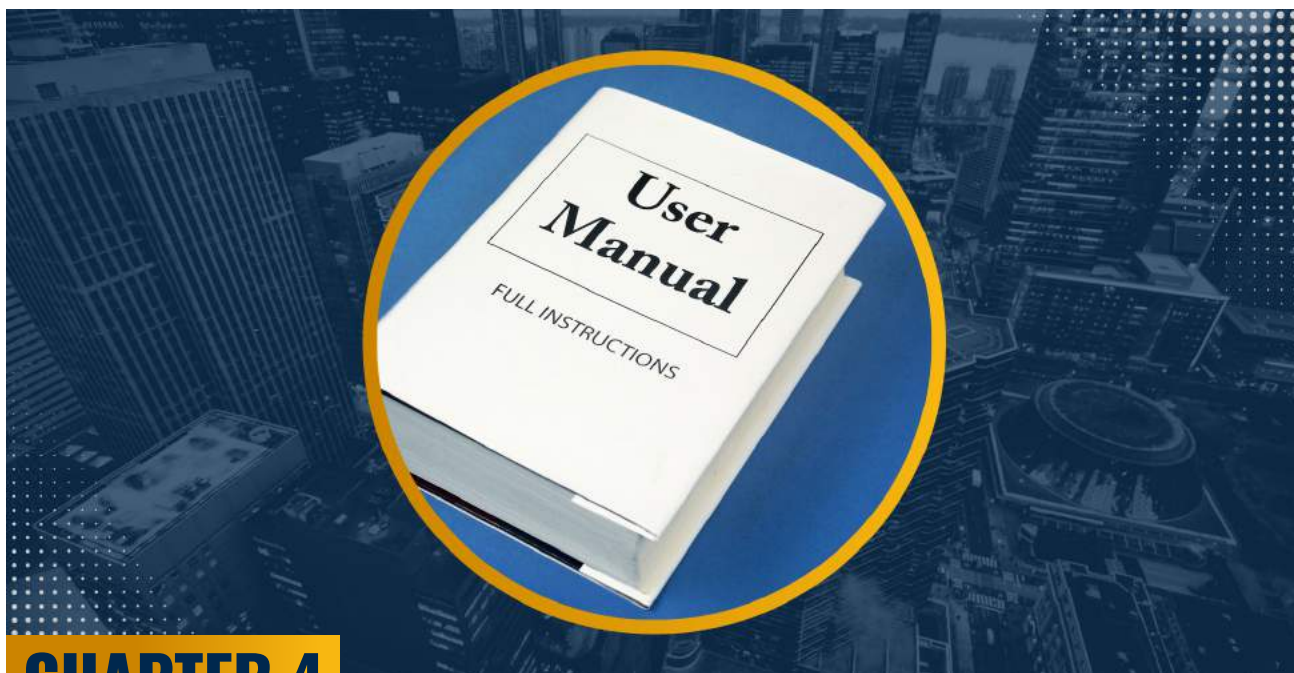
“If I’m a franchisee, I’m going to dig into that franchisor’s customer data,” he said. “I’m not just going to read the FDD. I’m also going to visit five or six competitor locations and learn everything I can about them in order to succeed.”

Final Touches

Once you’ve included your research, set your goals and objectives. Then, conduct market analysis, the final step in developing a franchise business plan to create an executive summary. According to franchise consultant Adam Goldman, the executive summary is the very “first impression of you, your business and your franchise plan. It is a written version of your business pitch. It should clearly define your business and everything it has to offer in a way that distinguishes your concept.”

The Path Forward

DiSilvestro believes developing a franchise business plan can be vital for long-term success. By effectively implementing the systems and putting in the necessary time, effort and dedication, franchisees can achieve their desired results. With the help of a well-crafted franchise business plan, first-time business owners can start their journey, build their businesses, and create a path toward profitability and growth.



CHAPTER 4



Creating a Comprehensive Franchise Operations Manual

There are many experiences in life that don't come equipped with a "how-to" manual. How to successfully run and operate your franchise shouldn't be one of those experiences.

In the world of franchising, success is often predicated on how well-established and efficient your system's guidelines, training materials and daily operational instructions are. It is crucial for franchisors to establish comprehensive guidelines and procedures in order to maintain the superior standard of quality that customers have come to expect from your brand, along with replicating that experience across all locations.

A well-planned and thoroughly detailed franchise operations manual is essentially a recipe for financial success and exemplary customer service. The information inside is valuable, especially for popular brands. This is the primary reason why you should keep the contents of this manual under wraps and only disclose it to those who've signed all necessary paperwork.

This manual also helps your company avoid potential legal issues. Including thorough descriptions of local laws and regulations and how they pertain to your day-to-day operations is a vital component of your manual. It helps ensure compliance with all related rules and keeps team leaders knowledgeable.

These are all reasons why a franchise operations manual is one of the most important documents that a franchisor creates during the franchising process. It is a "central repository of truth" for your franchise brand, and details fully what needs to be done and how it needs to be done.

The Basics: What Needs to Be Included in Your Franchise Operations Manual

Start with an outline of the basic components. Here's a list of "must-haves":

A Powerful Introduction to the Brand. From the origins of your operations manual, make sure your company's brand and ideology is clear. Include details like your founder's background information and story of how the franchise was born, your mission statement, your value proposition, what area of the marketplace the franchise is trying to serve and why, and what kind of qualities you're looking for in franchisees. By setting a tone of what the brand is about and what you want it to represent in your franchisee communities, you immediately convey what are the most important aspects of your business to future franchise owners.

Structure and Process Of Creating a New Franchise Location. This is the section where you thoroughly detail the important aspects of the franchisor-franchisee relationship.

Cover questions like:

- How do the two entities communicate with each other?
- What is the process to start a franchise location?
- What is the anticipated timeline expected from start to finish?
- What are the initial investment numbers and expected first-year revenues?

Training Materials. Your franchise operations manual should touch on all the aspects that employees will need to know to do their jobs well and be consistent with the brand. This should include instructionals and role-plays on how to best interact with customers, how to operate any machinery or systems, how to open and close the location, and uniform requirements. Cover the fundamentals of the day-to-day operations of running a franchise and what your expectations for employees are. It should be comprehensive enough that an employee with a question can easily find the answer.

Important Company Policies. All employees need to have an understanding of company policies and procedures. This is necessary from a legal perspective. Also, it should cover elements of important company values and front-facing protocols that are in keeping with the overall ethos of the brand.

Software and Operations Instructions. Many franchise businesses utilize advanced franchise management software systems to optimize communication between franchisees and between franchisor and franchisee. If you are using one of these types of software packages, make sure you include instructions on use, login credentials, resources for tutorials and Help Desk line information.

Marketing Advice. Even with a well-known brand, franchisees still need to have a marketing plan and tools at the ready to ensure they announce their presence in a new community. A thorough description of your brand's marketing approach and what type of resources, materials and support are available from the head office should be fully detailed in this section. Provide guidelines for both online and direct marketing efforts, and include a thorough style guide that specifies color codes, font sizes and accepted messaging. Providing access to online templates, online print and design portals for printed marketing materials, and comprehensive marketing campaigns are also of great benefit, particularly for new locations looking to make their mark in the community. Remember that each new location's success is another part of your whole company's success.

Other Information. Your franchise operations manual should be organized to include all of the operational data, brand information and standard operating procedures you're going to provide to your franchisees in order to help them run their franchise efficiently from the start. These depend on your franchise and the service it provides, but as a basic checklist, your manual should cover the points above, as well as the following:

- Staff Hiring and Training Guides
- Health and Safety Regulations
- Financial Management Details and System Overviews
- Assessments and Reporting Procedures
- Best Practice Guidelines
- Complaint Process Procedures
- List of Approved Vendors

You may find that your operations manual continues to grow as your franchise grows. However, starting with these benchmarks, you'll be on the right road to creating a valuable reference for your franchisees.



CHAPTER 5



Franchise Legal Considerations

Understanding key legal components before going into franchising can set both brands and prospective franchisees up for success.

Before diving into the world of franchising, it is important to understand the complex landscape of franchise legal considerations. From franchise agreements and disclosure documents to intellectual property protection and compliance with local regulations, understanding the legal framework surrounding franchising is essential for both franchisors and franchisees.

1851 Franchise spoke to industry experts to explore the key legal considerations that should be at the forefront of your mind as you embark on your franchise journey, ensuring a solid foundation for a successful and legally compliant franchise operation.

Most Important Things to Look for in an FDD

A franchise disclosure document (FDD) is one of the most important tools a prospective franchisee has to evaluate a franchise brand. Serving as a comprehensive resource, FDDs provide crucial insights into every aspect of a franchise operation that franchisors are legally obligated to disclose to investors. FDDs serve as the primary, and sometimes sole, place to find potentially damaging information about the brand that could affect franchisees. Franchisees should carefully examine all of the information provided, but there are key areas that they should examine even closer.

Item 20, which includes information about outlets and franchisees, is one of these areas, said Tom Spadea, a founding partner at Spadea Lignana Franchise Attorneys.

“Nothing is going to teach you more about the culture of the system, or whether the franchisor fulfills their brand process, as much as talking to the franchisees,” said Spadea. “Every professional that you meet, whether it's the salesperson or the executives, will have a vested interest in you signing. Talking to franchisees is where you learn the most. Don't skip that step or try to shortcut it by sitting on some sort of group conference call or reading about it.”

Item 3, or Litigation, is another key area to review. This is where a franchisor is required to disclose certain current and past lawsuits that the franchisor or its predecessors, affiliates, parents or individuals on the leadership team were involved in or subject to. In one example from Spadea, if a 2,000-unit brand has a couple pieces of litigation, that could be reasonable. But a 50-unit brand with three pieces of litigation is a red flag.

“Having substantial litigation certainly tells a story,” added Kim Ellis, vice president of Franchise Development & Legal at Bruster's Real Ice Cream. “If you don't have any litigation, it tells me that the franchise works hard on maintaining and building a strong franchisee franchisor relationship.”

Ellis also noted that Item 2, The Leadership Team, is something to pay attention to. Prospective franchisees can learn about whether the team has experience in running a franchise and whether they have experience in a specific industry.

Best Practices for Drafting and Negotiating Franchise Agreements

The franchise agreement serves as a legally binding contract between the franchisee and the franchisor. It outlines the expectations and responsibilities of both parties and includes the franchisor's specific requirements from a franchisee. When it comes to drafting and negotiating, Spadea recommends both franchisees and franchisors not go into it expecting to change much.

“You shouldn't be expecting to come in as a franchisee and change things,” he said. “A franchisee that gets a franchisor to change too much is probably buying into the wrong system. It is okay to include a few important and personal requests, not systemwide requests. And from the franchisor perspective, franchisees who ask for too much are probably not the right ones.”

Ellis even goes as far to say that there should not be negotiating.

“My advice would be not to negotiate,” she said. “The more versions of an agreement you have out there makes it very hard to track who got what and it puts a strain on the support system. If a franchisee signs a regular agreement and finds out someone else got a better deal, how does that look? I want to be able to look everyone in the eye and say they got the same deal.”

Ensure Compliance with Federal and State Franchise Regulations

It is important for franchises and franchisees to be sure they are complying with all regulations at the state and federal level. The best way to do that is by working with a franchise-specific attorney, said Ellis.

“Having a franchise-specific attorney is going to make your franchise organization stronger because the state and federal laws are always changing,” she said. “We have to make sure that our registration documents are up to compliance with those changes.”

Additionally, Spadea recommended having a system in place that ensures a brand knows where they're registered, when those registrations expire and that they're properly disclosing this to candidates in a timely manner.

“Brands shouldn't be depending on Word documents or a chart in the FDD that shows where they are registered,” he said. “They should have some sort of system that is attached to a calendar app that tells them when they're registered and when they will expire. It's very easy to disclose someone on the wrong or stale document.”



CHAPTER 6



Protecting Your Intellectual Property

Intellectual property rights are crucial to franchising, allowing franchisors to maintain control over crucial information and practices that have led the concept to success.

At the heart of franchising is an agreement between the franchisor and franchisee to share key information and processes that have contributed to the success of the business in exchange for a franchise fee and ongoing royalty payments. However, in order to protect the information associated with the business model, the franchisor must be sure to have legal intellectual property (IP) measures in place, which prevents franchisees from “borrowing” proprietary information, secret recipes, branding assets and more.

“Intellectual property rights, specifically trademarks, patents, copyrights, and trade secrets, are at the heart of a franchise agreement,” explained Mark Brutzkus, a partner at Stubbs Alderton & Markiles, LLP. “In a franchise agreement, it is important that the franchisor is the owner of, or has the legal right to use, the franchise’s intellectual property, including trade names or trademarks. Also, it is critical that the franchise agreement contains provisions to keep trade secrets, i.e. ingredients of a secret sauce, confidential and not disclosed.”

There are four primary types of intellectual property that are crucial for businesses to be aware of: copyrights, patents, trademarks and trade secrets.

Copyrights cover music, pictures, art, writing and other similar pieces of work. For businesses, this often applies to whitepapers and websites.

Patents cover inventions. If a franchisor comes up with a novel way to complete a common task or a brand new product to sell, this invention can be protected for decades, allowing the business to proceed with production and sales of the tool or product without fear of another company replicating the model.

Trademarks cover a word, phrase, symbol or design that represents something specific. In franchising, the most important things to trademark are the logo, slogan and set of designated brand colors.

Trade secrets are anything unique to a company that has helped them succeed. This can be a secret recipe, distribution process, marketing strategy, and even lists of vendors or clients. Franchisors should protect these to ensure former franchisees are not profiting off of using the same business model they learned about during their time in the franchise system.

“The primary issue is that business owners may overlook the importance of IP,” Brutzkus said. “The ownership of IP rights prevents third parties from reproducing the franchise business model, which allows the franchisor to be paid royalty payments from the franchisees. Another noteworthy factor is that based on the nature of the franchise, a critical component of the franchise agreement may be maintaining the confidentiality of trade secrets that help create brand value.”

Without intellectual property protections, a franchisee could legally replicate the franchisor’s business model, negating the need for any type of franchise agreement or royalties paid.

Protecting Franchisors’ Intellectual Property

Intellectual property protections start as early as the development of the franchise agreement. As a franchisor works to put together a franchise agreement and franchise disclosure document, it is almost always best to retain a qualified attorney.

“Given the importance of intellectual property, specifically trade names, trademarks and trade secrets, it is critical that the franchisor retain IP counsel to take the necessary steps to protect itself,” Brutzkus added. “This can help avoid legal headaches down the line.”

During this process, key members of the franchisor’s leadership team should be involved, ensuring they understand the bounds of the agreement and the importance of each regulation. With this information, they will be well-equipped to keep an eye on franchisees’ use of intellectual property and know when local owners are overstepping the bounds of the agreement.

Brutzkus explained that the franchisor should monitor and police “franchisees’ use of the franchise’s intellectual property to ensure it falls within the scope of the franchise agreement.” Should the franchisor notice a franchisee improperly using intellectual property, they can move forward with any consequences or damages associated with a violation of the franchise agreement.



CHAPTER 7



Selecting the Right Franchisees

The ability to recruit and retain highly motivated franchisees is the lifeblood of a successful, healthy franchise.

As a franchisor, you can check off many boxes in an effort to boost your chances of building a thriving franchise. But the most important “box” is to connect with the best franchisees for your brand. Your company's expansion attempts could be put off for years if you engage the wrong partners, in addition to the time and money you'll lose. And if it's the wrong fit for the brand, that puts your reputation and other business relationships at risk.

All these reasons are why it is vital that you invest time in establishing an “ideal franchisee” profile, as well as create a thorough vetting process to weed out the potential bad apples.

Here are some tips on how to accomplish both of these tasks and begin the franchisee selection process on the right path.

Identifying the Ideal Franchisee — Characteristics to Look For

Identifying what makes potential franchisees exceptional candidates for your brand is the first step in recruiting them. Every franchise is different. This is where your brand's identity and value proposition come into play. For example, if providing the best customer service in the business is a cornerstone of your brand experience, you'll likely want to ensure you're finding franchisees with outgoing, patient personalities.

That being said, there are characteristics that are essential to franchisee success, including:

- A strong work ethic combined with a willingness to take on whatever tasks, however small, might pop up.
- An understanding that opening a new business is a marathon, not a sprint, and that achieving real, long-term success will require daily effort and dedication.
- An entrepreneurial mindset that is willing to follow proven methods of success.

Attracting candidates with all these exemplary traits might seem as if you're looking for a franchising unicorn, but you can find them and retain them with a great brand and a franchisee package that offers real opportunities for profitability and growth.

How to Reach Out to Ideal Franchisee Candidates

"If you build it, they will come" is a sentiment that is only true in fantasy baseball movies. Knowing what types of candidates you're looking for is only half the battle; finding them and getting them interested in your brand is the other half. Once someone is interested in your concept, you need to understand what type of info they are looking for and how to communicate with them.

By having answers to their questions and being mindful of how franchisees evaluate potential opportunities, you'll have a better chance of turning the best candidates into business owners.

Possible channels to find and engage with new franchisees include:

- **Current Franchisees:** What better sales tool do you have to convert prospects into partners than your current franchisees? If you've maintained a solid working relationship with current owners through transparent communication, a supportive home office and regular training, then they should become enthusiastic brand evangelists. Implementing a great referral program is also a terrific way to encourage referrals.
- **Website and Social Media:** Use your own website and social media channels to promote franchise opportunities. Establish a dedicated franchise page on your current website that goes over all the highlights and finer points of becoming an owner in your organization, and use your social media channels to promote new opportunities and projected locations.
- **Industry Events and Trade Shows:** Seek out annual industry events, conferences and trade shows in your target markets to attend. These events are dedicated to promoting the most exciting local and national franchise brands, so they're an ideal way to find prospects looking for the right opportunity. Try to participate in speaking events and discussion panels to boost your franchise's visibility.

Build Enduring Relationships with Current Owners

Once you've found the right franchisees, you need to know how to keep them happy and invested in the brand. After all, the franchisor/franchisee relationship is symbiotic; if they're happy and doing well, so are you and vice versa.

Here's some advice on how to keep your current owners content and connected.

- **Regular Facetime:** Giving more personal interaction with franchisees will create a deeper relationship with them, bolster trust and respect, and give you a better understanding of how they run their branch. When your “zees” believe they are valued members of your network, they are more likely to come to you with questions, concerns and suggestions to improve the franchise. Set up regular check-ins with owners, and listen to their ideas, input and concerns.
- **Create a Great Training Program:** Employees of a franchise brand and franchisees have one very compelling truth in common: both cite a weak onboarding and training program as the primary reason for failure and why they left for greener pastures. Don’t make the mistake of assuming that the best candidates will be able to figure out how to succeed with your brand on their own — even with experienced franchise owners. Make sure you have a robust initial training program, and then implement ongoing training sessions to keep your owners up-to-date and connected to your organization.
- **Keep Communicating:** Franchisees need to feel they can share their concerns and make themselves heard if they’re going to be a long-term success story with your brand. Make sure you have a platform available where they can offer ideas and give feedback on a regular basis. Let them know that their insights are considered valuable.

If you’re going to attract the best candidates, you need to have a full grasp on what they are looking for in a brand, and how they determine which franchise is the right fit for their skills, money and time. Once you’ve mastered that and where to find them, keeping them happy and productive with robust training, development and communication tools will create a sustainable recipe for franchisee success.



CHAPTER 8



Assessing Market Demand and Competitive Landscape

Market research plays a crucial role in determining demand and seizing franchise opportunities.

In the competitive world of franchising, conducting market research is a vital step in determining the demand for a concept in a specific location. By gathering and analyzing valuable information about the target market, franchise owners can gain key insights into consumer preferences, purchasing behavior and any unmet needs in the market.

The insights gained through market research enable franchise owners to identify potential opportunities, address challenges and tailor their offerings to meet the needs of their desired target audience.

Conducting Market Research to Determine Demand for a Franchise Concept

At Dog Training Elite, marketing director Cassandra Conder confirmed that the franchise found an effective way of conducting market research by following a few steps.

“First, understand your target audience's needs and preferences through surveys and online research,” she said. “Then, stay up-to-date on market trends by reading industry reports and attending trade shows. Finally, validate your findings and test demand through pilot programs in target areas. These practical steps have guided our growth as a young franchise and will continue to do so moving forward.”

By studying a market's needs, competitors and demographics, franchisors can determine if their brand aligns with the demands of that target audience.

Analyzing the Competitive Landscape in Target Markets

Thoroughly assessing the competition allows franchisors to gain a comprehensive understanding of specific market dynamics and determine whether they will thrive in a location.

Conder noted that Dog Training Elite identifies both direct and indirect competitors. The company also studies competitors' offerings, pricing and customer feedback. By conducting a strengths, weaknesses, opportunities and threats (SWOT) analysis, she found valuable insight. All franchises can benefit from a SWOT analysis because it allows them to assess internal factors that might affect business, as well as any external factors.

Recognizing Potential Changes and Opportunities in a Market

Conder added that it is crucial to constantly monitor market trends and competitor activities to identify alarming changes, as well as opportunities.

"It's important to look for changes in consumer behavior, new technologies and legal developments that could affect our franchise," she said. "Specifically, we keep an eye on shifts in pet ownership rates, evolving attitudes toward dog training and fluctuations in pet-related spending habits. Being proactive and adaptable in response to these changes has been key for us as a young franchise navigating the marketplace."

Understanding changes or unmet needs in the market can also help franchisors proactively address them through innovation, improved customer experiences or strategic partnerships.

Understanding consumer preferences, market trends and competitive dynamics allows franchisors to make decisions that optimize their chances of success. And by continuously monitoring the competitive landscape and market trends, franchisors can stay ahead of the game, adapt their strategies, and capitalize on emerging opportunities.



CHAPTER 9



Site Selection and Real Estate Strategies for Selling a Franchise

By identifying ideal locations, adeptly navigating the process of site selection and lease negotiation, and understanding the role of demographics and site attributes, you can increase the attractiveness of your franchise and set your franchisees up for success.

Selling a franchise involves several intricate processes, among which site selection and real estate strategy planning stand out as fundamental. An effective location decision can directly impact the profitability of your franchise, making this a critical consideration for potential franchisees.

Identifying Ideal Locations

The process of identifying ideal locations for franchise units hinges on two central components — market demand and site characteristics.

Market demand is influenced by the demographics of the area. Consider key factors such as population size, age distribution, income levels and local consumption trends. The synergy between your target customer profile, target franchisee profile and the local demographic profile can provide valuable insights.

For instance, if you're franchising a high-end dining restaurant, your ideal location might be in upscale neighborhoods with a higher-income population. Conversely, a budget-friendly quick-service restaurant (QSR) might flourish in areas with higher student populations or bustling commercial zones.

“Is there an on- and off-ramp or ease of getting in and out of the business park?” said Jesse Curry, vice president of franchise development for Eat the Frog Fitness. “Does your business cater to day, evening or both traffic opportunities? In most retail businesses, it is all about location, location, location. With online shopping, COVID-19 and possibly a depressed real estate development period, suddenly today’s real estate environment can favor the tenant and save thousands of dollars over the life of the lease.”

Site characteristics incorporate elements like footfall, vehicle traffic, visibility, parking availability and proximity to complementary businesses. Your chosen location should align with your franchise's operational needs and customer accessibility. For instance, a QSR franchise might benefit from high foot traffic areas, while a fitness franchise might seek ample parking space for convenience.

Navigating Site Selection and Lease Negotiation

Identifying an ideal location is the first step, but securing it is another challenge altogether. Engaging a commercial real estate broker with local market knowledge can be extremely beneficial during this stage. They can assist with identifying potential sites, assessing market rents and negotiating lease terms.

“The number-one key to success in commercial real estate is partnering with the right local broker,” said Drew McWilliams, founder of commercial real estate brokerage Franchise Realty Partners. “When franchisors are starting out, they usually grow in their home state, where they already have real estate connections. But when they enter a new state, those local real estate connections can’t help anymore. Especially right now, when demand outpaces supply, it is incredibly important to connect with the best local real estate experts who have pocket listings ready in each market.”

Lease negotiation is another critical part of the site selection process. Key lease terms to consider include rent amount, lease length, maintenance responsibilities, renewal options and exit clauses. It's crucial to balance your operational needs with potential risks. For instance, a longer lease term might provide stability but can be risky if the business does not perform as expected.

Additionally, considering the requirements for any necessary remodels or build-outs to the premises is crucial. These modifications can be costly, so negotiating a tenant improvement allowance as part of the lease agreement can offset some of these expenses.

Understanding Demographics and Site Attributes

When it comes to selling a franchise, demonstrating the impact of demographics and site attributes on a franchise's potential success is critical. Prospective franchisees must understand that site selection is not a one-size-fits-all process and that different franchise concepts will thrive in different environments.

“Find out what differentiators you have or can easily implement,” said Curry. “For example, some of the features that may work particularly well in a market include on-demand video, drive-thru lanes, 24/7 access, in-home services, stand out pricing, customer service, rewards programs or other defining characteristics.”

Demographics can greatly influence customer behaviors and preferences, as well as dictate potential labor challenges. Age, income level, lifestyle and other socio-economic factors can influence both consumer-spending patterns and the labor pool. Moreover, local cultural nuances can impact the franchise's operations and marketing strategies.

Site attributes, like the physical characteristics of the location, its layout, size and nearby businesses, also play a significant role in determining a franchise's success. A well-selected site can boost visibility, attract more customers and, ultimately, generate more revenue.

As a franchisor, understanding and strategically applying these elements in the site selection and real estate negotiation process is essential to provide your franchisees with the best possible start. Communicating these strategies effectively is a key aspect of selling your franchise, as it demonstrates your commitment to their success and builds trust with your potential franchisees.

Overall, site location and real estate strategies are integral components of selling a franchise.



CHAPTER 10



Training and Supporting Your Franchisees

Training is crucial to a franchise's success. Starting early and planning carefully can help a franchisor build an optimal pathway, developing strong, satisfied local owners.

Franchise training and support can, arguably, make or break a franchise system. Most importantly, when the franchisee is successful, the franchisor is successful. However, franchisees' perception of the support and resources they receive as a part of the partnership is also discussed with prospective franchisees and, at times, makes it to the press. Even if the franchisor is able to maintain a system of operational businesses, a poorly built training program can lead to the franchisor gaining an unwanted negative reputation.

While the model of a training program and support system will vary depending on the franchisor, industry, job function and other factors, it is crucial that the franchisee leave the designated training session feeling both prepared to succeed and confident that the franchisee support team will be available for any future questions.

Designing an Effective Franchisee Training Program

Ongoing support is important, but a strong foundation is crucial. It is a relatively common practice for franchisors to offer multiple modes of learning during the initial training process, providing written materials for the franchisee to study, conducting in-person training sessions and even sending a new franchisee into the field to shadow an established owner.

"I think there should be a bit of a mix of different learning methods," explained Chuck Gerardi, vice president of operations at Signarama. "COVID made us rethink the support we provided in the field, but we've found our way back to the middle. Some things are better suited in person, and other things can be done virtually."

Signarama recently revamped its franchisee training and support system. The launch of the Masters Academy program offers new franchisees an immersive training experience to learn from the system's top franchisees. Though Gerardi said the program was largely structured around franchisee feedback, new franchisors can glean helpful insights to inform the construction of a brand new training program.

Not all franchise systems experience identical challenges, but there are a few similarities. As Signarama built out its new program, it focused intently on teaching franchisees how to streamline the practical demands of the business — in this case, sign-making, how to develop a strong unit-level culture and how to drive sales.

“We had conversations about improving profitability related to process efficiency,” added Gerardi. “Mastering sales was a topic; many owners don’t come with a sales background. And we talked about culture. How do you build a performance culture in your location? A culture that retains your best people and allows you to not always be filling holes.”

In addition to providing training that prepares the franchisee to participate in the practical needs of the business and its management, it is important that the franchisor incorporates instruction surrounding other, more abstract needs that may arise.

Careful planning in advance allows the franchisor to develop an initial training program and ongoing support methods that will mesh well together and truly provide the support a franchisee will need for the entirety of their journey.

“Planning earlier benefits everyone,” said Gerardi. “We want to get our franchisees to build a strong foundation. But once you have the foundation, there are a number of different ways to move the business forward as an entrepreneur. We want to identify and advance the areas where owners will need to invest their time.”

Development and Provision of Ongoing Support and Resources

Understanding what the franchisee will expect over the course of their relationship with the brand can be helpful in developing adequate training materials and a long-term support model.

“We’ve recently developed The Franchisee Journey,” said Gerardi. “It’s a checklist of all the things we know we’ll have to consider in our life cycle. We have that in front of us so we can be better prepared to make the considerations and investments to be prepared for things that are one, five and 10 years out.”

This is also provided to the franchisees so they can have an idea of what is in their future. With everything in one spot like this, it can be easier to prioritize and for owners to make their own decisions about what programs they will need to be involved in to succeed as a business owner.

“The continuing education at Signarama is optional, but we provide a lot of opportunity for continued growth,” said Gerardi. “We make on-the-job training available to franchisees as an extension of their two-week training program. Once they leave training school, the new owner is set up with a mentor.”

Understanding the match between a mentor and mentee or a larger development group is important. For example, Signarama matches new owners with mentors and provides a structured, one-year program for the pair to follow. Though the franchisor does not monitor or initiate meetings — that is up to the franchisee — it does work to choose a great-fit mentor for each new owner.

Longer-term development opportunities typically present themselves in the form of annual conventions or independent professional development opportunities. Many franchisors will encourage regional groups to meet or host system-wide virtual town halls.

“Those types of groups lead themselves,” he added. “Franchisees come together and share best practices and ideas.”

While ongoing education through a learning management system has its value, Gerardi says that sometimes the answer to continuing education is “right under your nose.”

“It can be challenging to find someone to provide training on the things franchisees request support on,” he explained. “For us, the answer was to utilize our longest-standing, best-performing owners.”

Building and Maintaining a Strong Relationship Is Simple

It may not always be easy, but the path to keeping the franchisee-franchisor relationship strong is really quite simple.

“Listen to the franchisees,” said Gerardi.

Keeping a consistent feedback loop open with franchisees can provide the franchisor the insight it needs to maintain the strength of the brand itself and continue contributing to the professional relationship. Franchisee surveys are a popular way to go about this. Though not all franchisees will respond, Gerardi has received valuable feedback from even a quick five- to 10-minute survey.

Though obtaining this type of feedback can be difficult, depending on how responsive individual franchisees are, it is important that franchisors both make the attempt to discover challenges and follow through with a solution. Even if not every step is perfect, the franchisees will see that their needs are heard and leaders are taking actionable steps to address them, reaffirming the strength of the partnership.



CHAPTER 11



Franchise Expansion Strategies

When preparing to expand, franchise brands need to develop a solid plan that can be monitored along the way.

Franchising is an excellent way to effectively expand a business, but it requires time and careful planning. In order to prepare for growth via franchising, it is crucial that businesses develop a comprehensive strategy and establish both short-term and long-term plans.

Here are some steps to consider when creating a franchise expansion strategy.

Identifying the Best Markets for Franchise Growth

Franchisors should first conduct thorough research on their desired target markets and carefully select the starting point for expansion. Identifying target markets can depend heavily on the type of franchise. Let's use Happinest Brands as an example. Eric Martin, the senior vice president of franchise development, noted that because their brands are in the arena of home services, homeowners are the target customer.

"We look beyond just the number of households of course, as not every homeowner is an ideal target for certain types of home services," he noted. "We look specifically at the number of stand-alone, single-family homes that fall into the top 20%-, 40%- and 60%-income levels based on that state's median income levels ... We need to see an opportunity to create dense clusters of customers within a reasonable time frame for an area to make sense for us to develop with a franchisee."

Meanwhile, it is also common for franchise brands to initiate their expansion efforts in a state where the brand originated or where they have already established a modest customer base.

“Young franchise brands need to grow around where they are based,” said Blair Nicol, CFE, vice chairman and principal of FranNet told 1851 Franchise in 2021. “If a franchisor is based in Portland, Oregon, for example, the first few franchisees need to be in the Pacific Northwest to promote regional growth.”

Nicol added that a legal team can also advise franchisors on where to grow in the United States, based on registration states and competitive threats.

Evaluating Different Growth Models

Brands should also evaluate different growth models before franchising. This means deciding if they want to focus on single-unit, multi-unit, area development, master franchising or a combination. This also depends on the model, Martin noted, as well as the short- and long-term goals of the franchisor.

“It might feel good on the front end to know you have sold out a larger market to one person,” he explained. “But long-term, will it be fully developed and penetrated as you had expected? Certain models are more conducive to multi-units or master franchising. In my experience, home service models depend highly on localization and customer service.”

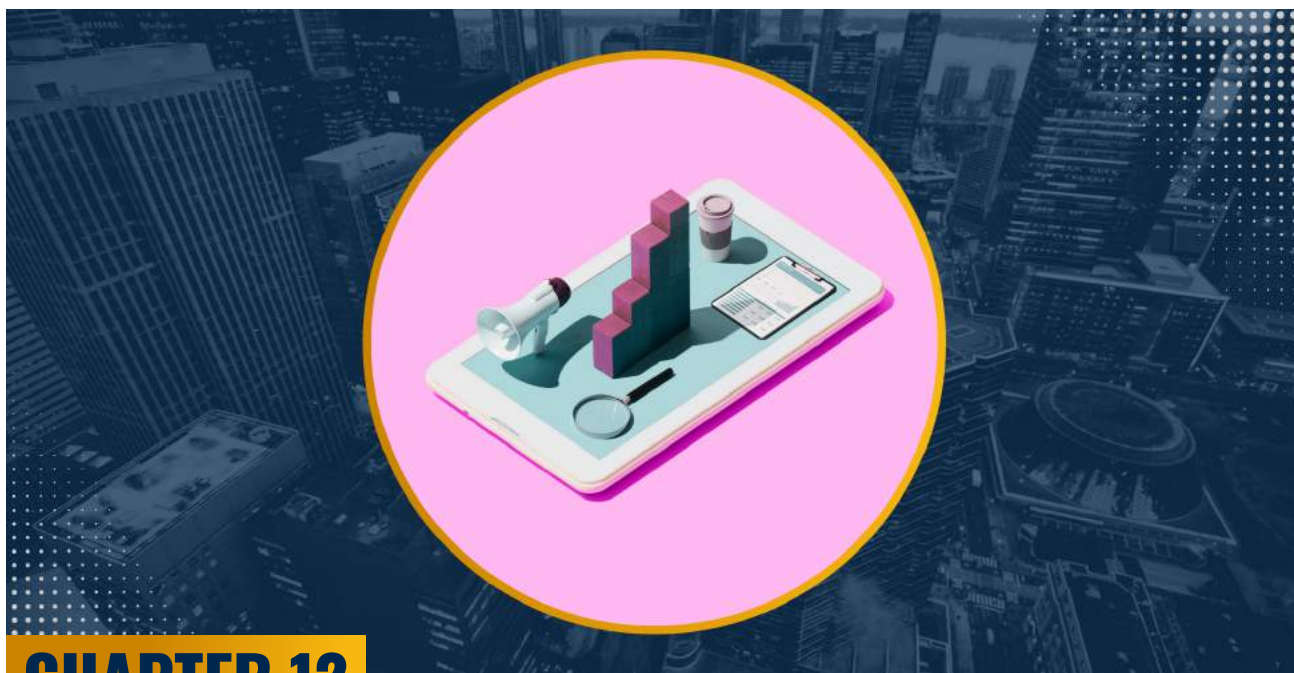
Martin added that Happinest Brands believes in developing one to two territories at the start to allow an owner to go deep in their area and really learn the business before getting too wide of a reach. However, each franchisor will need to examine their business model individually to figure out the best course of action for them.

Monitoring and Adjusting Expansion Strategies

Once franchisors decide to implement a growth strategy, they will need to monitor it and adjust when necessary. This includes evaluating franchisees and having open conversations with them.

“Generally, a good franchisor is having multiple conversations throughout the year with their franchisees and can put plans or goals in place that will help owners get in position to expand thoughtfully, and at the right time,” said Martin. “We are all guilty of having eyes bigger than our stomach at times, but it’s the responsibility of the franchisor to ensure a franchisee is not left in a position feeling they bit off more than they could chew.”

With the right target markets, growth models and careful evaluation, franchisors can create a strong growth strategy and plan that will help them expand far and wide.



CHAPTER 12



Leveraging Digital Marketing for Franchise Growth

Marketing is an extremely beneficial way to grow your franchise. So what are some ways you can take advantage of digital marketing specifically?

Ambitious franchise owners are always on the lookout for innovative strategies to expand their franchises and tap into new audiences. In today's digital age, one of the most effective methods to scale a business is by leveraging the power of digital marketing. Many successful franchises are actively utilizing digital marketing tactics to bolster their brands and propel growth. But how can you take advantage of digital marketing to begin your journey toward franchise expansion?

Harnessing the Power of Online Marketing

Bennett Maxwell is the founder of Dirty Dough, a thriving fast-casual cookie concept with over 100 stores opening this year. Maxwell emphasized how important online marketing is, and says when it comes to his approach to marketing as a whole, most of his efforts are digitally focused. By actively using Facebook advertising and posting engaging videos to captivate users, Dirty Dough has been able to successfully target new clients and maximize its online presence.

Similarly, Aaron Cash, the president of Garage Living Franchise System, a garage remodeling franchise with over 40 locations in North America, also highlighted the importance of establishing a strong online presence. "At Garage Living, our commitment to leveraging digital marketing has played a substantial role in accomplishing our goals and achieving success," said Cash. "Our national campaign and lead generation campaign efforts highlight the power of digital marketing."

While he acknowledges that social media is important, he notes that in order to truly harness the power of online marketing, it's crucial for brands to have a user-friendly website. Cash believes that a well-designed website can act as the foundation for a franchise's online identity, and allow potential customers to explore services, view past work examples and easily make contact.

An effective website should also be able to showcase a brand's unique value and highlight its key differentiators. For example, Garage Living's website includes product pages that can show users how they can design their own garage space, a "how we work" page to outline the design process, a testimonial page for client reviews and a gallery to showcase projects that the brand has completed.

These examples from Maxwell and Cash are just a few ways franchises can leverage digital marketing as a way to help your franchise grow. But both experts agree that in order to harness online marketing effectively, franchise owners must continuously adapt and stay up-to-date with the evolving digital landscape.

"Being in front of your audience every day on social media is the best way to do that," said Maxwell. "It's central to a marketing strategy."

Developing a Robust Online Presence

When it comes to engaging with an audience and building a loyal following, Cash recommended regularly sharing engaging content on your social media platforms. Each Garage Living location has its own Facebook and Instagram page, which allows franchise owners to localize content and interact with their local audiences. By sharing before-and-after photos, informative blog articles, product highlights and customer testimonials, franchise owners can build a community of followers and ideally generate interest in their services.

"By utilizing social media platforms effectively, our franchise owners can create a solid online presence and connect with potential customers in a more personalized and interactive way," noted Cash.

Maxwell agrees with that sentiment. He believes it's vital to maintain an active presence on social media and that being in front of your target audience every day is crucial to any marketing strategy. By consistently posting engaging content, interacting with followers and staying up-to-date with the latest trends, franchise owners can effectively boost brand visibility and attract new customers.

Implementing Digital Marketing Strategies

When it comes to implementing digital marketing strategies, Cash highlights two effective methods: targeted advertising campaigns and content marketing. Franchise owners can leverage platforms like Google Ads or social media advertising, like Dirty Dough's approach to Facebook advertising, to reach potential customers who may be actively searching for their services. By targeting specific demographics, locations and interests, franchise owners can optimize their advertising budget and ensure their message reaches the right audience.

As previously mentioned, content marketing is another powerful strategy. Content marketing involves creating informative and valuable content, such as video tutorials and blog posts. Content marketing can be an excellent way to help a brand establish itself as an expert in their field and provide guidance to potential customers.

As a result, franchise owners are able to build trust and credibility. But Cash says as part of that, actually engaging with your following can be a valuable asset that shouldn't be overlooked.

"Franchise owners should actively interact with their followers by responding to comments, messages and reviews," he said. "This shows that the franchise values its customers and is committed to providing excellent service."

The Importance of Digital Marketing

Digital marketing has become an indispensable tool for franchise growth. As both Maxwell and Cash have stated, utilizing digital marketing strategies can greatly increase your chances of creating a loyal community, and ultimately, scale your business. By embracing this tech opportunity, developing a consistent online presence and implementing engaging content, franchise owners can boost brand visibility and drive expansion.



CHAPTER 13



Franchisee Onboarding and Integration

Onboarding is an ongoing process, and it doesn't stop after the initial training sessions. Here's what you need to know to keep franchisees dialed in far beyond the introductory period.

Creating franchisee handbooks, training materials, ongoing education resources and other documentation of the sort is a necessary step in the franchise development process, but the work is not done until you're sure you can implement the systems you've worked so hard to build.

Structuring the Onboarding Process

The onboarding process is one of the first major things franchisees do after they've officially signed the agreement. In order to get the relationship off to a good start, it's important that onboarding is thorough, informative and enjoyable.

When working to build out what this will look like, the most important step is to take note of all of the necessary components. When the onboarding process is complete, so to say, what do you want your franchisee to have learned? Is there anyone they should have met with? Do they understand the company culture? After gathering these pieces of information, you can begin to work out how they'll fit together.

Franchisee onboarding should be far more robust than the two-hour training session or one-week supervisory period at your first job. In order to keep franchisees aligned and on track, some franchisors create an onboarding process up to a year long. While the majority of the onboarding work is focused at the start of the process, there are systems in place to support franchisees as they work to scale during their first year of business.

Though following a structure, the onboarding process should have some flexibility. Not everyone learns the same way or at the same pace, and franchisee-franchisor dialogue can be productive. Consider building a bit of “wobble room” into the plan to ensure the franchisee does not miss any crucial aspects of the onboarding process while still creating space for growth and transformation.

Setting and Maintaining Cultural Expectations

All franchises have a company culture. Evaluating a prospective franchisee’s potential fit within the established culture typically happens over the course of the due diligence process, but a presumed cultural fit can be turned into something much stronger with the right strategy.

Much of company culture is built by how things are run. If a franchisee has the potential and motivation to align, maintaining that common understanding can be as simple as focusing on effective communication.

The franchisee-franchisor relationship should be predictable and consistent. When franchisees know they can count on the leadership team for direction and motivation, and the team is willing to provide that support, the entire franchise system is able to consistently self-improve while moving in the same direction.

As always, a feeling of belonging goes a long way. Franchisees are the local owners within their individual communities. But at the system-wide level, they are one of many people in a constantly moving growth machine. Taking time to ensure that everyone feels welcome, valued and accepted can strengthen the system’s bonds and maintain a strong culture.

Laying the Foundation for Ongoing Communication

Onboarding is an ongoing process. Once the designated steps are complete, continued engagement with franchisees is necessary. Creating a system in which franchisees feel that they are able to contact and receive guidance from the leadership team is paramount. Encouraging communication and mentorship between franchisees can also serve to create a stronger, healthier franchise system.

There are a few tools or approaches that make communication easier and more productive:

- Agree upon easy-to-use communication methods, such as Slack, email, text or phone/ Encourage everyone to actually communicate on the same platform(s). If getting the message out is an ordeal in and of itself, that challenge will put a damper on communication.
- Schedule and maintain feedback loops to ensure everyone has a chance to speak their mind with confidence. Allow their thoughts to be addressed in a timely manner.
- Leverage data, allowing all parties to clearly understand the challenge, goal or situation.
- Consider common personal hobbies or enjoyable topics that can help all parties bond. Personal connections may not seem pertinent in the business space, but getting to know someone can make communication come more naturally.
- Ego doesn’t help anyone. As a part of the franchise system, everyone is working toward the same goal, regardless of their level within the business or tenure at the company. Encourage participation from people of all backgrounds to lead to creative solutions.

- Prioritize face-to-face time. Washington Post reports that “face-to-face requests are 34 times more effective than those sent by email, and that a physical handshake promotes cooperation and influences negotiation outcomes for the better.” While it’s not feasible to gather an entire franchise system in a single location every week or month, doing it one or two times a year may create an opportunity for everyone to connect. In the meantime, video meetings or local/regional meet-ups can encourage a feeling of connectedness.

Onboarding, in both the shorter initial training sense and longer-term franchisee integration sense, provides an opportunity for the franchisor to lay a strong foundation and continue to strengthen the relationship with the franchisee. With the right tools and proper planning, onboarding is just another way to drive business growth and franchisee satisfaction.



CHAPTER 14



Managing Franchise System Performance

There are several methods that brands can use to track performance and benchmarks for franchisees.

Running a successful franchise system requires more than just good financials and a strong business model. Franchisors also need to be able to monitor consistent performance across the entire system of franchisees.

From business coaches to key performance indicators (KPIs) to franchisee mentorship programs, there are plenty of ways for franchisors to successfully measure success and encourage a positive culture within their franchise network.

Implementing Performance Measurement Tools and Benchmarks

When managing franchise system performance, there are several ways brands can implement performance measurement tools and benchmarks for franchisees. For example, business intelligence tools that aggregate franchisee data from a customer relationship management system can be helpful to assess overall business performance, noted [Nick Sorgani](#), franchise business coach at [Mosquito Hunters](#).

“An important aspect of measuring performance is to dial in on the actions franchisees are taking to reach a certain level of performance, which can sometimes mean collecting anecdotal quantitative data from franchisees,” said Sorgani. “Tracking outputs like customers, revenue, callbacks and cancellations is critical, but sharing the inputs like hours spent, calls made and marketing materials distributed can also present the opportunity to correlate actions with outcomes.”

Examining both can provide a clearer picture of what specific corrective actions a franchisee needs to take in order to achieve the desired outcome. The franchise business coach added that leaderboards and contests based on the aggregated data can be powerful tools in motivating owners and holding them accountable.

And while occasionally uncomfortable, routinely sharing the leaderboard and benchmark comparisons in a public setting with groups of owners, if navigated delicately, can create an environment that encourages franchisees to hold each other accountable and share ideas and experiences to help others overcome challenges.

Identifying Areas for Improvement and Growth

Dashboards that share all franchisees' KPIs can show owners the areas they need to improve in. However, some franchisees will need those statistics interpreted.

“Coaches and performance groups can help turn the data into actionable plans specific to the needs of that franchisee,” said Sorgani. “Scorecards and auditing systems help a lot.”

Once the KPIs are defined, the top franchisees, alongside the franchisor's goals, can help create a rubric upon which a coach can “grade” their franchisee in each category.

Encouraging a Culture of Continuous Improvement

Having a culture of continuous improvement starts with development and the tone that is set with candidates from the start.

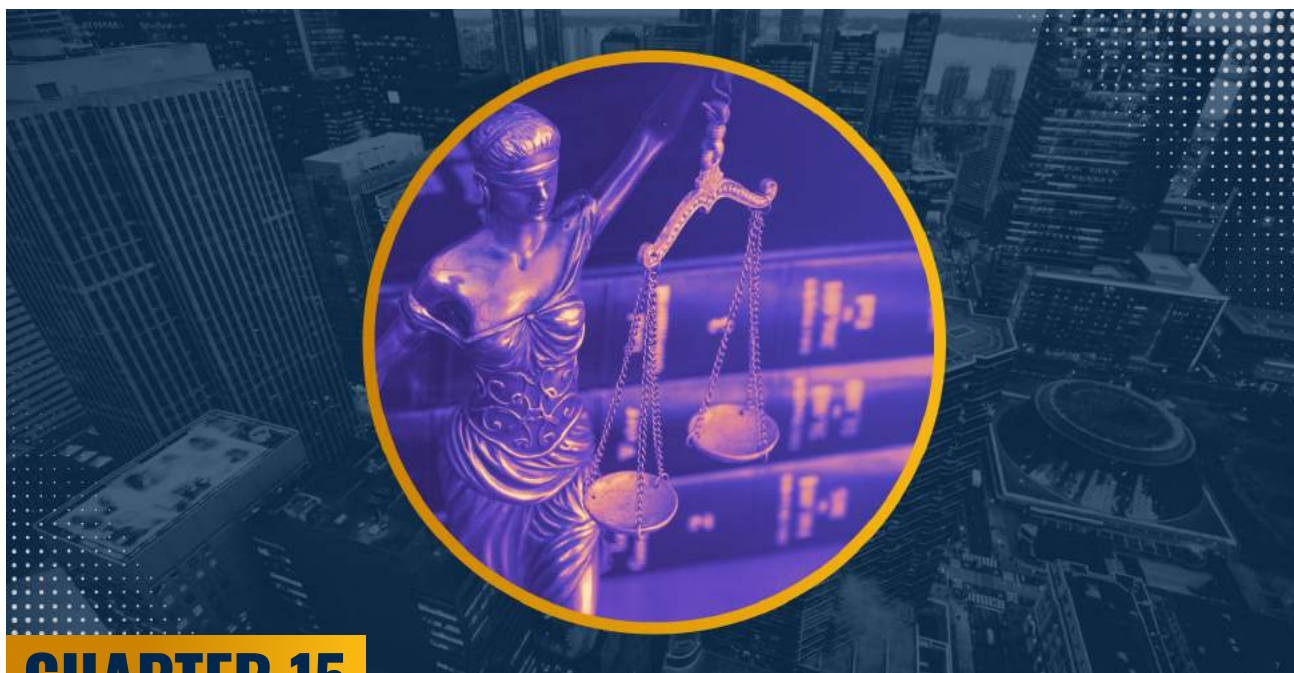
“If you want owners to have a mindset of continuous improvement, bring on owners that already have those values,” said Sorgani. “If that ship has sailed for a brand and current owners aren't identifying with this culture goal, it needs to at least start with a handful of franchisees that can become the example for everyone else.”

Additionally, franchisees often look to each other for guidance, so creating mentorship programs is one way brands can reinforce improvement within a system. But whether or not a formal mentorship program is feasible for a franchisor, simply sharing the successes of top-performing owners gives other owners tangible results to look up to and identify with.

“Featuring certain owners on group webinars or in short video segments blasted out to the system are great ways to create buzz around a topic or action you want others to replicate,” said Sorgani. “Some will naturally follow suit because they want to be like the top franchisees, but others will need more prodding and continuous reinforcement from their coach or mentor in order to take action.”

Overall, franchisors should be transparent with their franchisees. Showing the inputs (actions) and outputs (results) of successful franchisees can help struggling owners determine what top performers are putting into their business to achieve such results. Sorgani noted that, although this can come from a coach, it can be much more powerful for an owner to see it themselves.

“Coaching franchisees requires flexibility to adapt to the needs and personality of each owner,” he said. “Not everyone will resonate with all of the tools we provide, but the coach, through consistent structured conversations, will be able to identify the ways to resonate with an individual franchisee.”



CHAPTER 15



Maintaining Legal and Ethical Standards in Your Franchise System

Maintaining legal and ethical standards in your franchise system not only protects your brand but also attracts prospective franchisees who value a robust, transparent and ethically sound business model.

When it comes to selling a franchise, the value of maintaining robust legal and ethical standards cannot be overstated. These standards not only safeguard the franchise's reputation but also build trust and promote success across all levels of operation. This article delves into addressing common legal issues in franchising, promoting ethical business practices among franchisees and protecting your brand from reputational risks.

Addressing Common Legal Issues in Franchising

The franchising sector, like any other business model, is susceptible to various legal issues. Among the most common legal problems are breaches of franchise agreements, trademark infringements and disclosure disputes. It is crucial to be proactive in avoiding these issues by fostering a culture of legal compliance within your franchise system.

First, franchise agreements should be clear, comprehensive and conform to all applicable laws and regulations. Both parties must fully understand their rights and responsibilities to prevent breaches. Regular legal audits of franchise operations can ensure ongoing compliance and swiftly detect potential problems.

Second, intellectual property, particularly trademarks, must be fiercely protected. Registering your trademark and monitoring its use throughout your franchise system is pivotal. Training franchisees on proper trademark usage and taking swift action against infringements can deter misuse.

Last, transparency is key in franchising. This applies to providing franchisees with accurate and thorough Franchise Disclosure Documents (FDDs), following any changes in franchise operations, performance or fees.

Promoting Ethical Business Practices Among Franchisees

Ethical conduct among franchisees is a key driver of long-term success. As a franchisor, it's crucial to set the tone by promoting, modeling and reinforcing ethical business practices.

Ethical business conduct includes fair dealing, honesty, integrity, respect for laws and the avoidance of conflicts of interest. This ethical culture can be cultivated through comprehensive training, consistent communication and firm yet fair enforcement of ethical standards.

Establishing a franchisee code of ethics and incorporating it into the franchise agreement can serve as a solid foundation for ethical behavior. Additionally, creating a clear reporting mechanism for ethical violations can encourage franchisees to uphold these standards.

Protecting Your Brand and Franchise System from Reputational Risks

In the digital age, the risk of reputational damage is ever-present and can have severe impacts on your franchise system. A single negative incident can quickly go viral, leading to widespread damage.

To manage this, ensure that all franchisees adhere to standardized operational procedures and deliver consistent quality. This approach not only enhances customer experience but also prevents incidents that may tarnish your brand image.

Develop a robust crisis management plan to address potential negative scenarios effectively. This plan should include proactive communication strategies to respond to customers, the media and other stakeholders.

Furthermore, engage in ongoing reputation monitoring. This involves regularly checking online reviews, social media comments and media reports to promptly address any potential issues.

Through continuous diligence and commitment to these standards, you can not only safeguard your franchise system but also enhance its growth and success.



CHAPTER 16



Building a Collaborative Franchise Community

Encouraging franchisee collaboration ensures local owners and the corporate team are united around the same mission and vision, and that support needs are met beyond official training or support sessions.

No one understands the everyday life of a franchisee quite like franchisees do. Franchisors are beholden to create their own support and guiding documents. However, unless they also own a unit or territory, they do not know what it takes to operate the franchise day in and day out. As such, it's incredibly important that franchisees connect to create their own support networks and relationships beyond the technical and operational guidance provided by the franchisor. And though the franchisor is often not closely involved in the day-to-day progressions of these relationships, the leadership team can play a role in encouraging connection.

One of the most important steps, which is already common in the franchising space, is to conduct some sort of annual or semi-annual get-together. This allows franchisees to gather in a common area, meet new additions to the team, connect with long-time colleagues, and realign with the franchisor's goals or vision.

"It's absolutely crucial that we gather," said Bryan Park, founder and CEO of Footprints Floors. "It's a big part of who we are and what we do, and big franchises need it. We're all scattered around the country. It's all a very positive thing. I could imagine if we weren't getting together year after year, people would just start to spiral to their own individual islands and potentially become lonely."

In addition to annual conventions and other franchisor-sponsored events, franchisee connections can be independently created by the franchisees themselves. With the right model and culture in place, it should come almost naturally.

Franchisors' Roles in Creating a Strong Baseline

There are franchises in which individual franchisees reach out to peers for guidance on their own accord or, on the flip side, grow to be unofficial trusted mentors within the system thanks to their consistent availability and willingness to teach.

It is a common practice during the earlier stages of onboarding for a franchisor to connect a new franchisee with a more established one to facilitate a mentorship relationship. Franchise business coaches, who are either fellow franchisees or members of the corporate team, are also a common occurrence. With the franchisor backing these relationships and sometimes implementing a check-in schedule, franchisees can feel more comfortable with and accountable for approaching the resource.

Establishing a Franchisee Advisory Council, which leverages a group of franchisees to speak on behalf of the larger network, is another way to gain insight into what franchisees need while encouraging them to express their thoughts and concerns as a collective group. Some franchisors handpick the members of this council themselves, and others put the group together with the help of franchisee polling, allowing each owner to have a say in who will be representing their interests to the corporate team.

Ongoing Collaborative Efforts

Franchisees' ability to stay connected on an everyday basis is a powerful growth driver as well.

"With Footprints Floors, there's a chat line for day-in, day-out questions within the group," explained Bobby Moorhead, a Footprints Floors franchisee. "If you're not sure about something, you can take a picture and send it to everyone. Someone can identify some wood, for example, within seconds. In just a few minutes, you can get about 15 responses with the other franchisees' opinions. You've got a lot of folks there with varied areas of expertise. It's helpful to play along and even just read the chats when you have time."

Even in a franchise system with a robust training and support system, by the nature of franchisees' previous professional experience, market demand and personal interests, owners can have a range of experiences and expertise. Creating a single hub for franchisee collaboration and communication makes it quick and easy for local owners to share perspectives, personal triumphs, challenges and other important data on a day-to-day basis.

Not only is this valuable for the information dissemination aspect, but it also leads to a stronger bond between owners. Even though they are not seeing each other each day, having a digital community that is truly engaged and supportive lifts everyone up.

Why Collaboration Matters

It's easy for franchisees to feel that they are in silos, especially when owners are scattered across a wide geographic area. Keeping everyone connected is beneficial to the health of the brand, which is helpful, in the long term, to the franchisor.

However, happy franchisees are one of the many perks associated with strong collaborative efforts. Because they are at the heart of the business's daily operations, franchisee collaboration can provide valuable insights to the franchisor, allowing the leadership team to continue to grow and evolve based on the observations of those who are really "in it" rather than quantitative data and thought leadership developed from a distance.



CHAPTER 17



Crisis Management and Business Continuity Planning

Transparency, communication and working together are some of the cornerstones of getting through a crisis.

As evidenced during the COVID-19 pandemic, crises can be unexpected and strike at any time. During times of crisis, the foundation of trust between franchisors and franchisees becomes a powerful asset. That's why it's important for franchisors to have a plan of action to navigate challenges.

How Franchise Systems Can Best Prepare for a Crisis Before it Happens

Tom Spadea, a founding partner at Spadea Lignana Franchise Attorneys, noted that the franchisor-franchisee relationship is like building any other strong relationship. If done correctly, all parties should be able to work together during a crisis, specifically with strong leadership to guide them along the way.

"A company can withstand the crisis if they've built up goodwill and trust," he said, in reference to the COVID-19 pandemic. "And if there's trust between the franchisor and the franchisees, then they're going to be much better able to withstand the unexpected. This is why anyone going into a franchise should talk to existing franchisees to understand if this franchisor is a leader. Crises are solved by good leaders, and leadership doesn't happen overnight. It happens by the trust that you've built up over the years."

Maintaining transparency is also one of the best practices for dealing with challenges as a franchise organization, Spadea noted.

"When a crisis happens, it's much easier to not have a franchisee wonder what you're not telling them," he said.

“Building a culture of transparency and responsiveness is the best way to get ahead. Then, when a crisis happens, deal with bad news fast and honestly. Whatever is going to happen is going to happen. But at least you will have a much better chance of overcoming it.”

Developing a Comprehensive Business Continuity Plan

During the pandemic, many businesses had to put a business continuity plan in place on the fly. Now, more companies are developing plans for such unforeseen events.

When developing a plan, franchisors need to think about how they are going to operate if a certain event were to occur. Ask the following: “How would my franchisees operate if they lost, A, B or C?”

For example, if a catastrophic weather event takes place, what does that mean for your business? How are you going to operate in a situation like that? Once they determine a plan of action, franchisors should have it detailed in franchise operational manuals that they are providing to their franchisees.

Franchisors should also think about what insurances they can provide to their franchisees to help them during a disaster. This can be done by reviewing what an insurance plan will handle and working with professionals who can provide the best policies for franchisees. Plans should include elements such as flood/earthquake, property, roof and liability insurance.

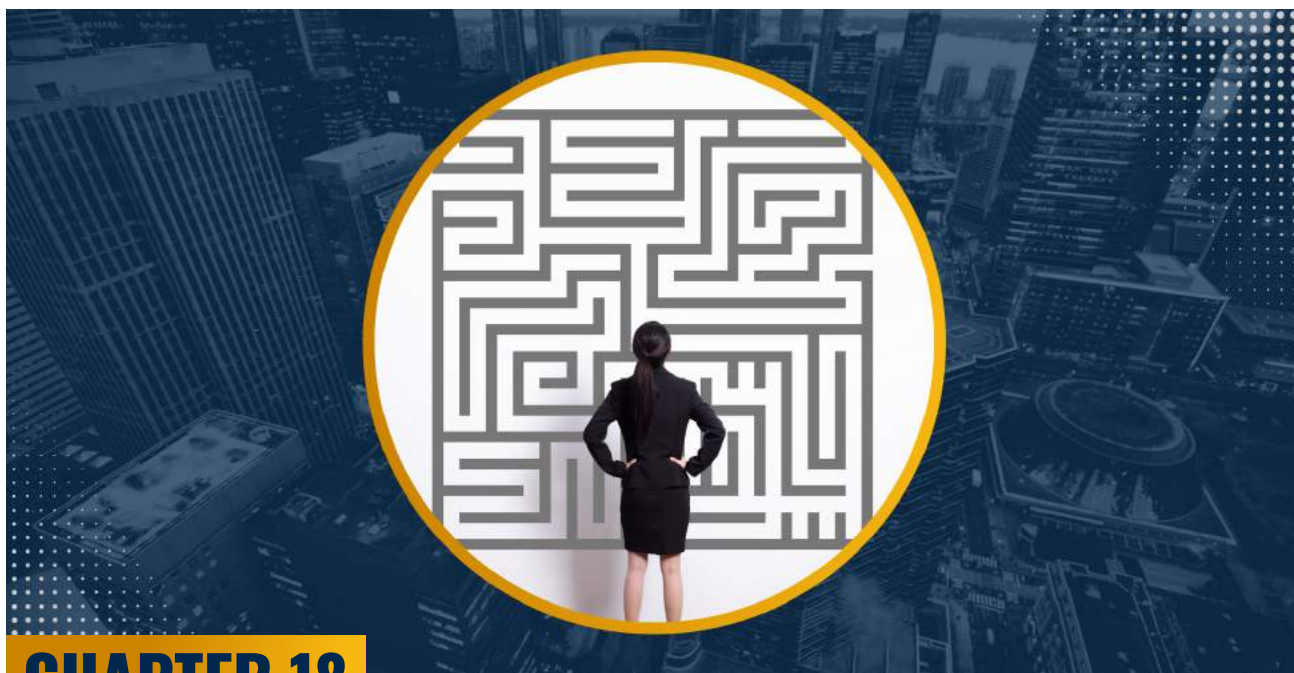
Giving Franchisees the Tools to Manage Emergencies

Because franchises are operated by franchisees, it may be difficult to predict how each one will handle an emergency. However, what franchisors can do is give them the tools they need to handle each potential predicament effectively.

The pandemic served as a test bed for franchisors to evaluate their systems and determine how to effectively implement necessary measures. Franchisees relied on the franchisor for guidance. The response to these plans (for both the franchisor and franchisee) could also be used as a lesson learned to reevaluate and improve on the next emergency plan.

From the franchisor's perspective, there are two key aspects to consider. First, identify how to best support franchisees in overcoming the challenges posed by a crisis. Second, define the actions and goals franchisees needed to accomplish in order to successfully adapt to a new environment.

Success ultimately relies on the franchisees' willingness to embrace and utilize the resources provided by the franchisor, but it is crucial for brands to build out those systems to make it happen.



CHAPTER 18



Franchisee Exit Strategies and Succession Planning

By preparing a well-thought-out exit strategy, franchise owners can ensure a smooth transition when it comes time to inevitably stepping down from their franchise.

Operating a franchise can be a rewarding venture, but inevitably there comes a time when franchisees need to plan for their exit. Whether it's in the form of retiring, selling the franchise or pursuing other endeavors, having a well-thought-out franchisee exit strategy is essential. This will not only help you maintain a positive relationship with the franchisor but also ensures the overall stability of the business.

The International Franchise Association (IFA) emphasizes the benefits of a well-planned exit strategy, noting that it can be a lengthy and complex process that requires careful consideration.

“Developing a plan three or more years before exiting is wise,” the IFA noted. “Many franchisees wrongly assume this is a simple process. However, a multi-dimensional plan is required and can be complex to develop and implement.”

Prepare to Exit

To begin preparing for your exit, start by thoroughly reviewing your franchise agreement and engaging in open communication with your franchisor. Kimberly Daly, a franchise consultant, advises reaching out to your franchisor and informing them of your intentions as soon as possible.

“You should alert your franchisor because the franchisor can then alert consultant groups that they have a resale and might be able to find you a buyer for your business,” said Daly.

Besides contacting your franchisor, there are several other steps you should take while preparing for your exit.

1. Create an exit roadmap that outlines your desired departure time frame, contractual obligations and potential market conditions.
2. Review your financial statements, and assess the overall health of your franchise. By understanding the value of your franchise, which includes its revenue, expenses and profitability, you can work toward making it more appealing to potential buyers or successors.

Both of these tips will make resale easier for you and make your exit a simpler experience.

Identify a Successor

Identifying a suitable successor is another significant aspect of the franchisee exit process. Something you'll have to determine when it comes time to exit is whether you want to transfer the business to a family member, another franchise owner, a third party or back to the franchisor.

Consider the guidelines set by the franchisor in your franchise agreement, as this party may influence or limit your options. In some cases, franchisors may require their owners to find their own replacements, while others may provide active assistance in the search, as noted by Daly. If you wind up being responsible for finding a prospective buyer on your own, enlisting the services of a broker can also greatly facilitate your search and increase the likelihood of a successful sale.

As mentioned, it's crucial to assess the overall value of your franchise. Potential investors will want to go through the financials with a fine-tooth comb to ensure they're not jumping on a sinking ship. Finding a successor isn't easy and can take time.

Dr. Ben Litalien, the franchise management program director at Georgetown University, told the IFA that he believes many franchise owners are failing to prepare for their eventual exit.

"The research clearly indicates that franchise owners are way behind the curve in preparing for succession," Litalien told IFA. "Given the global demographic shift and the rapidly increasing value of franchised businesses, this needs to be a top priority." And Litalien's suggestion doesn't stand alone. In fact, the Canadian Franchise Association (CFA) also believes succession planning is important but isn't focused on nearly as much as it should be.

"Succession planning in the event of the franchisee's retirement or death is essential, yet often overlooked," noted the CFA. "The effectiveness and level of sophistication of a franchise succession plan is context-sensitive, depending largely on the nature of the business, the ease with which franchisees may be replaced upon exit and the value of the parties' investment in the franchise."

Prepare for the Future

When it comes time to exit a franchise, careful planning is vital for a smooth transition. By developing a comprehensive exit strategy, being upfront with your franchisor and evaluating the health of your business, franchise owners will be able to identify a suitable successor. By doing all of the above, this will make the process of leaving their franchise much simpler.



CHAPTER 19



International Franchise Opportunities

If you're looking to take your business beyond the U.S., here are steps you need to know to be successfully established overseas.

Introducing a franchise outside of the United States may be a viable way for your brand to grow. However, a successful franchise in the U.S. does not always directly translate overseas. Here are initial steps to carefully and productively plan for an international expansion.

Call in the Professionals

If you think you're ready to go global, get another opinion. A trusted advisor can provide insight on the potential of the business in international markets. Even if a business is structurally sound, there may or may not be a strong demand for it in unfamiliar markets.

For example, in the late '90s, Dunkin' made the move to expand in Beijing. However, its lack of local marketing education left potential guests confused about eating what they viewed as a sugary dessert for breakfast. All Beijing outlets ultimately failed within about five years.

Once you understand the new location's local needs, secure trademarks or copyrights in that location. Starting this process as soon as possible will establish protections prior to marketing.

Understand the Complexities of Your Intended International Markets

Just like in the U.S., there are rules surrounding how a franchisor can and cannot promote and sell a franchise, as well as documentation that must legally be provided. Research the rules of any specific countries you intend to target and ensure you are comfortable following these guidelines.

Markets that are not as established in the franchise space may impose investment restrictions to protect local economic interests. For example, some regulations may focus on “pre-contractual hygiene,” placing an emphasis on the necessary disclosures prior to a contract being signed while other countries do not regulate franchise agreements at all.

Begin To Develop Resources and Other Ongoing Strategy Plans

With franchisees on the other side of the globe, it is important that monitoring, reporting and information dissemination processes are well-tuned. Developing a franchise intranet that provides all necessary information and communications for franchisees ensures owners have access to the information.

Around-the-clock training and support documents also help, decreasing the downside of a time difference between franchisors and franchisees. Even though owners are hours away, it is crucial to the reputation and success of the brand that typical brand standards are followed, and there is an accountability system in place.

International franchise growth is a big leap, but it can certainly pay off when done correctly. Study franchises that have booming businesses overseas, and talk to international expansion experts to get valuable insight and first-hand lessons. By addressing these concerns above, you will have a better understanding of demand, culture, operations and reporting.



CHAPTER 20



The Future of Franchising

It seems like new technology is popping up every day. But it's up to franchisors to decide what are the most useful tools to implement for long-term success.

With industry trends and innovations continuously reshaping business models, franchisors face the urgent need to adapt and thrive in the face of change.

One major part of these adaptation duties is embracing new technology. By doing so, franchisors can stay in the loop regarding franchising trends and business growth. While every new tech craze won't be relevant to everyone, it's up to franchisors to keep a pulse on what's happening and decide what is right to use in their own system.

Keep Up with Trends and Innovations in Franchising

As the world evolves, so do consumer preferences, technology and market dynamics. Whether it's tracking emerging consumer behaviors, understanding market shifts or adopting innovative business models, being aware of what's going on in the industry is essential.

"Keeping up to date with trends and innovations is one of the hardest parts of being a restaurant franchise," said Blair Lalor, project manager for gourmet toast, juice and smoothie franchise Toastique. "We want to be able to lean into new possibilities without losing our brand, and it's definitely been a learning process."

Lalor added that Toastique does this by testing new big ideas, starting at just one location before pushing them out to all locations.

And before moving ahead with any technology changes, the brand spends a lot of time calculating whether or not the cost and effort of setting up a new system will be worth it.

Meanwhile, when it comes to technology and innovation at Wingstop, Craig Sherwood, senior vice president of U.S. Development, shared that the brand has a constant pulse on how the industry is evolving and actively tests workflow optimizations with a restaurant in Dallas.

“We are choiceful in what we bring to life in our 2,000-plus restaurants worldwide, keeping operational simplicity, return on investment and guest experience top of mind when evaluating innovation implementation,” Sherwood added.

Making Sure Franchisees Are Set Up for Success

Just as important as keeping up with innovation is making sure that franchisees are set up for success when implementing changes. Communication, transparency and support are key to making seamless transitions within the system.

“During the process of selecting franchisees, we do spend a lot of time discussing the importance of growth and making sure the franchisees we move forward with are open to trying new ideas,” said Lalor. “However, we also make sure that when we select new technologies to move forward with that they will be as easy a transition as possible for our franchisees as to not complicate the process of things too much.”

At Wingstop, Sherwood noted that over 90% of restaurant development is done by existing brand partners who continue to expand and invest in their organizations.

“Wingstop provides 360-degree support as our brand partners grow, and we have strong relationships with supplier partners to position the business for best-in-class returns,” he added.

Key Innovations in Recent Years

In recent years, the franchising industry has witnessed a wave of remarkable innovations that have reshaped traditional business models and propelled franchise systems to new heights. In the restaurant space specifically, online ordering has been a key innovation. Although propelled by the pandemic, it has proved to have lasting staying power.

“When the first Toastique opened in 2018, we did not have an online ordering option,” said Lalor. “Now, just five years later, we are fully online with our own app, on top of being available on Uber, DoorDash and Grubhub. We continue to grow in this area and will be having updates coming to our app within the next few months and year. Today, nearly a quarter of our orders are placed through online platforms.”

Sherwood also pointed out that AI continues to be a buzzword in the industry and that Wingstop is testing the waters with it.

“With a goal to digitize every transaction, we just completed an AI-enabled phone order test, converting phone-in orders to digital transactions,” he explained. “Early results are promising as we see an improvement in the team member experience, order time, guest satisfaction and an increase in ticket size with the ability to capture this guest digitally.”

Looking Forward

In the digital age, embracing new technologies and best practices is not merely an option but a necessity for franchise owners seeking a competitive advantage. By harnessing the power of technological advancements, franchisors can continue to enhance operational efficiency, elevate customer experiences and unlock untapped potential.



CHAPTER 21



Franchisor Success Story: How I Franchised My Business

Transitioning your independent business into a franchise system is no easy task, but as seasoned entrepreneurs state, it can be a highly rewarding endeavor.

A dream shared among entrepreneurs is to scale their business, build wealth and create a lasting legacy. One effective way to accomplish these goals is through franchising. Franchising your business provides an avenue to achieve these aspirations while leaving a lasting impact on your community and beyond.

Tippi Toes, a youth enrichment and children's dance franchise, was founded by Sarah Nuse and her sister Megan Reilly at an early age. Now, more than 23 years later, the brand has grown into an impressive 38 units and counting. According to Nuse, the CEO, the idea to expand the brand first emerged when one of their dancers expressed the desire to bring Tippi Toes to Florida.

This sparked inspiration for Nuse and her team. Initially, they looked at several different options for ways to grow the brand's footprint and contemplated the idea of starting a children's show. Sarah even wrote a book with her husband called "Pink Ballet Shoes." However, one of Nuse's mentors then introduced them to the concept of franchising, which would forever alter the course of their lives.

"It was kind of an epiphany for us," said Nuse. "We were still pretty young in business and blindly feeling our way through. That was our pivotal moment."

Nuse and her sister began working with a franchise consultant, who guided them through the process. Within just two years, Tippi Toes sold its first franchise location in Cincinnati, Ohio. But before they were able to reach that point, they did extensive research to ensure they could open new locations smoothly and efficiently.

“We looked at what other companies were doing and conducted market research, but the biggest thing for us was that we didn’t want to dilute our brand,” she explained. “We aimed to expand without straying too far from our core values.”

This became a significant focus during their expansion efforts and greatly helped Tippi Toes grow into the successful franchise it is today.

Ron Holt, the founder of Two Maids & A Mop and Pink Zebra Moving, initially had reservations about franchising too. He heard a fair share of negative stories and experiences between franchisees and franchisors, but after an introduction to the industry, his perspective began to shift.

“When I first entered the industry, I didn’t know anything about it, and I was ironically against it,” noted Holt. Holt’s journey into franchising began when he already had 12 corporate stores operating under Two Maids & A Mop. A fortuitous encounter at an International Franchise Association conference introduced Holt to Fred DeLuca, the founder of Subway, who became his mentor.

Over several months, DeLuca imparted invaluable knowledge about franchising and effectively shaped Holt’s understanding of the industry. When he started branching out on his own, Holt soon discovered that franchising involved more than he initially realized.

“The big lesson when you’re building a franchise brand is not to assume everybody is going to follow your ways,” Holt advised. “There has to be some type of enforcement. If possible, limit opportunities for fragmentation.”

This lesson was something that Nuse also had to learn early on in the franchising process. In order to not to dilute the Tippi Toes brand, Nuse and her team used their first franchise in Ohio as a test subject, and walked the Cincinnati-based owners through every step and procedure. They did this to ensure their brand would remain the same, even if it was states away. She said this was an “instrumental” step in the process for them to understand how to expand the brand while remaining true to their core values.

For any entrepreneurs considering franchising their business, Nuse and Holt both stressed the importance of understanding the level of commitment it requires. Nuse noted that it entails more work than most expect, and as such, mistakes are bound to happen. She encouraged all aspiring franchisors to embrace failure, learn from it and adapt.

“Be okay with making mistakes,” she advised. “Even after all these years, Tippi Toes is still evolving, growing and adjusting. We have had our own fair share of failures, but they have led to immense growth. If you fail, learn from it.”

Holt advised that before anyone franchises their business, they should first ask themselves a few important questions.

- Is the business scalable?
- Can the business be profitable in every market across the country?
- Can you provide world-class training and support?

With Holt's latest venture, Pink Zebra Moving, he affirmatively answered his own questions. With 10 locations already open, Holt envisions growth while delivering delight to customers and creating a new space in the industry for what he calls "happy movers."

Looking to the future, Tippi Toes aims to add 25 franchise territories annually for the next three years. Nuse is passionate about not only making an impact on children but also on families in less fortunate regions. For every 12th new franchise location, Tippi Toes builds a house in Guatemala, providing an opportunity for families to benefit from the transformative power of dance.

Everyone Starts Somewhere

Although both Holt and Nuse now have years of franchising experience behind them, they were both new to the franchising space at one point or another. But through trial and error, hard work and dedication, both individuals have forged a name for themselves in the franchising space and serve as an inspiration to aspiring entrepreneurs looking to embark on their own franchising journeys.