



The Franchise Simply Franchise Success Path

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FRANCHISE SUCCESS PATH



DEVELOP

The Foundation Of Your Franchise:

- ✓ Understanding Franchising
- ✓ Strategic Planning
- ✓ Strategic Marketing
- ✓ Roles & Responsibilities



DEFINE

Define The Structural Elements:

- ✓ Budgets & Fee Structures
- ✓ Franchise Territories
- ✓ Franchise Corporate Structure
- ✓ Franchisee Support



DESIGN

Comprehensive Documentation & Testing:

- ✓ Operation Manuals
- ✓ Franchise Legals
- ✓ Launch Franchisor Business
- ✓ Launch Franchisee Pilot Business



DEPLOY

Lead Your Franchise To Success:

- ✓ Recruit Franchisees
- ✓ Franchisee Induction
- ✓ Develop Team
- ✓ Leverage Your Success

This is the four-step system we have developed to create a successful franchised business from concept or by converting a conventional business

The process

Whoever a prospective franchisor works with, I believe that the following four steps should be followed at least in general. This way, the commercial issues that which need to be addressed can be carefully built, layer by layer, using the right advice from a franchise mentor and franchise specialist as needed at each step.

Step One

Develop the big-picture structure of your franchise group around the demographics of your brand and the likely personality of your future franchisees and the support they will need to give them the best chance of success.

This involves spending time working with franchisors to:

- a. Determine **exactly** the core business a franchisee will be delivering. This discussion, held with me, often involves simplification of the business itself. Entrepreneurial business people have a tendency to build businesses with many sectors, overlooking the fact that they will find it hard to find people similar to themselves to run their franchises. For example, I have dealt with a wedding business, which, as a conventional business, delivered both the wedding ceremony and the wedding breakfast. When building the franchise, the owner realised this was not possible for one person and that the two sides of the business needed people with different skillsets and personalities. She divided the business into two separate simpler franchise groups, interlinked so they could easily deal with the same clients. This scenario is very common but not understood by the industry.
- b. Check the brand to make sure it will meet the desires and fears of a clearly defined target market. Having a brand which is right is elementary business management but it is so much more in a franchise. It is the basis of the group, part of the IP being sold to a franchisee, and it is this which makes sure every outlet can look, feel and operate the same.
So, we work closely with branding specialists with experience in the franchise industry to make sure the target market is clearly defined and that the branding is attractive. We are very aware branding is not just logos and colours, it involves everything about the business, including quality of service, copywriting and much more.
- c. Develop the principles for online and offline marketing for the group and who will take on how much of the Local Area Marketing. This enables the franchisor to work out how much branding and advertising will cost, how it will be funded and what the contributions to the Marketing Fund will be.
- d. Through a. above, knowing the likely personality of future franchisees, we can work out the level and kind of support needed. For instance, some franchisees will require significant training in business as well as the technical and service aspects around the core product or service. Others not so much. From this, other royalty payments and Contribution Funds can be estimated.

The steps a. to d. above enable the franchisor to work out an organizational or department structure, the number of levels that will be needed to support such a group and many other fundamental structural issues.

Step Two

Define the detail of a number of business elements to support this structure including but not limited to:

Budgets and fee structures

Budgets are worked out for the existing business and then using the information from Step one, for the likely franchisee businesses and the likely franchisor business and for any other levels required

Once the budgets are confirmed, we work out the fee structures and royalties.

This work is done with a franchise savvy accountant and my, on the ground, input.

Territories

Not all franchises have defined territories. But if they do, we work with territory specialists, experienced in franchise groups. This work is clearly based on the demographics from the brand and the budgets and fees above

Corporate structures

Franchised businesses require different corporate structures to both protect the IP owned by the franchisor and to deal with tax issues. This is dealt with by a specialized franchise accountant with experience in this area.

Trademarks and intellectual property protection

Needed to protect the franchisors brand and in so doing, giving franchisees security. Completed with a trademark lawyer

Communication and support plans

Although not often done, Communication and Support Plans give franchisors a clear picture of what they will have to do to support their franchisees to give them the best chance of success

Training for induction and ongoing support

Essential if this is going to work. Training plans are not often prepared at the beginning but the best franchises take care over planning training and its delivery. We have training specialists on call if needed

Step Three

Design the final structure of your franchise group through your legal and operational documentation

Legal documents

Only once the elements outlined above have been clarified, will a prospective franchisor have the information to give to a lawyer to draw up relevant and satisfactory legal documents.

Most franchise savvy lawyers have a questionnaire which helps them identify the issues to be addressed. I work through this questionnaire with my clients to make sure the information they are giving their lawyers is commercially appropriate for the kind of franchise they are about to create. I have had many a spirited discussion with lawyers

about what and how a specific issue is to be included.

For instance, these legal documents will be difficult to change in the future and there are issues which may be better placed in operations manuals where there will be more flexibility for adjustment if it is needed later.

Operation manuals

Franchisee manuals

We encourage franchisors to start to write the franchisee core business procedures at the beginning once the big picture of the group and the franchisee business has been clarified.

However, franchisee manuals need two other sections which cannot be added until the business elements have been detailed.

One of these sections will outline the responsibilities and tasks associated with running a franchised business, the relationship between the operations manuals and the legal agreement, how franchisees will be involved with franchisor support services, reporting, attendance at conventions and meetings, the Advisory Group, the list can be significant.

The other section is usually around how the franchised outlet will be administered – things around bookkeeping and finance, marketing, personnel management and so on. This is where things such as the Fair Work and OHS legislation will be covered.

These manuals must be simply constructed, simple to use, relevant, hyperlinked and tagged so things are easy to find and secure. Modern business really needs cloud-based procedures that form the foundation of any training so franchisees go to them first with a question.

Franchisor manuals

Not often in place in my experience. But where you have a franchise group which needs a specialized support service targeted around developing the skillset and business ability of your franchisees, it is essential.

Testing the system

Once the legal and operational documents are together, these systems will need to be tested with the first few franchisees or pilot outlets

Step four

Deploy your franchise group and lead your business partners into the future.

Finally, a franchisor will be in the position to recruit new franchisees.

Franchisee recruitment is detailed, bound by legislation and very different from either employing staff or selling a product.

Most business and franchise brokers do not appreciate this. And although brokers and other recruitment services are useful for attracting potential franchisees to the brand, final selection must be overseen by the franchisor, following a clear recruitment process. This way franchisors will bring on board willing business partners, understanding their responsibilities for running their own business and with the best skillset, personality and financial background to get the job done.

Because of these issues franchise recruitment training really needs to be mentored by someone with experience in the area.

The value of knowing what you are going to do before you start

Conventional consulting gives advice as required across the table verbally one issue at a time. And while this is a step by step process which is best approached sequentially from step one to the end, there is enormous value in understanding the big picture and how each element fits together.

This is why we require our clients to attend one of our *Kickstart Two Day Workshops* before they begin the program and why we have documented the program so that people understand what is required at each step, making it more effective to go through the process.

Our workshops are presented by myself and some of my franchise savvy specialists.

They cover the following aspects.

Introduction	Brian Keen
Legal aspects of a franchise	Lawyer
Territories	Brian Keen
The flow of money in a franchise	Brian Keen
Corporate structures and budgets	Accountant
Organisation structure	Brian Keen
People, personality and support	Systems director
Training	Training specialist
Branding	Brand and marketing specialist
Franchisee recruitment	Brian Keen
Commercial applications of a franchise agreement	Brian Keen

The conclusion covering the commercial aspects of a franchise agreement, rounds up the sessions by explaining why elements from every topic covered are often added to a franchise agreement which is why the process builds the way it does with documentation happening at the end.

