

## **Steps to Franchising your Business**

a) Registration- Your first step (if you haven't already done so) should be to register your Tradename and Trademarks with the U.S. Trade mark office. This is done through a Trademark attorney or through a Trademark registration company in Washington, D .C. You should also register your name and marks in all states that you do business in or intend to do business in.

b) Multiple Units- Assuming that you already have an operating unit, the next step would be to open a 2nd, 3rd, and even a 4th operating unit, if capital and time allows. The idea here is that you will learn important things about the types of locations suitable for your business (a location profile). You should also learn more about your systems, procedures, and advertising. Also, you develop more credibility with franchise prospects, because you have a proven track record because you have been successful with 4 units as opposed to just one unit.

c) Systems Development- Develop very specific systems for every aspect of your business from site selection, lease negotiation, training, unit operations, hiring/firing, advertising, accounting, etc. This is what you are really selling as a franchisor. A total business system which ensures success. All the systems must be put in manual form so that they can be taught and referred to on an ongoing basis.

d) Training- A very strong training program must be developed for training the franchisees. This training information comes to a considerable extent from the employee training done at the unit level. The franchisee must be totally indoctrinated in your systems and procedures. Great emphasis must be placed on strict adherence to the system. It is here that the success of the franchise is created. Stick to the system, that is what franchising is all about.

e) UFOC- Develop the Uniform Franchise Offering Circular or UFOC. This is a document which contains a history of the company, background information on the owners and officers of the company, a breakdown of the required investment, financial statements for the last 3 years (audited), the franchise agreement, a listing of existing franchises, litigation history, and other information on the company. The Federal Trade Commission requires that this document be given to a franchise prospect at the first personal meeting or at least ten days prior to the signing of the franchise agreement and the payment of the franchise fee.

f) Ongoing support program- The key to success in franchising lies in making each franchise profitable. It is incumbent upon the franchisor to do all possible to make that happen. There should be ongoing research and development to find new ways to help the franchise become more profitable. A newsletter should go out monthly with news about the company, the franchisees, and information which increases profitability. There should be periodic regional trainings held to reinforce use of the various franchise systems. These should be at no cost to the franchisee. An annual convention should be held at an attractive site like Florida or Hawaii. The convention should be a time for the franchisees to have fun, outstanding franchisees should be recognized with awards, and there should be educational breakout sessions.

g) Franchise Marketing Program- There are two critical parts to being a franchisor;

1st- Selling the franchises in large numbers and,

2nd- Supporting the franchises and ensuring profitability.

But, of course, nothing happens until the franchises are sold. There are many ways to sell franchises and you have to quickly find a marketing system that produces new franchisees at the rate that fits your projections. As part of franchise marketing, you have to create a full color franchise sales brochure and a franchise sales video. In the beginning, you sell the franchises but eventually you must hire a sales staff if you want to get big. Most of the foregoing must be in place before you sell the first franchise, but other things will develop as you grow. Becoming a franchisor can be a rather difficult and expensive process. Cost can run from \$50,000 up to over \$200,000, depending on variables. You will need help in the form of an accounting firm experienced in franchising, a franchise attorney, and a good franchise consultant. The franchise consultant can actually save you money.

Taking the logical steps to franchising your business will make the difference.