



Franchises are a buyer's market, so pick your target carefully Rod Young's checklist for success

 **Sydney Morning Herald, Sydney**, Business News, **Anne Knight**

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It's a buyer's market when it comes to finding a franchise, so there is every opportunity to ask all the right questions and find a franchise that fits your lifestyle.

Rod Young, chairman of franchise consultants and lawyers DC Strategy Group, says Australia has the highest concentration of franchises in the world.

"There are about 1100 franchise systems in Australia ... that's four times the number of franchise systems per head of population than the United States, which is the home of franchising," Young says.

He says it is important buyers do their research into franchise systems that are stable and successful. Potential franchisees should look at the length of time the franchise has been established, the number of franchises in the network and how many have closed. They should also look at the banks' lending criteria for individual franchise systems.

"If you can find one that's well-established, has been franchising for five to 10 years, and hasn't closed any franchise units, you're starting to look at a group of elite opportunities in Australia," Young says.

A question many buyers consider is whether to buy business-to-business or business-to-consumer franchises. This can have a significant impact on the style of business to choose.

The general manager of franchise recruitment at Bakers Delight, Gerry Gerrard, says one of the most important qualities of a person seeking a business-to-consumer franchise is that they enjoy dealing with the public.

"You're in retail, and you need to enjoy being a retailer. You have to be happy and passionate dealing with the public," he says.

Gerrard says the most successful franchisees become strongly connected with the community.

Another benefit of the business-to-consumer model is that the potential franchisee will already be familiar with the brand and know they're a good fit.

"The individual has been in the consumer space, they know the brand, have experienced the brand.

If the franchise was selling juice and you weren't into it, you probably wouldn't make the call to the franchiser in the first place," Gerrard says.

Another benefit of retail is that it's usually in a high-traffic location and the business-to-consumer model is more predictable. "We find the site and we make sure it matches our criteria within the shopping centre or high street to make sure it brings the traffic flow in the right demographic," Gerrard says.

In contrast, the business-to-business model of franchise often requires franchisees to build their own base for business.

The chief executive of print, design and website solutions franchise Snap, Stephen Edwards, says this can be one of the benefits to the business-to-business model.

"Business-to-business is a bit more relationship-based. You get more value for the product and service that you're selling. You get a lot more repetitive business because it creates an ongoing rather than one-off relationship," Edwards says. "We also find in business-to-business that the average order value is higher a lot higher in most cases." He says the greatest benefit of the business-to-business

model is that the franchises tend to operate only at regular business hours on weekdays - never on weekends. "Like any business you can work longer than that but on the whole that's the benefit work-life balance." Young says once you have set your criteria based on the above questions, you can seek a franchise that will match your lifestyle and requirements. "Rather than go out and look at all opportunities like a kid in a candy store, you set your criteria first and on those elements look at what will suit and what is available," he says.

"My final advice is: don't expect the franchiser to make you successful and profitable, it's going to be up to you to use the franchiser's system to make yourself profitable he can't run your business for you.

That's indeed why he's granting a franchise."

1 How much capital are you prepared to risk - not borrow, or invest - in putting into a business? 2 Is the franchise within 20 minutes of your home? One of the most telling features of a successful franchise is being part of the community - plus you save time commuting. 3 During which hours of the day or week are you prepared to attend to your business? This will start to dictate between the business-to-business versus the business-to-consumer model. 4 How many employees are you comfortable employing? Do you want to be a sole operator or have a business where you could end up employing 15 or 20 staff? 5 What sort of return on capital do you want to make?

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Age, Melbourne, Business News, Anneli Knight

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How to find the right franchise

 Brisbane Times, www.brisbanetimes.com.au

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