

how2

Franchise.co.uk

Where Professional Franchising Is Made Economical, Easy And...

FUN



Serving the franchise industry for 20 years

Bloxham Mill Business Centre, Barford Road, Bloxham, Banbury, OX15 4FF

01295 722846 www.how2franchise.co.uk

enquiries@how2franchise.co.uk

The Benefits

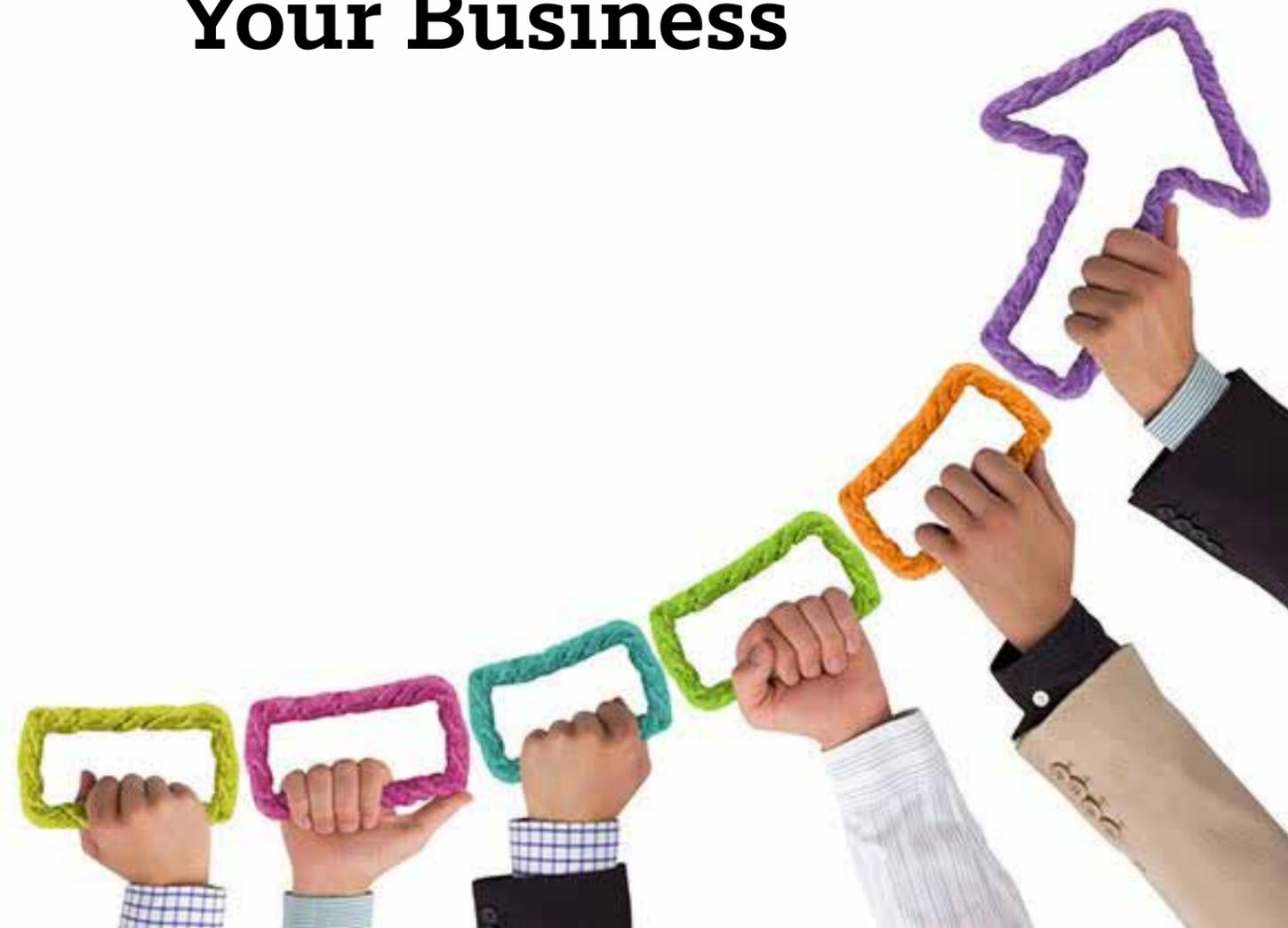
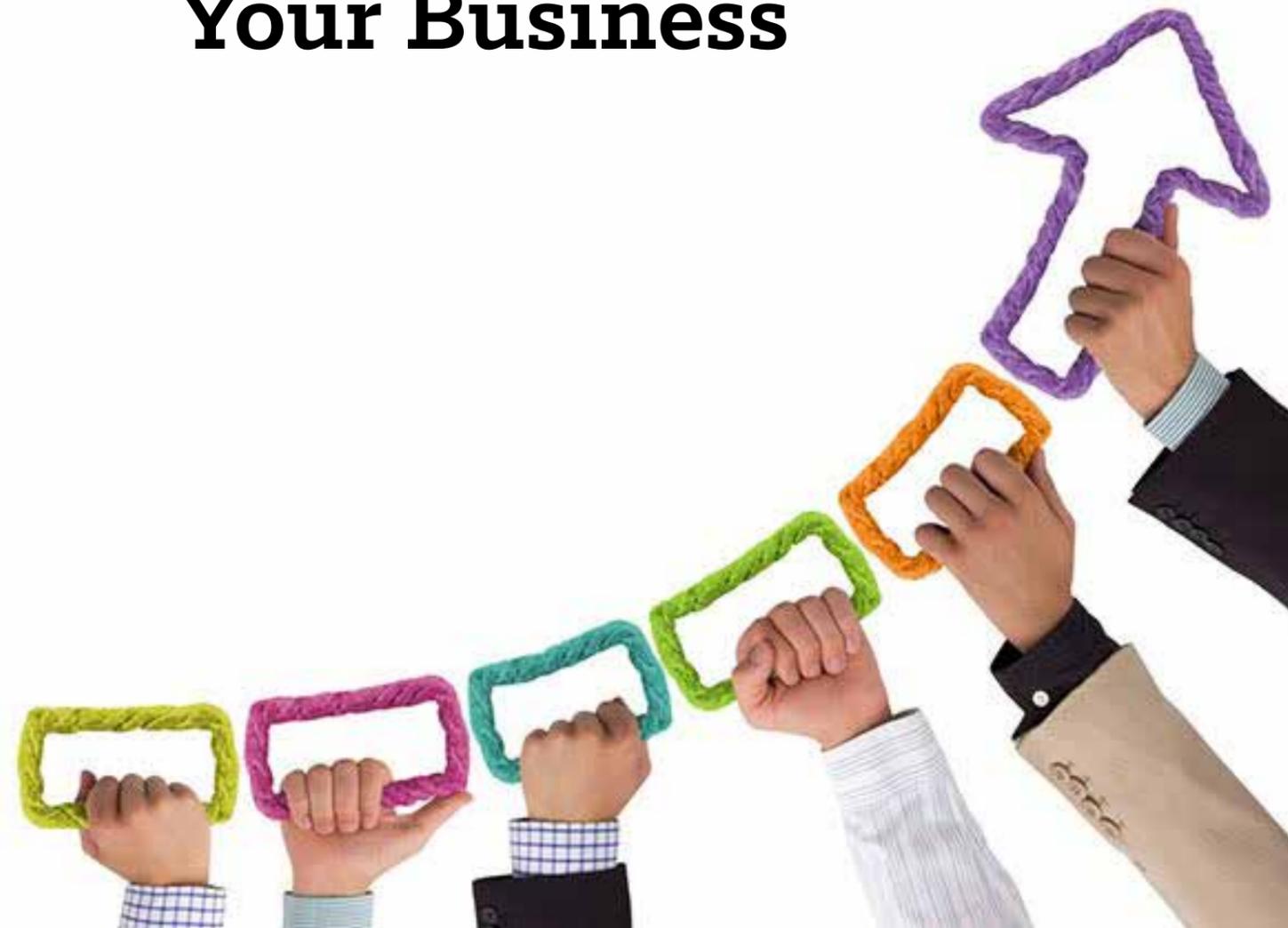
Of Franchising Your Business

Franchising is an effective method of quickly growing your business with minimal investment required in new premises, equipment and people. The franchisees actually fund the expansion for the business. Franchising gives a business the potential for full UK coverage as well as significantly growing the capital value of the business and even going international.

One of the biggest problems for a business when expanding is finding the right employees to take the business forward. The beauty of franchising is that you get highly committed, capable and motivated individuals who use their own to buy a franchise and work that business. They should be 100% focused on making it work and follow your systems and processes to ensure their success. This also guarantees good quality control and service for customers and clients.

The possibilities for franchising are endless too. Over 100 different industries use franchising to get their goods and services to the market place.

“The possibilities for Franchising are endless.”



Franchising Income

There are six main income streams that can occur from franchising your business. Depending on the products and services that your business offers you will benefit from some or all of these income streams listed below:

1

2

3

4

5

6

Franchise Fee

All franchises charge an upfront franchise fee to their franchisees. This fee usually ranges between £9,995 and £250,000 (some times more). The fee usually covers some or all of the business set up costs, training, and opening stock (if applicable). The remainder of the fee goes to the franchisor. The more successful your franchisees are, the more you can charge up front.

NB. If you have a business where you will make significant income on the back end it may well be worth charging a smaller upfront fee in order to sell franchises more quickly.

Fixed Management Service Fee or The Royalty

Most franchises will charge a monthly management fee to cover the management costs of supporting their franchisees. This fee ranges depending on the level of support being offered. The more you can do centrally to support your franchisees the more you can charge as a management fee. This is particularly true if you are able to generate leads for franchisees. It would also make the franchise more valuable in the eyes of a potential franchisee too.

Percentage or % of turnover

A % of turnover figure can be charged by the franchisor and would form the main part of ongoing income for the franchisor. This can be charged instead of, or as well as the management fee. The percent will usually range from 4% to 25% with 10% being the most popular.

Supply of goods

Depending on the type of business you have, you will supply the goods that your franchisees require to run their business. This enables you to grow both your sales volumes and profits at the same time.

Backend products and services

Most businesses have a range of backend products and services that they are able to offer to their customers. A franchise network enables you to expand the volume of these products and services that you are able to sell.

Volume discounts

As your buying power increases through the sales of your franchise network you will be able to get bigger volume discounts on products and services that you purchase. This then increases your profit margin on everything you supply enabling you to make more money.



Potential Earnings

Potential earnings from franchising can run into millions of pounds. This is determined by a number of factors:



The Franchise Model For The Business

The franchise model for the business will take into account a number of factors such as income opportunities, territory size, lead generation, lead conversion, backend products and services, franchise fees, earning opportunities for franchisees and the actual business model itself. The objective here is to maximise the income opportunity for both the franchisor and franchisee. The key is to spend time getting the franchise model right because the 'franchise offering' is vital to selling the franchise.

The Success Of The Franchisees

The biggest factor which will determine how successful a franchise will be is the success of your franchisees. This will help determine how many franchises are sold and the price at which each franchise can be sold. The more successful the franchise is, and the bigger the income opportunity for a franchisee the greater the up front fee a business will be able to charge. At How2Franchise the success of each franchisee is paramount. This plays a big part in determining the franchise model for a business. We firmly believe in maximising the income potential for each franchisee and giving them a territory that will enable them to grow and build a business rather than just buying a job.

The Size Of Each Franchise Territory

The size of franchise territory will help determine the potential number of franchises that a business can sell. You have to balance this against making sure the franchisees have a large enough area to be able to build and grow a successful business.

If you sold a franchise by Yellow Page area the number of UK franchises you could sell would be between 70 and 100 depending on specific characteristics. If you sold territories by post code or parts of post code then the figure could run into several hundred or even thousands.

The Number Of Franchises You Sell

At How2Franchise we have a proven model for selling franchises. We have a proven and clear marketing strategy for attracting franchisees both online and offline. hundred or even thousands.



Earnings Example



Upfront Income

If you had 80 franchisees that paid a £20,000 Franchise Fee this would generate £1.6m in upfront income before expenses.

Backend Franchise Income

If each franchisee then generated an additional £25k per annum in backend profit this would generate additional profits of £2m per annum for the franchisor.

You can see from the above figures that franchising has the potential to significantly increase the revenues and profits of a business. This would impact on the capital value of the business too, effectively making it worth considerably more than its current value if you decided to sell it.

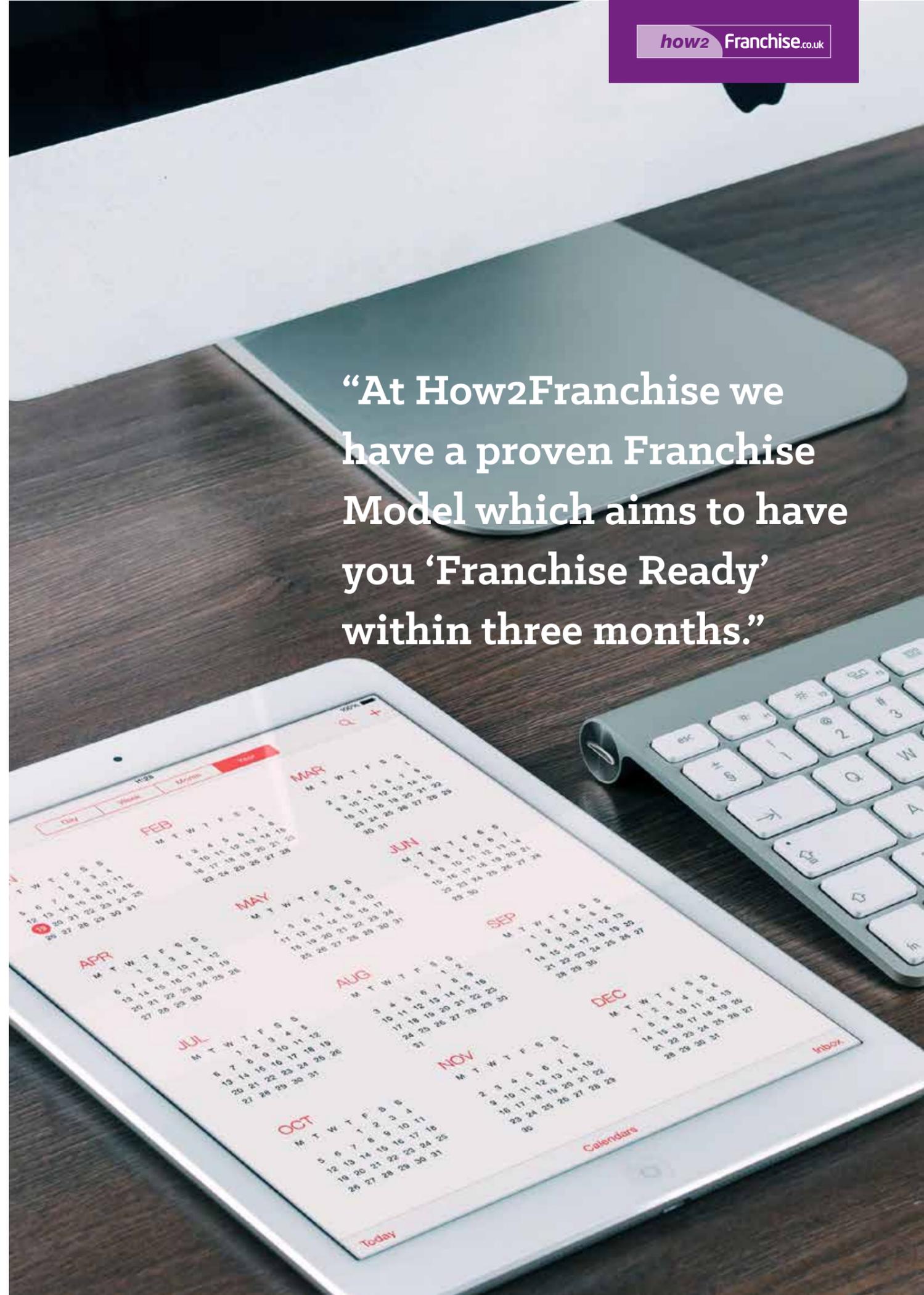
To work out your own potential Franchise Earnings work out roughly what you would expect to make from each franchisee on both the front end fee (one off fee) and the backend fees (annual earnings). Multiply these figures by 20, 50 and 100 to give you an approximation of your earning potential through franchising for both the front and back end earnings (annually).

How Long Does It Take To Franchise Your Business?

At How2Franchise we have a proven Franchise Model which aims to have you 'Franchise Ready' within three months. This Franchise Model helps you to get a quick return on investment and take your Franchise Project into profit. We do 90% of the work for you too.

Our model allows you to begin advertising for your first franchisee as soon as we have your Franchise Prospectus, Legals and Financials completed which usually takes between three and four weeks of starting work with you. This gives you the opportunity to have your first franchisee up and running within the first three months.

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How2Franchise

Franchise Model and Key Franchise Deliverables.

- **Agree Franchise Blueprint** which will determine how the franchise moves forward. Areas covered include franchise offer, territory size, front and back end fee structure, franchise package, equipment for franchisees, training and support, ideal franchisee profile, recruitment process, targets and deadlines, competition re-engineering
- **Complete Franchise Prospectus**
- **Complete Financials and Legals**
- **Complete Confidentiality Agreement** which prospective franchisees must sign
- **Complete Meeting Agenda and Franchisee Follow Up Process**
- **Begin Recruitment Process**
- **Begin Operations Manual**
- **Ongoing franchisee recruitment process**
- **Complete Training Plan**
- **Complete Operations Manual**
- **Complete Training Plan**
- **Continue Franchisee Recruitment**

Depending on your particular business situation you may or may not need a franchise pilot and we can fast track this process.

How Much Will It Cost To Franchise Your Business?

It is important that you avoid wasting thousands of pounds on unnecessary fees and legal costs. We've had many clients who had been quoted prices ranging from £20,000 to £100,000+ to franchise their business. Your money is far better spent on marketing and making sure your franchisees are successful. It also means you can move into profit with your first or second franchise sale.

How2Franchise can provide your business with a Full Franchise Package from just £6,000 (+VAT) payable in 3 instalments of £2,000 and we do the work for you!

Our Franchise Package includes a fully proven Franchise Agreement. This alone would normally cost you between £6,000 and £10,000.

We also provide a commission only recruitment service too if you want help handling the recruitment enquiries of potential franchisees. We believe this approach makes us the most competitive in the market place.

Quick Return On Investment

Due to our low franchise start-up costs and timescale at which we can franchise your business you can expect a quick return on your initial investment which then takes you into profit. You can reasonably expect to be into profit with your first or second franchise sale.

**“We believe
this is the
'best value'
Franchise
Package
available.”**

The How2Franchise Package includes the following:

- Franchise Blue Print, Model and Business Plan
- Franchise Prospectus designed by a Design Studio
- Franchise Agreement
- Operations Manual over 300 pages
- Business Plan which franchisees can use to raise finance
- Recruitment Plan
- Meeting Plan + Follow Up Process
- Training Plan
- NDA - Confidentiality Agreement

**EVERYTHING
YOU NEED**



Ongoing Costs

Apart from the initial upfront costs outlined above the income received from franchisees will then make the project self financing and take it into profit. In terms of ongoing expenses the only other costs you will incur are the costs of advertising for franchisees. The costs of franchisee training, support and equipment are covered in the franchise fees, royalties and management fees.

Recruitment Of Franchisees

There are two ways to handle the recruitment of franchisees:

1. You can do it yourself - we show you how. OR
2. How2Franchise will handle your enquiries for you.

Our Services Would Cover

Handling all initial franchise enquiries including attending the meetings with the potential franchisee. Following up potential franchisees after their meeting and taking them through the remainder of the recruitment process including answering any further questions, legal contracts, solicitor enquiries, arranging finance, arranging their training dates and payment of the initial franchise fee into your bank account.



How2Franchise Recruitment Fees

If you choose to use How2Franchise to handle the recruitment of franchisees for you we would work on a results only basis. We earn our money from a fixed % of the upfront franchise fees. Unlike most franchise consultants we only make money when you are successful.

Next Steps

Can Your Business Be Franchised?

If you can answer yes to the following questions then your business has a very good chance of being franchised and it is well worth you contacting us to discuss your options further.

1. Is your business trading profitably?
2. Does your business have good profit margins?
3. Are your business systems easy to replicate and teach to others?
4. Do you have proven sales and marketing strategies in place?
5. Does your business have a good reputation?

A Free Franchise Evaluation

Assuming you answered yes to the above questions the next step in the process is to contact us for a telephone evaluation. This will enable us to confirm that your business has the potential to be franchised and proceed to the next level which is a free Franchise Evaluation.



Assuming the Franchise Evaluation is positive we will then put together a detailed Franchise Proposal which details how the franchise will move forward, the franchise package, costs, a franchise pilot if necessary, and the financial projections.

To arrange your free evaluation via, Skype, telephone or face-to-face please call 01295 722846.

Alternatively you can e-mail enquiries@how2franchise.co.uk or visit the website and fill in the form on the Contact Us page.

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