

You Turned Your Business Into a Franchise...Now What?

It's been interesting to me over the years when I meet the owners of newly franchises businesses who have no grasp of what it will take to grow their brand and also have no plan or budget in place to get the job done. The situation is much more common than one might think. Many say "I spent six figures on my legal documents, so I don't have an advertising budget." The phrase "Build it and they will come" doesn't apply to building a business in one state while looking for a new owner in another. If you have no expansion budget in place, you have essentially paid for really nice shoes and quit the race at the starting line. For those without a budget, the only option is to engage the independent brokerages on a success-fee only basis. There can be success here, but the phrase "you get what you pay for" can hold some truth here as well.

For those with a budget and a plan for growth, there are two other options. This is with the understanding that the franchise show circuit won't bring enough candidates in the door to provide steady growth. The first options to engage the larger broker networks on a pay-to-play plus success-fee basis. There is a lot of good work being done in this area and their role in the market expansion of many top brands place is undeniable. That being said, those same top brands utilize these services in addition to their own advertising efforts, not in place of them. Their highest value comes in providing candidates for secondary and tertiary markets, where leads are harder to come by than they are in major markets.

The second option is to engage the online franchise advertising providers and start initiate your own advertising campaign. Provided that you have a good understanding of how to make an ad that will work in this environment and knowledge of which franchise websites to utilize for your growth plan, this can be a much less costly choice for selling your major markets. In states such as California, New York, and Illinois (the 3 make up 20% of the overall national lead flow), it hardly makes sense to pay a \$15k+ commission to a brokerage while also paying a commission to an internal salesperson when your advertising cost to get that sale could be much less than the brokerage fee. There are a small number of firms, such as ours, that truly know the space and how to make it far more efficient and effective for you than it would be if you went into it blindly.

Whichever path or paths you choose, know that you must indeed move forward in order to grow your brand. 40% of franchise companies never grow to more than 20 units in the field, primarily due to a lack of budget and a lack of a growth plan. What's the point in starting the race if you don't plan on finishing?