

Opening a Franchise Gives you a Head Start

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Did you know that 90% of franchise businesses are still in business after 10 years compared to only 16% of independent start-up businesses? Buying an existing business or franchise actually affords you a strategic advantage in the marketplace and reduces your overall risk. It stands to reason, buying an existing business or franchise business is less risky than creating a company from scratch because of the support team available and the proven "systems" in-place which have been tested and re-tested to provide optimum value to the new buyer.

Does this mean non-franchise businesses are not worthy of consideration? Of course not—but it does give the would-be entrepreneur something to think about before they strike-out on their pursuit of the best business opportunity available to meet their particular needs. Frankly, looking at existing businesses and franchise re-sales should also be added to the list of possible candidates. Many existing businesses already have the support systems in-place in addition to the build-outs which are the most costly initial outlay for a new buyer.

We recommend that anyone considering a business or franchise opportunity first take some time to discover their particular business acumen or, as we call it "business profile". This can easily be accomplished through simple testing and measuring of a person's strengths and weaknesses, transferable business skills, budget and some identifiable personality traits. Testing is standard procedure when working with professional franchise consultants and/or business brokers and advisors because you must know whether your interests align with the services or products that various businesses provide.

Most franchises are well suited for generating "cash machines" for future investments and therefore, many investors look at franchise businesses as a tool to build income streams or personal financial support after leaving the corporate world. On the other hand, some investors just want to provide an additional income stream for a family member and a franchise offers the tools to easily get the ball rolling.

Most franchisors require the franchisee to attend training at their corporate office before opening their new franchise--even if they are purchasing an existing franchise. This training is necessary to get the

franchisee headed in the right direction with their business and to condition them to their new working environment. The franchisee needs to accept the operating rules of the franchisor and not try to operate under the premise "I have a better way"--this type of attitude is the number one reason for failure in the franchise industry. If you are unable to follow a proven system for success—you should not even consider a franchise opportunity. Your best-bet in this scenario is to look only at existing businesses which offer training and transition periods from the seller to get a new buyer over the initial learning curve.

The record speaks for itself—franchise businesses receive over half of the retail and service dollars in the U.S. annually with more than 1.53 trillion dollars a year in sales and they generate 1 of every 7 U.S. private sector jobs. And, believe it or not, there is no direct correlation between the price you pay for a franchise and the profit it can earn.

Operating a franchise business can maximize your chances for success and give you a "head-start" to build a comfortable retirement or just generate additional cash for future investing. Franchise businesses also command a higher re-sale value than their entrepreneurial counterpart because of the national name recognition in the marketplace and the on-going support from the franchisor.