

FUTURE OF FRANCHISING

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Franchising flourishes as revenues rocket

Franchising in the UK is taking off as the industry increases in value and is now demanding the wider recognition it deserves

US sandwich chain Subway is the largest franchise in the UK with an estimated 2,200 units, according to the bfa

OVERVIEW
JOE McGRATH

British franchising businesses contributed more than £15 billion to the national economy last year, according to new figures from the industry’s trade group.

A survey by the British Franchise Association (bfa) shows the industry’s turnover grew by 10.2 per cent over the past year and generated revenues equivalent to the cost of Europe’s largest construction project Crossrail.

The figures are even more impressive when you consider that franchising represented less than £1 billion back in the early-eighties, but has been boosted by higher profitability and improved levels of awareness by UK plc.

The success of the industry has been sufficient to attract some big hitters. Trevor Brocklebank, a former investment banker of 22 years and IT consultant, walked away from the City five years ago and hasn’t looked back.

Now chief executive of franchise care provider Home Instead Senior Care, he says: “The bfa’s research confirms our own experience that there are huge opportunities in the franchise sector.

“Over the last decade, I believe some of the stigmas around franchising in the UK have started to fall away as the sector has matured and, with a UK recession, the importance of investing in a trusted business model has grown.

“Once perceived as something of a dirty word, due to cheap franchising schemes and non-reputable fran-

chisors, I believe opportunities with ethical franchisors are now being recognised and embraced by prospective franchisees.”

As the government aims to breed new entrepreneurs through various startup schemes, franchising is also offering young businesspeople another route. According to the bfa report, 20 per cent of franchisees, who launched their business in the past two years, were under 30.

Franchising covers a massive range of industries. The Post Office, for example, is perhaps the best known of all franchising operations, with 11,000 of its 11,500 branches operated through franchises and agreements with agents and partners. But there are smaller scale success stories too.

Domestic house-keeping group Bright & Beautiful is a very different model. This eco-friendly business started out just before the economic downturn was about to hit in 2007. Today it is a £5-million-turnover business with 425 employees and 50 franchises across the UK.

Rachel Ray, founder of Bright & Beautiful, says she is not at all surprised at the growth in popularity of franchising over the past decade.

She says: “In 2015 alone we received over 100 inquiries per month from people interested in our franchise opportunities. This is double the figure for 2014 and we are seeing a definite growth

in women and men, who have had professional and very high-flying careers, and who want to escape their unsociable, long or inflexible hours.

“Our 2015 franchisees include solicitors, teachers, senior retail managers and police officers; indeed three of our franchises have been taken on by female ex-police officers. Franchisees are driven by a desire to become their own boss, take control of their working hours and avoid the commute to work.”

Franchising is no longer a negligible player in the national economic ecosystem. Collectively, the industry employs 621,000 people with an estimated 44,200 franchised units currently in operation.

Despite this, there remains a need for greater collaboration between training providers, business leaders and politicians

ing providers, business leaders and politicians, according to those in the industry.

Sheilah Mackie, partner at law firm Blake Morgan, explains: “The lack of knowledge or misinformation discovered among some politicians is quite concerning, especially those who have themselves operated in the business sector, and, while this is improving, more can still be done to expand knowledge of the impact of franchising on the economy.

“This could include things such as ensuring it is taught within business courses in schools, colleges and universities, but also

striving to ensure franchising is recognised as a sector in its own right. Often it is ignored, and its constituent parts and success stories are attributed to sectors more readily recognised, such as retail, leisure or healthcare.”

Ms Mackie is an acknowledged authority on UK franchising and her views are echoed by those at the coal face of the industry, with many asking the government to do more to promote the sector.

Driver Hire is a franchising business that specialises in providing staff for the transport and logistics industry. Its franchise sales director Graham Duckworth says the success of the sector could be boosted if more were done on the national stage.

He says: “There is a clear disconnect if the government does not fully commit to supporting such a substantial sector and it will be vital for industry bodies such as the bfa to engage further with policymakers, promoting the benefits of franchising in a proactive way and lobbying for more support.

“With a greater awareness at government level, the potential impact franchising can have on the UK economy is more likely to be recognised and acted upon.”

Despite this the government is making progress. It has consulted with the industry on numerous strategy documents in recent years, including the future of UK retail, the Enterprise Finance Guarantee scheme and various women in business programmes.

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Women and young people are

It's a sign of a mature franchise industry – an eclectic mix of businesses achieving steady growth and an increasingly

SHIFTING PARTICIPATION

ALISON COLEMAN

What was once a predominantly male-dominated industry now offers a wide range of opportunities that appeal to other groups. Two in particular, female franchisees and younger franchisees, have been making their presence felt in the sector.

The British Franchise Association Franchise Survey 2015¹ shows the number of young people entering the franchise sector is increasing, with a fifth of new franchisees joining in the last two years, aged under 30.

Although statistics from the same report show a fall in the proportion of female franchisees, down to 23 per cent from 28 per cent in 2011, this isn't an accurate picture of female participation as many women are now running franchise businesses with their spouse or partner, a trend that has been increasing over the years.

Behind this shifting participation demographic are changes in the industry itself. Recent years have seen it become more attrac-

tive and more accessible to different groups, while also offering them more choice.

Carl Reader, affiliate chairman at the British Franchise Association (bfa), says: "Certainly there is more choice available to prospective franchisees. Over the last few years there has been an increase in lower-investment franchises, particularly tuition franchises, which has helped young-

“
Our franchisee base is diverse, with people coming from different backgrounds and cultures, much like the wider UK population

er franchisees with their affordability. These franchises are often of an amount that can be fully funded by a personal loan or savings.”

Clearly aware of the benefits of diversity within their franchise network, in selecting the right franchisees, many franchisors

have taken a broader approach to recruitment.

Scott McLeod, operations director at Domino's Pizza, says: "When choosing Domino's franchisees, we look for entrepreneurial spirit, rather than focusing on an individual's age or gender. Our franchisee base is diverse, with people coming from different backgrounds and cultures, much like the wider UK population."

Raising awareness has always presented something of a challenge for the franchising industry, but things have improved in recent years thanks to a number of new initiatives, including the bfa's Women in Franchising initiative and the Encouraging Women into Franchising (EWIF) initiative.

Linda Price, co-founder of swimming lesson franchise Swimtime and chairwoman of EWIF North, says: "The franchise sector has undoubtedly become better at promoting itself as a viable business option and to an extent there has been an organic increase in women in franchising."

She describes the modern franchise industry as more female friendly, with greater access to support from a female perspective.



Craig Shuttleworth, 32, from Wakefield, is one of Driver Hire's younger franchisees

"I've met women involved in a wide variety of sectors from the more stereotypically feminine elderly care and children's activities, to slightly less glamorous businesses such as chimney sweeping and drain unblocking," she adds. "What is clear, though, is that women across all sectors have the appetite and ambition for business growth."

The entrepreneurial spirit of the so-called millennial generation, those aged roughly between 18 and 34, and their desire to be in control of their work-life balance are among the reasons why franchising is attracting younger franchisees.

The biggest entry barrier for this group is access to business funding. However, younger franchisees are often helped by family members, not just in terms of the finance they need, but also in gaining a foothold in an actual franchise business.

Mr McLeod says he has seen many of their Domino's Pizza franchisees involving their children in the business from a young age. "They are educating the next generation and establishing a succession plan so



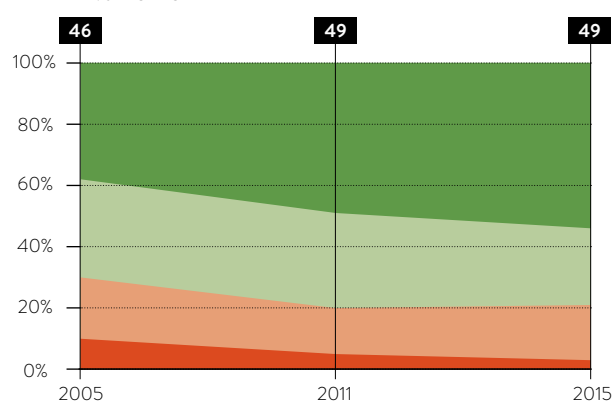
23%
of all UK franchisees are female, up from 20 per cent in 2005

Source: bfa 2016

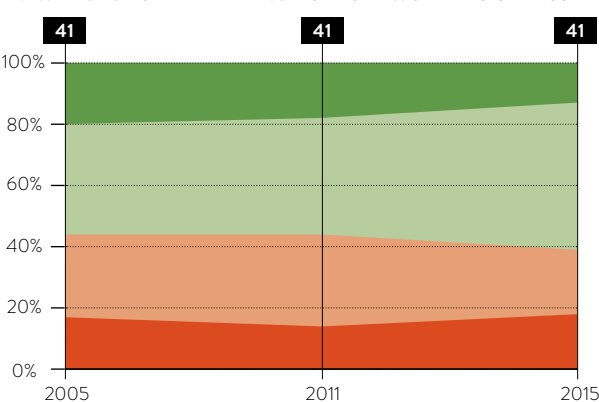
PROFILE CHARACTERISTICS OF UK FRANCHISEES

BY AGE OF FRANCHISEE

ALL FRANCHISEES



NEW RECRUITS - HELD FRANCHISE FOR TWO YEARS OR LESS



Source: bfa 2016

their franchise business can continue to be successful long after they retire," he says.

An abundance of lifestyle-type franchise opportunities, such as dog walking and children's entertainment, provide the flexibility for combining business and family life, and have huge appeal for women and younger people.

But participation is shifting within larger management franchises, such as recruitment company Driver Hire, where there are opportunities to build businesses of significant scale.

Chris Chidley, chief executive of Specialist People Services, which owns Driver Hire, says: "We have

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diverse group making franchising their route to ownership



More could be done to engage future franchisees from all demographic sectors and encourage even greater diversity

seen a shift in the demographics of our franchisees, with more women and younger people joining the business in recent years, and the changing face of the transport and logistics sector is a factor in this.

"For us specifically, I think the rise of e-commerce has played a part. Not only has it supported the growth of the logistics sector, it has made the wider industry more visible to the everyday consumer. People who may never previously have thought about logistics can now see the vital role this industry plays in the UK economy."

Another factor in this shifting of participation trends is the way that franchisees themselves are seeing opportunities for business growth.

Julie Waites, a founding partner at franchise consultancy The Franchise Company, says: "Across the franchise spectrum, low-investment franchises can be an entry point to the industry and also a platform from which franchisees can trade up to the higher investment level brands, such as Domino's Pizza and McDonald's, where we are now seeing more very successful female franchise owners."

Nevertheless, the bfa's Mr Reader insists more could be done to engage future franchisees from all demographic sectors and suggests the US approach to franchising could be the way to encourage even greater diversity.

"Their Next Gen programme is an educational foundation that promotes the education and recognition of franchising in the education system, and provides scholarships, competitions and other initiatives to drive engagement among the younger community. They also have the VetFran initiative from which we could learn to increase participation from ex-military after their resettlement," he says.

"Given these opportunities, together with our drive to increase the female engagement with franchising, I hope the diversity within franchising will continue to improve."



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*Survey carried out with NatWest

YOUNG ANNELI TAKES OVER



In 2011, Anneli Thomson became the youngest franchisee of sales and management training company Sandler Training when, at the age of 26, she took on the Oxfordshire franchise.

She was also making the transition from employee to franchisee, having joined the company at the age of 21 as marketing assistant.

Before that, while at university, she had started and run an online lifestyle business, StudentFizz, a go-to hub for students to search offers and nights out across the UK university network.

She says: "I could have started a business development consultancy, but this would have been less lucrative as it would have taken much longer to establish. I would

have had to develop all the content, written materials and intellectual property from scratch. A franchise offers access to a global brand as well as tried-and-tested systems that can be applied across a variety of business types and industries."

Her business has flourished with year-on-year growth of 36 per cent for 2014-15 and a turnover of £380,000. She was also named Sandler Training's Outstanding Franchisee of The Year in 2015. And alongside her commitment to growing her business, she is still able to enjoy the lifestyle she wants.

She says: "I have a great work-life balance and enjoy a variety of hobbies, including skiing, ice climbing, writing and triathlons. I also ensure that I have one week out of every eight off, which I manage by scaling my workload during the other seven weeks."

A future exit strategy has also been given some thought. "I would go to the main franchisor and work with them to find an appropriate buyer. The key would lie in scaling the business prior to sale so that the buyer was confident they were buying an organisation," she adds.

SARAH'S 'BIG MAC' CHAIN

Sarah McLean began her McDonald's career more than 34 years ago and has been a franchisee for the last 14. She now runs 13 restaurants across Staffordshire, Leicestershire, Derbyshire and Warwickshire.

Her restaurants contribute £13 million to the local economy and she employs more than 1,000 people.

She says: "My aim in running multiple restaurants is to remain hands-on and to continue to be the gatekeeper of standards. I strive at all times to be one of the best and I am my own greatest critic."

Over the last five years she has achieved sales growth of 39.16 per cent, which is a combination of organic growth, and the acquisition of other franchises and company restaurants. Organic growth for the first quarter of 2015 was 7.54 per cent, placing her group at the top of the league of all large franchisee organisations in the UK.

She says: "One of the benefits of being a franchisee that I hadn't anticipated before becoming one is the capacity I have to use the business to support my personal values."



These include her involvement in supporting fundraising for the Ronald McDonald House Charity and helping to improve the local environment where her restaurants are based, through organised litter picks with other interested local groups.

"Last year we evolved this with local planting and providing small bird, bat, owl and hedgehog boxes to each local authority as longer-term legacy projects," she says.

Much of her success she attributes to a firm belief in a key tenet of the business, as expressed by one of McDonald's founders Fred Turner: "If you look after the business, the business will look after you."

"Supporting the reinvestment into my restaurants is my dedication to striving for the highest operational standards," she adds.

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COMMERCIAL FEATURE

INTERNATIONAL FRANCHISING IS FINDING A HOME IN THE UK

A robust economy, full employment and confident consumers are factors behind the UK's appeal to international franchisors looking for overseas markets – creating opportunities for those appointed to establish and grow the brand

HSBC

The presence of international franchises in the UK is nothing new, and over the years brands from the United States, Australia and France, particularly in the food and beverage sector, have performed well.

"We are also seeing international franchise brands coming from Spain, Germany, Canada, Denmark, North America and France, not just in food, but also in the care and gym concept sectors," says Martin Francis, franchise director at HSBC Franchise Unit.

"We are seeing more international brands, many of them household names, recognising the advantages of expansion via the franchise model."

Part of the reason for this growth is that the UK has been slower to move into franchising than other countries, such as America and France, but the opportunity is there and it is growing. International brands have seen the potential and been quick to capitalise on it.

Another key factor in their success is UK consumer confidence, says Mark Berrisford-Smith, head of economics at HSBC Bank. "Pay rises haven't been significant, but as long as they are higher than inflation, which they are, people feel they have more money to spare and in fact we are seeing consumer confidence returning to pre-recession levels," he says.

However, he adds, franchisors need to be aware that while the market looks strong, consumers can be fickle and franchisors can't afford to take anything for granted.

One of the biggest challenges for international brands is finding a

unique selling point or USP in a very competitive marketplace and having a clear expansion strategy. One option is to appoint a master franchisee, someone who can take the franchisors tried-and-tested system, apply it to the local market and build a franchise network.

Daniel Coole is the UK and Ireland manager for the Asian-themed Sushi Daily, which has opened 500 stores across Europe and is part of the French company Kellydeli. He joined the company in September 2014 after a successful retail career encompassing supermarkets, quick-service retail and high street coffee brands, including Coffee Republic.

Mr Coole says: "I was in a good job when I came across this opportunity with Kellydeli. After the initial meeting, it took another six months of having discussions, which was more down to me wanting to be sure I was making

the right move. What confirmed this was a visit to Paris to meet other team members, and that was where I was struck by their passion and vision for the brand – it was evident in every person I met."

The Sushi Daily model differs from others in the sector because it is based within another retail brand, and in the UK is currently partnering with Sainsbury's and Waitrose. Four franchises were launched last November and Mr Coole aims to open a further 25 in 2016.

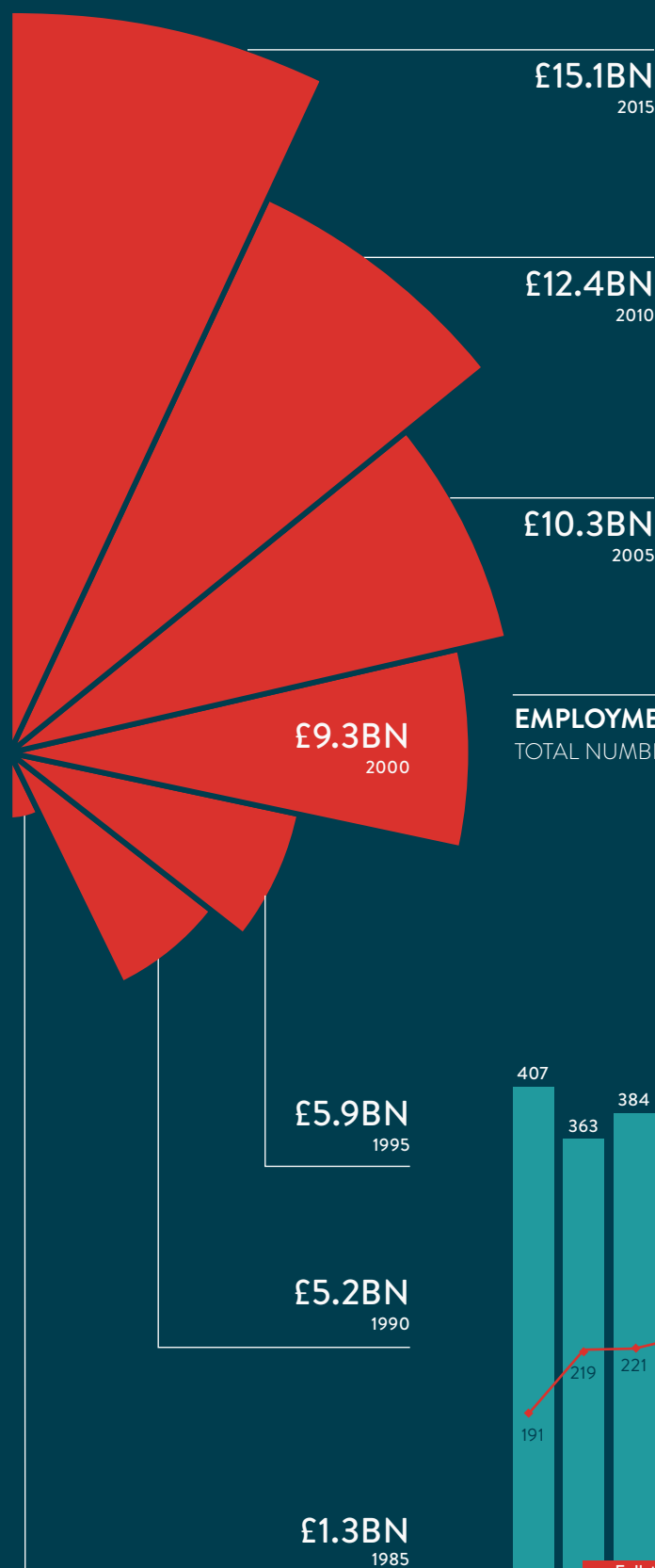
He says: "A key challenge is finding retailers to partner with, who understand the concept of a brand within a brand. The success of Sushi Daily will depend on finding the right

44,200
franchised
units now
operating in
the UK

Source:
bfa Franchise Review

UK FRANCHISE SECTOR

FRANCHISING'S CONTRIBUTION TO UK PLC FRANCHISING INDUSTRY TURNOVER



Source: bfa Franchise Review



£15.1BN

estimated turnover of the franchise sector



91%

of franchisees rate their relationship with their franchisors as satisfactory



901

active franchise systems

EMPLOYMENT IN FRANCHISING

TOTAL NUMBER EMPLOYED IN UK FRANCHISING (000s)



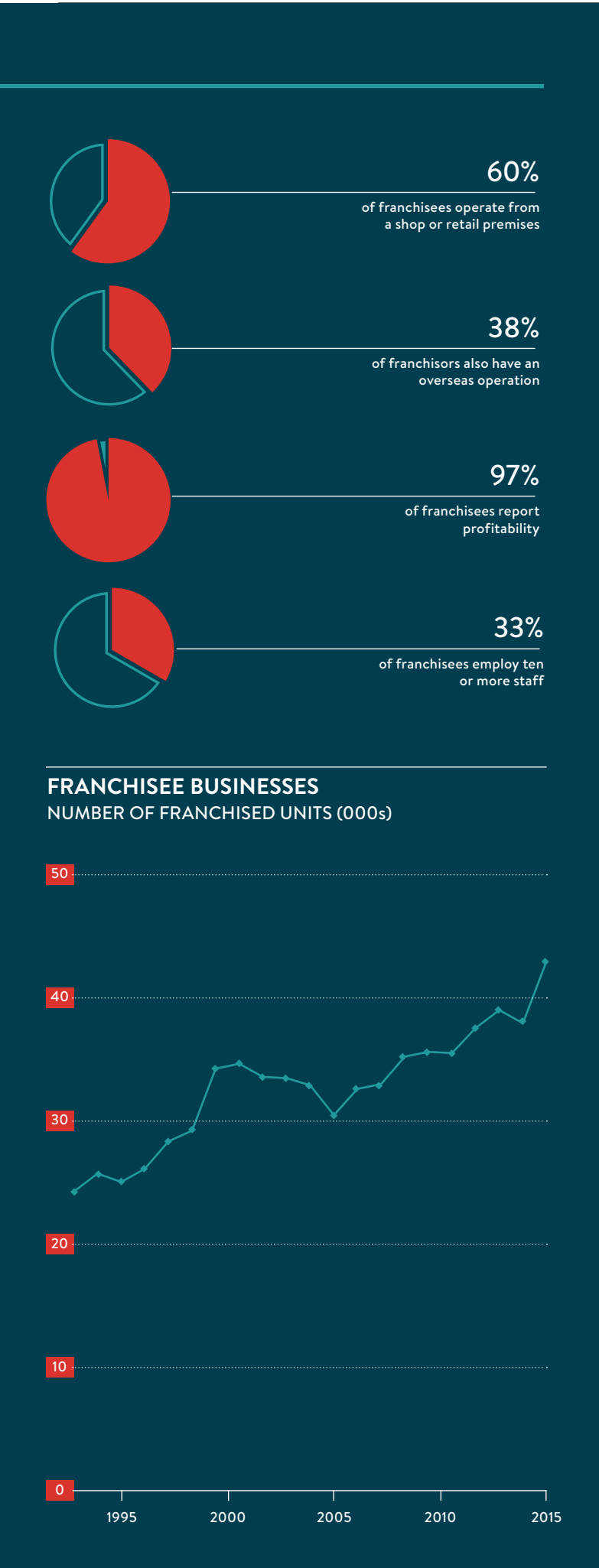
"There was a clear gap in the market, so I did some research and found Home Instead in the US and in 2006 bought the UK rights. We found that 80 per cent of the model worked in the UK and we only needed to change 20 per cent," he says.

Today they have 172 offices, a network turnover of £100 million and are consistently ranked in top position based on Care Quality Commission inspections.

“

We are seeing more international brands, many of them household names, recognising the advantages of expansion via the franchise model

COMMERCIAL FEATURE



Mr Brocklebank explains: “Getting the first few franchisees on board was a challenge; you are anxious to start seeing revenue come in, but you know that selecting the wrong people could destroy your brand. Franchising has been the best way of attracting the high-calibre corporate and professional people that the business needs. As franchisees with a successful brand, they also find it easier to get the funding they need to invest in their business.”

Master franchisees can also count on the training and support of a bank that fully understands and recognises the benefits of the franchise model. HSBC’s Mr Francis concludes: “International or UK based, franchising will not make a bad business good, but we do know that at the core of a successful brand, which lends itself to the franchise model, is a good business.”

www.business.hsbc.uk/franchising



Andrew Brattasani of HSBC (left) presenting Lee Eaton of Signs Express with the bfa HSBC Franchisee of the Year 2015 award

FRANCHISING FAST TRACK TO GROWTH

As a business model, franchising is renowned for providing a route into ownership that carries less risk and more support than any independent startup could. But as it matures, the franchising industry is also proving to be a catalyst for spectacular growth, which has captured the interest of some highly ambitious business owners. With the support of the HSBC Bank franchise team, they are using the model to scale up at a phenomenal rate.

“We are seeing the evolution of franchising,” says HSBC head of franchising Andrew Brattasani. “The industry is now recognised as a viable route to scalability and building a corporate business. We have a client base that really understands franchising and are now running multi-million-pound, multiple brand businesses.”

Some of the best examples of this scalability can be found in the fast food and telecommunications sectors, with fitness clubs and domiciliary care also showing signs of strong growth.

Farhat Abbas is a shining example of how to succeed with one franchise model and then replicate that success in a different business sector. With help from HSBC, the multi-unit Subway franchise owner is now also one of the fastest growing EE franchisees.

Mr Abbas joined the Subway brand in 2005, opening his first restaurant in Walthamstow, north-east London. He says: “I’d had a successful career, but my ambition was to run my own business. It was enjoyable, very hands on, and it’s where I learnt the ropes and the workings of the Subway franchise model. It was where I also realised my strengths lay in business development and people management, and that I had some amazing talent among my existing team members.”

He began pursuing his business expansion plans and searched for new locations. Within six months

he had opened a second Subway store and promoted members of his team to manage it. It was the start of an extraordinary run of Subway restaurant openings, totalling 14, all based within a 30 to 40-minute driving radius. But his plans for business growth didn’t end there.

He’d achieved several key milestones, including his second ambition of becoming a multi-unit franchise owner. His third, to become a multi-brand franchise owner, was just around the corner.

“There is a lot of talk about scalable growth, but within the franchise sector we are seeing it happen on a massive scale

Mr Abbas says: “I used to work in mobile telecoms and when I found out that EE was franchising some of its existing stores, I was interested. However, based on my track record with Subway, they asked if I’d consider taking on more than one – they wanted me to run three.”

He insists that success at this level of franchise ownership is down to having the right mental attitude. “You have to really enjoy doing this and, although you lose that sense of security which comes with a regular wage, the satisfaction of watching your business grow is hard to beat,” he says.

But he also credits his success to the support he has received from the franchise team at HSBC.

“They have been more than just the right lender for me,” says Mr Abbas. “They have been the glue that has brought the whole thing together.

My relationship with them goes beyond having access to finance; their expertise and support, which stems from their long history and knowledge of the franchising sector, has played a huge part in my business success.”

Multi-brand franchise owner Rajah Adil’s scale-up story is equally impressive. It began with his father’s decision to buy a Wimpey restaurant in 1969, a brand that was subsequently bought by Burger King.

“He worked as a bus driver, but he saw potential in the fast food brand,” says Mr Adil, who joined the business, washing dishes at the age of nine and learning the ropes. It was the damage caused by the BSE diseased cattle crisis that steered him towards diversifying, first into KFC and then into Costa Coffee, and more recently into gyms with Anytime Fitness. To date he has more than 100 restaurants, KFCs Costas and Burger Kings, and employs around 5,000 staff.

He says: “Our success is the result of our high standards of customer care and service in our restaurants, and that comes down to recruiting and training good people. But we would not have achieved this level of business growth in the same time scale without the franchise model. It has a well-defined set of standards, some very strong brands and brand owners who can see what is happening.”

There are clearly opportunities for those who are entrepreneurial enough to see them and business minded enough to understand how the franchise model works.

HSBC’s Mr Brattasani concludes: “There is a lot of talk about scalable growth, but within the franchise sector we are seeing it happen on a massive scale. This presents some huge opportunities for ambitious and talented business owners. And as a bank, if HSBC has a good history with a franchise brand, we will support them.”

Weighing up the pros and cons

It's important to look at the advantages and potential disadvantages of franchising before committing to what

EVALUATION

BREA CARTER

Franchising offers the chance to enjoy a healthier work-life balance and be more fulfilled in the long term. You get to take control of your own business and, in turn, decide your destiny.

Lisa Law, franchise recruitment manager at Snap-on Tools, says the company's franchisees enjoy the best of both worlds. "Our business offers you the chance to realise that dream of being your own boss while being supported by an elite team of industry specialists," she says.

Many franchise businesses operate in ways that enable the franchisee to work outside the typical nine-to-five regime. There are opportunities to work flexible hours that suit their lifestyle; they can work from home, on the road or in the great outdoors.

Frank Milner, president at Tutor Doctor, says the company's franchisees can choose to operate their business across various locations. "Franchisees can work from home for added flexibility and our tutors work on a self-employed basis so there's no staff costs to worry about either," he says.

There is generally less risk involved in buying a franchise than starting an independent business from the ground up as each company operates in line with an established business model.

"When you invest in a franchise you buy a business model that is proven to be successful. It's been replicated many times over by people just like you and refined to be the best, most effective version of itself," says Mr Milner.

Clive Sawyer, managing director at Business Options, points out that, according to the *British Franchise Association Franchise Survey 2015*, 97 per cent of franchisees are profitable, whereas around 50 per cent of businesses fail within their first three years. "You trade under an established brand which should bring more customers and business in than creating a new brand from scratch that nobody has heard of," he says.

With a proven business model comes ongoing training and support, both from the franchisor and the company's network of existing franchise owners.

For example, Leanne Lynch, resourcing partner in the franchise and corporate division at Marston's, says: "As the only pub company to hold full membership of the British Franchise Association, we're committed to ethical franchising, and ensure that we offer extensive support to our franchisees and provide them with the guidance they need to build their businesses."

Ms Law adds that there is constant support for franchisees within the Snap-on Tools system. "You're never alone – franchising means being in business for yourself, but not by yourself. You don't just get the training and support from your franchisor; you get the added benefit of being part of a network of people all running the same business. It's business with a safety net."

From a financial perspective, it can be easier for franchisees to obtain a bank loan when compared to independent business owners. "Because of the reduced risk, franchisees often benefit from easier access to financing, often at more favourable rates," says Phil Sullivan, group operations director at TaxAssist.

But franchisees are required to run their business in line with the franchisor's expectations, which means there is little room for creativity. "The risks are much lower than if you started your own business. However, if you do not put the effort in and follow the model, you are unlikely to be successful," says Mr Sawyer. "Although it is your business, you have to follow the operating procedures of the franchisor. There is little flexibility in how you are allowed to operate."

Franchising is not all smooth sailing; running a franchise requires hard work and commitment, with long hours expected of the franchisee, particularly in the early days. Ms Lynch explains Marston's franchisees need to be customer focused and passionate about delivering excellent service. "Running a pub can be tough, so prospective franchisees need to be prepared to work hard. That said, the pub environment is a fun and vibrant one, and the hospitality industry is always an exciting place to be."

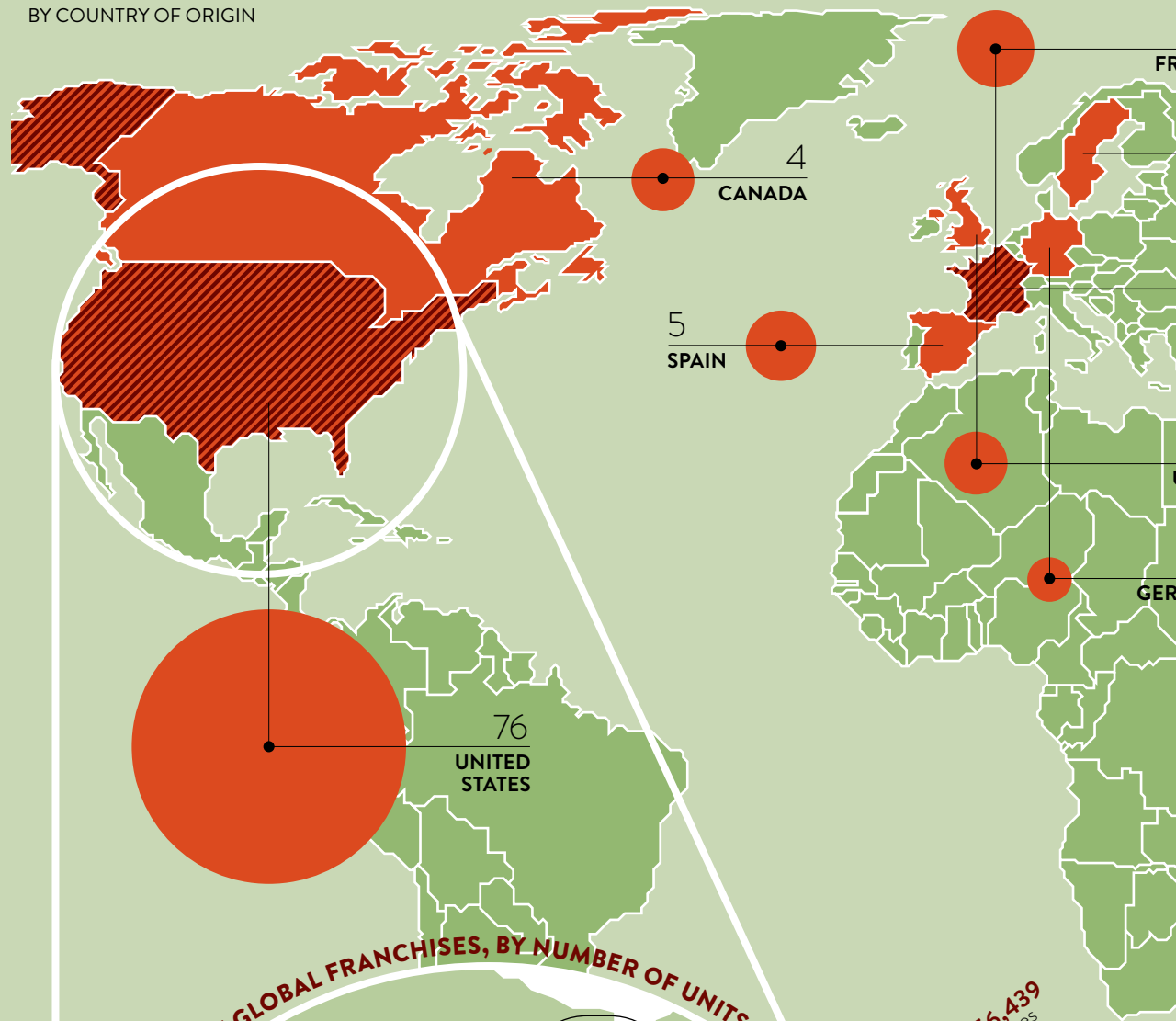
Franchisees are subject to an agreement that requires they commit to a business for a specified period, which can prove difficult to exit early. "Just remember that you're going to sign an agreement to be in business for a minimum of five years so you can't just change your mind if you decide you don't like it. Take time to understand what you want from your business and look for a model that will help you to achieve these goals," advises Ms Law.

"The only way to get out of a franchise is to sell and it can often take a long time to find a suitable buyer," Mr Sawyer adds.

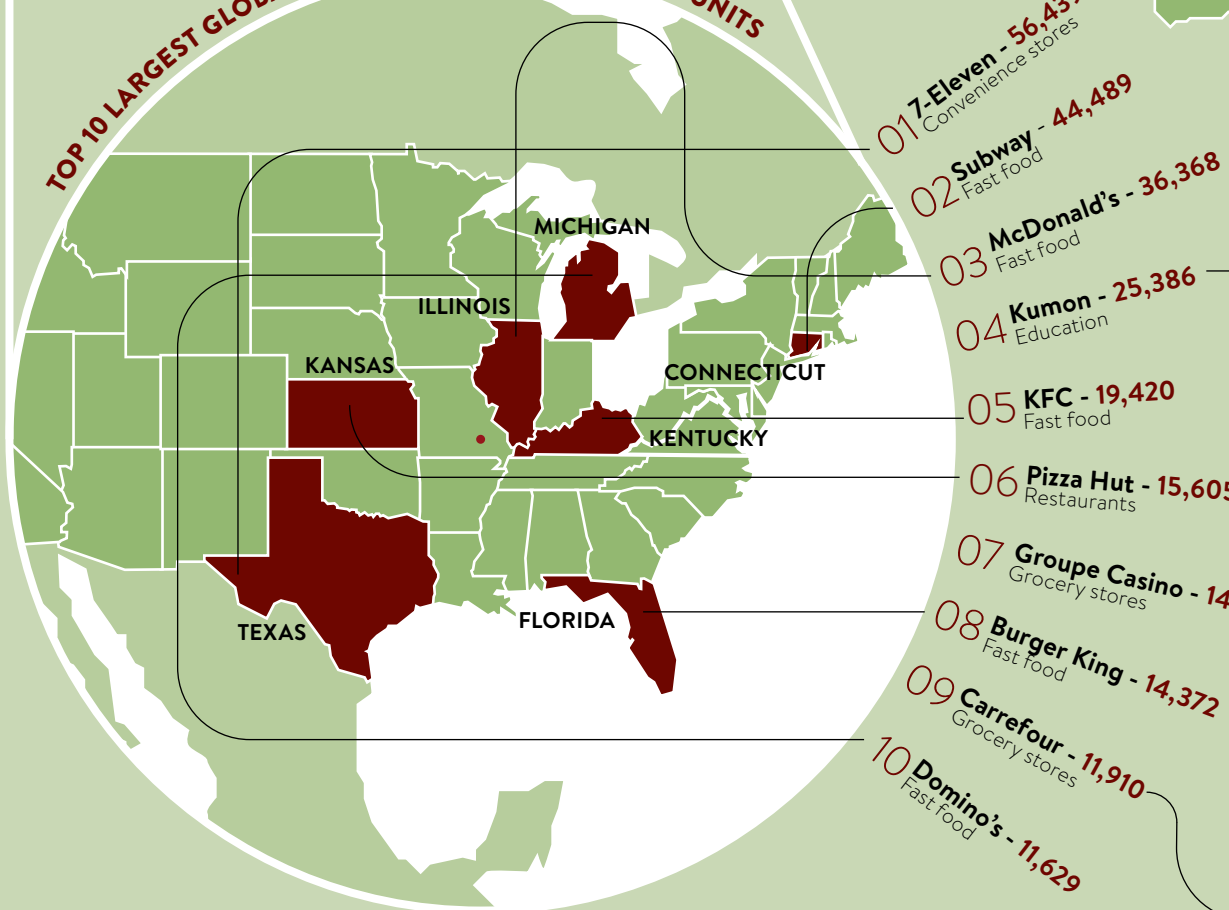
Like the sound of franchising? Now it's time to consider which franchise sector or type of franchise is the most suitable in which to invest.

It is perhaps most important to select a franchise that enables you to pursue your genuine interests. Ben Sole, channel director at Reed Commercial, advises people to consider what their dreams or goals are and then think about the ways in which they can achieve them.

TOP 100 LARGEST GLOBAL FRANCHISES BY COUNTRY OF ORIGIN

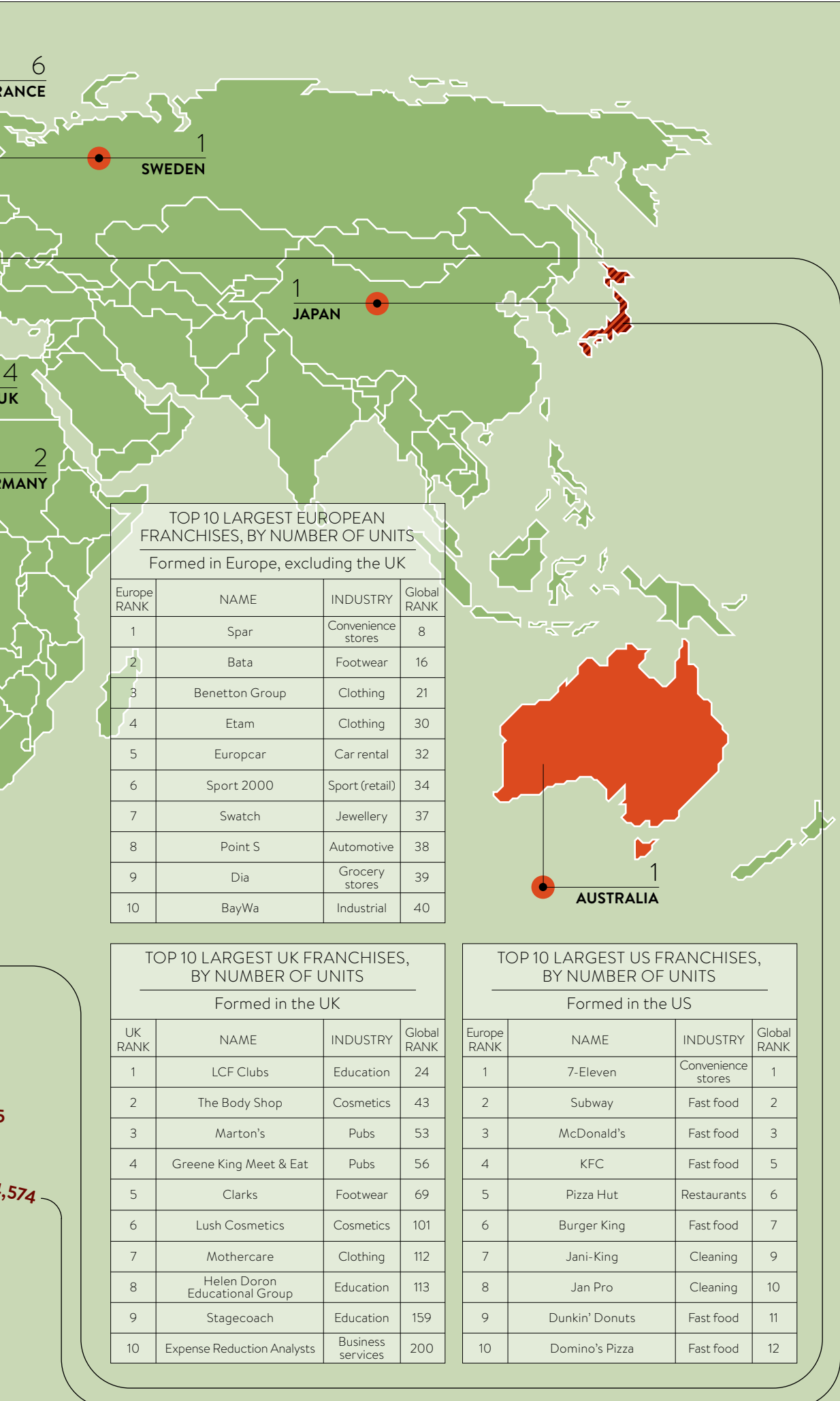


TOP 10 LARGEST GLOBAL FRANCHISES, BY NUMBER OF UNITS

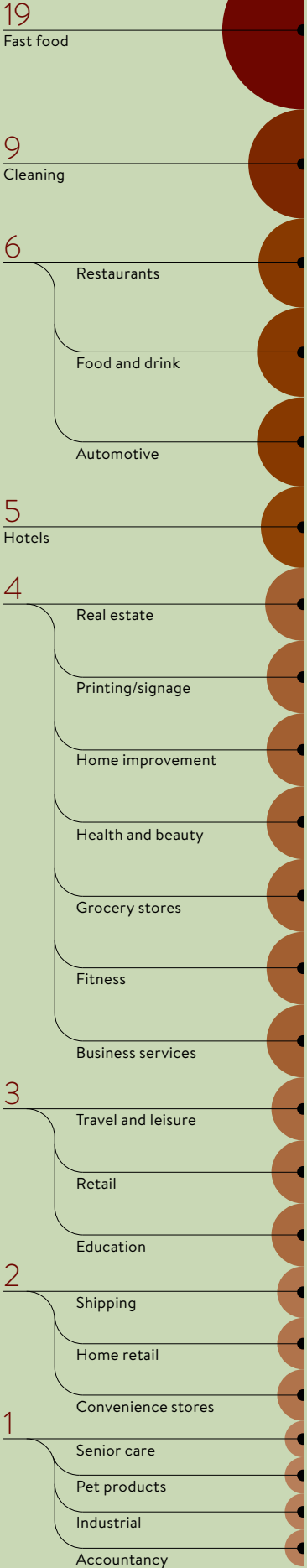


s of investing in a franchise

It could be a life-changing investment



TOP 100 RANKING OF GLOBAL FRANCHISES BY INDUSTRY



"What do you love doing and what do you dislike doing? Use your employment experience and passion, and ask your friends and family when you have been happiest and unhappiest at work. Figure out what you were doing and what you would like to do again," he says.

"What lifestyle will you be working towards achieving? Are you working towards building your wealth, are you leaving a commute behind, do you want to spend more time at home, do you want to spend time producing a product or service and talking to customers? What is your end-game?"

Many franchisors place a high level of importance on personality traits rather than experience, and an interest in both the franchise and sector in which it operates is key.

Ms Law says this is the case at Snap-on-Tools. "Our franchisees come to us from all walks of life, but all share a passion for the brand. So long as you have a great attitude and the motivation, we can teach you all you need to build a profitable, rewarding business."

On the other hand, franchise businesses such as TaxAssist will only accept those with prior experience or qualifications in a particular field. "Franchisees will either be qualified accountants, typically working in the industry as finance directors, financial controllers or management accountants, or come from a banking or financial services background," says Mr Sullivan.

Budget is a key consideration as this will determine the type of franchise in which you can invest. Importantly, it needs to account for ongoing royalties and marketing fees, which will be dependent on the franchise system, as well as working capital.

"When acquiring a franchise you have to plan around the cost of the purchase and working capital to invest in growing your business," says Mr Sole. "Consider what your current expenses are, how you can change them and what you can afford. And remember many franchise systems can help you arrange finance due to the success of their business model."

While it has been mentioned that the franchisor and a company's broader network of franchisees can provide back-up, a personal support network is equally important. "Having that family support for any franchise is critical and we encourage potential franchisees visiting us to bring their partners with them," says Mr Sullivan.

Now that you know what to look out for when it comes to choosing a franchise business, it's time to conduct the relevant research.

How to raise funds to start a franchise

So you’ve decided to set up a franchise business, but how do you raise the money to do it? Help is at hand

FINANCE
LINDA WHITNEY

Buying a franchise may be the biggest financial investment many people ever make. Despite this many do not fully understand the funding options or process and, as a result, may find their business never gets off the ground – or is more likely to fail.

“Most aspiring franchisees are unaware of the potential pitfalls of franchise funding,” says Stuart Walsh, director at franchise funding consultancy Franchise Finance.

Franchises often make funding look easy, but the full investment is not always obvious. Richard Holden, head of franchising at Lloyds Banking Group, says: “There is no standardisation across the franchise media regarding advertised investment levels, which can be confusing. You need to know the likely total investment costs including all equipment and working capital needed. Ask the franchisor for a full breakdown of the investment.”

As well as the initial franchise fee, the total should include working capital to pay the bills for both business and franchisee until the franchise turns sufficient profit, which can take 18 to 24 months.

So what are the funding options? A minority of franchisees use savings, windfalls or redundancy payments. This avoids repayments depleting income, but can be a mistake if it means funding is tight. “Under-capitalisation is one of the biggest reasons businesses fail. In many cases, a few extra thousand in working capital could have saved them,” says Mr Walsh.

The level of working capital required depends partly on the franchisee’s lifestyle. Mr Walsh suggests talking to existing franchisees will indicate the typical working capital required.

Around 60 per cent of franchisees borrow part of the investment. Some use remortgages or personal loans – technically not permitted by banks for funding businesses – or business loans. Alternative sources such as peer-to-peer lender Zopa will consider personal lending to start a business, but interest rates may be higher.

Most franchise funding comes from the franchise lending arms of RBS, NatWest, HSBC, Lloyds or Metrobank. They have established relationships with franchises and franchisees seeking funding will be referred to a partner bank, though they are not obliged to use it.



COMMON FRANCHISEE FUNDING METHODS AND BENEFITS

BUSINESS OVERDRAFT	SMALL BUSINESS LOAN	FLEXIBLE BUSINESS LOAN	ENTERPRISE FINANCE GUARANTEE	COMMERCIAL MORTGAGE	BUSINESS CREDIT CARD
Pay interest only on what you use	Repayments and interest rate fixed for the life of the loan	Choice of fixed or variable rate	Government-backed guarantee for 75 per cent of each qualifying loan	Ability to buy, extend and develop business premises	Separate personal and business spending, and improved cash flow with limited-time interest-free credit

Source: whichfranchise.com

“For an established franchise, most of the major banks will lend up to 70 per cent of the startup costs; for new franchises, the figure will be 50 per cent

So what kinds of deals are available? Cathryn Hayes, British Franchise Association head of business support and former head of franchising at HSBC, says: “For an established franchise, most of the major banks will lend up to 70 per cent of the startup costs; for new franchises, the figure will be 50 per cent.”

The lending process can be complex. “Whether and how much a bank lends depends on factors including its current exposure to a franchise, its track record, the business plan offered by the franchisee and the franchisee’s personal credit history,” says Mr Walsh.

The business plan is critical to funding. Franchisors usually offer business-plan templates to franchisees, but the completed plan must be the work of the franchisee. Dave Lister, director at property

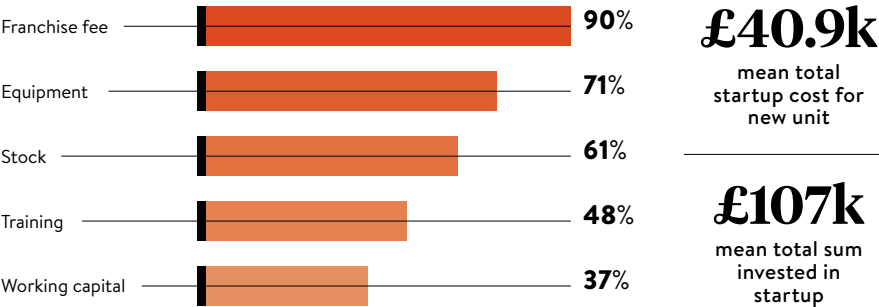
search service franchise X-Press Legal Services, where the total investment is around £45,000, says: “We want to see a business plan before we accept a franchisee and often it must be changed twice before we can accept it. Almost all neglect to include a marketing budget. We welcome prospective franchisees asking for guidance with the plan because it increases their financial understanding.”

Franchise accountants and specialists, such as Franchise Finance, can help franchisees target plans to individual lenders, for a fee. Franchise Finance, for instance, charges a flat rate of £850.

Lending policies and interest rates vary among banks. Mr Walsh warns: “If you are turned down, find out why and if possible rectify the problem before trying elsewhere.”

TYPICAL FINANCIAL CONSIDERATIONS IN STARTING AS A FRANCHISEE

INCIDENCE OF UK FRANCHISORS MAKING THE FOLLOWING CHARGES



Source: bfa 2016

Hawking a proposal round banks generates a credit search each time; numerous searches decrease the chance of success. Mr Lister says: “Check your credit history in advance. All lenders look to see that you make all repayments on time. Ensure the information on your credit file is correct – even a small mistake in your details could mean a refusal.”

Banks also check existing levels of borrowing to avoid irresponsible lending.

For loans above £25,000 to £30,000 security is required, usually in the form of a charge against the borrower’s home, based on the equity in it. This is often lower than borrowers expect. “The banks base the value of the house on what it would fetch as a distress sale, which is less than the market value, so the equity figure is lower,” says Mr Walsh.

Alternatively the government Enterprise Loan Guarantee Scheme will guarantee the bank 75 per cent of the loan, but will add 2 per cent to the loan repayments.

Lease funding can also be used to raise funds against assets. At gym franchise Anytime Fitness, franchisees typically fund the £110,000 investment with a mix of bank lending plus lease financing for equipment.

Ben Black, former accountant to the franchisees and now a franchisee himself, says: “Lease finance means the franchisee pays for the equipment from the money it brings in and payments are tax deductible.” Lease financing is also available to fund gym security systems, IT kit and door access control technology, and Anytime Fitness franchisees are excused the usual 10 per cent deposit because the finance houses know the franchise.

Other forms of finance include the government-funded Start Up Loans scheme which provides access to low-cost unsecured loans.

Funding business expansion for an existing franchise can be easier. Mr Walsh says: “Franchisees should apply to a bank that knows their business, but the bank will still prefer to see the franchisee supply 30 per cent of the funding.”

At Anytime Fitness, general manager Brett Edwards, says: “Franchisees looking for expansion funding may get better rates from banks with six to twelve months’ experience of their business. We are also seeing franchisees form groups so that their fitness clubs enjoy a higher combined capital value and profits, which brings a better deal when borrowing.”

COMMERCIAL FEATURE

SMART WAY TO GET AHEAD IN THE LETTINGS AND SALES BUSINESS

A franchise in the fast-growing lettings and sales markets offers tremendous opportunities for ambitious businesspeople, provided they get the best support and advice, says Belvoir, the UK's leading franchisor in the sector

BELVOIR!

The UK rental market is enjoying a period of strong and sustained growth, presenting opportunities for tenants, landlords and the lettings agents.

According to Belvoir, the country's most highly regarded lettings and estate agency franchise, the average monthly rent recorded in the UK, excluding Northern Ireland, for the fourth quarter of 2015 was £771, an increase of 3.5 per cent on the same quarter in 2014. Meanwhile, despite tax changes introduced by the government, interest in becoming a landlord continues.

Letting agencies are also benefitting from strong demand, with those that have a strong brand image and a reputation for excellent service well positioned to weather any downturn in the market.

Franchising has long been the route to business success in many market sectors, but now a growing number of entrepreneurs and innovative businesspeople are discovering that this tried-and-trusted commercial model can be applied to property with extremely positive results.

Belvoir, which has more than 210 outlets nationwide and has been named Lettings Franchise of the Year in 2010, 2012, 2013, 2014 and 2015, has



seen a significant increase in demand for its franchising opportunities. It has also just been named by the London Stock Exchange as one of the 1,000 companies to inspire Britain.

Franchisees get an established, highly respected brand and all the ongoing support, help and advice

of a team of people who know the property business inside out.

The appeal of Belvoir, which has a 20-year track record of success in the business and now manages more than 37,000 residential properties across the UK, lies in its particular approach to franchising.

"From the very start, our business has been based on an exceptional level of customer service which means that clients are satisfied over the long term and remain loyal," says Mike Goddard, who with his wife Stephanie set up the business in 1995. "Now we take that same approach to our franchisees. Their success is our success."

The Belvoir franchise model offers distinct, practical advantages to those wanting to start out or develop their careers in the property business. It's attracting franchisees because its system is simple, transparent and cost effective. New franchisees pay an upfront fee of £22,500 to cover its intensive training and mentoring programme. An ongoing management service fee of 12 per cent of franchisee revenue is used to run the central office and invest in the business, thereby benefitting all franchisees.

Training is central to Belvoir's success. All new franchisees undertake an induction course that can lead to

a BTEC Level 2 qualification before opening their outlet. Continual professional training and development is provided both at central office and via webinars for those who prefer online training.

“Our franchisees benefit from the back-up and support associated with a large corporate network while operating their own business with the entrepreneurial drive of an owner-manager

Belvoir franchisees also appreciate the high level of individualised support the company offers. Each franchisee has a dedicated business mentor, who works closely with them to develop their business. Further advice and support is available from central office in specialist areas, such as legal, IT, compliance and marketing.

"Our franchisees benefit from the back-up and support associated with a large corporate network

while operating their own business with the entrepreneurial drive of an owner-manager," says Mr Goddard. "This means they will go the extra mile to provide an excellent service to their customers."

Importantly Belvoir is a "capital" and not an "income franchise". So as well as enjoying an income from the business, when franchisees come to sell, the business is valued on a multiplier of turnover rather than profit – a larger amount – thanks to the consistent nature of the income from a lettings portfolio.

Such has been the success of Belvoir's rental business it has just launched a sales division, which is also rapidly attracting interest. Previously franchisees would start with lettings only before acquiring a sales franchise alongside it. Now they can start their Belvoir franchise business with both lettings and sales simultaneously.

"The market is growing and so are the opportunities that it offers, but only if those determined to make a career in it have the necessary support," says Mr Goddard. "I believe that's why more and more ambitious, energetic businesspeople are choosing to work with Belvoir."

www.belvoirfranchise.com



'I SOLD MY BUSINESS FOR £1 MILLION'



Rick Flay launched Belvoir Sheffield in 2006 as a "cold start" in a serviced office. Nine years later he sold his business for £1 million. "The support I received from central office in the beginning was superb," he says.

Mr Flay, who built up the business with the support of his wife Val, had worked in the property sector while living in Australia. Back in the UK, he started looking for

business opportunities and saw a reference to Belvoir in a franchise magazine.

"In just five months I had made my first inquiry to Belvoir, I had completed my induction training and launched Belvoir Sheffield," he says. "At any point, if I needed help in any areas of the business, this was always available to me from various members of the franchise support team at central office."

Dorian Gonsalves, Belvoir's managing director, says: "Rick has also achieved extraordinary profit margins. Adding a sales service in 2014 to their offering was a milestone that supplemented a natural extension to this already thriving property lettings service."

"Now is a very exciting time for anyone who is contemplating joining the Belvoir network, whether this is to launch a cold-start business or to buy an existing one as a resale."

Finding a franchise fit for your lifestyle

Think of franchising and the first businesses that typically spring to mind are fast food chains and cafe bars, but other sectors are ripe for growth using the franchise model. Here are eight of the most promising areas

SECTORS

DAVID BENADY

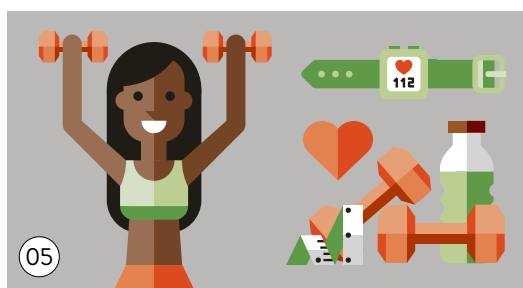
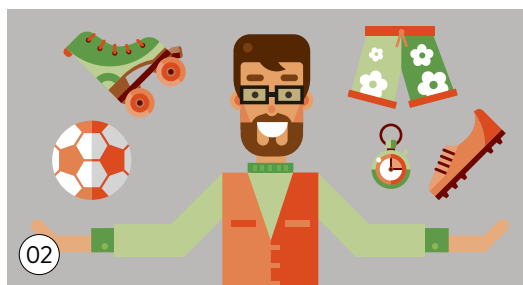


01 HEALTH AND SOCIAL CARE

Caring for the elderly is a huge growth industry as the population ages. Care franchises are helping to meet this demand, looking after people in the comfort of their homes. Franchising suits this sector as the franchisor can oversee the complex compliance needs of this heavily regulated area, while the franchisees can stay close to the local community. For instance, Home Instead Senior Care offers franchises in areas containing 25,000 people over the age of 65, which it says allows franchisees to create a sizeable business generating considerable revenues. Other providers include Caremark, Bluebird Care and Right at Home.

02 CHILDREN'S SERVICES

Keeping kids occupied is a huge challenge for parents. So running activities for preschoolers and organising extra-curricular fun for school-age children is a boom area. Even babies are catered for. Franchise businesses specialising in music, drama, dance, sports and other activities are springing up across the UK. Swimming schools are particularly popular, with franchisors such as Swimtime, Water Babies and Puddle Ducks. Little Kickers offers football training for children between two and four years old, while Stagecoach offers theatrical training. These businesses often attract parents who want to run a franchise while supporting a young family. Other firms in this sector include Monkey Music and Premier Sport.

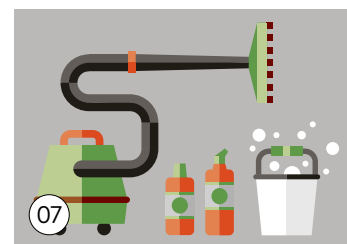


04 PROPERTY

Britain's booming property sector has created a strong market for letting agency franchises and many of these are moving into sales. Large franchise operators such as Belvoir, with more than 150 franchises across the UK, compete with smaller operators. The key to success in this market is creating trusted brands employing people with local knowledge who can build strong relationships. Some franchises in this sector are now publicly listed such as Martin & Co, now listed as The Property Franchise Group. There are also associated markets, for instance for sale board services such as Agency Express and property investment companies like Platinum Property Partners. Other leading estate agent and letting agent firms include Northwood and Reeds Rains.

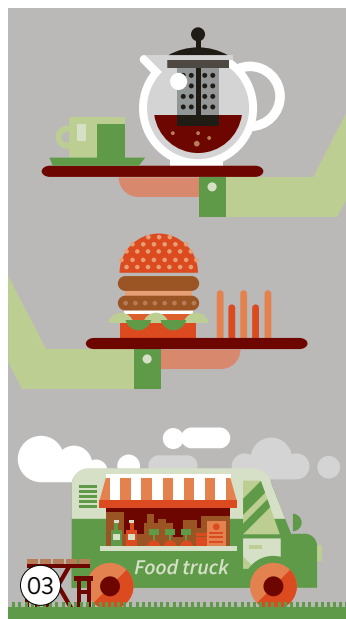
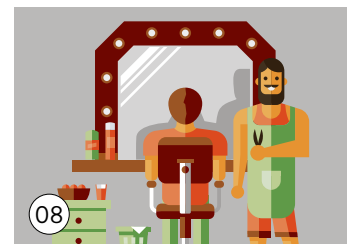
07 CLEANING

Demand for cleaning services have boomed in recent years and have survived the downturn to offer serious business operations for franchisees. From getting the stains out of your sofa to giving your oven a good clean, these services are much in demand from cash-rich, time-poor households. Commercial cleaning services are also on the up. These highly local services have benefited from the franchise model as they are based on relationships with local businesses and households. Leading commercial firms include Minster Cleaning Services, while for domestic cleaning there's Molly Maid, Bright & Beautiful, Oven Wizards and Chem-Dry carpet cleaning.



08 HAIR AND BEAUTY

This is a fast-growing area with new brands frequently launching in the UK. Brand loyalty is very important for consumers in these fields. Franchising allows rapid growth without dilution of quality. Opening company-owned salons everywhere would prove expensive and slower, and franchisees achieve better results because they have a vested interest in the business's success. Leading firms include Toni & Guy, Saks, Rush, Guinot, Francesco Group, No + Vello.



03 FOOD AND DRINK

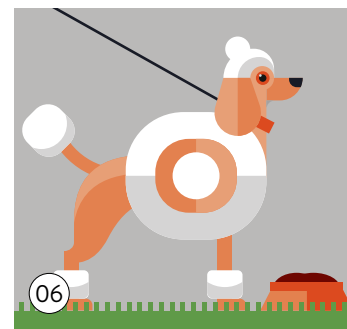
From burgers and pizzas to fine dining and organic food deliveries, there are mouth-watering opportunities for franchises in the food and drink industry. Britain's high streets are crowded with franchises offered by the likes of McDonald's, Subway, Costa Coffee, Harry Ramsden's, Domino's Pizza, Marston's and Papa John's. They have used the franchise model to grow quickly, offering brand recognition and consistent standards. Many of these franchisors encourage multi-site ownership rather than single units, which incentivises franchisees to improve their performance as they can make significant rewards. This can involve a substantial financial investment, though mobile food and vending franchises can be bought at lower costs.

05 FITNESS

Gyms are big business in our health-obsessed society and are an ideal sector for the franchise model. A mixture of homegrown and US brands are expanding across the UK and around the world. Anytime Fitness recently opened its 3,000th international club in the UK. Franchising allows gym businesses to grow more quickly and cost effectively than by buying company-owned sites. Health and fitness appeals to a wide range of franchisees, such as former sports people and athletes, as well as entrepreneurs. Leading firms include Anytime Fitness, Fitness4Less and Energie.

06 PET CARE

The British love their pets and the £5-billion pet care market offers a wide variety of franchising opportunities, covering everything from food, nutrition and training to grooming and holiday care. These franchises will take your dog for a walk, deliver food for a hungry rabbit or look after your cat when you go on holiday. As ever, strong local knowledge and relationships are key to the franchising model in this sector. So a dog holiday business operating in a remote location won't know its customers as well as a local franchisee. Leading firms include Oscar Pet Foods, Barking Mad, Wagging Tails, Dogknows and Petpals.



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OPINION COLUMN

There's something for everyone

The franchise sector is bucking economic trends and outpacing UK recovery with strong and consistent growth

CATHRYN HAYES

Head of business support
British Franchise Association

66 UK franchising has demonstrated strong growth, particularly compared to the relatively slow growth in GDP over the last few years.

Recent figures from the Office for National Statistics show the overall pace of economic growth slowed in 2015, with the annual growth rate running at a modest 2.2 per cent, a decline from the 2014 figure of 2.9 per cent.

With interest rates set to remain low, not many forecasters expect growth to pick up in the near future, although even at these low growth rates, the UK has one of the fastest growing economies.

But there is some way to go before economic growth brings the feel good factor after the squeeze in average wages since the recession, which saw median incomes for employees fall by more than 9 per cent in real terms between 2009 and 2014.

Yet the franchise sector shows a very different picture, one of strong and consistent growth over a long period – no boom or bust here. According to the *British Franchise Association/Nat-West Survey 2015*, the contribution of franchising to the economy is £15.1 billion, up 10 per cent since the previous survey two years ago and an increase of 46 per cent over the past ten years. And franchisees reporting profitability made up a very healthy 97 per cent in 2015, a new record.

More than 621,000 people are employed in franchising – up 70 per cent over the past ten years – one of the key statistics which clearly demonstrates the value of this diverse sector to the economy.

Crossing a wide range of industries, franchising in the UK is not dependent on any one sector, which perhaps goes some way to explaining why it has been so resilient to recessionary pressures, when the wider economy has been challenging.



This remarkable growth has been supported by a number of factors:

- Industry spread – franchising is represented in a wide range of sectors – domiciliary care, fast food, automotive services, children's activities – to name just a few

- Coverage across the whole the UK – not just London and the South East. Excellent growth has been seen in most areas, with the North West and Midlands being particularly strong

- Huge variety in the types of businesses in franchising, from small, home or van-based owner-operator franchises, right up to the multi-unit and multi-brand, major employers who have built big businesses under the franchise umbrella.

So, what next for the thriving franchise sector? Millennials should bring new energy to franchising. Without the long-term careers with one organisation that were available to their parents, they will need to find their own way and will have a different, more energetic outlook perhaps.

Multi-unit franchisees with strong businesses across a number of brands should continue to grow their empires, bringing strong employment opportunities to local areas.

And it is likely that household-name brands will use the franchise model to drive further growth, not just because it involves lower capital outlay, but also because franchisee-owned businesses demonstrate improved customer satisfaction and share of wallet by delivering great service.

Some things won't change; there is still a place for smaller, lifestyle franchises as well as big brands. Van based, home based, retail, owner-operator, management franchise, white collar, business to business or business to consumer – franchising really does have something for everyone.

99



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Support Agency

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The Opportunity

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- ✓ Management Franchise

Testimonial

"I started my Fosse Healthcare franchise in October 2013. We have grown a lot faster than we expected achieving annual sales of £880k in our second year. We're on track for sales of £1.3 million for year three and I now enjoy a very healthy six-figure income. I'm so delighted with my Fosse Healthcare franchise that I've just bought another one!"

Ken Rudge - Fosse Healthcare (Devon) March 2016

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It's the international route to riches

Franchising can be the best way to expand your brand abroad, even if you don't franchise in the UK

INTERNATIONAL
ALEC MARSH

Here's a starter for ten: how much money does UK plc make from its overseas franchise operations? Good question, right? Curiously, that's precisely what the authority on the subject, the British Franchise Association (bfa), said when I asked them. Someone should find out, they suggested.

Fortunately, what the bfa did confirm is that fully 340 brands – 38 per cent of the total that operate franchise models in the UK – also franchise abroad. But that's just icing on the cake.

"There are some really big names here that don't franchise domestically but franchise overseas, such as Debenhams, F&F and French Connection," says the bfa's Paul Stafford. "It's seen as a very good expansion model overseas."

A glance at the Debenhams website will tell you that it has 68 franchised stores in 25 countries worldwide, including Armenia, Pakistan and Malaysia. This compares to the 178 owned stores in the UK, Ireland and Denmark.

Tesco's clothes brand F&F, meanwhile, operates franchised operations in 15 countries and opened its 100th franchised outlet last year in Iceland where it now has five franchised stores. That's since launching the approach in 2012 when it declared: "The franchising model enables Tesco to accelerate the growth of its F&F brand on a much wider scale." Every little helps, as they say.

So lots of very well-known companies across the UK are going international using the franchise route and quietly drawing revenues that surely run to the billions.



"Depending on how the finances and structure are put together, it's possible that some companies could be earning more from overseas franchise outlets than they do from their domestic operations," says franchise consultant Brian Duckett, who has been in the business for 40 years. "I certainly know of one or two big high street names where that's the case."

Lots of very well-known companies across the UK are going international using the franchise route and quietly drawing revenues that surely run to the billions

And they choose a franchising model over going it alone or joint ventures because it's simply a safer bet. "The traditional benefits of franchising are that you're using

somebody else's money and expertise – local knowledge – to grow a business in that market," he says.

For Joel Vertes, head of franchising and licensing at law firm Olswang, the franchise model often offers the logical choice for players looking to broaden their horizons overseas.

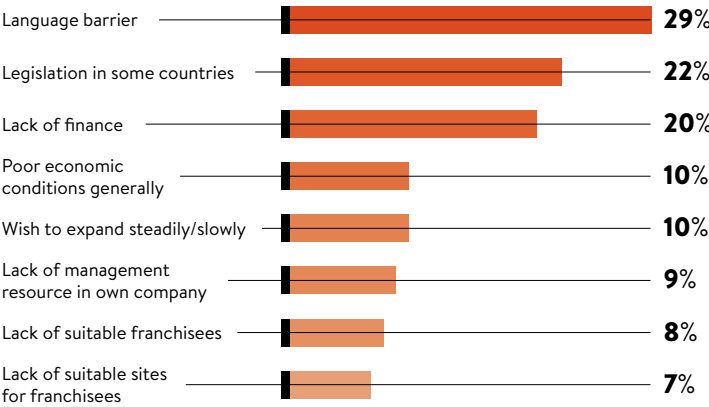
"Franchising is the best model because of the ease in which it facilitates control over your brand, and the usage of your brand and your concept in the local territory, aligned with the benefits you get from having a reputable local partner, who both takes the administrative burden and liability, and can advise you on cultural fit," says Mr Vertes, who has advised luxury fashion names Thomas Pink and Austin Reed as well as the restaurant brand Hakkasan on international franchising. "It's a no-brainer," he says. "You can see why it's becoming such a popular model."

Mr Vertes reports that his firm's Singapore office sees a lot of UK businesses operating in South-East Asia this way, adding: "The world is becoming smaller, people see China and places like South Korea, Indonesia and Malaysia as being really accessible, viable markets."

One well-known British company that has recently embraced the franchising route to access these viable markets is the high street shoe brand Dune International. It now has 80 franchised outlets in 14 countries, including India, the Middle East, Baltic States, South Africa and Philippines, contributing to around 12 per cent of the company's turnover. Most of these were added during the last three years.

"From a strategic point of view, it's a key focus of our business," says Dune's international franchise and wholesale director Ben Jobling, speaking from Dubai where he's presenting the new season product range to franchise store managers. "Critical to our strategy is making sure that the people we work with understand what we are trying to

BARRIERS TO INTERNATIONAL GROWTH FOR UK FRANCHISES



Source: bfa 2016



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- 01 Georgia store of F&F, which recently opened its 100th franchised outlet across 15 countries
- 02 Debenhams has 68 franchised stores across 25 countries, such as this one at Mall of the Emirates in Dubai
- 03 New York franchise store of Dune, which has 80 franchised outlets in 14 countries

achieve and the brand experience, whether it's in Delhi, Dubai or London, because at the end of the day it's our name above the door."

Which is why he's in Dubai talking to staff. "We see them as Dune store managers just as we would our store managers in the UK," he says.

Since Dune began franchising overseas 14 years ago, the growth of social media has made the need for conformity and engagement all the greater across the businesses. As Mr Jobling explains: "We're not at arm's length; we're absolutely involved in the running of our stores in each of the markets we operate."

This means achieving a 50-50 balance in terms of the relationship and recognising that both partners need each other to make the business successful.

So why has Dune overwhelmingly favoured the franchise approach over going it alone, which it has done with two stores in the United States, or via a joint venture, as it has in Switzerland? "We recognised that we're the experts in the brand," says Mr Jobling. But if you want to open shops in India, he asks: "Which real estate agent do you speak to? Where are the best locations in the city? I think it's recognising that some markets are more challenging."

Then there are legal constraints; in many foreign markets it's not permitted to have a wholly owned subsidiary so sole ownership is not on the table. That leaves you with the choice between franchising and joint venture. Here Mr Vertes from

Olswang has some words of advice. "Joint ventures can work, but what happens if the business isn't doing well financially or if somehow the brand experience that your local partner is delivering on the ground isn't to your standard? Extricating yourself from a joint venture arrangement is really much harder because it's not a vertical relationship with you as a franchisor and a franchisee below you; it's a much more parallel, reciprocal relationship, therefore your negotiating position is weaker, potentially," he says.

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The most important way to get international franchising right is to spend enough time making sure you have the right franchise partner

Which is all food for thought. For franchise expert Mr Duckett though, the most important way to get international franchising right is to spend enough time making sure you have the right franchise partner. "You can write a book about that," he cautions. "If you pick the wrong partner, it won't work."

Someone who has written a book on the subject, Susan-Ann Hills,

author of *The Franchise Revolution*, advises would-be international franchisors to consider appointing a single individual as master franchisee in a given overseas territory. That's someone who will grow the franchise in that area and report to you direct. They'll also be able to give you input to finesse the business model as required. "It reduces the headache factor massively and in my opinion is the best way to go by far," she says.

And for Dune's Mr Jobling, partnership is the name of the game. He says that if he can find the right partner, there's no limit to where Dune will take the franchise model. So how does he go about finding that all-important partner, someone he can trust with his treasured brand?

"One of the first things I always do is meet them in the stores and I ask them for their impression of us," he says. "If they pick up on some of the subtle things that we do, that's encouraging because they're already getting to grips with what we're trying to achieve."

The company, Mr Jobling explains, aims to deliver "the Dune experience" in its outlets. "You might not notice this as a customer, but people who really engage with what retail theatre is all about will always spot these things and it's that coming together of like minds which is really important for me in order to start the relationship."

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