



Franchise By Numbers

The complete DIY Guide to the development of a successful franchise network. Please turn page for copyright notice.

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Disclaimer

The information contained in this workbook constitutes the amalgam of many years of accumulated experience of members, associates and staff of Franchising Plus. Any advice given in this work has been tried and tested in the field and is believed to be sound. However, seeing that we have no control over the implementation of the franchise programme, we cannot accept responsibility for any outcomes. We strongly recommend that you seek professional assistance prior to acting on advice given.

This workbook was compiled and edited by Kurt Illetschko.

Contents

Preliminary Information

Copyright notice etc.	ii.
Index of Tables, Illustrations and Worksheets	iv.
Guide to the Supplementary Information	vii.
Foreword	viii.
About the Publishers	x.

Module 1: Introduction and overview

Section 1	Basic Considerations	1-1
Section 2	What is a Franchise?	1-9
Section 3	The Franchise Landscape	1-15
Section 4	Back to Basics	1-21

Module 2: building solid foundations for franchising your business

Section 1	Ironing Out The Wrinkles	2-1
Section 2	The Pilot Operation	2-33
Section 3	Territorial Considerations	2-37
Section 4	The Franchise Development Plan	2-41

Module 3 Financials And Planning

Section 1	Preparations for Franchising your Business - Financial Aspects	3-1
Section 2	How does a franchisor make money	3-5
Section 3	The Franchisor's Business Plan	3-21

Module 4 The Franchise Package - Part 1

Section 1	Overview	4-1
Section 2	The Franchise Support Office Structure	4-11
Section 3	The Operations And Procedures Manual	4-17
Section 4	The Franchise Agreement	4-41
Section 5	The Disclosure Document	4-63

Module 5 The Franchise Package - Part 2

Section 1	Maintain Your Faith In Marketing	5-1
Section 2	Site Selection Criteria	5-13
Section 3	Training	5-19

Module 6 Marketing the Franchise

Section 1	Developing the Franchisee Profile	6-1
Section 2	Helping the Franchisee Find Finance	6-17
Section 3	How to Generate Interest in your Franchise Offer	6-33
Section 4	The Franchisee Selection, Recruitment and Induction Process	6-53

Module 7	How To Meet And Exceed Franchisee	Expectations
-----------------	--	---------------------

Section 1	How to Meet and exceed Franchisee Expectations	7-1
Section 2	The Field Service Consultant	7-17
Section 3	Cementing The Franchise Relationship	7-43
Section 4	Dealing With Problem Franchisees	7-61
Section 5	The Challenge Continues	7-69

Module 8	Appendices And Forms Masters
-----------------	-------------------------------------

Resources	8- 1
Attention getters	8- 2
Financial projections	8- 3
General appendices	8- 9
Forms Masters (arranged alphabetically)	

Tables and illustrations		
---------------------------------	--	--

Table 1- 01	How Pyramid Schemes Work	1-6
Table 1-02	Typical Characteristics Of Various Business Expansion Formats	1-10
Table 1-03	Some Useful Definitions	1-18
Table 1-04	Is My Business Franchiseable? - The 12 Critical Success Factors	1-19
Table 2-01	The Major Benefits Chain	2- 5
Table 2-02	The Swot Analysis	2- 6
Table 2-03	About Intellectual Property Rights	2-19
Table 2-04	How To Develop A Compelling USP On A Shoestring	2-23
Table 2-05	Examples Of Problem Solving Tools	2-30
Table 2-06	Putting The Process Evaluation Wheel To Work	2-32
Table 2-07	A Promising Mix Of Distribution Channels	2-43
Table 3-01	Guidelines for The Drafting Of Your Business Plan	3-26
Table 3-02	Guidelines for The Annual Business Plan Review	3-30
Table 4-01	Typical Components of The Franchise Package	4- 3
Table 4-02	Obligations / Restrictions Placed On Franchisees	4- 8
Table 4-03	The Organisation Chart Of A Growing Franchise Division	4-14
Table 4-04	Job Description - Field Service Consultant	4-15
Table 4-05	The Content Of A Typical Operations & Procedures Manual	4-26
Table 4-06	Operations Manual - Acknowledgement of Receipt (2)	4-35
Table 4-07	Operations Manual - Distribution Control Sheet	4-38
Table 4-08	Secrecy Undertaking	4-73
Table 5-01	The Major Benefit Chain	5- 6
Table 5-02	Initial Training Programme For Franchisee / Key Staff	5-21
Table 5-03	In-store Training Checklist - Franchisee / Key Staff	5-24
Table 5-04	Test: The Franchisee As Acting Manager	5-26
Table 5-05	Ongoing Franchisee Training Programme	5-28

Table 5-06	Effective Training Sessions	5-29
Table 5-07	Typical Retention Rates In Training	5-33
Table 5-08	The Smart Franchisee's Ten Guiding Principles For Training	5-34
Table 5-09	Training Objective: Making And Serving Tea	5-41
Table 5-10	The Four C's Of Written Presentations	5-44
Table 5-11	The Trainer's Toolbox	5-46
Table 5-12	Layouts for Training Rooms	5-48
Table 5-13	Different Types Of People And How To Deal With Them	5-50
Table 6-01	Example of checklist: Franchisee Profile	6- 3
Table 6-02	Franchisees' Core Values	6- 8
Table 6-03	The E-Test: Making Future Franchisee Behaviour Predictable	6-12
Table 6-04	The Low Risk – High Risk Mentality	6-15
Table 6-05	Removing The Mystery Surrounding Bank Finance	6-19
Table 6-06	How To Get The Best Out Of Exhibition Participation	6-39
Table 6-07	Pointers For The Drafting Of A Good Franchise Advertisement	6-46
Table 6-08	What Your Prospects Will Want to Know	6-51
Table 6-09	Franchisee Recruitment, Selection and Induction	6-54
Table 6-10	New Unit: Pre-opening Checklist	6-61
Table 7-01	The Respective Roles of The Franchisor And The Franchisee	7- 2
Table 7-02	Three Basic Types Of Human Relationships in Franchising	7- 3
Table 7-03	The Role Of Technology In Franchisee Support	7-09
Table 7-04	Preparations for The Weekly Planned Phone Call	7-15
Table 7-05	Two-way Flow of Information	7-17
Table 7-06	Principal Responsibilities Of The Field Service Consultant	7-19
Table 7-07	What Makes a good Field Service Consultant?	7-21
Table 7-08	Guidelines for The Field Service Consultant	7-28
Table 7-09	Items to monitor during a Field Visit	7-31
Table 7-10	Franchisee's Financial Performance	7-40
Table 7-11	What to Do - And What not to Do - During a Field Visit	7-41
Table 7-12	Franchisor - Franchisee Relationship Phases	7-44
Table 7-13	The Franchisee Lifecycle Concept	7-45
Table 7-14	The Importance Of Ritual	7-53
Table 7-15	Franchisee In Trouble - Early Warning Signs	7-62
Table 7-16	Sins Of Franchisors Uncovered	7-65
Table 7-17	A Franchisee Experiences Financial Difficulties	7-66

Worksheets

Worksheet 1-01	How To Franchise My Business - Step 1: Fact Finding	1-25
Worksheet 2-01	Where Are We At Present?	2- 3
Worksheet 2-02	Future Development	2- 7
Worksheet 2-03	What If?	2- 9
Worksheet 2-04	Vision Statement	2-10
Worksheet 2-05	Corporate Values	2-11
Worksheet 2-06	Mission Statement For The Franchise Operation	2-12
Worksheet 2-07	Mission Statement For The Core Business	2-13
Worksheet 2-08	Mapping Out Your Tactics	2-15
Worksheet 2-09	Image Audit	2-17
Worksheet 2-10	Formulate Your Unique Selling Proposition (USP)	2-22
Worksheet 2-11	Our Product Range And Supply Channel	2-26
Worksheet 2-12	The Process Evaluation Sheet	2-31
Worksheet 2-13	Effective Delegation	2-35
Worksheet 2-14	Get To Know Your Target Market - Consumers	2-39
Worksheet 2-15	Get To Know Your Target Market - Business To Business	2-40
Worksheet 2-16	Map Out Your Network	2-44
Worksheet 2-17	Checklist and Progress Tracking	2-52
Worksheet 3-01	Franchise Rollout - Projected Number of Units	3- 2
Worksheet 3-02	Estimate of The Initial Costs	3- 4
Worksheet 3-03	Calculation of The Upfront Fee	3- 7
Worksheet 3-04	Guide: How To Calculate The Management Services Fee	3-11
Worksheet 3-05	Financial Projections - Underlying Assumptions	3-17
Worksheet 3-06	Calculating the total ticket value	3-18
Worksheet 3-07	Review of the Financials	3-19
Worksheet 3-08	Additional Information Required For The Business Plan	3-22
Worksheet 4-01	Franchisee Support - Details And Their Cost Implications	4- 6
Worksheet 4-02	Restrictions You Wish To Place On Your Future Franchisees	4-10
Worksheet 4-03	Recruiting The Franchise Support Team	4-16
Worksheet 4-04	Test Your Ability To Write Operational Instructions	4-24
Worksheet 4-05	Operations Manual – Distribution Control Sheet	4-36
Worksheet 4-06	Operations Manual – Version Control Sheet	4-38
Worksheet 4-07	Writing The Operations Manual	4-39
Worksheet 4-08	The Franchise Agreement - Information Your Attorney Requires	4-54
Worksheet 4-09	Required Input for the Compilation of Your Disclosure Document	4-64
Worksheet 5-01	How To Prepare Your Marketing Brief	5- 8
Worksheet 5-02	Guidelines for the Development of Formal Site Selection Criteria	5-16
Worksheet 5-03	Designing A Training Session Involving Theory	5-37
Worksheet 5-04	Designing A Training Session Involving Practical Tasks	5-39

Worksheet 6-01	The Profile Of My Ideal Franchisee	6- 5
Worksheet 6-02	Facilitating Franchisee Finance	6-27
Worksheet 6-03	Planning The Franchise Promotional Campaign	6-43
Worksheet 6-04	Drawing Up Your Franchise Advertisement	6-50
Worksheet 6-05	Are You Ready To Launch Your Franchise?	6-56
Worksheet 7-01	Proposal To Institute New Franchisee Support Service	7-13
Worksheet 7-02	Maximising The Benefits Of Field Visits	7-33
Worksheet 7-03	Bye-laws for the Franchisee Representative Council	7-56
Worksheet 7-04	Poor Franchisee Performance - Pre-assessment Of Known Facts	7-63
Worksheet 7-05	How to Select A Franchise Consultant	7-75

Guide To The Supplementary Information

The download contains the directory named FbN Supplementary Information. In it are 4 sub-directories, namely:

- Cash flow model Self-loading cash flow model produced by Absa Bank
- Forms and letters Computer files of forms masters and letter templates
- Graphics Computer files of icons in jpeg format
- Spreadsheets Excel files (financial projections – franchisor/franchisee)

For ease of use, we recommend that you copy the entire directory.

Foreword

Although franchising has been with us for more than five decades by now, it continues to be seen as a relatively new concept and remains widely misunderstood. While many of its proponents describe franchising as a foolproof route to business success, its detractors hold the opposite view, dismissing franchising as a “flash in the pan” that had been invented solely as a means to part the gullible from their money.

An analysis of franchising’s past reveals that both camps are somewhat off the mark. No serious franchise practitioner will claim that franchising is a magic wand that bestows upon entrepreneurs the ability to build successful mega chains over night. It has been proven beyond doubt, however, that carefully constructed franchise networks will enable the entrepreneur to significantly accelerate the development of his/her business empire and requires a much lower investment than traditional channels of expansion would demand.

Moreover, experience has confirmed that franchised businesses enjoy a much higher success rate than their independent small counterparts. Add to this the fact that a closer examination of the reasons for the demise of those franchised chains that did fail almost always reveals that it is not the concept of franchising that deserves to be blamed but its faulty implementation, and the reasons for franchising’s popularity will become clear. We believe that success in franchising depends on the deliberate implementation of the following steps:

1. Realistic assessment of the status quo;
2. Ruthless implementation of corrective measures where necessary;
3. Painstaking compilation of the franchise package;
4. Establishment of the prescribed franchisee support infrastructure;
5. Step-by-step execution of the franchise project in accordance with a carefully developed franchise business plan.

As the creators of the **Franchise By Numbers**[™] toolkit, we have only one goal: To guide newcomers to franchising in the smooth implementation of their franchise project. Let us remind you, however, that the kit is marketed as a Do-It-Yourself solution, in other words, you are expected to do the work yourself.

It would have been only too easy for us to present you with an ‘off-the-peg’ package; all you would be required to do would be to place your name and logo in the appropriate spaces and – hey presto – you are ready to sell your first franchise. Sounds tempting, but it would not work. Franchising is a very flexible concept. Already, about 75 different industries use it as a vehicle for business expansion and there is no telling where it will end.

Franchising’s adaptability to the needs of widely divergent product and service industries is seen to be amongst its greatest advantages. But this flexibility comes at a price: To be

successful, the concept must be customised to the needs of each franchise, the 'one size fits all' approach is highly unlikely to succeed.

To the best of our knowledge, the Franchise By Numbers™ toolkit remains a world-first in its field and we are mighty proud of its creation. Ever since publishing the first edition more than ten years ago, we have worked hard to keep it up to date. We are convinced that it will help you tremendously in building your franchise, but there is a proviso:

You need to remember the old saying: "You can take the horse to water, but you can't make him drink." This is a **workbook**, not a novel that can be read at leisure, then put on a bookshelf and forgotten. It is no coincidence that in the previous sentence, the first half of the word 'workbook' has been printed in bold letters. We have done this to alert you to the fact that to obtain the best possible results, you will need to work extremely hard.

We advise you to follow our guidelines to the letter and complete each suggested exercise. Every item in this kit has been incorporated for a reason; even if the one or other exercise may seem irrelevant at first, we urge you to complete it anyway. This will ensure that you haven't overlooked anything!

To help maintain your interest level at a constant high throughout the programme, we have kept theory to an absolute minimum. Except for the introductory section, which provides you with essential basics and by its very nature calls for some lengthy explanations, short descriptions of each new concept are linked to tables, worksheets or practical examples that have been carefully selected to guide you step-by-step in the practical implementation of cutting-edge techniques in franchising.

Hands-on assistance, if required, is available from Franchising Plus. Here's hoping that you'll enjoy working through this programme and, in addition to wishing you Good Luck, we urge you to remember that assistance is only a phone call away.

The Franchising Plus Team

July 2016

About the Publisher

Franchising Plus is a business consultancy that specialises in assisting businesses to expand their distribution networks within South Africa's borders and beyond. Above all, we help to identify, create and implement the expansion mechanisms that best suit our clients' business needs. In so doing, we strive at all times to help our clients maximise the success and profitability of their businesses.

Clients of Franchising Plus have at their disposal some of South Africa's foremost franchise practitioners. As South Africa's leading franchise consultancy, we are able to offer an extensive range of services that are widely considered to be prerequisites for success in franchising. These services include but are not limited to the following:

- Business evaluation and strategic planning;
- Help with the setting-up of one or more pilots;
- The development of all elements of the franchise package;
- The design of effective management and financial control systems;
- The Drafting of all necessary documentation:
 - ◆ Operations and procedures manual;
 - ◆ Disclosure document;
 - ◆ Franchise agreement;
- Guidance throughout the implementation phase of the initial franchise programme;
- Training of the franchisor's staff and franchisees in aspects of franchising, marketing and business management;
- Inwards/outwards facilitation of master franchise opportunities.

FASA Membership



Franchising Plus is an Affiliate Member of the Franchise Association of South Africa in good standing since 1995 and fully subscribes to the high ethical standards this membership stands for.