



Ready to Franchise?
CHECKLIST

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Introduction

This document is split into TWO parts:

1. The first is a **bare** ‘Ready to Franchise’ checklist for you to tick-off against.
2. The second gives **detailed information and franchising insight to help you** consider every item on the checklist.

Contact us for further help with franchising.

We offer a free initial consultation in which we’ll examine your plans and give you good advice with no cost and no strings. We’d rather start a rewarding relationship with you instead of boring you by just trying to sell our services! And, when you’re ready, we can create franchise manuals, documents and training for you in simple and affordable ways.

Get in touch anytime at www.manualwriters.co.uk if you’d like help or just want some free objective advice.



Ready to Franchise? - Checklist.

It is better to satisfy every item on this checklist **before** you start franchising because your future franchise will then be more robust and more attractive to franchisees.

See the next pages for detailed advice on completing this checklist.

Ready to Franchise? - Checklist	
Item	✓
Franchise Development Project	
Adequate budget?	
Franchise & Manual Writing Professionals?	
Legal Professionals?	
Business characteristics	
Proven concept?	
Niche or not?	
Easy to duplicate?	
Easily learned?	
Proven profitability & cashflow?	
Support infrastructure?	
Proven marketing?	
Proven longevity?	
Can meet BFA code of ethics?	
Proof of results	
Working business?	
Successful 'arms-length' pilot(s)?	
Testimonial available?	
Operational Elements	
Procedures work?	
Suppliers arranged?	
Regulations covered? / Our liability removed?	
Training in place?	
Setup assistance planned?	
Research	
Franchise industry? / Franchising in your sector?	
Pool of prospects?	
Competing Franchises?	
Potential in regional markets? / How to split territories?	
Franchisee funding?	

Advice to help you complete our ‘Ready to Franchise?’ checklist

The table below gives information and insight that will help you consider if you’re ready to franchise and to complete every element on the checklist.

Item	What you’re aiming for	✓
Franchise Development Project		
Adequate budget	<p>You need a decent budget to develop your franchise BEFORE offering it for sale. Professionals are worth investing in because they’ll save you grief and money in the long run. But even if you do everything in-house, you’ll still need to cover staff time, lost productivity (of staff engaged in the franchise), research, design and legal costs, the cost of trial and error and initial marketing etc. Allocate at least £25k.</p> <p>NB: Your budget MUST cover the full cost of developing a good franchise system BEFORE ANY REVENUE from franchise sales. In 20+ years we’ve been involved in franchising, no one has <u>ever</u> gone on to be successful who needed cash from franchisees before they could afford to complete their franchise system.</p>	
Franchise & Manual Writing Professionals	<p>Seriously consider talking with franchise professionals, like us, before starting any franchise development – a bit of free advice might save you £thousands!</p> <p>We offer a free initial consultation in which we’ll examine your plans and give you good advice with no cost and no strings. We’d rather start a rewarding relationship with you instead of boring you by just trying to sell our services! So, get in touch today.</p>	
Legal Professionals	<p>If you don’t have a solicitor in place, shop around for a qualified specialist and talk to them before you start. A good franchise solicitor will better protect you, your franchisees and your business with an up to date agreement and will stand by you should you ever need to defend it.</p> <p>NB: Don’t order a franchise agreement until you’ve completed your franchise system, documentation and manuals. To do a proper job, solicitors need to consider them in the contract. Using a solicitor too early will make your agreement less relevant and can put you at risk. Never use an ‘off the shelf’ agreement.</p>	
Business characteristics		
Proven concept?	<p>It’s unfair and dangerous to base a franchise on a business or idea that isn’t yet successful or tested. Franchisees can invest their lifetimes savings joining a franchise, so deserve something that works – you can’t use them as ‘guinea pigs’. It’s better to prove your business and fix any problems BEFORE franchising otherwise things will just get worse with every franchise you sell. Waiting to prove things first will make your future franchise more robust and successful.</p> <p>(Some organisations worry that unless they get their franchise out quickly, their ‘big idea’ will be stolen and others will beat them to it. But the truth is, most concepts that are launched before they’re ready fail anyway, making it MORE likely that a competitor will take over).</p>	
Niche or not?	<p>It’s a myth that you need to operate in a niche to be successful in franchising (coffee shops, fast food and cleaning franchises belie that fallacy!). BUT you must still be DISTINCT in a market with high enough returns and high enough bars to entry, so that franchisees want to join you instead of just copying your concept.</p> <p>(E.g. it’s easy and cheap to set up a burger van without help, so there’s not much of a market for burger-van franchises).</p>	



Item	What you're aiming for	✓
<p>Easy to duplicate?</p>	<p>Franchisees buy into franchises in the hope that setup and operations will be easier and more successful (than starting alone) because you provide them with formats and systems to make copying your proven business feasible. <i>This will only be true if:</i></p> <ul style="list-style-type: none"> • Your business would work successfully in enough locations that franchising's worthwhile. (E.g. Coffeeshops might fit anywhere with a population, but commercial ship-repair would be limited to a few major ports). • Your business doesn't rely on a place or personality. I.e. if customers only come to see you (e.g. you're a celebrity) or your unique premises (e.g. the Liverpool Cavern Club), it would be difficult for others to copy your business successfully. • Set-up is simplified. I.e. you can either setup new units for franchisees (for a fee) or nominate national contractors and equipment suppliers to help. • Operations are systematised – in a decent set of manuals and training. • The business is easily learned – (see below). • You can arrange supply to all locations. I.e. you or your main suppliers can deliver nationally or be substituted by local suppliers. • The initial investment is within reason. It's true that some successful franchises require investments over £1m, but higher entry costs make it more difficult to find suitable franchisees. Once initial investment passes £2m, you should probably consider alternatives alongside franchising. 	
<p>Easily learned?</p>	<p><i>For your business to be easily learned:</i></p> <ul style="list-style-type: none"> • You must be willing to share some of your operational 'secrets' with franchisees. • You must have training in place or can develop it. (We can help). • You must spend enough time training and mentoring franchisees. • You need to provide hands-on training in a pilot or at franchisee premises. • There must be enough prospects out there with the right skills. Businesses that need no special skills to replicate (just capable dedicated franchisees) often fare better than others needing very specific technical skills. (E.g. most prospects can learn to pull a coffee, fewer can learn laser eye surgery). 	
<p>Proven profitability & cashflow?</p>	<p>There must be enough profit in your business to satisfy you and franchisees. Franchisees need an income to survive and an eventual return on investment, so will want to see proven profits in your accounts. And you need income to feed your franchisee support infrastructure and to get a return on your investment into franchising.</p> <p>You must also carefully model profitability forecasts on the way you expect your franchise to work and not only on your existing business. I.e. your franchisees may not work in entirely the same way you do; franchisees must pay you fees; franchisees are funded differently; your franchise head-office needs to be self-supporting as a separate profit centre; and you need to cover the cost of promoting the franchise, etc.</p> <p>E.g. Let's say you sell cookies and enjoy good profits because you own the shop, staff it with your family and margins are good on basic ingredients like flour and eggs. It would be misleading to suggest franchisees can be as profitable if they must pay a high-street rent, employ staff, buy readymade frozen cookie dough from you with less potential margin and pay you fees based on their turnover.</p> <p>Cashflow is also very important. Most franchisees only budget 6-months' working capital, so need to get cash in as quickly as possible. This leads to what we call the '<i>seven-month itch</i>' because more franchisees give up or become disheartened in their 7th month than at any other time.</p> <p>You need to ensure franchisees can survive cash flows by (E.g.) insisting they budget more working capital; providing good credit control; automating payments; using factoring or invoice-discounting; etc. Don't assume franchisees will do okay just because you don't have a problem with cashflow – your business is mature; they must start from scratch.</p>	



Item	What you're aiming for	✓
Support infrastructure?	<p>Successful franchises offer excellent support. Full stop. There are no shortcuts here – franchisees buy franchises because they want the security of a proven business and good support. Even the most capable franchisees need good training and support during setup and expect excellent resources from head office, irrespective of how many support visits they may or may not need.</p> <p>To be successful in franchising, you must be able and willing to create a good support infrastructure. You don't need to create a new support office and team all at once, you can use existing staff to serve the first franchisees, but you must plan to dedicate enough resources and time to look after franchisees properly and follow a clear structure of support (that you set out in your franchise manuals).</p> <p>You can only create a profitable sustainable franchise if franchisees will do well because they're properly mentored, systems work, network-wide standards are maintained, and relationships are good between franchisees and your support team.</p>	
Proven marketing?	<p>Bear in mind that franchisees will need to promote your business in a new territory from scratch, so you need to have marketing in place that is proven to work.</p> <p>You may need to develop new marketing materials and promotional methods if, for example, your current business is mature and gets most of its business from existing customers and word of mouth.</p>	
Proven longevity?	<p>The longer you've been successfully in business, the more attractive your franchise will be to prospective franchisees.</p> <p>There's no hard and fast rule here, but prospects generally feel more comfortable looking at franchises that are based on businesses with at least 3-year's profitable trading history. And, however well you're doing today, you shouldn't even consider franchising before achieving a full year of accounts that show a profit.</p>	
Can meet BFA code of ethics?	<p>You can get a copy of a guide to the latest BFA code of ethics from their website (https://thebfa.microsoftcrmpartals.com/shop/). Prospects might consider your future franchise against the BFA code of ethics, so it's sensible to check what you need to do to measure up before you start franchising.</p>	
Proof of results		
Working business?	<p>Prospective franchisees will, at the very least, expect to see a working business and accounts on which your franchise is based.</p> <p>You cannot successfully franchise an untested idea. If you haven't put your idea into practice yet, think of ways to set it up and start testing it, as soon as possible – even if you do so at a smaller scale than is ultimately intended.</p> <p>Established business should also consider what their premises would look like to future prospective franchisees and refurbish as necessary. (You can't show franchisees outdated premises and equipment and expect them to imagine theirs will be better). E.g.:</p> <ul style="list-style-type: none"> • Does your existing business and premises reflect the image you want? • Does it operate in a similar way to the intended franchise model? • Do you offer the same products and services? • Is the fitout the same standard as expected of franchisees? • Are branding, signage and marketing good quality and will you use the same in the franchise? • Do your premises need any refurbishment? • Have you access to a good meeting space? • Etc. 	



Item	What you're aiming for	✓
Successful 'arms-length' pilot(s)?	<p>A 'pilot' is a working version of your business that is set up to run the same way you want future franchisees to. They may be set in an existing branch or a new unit.</p> <p>To be the best test of your franchise model, a pilot should be operated at 'arms-length' – i.e. staff run it semi-autonomously with guidance, standards and monitoring from head office but not direct management. To make the test even more authentic, pilots are often set up with profit-sharing or in partnership.</p> <p>Pilots must use (at least an early version of) the same branding, procedures, systems, marketing, products and services, pricing and margins, fees, equipment, premises, fitout, reporting, support, inspections, etc., that you intend to roll out in the franchise.</p> <p>Admittedly, many franchises do start on the strength of just one existing unit and without pilots. But you'll attract more franchisees and your business will be more robust if you can demonstrate both a successful original business and pilots that prove your franchise format works.</p>	
Testimonial available?	<p>Franchise prospects are more likely to believe what others say about you, than what you say about yourself.</p> <p>Start collecting testimonial and references from customers, staff, suppliers, pilots (and then your first franchisees) to show to prospects in the future.</p>	
Operational Elements		
Procedures work?	<p>Every procedure that's going to be used in your future franchise and detailed in franchise training and franchise manuals must work well.</p> <p>If they don't, you'll simply magnify problems with every franchise you sell and end up in a mess trying to fix the same things all over the country whilst dealing with unhappy franchisees.</p> <p>So, it's better to:</p> <ul style="list-style-type: none"> • Examine everything you do, observe processes and get feedback from your team. • Reinforce, revise or reinvent any procedure that needs improving. • Then test those new procedures again. • Ensure procedures are split into simple understandable steps. • Write them up clearly in operations manuals (on which you will base your future franchise manuals and training). <p>It also pays to get objective advice from professionals, like us, on how you could improve performance and processes against current best practice in your industry, changing regulations, your competitors, franchisee expectations, franchise governance, etc.</p>	



Item	What you're aiming for	✓
Suppliers arranged?	<p>If you intend to franchise outside your immediate area, you will need to work out how to supply future franchisees across the country. There are several considerations here:</p> <ul style="list-style-type: none"> • Which of your suppliers offer good national coverage and service? • Can smaller suppliers grow with you? • How secure is your relationship with suppliers? I.e. if any supplier is fundamental to the uninterrupted operation of your business, you must secure a good continuing relationship with them (and perhaps seek exclusivity and service-level guarantees). • Can you secure alternative suppliers? I.e. For the security of your business and its future franchisees, it's worth seeking out alternative suppliers that you are ready to switch to if an existing supplier lets you down. • What will you supply directly? E.g. many franchises supply small consumables, marketing and uniforms from head office (to get bulk deals); a food franchise might want to supply their 'secret sauce' ready-made instead of giving franchisees the recipe; a retailer may only want franchisees to take their own brand; a temps-recruitment franchise might want franchisees to use their payroll service instead of another; etc. • Can logistics be put in place for direct supplies? I.e. if you intend to supply future franchisees directly, you must plan how you will serve them effectively AND should examine the feasibility, profitability and sustainability of doing so. • Should future franchisees use certain supplies or suppliers? I.e. If a certain supply is fundamental to the quality, standards or economies of scale of your business, it's best to insist future franchisees use nominated suppliers and specifications for those items (assuming they can deliver nationally). • Can you get better deals for your future franchise? I.e. If a supplier will give you a significantly better deal (and or service) to serve all future franchisees, it might be worth insisting everyone use them. • Will you allow any local supplies? And if so, do you want to be involved in selection, testing, deals, procurement processes, service levels, authorisation, etc. (You may wish to be more involved in selecting local suppliers of any key items that you can't serve nationally than with generic consumables). 	
<p>Regulations covered?</p> <p>Our liability removed?</p>	<p>Find professional services to protect you from any liability in terms of the legal compliance of your future franchisees.</p> <p>You must never instruct franchisees in legal compliance because you don't want to be liable for it. At the same time, you don't want franchisees to be blind to their responsibilities and best practice under employment, accountancy, taxation and health & safety (etc.) regulations.</p> <p>Solve this problem by finding and then nominating third-party professionals that franchisees must use for training, policies and support in those areas.</p> <p>Companies like NatWest Mentor, Citation, Peninsula, Croner and many others (<i>none related to us and none a recommendation</i>) provide documentation, support, updates, 24/7 advice and insurance on employment, health and safety and other regulations.</p>	
Training in place?	<p>Future franchisees need decent training when they start (franchisee induction training and staff induction training) and good ongoing training (top-up, specific skills, performance drives, new products & services, business coaching, CPD, etc.) to be successful.</p> <p>Good training can only help improve your existing business anyway, so create comprehensive in-house training now and adapt it later for franchising.</p> <p>Your future franchise will be more robust if you develop and test training in your existing business and refine it before you start franchising.</p> <p>We can develop training for you.</p>	



Item	What you're aiming for	✓
<p>Setup assistance planned?</p>	<p>All future franchisees must set up their new units in exactly the way you want to meet your standards, preserve your brand image and have the best chance for success.</p> <p><u>So, you need to start thinking of ways to ensure this:</u></p> <ul style="list-style-type: none"> • Premises (if applicable): <ul style="list-style-type: none"> ○ Will you provide premises that franchisees lease from you? (Most franchises don't, for good reason). ○ Will you ask franchisees to find their own premises? If so, you should provide search criteria, checklists, shortlisting processes, visits and an authorisation process before allowing a franchisee to sign a lease. ○ Will you nominate commercial property search agents? (Useful for premium locations and larger premises). ○ Will you be involved in lease negotiations? • Design, building works and fitout (if applicable): <ul style="list-style-type: none"> ○ Will you offer completely 'turnkey' setup (for a fee and costs) or just assist franchisees with their own set up? ○ Must franchisees use a national architect/designer, or will you provide criteria and an approval process so they can use their own? ○ Will you review and authorise plans before works? ○ Will you nominate national contractors/fitters (which may be third-parties or your own team) or provide a selection and approval process for franchisees to use their own? ○ Will you provide fixtures and fittings directly, assist with their purchase from nominated suppliers, or allow franchisees to buy locally against pre-agreed criteria? ○ What equipment suppliers and fitters will you nominate? ○ How will franchisees get initial stock and consumables? ○ Will you assist with project management? ○ Do you need to sign-off before a new unit can start trading? • Mobile and home-based businesses (if applicable): <ul style="list-style-type: none"> ○ Will you provide the van and tools or home-office equipment etc. in a 'turnkey package'? ○ Do you have any special requirements for the design or fittings used in home-storage areas/garages, lockups or home offices? • Launch: <ul style="list-style-type: none"> ○ Will you assist in staff recruitment, in-unit training, snagging, soft-launches etc? ○ Will you provide launch marketing in the franchise package? ○ Will you send a head office team to mentor the franchisee and their staff in their first period of training? <p>It's important to consider these things now.</p> <p>You need to know if your business is ready to support the setup of new units before you start franchising because many of the above elements take time to put in place.</p>	



Item	What you're aiming for	✓
Research		
<p>Franchise industry?</p> <p>Franchising in your sector?</p>	<p>To be successful in franchising, you need to be aware of current costs, best practices, status, performance, norms, behaviours, pitfalls, competition and franchisee expectations (etc.) in the industry. Professionals, like us, can help you set up a more robust, sustainable and successful franchise because we know all this and are familiar with your competition.</p> <p>But if you intend to create a franchise without using professionals, you should at least research the industry to develop some of the insight we would bring. Good places to start (on top of hours of desk-research you must put in on 'Google') are:</p> <ul style="list-style-type: none"> • Talk to franchise professionals who offer a free initial consultation (like we do). • Buy and study copies of the latest research in your sector (admittedly, these can be expensive and are easier to find for popular industries such as coffee shops, fast-food, recruitment, estate agency and domiciliary care etc. than for others). • Study the BFA website at www.thebfa.org • Talk to the franchise department of your high-street bank. • Speak to people at national franchise exhibitions. • Study the latest BFA/NatWest Franchise Survey (available from their shop at https://thebfa.microsoftcrmpartals.com/shop/) 	
<p>Pool of prospects?</p>	<p>There is a relatively large but FINITE number of people who are already looking to buy a franchise. Before franchising, you should examine how large that pool is likely to be for your business by looking at the growth rate (new units opened each year) of others in your sector and talking to those who broker or promote franchises.</p> <p>To increase your potential beyond the existing pool of people looking at franchising, you should also consider ways to successfully approach people working for others in your industry who might be interested in setting up their own businesses (but haven't considered franchising yet).</p> <p>Some franchisors recruit additional franchisees by approaching small businesses in their sector that might want to convert to become part of a franchise (because they believe they'd do better with a national brand behind them). Well-known American coffee shop and sandwich brands have expanded like this.</p> <p>You shouldn't develop a franchise before you're sure there's a market of potential franchisees for it.</p>	
<p>Competing Franchises?</p>	<p>You can't position your future franchise (set its price, fees, what's included etc.) to compete favourably with others in your sector, unless you find out what they're offering. AND you can't test the feasibility of your franchise plans without knowing what income you can reasonably expect from that positioning. So, you need to find out about your competitors BEFORE you start franchising.</p> <p>Franchisors reveal different levels of public information (before you apply to them) but the key facts are out there:</p> <ul style="list-style-type: none"> • Using Google and online franchise-promotion portals you can usually find the history, current number of franchisees, initial investment, joining fees and initial package of competing franchises. You may need to poke around a little more to find ongoing fee percentages or performance claims. • You can apply to competing franchises for a prospectus and explore more of what they offer – but try not to waste too much of their time – the franchise industry is fairly close knit and it's better not to abuse the goodwill of other players who may be willing to help you in the future. • If you know any franchisees of competitors, talk to them about their experiences. 	



Item	What you're aiming for	✓
<p>Potential in regional markets?</p> <p>How to split territories?</p>	<p>Even if you believe your business will work anywhere in the country, it's still worth researching regional markets to discover the areas, towns or cities where it might work best. You need to be sure of your market and where to focus your franchisee recruitment efforts, before you start franchising.</p> <p>Your future franchise will get a better start if your first franchisees setup in locations with greater demand for your products or services – and will want to know where those are.</p> <p>You also need to plan how you'll split the country into individual franchise territories that are fair and give every franchisee a similar sized target market to go after.</p> <p>Consider the following (and more) in different locations:</p> <ul style="list-style-type: none"> • Population make-up: Are most of your customers from one group (e.g. age, gender, ethnicity, level of education, occupation, business type, income-level, segment, household, etc.)? Where is that group larger? • Average income: How do locations compare in their spending power and how does that affect your business? • Home ownership: E.g. If your business offers home-improvement products and services, franchisees need to be in areas with greater private ownership. • Population density: Does your business rely on a concentrated local population? • High-street footfall: If your business relies on passing trade (e.g. a city-centre retailer), which locations are busier? (Some towns have high population density but dwindling high street trade because people shop online or out of town). • Passing traffic: E.g. a drive-through coffeeshop might do well in a location with a high volume of vehicle traffic on a major route, even if population density is low in the immediate area. • Transport network/roads: Customers need to be able to get to you if you are premises-based. If your business is mobile, you need to get to as many customers as possible easily and in the shortest distance. (NB: You might map two territories with the same population but, on closer inspection, find that one is urban and the other spread over a large area served only by B-roads, which might mean it has less potential for your type of business). • Catchment area: Some businesses need to draw customers from a wider area (E.g. amusement parks, conference venues, consultancy services, etc.). In that case you need to consider not only the immediate vicinity but the potential of a region. • Staffing: Some locations might hold a large target market of customers but fewer of the sort of staff you need (or it's difficult for staff to travel in the area). • Economic trends: which locations are up and coming and which are in decline? 	
<p>Franchisee funding?</p>	<p>Around 60% of all franchisees borrow money (most from high-street banks) to fund (50%-70%) of their initial investment in a franchise.</p> <p>So, before you start franchising, you must talk to banks, financiers and facilitators to check if your future franchisees are likely to get a loan (because you won't sign-up enough franchisees if they can't).</p> <p>You must fix everything that banks tell you might impede their lending (if you can), before offering the franchise.</p> <p>Their worries will typically revolve around available accounts, profitability, proof of concept, longevity, trends in your sector and whether you've had professional help to develop a robust franchise system, franchise manual and agreement.</p>	



Get in Touch/ Ways We Can Help

See our **Franchising Guides** at www.manualwriters.co.uk/franchising-guides or get in touch with us at www.manualwriters.co.uk/contact-us for help developing your franchise **and much more:**

Operations Manuals

Because our manuals explain every task in your operation step by step and are written bespoke - we can use the 'language' of your brand to create manuals that are easy to follow and that your Team actually use. And we manage the whole process and write everything for you.

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New Procedures for Brexit

To remain successful, your business must adapt for Brexit (even if you don't trade in Europe). Let us develop the new procedures and manuals you need to stay ahead, leaving your team free to concentrate on your success post-Brexit.

[See how we can help you plan and adapt for Brexit>>](#)

Review of Existing Manuals

Existing manuals become less useful (even dangerous) without regular review - as they won't detail changes to procedures and may contain/omit policies contrary to law. We review manuals, manage changes, write updates and help introduce new versions to your Team or franchisees.

[Learn about or manual reviews and updating>>](#)

Consultancy

We have served clients in all sectors at all stages of development and have the experience to advise you on performance and improvement, Standard Operating Procedures (SOPs), best practices, growth, organisational structures, change management and more.

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With over 20 years' experience serving franchises in all sectors, our franchise manuals reinforce relationships with franchisees, protect your brand and provide clear step-by-step guides for franchisee (and head office) operations to a high standard.

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Good training is imperative to support your manuals. We create engaging programmes that your Team will enjoy and your business (or franchise) will profit from - and can deliver them too.

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Because we have many years' experience developing operations manuals and writing up clear step by step procedures - we can also create detailed user manuals and instruction books for you that your customers will find easy to follow.

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For a quality manual that's ready on time, it's usually better (and often more cost effective) to use professional manual-writers instead of trying to write manuals yourself. But if you are set on giving it a go - have a look at our expanding selection of online guides and templates.

[Online guides and templates \(NEW\)>>](#)