

FREE TIPS AND INFORMATION:

What is Franchising?

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Franchising is a business model that is classified as a 'Structured Business Format' (SBF). Other SBF type businesses are: Direct Selling, Licensing and Distribution/Dealerships.

A simple definition of franchising is where a business (the franchisor) allows a third party (the franchisee) to replicate its business format in exchange for upfront and ongoing fees. A franchise agreement is signed between the third party and the business which will stipulate the terms of the arrangement and an operations manual is provided in order to be specific about how the business is to be operated.

Franchising is a route to either:

- a) Growing a Business (Franchisor side) or
- b) Starting a Business (Franchisee side)

Examples of identifiable franchise organisations in the UK are:

1. McDonalds
2. Burger King
3. Dominoes Pizza
4. Subway
5. Chipsaway

In order to start a franchise, or indeed to purchase one, there is some research and self-evaluation the individual must undertake in order to fully grasp the implications of getting into franchising.

To be a franchisor means creating a concept that can be easily replicated as a viable, profitable business model and investing the time and money into support infrastructures for franchisees. Deciding to become a franchisee means having a wholesome understanding of what that means in practice: taking a proven business model, making it a success and still being answerable to someone (the franchisor).

Franchising is in most cases a superb way of growing or starting a business, however all of the practical implications need to be investigated before a decision is made to go forward with this route to growth or entrepreneurship.

**To find out more about what to think about before choosing Franchising,
contact Sedona West today**

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