

Pros and cons associated with franchises

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Contractor Success

Reviewing the opportunities, benefits and possible pitfalls.

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Many building service contractors (BSCs), including those already in business or those considering starting their own residential or contract cleaning service, wonder if they should buy into a franchise.

After all, some franchises in the JanSan industry have become well known and very successful, as have their franchisees.

It really is a big decision and in most situations is a very personal one.

BSCs wonder if they should try to make it on their own or buy into a franchise and gain the name recognition, marketing prowess, training and assistance that it may provide.

There is no right or wrong answer.

However, there are several considerations that can be weighed to help BSCs make their decision.

Cons to owning franchises

Startup fees for a franchise can run from a few thousand dollars to hundreds of thousands of dollars.

Most franchises in the JanSan industry are at the lower end of this scale and may include training, products and marketing help, all of which can prove invaluable.

Even so, it can still take a sizable amount of money just to get started.

Additionally, in many situations, the franchise will take a percentage of the revenues from their franchise owners whether they make a profit or record a loss.

This is an ongoing operating expense that simply will not go away.

Territory encroachment is another concern.

As a franchise matures, proves successful and populations grow, the encroachment rules may change.

This means that instead of one franchise owner in a specific community, the franchise may decide two or three can comfortably work in the same area.

Moreover, although there remains a considerable degree of independence when a BSC buys into a franchise, it still must follow the franchise's rules and policies.

And, these may change over time, which means the franchisee may have to make adjustments in the way it operates its business.

The pros of franchises

A reputable franchise wants its franchisees to succeed.

Without question, this creates a win-win situation.

The better the franchisees do, the more likely other people will be interested in investing and becoming a part of the franchise as well.

Stability is another plus associated with a franchise.

Studies have proven that franchises have a better chance of surviving the first two years of business than do pure startups.

It is during this period that the majority of small operations fail because of undercapitalization, lack of customers, poor marketing or lack of adequate training in their industry.

As referenced earlier, a successful franchise has name recognition because it has incorporated a variety of marketing methods, which helps to create brand recognition from day one.

In addition, established franchises have extensive experience that BSCs can benefit from.

Franchises know their industry.

Many have adopted best practices to help the franchisees run their businesses.

Since there is less experimentation, the likelihood of franchisees making serious business mistakes is minimized.

And, most franchises offer some type of education and training program.

They want franchisees to learn their methods, which have usually been developed, tested and proven with the help of experts.

Know your limits

The bottom line and possibly the best advice for both the franchisee and the franchisor is to simply look before you leap.

In other words, do your homework.

Because the franchisor wants its franchisees to succeed, it will not likely accept just anyone who knocks on its door.

It will want to make sure any potential franchisee has the capital, the know-how, the ability, and the endurance to make the business grow.

As for the potential franchisee, once you have decided you do want to buy into a franchise, and have narrowed the choices, ask for the names of people that have previously bought into the franchise.

Those who have already signed up can be an invaluable reference before and after joining a

franchise.

Doug Calvert is president of Cannon Hygiene US, based in Atlanta, GA. Cannon Hygiene US is a restroom hygiene service company which also offers select franchise opportunities and is part of Cannon Hygiene worldwide. For more information, visit www.cannonhygiene.us or e-mail info@cannonhygiene.us.