

Business Support Guides

Your Business supported in a few Simple Steps

Guide 5: The Principles of Franchising



Hull
City Council

Managed Workspace Centres

The Principles of Franchising

Making a stamp work across the UK is no easy task or for the faint hearted. The fundamental principle of franchising is selling your company and your inventive idea onto someone else who will replicate your policies and procedures to the letter!

But what exactly is a franchise? It's a business in which the owners, or "franchisors", sell the rights to their business logo, name, and model to third-party retail outlets, owned by independent, third party operators, called "franchisees".

Definition

Arrangement where one party (the franchisor) grants another party (the franchisee) the right to use its trademark or trade-name as well as certain business systems and processes, to produce and market a good or service according to certain specifications.



Buying into a franchise

If buying into a franchise then the franchisor would require that the business model stays the same. It could be that the franchisor will require that all the business methods, logos, policies etc are adhered to. You are buying the right to use the successful and tested business process.

It's not possible to franchise all businesses because they don't all lend themselves to that format. Each of the areas of business has been carefully laid out for a buyer to take on the business and copycat in their region. This is an exciting opportunity for someone because it means they can be their own boss but have the support of a head office.

It's vital that you

Meet the franchisor - you need to know the person you're going to do business with.

Talk to others who are already part of the franchise - take their thoughts into consideration.

Do lots of research - look hard at the industry and study the information from the franchisor.

Some of the most successful businesses are franchised including Subway, McDonalds and Starbucks. If you have considered becoming part of a franchise is crucial you should equip yourself with the necessary information to make the right decision.

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