

Aspiring franchisees must examine their goals and do their homework before signing on.

Report: Jane Lindhe

FRANCHISING 101

● Buying a franchise is less like buying a house and more like getting married. For those who want to take a stab at being their own boss but maybe lack the experience or confidence to start a business from scratch, franchising can be an alluring opportunity.

However, while Australia's \$130 billion franchise sector can boast some highly respected brands, merely acquiring a franchise agreement does not ensure success. The reality is that most complaints made against franchised companies come from aggrieved franchisees who have not sought adequate independent advice before entering the agreement.

DC Strategy's Adrian McFedries argues that, although Australian franchise systems are among the best operated and most profitable in the world, only about 200 of the 1200 systems have the critical mass to sustain profitable and evolving networks. He says it is crucial for people to understand the complexities of companies before becoming franchisees.

DC Strategy has launched an information arm, DC Strategy Research, to provide detailed information to potential franchisees.

Anyone thinking of becoming a franchisee needs to ask the following questions:

1. Why franchising? Do you already have a business idea but feel cautious about starting out on your own? Seek advice from a business coach or an owner of a small business. Find out what is involved and what is available in terms of government grants and assistance.

2. Do you want to be your own boss? Often disgruntled employees and retrenched workers become franchisees to escape their bosses, only to find they are reporting to an even more demanding franchisor. What style of business do you want to run? Talk to the franchisor about how involved they will be in the day-to-day running of the business. While some franchisors are very prescriptive in their management styles, others give franchisees more independence in running their businesses.

3. What is your goal? It is generally accepted that owners of one franchise outlet effectively "buy a wage" by running the operation. The big money to be earned in franchising goes to franchisees who buy two or more outlets or become master franchises. Before signing a franchise agreement, discuss the franchisor's provisions for allowing people to become multi-unit franchisees. Are new outlets offered to existing franchisees before new people entering the system? Are discounts given on marketing and franchise fees for multi-unit franchisees?

4. What industry? Retail and food companies have always and will always be the backbone of Australian franchising, no matter what growth sectors are emerging. Health, aged care and lifestyle service-based franchises are beginning to make waves in the sector and are growing at a rapid rate. Visit the Australian Bureau of Statistics website www.abs.gov.au for more information on growth industries.

5. Should I seek independent advice? Absolutely. Talk to somebody who knows the industry in addition to accountants and lawyers. Check if the system is a member of the Franchise Council of Australia, the peak body supporting both franchisors and franchisees. There are several reputable franchise consultants who can advise you on which system best meets your needs. The FCA holds regular seminars throughout Australia for people who are interested in buying a franchise. Franchise systems are governed by an industry code of practice, which is overseen by the ACCC. For more information go to www.accc.gov.au **BRW**

ENTRY LEVELS

0 - \$100,000

Ecowash Mobile	Essential Beauty
Fastway Couriers	Frontline Recruitment Group
Home Ice Cream	G J Gardner Homes
Jani King Australia	Harcourts
Leadership Management Australia	Harvey World Travel
Mortgage Choice	Just Cuts
Smartline	Kenny's Cardiology (Allied Brands)
Telcoinabox	Laing + Simmons
Tint-a-Car	Life Resolutions
Total Hose Australia	LJ Hooker
Xpresso Delight	LookSmart Alterations

\$100,000 - \$250,000

Allphones	Mister Minit
ANZ Mobile Lending	Muffin Break (Food Co)
Aussie Home Loans	New Zealand Natural
Barry Plant	Night Owl
Battery World Australia	Pirtek
Big Dad's Pies	PoolWerx
Cafe2U	Raine & Horne
Carpet Choice (co-op)	RAMS Home Loans
Cartridge World	Sign-A-Rama
Contours	Snap-on Tools
	Snowgum

Stockdale & Leggo
Subway Systems Australia
Swimart (Waterco Limited)
Touch-Up Guys
Ultra Tune
Worldwide Online Printing

\$250,000 +

7 Eleven Stores
ABS - Auto Brake Service
Angus & Robertson
Australia Post
Autobarn (Automotive Brands)
Bakers Delight
Banjo's
Barbeques Galore
Baskin-Robbins (Allied Brands)
BB's Café (Retail Food Group)
Billy Baxters
Bob Jane T-Marts
Boost Juice Bars
Brazilian Butterfly
Bright Eyes Sunglasses
Brumby's Bakeries (Retail Food Group)
Bucking Bull
Caltex

Cellarbrations
Chicken Treat
CHOOKS fresh & tasty
Clark Rubber Franchising
Cold Rock Ice Creamery
Collins Booksellers
Cookieman (Allied Brands)
Crust Gourmet Pizza Bars
David Reid Homes
Domino's Pizza
Donut King (Retail Food Group)
Drummond Golf Shops
Dymocks
Eagle Boys Pizza
Ella Baché
Endota spa
Enzed
Foodworks
Forty Winks
Gametradars
Gloria Jean's Coffees
Go Sushi (Pacific Retail)
Godfreys
Goodyear Autocare
Grill'd
Hairhouse Warehouse

Healthy Habits
Hog's Breath
Horseland
House (Global Retail Brands)
Howards Storage World
Hungry Jack's
IGA
Jamaica Blue (Food Co)
KFC (Yum International)
Kwik Kopy Australia
La Porchetta
Lenard's
Matchbox
McDonald's
Michel's Patisserie (Retail Food Group)
Mobil
Mr Rental
MYO
Nando's Australia
Noodle Box
Oporto
OPSM
Optus World
Oz Design Furniture
Pedders Suspension

Pets Paradise
PETstock
Pizza Capers
Pizza Hut
Price Attack
Quest Serviced Apartments
Red Rooster
Secrets
Shaver Shop
Snap Printing
Snooze
Spar
Storage King
SumoSalad
The Coffee Club
Telechoice Franchise
The Athlete's Foot Australia
The Bottle-O
The Outdoor Furniture Specialists
Tyres & More
Wendy's
Wokinabox

Source: Leading Franchisor Award List for 2009, split by investment range, DC Strategy Research