

# The Essential Guide to Grow Through Franchising

Tips from the franchise industry experts.

A publication of



# History of Franchising

## Who were the pioneers?

- ◆ Isaac Singer sold licenses to certified mechanics of the Singer machines in the 1860s
- ◆ General Motors sold car dealerships in the early 1900s
- ◆ Oil companies and Grocery stores followed to expand nationally
- ◆ Coca-Cola and Pepsi turned to franchising as a means to distribute their centrally manufactured secret syrup
- ◆ Ray Kroc developed the franchise system we know today

*“Turnkey business model from franchisor to franchisee”*



# What is a Franchise?

A franchise is the agreement or license between two legally independent parties which gives...

- ◆ A person or group of people (franchisees) the right to market a product or service using the trademark or trade name of another business (franchisor)
- ◆ The franchisee purchases the right to market a product or service using the operating method of the franchisor
- ◆ The franchisee has the obligation to pay the franchisor fees for the rights
- ◆ The franchisor has an obligation to provide rights and support to franchisees



# Franchisor & Franchisee

## Obligation & Responsibility

### Franchisor

- ◆ Owns the trademark or trade name
- ◆ Provides support – advertising and marketing, training, and sometimes financial
- ◆ Receives fees

### Franchisee

- ◆ Uses the trademark and/or trade name
- ◆ Expands the brand with franchisor's support
- ◆ Pays fees



# Franchise Facts

## Economic Impacts:

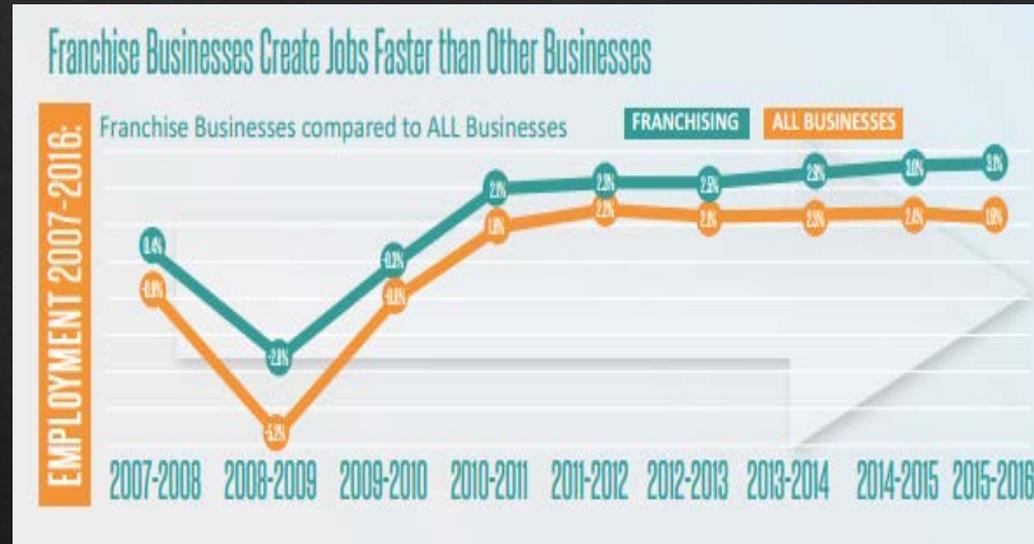
- ◇ 795,932: the number of franchise establishments in 2016
- ◇ +5.8%: estimated growth in franchise economic output for 2016
- ◇ \$994 billion: estimated economic output for franchises in 2016
- ◇ +5.6%: percent by which GDP of the franchise sector will grow in 2016 (the economy as a whole is predicted to grow by 2%)



# Franchise Facts

## Franchise Employment Impacts:

- ◇ **9.1 million:** the total number of direct franchise jobs in 2016
- ◇ **+235,000:** the number of new direct jobs the franchise industry created in 2014
- ◇ **+247,000:** the number of new direct jobs franchises created in 2015
- ◇ **+278,000:** the number of new direct jobs the franchise industry created in 2016



# Franchise Facts

## Other Franchise Impacts:

- ◇ 8 minutes: A new franchise business opens every eight minutes each business day
- ◇ 1 out of 12: of businesses in the U.S. are franchise businesses
- ◇ \$250,000: average initial franchise investment (excluding real estate)
- ◇ 10 years: the average length of a franchise contract
- ◇ McDonald's: the top franchise company
- ◇ 50%: of all retail sales in the U.S. come from the franchise industry



# Franchising

“Not Just for Restaurants”



# Franchising vs. Organic Growth

## Franchise

- ◆ Investor is incentivized to make a profit
- ◆ Franchisee provides the capital for the store buildout
- ◆ Loans, if any, are in the name of the franchisee
- ◆ Franchise owner performs the hiring & training of staff
- ◆ Expansion of the brand can reach a national level

## Organic

- ◆ Store manager makes a paycheck
- ◆ Cost of opening another store is on the business owner
- ◆ Business owner incurs the debt, if any
- ◆ Business owner (or manager) hires and trains staff
- ◆ Geographic constraints

# Benefits of Franchising

- ◇ Rapid Growth at Lower Cost
- ◇ Staffing Growth by Franchisees
- ◇ Greater Brand Recognition
- ◇ Higher Unit Sales Potential
- ◇ Group Buying Power
- ◇ Brand Leverage
- ◇ Promotes “The American Dream”



# 3 Essential Questions

## Is your business a unique concept?

Who are your competitors?  
What sets you apart?  
What is your niche?

“Going head-to-head in a saturated market is difficult and costly. Emerging franchise brands with clear points of differentiation increases the opportunity of success.”

John Batcheller, President & CEO

# Three Factors Required for Potential Franchise

Can you create a mirror image of your business in various cities and towns across the nation?

- Are your business processes repeatable?
- Is your business success specific to your location?
- Are there any local constraints to opening in another location?

“Building repeatable operational processes lends consistency across all units in a franchise system. This is what builds brand loyalty.”

John Batcheller, President & CEO

# Three Factors Required for Potential Franchise

Do you have a proven success record?

- What are your profit margins?
- Are you growing consistently since opening?
- Do you have raving fans?
- Have customers asked if you were a franchise?

“To consider franchising as a means for growth, a business must have a proven track record of success”

John Batcheller, President & CEO

# Questions You Need to Ask Yourself

- What are your profit margins?
- Are you growing consistently since opening?
- Do your customers ask you for the rights to own a business like yours?

- Are your business processes repeatable?
- Is your business success specific to your location?
- Are there any local constraints to opening in another location?

- Who are your competitors?
- What sets you apart?
- What is your niche?

# Our clients



Craft Beer Market



Southern Style Pie Shop



Wing Bar & Grill



Vietnamese Fast Casual Restaurant

AUTHENTIC  
VIETNAMESE  
CUISINE



Sports-Themed Family Neighborhood Grill



Mexican Fast Casual Restaurant



Elite Group Fitness



Memorial & Remembrance Store



Senior Care Services



Mattress Store

# Who is Franchise Innovation Group?

John Batcheller spent his early years in process management and re-engineering divisions for large corporations. He was quite successful, so much so that early retirement was a feasible option. Soul searching lead him to his next venture of building a senior care franchise system with his wife, Lisa. After many years of hard work and perseverance it all paid off. In 2013, Stay At Home received the honorable award of Franchise Business Review Top 50.

John's vast knowledge base stretches from building processes, legal issues and selling franchises. It was only natural that after making connections in the franchise industry that John would become the go-to guy for everything franchising. Local business owners frequently turned to John about advice on how to convert their small business into a franchise system.

That's when the light bulb went off. Franchise Innovation Group (formerly 1<sup>st</sup> Choice Franchise Concepts) was born out of the increasing demand of business owners who were interested in learning how to grow and cultivate their business through franchising. It is the desire of John and Lisa to help you build your empire through franchising and realize your dreams.



# Build Your Empire; Realize Your Dream

[Schedule a Discovery Call](#)

[Send More Information](#)

Franchising is a proven, affordable and responsible way to grow a business. By franchising your business you create the ability to extend your brand across a region, a country or even the world. Franchising is one of the few means available to access capital without giving up control of your business. After all, why would you want to give up control of a business you built?

Franchise Innovation Group realizes your business is unique. The reason for your success is both your philosophy and the business model created by you. Our aim is to now develop a robust franchise system around that model; not to reinvent your business.



# Thank You!

For More Information contact

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