

## IFG Coverage

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**David Banfield** discusses the benefits of choosing a franchise model over setting up your own

Many of us have considered expanding our career horizons and branching out on our own, but making this a reality is often more difficult than it first appears. There are many factors to be considered and many decisions to be made. What kind of business are you looking to build? How will you find the support you need? Where do you start? For many, the answers lie in franchising.

### So why consider a move into franchising?

Firstly, it's significantly less risky. Figures show that one in three start-up businesses in the UK fail within three years, while the failure rate for franchises stands at just five per cent. This is often due to the established history that a franchised business can offer.

Reputable franchises with a long-standing history have proven that they have a successful business model and are, therefore, more likely to appeal to both investors and consumers; meaning

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that those opening a franchise already have an advantage over their independent competitors in that their business is already, from day one, "tried, tested, and proven".

You also need to consider that the support available to franchisees often surpasses that which is available to independent entrepreneurs. With support in areas such as training, problem solving, finance and even advertising and marketing, franchisees can feel safe and secure in the fact that they are never alone.

This back-up extends to all areas of the business so, when you take into consideration that those who set up on their own rarely receive any assistance of

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this kind, it's no wonder that so many independent businesses fail before they've even celebrated their third birthday.

Of course, there are several advantages to setting up your own business that are worth taking into account. As an independent trader you are free to make all of your own business decisions, and don't need to conform to the guidelines that are sometimes put in place by franchisors. You will also have more of an opportunity to pursue your own ideas and enjoy the flexibility that comes with being your own boss. In many cases, however, this is equally as true of franchising, sometimes even more so.

While those managing an independent business may be concerned with challenges such as making a name for the company, franchisees are often able to take on as much, or as little, business as they feel comfortable with. In fact, many entrepreneurs begin their move into franchising by starting up the business as an addition to their existing ventures.

One good way to determine the pace at which you should be working is to consider where you are in your career. A young ambitious entrepreneur may be keen to put more time into the business than someone approaching retirement, but the right franchising model can work for both demographics.

Another advantage that franchising holds over setting up on your own is the ability to resell. When it comes to reselling, potential buyers are proven to be more interested in purchasing a franchised business. This is mainly due to the fact that, in most franchise situations, customers are loyal to the business or brand, not the individual.

All in all, it seems that setting up your own business has few benefits that cannot also be achieved through purchasing a franchise. It's really a case of weighing up the feeling of complete control and creativity that comes from starting a business from scratch against the sense of safety, security, and that all-important dedicated support network that a franchise has to offer.

So, whether you are determined and ambitious or looking to transition into retirement, if you have a desire to advance your career without losing support and security, then consider franchising as the career path for you. ■

### David Banfield

David Banfield is president of The Interface Financial Group.