

SHOULD YOU CHOOSE A NEW OR ESTABLISHED FRANCHISE?

When looking at franchises you might want to join, every option can be divided into two categories: new and established brands.

Established brands are the ones lots of people have heard of, the ones that benefit from instant name recognition coupled with a clear understanding of what a brand sells and what you can expect from them. New brands, on the other hand, might have a great idea, but they haven't established market share or total proof of concept yet.

One type isn't necessarily better than the other, but one type will probably be better for you. Each can have perks and potential setbacks depending on how the brand is set up and managed. Business ownership is never one-size-fits-all, so it's all about finding the right partner for the kind of business you want to be part of.

Consider the (true) cost.

When weighing the cost of joining a franchise, don't forget to factor in any additional hidden items that add up to the "true cost." Every franchise will offer a different tier of support to franchisees, and you want to work with one that matches your experience and comfort

level, or else you can add a lot of stress to the true cost column. You also have to try to foresee unexpected costs that may arise in the future. For example, if a new franchise doesn't have an operations system in place and later they change tracks, adjusting to a new system could add up to a big spend.

Triple check territories.

Before signing with any franchise, it's crucial to understand all rules about territories. An established franchise will have a highly developed, extremely clear set of territory rules, but a brand-new startup might not have developed a solid system yet. Though this may not seem like a big deal when few or no locations have opened their doors, if the franchise grows, this could become a point of contention. Even if a franchise is new, they should have a clear territory agreement to protect the business and investors at all levels. If you ask about territories and the franchisor shrugs and says they'll figure it out later, you're taking more of a risk.

What is the background of the people running the franchise?

Just because a franchise is new doesn't mean it's destined for a rocky road. Every major franchise has to start somewhere, and those who get in early stand to make some major money. If a franchise is new, find out everything you

can about the owner and key leadership. What is their background, business philosophy, and reputation? Many new franchises are launched by people with past experience creating successful businesses or franchises, or those leaders have excellent past experience that applies well. If the franchisor is completely new to franchising, find out who their advisors are. Or, if they have previous franchise experience, what was it, how did it go, and what did they learn that will make this venture even better?

The biggest question: Does this franchise have a place in the market where you want to open?

A mom-and-pop selling farm implements has no place in the heart of Manhattan, and a sleek cocktail bar probably won't have enough demand in a town with two stop signs. Regardless of whether a business is a "great buy" or not, and regardless of how new or vetted a concept is, the most important question to ask before opening a franchise unit is, "Does this business have an eager market where I want to open a unit?" Ask yourself about the culture of your desired location, then choose a franchise to fit. Some towns will have a great response to major franchises, and others will want to support something new that doesn't feel as corporate.



"One type isn't necessarily better than the other, but one type will probably be better for you. Each can have perks and potential setbacks depending on how the brand is set up and managed."

This is the main reason it's so important to examine every franchise's processes, whether the company is small or large. If the operations manual and branding isn't thorough and duplicable, franchisees will struggle. This can happen in every size franchise, so be sure you take a good look at the operations plans before you sign up.

Kyle Zagrodzky is president of OsteoStrong, the health and wellness system with a focus on stronger bones, improved strength, and better balance in less than 10 minutes a week using scientifically proven and patented osteogenic loading technology. OsteoStrong introduced a new era in modern wellness and anti-aging in 2011 and has since helped thousands of clients between ages 8 and 98 improve strength, balance, endurance, and bone density. In 2014, the brand signed commitments with nine regional developers to launch 500 new locations across America. Today, the OsteoStrong brand is staying true to its growth towards a brand with global reach with the addition of more franchise sales and new regional developers.

www.osteoststrong.com

What's the marketing plan?

Imagine you are walking through a shopping center and you see two businesses. One is a McDonald's under the signature golden arch, and the other is a business called Fern. You already know what McDonald's sells, how much the food costs, and whether you like what's on the menu. Fern, on the other hand, could be a soap store, salad café, clothing store... Who knows. Of those two businesses, Fern is going to have a heavier marketing burden. That doesn't mean Fern isn't outstanding, it means the business needs a robust game plan to attract new customers. Many new franchise concepts are incredible, but desperately need better

marketing programs and processes to survive and grow. If those plans are in place, great things can happen, but if the franchisor doesn't have their act together, it could all fall apart.

In a new franchise, is the franchisor really ready to expand?

Running a successful small business is extremely difficult, yet too many entrepreneurs take a single storefront win and assume that they have what it takes to franchise. Franchising is a business model like no other, and too many business owners think they can duplicate the secret sauce, only to fail and lose it all.



Kyle Zagrodzky