



## The nuts and bolts of taking the franchise plunge

By Susan Fuller Slack  
Photography by Tim Conway

For many people, becoming an entrepreneur and starting a business is part of the American dream. But the hard reality hiding behind the dream is that launching a successful business requires time, hard work, long hours and endless capital. Essential to the mix is the tenacity to succeed, good humor and a bit of good luck. People who plan to go into business for the first time must address issues such as the type of business they want to open, a business plan, the initial investment and how to attract customers. And that's just the start!

A relatively safe way to test the business waters is to search out a small business franchise opportunity from an established company. The franchising concept is actually pretty simple. It is designed to give you a head start, allowing the business to open quickly and efficiently. Experienced business people realize the value of franchising. Many franchise owners were previously in the corporate world before taking the plunge. Franchising may also be a good fit for people with early retirement packages, those who have been laid off or those tired of the "glass ceiling."

*Kevin Wyatt and his wife own Vino 100, a top-rated wine store in Northeast Columbia that is based on the concept that people want not only simplified wine selections, but they also want suggestions for pairing wines with foods. Kevin is the new area development director, responsible for developing the brand in South Carolina.*

## Franchising the Sweet Taste of Success!

The franchising concept can be compared to that of stirring up a cake from a prepackaged mix. Both offer a proven formula that comes with clear-cut, basic directions which should be followed step-by-step. Stir in a pinch of creativity and a generous portion of TLC. This method is an over-simplification, perhaps, but with the proper care and attention, a franchise is a "recipe for success" that can be duplicated over and over.

Here's how a franchise really works. The owner of a business (franchisor) offers his tried and tested method of operating in the form of a business system to qualified investors (franchisees) in exchange for franchise fees and royalties. The franchisee gains the right to use the franchisor's trademark and operation system while also being trained by the franchisor himself.

## The Advantages of Franchising

Buying a franchise reduces investment risk through affiliation with an established company. Franchising is not a DIY (do-it-yourself) business. Training and development in running the franchisor's system are critical since the franchisee will run his operation independently. Areas of focus usually include technical and/or business training, operating manuals, leadership and managerial skills, personnel, marketing and accounting assistance. The franchisee will be required to run the business according to the franchisor's standards.

Statistics say that a franchise has a better chance at success over an independent start-up. The franchisee has less trial and error and benefits from

the franchisor's years of experience and business acumen. He or she will run the business with the support of an established, tested business model. As the brand grows, the franchise grows. But unlike the traditional entrepreneur, the success of the franchisee's business can depend on his or her relationship with the franchisor.

## Buyer Beware

A franchise can be costly and is not a guarantee for success. Franchisees should beware of companies that guarantee profits and certain success. The franchisee may be required to relinquish significant control over the business. Restrictions on operational methods, goods and services may occur. Franchise agreements are long-term contracts; original terms can change when renewed. Franchisees should know the market and understand their competition. Those interested should consider their interests, their goals, their ability to comply with established procedures and the amount of money they will invest. One franchisee says, "Ultimately, a new franchise is basically a 'build it and pray they will come' strategy. It's hard work and you must be 100 percent committed."

## Do Your Homework

Business owners caution that all franchises are NOT created equal. Franchising is one of the safest ways to own a business, but only with the right ones. The more information a franchisee has about a prospective franchise, the safer the investment will be. He or she should thoroughly investigate and review as many franchise opportunities as possible.

Kathy and Bob Sleigher began cooking up a "recipe for success" long before they opened the popular retail meal preparation store, Let's Dish. With this concept, the meal prep is already done. Customers rotate from station to station, assembling ingredients for different menu items that are portioned to serve six. Customers package the assembled meals, take them home to be frozen or refrigerated and then cook them later.

The Sleighers talked to dozens of franchisees at several companies and prepared meals at seven different franchises around the country. Extensive research

helped the couple decide that Let's Dish best suited their interests, workstyle and finances. Kathy says, "Let's Dish offers great customer service in a fun atmosphere, but the bottom line is that the food is wholesome and tastes delicious." Customers love the store and often tell her that she has changed their lives.

As a former director of franchise development for NetBank, Kathy specialized in franchise financing. She advised prospective franchise owners, "Do your homework!" She expected them to roll up their sleeves, move beyond the splashy company brochures and carefully read the franchise's Uniform Franchise Offering Circular (UFOC). The federally required pre-sale disclosure document furnishes a complete history of a franchise, including any lawsuits. Kathy found that many people don't read the UFOC at all. She says it may be tedious reading, but it is the starting point in a successful franchise search.

Kathy suggests, "Try to contact all listed franchisees of the franchisor – current and previous. Ask questions. Find out if the start-up costs are in line with expectations. Did the franchisor offer enough support and do what they promised? Were there any unexpected surprises?" Kathy says to talk to the media as well as vendors and customers who do business with the franchisor. She also recommends talking to a variety of people who run franchise businesses at different stages – from six months up to two years.

## Create a Support Network

The Sleighers strongly recommend getting help from professional advisors when developing a franchise system. They say to rely on the Better Business Bureau and the Small Business Administration. "Banks and other financial institutions may be able to provide an unbiased view of the franchise opportunity you are considering," Kathy says.

She also suggests, "Hire an accountant to help with matters like reviewing your franchisor's financial

statements and developing a business plan. A real estate agent can review the lease. An experienced franchise attorney can look over the UFOC and franchise agreement. This will be money well-spent."

## Uncork a Growing Business ...

Columbia residents Kevin and Adele Wyatt own Vino 100, a top-rated wine store. It is based on the concept that people want not only simplified wine selections, but they also want suggestions for pairing wines with foods. The inviting, upscale store showcases a selection of more than 100 wines – all under \$25. The Wyatts display the wine by the way they taste: from the lightest whites and reds to the robust, and from the fruitiest to the driest. Wine tastings, a wine club, special community wine gatherings and expert wine classes are regular events.

Kevin is Vino 100's new area development director, responsible for developing the brand in South Carolina. He explains, "The uniformity controls that are in place ensure that customers are offered the same great experience, no matter where a store is located."

Kevin suggests that while searching for a sustainable business model, seeking out an unbiased list of franchisees is useful. Some franchisors might only give a separate reference list of selected franchisees to contact.

"It is important that a franchise owner enjoys interacting with people and dealing with them on a regular basis," Kevin says. He suggests that the biggest reason for franchise failures is under-capitalization. "You will need much more cash in the background than you can imagine. Overestimate capital, underestimate revenue!"

Kevin's favorite piece of advice came during a dinner party when a close friend counseled, "Do something that you really love." The Wyatts heeded that advice, and after extensive research they opened Vino 100. Kevin says, "We don't consider ourselves connoisseurs or wine snobs; we just sell wine the way we approach it."

Kevin's advice mirrors Kathy Sleighter's: "Do not skimp on professional advisors – seek out a franchise attorney, CPA and marketing professionals – people who deal with franchises."

The Internet and e-commerce now influence the way companies do business. Kevin also advises, "If you want to know more than you could imagine about franchising – just Google it!" According to Kevin, anyone can find forums, web-based franchise opportunities, trade shows and franchise consulting services that provide insight into the franchise sector. The Internet also is filled with endless complaints of disgruntled franchisees. Be sure to verify all your Internet research and keep an open mind.

Kevin suggests, "When you identify franchisors of interest, narrow your focus, and then begin communications with the franchisors and their franchisees." He cautions that some franchisors are not willing to share relevant data because of liability, so in-depth research is essential.

## One Size Does Not Fit All

Our commercial-based world offers dozens of franchise industries to choose from, many related to retail, business, health and fitness, child care, restaurant, service-based, travel, computer, printing and automotive. There are home-based franchises, mobile service and delivery franchise opportunities and high-cost and low-cost franchises. With thousands of franchising opportunities and more appearing every day, there will be a business to suit anyone's needs.

*Franchise Times Magazine* lists the 55 fastest-growing young franchises in the nation for 2007. The brands have been franchising five years or less and must exhibit positive growth. One Hour Air Conditioning & Heating ranks at number one. Other top franchises in the Columbia area include Dream Dinners, Butterfly Life, Vino 100, Island Ink-Jet, Anytime Fitness Club, Five Guys Burgers and Moe's Southwest Grill. *Entrepreneur Magazine's*

list of top-rated franchise industries include senior-care services, personal-care services for aging baby boomers, kid's enrichment programs, gourmet coffees and food.

Everyone has to eat, so launching a food-related franchise is a practical endeavor. The Subway® chain, with more than 26,000 locations in 84 countries, is a top franchise in part because of its commitment to satisfy consumer needs. Solid brand management secured the success of food franchises like Sonic Drive-Ins, Starbucks, Ben & Jerry's, Domino's Pizza, Dunkin' Donuts, McDonald's and Ruby Tuesday. These are prime examples of the growth potential inherent in the food and drink industry.

When the nation's palate becomes excited about a new food trend, Raving Brands in Atlanta knows how to turn it into a franchise concept. The multi-brand franchise's flagship brand is Moe's Southwest Grill. Eight other brands, with franchisees in Columbia, include Boneheads Seafood, Nestle Tollhouse Café and Shane's Rib Shack. The latter

was a mom and pop operation acquired three years ago from Shane Thompson, a rural Georgian, who served ribs in a tin-roofed shack. Other top Raving Brands concepts that might be a good fit for Columbia include Mama Fu's Asian House, Planet Smoothie Café and The Flying Biscuit Cafe.

Martin Sprock, founder of Raving Brands, treats his franchisees to preferential treatment – even helping them secure prime locations. He advises entrepreneurs, “Ask many questions, and if a franchisor company doesn't take the time to answer questions – RUN! Never be greedy; share the pie with the guys around you ... Treat people like you would treat yourself. Find a concept that works and do it better. I'm living proof you don't have to be a genius to make an idea work. It's not like I invented Asian food!” 🍌

### Want to Franchise? Here are some helpful sources...

#### **The Small Business**

##### **Administration (SBA)**

SBA's network of participating lenders offers new Patriot Express loan for most business purposes. Fast turnaround for loan approvals; lowest interest rates.  
1835 Assembly Street  
Room 1425  
Columbia, SC 29201  
(803) 765-5377

##### **Federal Trade Commission (FTC)**

*A Consumer Guide to Buying a Franchise*  
Twenty-six states, including South Carolina, have business opportunity laws in place that prohibit sales of new business opportunities unless the seller gives potential purchasers a pre-sale disclosure document that is filed with a designated state agency (South Carolina Secretary of State's office).

##### **SC Secretary of State's Office**

P.O. Box 11350  
Columbia, SC 29211  
(803) 734-2169  
[www.ftc.gov/bcp/online/pubs/invest/buyfran.shtml](http://www.ftc.gov/bcp/online/pubs/invest/buyfran.shtml)

##### **Women in Franchising (WIF)**

Offers expertise in the development, coordination and implementation of franchise business training seminars and workshops on a national basis  
[www.womeninfranchising.com](http://www.womeninfranchising.com)

##### **Franchise Gator**

Franchises and business opportunity information  
“Real people are linked with real franchise opportunities.”  
[www.franchisegator.com](http://www.franchisegator.com)

##### **American Franchisee Association**

in Chicago  
*The Twelve Worst Franchise Agreement Provisions*  
[www.franchisee.org](http://www.franchisee.org)

##### **International Franchise Expo (IFA)**

April 11-13, 2008  
Washington, D.C.  
[www.ifeinfo.com](http://www.ifeinfo.com)

##### **West Coast Franchise Expo**

October 19-21, 2007  
Los Angeles, CA  
[www.wcfexpo.com](http://www.wcfexpo.com)

##### **Franchise Expo South**

January 11-13, 2008  
Miami, FL  
[www.franchiseexposouth.com](http://www.franchiseexposouth.com)

##### **BeTheBoss.com**

The definitive year-round lead generation Web site for franchise companies. A global network.  
[www.BeTheBoss.com](http://www.BeTheBoss.com)

##### **Franchise Business Opportunities**

[www.franchisebrief.com](http://www.franchisebrief.com)