

Selecting the Right Franchisor...It Is About the Brand

by Lee-Allison Scott, franchise consultant

In these uncertain economic times many people are looking for more control over their career, retirement plan, or business. Some have left their corporate jobs, either out of necessity or by choice, and are opting to use their 401K and other funds to invest in their own business rather than in stocks or the real estate market. Owners of existing businesses, wishing to expand, want to do so with low risk and greater diversification. The process, however, can be daunting. Which business should one select? How will potential customers learn about the business? And when it opens, will customers come?

Franchise opportunities present an attractive option. A franchised business typically provides a proven, successful business system to follow, operational and marketing programs, and most importantly, brand recognition. The power of a known brand is a key benefit of starting a franchise business whether it is a business format or product distribution franchise. According to Robert Spiegel, small business expert, "buying a franchise more than doubles your chance to survive as a business owner." The Federal Trade Commission supports this claim and in their *Consumer Guide to Buying a Franchise* they write, "Buying a franchise gives you the right to associate with the company's name or brand. The more widely recognized the name, the more likely it is to draw in customers."

It may be fairly easy to decide which type of business to explore, but a more difficult step will be to determine which franchisor will make the best business partner. Successful franchisors are described as those with consistent brand growth, along with a low percentage of unit closures and few incidents of franchise litigation. Brands such as Seattle's Best Coffee (specialty coffee), The Goddard School (preschool) and Mighty Distributing System of America (auto parts) are good examples of successful franchisors.

The focus of these companies is on the continuous development of their brand through a proven business model and a well-defined franchise system. The six key attributes of these successful franchisors are:

- Strong customer awareness and appeal
- Proven, successful business model and sound financials
- Focus on developing a system rather than merely selling franchises
- Quality operational, training, marketing, and support systems
- Positive relationships with franchisees with a consistent compliance system
- Continuous added value (product/service development) for business growth

Seattle's Best Coffee, which recently began to expand its franchising program to multi-unit prospects, is a great example of a quality franchisor with all six key attributes. Seattle's Best Coffee is a well-recognized national specialty coffee brand with broad consumer appeal. Its proven business model attracts customers throughout various dayparts, potentially creating a continuous stream of business. Coffee is the heritage of Seattle's Best Coffee, which has been roasting coffee for nearly 40 years, and sees franchising as an attractive distribution model. The focus is not on collecting initial franchise fees, but building and strengthening the brand. Everyone benefits...the consumer, the franchisee and the company. Looking further, Seattle's Best Coffee has a strong compliance system in operations, marketing, training, and most importantly, customer service. It enjoys positive relationships with its licensees and franchisees as well.

The final attribute the company has, which is probably the most important in determining whether a company is a good franchisor, is keeping the brand fresh. A concept or product may have great appeal initially, without a system for innovation and new product development, the brand will become stale. Seattle's Best Coffee provides its franchisees with new products and programs on a quarterly basis, again demonstrating the value of association with a quality brand.

All of these attributes create and reflect the company's brand. If the franchisor has a well-established business model with a good reputation, the franchisee gains instant name recognition, and avoids some of the trial and error involved in learning the best way to create and deliver the products or services it sells. As a result, the business often avoids many of the pitfalls of start-up businesses.

Lee-Allison Scott has been in franchising for more than 25 years. She is a franchise and marketing consultant for business format franchisors. Lee has a wide range of experiences in franchise development, marketing, product development, and brand management. Lee is a paid consultant for Seattle's Best Coffee.