

While franchising provides franchisees with a proven system and the broader support of a much larger organization, the advantages to the franchisor are even more significant.

Capital

Since franchisees use their own capital, the franchisor has virtually no investment at the individual unit level. Franchising enables companies to leverage the assets of franchisees.

Return on Investment

Because of the lower investment, the ROI will be substantially higher.

Risk Reduction

With no capital investment in unit growth, the franchisor realizes significantly reduced risk.

Limited Contingent Liability

The franchisor will not sign leases or take on financing responsibility. As such, they can expand with limited contingent liability.

Speed of Growth

By leveraging the time and effort of the franchisees, a franchisor can grow much faster and without adding staff.

Reduced Role in Day-to-Day Operations

A franchisor is primarily focused on the franchisee's top line performance. This reduces the breadth and depth of engagement in day-to-day management.

Reduced Vicarious Liability

For the most part, liability for acts of employees and for events in the local unit accrue to the franchisee, not the franchisor.

Highly Motivated Management

Local management is highly motivated to succeed. They are the local face of the business.

Quality Control

Franchisees generally keep their business in better operational condition than unit business managers. As a part of the local community, they are better equipped for local promotion.

Long-Term Management

The franchisor can invest in the long-term training of its franchisees, as they are unlikely to leave in the short-term.

Unit Performance

Franchise locations generally outperform company-owned locations in terms of sales volume.

Lean Structure

Franchisors can grow their organization without significant increases in overhead.

Brand Building

Growing the organization without substantial increases in overhead allows franchisors to grow the brand effectively and efficiently.

Advertising

Franchisees generally contribute to a common advertising and promotional fund. The ad fund is used to promote the brand.

International

International expansion becomes easier and with reduced risk with local partners.

Please let me know how I may help you along your journey. Call or email me to set up a free consultation to discuss your path forward.

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