



# The Top 5 Franchising Mistakes

You really want to  
succeed...But taking the  
leap is daunting

How do you avoid making  
really unnecessary  
mistakes?

Hands down, THE most important step in choosing the right franchise is talking with a good number of the current franchisees in the system to ask about their experiences. And hands down, THE most important question to ask them is “If you could do it all over again, what would you do differently?” As can be imagined, the answers to that question can vary greatly depending on the franchise system and the individual franchisee.

However, in operating a franchise, after the purchase has been made, there are a few common pitfalls that seem to haunt franchisees in ALL types of systems...from burger flipping to senior care to dog grooming to maid services. Don't let these happen to you!

## “I Didn't Follow The System”

People make mistakes. It's a fact of life. One of the primary reasons that people buy a franchise is the impression and hope that most of the mistakes in the business model have been experienced and fixed. And yet, it is amazing how many people spend their hard earned money for a franchise system and then choose NOT to follow it! Entrepreneurial people tend to be very intelligent, which can lead some to think they know better than the franchisor how to make their business successful. This can be dangerous to all parties involved and any new franchise owner should be committed to following that system – or they will likely pay a price.

## “I Didn't Spend Enough On Marketing”

Shelling out cash for advertising when there is no promise of what your actual return will be can be a scary thing. There IS a certain amount of trust that is required of a franchisee that the money spent on the franchisor's marketing program will bring in customers. Increasingly, franchisors are requiring (per the contract) that a specified amount must be spent either monthly, quarterly, or yearly, by the franchisee on marketing activities. Whether it is required or merely suggested, it is important to realize that the franchisor employs marketing and brand-building professionals whose goal it is to help you succeed. Controlling your costs is a worthy goal, but cutting into your marketing budget is rarely a good call – and can be devastating when you're trying.

Avoid the Top 5 Franchising Mistakes ...don't let them happen to you!

Why buy a system – then not follow the system rules? This just doesn't make sense.

You have to invest in getting customers – with your time and possibly through advertising. They don't just come to you.

You learn the most about a franchise from talking to owners.

Can you manage others?

“I went into the venture with my toe in the water...that was really dumb.”

**“I Didn't Talk To Enough Existing Franchisees Before Buying”**

There is absolutely no better way to get a feel for the quality of a franchise system than to talk in-depth to at least 4-6 current franchisees in the system. Surprisingly, even though making multiple calls is permitted and typically even encouraged, many people get caught up in the glamour and glitz of the business model and they decide at some point that they don't need to go to the trouble of contacting more than one or two franchisees, if that many. Then they wonder why they weren't prepared for what their actual daily activities would involve. A big factor in any franchisee's long-term happiness with their business is to love what they do on a daily business. There is nothing that can paint a clearer picture of what a typical “day in the life” will be than by talking with a good number of current owners.

**“I Thought Managing People Would Be Easier”**

“I interview and hire people, I tell them what their job is, and they do it, right? What can be so tough about that?” Anyone who has ever had to do it will likely tell you that building a good, reliable team is THE #1 challenge in running their business. The task tends to look easy from the outside, however one should never underestimate how critical this factor is to the success of their business...or how challenging it can be. A franchisor can give their franchisees all of the tools in the world that they need to be successful, but it is very difficult to teach them how to be a good manager and team builder. Nor is it something that can be readily gained by reading a book or taking a quick training course. Real life managerial experience is the only true training ground for managing people. If you have minimal experience managing others – in work or

volunteer environments, you should probably look at some of the many franchises available that involve only zero to a few employees to operate the business. Otherwise you might be biting off more than you can (or want) to chew!

### **“I Should Have Bought More Territory”**

Most of the franchise companies today not only sell single units or territories, but also offer people the option of buying multiple units or territories, at a discount, at the time of signing. A common thought when weighing the questions of “How much should I buy?” tends to be “I’ll start with one now and then add on later when I’m ready.” This can be dangerous for two reasons...1) The extra location or territory is available NOW, not tomorrow or next month.

Most franchisors do not grant their franchisees “Right Of First Refusal” on open and existing territories and no one can predict when it will be sold, so the only way to keep that control of the territory is to purchase it. And 2) Cost! Most of the time, buying the rights to multiple units or larger territories up front is at a huge discount over buying them one at a time. A solid assessment of your long-term growth goals for your business is necessary to make sure that your initial purchase will meet those objectives.

Nothing teaches us like real-life experience. Franchising offers business owners several “safety nets” to help them be successful, but they often can’t keep their franchisees from making mistakes that cost them time and money. Different franchise systems each have their own individual challenges that their franchisees face everyday, but if a prospective franchisee makes sure none of the above common mistakes happen to them, they will go a long way towards a happy and successful franchising experience.