

Business Lesson

I. Why you should Franchise

You should franchise your business if you want to significantly expand it, that is if you want to grow your business to its optimum size and maximum profitability.



II. Profile of a Franchisor

Not all businesses can be franchised but most business concepts can be. A profile for a franchise would be as follows:



- a) **Unique** – New or unique concept that has the potential to expand nationally and even internationally.
- b) **Profitability** – the concept must be consistently profitable and the degree of profitability should be predictable.
- c) **Systematized** – all the operating systems of the concept should be very polished and efficient. These systems and procedures should be in manual form.
- d) **Training** – It should be relatively easy to train others in the use of the Systems and Procedures.
- e) **Excellent margins** – The profit margins built into the concept should be great enough that every franchisee who adheres to the system can realize an attractive Return on Investment. This ROI should exceed 20% before taxes.
- f) **Affordable** – If the franchise is very expensive there will be few who can afford it.

Real World Experience:

- 1. If you invest, do you think franchising is helpful to you?
Why do you think so?**
- 2. What will be the best marketable goods suited for franchising?**
- 3. Does franchising a trend in Japan? Show some evidences.**
- 4. Do you think franchising is a promising business style?**
- 5. What are the things you should consider if you will franchise?**