



SEVEN REASONS WHY PEOPLE INVEST IN

# FRANCHISES

OVER STARTING THEIR OWN BUSINESS

THE PIKES PEAK SMALL BUSINESS DEVELOPMENT CENTER HAS BEEN DEDICATED TO HELPING EXISTING AND NEW BUSINESSES GROW AND PROSPER FOR MORE THAN 30 YEARS.



**FREE  
CONSULTING**



**PRACTICAL  
TRAINING**



**BUSINESS  
RESOURCES**



*Funded in part through a cooperative agreement with the U.S. Small Business Administration*

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# Cindy Rayfield

- Senior Franchise Consultant with FranNet in Colorado
- Franchisee in the Haircare Industry
- 10 years experience in the franchise consulting
- 20 years experience in small business
- Franchise Expert



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# WHO IS FRANNET?

- 30 year old International Franchise Consulting Firm
- Over 100 locally-based consultants across North America and Europe
- National partnerships with ASBDC, SCORE.
  - Only franchise consulting firm with those partnerships
- We match people who want to be in business with a franchise that meets their needs.
- Our services are always 100% free to you, the client





## Imagine

You are the owner of a  
successful business...

How would your life  
be better?

*Getting rid of career pain /  
achieving  
career gains*

# WHY BUSINESS OWNERSHIP



What is it for *YOU*?

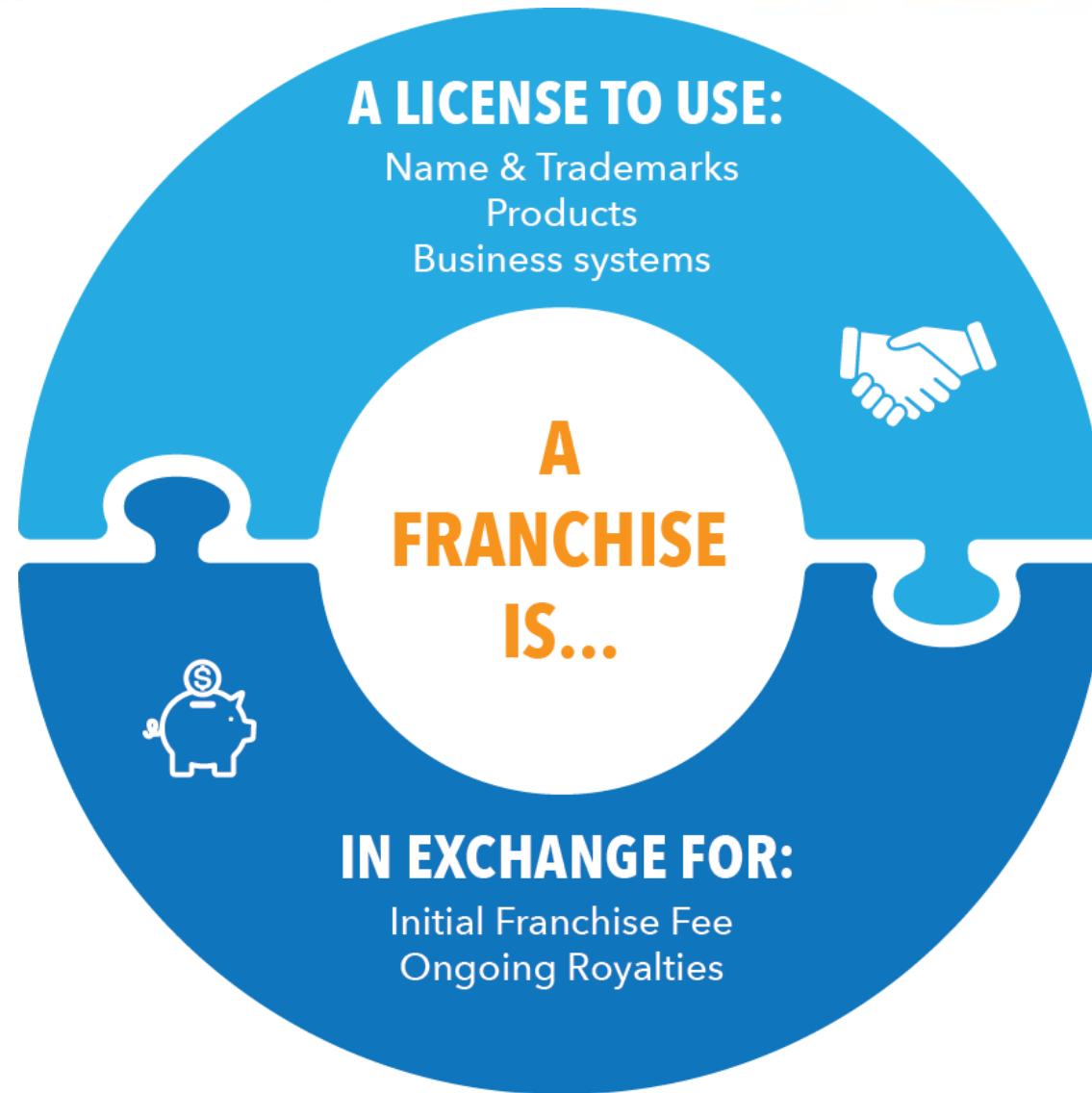


# RISK REALITY

You've played by the rules, but  
**the rules are changing.**

Job security is a thing of the past.  
***Income security is the future.***

# WHAT IS A FRANCHISE?



# A FRANCHISE IS...



...the creation of a distribution channel to build brand identity and attain market dominance **QUICKLY!**

# 7 REASONS

**So why do people invest in  
franchises anyway?**

# REASON #1: SYSTEM

## WHEN YOU INVEST IN A FRANCHISE, YOU INVEST IN A SYSTEM

- Documented, Written Processes
- Action already in place
- The way they do business – client acquisition, accounting, operations, marketing, purchasing, sales, etc.

# FRANCHISING FACT

**FACT:** It is all about the Business System

- Marketing
- Sales
- Operations
- Accounting

# REASON #2: PREDICTABILITY

## A PROVEN SYSTEM WITH PREDICABLE RESULTS

- If it works in Dallas, it should work in San Diego or Denver
- The Predictability minimizes the risk
- Can compare and make adjustments to match results

# REASON #3: THE RESEARCH

## USING THE FRANCHISE DISCLOSURE DOCUMENT

- The FDD allows research of existing results
- Validation with other franchisees
- Can compare with other companies



# REASON #4: OTHERS IN THE SYSTEM

## OTHER PEOPLE ARE DOING IT – WHY NOT YOU?

- Sense of family in franchising
- You are not alone
- Others can help you with research through validation
- Minimizes risk

# REASON #5: SUPPORT

## FRANCHISORS SUPPORT THEIR SYSTEM THROUGH ROYALTIES

- Corporate support in areas such as marketing, advertising, product development, negotiated purchasing power, IT
- Training
- Conferences, Seminars, Webinars
- Custom back office services and software

YOU'RE IN BUSINESS

FOR YOURSELF

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*not*

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BY YOURSELF

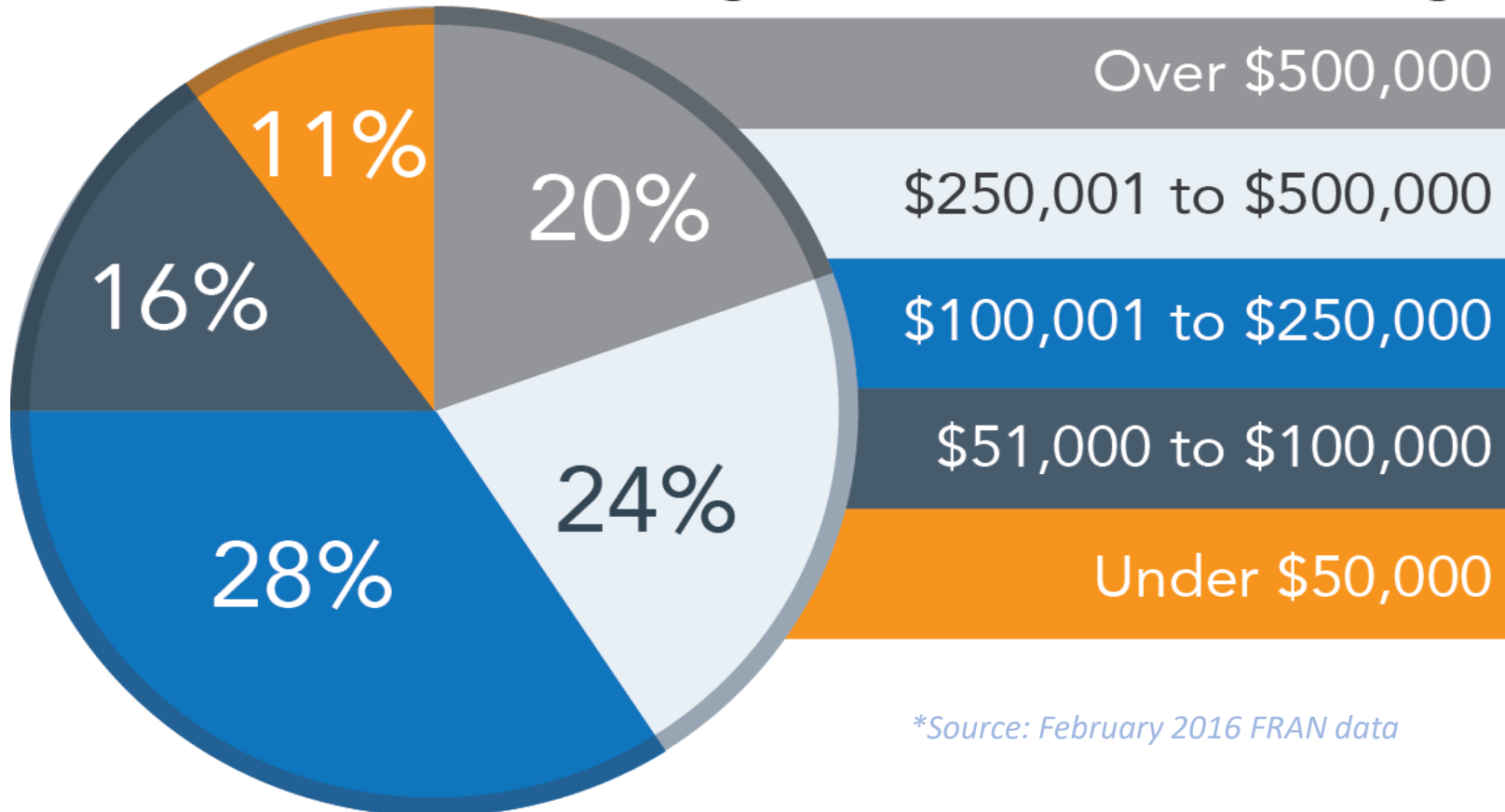
# REASON #6: FINANCING

## FRANCHISES ARE FINANCEABLE

- Funding available up to 75% because of proven system
- Business startups are difficult to finance
- Ways to finance – HELOC, loans, Retirement accounts

# FRANCHISING FACT

## Average Initial Investment Range

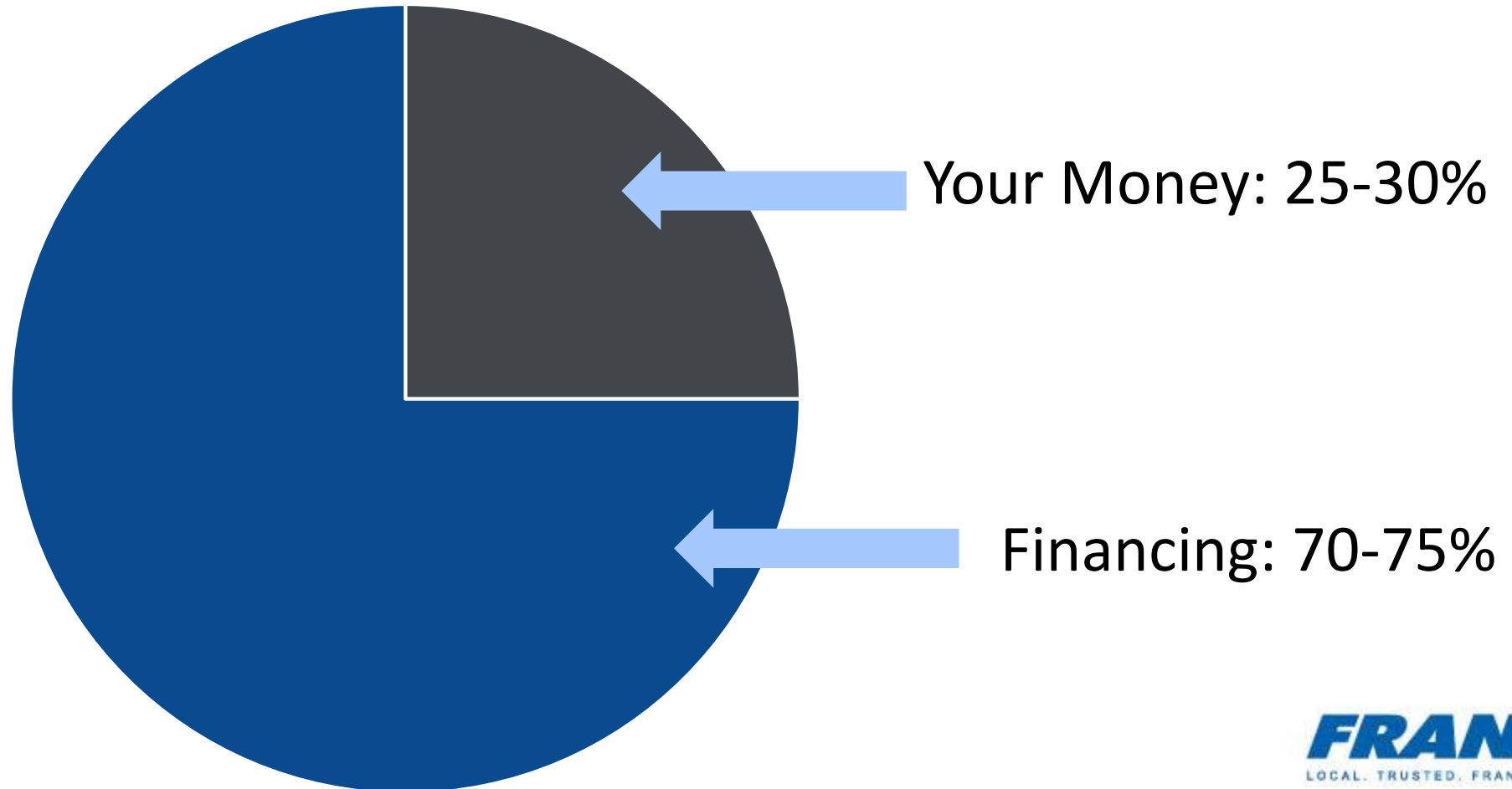


There is no automatic correlation between the cost of the franchise and the potential return.

*\*Source: February 2016 FRAN data*

# HOW MUCH DO I NEED?

## TOTAL INVESTMENT



# FINANCING SOURCES



## Financing Sources:

- Personal savings
- Friends, relatives or partner
- Home equity line of credit
- Seller financing – resale
- 401K, IRA, etc.

# REASON #7: SEMI-ABSENTEE

## WORK ON THE BUSINESS, NOT IN THE BUSINESS

- Hire employees
- Allows for second income stream – keep your job!
- No need to work day-to-day in the business
- Function of the owner vs. function of the business



# SEM-ABSENTEE BUSINESS MODEL

## Slightly higher investments:

- Needs a location
- Manager to run
- Advertising dollars

## Segments:

- Hair
- Beauty
- Fitness
- Wellness
- Building/Construction

# SEM-ABSENTEE BUSINESS MODEL

- Keep your job
- Owners work is after hours
- Can monitor remotely
- Growth and investment to hedge against economic changes

# FRANCHISING FACT



## Franchisors want people who...

- Will use their system
- Will focus on being an owner
  - ...with business and management skills
  - ...with people and communication skills

## Proven Process

- Franchisor trains on how to use their system

# RECESSION-RESISTANT

## Many businesses thrive in all economic conditions

Growing markets driven  
by demographics

Essential Services

Businesses that help other small  
businesses

- Senior Care and Services
- Residential Repairs/  
Home Modification
- Cleaning Services

- Hair Care/Beauty
- Fitness
- Automotive
- Damage Restoration

- Business coaching
- Digital Marketing/Advertising
- Staffing
- Sales/Employee Training

# BUSINESS OWNERSHIP OPTIONS



Start a  
Business From  
Scratch



Buy a  
Franchise



Buy an  
Existing  
Business

# START A BUSINESS



Start a  
Business From  
Scratch

## ADVANTAGES

Total Control

Make all decisions

Room for creativity

No predetermined rules

Large upside

Build a business from your passion

## DISADVANTAGES

Must create systems

Limited financial options

Slow ramp-up

High failure rate

# BUY AN EXISTING BUSINESS



Buy an  
Existing  
Business

## ADVANTAGES

Cash flow

Goodwill

Actual financial results

Attractive to lenders

Market established

Customer base

Employees

Systems may be in place

Owner financing

## DISADVANTAGES

Cash flow

Bad will

May be overpriced

Poor training and support

Hidden seller motives

Employee defection

Higher debt service

# BUY A FRANCHISE



Buy a  
Franchise

## ADVANTAGES

- Name recognition/ Licensed trademark
- Proven business system
- Training and support
- Lower failure rate
- Lower cost
- Financing options
- Disclosure
- Franchise family

## DISADVANTAGES

- Fewer industry options
- Structured operating system  
*(in some franchises)*
- Territory restrictions
- Can only sell their products
- Ongoing royalty payments



# WHY OWN A FRANCHISE

## A franchise is a great fit for you when it's...

- A vehicle that can get you to your destination while meeting your lifestyle and financial goals
- A way to reduce risk
  - Income security vs. job security

# FINDING YOUR PERFECT FIT



Separate the function of  
the business,  
from the function of the  
business owner!

# FINDING YOUR PERFECT FIT

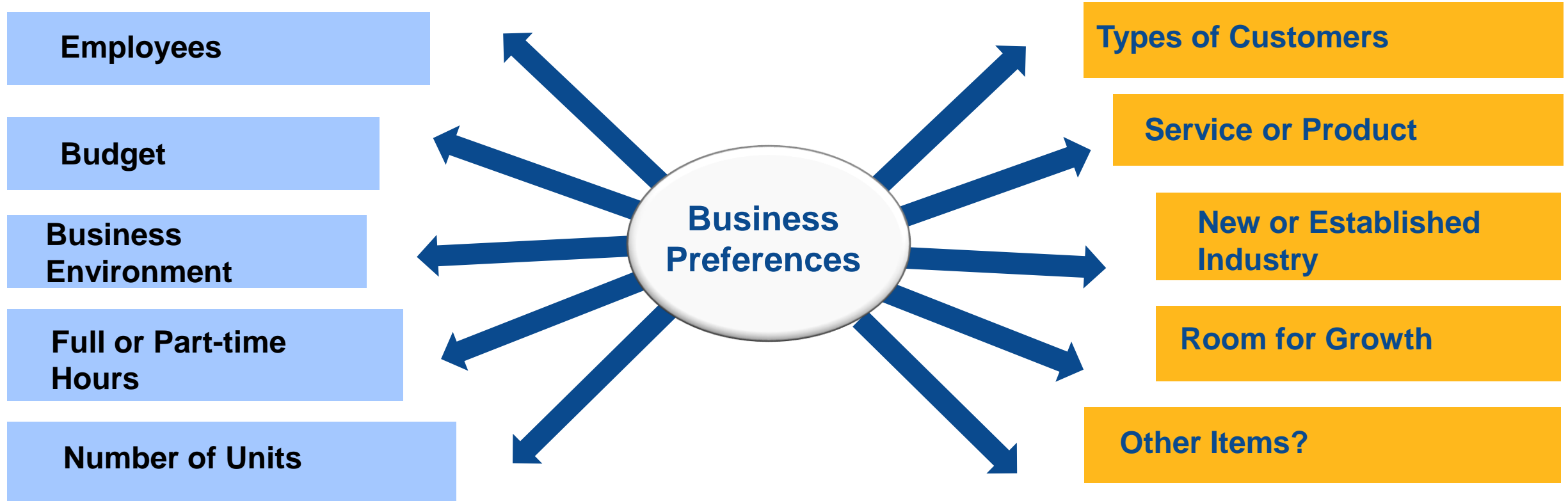
- ✓ Am I willing to follow the franchisor's system?
- ✓ Is it affordable?
- ✓ Is the risk level acceptable?
- ✓ Will I enjoy my business?

# WHAT IS IMPORTANT TO YOU?

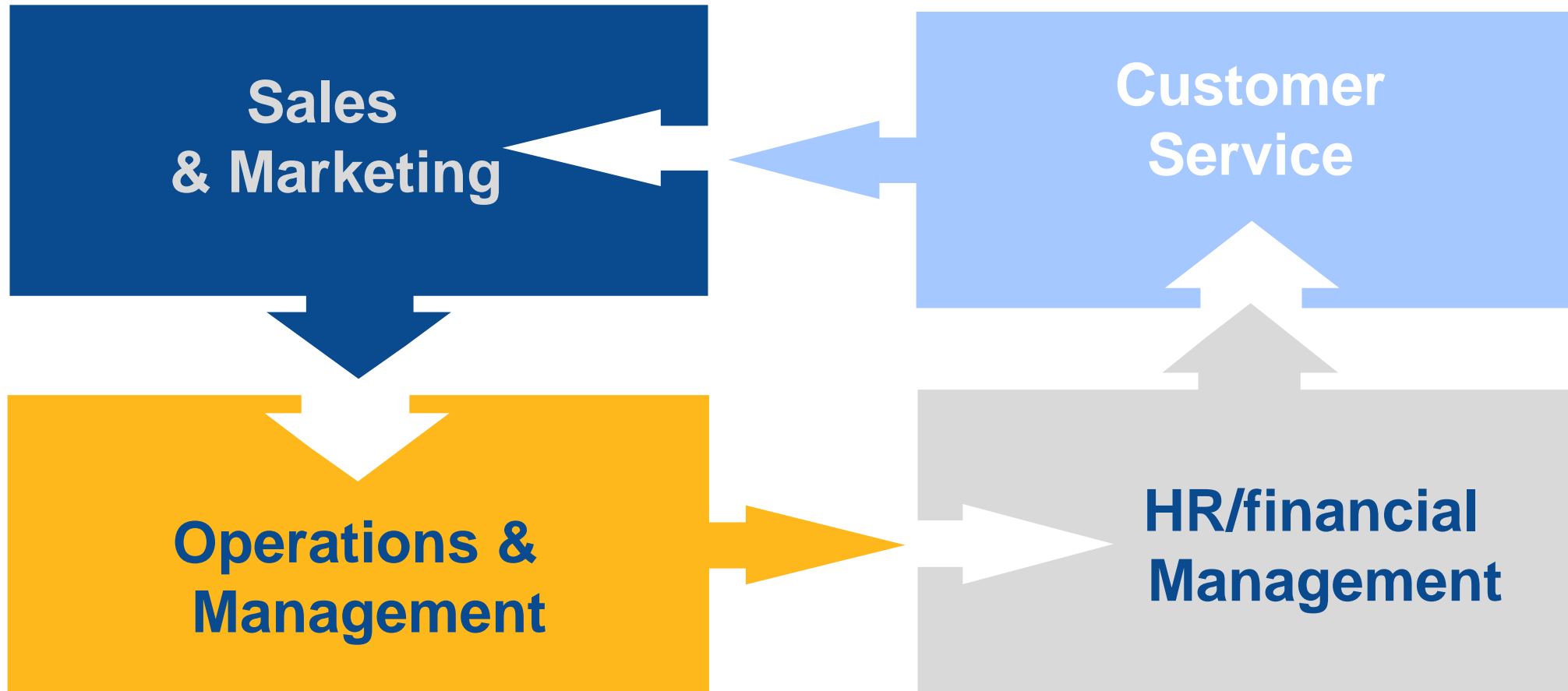


- Challenge, recognition, prestige
- Build equity for retirement
- Time for family and interests
- Independence and control
- Financial security

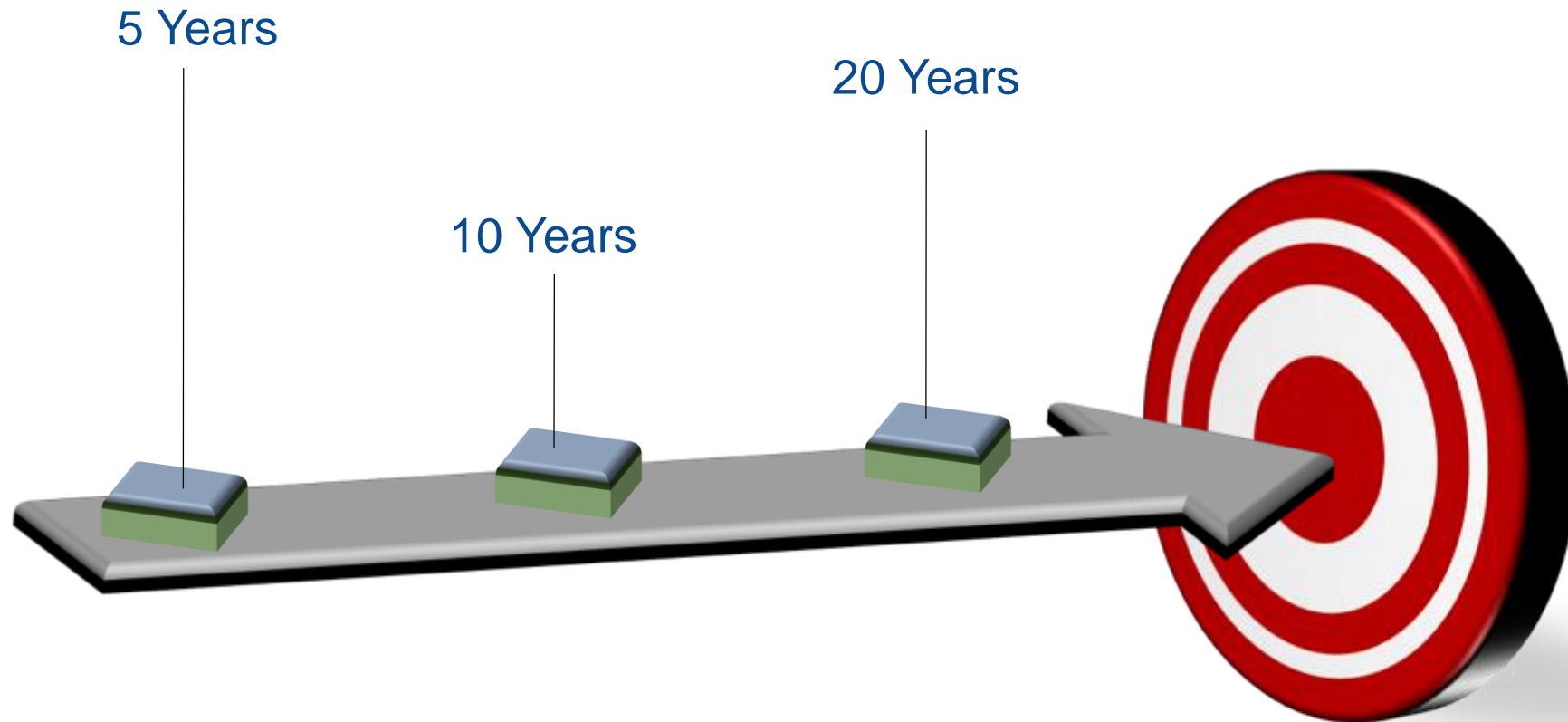
# YOUR BUSINESS MODEL



# YOUR TRANSFERABLE SKILLS



# DETERMINE YOUR BUSINESS MODEL



Identify your Financial & Lifestyle Goals

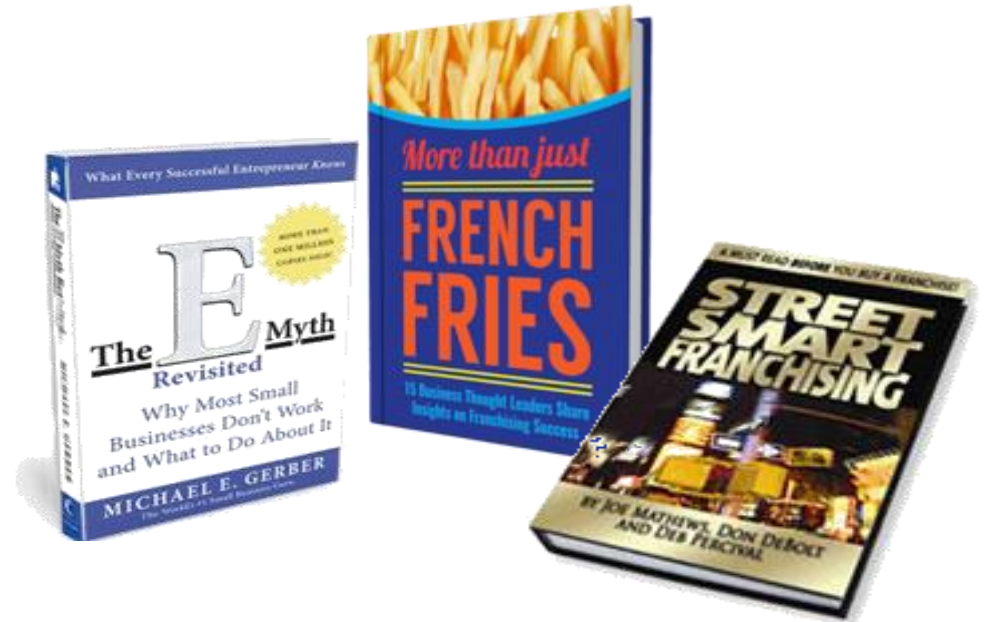
# ADDITIONAL RESOURCES

## Professional Advisors:

- Franchise Attorney
- Accountant

## Suggested Reading:

- *More Than Just French Fries*
- *E-Myth Revisited*, by Michael Gerber
- *Street Smart Franchising*, by Joe Matthews
- *Profit First*, by Mike Michalowicz





# CLIENT **BILL** *of* **RIGHTS**

- 1** FranNet Consultants will help you assess if franchise ownership is right for you.
- 2** FranNet Consultants adhere to the Code of Ethics of the International Franchise Association and the FranNet code of conduct.
- 3** FranNet Consultants will not pressure you or "talk you" into an opportunity that you do not feel fits your goals, budget or skill set.
- 4** FranNet Consultants listen to you and will take into consideration your expressed personal and professional concerns and/or interests when discussing potential franchise opportunities.
- 5** FranNet Consultants are accountable to coach and help you through the investigative process. You are accountable for your own commitments such as timelines, appointments, tasks, etc.
- 6** FranNet Consultants put your interests first.
- 7** FranNet Consultants are transparent and honest with what they know regarding any and all franchise concepts the client is researching.
- 8** You may freely associate with whichever companies or broker groups that you feel is in your best interest.
- 9** FranNet Consultants will help you find the best resources to answer questions or concerns if he/she is unable to answer them. You have the right to disagree or question the consultant at any time during the process.
- 10** If you decide that franchise ownership is not for you, you are under no obligation to continue the process. You can discontinue your work with FranNet consultant at any time.



#### FRANNET'S ROLE IN YOUR BUSINESS OWNERSHIP JOURNEY

At FranNet, our goal is not to convince you that franchise ownership and new business opportunities are the right thing for you. Rather, we will help you understand the pros and cons of owning your own business and guide you through a process that will allow you to make an informed decision.

#### YOUR RESPONSIBILITIES IN THE BUSINESS OWNERSHIP JOURNEY

The choice to buy a franchise at all, or any particular franchise, is yours and yours alone. You should conduct a thorough independent investigation of each franchise you consider. Once you decide to enter into a franchise agreement, your relationship is governed by that contract and FranNet cannot resolve any issues or dispute you may later have with your franchisor. In addition, FranNet does not represent that you can or will attain any particular level of revenue, costs or expenses or that you will generate income, which exceeds the initial payment of, or investment in, the franchise. Therefore, we strongly suggest that you consult your legal and financial advisors or personal accountant before you enter into any franchise agreement.

# Thank You!

## Cindy Rayfield

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Personal Franchise Assessment [www.cindysprofile.com](http://www.cindysprofile.com)

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