

# Franchise

Do you want to work for yourself but don't have a viable business idea? Or do you want to start a business that you know has worked before? You might want to look into buying a franchise.

## What is franchising?

Franchising is

*"the granting of a license by one person (the franchisor) to another (the franchisee), which entitles the franchisee to trade under the trade mark/trade name of the franchisor and to make use of an entire package, comprising all the elements necessary to establish a previously untrained person in the business and to run it with continual assistance on a predetermined basis". (The British Franchising Association (BFA), 2006)*

This means you follow the business idea of someone else (franchisor) who has already run a business successfully. The franchisor will tell you how to run the business and what to do; you will buy a license from him, provide him with a percentage of your profits, but remain your own boss. Franchises are often successful because the business idea has been tested and worked before. Typical features of buying a franchise are:

- When you buy a franchise you must follow their standards and system.
- The purchase of the license is often expensive and consists of an up-front fee and continuing costs.
- The up-front fee usually is the initial investment.
- The continuing costs are a royalty, which is a specified percentage of the profit.
- A good franchisor will provide help and training.

Today there are many franchises in the UK, in sectors such as repair shops, card shops, hair salons, housekeeping services, hotels, tanning, fitness centres or fast food.

## Is buying a franchise for you?

Do you want to:

- Be your own boss, but are not sure if your business idea is good enough?
- Take fewer risks and follow a model that has been successful?
- Follow a set system?
- Pay a certain percentage of the profit to the owner of the business idea?

If you can answer yes to these, you may want to think about buying a franchise.

### Examples of franchises

Post Office <a href="http://www.postoffice.co.uk">www.postoffice.co.uk</a>	One of the most well known franchises in the UK is the Post Office. The Post Office offers postmasters the opportunity to buy a post office branch as a franchisee.
TONI & GUY <a href="http://www.toniguy.com">www.toniguy.com</a>	A worldwide hairdressing business which offers franchises to hairdressers.
Monkey Music <a href="http://www.monkeymusic.co.uk">www.monkeymusic.co.uk</a>	Monkey Music introduces music to very young children. It started in 1993 and it now has franchises throughout the UK.

The BFA (British Franchising Association) is a voluntary accreditation organisation for franchising in the UK; franchises which are of a high standard are members of the BFA. If you would like to buy a franchise, look at those which are full or associate BFA members.

If you want to start a business with a social objective, with the aim of helping others instead of maximising profits, there is the option of running a social franchise.

## What is social franchising?

Social franchising is

*“the process by which social enterprises replicate their successful business formulas enabling other people or organisations to start-up and run them elsewhere. It is based upon the concept of franchising in the commercial sector”. (Community Action Network (CAN), 2006)*

A social enterprise has a social objective. Therefore, social franchising can have a very positive effect on communities. Franchising avoids “re-inventing the wheel” and helps the growth of successful enterprises. Social Franchising is still in its early stages of development.

### Examples

Ben & Jerry’s PartnerShops <a href="http://www.benjerry.co.uk/partnershoppogramme/">www.benjerry.co.uk/partnershoppogramme/</a>	Created by the ice cream manufacturer Ben & Jerry’s, PartnerShops are franchised scoop shops run by not-for-profit organisations to help the unemployed get a job. The first Ben & Jerry’s PartnerShop opened in Derry, Northern Ireland, last year.
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## Where to find out more?

- Business Link has a franchise guide. This may help you decide if franchising is for you and, if yes, how to find the right franchise [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- CREATE Project has a franchise online workshop and a self-assessment test. This will help you find out if a franchise is right for you [www.createproject.org.uk/](http://www.createproject.org.uk/)
- British Franchising Association (BFA) assesses and accredits franchises in the UK. Its website has a lot of information and useful tips to find out the good franchises [www.thebfa.org.uk](http://www.thebfa.org.uk)
- 'Which Franchise' offers franchise information, advice and franchising opportunities [www.whichfranchise.com](http://www.whichfranchise.com)
- Franchise Magazine is an online magazine on franchising in the UK [www.thefranchisemagazine.net](http://www.thefranchisemagazine.net)
- Community Action Network offers information and runs a pilot project on social franchising [www.can-online.org.uk](http://www.can-online.org.uk)

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