



Richard Evans, outgoing chief executive of the Franchise Council of Australia, reveals the secret tips to finding successful franchisees.

WITH 960 franchise systems across the country operating in an environment of chronic skills shortages, a vital principle underpinning franchising in Australia is the dynamic relationship between the franchisee and franchisor.

In this highly competitive market, franchisors need to understand exactly what potential franchisees are looking for in a business investment to make the most of their marketing push.

We often find that tabloid television programs sensationalise franchise disputes. Even though these disputes are often dramatised, biased and damaging to the reputation of franchising in Australia, they do tell us one thing: in any franchise, the relationship between a franchisor and franchisee is paramount.

Individuals looking at investing in franchising are often warned to do their due diligence and make sure they research their options carefully before signing the dotted line – and rightly so. The same advice can indeed be given to franchisors who are trying to recruit new franchisees.

Generating well in excess of \$128bn dollars each year, franchising is the unsung powerhouse of small business in Australia. However, there is still risk involved in franchising and a poor recruitment decision will only jeopardise the length and the dynamic of the franchisee/franchisor relationship. A poor recruitment decision can also cause greater administration and support costs, as well as the possibility of costs incurred by dispute or litigation if the franchisee's business is not successful. So, what can franchisors do to attract suitable franchise candidates in the current marketplace?

In the current economy, recruiting quality franchisees is very competitive and franchisors need to have messages that cut through the clutter. This report arms them with the latest facts and provides insights into key motivating factors. The most crucial message the 2007 Franchisee Recruitment Report delivers to franchisors is that the market is not homogenous -

different messages are required for different audiences and, with most franchisors spending between three and 12 months researching their investment options, marketing needs to have a long term focus.

Armed with this new research and the added issue of selecting the best fit from a number of franchisee candidates, franchisors should follow the following guidelines to give their new relationship the best possible chance at a long and prosperous future.

- Develop a targeted and long term marketing campaign - What are potential franchisees looking for in a small business investment? Where are they doing their research? What publications are they reading? What kind of information will help potential franchisees reach their investment decision?
- Develop a clear profile of the right franchisee for the business - The franchisee needs to fit culturally into the type of franchise they are investing in. They need to agree and comply with the business' principles and values. One of the greatest challenges for a franchisor is to reject the franchisee applicant who has the financial resources to proceed, but does not meet the profile criteria.
- Share success stories - Successful franchisees are a franchisors greatest asset and provide pull power for recruiting potential franchisees. Provide opportunities for current franchisees to speak openly with applicants about their experience with your business.
- Provide outstanding training and on-going support - Once the right franchisee has been selected, franchisors need to arm them with practical advice and skills to give them the best chance at success.

On a final note, the most crucial factor for franchisors to remember when assessing applicants and nurturing their business relationships – franchisors can only be as successful as their franchisees. **wcm**

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