7 SECRETS OF SUCCESS IN FRANCHISING

READ THIS BEFORE GOING INTO BUSINESS FOR YOURSELF

My name is Robin La Pere and I'm an independent business and franchise consultant.

I've been asked to put together this Franchise and Renovations Report together as a useful, informative and most importantly, independent guide for people, and especially builders, considering going into business for themselves.

If that's a step you're thinking about taking, I would recommend that you consider going into franchising. After all my years of running my own businesses, I am convinced that franchising offers significant advantages, especially if you have never been in business for yourself before, or your background is in a different industry, or if you've struggled – admit it – to manage or grow your own business.

I will put my hand up at this point and tell you that although I no longer work day-to-day for Nuovo Group, the owner of the Pzazz Building and Fix It Building Services brands, I have a financial interest in the business.

That's why I am wearing my independent consultant hat for the purposes of writing this Report. And that's why it's important that you understand that I am not trying to sell a franchise to you. Let's face it, franchising isn't for everyone. Franchising may not be right for you, or you might not be right for franchising. The purpose of this Report is simply to help you to understand the difference, and make up your own mind.

To ensure the Franchising and Renovations Report offers truly objective, neutral information and advice, I have made no mention of Nuovo, Pzazz Building or Fix It at all. I have been careful to provide only general franchising information based on verifiable facts, supported by hard evidence. Where possible, I've used quotes from experts in franchising, or franchisees talking from their own experience. And at the end I've provided the names of some other reports and guides you can refer to.

Please don't hesitate to contact me if you would like to discuss any of this, or have any questions.

Yours in transparency

"I am convinced that franchising offers significant advantages, especially if you have never been in business for yourself before, or your background is in a different industry, or if you've struggled – admit it – to manage or grow your own business."

Robin La Pere
Franchise Consultant

TIRED OF WORKING FOR SOMEBODY ELSE?

OR DO YOU WANT TO TAKE YOUR EXISTING BUSINESS TO A HIGHER LEVEL?

These are questions addressed in two best-selling books, *Cashflow Quadrant* by Robert Kiyosaki, and *The E-Myth Revisted* by Michael Gerber.

In the sequel to the best-selling *Rich Dad Poor Dad*, Kiyosaki (pictured at left) shows how the role you play in the business world affects your ability to become financially free.

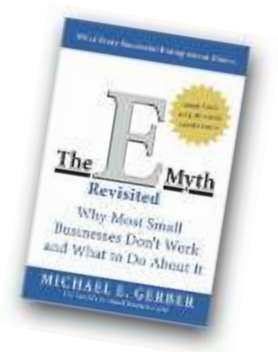
As Kiyosaki's *Cashflow Quadrant* on the right shows, there are four types of people who make up the world of business. But it's the Business Owners and the Investors (not the Employees and the Self-employed) who can create wealth by accelerating their cash flow through those assets.

As Kiyosaki says,

"If you want to be financially secure, mind your own business."

But Michael Gerber in *The E-Myth Revisited* warns that many people go into business expecting to find more freedom, but instead find the opposite - they are the ones doing all the work. They are the business!

What you have to realise, says Gerber, is that to be truly successful in business, you must create a business which works independently without you.



That's where a franchise business can have certain advantages over a non-franchised business.

Advantages we'll discuss over the next few pages.

Robert Kiyosaki's Cashflow Quadrant:

If you want to make real money, you can't stay in the 'E' (Employed) or 'S' quadrants. You need to move into the 'B' (Business) or 'I' (Investor) quadrants.

"Many people go into business expecting to find more freedom, but instead find the opposite - they are the ones doing all the work. They are the business!"

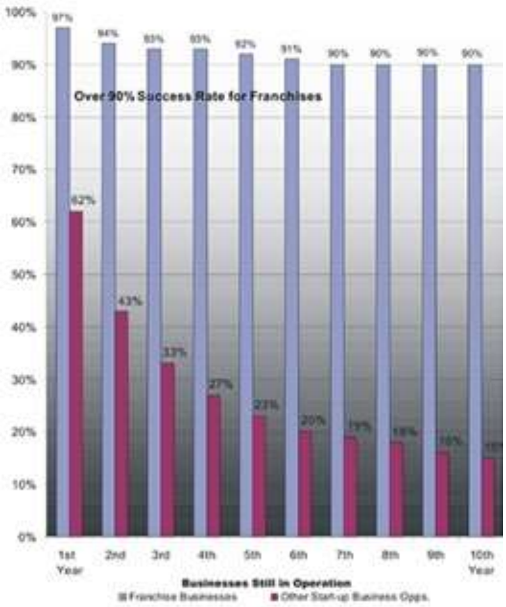
Michael Gerber
The E-Myth Revisited

WHY FRANCHISING IS THE WORLD'S MOST SUCCESSFUL BUSINESS CONCEPT

With sales of more than $US1 trillion, franchising is the world's most successful business concept.

In the United States, more than 50% of all business start-ups are franchises, and New Zealand and Australia are among the most "franchised" nations on Earth.

The reason for this is that franchising has been proven to reduce the risk of being in business for yourself, according Michael Gerber's The E-Myth Revisited, one of the best books on developing a successful small business.



Gerber says that while more than 8 out of 10 non-franchised businesses fail within the first five years, nine out of 10 people who buy franchises are still in business after five years.

The reason franchises succeed while non-franchised small businesses fail, Gerber writes, is that franchises have a system, a proven formula for success.

Other keys to franchising's success include:

- franchising means being in business for yourself, but not by yourself – it combines the independence of owning your own business together with the advantages of being part of a larger organization

- because the franchisor can only be successful if the individual franchisees are successful, the franchisor has a vested interest in working closely with the franchisees to build successful and profitable businesses

Graph: Franchise Business Success Rates vs Other Business Success Rates

"Franchising means being in business for yourself, but not by yourself – it combines the independence of owning your own business together with the advantages of being part of a larger organisation"

Michael Gerber

DON'T JUST TAKE OUR WORD FOR IT

FIND OUT WHAT BUSINESS EXPERTS HAVE TO SAY ABOUT FRANCHISING

"Franchising is one of the greatest inventions for small business."

Art Coley, owner of Alphagraphics, which plans, produces and manages visual communications for businesses at nearly 300 owner-operated, locally based business centres worldwide

"Franchising is being in business for yourself, but not by yourself."

Ray Kroc, founder of McDonald's

"The greatest development in business in the past century is the development of the franchise model pioneered by McDonald's."

Michael E. Gerber, author of the *The E-Myth*

"It takes five or ten years to start a new, successful business. Not true with franchises! Franchise partners are not starting a new business from scratch. There's a road map for what to do every step of the journey, and support that's like your personal GPS."

Robert Kiyosaki, author of *Rich Dad, Poor Dad* and *The Cashflow Quadrant*

An example of how franchising can work for the benefit of all franchisees:

"The success of additions such as the Filet-o-Fish, the Big Mac, Hot Apple Pie and Egg McMuffin…each evolved from an idea of one of our operators. So the company has benefited from the ingenuity of its small businessmen."

Ray Kroc, McDonald's

"Many people go into business expecting to find more freedom, but instead find the opposite - they are the ones doing all the work. They are the business!"

Michael Gerber
The E-Myth Revisited

7 REASONS FOR GETTING INTO A FRANCHISE

RATHER THAN BUYING AN EXISTING BUSINESS OR STARTING A STAND-ALONE BUSINESS

1. Lower Upfront Cost

When you buy a franchise, you're buying a way of doing business, not an actual business, so the franchise will probably cost less than buying a going concern – that is, a business that's already making money. A franchise can also cost you less than starting your own business from scratch because the franchisor will supply you with a brand, marketing and systems that have already been developed and proven, but that you would have to develop at your own cost if you were going it alone.

2. Lower Risk

Any business – whether it's a franchise or stand-alone business – can fail, and there's no guarantee of success with any franchise. But if your franchise is a proven business concept with strong branding, marketing, systems and support, and you're prepared to work hard and follow the system, you stack the odds in your favour.

3. Brand Benefits

Never underestimate the power of a brand when it comes to business success. Your business's brand is what makes your business different, what sets it apart from other businesses. The difference between a start-up and a franchised business is that the latter will already have an established brand, which will give you an advantage from the moment you start your business.

4. A Business, not a Job

"Many people go into business expecting to find more freedom, but instead find the opposite - they are the ones doing all the work," according to Michael E. Gerber. "They are the business!" That's because most small businesses are really jobs for the owner, and when you eventually want to sell the business, you find you can't – because the business is you! Franchises are different in that they are a real business – with a brand, systems and the benefits of being part of a larger organization – so they become an asset which you can sell if you want.

5. Part of a Larger Organisation

"Franchising is being in business for yourself, but not by yourself," said Ray Kroc, who bought the rights to the McDonald's brothers' hamburger business in 1954 and changed the face of the fast-food industry forever. Since then, the saying has been used a million times because it says it all about of the most important advantages

"Never underestimate the power of a brand when it comes to business success."

The Franchise and Renovations Report

of franchising – being part of a larger organisation with all the benefits that a small business would never have available to it, including support, team spirit, training, collective marketing, a more widely recognised brand, shared knowledge and experience, business improvements, buying power, and much more.

6. Better Buying Power

It makes sense when you're part of a larger organisation to pool your buying power with others in the group to obtain better prices and terms – and that's exactly what franchises do. The result is not only that franchisees benefit from higher profits, but often that customers benefit too, when lower prices are passed on to them. An example of this is the housing industry, where it is estimated that group housing franchises are able to build new homes for up to 21% less than independent builders.

7. Success Lies in the System

What is a system? In business, it is a way of making sure your business model will work predictably, delivering consistent results over time. Non-franchised businesses often lack systems, and their results will vary. But in a franchised business, the business *is* the system and, provided franchisees stick to the system, they deliver much more consistent and predictable results. The system includes all the elements of a proven business concept with a track record of success. It's a kind of "business in a box", a turnkey package that comes ready to go when you buy a franchise. The system provides you with the accumulated business experience and technical know-how in managing the business so you can hit the ground running and avoid unnecessary risks and mistakes.

"What is a system? A way of making sure your business model will work predictably, delivering consistent results."

The Franchise and Renovations Report

HOW WILL I KNOW IF FRANCHISING IS RIGHT FOR ME?

15 QUESTIONS TO ASK YOURSELF BEFORE YOU START LOOKING AT FRANCHISES

We've said it before and we'll say it again – franchising's not for everybody. Before you go any further, it would pay to take a good hard look at yourself and your dreams, goals and expectations. If you don't, you could end up wasting your time because every franchisor knows that one of the most critical keys to success in franchising is to find the right franchisees. They're going to be asking you questions similar to the ones below, so if you can't answer yes to most – not necessarily all – of them, you're not likely to be a suitable franchisee.

1. Are you willing to embrace someone else's system without trying to do it your way or make it "better"?
2. Can you follow someone else's lead and accept advice while at the same time running your own business?
3. Are you willing to be part of a franchise group but realise that there may be times when what is the best course for the network as a whole is not what you think is best for you?
4. Are you a self-starter? Would you describe yourself as a motivated and driven person?
5. When things are not going well, are you the kind of person to try harder and stick at what you're doing, rather than just hope that things improve?
6. Do you have enough capital, or access to capital, to buy in to a franchise business and have enough left over for working capital for at least two years?
7. Do you have a good credit rating and clean police record?
8. Are you good with people and passionate about customer service?
9. Have you had successful leadership experience in, say, a sports team, club or business situation?
10. Do you have a positive, can-do attitude to business as well as life?
11. Is your family, especially your partner, supportive of your decision to go into business for yourself?
12. Have you had any successful involvement in sales and marketing?
13. Are you a team player? Are you prepared to contribute your positive ideas to a franchise group?
14. Do you enjoy learning new things, and then applying them in your day to day life?
15. Are you in it for the long term, at least 5 – 7 years?

"One of the most critical keys to successful franchising is to find the right franchisees."

Michael Gerber
The E-Myth Revisited

INSIDER SECRETS OF FINDING THE RIGHT FRANCHISE

10 TIPS FOR CHOOSING THE ONE FOR YOU

Finding franchise businesses is the easy part – there are more than 450 of them in New Zealand and a good place to start is to get the latest *Franchise New Zealand* magazine or jump online.

The hard part is choosing the one that's most likely to suit you, both now and in the future. There's a huge amount of information available and it takes time to sort through it and find what's relevant to you. Here's a guide to help you know what to look for…

1. **A clear and proven system of success.** By "system", we mean the way the franchise runs its entire business – from brand image to financial management and from customer service to operations. The better franchises tend to have a system for everything, so nothing is left to chance, especially things that can go wrong. The system used to be documented in a manual or series of manuals, but these days it should be stored online in an intranet that provides franchisees with access to their business essentials from anywhere, even when they're overseas on holiday. Ask to for limited access to the intranet and demos of any software the franchise may be using.

2. **A strong commitment by the franchisor to the franchisees.** There are plenty of franchisors who are more committed to selling franchises than supporting the franchisees they've got. Ask the franchisor about the policy on franchisee communication and support, including how often they visit franchisees and hold conferences, franchise meetings and the like. Ask the franchisees if they feel the franchisor really cares about them and how they demonstrate this.

3. **Comprehensive information about the franchise.** There is a trend today for franchisors to provide prospective franchisees with more information than ever before. Often much of it is readily available on the franchise's website even before you have to sign a confidentiality undertaking. It is more than important, it is crucial that you are provided with comprehensive information and all your questions are answered before you even consider signing a franchise agreement – and, of course, you must be given a disclosure document and given the opportunity to obtain independent advice if the franchisor is a member of the Franchise Association of New Zealand.

4. **A business and values you believe in.** A franchise is a long-term commitment so there has to be a close match between your passion, goals and values, and the franchisor's. Ask the franchisor about where the business is going in the future, and talk to the franchisees about whether they feel the direction is right.

"It is crucial that you are provided with comprehensive information [about a franchise opportunity] … often much of it is readily available on the franchise's website."

The Franchise and Renovations Report

5. **A trademarked brand.** Depending on the type of business they're in, franchises aren't necessarily household names unless they're McDonald's or Subway. However, they should ideally have a clear brand that is protected by trademark, and the brand should be identifiable within the franchise's market segment. For example, the franchise should be advertised in their category in the Yellow Pages, or come up in an appropriate Google search.

6. **A fair agreement.** Pretty much all franchise agreements favour the franchisor, of course, and there is a very good reason for that – by protecting the franchisor, the agreement also protects the franchisees as a whole. Although there is a trend to fair franchising, there are still agreements which try to unfairly limit the franchisees' rights – sometimes basic ones such as the right to have a voice in the management of the collective marketing fund and the right to sell your business for reasonable capital gain. Google "fair franchising" for more information and make sure you get independent advice from your lawyer – preferably a franchise lawyer – on the agreement.

7. **Great training and support.** The way the best franchises in the United States are ranked now includes the number of hours of initial training a franchisee can expect, and often it's in the hundreds. Most if not all initial training should be included in the price of the franchise. Many franchises spell out exactly what you should expect as a franchise in terms of ongoing training and support, including the frequency of visits from the franchisor's team. Ask whether there is an annual conference and other franchise meetings.

8. **A strong culture.** "Culture" is a pretty broad term but in this case we're talking about the mutual interdependence in the franchise – that is, the feeling between franchisor and franchisees that "we're all in this together". It is vital for the health of the franchise that the franchisor understands the needs of both the franchisees and their customers, and that there are high levels of satisfaction with the franchisor among the franchisees. There will never be 100% satisfaction in any franchise, but the big question is: Would franchisees recommend the business to others?

9. **Choosiness and firmness.** As we said earlier, some franchisors are hell bent on taking on new franchisees at all costs – and one of those costs can be the quality of the franchisees they select. If the franchisor you're dealing with asks a lot of questions and seems choosy, that's a good thing because it means the franchisor is conscious that any weak links in the franchise can affect the whole franchise. Steer clear of any franchisor who would be prepared to sell you a franchise just because you've got the money. Also steer clear of any franchisor who hesitates to take action against franchisees who fail to follow the system or comply with their franchise agreements. These franchisees are also weak links and need to be dealt with firmly by franchisors for the protection of the whole franchise network.

10. **Openness to change, but not just for change's sake.** It doesn't matter how big and successful a business is if it fails to change with the times. There are plenty of examples of this, including the doyen of all franchises, McDonald's. Back in the 1990s it looked as though McDonald's was stumbling as customers started demanding more and healthier alternatives to the menu that had been in place forever. Look for evidence that your preferred franchise has changed with the times – say, with new technology and products – but hasn't just changed for change's sake.

"There will never be 100% satisfaction in any franchise, but the big question is: Would franchisees recommend the business to others?"

The Franchise and Renovations Report

WHAT WILL A FRANCHISE COST?

WHAT WILL I GET FOR MY MONEY?

According to the International Franchise Association (IFA), almost 75% of new franchisees get into business for a total investment of less than $250,000, including fees and operational costs.

Of course, the investment varies according to the type of business you're getting into. If it's a service business with no premises, just a vehicle and the tools and equipment you need to do the work, you may need less than $10,000 if you already have a suitable vehicle. But if you're opening, say, a McDonald's, you may need as much as two million dollars.

You can quickly find out how much you'll need, and weigh it up against how much you can afford, by going through the "Capital Required" column in the Franchise Opportunities Directory in *Franchise New Zealand* magazine. Since 2008, more and more franchises are offering finance options, including in some cases the opportunity to pay off part of your franchise investment over time or as a percentage of your sales when your business is making money.

The common factor in any franchise's start up costs in the Initial Franchise Fee, which is what the franchisor charges for the rights to a franchise in a certain territory. The Fee usually includes the franchisor's costs in getting you set up. These will include your franchise manuals or access to the franchise intranet, and may include training, a start-up pack containing a supply of business cards, letterhead, brochures, uniforms and so on. Ideally you will receive everything you need to get started – a "business in a box" – but it pays to check what's included in the Fee and what you may be charged extra for, so you can budget accurately.

Initial Franchise Fees typically range from $20,000 - $50,000.

"More and more franchises are offering finance options, or the opportunity to pay off your franchise investment."

The Franchise and Renovations Report

HOW MUCH MONEY CAN I MAKE?

ARE FRANCHISED BUSINESSES MORE OR LESS PROFITABLE THAN NON-FRANCHISED BUSINESSES?

In franchising as in any business, how much money you make depends on the type of business you're getting into and what the profitability of that business is likely to be.

While franchisors may be happy to tell you what sales you should expect, they may be less open about your likely profits – that is, the money you'll get to keep out of the business. That's because profitability depends on so many variables, many of them completely outside the franchisor's control, that one franchisee may be making healthy profits while another may be struggling just to break even.

One cost that's not incurred by non-franchised business, and is not a variable because it's almost always a fixed percentage of sales, is the Franchise Royalty. This is typically between 3% and 8%.

Many people point to the Franchise Royalty as a reason for not buying a franchise, explaining that they would make that much more in a non-franchised business. But they forget that many franchises are able to charge higher prices on the strength of their brand, or reduce their costs because of their greater buying power and economies of scale, and may actually be more profitable despite the Franchise Royalty.

There hasn't been much research done on franchise business profitability vs. non-franchise business profitability, but a study conducted by the University of New Hampshire, *Does Franchising Create Value? An Analysis of the Financial Performance of U.S. Public Restaurant Firms*, showed that franchising does indeed create value, in both greaters profits and higher resale prices.

Most franchisors will be reluctant to provide financial projections for new franchise businesses, but try to obtain as much financial information on and analysis of existing franchisees' overall performance as you can. Talk to two or three franchisees, and ask for specifics about their actual performance, bearing in mind what we said before about the influence of variables on profitability.

Then, make sure you enlist the guidance of a savvy financial advisor or accountant to help you decide if there's money to be made in the franchise or not.

Important considerations:

- Franchise Royalties are typically in the 3 – 8% range
- These Royalties are often given as a reason for not buying a franchise
- But franchises which are able to charge higher prices because of their brand or use their greater buying power to reduce their costs, may actually be more profitable despite the Franchise Royalty

"A study conducted by the University of New Hampshire … showed that franchising does indeed create value, in both greater profits and higher resale prices."

The Franchise and Renovations Report

WHAT SHOULD I KNOW BEFORE I SIGN A FRANCHISE AGREEMENT?

THE BEAST EXPLAINED

Here's what I've learned about franchise agreements over the years:

- Franchising is about relationships, and because they're long-term relationships with binding obligations for both parties, franchisees must be clear on the terms of the relationship before they sign the franchise agreement
- Once signed, the relationship between the franchisor and franchisee drives everything, and the franchise agreement can be put away in the bottom drawer
- If a dispute arises between the parties that can't be sorted out through discussion without resorting to pulling the franchise agreement out, it is often the beginning of the end for the franchise relationship
- That's why it's so important that franchisees obtain professional advice from a franchise lawyer and know exactly where they stand before they sign the agreement – in fact, in our opinion that should be compulsory under franchise law

So what is a franchise agreement? It's an agreement to enter into a business relationship for a period of time, normally called a "term". A term is normally around five years, but it can be longer. At the end of the term, the franchisee typically has the right to renew the agreement for another term, provided the conditions have all been met by the franchisee.

As we said earlier, the agreement sets out the obligations of the franchisor to the franchisee, and the franchisee to the franchisor. These include obligations for the franchisee to follow the franchisor's systems and run the business the franchisor's way. Franchise agreements are almost always quite long – 40 or more pages – because they cover every aspect of the business from fees and royalties to territories and training. They have to cover everything because who knows what might come up over the next five years? And in our experience, the more comprehensive and clear the agreement, the fewer problems or disputes are likely to crop up during the term.

Many franchise agreements are now written in plain English, not legalese, so they're easier for non-legal people to understand. Nevertheless, it's vital that as well as reading and re-reading the agreement, you run also run it by a lawyer. If your own lawyer isn't familiar with franchise agreements – and they mostly tell you they are, but you can tell the ones who aren't because they'll recommend changes to make the agreement more in your favour, something you just can't do – go to an experienced franchise lawyer. There's a list of them in the directory at the back of Franchise New Zealand magazine and on their website.

"You can tell [a lawyer who isn't familiar with franchise agreements] because they'll recommend changes to make the agreement more in your favour – something you can't do."

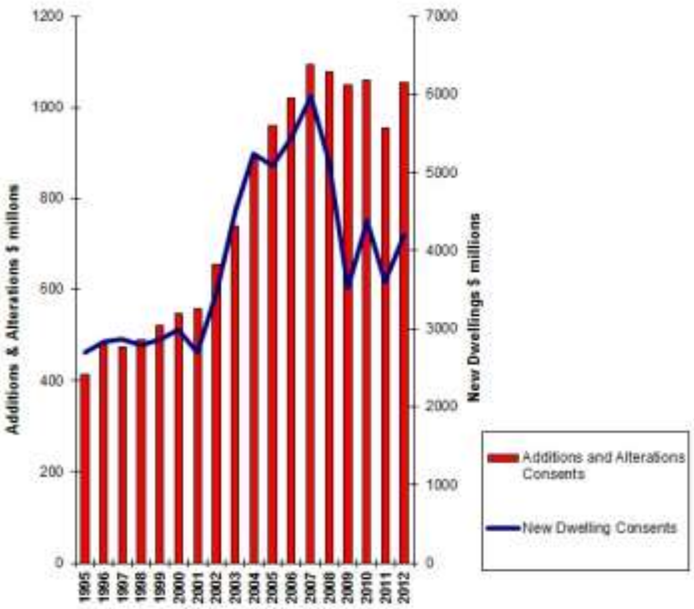
The Franchise and Renovations Report

WHY BUILDING REPAIRS AND RENOVATIONS HAVE BECOME ONE OF THE WORLD'S MOST EXCITING GROWTH INDUSTRIES

New Zealanders are obsessed with their homes and over recent years, they have tended to stay put rather than move or build new homes, preferring to put their money into improving their existing home.

As a result, there has been an explosion in the A&A (additions and alterations) market, which has more than *doubled* since the 1990s as you can see from the graph below. And A&A has remained resistant to the effects of the recession, unlike the new home industry which has declined by 30%.

It is important to note that the building-consented A&A projects shown in the graph represent only the tip of the iceberg when it comes to the overall home improvement market, whose value is estimated at more than $3 billion every year. That makes it one of New Zealand's biggest growth industries.



What the graph below tells us:

The graph shows the total annual value of certain building consents from 1995 to 2012.

The blue line shows us that dwelling, or new home, consents more than doubled from 2001 – 2007, but plummeted by more than 30% in 2008 – 2009.

The red bars show that building-consented A&A (additions and alterations) work also more than doubled from 2001 – 2007, but has been remarkably resilient over the last five years, remaining around the $1 billion per year level.

"It is important to note that the building-consented A&A projects shown on the graph represent only the tip of the iceberg [in] the overall home improvement market, whose value is estimated at more than $4 billion per year."

WHY RENOVATIONS ARE WHERE THE MONEY IS
IN THE BUILDING INDUSTRY

Not so many years ago, many builders turned their noses up at renovation work because they believed it was too "bitsy" and lacked the bigger dollar profits of larger projects such as new homes and commercial construction.

But that all changed from 2008 when, as we saw from the graph showing how the new home market plummeted while the A&A (additions and alterations) market remained resilient. It was then that builders began to realise that repairs and renovations can't be put off like new build can, so they're always in demand.

Builders who made the switch to renovations found that not only was that where the work was, but something even more important – that was where the money was, and had always been, in the building industry. They just hadn't realised it before.

Here's why renovations can be more profitable than other types of building work:

- **Bigger margins:** Because the dollar amounts in renovation jobs are lower, builders have found they can command higher labour rates and materials margins so, when they add up how much they've made from all the jobs they've done over time, they find they have actually made more profit
- **Better cashflow:** Lower dollar amounts mean your clients are more inclined to pay you on time, and many builders require a deposit to be paid up front, so enjoys better cashflow because the jobs are smaller and you're paid straight away
- **More varied and interesting work:** Because you're not doing the same thing over and over as with new build, every day is different, so the work is varied and interesting and you and your team tend to be more motivated and productive – which, again, means more money for you
- **Less capital and lower overheads:** Repair and renovation specialists don't need the larger offices, showhomes and specialist equipment that new home and commercial builders require, so their capital investment and overheads are significantly lower which means their profits and the returns on their investments (ROI) are often higher
- **Less risk:** All of the above means that renovation specialists are exposed to less risk than other builders

"Builders who made the switch to repairs and renovations found that not only was that where the work was – that was where the money was. "

The Franchise and Renovations Report

WHY MORE AND MORE BUILDERS ARE TURNING TO FRANCHISING

Worth an estimated $3 billion per year, home improvement has to be New Zealand's biggest under-served market. We say “under-served” because the renovation industry is a highly fragmented industry with few major players and specialists. It is mostly served by handypeople and builders who only get involved in renovation when they’re not doing something else.

Here are three other reasons why so many builders are now turning to franchising:

1. It’s a way of building a real business, not just a job like so many so-called building “businesses”

That is, a business that is more than a job, but has a recognised brand, effective marketing and proven business systems – everything you need to jump start your business straight away and build a valuable asset for your future which you can sell.

2. It’s about being in business for yourself, but not by yourself

Most of those who start their own business do so because they no longer want to work for a boss – they want to control their own destiny. That’s great, but it can also be scary and lonely.

The beauty of a franchise business is that it combines the independence of owning your own business and being your own boss together with the advantages of being part of a larger organisation. Those advantages include expert advice, training and support – not only from the franchisor but from your fellow franchisees – and group buying power.

3. It’s a way of “playing with the big boys”

How can you as an independent newcomer make your mark in the $3 billion home improvement market?

The answer is, you can’t. But there is a smart alternative. By joining a nationwide group with a recognised brand, great marketing and strong systems, you’ll kickstart your business and be able to compete with bigger, more established players in your market straight away.

”

“Worth an estimated $3 billion, home improvement has to be New Zealand’s most underserved market.”

The Franchise and Renovations Report

WHAT ARE THE NEXT STEPS?

STEPS TO BUYING A FRANCHISE

What we've presented in this Franchise and Renovations Report is just a summary of the pros and cons of franchising for those interested in getting into a business of their own.

For those interested in a building business, we've also shared our experience of the advantages of the repair and renovations sector of the building industry.

What's next?

1. We recommend you explore other resources on franchising – there are plenty available in the New Zealand authority on franchising, *Franchise New Zealand* – but bear in mind that while the articles on franchising in general are independently and expertly written, the "articles" on particular franchises in the magazine and on their website (www.franchise.co.nz) are paid for by the franchises themselves.

2. Once you're ready to start looking at franchise opportunities, the Franchise Association of New Zealand directory (www.franchisebusiness.co.nz) and *Franchise New Zealand* directory are great places to start.

3. Many franchise opportunities now provide an amazing amount of information on their recruitment websites and allow you to download information packs in PDF format for you to read in detail. Make a note of any questions you may have as you go through these. Franchisors love questions – it tells them you're serious, not just a tyrekicker!

4. Don't worry if a franchisor asks you to fill out an Expression of Interest and Confidentiality Undertaking before they send more information – that's normal and places you under no obligation.

5. Before you meet with franchisors, they'll probably want to talk to you on the phone to make sure there's a good fit between you and them. Your meeting with the franchisor is your opportunity to ask all the questions you want. The franchisor will no doubt have plenty of questions for you too as you get to know each other, and will be doing checks, including a credit reference, on you. You should check out the franchisor, and talk to two or three current franchisees about their experience of the franchise.

6. If everybody's happy, the franchisor will start giving you more franchise documents. These include the Disclosure Document if the franchise is a member of the Franchise Association, and the Franchise Agreement. At this point you should seek the advice of your lawyer, accountant and any other advisors you would like to get involved.

7. Once you are fully satisfied that the franchise is for you, it's time to talk to the bank, decide on a franchise territory, work with the franchisor to develop a business plan, then sign the franchise agreement and start your new business!

If you feel that franchising is the right business opportunity for you, we would like to take this opportunity to wish you all the best with your new venture … and your new life!