

Top 10 Challenges for Franchisors

(& How to Combat Them)



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Running your own franchise can be one of the most exciting, liberating and profitable experiences. However, before you can sit back and enjoy the fruits of your labor, there will no doubt be obstacles to face along the way. Franchisors that are aware of these challenges and how to overcome them will be best prepared to get the most from the entrepreneurial opportunities that running a franchise has to offer. In this paper, we'll take a look at some of the most common challenges franchisors face and how you can prepare for them.

1. Obtaining Startup Capital

As with the majority of new businesses, the first year for a franchisor can be the toughest. The first hurdle is a financial one; finding the startup capital to fund the franchise in the first place. Before you can even start to attract new franchisees, you will need to build your company, get the brand known and make it an attractive proposition to others looking to set up in business.

2. Building a Solid and Stable Infrastructure

Franchisors must act as the backbone of the business and lead from the top and by example. Your marketing strategies must be on point and it is essential that you have the necessary

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systems and procedures in place that can be repeated over and over in other franchises. Think of your first franchise as the template that other franchisees should aspire to replicate.

3. Choosing the Right Franchisee

You wouldn't just sell a franchise to just anybody. Your brand and company could be at stake. Carrying out extensive research on potential franchisees, their experience, geographic location and the target market will help you to choose the right franchisees for your brand. Devise a set of questions and prerequisites that are absolutely non-negotiable.

4. Overseeing Franchisees

Once you have sold a franchise system, it is essential that you continue to provide your new franchise partners with meaningful guidance and support. Your franchise should mean more to you than simply collecting the franchise fee. Retaining driven, happy and profitable franchisees will help to secure the success of your brand and to drive revenue in the right direction. That doesn't mean you need to swoop in whenever there is a problem, but you should be on hand to offer advice and the benefit of your experience and knowledge. You should

also have awareness of what is going on across your entire business. Consistency is key with every one of your franchises, from quoting and invoicing to corporate administration and marketing. The right field service software solution can give you this awareness and control with granular reporting, seamless onboarding of new franchisees and brand management.

5. Maintaining Brand Consistency

You may have sold a franchise, but that doesn't give the new franchisees the right to change branding or any aspect of your core business. As we specified above, they are effectively purchasing a template from you; a proven business model that they can benefit and profit from. Changing any aspect of branding could dilute your brand, confuse customers and cause damage to your reputation. Consider solutions like business automation software that helps to ensure aspects of the business stay consistent no matter how many franchises you sell.

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6. Understanding the Role of a Franchisor

The role of a franchisor is quite unique in that you are allowing others to run their own business in your name. Where a typical business owner would be responsible for staffing, performance and financial control, a franchisor should be focused on expanding their franchise brand, training new franchisees and offering them support and guidance when required. Problems often occur because franchisors micromanage franchisees instead of empowering them to manage their own business.



Technology should also play a big part in your future expansion plans. The solutions you choose today should be able to support your business model tomorrow and for many years to come.

7. Choosing the Right Technology

Managing a franchise in the 21st century has become so much easier, thanks to the multitude of technology solutions available. From cloud-based marketing portals to business automation solutions that offer dynamic invoicing templates and corporate messaging, there are a wealth of options available that will ensure your message and branding stays consistent across your franchises. Technology should also play a big part in your future expansion plans. The solutions you choose today should be able to support your business model tomorrow and for many years to come. Business automation software, for example, can simplify operations across every franchise, save franchisees time and enable you to scale your business faster and more efficiently.

8. Finding the Right Life/Work Balance

Being a franchisor is a full-time commitment, especially during the early stages of establishing your business. The good news is that the more franchises that open under your guidance and support, the easier the process will become. A careful selection process will also ensure that you have franchisees working

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for your brand that are self-sufficient and able to manage their businesses without much involvement from you.

9. Adapting to Consumer Demand

No matter how big your franchise grows or how many franchisees you have working hard for your brand, it is the consumer that will dictate your success. As a franchisor, it is important that you keep track of changing consumer habits and demands and meet these requirements. You will also need strategies in place that ensure these changes trickle down to all of your franchisees.

10. Choosing the Right Time

Timing is everything when starting any business. Wait too long and you might be too late to take your place in your chosen marketplace. Strike too soon and you may not have the processes and systems in place to compete effectively. However and whenever you get started, there is always room for improvement, always time to learn and always a way to grab the next market opportunity that comes your way.

Final Thoughts

Being a franchisee is no easy feat. Being a franchisor multiplies the challenges. However, the rewards make the time, effort and investment worthwhile, especially if you can quickly and efficiently overcome the hurdles that are sure to come your way at some point in your franchisor career. ■

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