



TOP FRANCHISES IN YOUR PRICE RANGE

The franchise industry, like any other industry, has a wide variety of options for first time business buyers. The difference with franchising is the foundation behind the business, regardless of size.

If you are hoping to buy a business and have visions of being your own boss, doing things your way and 'figuring it out' as you go, you have most likely not thought things through.

Although many stand-alone businesses do find success, a stand-alone business, regardless of size, requires an immense amount of thought, planning and follow through – and this is before you open your doors.

If you are dreaming of a small shop in your local village and think you can make a go of it, ask yourself just a few questions before you go any further with your visions of success:

What type of business would you start? Do you know about this business? What is the investment? Do you have a business plan? How will you select your site? Have you researched the area? What is the foot traffic, the demographics? Do you need staff? How much will you need to pay your staff? What type of insurance will you need? How will you secure your bank loan? How will you manage your accounts? Do you have a strategic plan for the first five years? What equipment will you need? How will you fund this? What are your cash flow projections? How much inventory will you need? What is your projected ROI?

Are you overwhelmed yet?

These are just some the questions which must be answered before you can assess whether the business has the potential to be successful. The next, and most important question is, 'Are you ready to do this alone?'

BENEFITS OF A FRANCHISE

This is where franchise systems step in. Imagine if you could buy a business and all these questions had already been answered. And not only that, the exact business you wish to buy had already been opened in another location and was running smoothly and successfully.

This is the cornerstone of franchising. When you buy a franchise, you are not only buying the business, but the expertise of the franchisor and a business model that has been proven – over and over again.

Instead of having to start from scratch, you are given the tools and training necessary to get your business up and running as soon as possible. You simply need to add the dedication, passion and commitment.

So, you are now convinced that a franchise may be the way to go. Which one do you choose?

First of all you should decide what sort of business you would actually enjoy. If you are venturing down this new path of life and planning to own your business, it would be a good idea to find something you are passionate about, something that would excite you on a daily basis – a career which would make you happy!



Once you have a few ideas about the type of business you would like to own, you must now decide what sort of investment you are willing (or able) to make.

Franchises come in many packages – from the very small mobile service franchises to the large shopping centre retail outlets. Where do you fit in?

It is a good idea to take a closer look at these franchise systems (and the investment required) and see which price category fits best.

LOW INVESTMENT FRANCHISES

\$5,000 to \$50,000

These franchise systems are primarily service based and can be owned and operated by a single person. Benefits of this type of franchise often include:

- low initial investment
- no overhead
- no staff
- ability to work part-time or full-time
- work from home or in the field
- a set territory
- limited equipment
- flexibility in working hours

Some drawbacks with the low investment franchises include a lower return on investment as well as having no staff puts all the pressure on you. However, this suits some individuals perfectly.

Low investment franchises appeal to many people who are looking to either supplement their income with a part-time business or perhaps one partner will continue to work at their current job and the other partner takes on the franchise.

The low return on investment assumes that the franchisee will not pursue growth. Despite the minimum investment required for entering into these types of franchises, the possibility does exist to expand. This can be done by consulting with the franchisor and either expanding your territory or taking



on another territory, or taking on more staff to accommodate more work.

There are many cases in which franchisees have started out with a single mobile or service based franchise and grown it to include multiple territories with a handful of staff. The other option available for motivated individuals is to pursue becoming an integral part of the franchise system – as a trainer, manager or even master franchisee.

If you are thinking this might be the way to go, just remember that despite the fact this may not cost as much as other franchise systems, it is still a business – your business – and you should prepare and run in accordingly.

MID INVESTMENT FRANCHISES

\$50,000 to \$150,000

These franchise systems are often still mobile or service based, however the increase in price is usually due to an increase in vehicle size and/or equipment needed for the business. This price range also includes some businesses which have a retail site, which brings about a whole new level of commitment.

- Moderate initial investment
- No overhead or small retail site
- No staff or minimal staff
- Work from home or in the field
- A set site or territory
- Increase in equipment
- A higher return on investment

Drawbacks to consider include the fact that adding staff increases responsibility as far as reporting, wages, taxes, etc. Adding a site increases the complexity of business as far as leases, insurance and other site specific obligations.

An investment of \$50,000 - \$100,000 is still a reasonable amount of money. Keep in mind this is the initial investment though, there will be a substantial amount of other costs involved and you must budget for these as well.

As with all businesses, if they are successful, a higher level of investment should yield a higher return. You must look carefully at the financials for this type of investment to make sure this holds true. Check with your accountant as well.

Along with your accountant, you should also have legal representation. This may not be as vital (although highly recommended) for a low investment venture, but once you start looking at bigger businesses with higher buy-



ins, you should start bringing in your own team of experts to analyse the information given to you by the franchisor.

HIGH INVESTMENT FRANCHISES

\$150,000 to \$450,000+

This is serious business. If you are entertaining the thought of putting up \$450,000 for a business, you must be certain that you can actually afford it. If you leverage too much, you may be stretching yourself too thin and the stress may not be worth it. You must also be sure you have done your full due diligence on the franchise system, the franchisor and the specific franchise territory or site you are considering.

Just because you are going with a well-known or well-established franchise system, doesn't give you an excuse not to do your homework. You should be thorough and realistic. When you are looking at the franchise and the financials, be ruthless. Assume a worst-case and best case scenario. If you can see yourself pulling through the toughest scenario and have plans in place to cover this, you are starting off in a good way.

This is also the point where not consulting franchise specific experts would be a fatal error. The industry has extremely talented professionals who specialise in franchising – use them. If you think the additional cost to hire these folks is too high – imagine not using them and having your \$450,000 business fail. Which expense would you rather absorb?

You should consult an accountant, a lawyer and a banker. They will help guide you and be sure that all the documents you need are provided and the franchise agreement is legally sound and covers you as the franchisee. They will make sure the financial figures for both the purchasing of the business and the expected returns on the business are sound and realistic. They will also be able to guide you legally through the myriad of paperwork involved with buying a business.

One of the biggest benefits of buying a high investment franchise, is the possibility of much higher returns. The other advantage is the fact that many of the 'bigger' franchises are actually well-established and have strong, proven business models.

REGARDLESS OF PRICE

The decision to buy a franchise is a smart one. The franchise industry remains strong and the framework of support and training gives you a huge advantage over buying a stand-alone shop. You are signing on with a business that has tried and tested its methods, its products and its business model.

You will also be buying into a huge community of fellow franchisees, not only within your given system but everyone in franchising. The Franchise Council of Australia (FCA) and the Franchise Association of New Zealand (FANZ) both bring franchisees and franchisors together through various events and are also there to support the industry as well as individuals within the franchising realm.

WHAT'S YOUR PRICE?



SMALL <\$50,000

Appliance Tagging Services
Austvending Pty Ltd
Fastway Couriers
Frogs House Washing
Jim's Fencing
Jim's Mowing
Jumping J-Jay's Castles & Slides
Kwik Kerb
Nanotek Car Cleaning
Ovenu
Read and Exceed Pty Ltd
sKids Australia
Snap-on Tools (Australia) Pty Ltd
Spray Pave Australia
Steamatic
Stuffers Franchises Pty Ltd
V.I.P. Homes Services (Australia)
V.I.P. Homes Services (New Zealand)
Wet-seal

MEDIUM \$50,000 – \$150,000

Back Care & Seating
Cafe2U
Clean Green Strata
Duster Dollies
Espresso Essential
Independent Property Inspections
Leather and Vinyl Doctor, The
Leadership Management Australasia
Magnetite (Australia) Pty Ltd
PoolWerx
Resicert
Shine It Stainless
Sleepy's
Starshots Photography
Tasty Trucks
Thexton Armstrong
Yong Real Estate

LARGE >\$150,000

Anytime Fitness
Battery World Australia
Brazilian Beauty (AUST) Pty Ltd
Caltex Australia (Star Mart)
Cheesecake Shop, The
Chicken Treat
Ella Bache
Gelatissimo
Grill'd Healthy Burgers
Hudson's Coffee
Just Cuts
Lava Carts Pty Ltd
Nando's Australia
Ozifit
Plus Fitness 24/7
Red Rooster
RP Vending
Safetyquip (Australia) Pty Ltd
Schnitz
Snap Fitness
Snooze Sleep Well Pty Ltd
SumoSalad
Taco Bill Mexican Restaurants
TeleChoice
Telstra Corp. Ltd
Total Tools
United Petroleum

