

Franchise Advice

FRANCHISE BUSINESSES CAN ACHIEVE RAPID GROWTH AT LESS RISK

At UHY Hacker Young we are committed to providing independent professional advice. We understand that working for yourself doesn't mean 9-5 hours. We can offer advice from our experts who are passionate about helping you grow.

What is a franchise?

A franchisee is a self-employed business owner who runs a business using the brand and systems of an established company, known as the franchisor.

Business franchising is an arrangement where the franchisor grants the franchisee the right to use its trademark or trade-name as well as certain business systems and processes.

Why choose franchising?

One of the main reasons entrepreneurs turn to franchising is that it allows them to expand without the risk of debt or cost of equity. Buying a franchise can be a quick way to set up your own business without starting it from scratch.

Other benefits of franchising are...

Fewer responsibilities and commitments

As the franchisee controls the business unit, they will be responsible for the legislative requirements regarding PAYE and NI, Health and Safety, Trading Standards and Employment Legislation. This will give the franchisor more time for training and franchisee recruitment.

Franchisee Marketing Fund

Just imagine how much your business would need to spend on marketing to gain national profile without an established brand.

With a franchised business, the costs associated with marketing are covered by the franchised network.

Not only will you be able to expand nationally without excessive cost, but you will also benefit from the kudos of a recognised brand name.

Easier to finance the business

Banks are more likely to lend money to buy a franchise with a good reputation.

Supplier relationships

Good relationships with suppliers will have already been established, saving you a lot of time when getting your business started.

How to be a successful franchisee

To be a successful franchisee, a business needs:

- demonstration of success – take advantage of every demonstration or training opportunity
- clear systems and procedures – by following the systems, you preserve the brand and protect your investment and that of your fellow franchisees
- sufficient recurring profit levels
- an enthusiastic franchisee – enthusiasm brings a level of excitement and energy to the operation that everyone can feel, including your customers and employees
- low skill levels for operation, i.e. something that can be easily taught
- a distinct brand – branding improves recognition, helps build financial value and improves customer loyalty.

Accountancy support within the franchise model

Accountancy support integrated into a franchise model can have a substantial impact on the growth of the overall franchise and the success of individual franchisees. At UHY we offer a full range of support services for franchise businesses, covering all the areas that both franchisor and franchisee need to consider.

Benefits of UHY to franchisor

- continuity – compliant accountant who knows the industry
- UHY's National and International networks
- detailed real-time performance of each franchisee reported back. This allows the franchisor to provide support and advice where needed
- bespoke management reports and alerts
- training on systems, taxation and any legislation changes
- integrated on-boarding process to ensure businesses are incorporated/ VAT registration is applied for, etc. in an efficient and easy way. Should add professionalism to bringing on new franchisees
- support with franchise funding
- support with feasibility studies and plans
- franchise valuations.

What should a franchisor consider?

Feasibility study – is the business suitable for franchising?

A feasibility study must be carried out to assess the potential success of the business as a franchise. A number of factors will be considered, such as current and emerging competitors, business conditions, consumer demands, and legal and licensing requirements needed for conducting business.

Franchise development plan

A detailed development plan which outlines what you want to achieve and how you are going to do it is essential to any franchise. Any plans must take into account both the franchisor and franchisee.

Sales and on-boarding support

Selling new franchises and attracting the right interest is vital to any successful franchisor. From the beginning, you must have a defined on-boarding process which ensures potential franchisees understand the franchise's goals, values and culture.

Funding

Setting up a franchise business often requires a large amount of funding, including the initial franchise fee, purchasing stock and setting up the site, along with everyday operational costs. It is important to build relationships with leading industry finance experts who know franchising and can make it easier for potential franchisees to arrange finance.

Accountancy and taxation

Like any successful business, a franchisor should keep records, produce valuable reports, and prepare taxes, along with giving valuable financial management advice.

Assistance on the day-to-day accounts and taxation helps to keep every franchise ticking over.

Training and development

It is vital that a franchisor properly trains franchisees to ensure consistency in its systems, processes and brand values. Training and development is the beating heart of any franchise and helps ensure a high standard of operating is upheld throughout the business.

Management data reporting

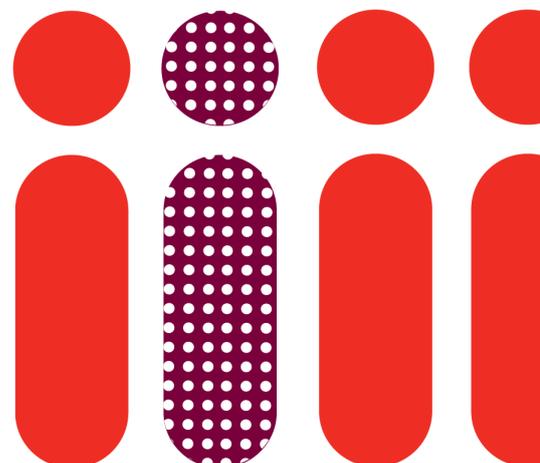
Thorough data reporting from the management side of any franchise can be integral to improving the performance of an individual franchisee. Any information on where a franchisee is struggling and where they are doing well can help to monitor the individual progress of each business.

International franchising

International franchising is a positive way to upscale a business and reduce the reliance on domestic demand. It is a fantastic way to extend a brand globally and increase the number of revenue points feeding into the main franchise. Our UHY network consists of 300 offices in over 100 countries so we can advise you wherever you choose to expand to.

Business valuation and sale

Valuing a franchise for resale is often a difficult task. It is usually based on the potential future earnings of a franchise and any future risk associated with the market.



Benefits of UHY to franchisee

- continuity – compliant accountant who knows the industry (benefits of UHY)
- agreed fee based on our knowledge of the business
- industry-leading accounting software to save time and maximise profits
- training for both the franchisee and employers
- tax experts
- growth support to achieve goals.

What should a franchisee consider?

Choosing the right franchise

A potential franchisee must first ask what they want from their business and how they would like to operate. Generally, the most successful franchises avoid markets which are either too crowded or too thinly populated.

Funding support

You are likely to need finance at some point along the journey. It is therefore important that you have both up to date financial information, ideally using cloud accounting software, and a realistic business plan specific to your goals.

Accountancy and taxation

Keeping on top of the day-to-day accounts and taxation side of a business is key to success. It allows you to focus on the daily operations and other aspects of running a business with none of the hassle of keeping on top of the accounts.

Training and development

A franchise business has a proven track record of success and will provide guidance on how to achieve it. However, it is vitally important that you and the staff you bring into the business are correctly trained and follow the company manual. This will ensure consistency across the brand.

Growth advisors – Support to achieve goals (e.g. help to obtain multiple units)

Growth advisors give you the helping hand to make your business thrive. They offer support across every element of your franchise, designed to guide you in the right direction.

Exit strategies

When the time comes to sell, it is important to consider all the options available to you and plan how you would like to leave the business, whether that is to a family member, an outsider or an employee.

The next step

If you would like further information on franchising, or would like to arrange a meeting to discuss your specific requirements, please contact **Chris Oxley**.



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