

WHY NOT TWO FRANCHISES?



Peter Hans

“Let’s play two”. That’s how baseball Hall of Famer Ernie Banks responded to a beautiful day for baseball. That’s also the thought process of many franchise owners whose businesses get off to a good start.

Yet before planning a second franchise, it’s important for franchise owners to make sure some ducks are in a row with the first.

“Just remember that the first order of business is always getting franchise number one up and running smoothly—and profitably—before considering expansion or another franchise opportunity.”

If you’re a location-based business—e.g. dry cleaner, restaurant, etc.—you want to get through your grand opening and be turning a profit. You want to have a good sense of the buzz about your business from customers. Comments like, “we have so desperately needed this service in this area” or “I wish we had one of these in my town” or something along those lines are things you want to note.

Most importantly, you want to smooth out the operational hiccups before entertaining expansion plans. Some things you will want to consider:

- What’s the current state of the commercial real estate market? – Are rents currently high? You may want to wait on expansion. Maybe there’s an area you are targeting that’s on the rise and you can get in low?
- Do you have enough employees? If you’re hands-on in your current franchise, how can you be two places at once? The answer is you can’t. That’s why having reliable and dependable staff is a must to help run at least one of your locations. Or maybe your current

staff will be part of both locations? You may have to hire for both locations.

- What about a loan? Will the bank that helped you secure funding work with you again? If not, what’s your alternative?
- Family support – Many franchise opportunities are quite demanding and can impose on family time. Is your family okay with that? Will they be part of your staff/support for an additional location? This can be a particularly important conversation if your spouse or older children want to help but have other interests they want to pursue.

Considering these things is very important before taking a next step.

For home-based franchises, you don’t have the challenge of finding a second physical location. You do need to have your operations and systems in place to accommodate the additional work. For example, let’s say a franchisee has Springfield, Massachusetts as its territory and wants to add Amherst, Massachusetts. Much like a franchise with a storefront, the systems need to be in place to make



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the first franchise successful. That could be something as simple as a set schedule: Mondays and Thursdays are for sales calls; Tuesday is for administrative work; Wednesdays are for networking groups; Fridays are to visit existing clients, etc.

If the Springfield, Massachusetts franchise owner wants to add the Amherst, Massachusetts franchise, he/she will have to first plan how to manage the same activities for two locations. It also presumes the Springfield territory is up and running smoothly with enough revenue to sustain things while building up Amherst.

Now, the presumption is that the franchise owner takes on all the duties for both locations. That might not be plausible. Maybe the franchise owner hires a bookkeeper or other back office staff, so he/she can focus on what he/she does best, sell. When it comes to being a multi-unit franchise owner, there are many ways to get the job done.

Another way to become a multi-unit

franchise owner is to purchase a different franchise that complements your current one. For example, the restaurant owner purchases a dry-cleaning franchise. In addition to the restaurant being able to utilize the services of the dry-cleaning franchise, there are cross promotional opportunities (e.g. dry-cleaning customers receive coupons off their next meal at Restaurant Y; Restaurant Y customers receive 10 percent of their next dry-cleaning order).

Different franchise opportunities can be complementary in other ways as well. For example, our franchise owners often work seasonally. So, they work hard for four to six months and can ease up for the rest of the year. That means they could pursue additional locations within our system and set it up to run when the other location is slow. Or, they could find a different franchise opportunity to run year-round and figure out a system for the months when our franchise is front and center.

As you can see, if you want to be a multi-

unit franchise owner, there are many ways to skin the proverbial cat. Just remember that the first order of business is always getting franchise number one up and running smoothly—and profitably—before considering expansion or another franchise opportunity.

Peter Hans has served as the President of Discovery Map International since 2005. In addition, he is a member of and has had an interest in Flagship Associates, LLC, which is a Vermont limited liability company and real estate holding company in Waitsfield, Vermont, from July 2003 to the present as well as being a managing member of Berkley Holdings, LLC, a Waitsfield, Vermont limited liability company and real estate holding company, from June 2007 to the present. In 2017, Hans became a partner in Discovery Map POI, a franchisor of map locations across Slovenia and into neighboring countries across Europe.

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