Is a Franchisee an entrepreneur? by Marcus Tarrant

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One of the most frequent questions we receive about business planning is related to the question, is a franchisees an entrepreneurs and does it take entrepreneurial skill to make a franchise successful.

In today's job market many people considering franchising as an alternative to keeping an existing job in the corporate world. There're many different reasons for this many people are interested in flexibility they want worklife balance or other financial gains not typically associated with the constraints of a corporate role.

One of the keys to a successful franchising is to ask the right questions of your franchisor. There're a number of must ask questions that need to be considered before entering into any franchise agreement. You should undertake in depth one on one questioning as part of your due diligence and franchise review process. Once this has been completed you will need to create a franchise plan. A franchise plan is much like a business plan (see article titled Creating a Franchise Business Plan in this blog) for further details.

An entrepreneur is anyone who seeks to great opportunity out of resources they don't currently control. Under this definition of franchisee would definitely be considered a franchise, as they don't currently control the resources associated with the business model for the enterprise into which they are seeking to embark. Before entering into a franchise agreement and it is important to understand the difference between a franchise and a license. A franchise typically encompasses a much broader scope of business model and marketing support than a traditional license would.

Here are a couple of key questions to consider asking your franchise all when considering entering in to some sort of franchise arrangement.

Why did you create the franchise business in the first place?

Understanding why the franchise or establish the business is critical to understanding revision and what part with them that you may be able to play. This will enable better alignment of objectives and you're able to see more clearly what problem the franchise or is solving for the franchisee and for the customer.

How widespread are your franchisees?

Is important understand the geographical distribution of the franchises in the franchise opportunity you're seeking to enter into it. Questions associated with this may include things such as exclusive territory and what happens if there are major changes in the economic environment in which are operating, for example the Internet or other new technologies which may enable the franchise or to sell the targets within your region without selling through your retail outlets.

Is the business you are entering into well suited to franchising.

Not all businesses are well suited door franchise business model. You need to understand the different elements of the business model and what value that is bringing to the franchisees. Have a discussion with other franchisees to understand their experiences with running that business as a franchise. Buying a franchise is quite different to operating a company on store and the financial results of doing so may be quite different.

After considering all of these elements of questions and deciding to going to a franchise we would consider that you are an entrepreneur. We just advise that you don't go in blind, and a franchise business plan can give you some great guidance along the way.

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