When starting a franchise brand, keep it simple

SADA SHELDON AND CARL KHALIL

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By keeping a start-up franchising operation simple, a franchisor can channel more cash and resources to growth instead of overhead. Here are 11 tips.

1. Register your trademark early. This can save you fees in states where the ownership of a federal trademark registration exempts your business from state laws. Connecticut, Florida, Georgia, Maine, North Carolina and South Carolina fit in this category.

2. Stage your rollout. A franchisor can register in just one registration state to obtain a regulator's approval, and then be positioned to offer or sell franchises in that state along with the non-registration and non-filing states. After selling some franchises to generate cash, the franchisor can then turn to registration and filing in the remaining states.

3. Use isolated sales exemptions. Indiana, Minnesota, New York and Washington have exemptions that eliminate the need to register a franchise offering for certain isolated franchise sales.

4. Eliminate territories. This could save resources if a physical presence is not the foundation of the business model. Mapping software and the personnel to administer it can be dispensed with along with site selection assistance. Further, squabbles and possible lawsuits in relation to territory rights are avoided.

5. Have fixed royalty and advertising fees. Many franchisors require royalties and advertising fees as a percent of gross receipts, requiring bookkeeping systems and accountants to uncover under-reporting. Imposing fixed dollar amounts that increase with the age of the franchise allows the franchisor's revenue stream to grow along with its franchise owners with minimal internal accounting needs and no financial audits to locate unreported income.

6. Wait to finance. Franchisors are often tempted to offer financing in order to attract franchisees who could not otherwise afford to purchase a franchise or who cannot find external financing. Franchisor- supported financing programs, however, bring increased accounting costs and support to track and collect payments. It's better to delay this effort.

7. Create an area developer program. Area developers serve to increase upfront capital, reduce overhead and promote franchise sales. Plus, well-connected area developers can save internal selling expense by bringing in leads and franchisees that they generate.

8. Train online. Take advantage of the advancements made in online education formats to cut costs. Having online trainings will eliminate the need for classroom space, live staffing and cost for catered refreshments.

9. Develop advertising templates. Protecting your trademark is vital to avoid misuse and dilution of the brand. A franchisor can displace a multitude of individual proposed advertising submissions by franchisees by requiring them to use online programs that contain pre-approved advertising templates, where the contact information can be changed.

10. Use outside supply vendors and packages. Warehousing and shipping functions can absorb huge resources including square footage, warehousing staff and shipping expenses. Instead, use direct ordering through outside supply vendors and pre-approved supply packages to displace those costs.

11. Eliminate complex programs and individual variances. Sometimes franchisors offer programs of marginal benefit or individual variances that carry substantial administrative cost to carry. For example, small fees for a multitude of minor items could perhaps be displaced with a slightly higher initial franchise fee, royalty fee, transfer fee or renewal fee.

Carl Khalil and Sada Sheldon are partners in the Law Offices of Carl Khalil and Sada Sheldon in Virginia Beach, Virginia. Reach them at (757) 263-4596 or www.carl-and-sada-law.com.