

# Newsletter

November 2008

Welcome to the Spring edition of The Franchise Institute Newsletter.

## From the desk of James Corne, CEO and Founder of the Franchise Institute



### Franchising trends in challenging economic times

What a turbulent time we've been experiencing in the last month. A roller coaster ride on the stock market, gloomy news on the economic front, the Aussie dollar plummeting in value and unemployment rising.

Some of the world's foremost economists are predicting one of the largest economic downturns of all time. For many this news is potentially disastrous. For a few however the current uncertainty and resulting rise in unemployment is a great opportunity.

You see history shows us that in the last recession in the late 1980's as employees were laid off and given redundancy packages they sought more secure ground and invested in franchised businesses. Yes that's right. After the experience of losing their jobs they wanted to take control into their own hands and start a business – but not from scratch. So this is where franchising really comes into its own.

Franchising is the perfect model for people who want to be in business for themselves by not by themselves. It's perfect for people who want to start a business but want the security of knowing they have support at their finger tips.

So if you have been considering franchising your business then now is a great time to start. It typically takes 3-6 months to make a business franchise ready, so if you were to start now you're business would be ready to launch February/March 2009.

## In this edition:

- Franchising trends in challenging economic times
- Results of the new Australian Survey on Franchising
- What are franchisees looking for?
- \$1000 referral fee for every successful introduction
- On the move – our new address details

## Results of the new Australian Survey on Franchising

The FCA commissioned Griffith University to conduct the 2008 Franchising Australia Survey.

Some of the highlights of the survey report that:

- There are approximately 1100 franchise systems operating in Australia, compared to 693 a decade ago.
- The growth rate of franchise systems from 2006 to 2008 was 14.6 percent.
- A total of 28 franchisor organisations appeared in the 2008 BRW List of Top 500 Private Australian Companies.
- There are an estimated 63 500 business format franchised units and 7900 company owned units, producing a total of 71 400 units operating in business format franchise systems in Australia.
- Most franchise systems are relatively small. The median number of franchise units per system was 20, together with 1 company-owned unit.
- Half the sector holds 20 or fewer units. These smaller systems were also younger and had been franchising for a median of 5 years, compared with 13 years for larger systems.
- Overall the sector shows signs of maturity and experience.
- Despite its growth, franchising accounts for just under 4% of small business in Australia, a sign of the potential for further expansion.
- Almost 27 per cent of franchisees are in the retail sector, and 15% in accommodation and food (including cafes and takeaways).
- The survey reported an increase in part time franchising to 20 per cent with 43 per cent of franchisors allowing franchisees to work less than 40 hours a week.

## What are franchisees looking for?

This is one of the most common and pertinent questions we receive from existing and potential franchisees and franchisors. Like most things in life, the answer varies depending on exactly who you are asking.

In general terms prospective female franchisees are looking for in order of priority

- A flexible working environment
- challenge and personal achievement
- improved lifestyle
- income potential

Prospective male franchisees in contrast were more motivated by the desire to have a break from corporate bureaucracy.

When combined the most appealing factors for potential franchisees were:

- Established brand recognition
- Established business model
- Support by franchisor
- Higher likelihood of success than independent business operators
- Established supplier(s)
- Pooled advertising and media buying power

When deciding which franchise system to buy the most common criteria in their decision making process are:

- Cost of the franchise
- Brand recognition
- Lifestyle
- Ease of the system
- Attributes of the franchisor

## WHAT'S NEW

**\$1000 for every successful introduction!!**

Announcing the Franchise Institutes Referral Program. If you know a business owner who would like to grow their business simply and cost

effectively introduce them to The Franchise Institute and if they become a client of ours we will reward you with a \$1000 referral fee. Earning money has never been so easy.



## ON THE MOVE

**We have just moved offices**



**Our new address details are:**

**Phone: 1300 855 435**

**Phone: 02 8848 8121**

**Fax: 02 9337 1066**

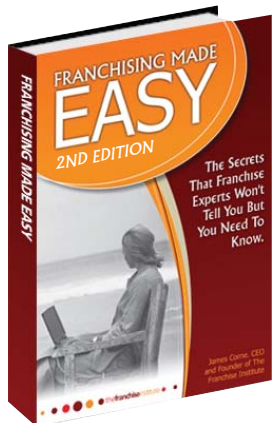
**Office: 44A New South Head Rd Vaucluse NSW 2030**

**Mail: PO Box 667 Vaucluse NSW 2030**

# Spring Specials

## Franchising Made Easy

This popular no nonsense book tells it like it is. It shows you how to create enormous wealth by realising the hidden potential in your business. Discover how you can leverage your success and break free from your daily challenges. James Corne offers a simple set of no B.S. strategies to catapult your business to a new level overcoming the obstacles and beliefs systems of growing your business. Thought provoking, stimulating and easy to read it will change your preconceived ideas about franchising forever.”



To order your copy for just \$29.95 + \$5.00 (P&H) complete this form and fax to 02 9337 1066 or call 1300 855 435.

## Book Order Form

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**To order your copy call 1300 855 435.**

## Capitalise On Upcoming Retrenchments

Just today I got a call from a client who has a prospect interested in his franchise who has just been made retrenched. As unemployment rises this will become increasingly common.

So make the most of the changes in the economy. **START NOW AND BE FRANCHISE READY FOR EARLY 2009**

Then call The Franchise Institute today and book in for your **Free 20 minute phone consultation** with a franchise specialist and see what could be done for your business.