

# Selecting franchise models

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For those wanting to enter the franchising sector, the big question is, "What industry would suit them best?" There are so many options to choose from and sometimes even informative events, such as expos, tend to be more overwhelming than helpful.



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There are very distinct differentiators between a retail franchise and a fast food franchise.

Take for example the number of hours you are happy to dedicate to the project. Fast food franchises often require dedicated long hours and, if you are not prepared to put in the extra time and make a full time commitment, this may not be the option for you. Many retail franchisees on the other hand, while happy to commit, still want evenings free so this is a better option for them.

Other criteria such as the type of person you are, your bias towards wearing business attire or a uniform, how much time you need to spend on your feet, will you need to travel are also questions to keep in mind when selecting the correct franchise option.

Franchising is definitely not for everyone. Potential franchisees need to be honest as to motives and look at their health, lifestyle and family situation to see they all fit into the plan to become part of the sector.

Franchisors in turn have recognised the importance of selecting the right personality for their franchise system upfront.

Any franchise brand will tell you that as their business has grown they have realised that the level of success is determined as much by what the franchisee brings to the table, as by the strength of the brand, product offering, operational and

marketing support and the location of the site.

The relationship between franchisor and franchisee should be balanced and highly consultative, collaborative and transparent. Franchisees also need to be offered intense training and support from the franchisor.

<b>Retail Franchise</b>	<b>Fast Food Franchise</b>
Generally a 10-year term of franchise agreement	Generally a 5-year term of franchise agreement
Fees payable to franchisor of generally 3-5%	Fees payable to franchisor of generally 7% +
Generally 9am to 5pm weekdays and weekends/public holidays determined by the shopping centres	Longer hours, weekends and public holidays
More flexible controls from franchisor	More stringent controls
Slower returns but more sustainable in the long run	Quicker returns but greater pressure to maintain
Higher profit margins	Tighter margins

## ABOUT THE AUTHOR

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