

How to find the right franchise opportunity for you

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Several years of strong sectoral growth combined with business opportunities that are often backed by an investor safety net is making franchising the top choice for many who want to own their own business. This assessment is based on the strong foundations of my own experience of establishing Cash Converters nearly a quarter century ago and the [recent results](#) of Franchise Association of South Africa (Fasa) annual industry survey.



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These figures show that the SA franchise industry has grown its turnover by 55% from R465 billion in 2014, when Fasa conducted its first survey, to R721 billion in 2017. Alongside this, the sector's contribution to South Africa's GDP has expanded by 62%, from 9.7% in 2014 to 15.7% in 2017.

The President's recent Job Summit highlighted the critical need to reduce unemployment and boost the national economy by growing business and stimulating job creation. The franchise sector employs 369 573 people, 93 percent employed by individual franchisees rather than franchisors.

Franchising can be a win-win for franchisees. It enables you to make your dream of running your own business come true as well as contributing to providing much-needed new jobs.

These factors make franchising a particularly attractive option for those wishing to start their own business. But with 865 different franchise systems active in the country last year, the huge range of choice can be confusing.



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To prevent analysis paralysis and ensure you can get set to make the most of franchising, I can offer four top tips for selecting the best franchise opportunity for you:

1. Choose a credible brand

As you shortlist franchisors that appeal to you, go beyond what they tell you about themselves and find out about what people are saying about them. Do social media searches to find out how consumers are reacting to the product or service offered, pricing and customer service. Your franchise fee should buy you a halo effect thanks to your franchisor's good reputation. Too much negativity around the brand will affect the potential success of your franchise, from your ability to attract customers and the turnover and profit you can hope to generate.

2. Look for a proven business model

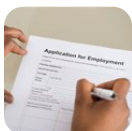
A worthwhile franchise shares with franchisees the intellectual property it has developed over the years. It has created and grown this business model over time, knocking off rough edges and fine-tuning systems for mistakes as they become apparent.

Check the brand's news history online as well as its own sales material. Be wary of any franchise that claims to be perfect or invincible. Nobody is – so either it has something to hide or it is fooling itself. Either way, such a brand is not keeping its eyes open to navigate the brand and its franchisees through the changing fortunes of business.

3. Check the support systems

Getting relationships and systems right is vital in business success. They have become even more important since we founded Cash Converters nearly 25 years ago because the volume of legal compliance has mushroomed. Make sure that the franchises you shortlist offer you support in coping with this and that those running the brand are in touch with what happens on the ground in the franchisees' stores.

At Cash Converters, for example, our front-end support staff are in stores every day and the directors devote three days each month to visiting stores. This ensures that our expertise is available to guide the franchisees through any business issues they face.



Job creation is a team effort

Richard Mukheibir 15 Oct 2018



4. Follow the recipe

When you sign up with a franchisor, you receive access to its business model, including the “recipe” for running your franchise. This forms a kind of safety net so you do not need to reinvent a wheel when setting up your business. But you cannot complain that the business model does not work if you do not implement it. This is one of those times when you must follow the recipe to bake the cake successfully. If you are not the kind of person who wants to do that, then think again about whether franchising is for you.

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