

FRANCHISE ALERT # 29: GROWTH STRATEGIES

How do franchisees grow or scale their businesses?

There are several strategies to scale a franchise business.

❖ Reinvest in the business

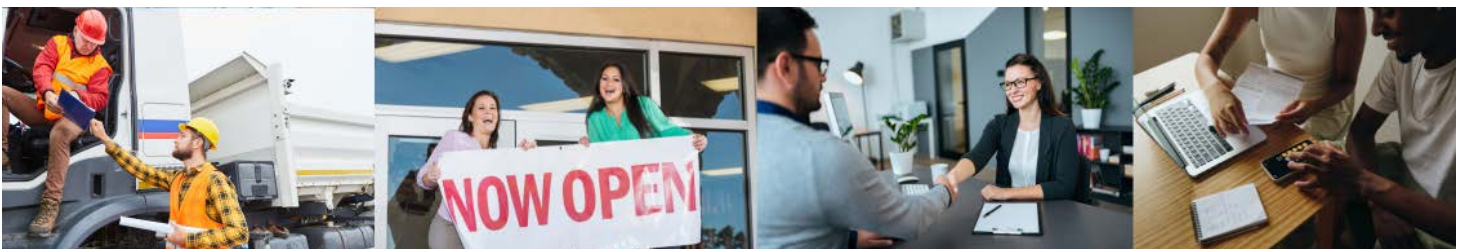
- Make necessary adjustments to hit your KPI goals
- Consult with your franchise business coach
- Add team members and/or vehicles
- Upgrade or expand equipment or technology
- Extend your operating hours
- Go after one or more new target customers
 - Example: Expand from residential customers to commercial ones

❖ Open another territory or **additional territories**

- Plan for growth and acquire multiple territories when you become a franchisee
- Monitor your KPIs carefully to know when it makes sense to expand
- Follow best practices to expand your business from one to two to three or more territories

❖ Stack another franchise brand on your existing one

- Complement your existing franchise with a new offering that **cross-sells** to your existing customer base
 - Example:
Add a flooring business to your carpet cleaning franchise
- **Attract new customers** with your new product or service offering
 - Example:
Add a lawn care business to your pest control franchise
- **Offset seasonality** and keep your team members employed year-round
 - Example:
Add a holiday lighting service to your roofing franchise





Franchise Vocabulary:

Unit - Refers to a territory. Since franchises include a variety of location types from home-based to brick and mortar outlets, the generic term "unit" describes a **single territory**.

Multi-unit owner - This is a franchisee who owns more than one unit. A franchisee can start with a single unit and acquire more later IF adjacent territory is still available.

Three Pack - This is the award of three units to a single franchisee. This franchisee is described as a multi-unit owner.

Six Pack - This is the award of six units to a single franchisee. There are also 10 packs and other sizes of territory that are awarded.

Multi-brand owner - This is a franchisee who uses the stacking strategy to expand his/her business portfolio. The franchisee owns more than one brand, often in the same market as his/her existing franchise business.

Most multi-brand owners are multi-unit owners too.

Empire builder - This is a franchisee who plans from the very start of his/her franchise investment to grow a sizable business. This typically includes multiple territories like a Three or Six Pack or more.

NOTE:

Some franchisors will only award one territory at a time. The reasoning is that the franchisor doesn't want to award territory that may never get developed into royalty generating units. These franchisors may want a franchisee to prove his/her success with one territory before awarding additional territory.

Other franchisors require a minimum of a Three Pack or more investment for their offering. These franchisors desire Empire Builders.

What determines how many territories are awarded?

A franchisor will be clear from the beginning if single or multiple territories are awarded or if both are.



A franchise candidate typically knows what he/she wants from a size standpoint based on his/her skills, goals for the business and his/her financial qualifications.

The number of territories to be awarded is also determined by availability in the market of interest. There may be 3 or 4 existing franchisees in a large metropolitan area, and yet there could be room for 6 or 8 additional franchisees.

On the other hand, in a rural area, a very large geographical area may equal one territory based on the population.

The franchise developer you work with will help you understand your options, and the level of investment needed for one or more units. This information is also available in each franchiser's Franchise Disclosure Document (FDD).

One of the last things in the franchise discovery process is determining territory and the number of units. The first priority is to see if the franchise candidate and the franchise business are a match for each other. From there, territory can be clearly defined.

It's my pleasure to help you understand some of the [growth strategies](#) available for franchise business owners!

NEXT STEP: 3 options

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