

Climbing the mountain: the importance of systemising franchise growth

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Expansion is one of the most challenging and exciting initiatives that a business owner will ever undertake. In many ways, it's the fundamental premise of franchising. It says: this business system is good enough to be repeated over and over and others will want it.

Retailing and franchising are also ground-up business models. Where one territory becomes two, becomes ten, becomes fifty and so on. It's generally the franchise brands that have grown from humble beginnings to national or international leaders that we all admire and are striving to emulate.

The stories of Colonel Harland Sanders and Ray Kroc are stuff of legend as they charted a path from the precipice of failure to effective world domination. Just as impressive and rewarding are our own national champions who've also started from scratch and grown into industry icons like Boost Juice, Grill'd, Baker's Delight and The Coffee Club.

There are still many more franchisors who are currently on that journey, converting their first site into a franchise operation, opening their first store interstate or their 50th site nationally. The expansion journey never really ends; the

milestones and achievements just become greater, grander or more important.

Whilst the rewards, and let's face it, the fun, is in the growing, this is also where the pain usually lies. Bigger operations mean new suppliers, more regulation, more people, more risks and more overall complexity. This is of course normal and necessary but it's also usually where those that don't make it fall over. The faster and larger the expansion, the greater the likelihood that problems will arise.

Having seen and worked with dozens of franchisors for more than 20 years, I have witnessed some of the most successful roll-outs, as well as been exposed to many of the not-so-successful. Apart from a great product, a committed founder and good people, the common features of those that have succeeded is the presence of a clear strategy, calm execution and the ability to assess and adapt when needed.



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And in every case, underpinning these factors is an organised and information rich business. One that is in control of itself and the information it relies on daily and beyond. By its very nature, franchising is a business system - repeatable, reliable and responsible. Generally everything in store or in the system is planned, documented and measured to achieve this. Holding true to the core values of franchising, your expansion should be too.

Systemise your execution, just like you systemise your brand. Bring the same expertise and careful execution to your growth as you would to the formation of your franchise system.

Identifying your best locations for expansion is not overly hard, agreed. However, tracking all opportunities in those locations or determining which is your next best site is never as straightforward as it may seem. And it often becomes harder the bigger you get, until and only if you reach that point of "crossing the chasm". But even, and especially, at that point you need to have a proven, reliable and efficient way of evaluating and ultimately executing at that location, and your information systems will be the centrepiece of achieving that.

Market data, internal performance benchmarks, domain expertise, legal and regulatory compliance, recruitment and project management, along with effective collaboration and risk mitigation systems for your team, will help to ensure that your expansion is done right and is sustainable for the future of your brand.

Importantly, in expanding your franchise system, you should also be protecting your potential downside. While exciting and potentially very rewarding, expanding your business can create many risks that you should be mitigating against for the future of the system. As you introduce new partners into the franchise, assess new locations and are continually stress tested as you grow, it is exactly the time when mistakes can be made.

So again, ensuring that you have complete and accurate records as well as effective processes and systemisation is crucial, and something that you may not understand the need for until it's too late. Having your business information and systems managed correctly from the very early days of your franchise business not



only assists with your business strategy and execution but will also help to protect you and your business from many of the risks associated with growth and expansion.

And finally, if you want to get better at expanding your franchise business, you must be in a position to learn what works and what doesn't. Being able to benchmark and track performance is key to being able to develop this learning. Profile of location, contractual terms and key performance metrics are vital to understand in achieving this.

Regardless of the quality, knowledge and commitment of each wonderful individual in your business, there is no replacement for efficient processes. Your team will be empowered by the ability to measure, assess and better the business throughout each phase of expansion. And always remember the words of American journalist Andy Rooney: "Everyone wants to live on top of the mountain, but all the happiness and growth occurs while you're climbing it." ■

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