



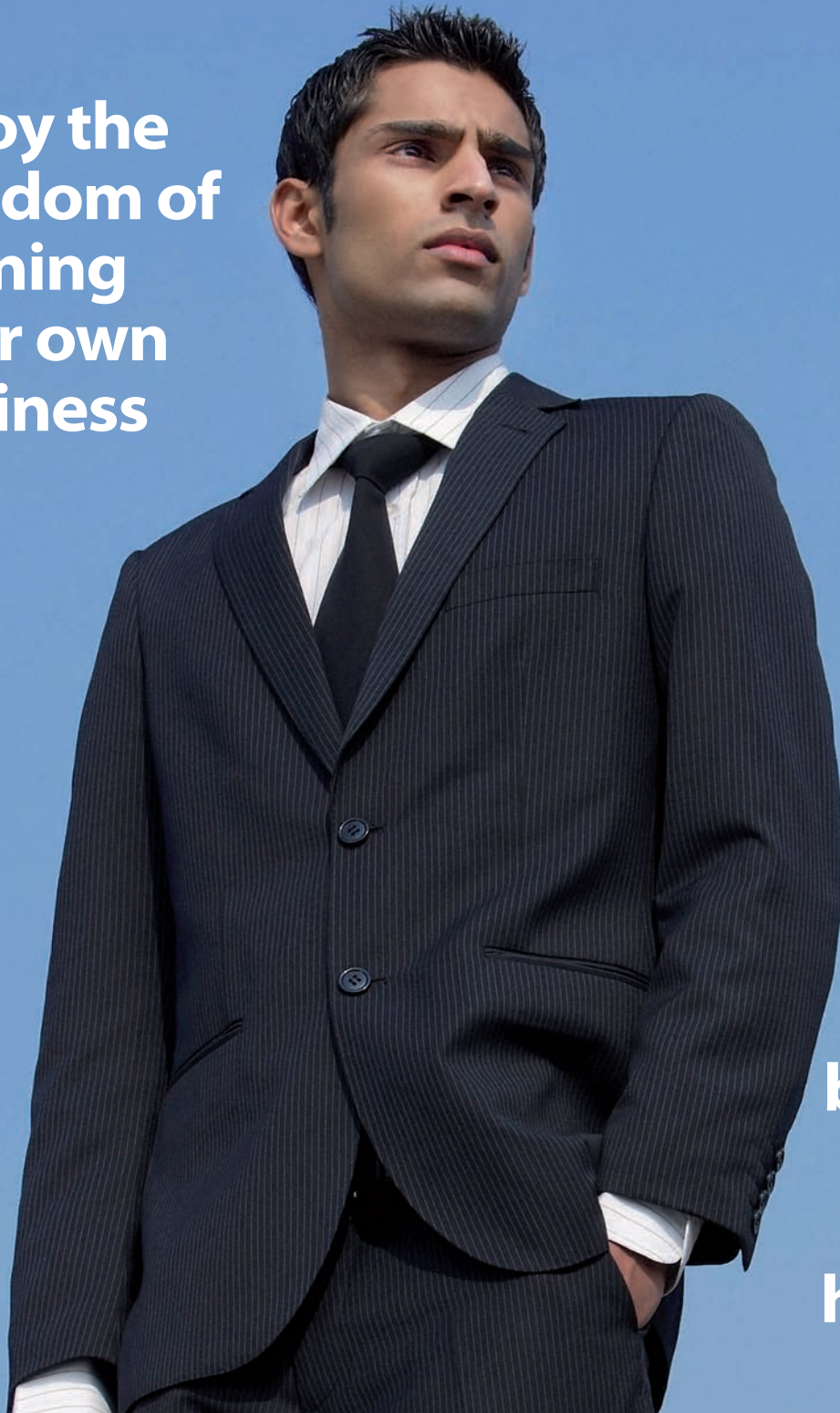
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Franchises, joint ventures and starting-up

September 2011

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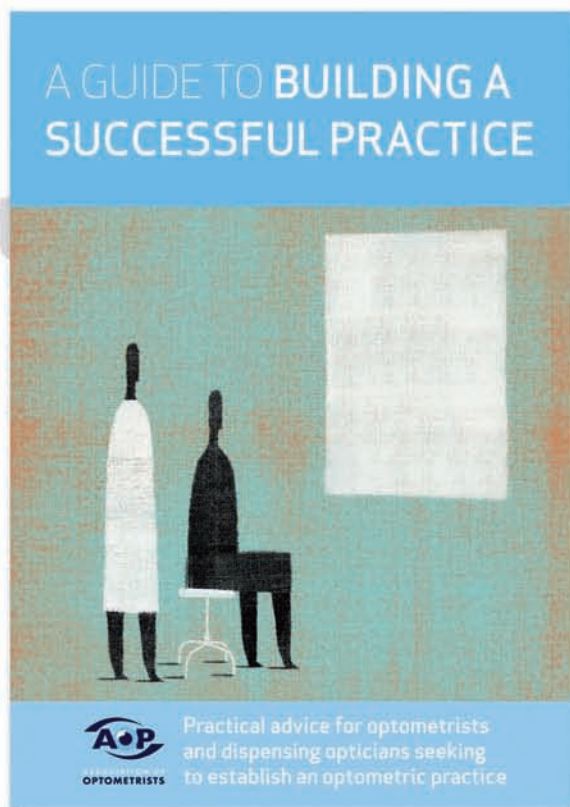


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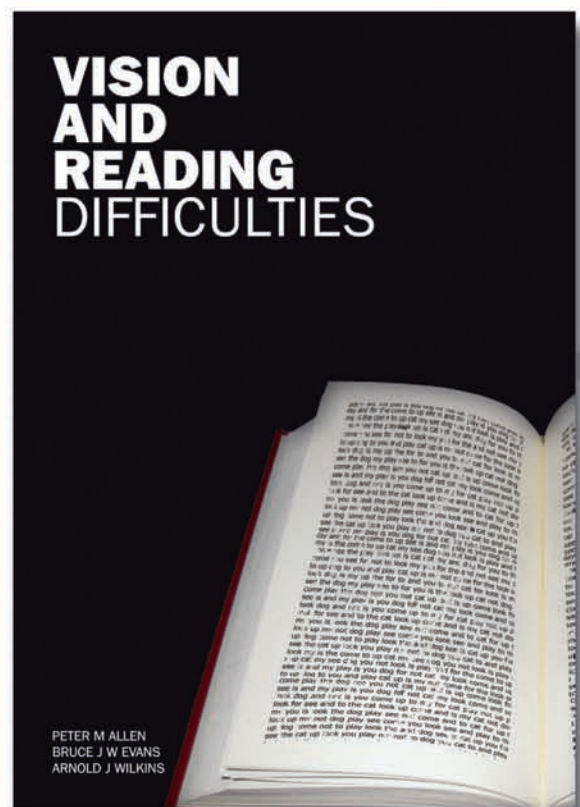
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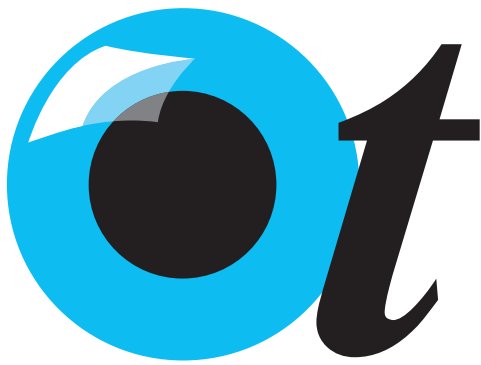
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Helping you make the right career decisions



STARTING your own business, be it through buying into a franchise, taking over an independent practice or starting with a completely clean slate – can be daunting but the rewards have

the potential to be lucrative and satisfying. That's why OT has produced this new guide to which covers some of the options available to you, the optics professional, and highlights some business basics that every fledgling businessperson needs to adhere to.

Being self-employed can be rewarding and a break from the sometimes monotonous day job, but it is important to be realistic. Being your own boss requires an enormous amount of discipline, financial understanding, management and people skills – and of course a lot of hard work.

In a small practice you are often the manager, marketing team, human resources, sales and the accountant too. It's important to assess the amount of

work it will take to get your business off the ground and make sure you are well prepared for the challenges ahead, seeking professional advice where needed from the likes of finance professionals, solicitors and marketing companies.

One of the advantages of taking on a franchise or partnership with a multiple is that you can reap the advantages of national marketing campaigns and don't have to worry about elements such as branding which may not be one of your strengths.

Whatever your aims and outlook I hope you will find this guide useful and it will provide some greater insight into the options available in the industry. Don't let your research stop here though, there is a wealth of information online which can make your decision more informed. As the old adage goes, knowledge is power.

Chris Donkin,
Supplements editor

Contents

5 Becoming a joint venture partner with Specsavers

6-7 The voices of experience: Two Specsavers JVPs share their stories

8-9 Taking a franchise opportunity with Boots Opticians

10-11 OT's guide to starting on your own: The business basics you need to know

13 Opportunities available with Kodak

14-15 Government resource Business Link shares its top tips on franchising



ASSOCIATION OF OPTOMETRISTS





NO NEED FOR ONE OF THOSE

WHEN YOU'RE WITH SPECSAVERS

"Optics will face another tough year and the public sector cuts could hit retail practices"*
Sir Tony Garrett, ABDO

In a sea of economic uncertainty, there has never been a better time to steady the ship and secure your future.

Work with Specsavers and you will be working for the UK's largest and most trusted opticians. If you are looking to run your own practice, we believe we can offer the right opportunities for everyone. Despite difficult trading conditions across the globe, Specsavers now has over 1400 optical practices worldwide including 700 in the UK.

Here at Specsavers we have hundreds of professionals who run their own business under the Specsavers brand. As a Specsavers Joint Venture Partner, you will reap all the financial rewards and support you would expect of the market leader.

At a time when the Optical Confederation suggested "2011 could well be a make or break year for UK Optics" make sure you take charge of your future, buoyed by the UK's leading optician.

*Optician, January 2011

For more information on Specsavers or to discuss our Joint Venture Partner programme call Chris Howarth or David Markham on 0845 20 20 241 or email us at david.markham@specsavers.com

Details await you at <http://jobs.specsavers.co.uk>



Partnering for success

THE DECISION to embark on your own business adventure is never an easy one to make; a natural fear of the unknown and the leap out of your comfort zone is deterrent enough for some. But for those with the ambition and drive to run their own practice, there has never been a safer route than with the Specsavers joint venture partnership.

“It is my firm belief that successful relationships, whether they are of a private or business nature, are based on trust, understanding and a mutual respect,” said Doug Perkins, chairman of Specsavers. “These are the criteria on which we established the Specsavers joint venture concept in the 1980s and by which we continue

to operate today”.

Indeed, the Specsavers partnership model is a shining example of business strength, with no practice ever closed due to underperformance. This distinctive strategy has resulted in increases in sales and profitability year after year and, despite the ever-increasing competition, there is no sign that the group’s growth is under threat.

So how does the partnership work? An abiding tenet of Specsavers is that professional and retail optics should be led by opticians, and the special relationship of the group and partners embodies this principle. Each practice is legally a separate business, and is shared equally between partners

and the group. Partners manage the day-to-day running of the practice, with Specsavers providing services, expertise, experience and information to support the development of the practice. Notably, a joint venture partnership usually requires a lower level of financial commitment than a franchise.

Specsavers places a priority on maximising the partners’ long-term profitability and the value of every business. Support services range from key operations such as business development, recruitment, IT, training, property, procurement and marketing to the provision of insurance, accounts, taxation, audit and financial planning.

With Specsavers practices leading the way both in market share and profitability within optics, becoming a partner of an established practice makes sound business sense. With recognised revenue streams, a longstanding customer base and an increasing turnover, there is minimal risk in an investment. This position of security is also recognised in the financial sector, with leading banks more likely to lend to individuals engaged in strong business models, such as the joint venture partnership. “It is our aim to provide opticians with the business support services they require, so that they are freed to give their patients the highest degree of professional care” continued Mr Perkins, “I believe that the success of Specsavers, the original joint venture approach to UK optics, speaks for itself.”

If you would like to find out more about becoming part of that success through a joint venture, please email David Markham, Head of JVP Recruitment, at davidma@uk.specsavers.com



Standing on the shoulders of giants

FOR SENIOR practitioners, taking on greater responsibility and a more proactive role in the running of their practice is often a great way to reach their potential and reap greater rewards.

At Specsavers there are many stories of optometrists becoming the joint venture partners (JVP) of well-established practices.

Here, Vipul Raval and Sangeeta Aeitán tell *OT* their stories, from their decision to buy into a practice to becoming successful Specsavers JVPs.

What motivates you as a JVP?

VR: A job is what you make of it. I have other optom friends who say they are bored, and to an extent there is a degree of repetition. If you sit there and don't engage with your patients, of course you will get bored but if you take the time and effort to talk to your patients and learn about them you would learn there is more to a patient than just their eyes. For example, the patients I have met range from footballers to personal bodyguards to the Qatari royal family! In addition to this, leading a fabulous group of nearly 30 people with all sorts of different personalities is great fun!

SA: For me, enjoying what I do and wanting to always do it well are the main motivating factors. I'm the type of person who can become bored easily; I really enjoy new challenges and using new skills. Since becoming a JVP my job role has changed so much, it now has so many more dimensions.

What are the benefits of investing in an established store?

VR: From a business perspective



most of the difficult work has already been done; for example, establishing a solid patient base – my store has been open for the past 15 years and has over 170,000 registered patients. In addition to this, the store was well organised prior to my arrival with staff who were fully trained and who knew exactly what was expected of them.

SA: Buying into an existing store makes the transition from optometrist to JVP so much easier; with an existing patient base, experienced staff, protocols and systems already in place. The fabric is already there, all you need to concentrate on is running and growing your practice.

What are the biggest challenges of the JVP role?

VR: Firstly you need to make sure the working relationship you have with your business partner is a strong one – trouble at the top filters all the way down and has a negative effect on staff morale. Then you need to make sure your staff are fully trained and

well motivated.

The greatest challenge though is within yourself: you need to make sure you are always on the ball, always fully dedicated to the job and always leading by example. Staff look up to the JVPs and as a result you have to ensure you handle yourself with the utmost distinction.

SA: As a JVP you want to know what's happening in your practice at all times, but it can be difficult to do this when, as an optometrist, you are engaged with your patients. Therefore it is paramount you recruit and develop the right people. I am very lucky to have three excellent managers and a retail JVP so even at times of being away from the practice, I know I have a trusted team taking care of business.

What do you see as the biggest obstacles facing any budding JVPs?

VR: From an optometrist's point of view, the most daunting part of becoming a JVP was the application

process; particularly in that I had to show I could understand management accounts. As the main responsibility of an optometrist is to test eyes, we do not have much exposure to the business workings of a practice. My advice is that if there are any parts of becoming a JVP that you are daunted by, seek assistance from an existing JVP so you can overcome them. Following success at the 'stage one' process the next most difficult challenge is finding an available store which is appropriate for you. Most people want to work close to their friends and family and do not want to relocate. For this reason some locations are heavily sought after which means getting a store can be quite difficult. Don't be afraid to relocate as you open yourself up to far greater opportunities.

SA: I found the biggest challenge to be the application process. Specsavers want to make sure you are right for the role, so you are taken through an assessment which demands some hard work. If you have good people skills the rest is

easier and the rewards are great. The best way to prepare yourself for the process would be to get involved in as many aspects of your practice as possible, from glazing to frame selection so you can get a handle on how the whole practice works.

What do you think are the key strengths of the Specsavers Joint Venture Partnership?

VR: The Specsavers brand is a successful, trusted brand with a secure structure that has withstood the tests of time – no Specsavers store has ever failed. Support of every kind is offered by head office which frees the JVP up to deal with the day to day running of the business. There is a degree of autonomy for each store to have it run in the way that particular JVP thinks is most efficient; head office have trust in us to ensure each practice is reaching its potential.

In return, the JVP knows Specsavers is doing all it can to make sure the company keeps on growing in order to consolidate its position in the market; every decision Specsavers makes is done to optimise the returns for the JVP.

SA: The partnership is great! Specsavers takes care of lots of the "behind the scenes" work – such as marketing, IT, accounts and brand identity. Not having to worry about any of these elements leaves me free to run my practice and invest time in my employees. With Specsavers having such a strong brand identity, even before I've opened the doors for business, people already know about us and are drawn to the practice.

What have been your biggest successes since becoming a JVP?

VR: My greatest achievement since becoming a JVP has been to increase the performance of the optometrists from a commercial point of view. Personally I feel I have grown as a person in order to lead a large group of people. With regards to successes – the best people to answer that question would be the staff I work with.

SA: Going from testing 20 patients a day to managing a team of 35 has been a massive achievement. It is hard work but seeing a happy team all with the same goal is amazing.

These are just two success stories of optometrists running their own Specsavers practice. Indeed, Specsavers employ over 2,000 opticians and have hundreds of professionals who run their own business under the Specsavers brand. Whatever your role, they promise world-class opportunities, financial rewards and all the support you would expect of the market leader.

For more information on Specsavers or to discuss our Joint Venture Partner programme call Chris Howarth or David Markham on 01695 554 200 or email davidma@uk.specsavers.com



My story with Boots Opticians

MY NAME is Amer Khan and it has always been my dream to one day own my own practice and reap the rewards of all my hard work.

I qualified as an Optometrist in 2001 and begun my career working in an independent practice. In 2003 I became a locum so I would have the opportunity to see how different types of practices are run and gain broader experience.

I enjoyed this but wanted to build something for the future and the challenge of doing this excited me. In 2008 I made the decision to open my own practice I looked at buying an existing independent practice but the ones I looked at were dated, in decline and over priced. I considered setting up as an independent but when I looked into it I felt it was a

very high risk approach as it seemed that lots of new practices simply fail to attract new customers and need large cash reserves to support the early years. Then I considered franchising.

Franchising appealed for many reasons; my business would have a proven brand, I would have support and expertise to help me on my way and help me avoid making costly mistakes. It would also let me build on their commercial strengths, improving my profitability. After talking to the banks it became clear that it would be easier to raise the funds with a proven franchise rather than going it alone.

Once I had decided to buy a franchise the next stage was to research all of the opportunities on the market with the leading brands. During my time as a locum I had developed clear ideas on how I



wanted to operate my business. It was important to me that my business was truly service driven, as to me, customer service is everything – you get this right and everything else follows. I also wanted to ‘run’ my business and not just operate someone else’s so a great deal of autonomy was also important. Naturally, the business plan had to make sense and I had to be building something for the future not just making money for today.

I attended one of Boots Franchise



New Franchise Opportunities

Boots Opticians Franchise Seminars

Are coming to a town near you to tell you about the exciting new opportunities available with Boots Opticians to own and run your own practice.

If you would like to learn more about taking your career to the next stage and becoming your own boss then register for one of our free, informal evening seminars.

Please check our website for regular updates on additional dates.

To book a place, register on-line at www.bootsopticiansfranchise.co.uk ... and select

Register for Road Show



ROADSHOW LOCATIONS

Evening presentations commence at 7.30pm to 9.30pm

Harrogate	October 6th
Chester	October 12th
Bournemouth	October 12th
Slough	October 13th
Formby, Wirral	October 26th
Lockerbie	October 27th
Liverpool	November 7th
Southampton	November 9th
Thurrock	November 10th
Birmingham	November 14th
Bristol	November 21st
Darlington	November 24th
Exeter	November 28th
Nottingham	December 5th
Cambridge	December 5th
Waltham Abbey	December 7th
London (central)	December 8th
Altrincham	December 12th

Sunday presentation commence at 11.30am to 2.00pm

Birmingham	November 20th
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Road Shows to learn more about their franchise opportunity, this was a good way to get a lot of answers to my questions. It felt that Boots Opticians were the only brand offering a 'true' franchise where I own 100% of my business. I didn't want to be in a partnership and Boots were happy with this and even encouraged me to do it on my own. The Boots brand is trusted, synonymous with healthcare and accessible to all. Its franchise model is well established and showed an excellent return on my investment. Above all, I would have the opportunity to get to know my patients and deliver first class customer service.

In 2010 I was presented with the opportunity to open a Boots Opticians from scratch in Wantage. The information I was given was comprehensive and enabled me to understand the market potential. I also did a lot of my own research and soon realised that this was the place I wanted to be.

The Boots property team did an

excellent job securing a suitable property and negotiating very favourable terms and, by the autumn, the project was underway to open in early 2011. I had no idea how much was involved in opening a new practice and I am so grateful for all the help and support I was given throughout this process. The Boots project team were very professional and always one step ahead but engaged me in all the major decisions. I always felt that this was my business and I was in control.

Opening day came a round so fast and I will always remember how excited I felt on that day. It was perfect, the practice looked fantastic, my team were trained and ready to go and my clinics were fully booked! It has now been four months since opening and we have gone from strength to strength.

Sales started strong and have continued to grow well above our plan and expectations. It has been harder work than I really expected but



also a lot more rewarding. To me this is a new business but to the people of Wantage this is just another branch of Boots Opticians, people knew what to expect from day one which I think is why I hit the ground running. I have a fantastic relationship with the Boots Health & Beauty store in town and they have supported me with raising awareness of the new Boots Opticians. I have received outstanding support from the franchise team but it feels like my business and I make the decisions!

I feel so lucky that my dream has come true. I am one of the lucky ones who enjoys getting up and going to work everyday.



Franchise Opportunities

YOUR QUESTIONS ANSWERED

How much capital do I need?

You need a minimum of £4,000. The majority of the investment (which will vary depending on the type of opportunity) will be provided by the banks. All funding is subject to status and we will discuss your particular requirements when you submit your franchise application.

Do I have to form a partnership?

We are happy to accept applications from individuals or partnerships. We will not arrange a partnership for you or encourage you to enter in to partnerships with people you don't know.

Do I own 100% of my business?

Yes. You own all the shares in your business, Boots Opticians does not have any ownership of your business.

What qualifications do I need to become a Franchise Partner?

There are no formal qualifications required and you don't need to be GOC registered to become a Franchise Partner. However, some opportunities may be better suited to candidates who are clinically qualified.

What support will I receive from Boots Opticians?

All Franchise Partners are supported on going by a Franchise Regional Opticians Development Manager (FROpDM). Your FROpDM is a highly

experienced optical retailer who is able to advise and assist you in all aspect of running your franchise. They will help you understand the performance of your business and help you identify any areas for development and act as an interface with the support services from the wider business.

Where are the opportunities?

We have franchise opportunities available throughout the UK with hundreds of locations identified as suitable for new practice openings. We also have a number of exiting franchises that come up for sales each year due to retirements etc. Once you have submitted a franchise application we will work with you to identify suitable opportunities in your chosen area.

I would like to know more, what do I do next?

We are holding a number of regional road show presentations throughout the UK so you can have the opportunity to learn more about franchising with Boots Opticians. These are small, informal meetings usually held in the evening and you are welcome to bring a guest. For a full list of dates and locations please visit www.bootsopticiansfranchise.co.uk. Our website contains lots more information about our franchise opportunities and you can contact us if you have any specific questions.

www.bootsopticiansfranchise.co.uk

Setting out on your own

BUSINESS WRITER Adam Bernstein looks at the legal requirements you must fulfil when starting-up

So you've been employed and either circumstance, or a keen desire to be master of your own destiny, is leading you to running your own practice. Starting a business is not as hard as you may think and can be incredibly rewarding, however, there are steps to follow.

Create the identity

You need to decide which type of business vehicle to create – the most likely are as a sole trader, partnership or limited company.

Sole trader (or self-employment) is the simplest, in which you work on your own account, either under your own name or a different trading name. You are entitled to all profits but are personally liable for all debts. Costs are low as formation is free and accounts do not have to be audited or filed at Companies House. You draw money from the business as required, and pay tax on the net annual profit.

A partnership consists of two or more people (or entities) carrying on the same business together. You are each dealt with separately for most tax purposes but are all jointly and severally liable for partnership debts. Partnerships have a formal structure in a written partnership deed and can be limited (in liability for debts). Partnerships need registration with HM Revenue & Customs.

Limited companies are registered under the Companies Acts. The liability of its members is normally



limited to the amount of shares that they have bought. But limited companies have costs attached to them with accounts, registration and so on. Companies are taxed on their profits, and their members – you – and employees are taxed separately on remuneration and dividends received from the company. Companies need to register with Companies House.

Tax

You may have the 'entity' for the business, but you need to have in mind the legal and regulatory elements of trading. You must tell HMRC that you are trading so that they can deal with your tax, national insurance and PAYE position. You also need to register for VAT.

With regard to VAT, there are numerous schemes that HMRC offer to make life easier. These include a flat rate scheme where you only pay VAT on a flat percentage of your turnover (but you can't reclaim VAT on your

purchases); retail schemes that allow VAT to be claimed on purchases linked to making VATable supplies while only accounting for VAT on sales on the basis of cash received; and cash accounting which means that you only pay (or reclaim) VAT on monies actually paid rather than due – great for cashflow and instant relief on VAT should you get a bad debt.

Accountants

Several accountancy organisations exist to protect the public as well as regulate the accountancy profession. The main two are the Institute of Chartered Accountants in England and Wales (ICAEW), and the Association of Chartered Certified Accountants (ACCA). For Scotland and Ireland, there are two separate but associated bodies to the ICAEW – the Institute of Chartered Accountants of Scotland (ICAS), and the Institute of Chartered Accountants of Ireland (ICAI).

The members of the organisations

have undergone training and examinations to join. They are professionally qualified and each organisation has its own method of supervising members and complaints handling, should you ever have a problem. For members of the ICAEW, look for the letters ACA or FCA after their name; for the ACCA, ACCA; for the ICAI, ACA or FCA; and for the ICAS, CA.

Lawyers

The process for choosing a lawyer is similar to that for an accountant. Your best bet to find a good lawyer is to consult one of the two 'professional bibles' – *The Legal 500* and *Chambers and Partners Directory*. Both are useful as they are a review of lawyers for clients. They both list firms by region, specialities, together with firms' own editorial about themselves. Also listed is a rundown on experience, fees as well as partners' names and firms' addresses. But if you prefer, you could try contacting The Law Society for names of firms with known expertise in given areas.

Finance your future

To open a bank account you will need various forms of documentation including several forms of identity (for you) and for the company or partnership if appropriate.

Despite what you may have heard, you don't have to pay (high or any) bank charges. For example, both the Royal Bank of Scotland (Business Banking Direct) and NatWest (Advantage Business Account) offer some virtually free business bank accounts. You can find plenty of bank comparisons at <http://bba.moneyfacts.co.uk/>.

You may be able to find grants to start, fund or grow the business. A



great source is the Government's Business Link website – there's a section on finance, dealing with the banks as well as grant and loan finder. Business Link also offers advice on buying into a franchise, see pages 14/15 of this guide for its top tips put together for OT.

One benefit of being in business is that whilst employees have tax and national insurance taken from their pay automatically at source, it's different for the self-employed and businesses. Taxes, national insurance and VAT are paid in arrears. So take all of the VAT and a fixed proportion of the net and put it into higher rate interest savings accounts so that money can work for you. It also means that you'll have on one side all of the money you need to pay your taxes to HMRC as they fall due.

Seek financial advice

Being employed brings plenty of benefits including a company pension, healthcare and death in service benefit. But now that you are on your own you'll have to

fend for yourself. You need at the minimum critical illness cover (pays out a lump sum on any one of a set of illnesses or diseases), income protection insurance (pays a monthly allowance based on your income where you cannot work because of illness or disablement), life insurance (pays your estate if you die) and if in business (partnership or company) with someone else, keyman insurance (pays a sum sufficient to allow you to buy out your partners share of the business should they die).

You can find an independent financial advisor at www.unbiased.co.uk/find-an-ifa.

For more information on how to get your business up and running utilise the many resources at:

HMRC: www.hmrc.gov.uk

Companies House: www.companieshouse.gov.uk

Accountants: Professional bodies at www.icaew.co.uk; www.accaglobal.com; www.icas.org.uk; www.charteredaccountants.ie

Lawyers: www.lawsociety.org.uk; www.legal500.com; www.chambersandpartners.com

Business Link: www.businesslink.gov.uk

18%^{*} GROWTH in turnover over one 3 month period



*Average sales growth of participating Kodak Lens Vision Centre practices
** www.statistics.gov.uk/pdffile/rs1010
† Optician 29.10.10

Interested?

Be part of the Kodak Lens Vision Centre network
or become a Kodak Lens Authorised supplier.

For more details call Hilary King on 07917 061 391
or Marketing on 01452 887 410



www.saeurope.co.uk
www.kodaklens.co.uk

Kodak and the Kodak trade dress are trademarks of Kodak used under license by Signet Armorlite, Inc.



Together we succeed

AS ITS NUMBER one priority, The Kodak Lens Vision Centre concept protects the independence of the practitioner/owner, but also gives an infrastructure of support in those areas which the independent practitioner may find challenging, to ensure the full potential of the business is maximised.

Owners benefit from being part of a brand which is one of the most well known and respected in the world.

Being part of the Kodak Lens Vision Centre family provides partners with operational support when they want and need it, including a growth programme which was trialled very successfully last year and again this year.

In a challenging market stores on the programme saw a double digit growth, something the independent market has not experienced for a considerable period of time! Kodak Lens Vision Centre owners are provided with a qualified area manager who will help them monitor performance, notify them of new product launches, and pop an arm around them when they need it. Over and above the head office support, James Windsor, Hilary King and the team of qualified optical dispensers, bring a wealth of experience in both retailing and store development,



which ensures stores are provided with proven tools for success.

As you would expect there are national marketing campaigns which cover all the diversity of the Kodak Lens Vision Centres, including six seasonal campaigns. All of the marketing, point of sale materials and any other marketing material which supports stores is provided to drive footfall into the practice. Likewise the design team are there to create bespoke local marketing to maximise a store's performances in its town.

There is a superb training centre in Gloucester which provides the opportunity for stores to send their staff for training with other outlets on our structured training programme, or alternatively a store can request a

bespoke training course which will be unique for its requirements.

The Kodak Lens Vision Centre programme has the expertise to convert an existing independent optician into being part of the family, help set up from scratch if a practitioner is looking for a first business, or add to an existing optical portfolio, and they even help towards the cost of rebranding the store!

The lens provision covers all optical requirements and with massive investment in the manufacturing side of the business Signet Armorlite believes its offering gives excellent value for money. Kodak Digital progressive lenses have an excellent reputation in the marketplace and in the profession, thanks to the company's roadshows last year, which included CET points.



If you feel that as an Independent Optician you would like to know more about how to maximise your opportunities in the marketplace and continue to provide fantastic service to your patients please contact: Hilary King 07917 061 391 email: Hilary@kodaklens.co.uk, or the marketing department on: 01452 887 181 for your first step since 'together we succeed'.

Is a franchise right for you?

Experts from Government resource Business Link give their advice on joining a household name



TAKING ON a franchise is an option worth considering for anyone who wants to run a business but prefers the security provided by an established concept.

The type of franchise you are most suited to depends on your skills, experience and interests. Do you like working on your own, part or full time and what level of earnings would you expect? There are franchises to suit most of these criteria.

Once you have determined the type of franchise that interests you, research the options. It's a good idea to read franchising magazines, visit trade shows, talk to other franchisees and, of course speak to potential customers. Consider things like brand awareness, the area of operation, local competition, costs and premises. It's also important to consider capital expenditure and what equipment

you need to operate the franchise.

This is true of any business and is an essential part of the business plan. If it is necessary to go to the bank or a "business angel", a good business plan is essential and equipment costs will be a key consideration.

This may sound like a huge exercise. However, when broken into small tasks and using material readily available, it can be quite straightforward. Your bank may have a franchising specialist who would have local knowledge and be a very useful source of information. Most of this can be done at no or low cost.

The next step is to talk to the franchisor. The track record of the franchise is very important. You should ask for a list of some past and present franchisees and try to talk to them.

It is also a good idea to create a list of questions about the franchise.

The key questions to ask include:

- What is the current scale of the operation and any future

development plans?

- How many franchises operate within the local area and what safeguards are there to prevent another one operating too close to yours?
- How well recognised is the brand and what support will the franchisor provide to develop it locally?
- What are the pricing structure and minimum stock levels for ordering stock from the franchisor?
- What level of support will the franchisor provide for marketing and staff training?
- Does the franchise come with a customer base?

You will then have to determine the type of legal entity that you need to operate the franchise. This may be predetermined by the franchisor.

Getting this type of information will give you a good idea of the value of the franchise for inclusion in the business plan. You must not forget to

add in the normal costs of running a business such as business rates, rent, utilities, phones, stationery and so on. There are very good tools for this on the Business Link website.

It is very important that you are not rushed and have as much information as possible to make an informed decision when you're ready.

At this stage it is advisable to get a solicitor experienced in franchising agreements to help and the Law Society website provides a list. They will then be able to guide you through terms and conditions.

Important ones to look out for are the length of the franchise agreement, the territory (postcodes, towns etc), exclusivities, fees (what they are and what it covers), support from the franchisor, restrictions on the business, and finally and possibly most importantly: the exit. The ability to come out of the agreement if your circumstances change or you want to sell it on is so important.

When you get to this point and it all comes together, you have your own business. The final piece of advice is, foster positive friends and family and seek impartial guidance and support whenever you need it.

Advantages of running a franchise

- Your business is based on a proven idea. You can check how successful other franchises are before committing yourself.
- You can use a recognised brand name and trade marks. You benefit from any advertising or promotion by the owner of the franchise – the 'franchisor'.
- The franchisor gives you support – usually including training, help setting up the business, a manual telling you how to run the business and ongoing advice.
- You usually have exclusive rights in



your territory. The franchisor won't sell any other franchises in the same territory.

- Financing the business may be easier. Banks are sometimes more likely to lend money to buy a franchise with a good reputation.
- You can benefit from communicating and sharing ideas with, and receiving support from, other franchisees in the network.
- Relationships with suppliers have already been established.

Disadvantages of running a franchise

- Costs may be higher than you expect. As well as the initial costs of buying the franchise, you pay continuing management service fees and you may have to agree to buy products from the franchisor.
- The franchise agreement usually

includes restrictions on how you can run the business. You might not be able to make changes to suit your local market.

- The franchisor might go out of business.
- Other franchisees could give the brand a bad reputation, so the recruitment process needs to be thorough.
- You may find it difficult to sell your franchise – you can only sell it to someone approved by the franchisor.
- All profits (a percentage of sales) are usually shared with the franchisor.

The Business Link website www.businesslink.gov.uk/franchise has a wealth of information on franchising to help you decide whether it's right for you.



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