

FRANCHISEES FLOURISH WITHIN THE SUPPORT SYSTEM OF FRANCHISING

In today's difficult trading environment starting a business or even a franchise does not guarantee success but as one franchisee put it, *"I would rather be in business within a franchise system than be facing all these challenges on my own."*

The Franchise Association of South Africa, in addition to conducting a survey on the franchise sector in relation to its franchisors, also surveys franchisees to find out how they are faring and what their challenges are. High on the list of priorities within the survey, which is sponsored by Sanlam, is their satisfaction levels in a number of areas ranging from satisfaction with their franchisor, their landlord, even their suppliers.

"All this feeds into keeping the relationship between franchisors and franchisees at a healthy level," says Tony Da Fonseca, FASA's Chairman. "Being able to pick up undercurrents of uncertainty or areas that need improvement allows us as franchisors to step up our game and better service our franchisees. What is encouraging is that franchisees are optimistic about the growth of their businesses which means the potential for growth in our sector remains strong and positive."

The best litmus test to seeing how successful franchising is as a business model is to ask franchisees whether they would recommend franchising to others. FASA's survey showed four out of five franchisees surveyed (80%) would not hesitate to recommend their franchise brand to others. According to Vera Valasis, FASA's Executive Director, this is the best endorsement that potential franchisees considering going into franchising have when researching a franchise. "In addition to doing the usual due diligence, we, through the various seminars and franchise shows we run, always insist that prospective franchisees speak to as many franchisees as possible to find out how successful they are and how happy they are with their franchisors."

Whilst franchisees are currently making an average of 9.5% nett profit, there are, however some indications in the research that franchisees are not quite as positive about the growth of their businesses as they were a year ago. This is linked primarily to economic and political influences, resulting in new franchisees taking longer than previously suggested to break even.

The survey showed challenges facing the franchisee industry related to finding skilled staff, being able to offer consistently good service, and the poor economy. Secondary challenges were growing the business with new customers, running costs and keeping prices competitive. Increased training in marketing the business and its products/ services were identified as being of great benefit to the franchisee.