

Norwell business explains 'Seven Pillars' approach

Franchise Institute Inc., based in Norwell, offers a "Seven Pillars" approach to potential franchisors and franchisees. In developing this, Andrew P. Palmer, founder and chief executive officer, has worked with more than 400 franchise clients since 1987.

Step-by-step, from legal compliance to marketing services to ongoing development support, Franchise Institute offers resources to solve franchise challenges.

According to the "Seven Pillars of Franchising Success," the book on franchising by Palmer, is of importance to any successful franchise. Franchise Institute helps franchisors fully develop and become Seven Pillars companies and also works with potential franchisees to assess a review of the Seven Pillars brands they are considering.

Objective and informational

briefings, based on the Seven Pillars criteria, of franchise opportunities are available at the company's Web site FranchisorUSA.com.

The starting point for franchisors is to have a Seven Pillars baseline assessment. After the assessment is completed, a development summary outlines where the company is weak and where the company is strong. Development programs are available in the areas where the company may need attention.

The Seven Pillars explore:

1. Brand: The brand must resonate with consumers. Franchisors must be able to obtain federal protection for trade names, trademarks and logos, and have a system for periodic and remedial trademark maintenance, i.e., ensuring proper use and stopping unauthorized use by others. Further brand recognition can be had most simply by advertising and/or by opening units; the costs are relatively the same.

2. Team: Having a good team of

people who share a strong belief in the business concept is critical to success. These people should be expert in one or more of the following disciplines: business, management, technology, accounting, finance, sales, marketing, advertising, systems, control and legal, in addition to the experts in the services and/or products.

3. Concept: What do franchisors do? What do I need you for? Advertising, marketing and sales professionals have been grappling with those two questions since the modern consumer period began a little more than a 100 years ago. As for growing a business, the investors, licensees, distributors, franchisees or marketing representatives must link the concept with a return on their investment relative to the perceived risk they're taking. The concept also becomes part of the corporate culture and identity. This affects management style, image, personnel decisions, industry standards and other matters.

4. Investment: The goal in opening additional units should be to fulfill consumer expectations at the lowest possible cost. The first level of investment review is determining the overall function, design, ambiance, centrality and outside amenities necessary for day-to-day business. The second level is determining a potential return on investment relative to the risk undertaken.

5. Capital: Every enterprise needs it to fuel success. Knowing how much is needed, when it is needed and what type of returns can be expected is essential. The sources can be any combination ranging from internal cash flow, to debt financing, to private or public equity investment, to more creative capital raising or savings vehicles such as franchising, derivative franchising, multilevel marketing, distributorships, etc.

6. Validation: With any program, people need franchisees that are thriving in the system. They are the team members who can sing the praises of a franchise. They are also the members of a team who can legally discuss earnings potential based on track record. Validation is imperative to growing a chain because the Federal Trade Commission strictly regulates franchisors that are making earnings claims.

7. Perseverance: It is true that only one out of 10 start-ups last long enough to see their first

anniversary. With these odds stacked against people, the ability to weather the storms every start up endures will be crucial.

On average, it takes about two years for a franchise to turn cash flow positive. This is due, primarily, to the need for a franchisor to continually invest in the brand. In franchising, the brand is everything. Those who succeed in the franchising business know this and pour all available resources into building brand. That takes time, but the rewards can be enormous.

Franchise Institute Inc. is at 200 Cordwainer Drive, Suite 301, Norwell. For more information, visit FranchisorUSA.com or call 781-681-9811.