

Seven Steps To Running A Successful Franchise



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Many business owners want to run a franchise, and for good reason. You have your own business, but you're also buying a business system — one that you know works. Instead of starting a business that could bomb in a few months or years, you're buying a business that has worked elsewhere and presumably will work in your community.

But obviously, just because you buy a franchise doesn't mean you'll be successful. Franchise owners can fail especially, I believe, if they become too confident and think the system is going to do all the work for them. The franchise owner has to bring something to the table, too.

As co-founder of a medical spa franchise, I'd like to think that I might have some helpful advice for any prospective owner wondering if he or she has what it takes to run a franchise. So if you're thinking of franchising a business or just starting out, keep these universal key steps in mind.

1. Be Passionate About Your Product Or Service

That may sound like a given, but we've all met plenty of people who are at the top of their game yet don't seem all that excited about what they're doing. It's certainly possible to run a successful company and be more interested in the mechanics, such as infrastructure and inventory numbers and profit margins, than what type of business you run. But if you're passionate about your clients — say you love pets, and you run a pet care service — I think that energy and enthusiasm you'll naturally bring is always going to translate into a better product or service for your clients and customers.

2. Find Out Whether Your Community Needs This Franchise

We all know that franchising is hard, and it's important to do your due diligence and so on. But still, you don't know what you don't know. Your community may not have enough people that fit the target demographic to support whatever franchise you're interested in. Or maybe there are too many restaurants or automobile service garages or whatever you're thinking of buying.

3. Make Sure You Have Plenty Of Capital

You'll need enough money for startup costs, and you'll need to nail down a budget that will keep you in business for six months or longer. How much money should you expect to invest? That can run the gamut. Some franchises are pretty cheap, and you may only need several thousand dollars to get started. Others might require anywhere between \$600,000 and \$1 million depending on the market. Whatever you need, just make sure you have it.

4. Hire The Right Team

This is critical. You'll want an experienced and trustworthy manager, especially if you plan on being an absentee or semi-absentee owner. And you'll also need to arrange for your staff to receive training, both initial and ongoing.

5. Pay Attention To Your Customer Service And Reputation

You can't cut corners in any franchise or in any industry. Even getting the little things right, like finding a consistently friendly receptionist, is very important. Customer reviews on Yelp and other social media sites can make or break a business.

6. Be Prepared To Do A Lot Of Marketing And Advertising

You'll want to use your marketing budget to get the word out about your business in every way you can, from social media advertising to direct mailers and billboards. You may have the best-run franchise in the world, but if people don't know your business exists, and especially if you don't have a brand name that the world recognizes (such as McDonald's or Burger King), they won't pay you a visit.

7. Focus On Customer Retention

The follow-up is very important, especially if you don't have a franchise that is an international sensation. Emails, phone calls, offering more specials — it's all important. Set up a loyalty membership program, too. Ask for referrals to add to your database and offer your current customers a valuable gift for sharing that information. Especially with businesses that don't rely on foot traffic, such as a gas station or those on a busy street corner, it's generally always easier to keep customers and build through referrals versus relying solely on cold calling and other, less direct sales efforts.

And finally, just remember to be thorough and patient before launching. Franchise systems are complex systems and require plenty of time to explore to make an effective decision, so it's important to take your time with the due diligence process. The more time you invest, the more return you'll likely see on that investment.

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