

Franchisees learn the benefits of a proven resales strategy

By **DERRICK SIMPSON**

Those who have followed my series of articles will know I am a strong advocate of using specialist consultant services, rather than incurring additional internal fixed costs.

As an illustration, here are two examples of franchisors who have recently adopted this approach through Franchise Resales. They are Minster Services Group and Nicenstripy - a long-established franchisor and a relative newcomer.

Minster, a long-standing franchisor, has a network throughout the UK providing office cleaning services to over 8,000 clients many of whom are blue-chip household names. Its franchisees manage substantial teams of staff covering large territories and have turnovers levels well in excess £1m.

Commenting on the decision to work with Franchise Resales, Alan Haigh, founder and chairman of Minster, said: "I heard Derrick Simpson speak at the recent Howarth Suppliers Showcase and was impressed by his knowledge and understanding of resales. I formed Minster over 25 years ago and many of our franchisees have been us for over 15 years and are getting close to the age at which they would naturally wish to slow down a bit and capitalise from their hard work in developing their successful businesses.

"We have so far never really needed to address the whole resale issue. We have naturally had occasional resales over the years and have managed to work our way through them, but we now need to address the reality of a maturing franchise going forward. So we asked Franchise Resales to manage our resales processes and invited Derrick to our recent national conference to discuss exit planning and the whole process of resales.

"We were a little nervous about



● Derrick Simpson (centre) with Alan Haigh (left) and Mike Parker.

holding an open session with all our franchisees to discuss resales, but it worked. The franchisees were engaged, and we were pleased with the result."

Mike Parker, managing director of Minster, added: "I joined the firm last year and one of my observations whilst getting to know the business was how stable and established the franchisees were. This is a very positive sign for the brand as it shows the confidence that the franchisees have in Minster, and given the levels of success they were achieving overall it was not really surprising.

Life-cycle

"That said, we do wish to provide franchisees at all stages of their life with Minster with the opportunity to successfully sell their business when they wish and to optimise the return.

"I was keen to ensure that our franchisees structure their businesses in a way that will mean they can be successfully sold and that any changes or

modifications made to the individual operations would enhance and not detract from the final goal of a successful sale.

"The exit planning seminar that Derrick delivered at our Conference took the franchisees through all the stages of a sale in a light but thorough way, giving them pointers for their business planning as to how they can increase the potential value of their business.

"Derrick discussed valuations and answered their questions openly and honestly. I believe that all franchisors, whether well established or still growing, should consider working with a business like Franchise Resales and adopt a structured exit planning process for their franchisees," said Parker.

At the other end of the longevity scale, Nicenstripy, a garden maintenance franchise, is a relative newcomer having recently become a franchisee-owned business when some existing franchisees acquired the operation.

"Our business has had a couple of

previous incarnations: firstly, as an independent operation and then as part of the Myhome Group,” explained Derrick Swain, who is now both a director of the franchising company and a franchisee along with his son Andy.

“As a group of franchisees, we decided last year to acquire Nicenstripy from Myhome and establish ourselves as an independent entity using our knowledge of the service and previous experience in business. We did this and we are now creating the support infrastructure for our current and future franchisees.

“It is very unusual to have a franchisor owned and operated by some of its franchisees and we recognised from the outset that, whilst we knew how to operate successful businesses, in some specific areas we would need to draw on expertise from outside our management team. One of these was clearly the resales and eventual exit process. It may seem odd that, at the point of inception, we were considering exits, but we believe we should offer a total support package not only to our current franchisees but also those who join in the future as we grow Nicenstripy throughout the UK.

“It didn't take much research to source Franchise Resales and having met with Derrick Simpson and spoken to Tony Mundella, one of his account managers, we knew we had found the right organisation to work with us. They have tailored their system to meet our individual needs and now we have, as part of our support and operations package, a process that will enable all our franchisees to benefit from their efforts when they decide to sell.

“To launch the relationship we invited Derrick to join us at our first conference in January to discuss planning for resales. What could have been a controversial topic was handled well, with humour at times, and Derrick provided us with useful guidance.

Franchisor resales


“As a franchisee, I found it valuable because it gave me pointers about my own business, and it gave our franchisor team food for thought about our future overall as Franchise Resales also provides a sale and exit process for franchisors,” said Swain.

Both Minster Group and Nicenstripy could have opted to develop their own

infrastructure for resales, but decided to outsource the function. This has released valuable resources for them to deploy elsewhere within their operation. Whilst each is at a different stage in its development cycle, both saw the value in adopting our logical and structured methodology, rather than trying to work out a system for themselves.

I believe a successful resales strategy starts with exit planning. Unless the groundwork is done and a proper understanding of what lies ahead is grasped by franchisees and their franchisor, many resale transactions are doomed to fail.

At Franchise Resales we try to make this part of the franchise process the ideal place to start an “exit conversation” with franchisees at a system's regional and national conferences.

Exit planning seminars are tailored to franchisors' specific and individual requirements and can be provided either as part of the comprehensive resales support package for which Franchise Resales is now well known, or offered on a bespoke, one-off basis through our consultancy services. 



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