



Are You Ready to Franchise?

A Guide to Measuring Franchise Preparedness



You have a successful business. Customers are flocking to your location(s) and your business is thriving. It's time to expand.

Being a franchisor is about more than a strong brand. There are financial and legal implications to your investment, and starting with the right attitude and tools will help you provide the best experience for your potential franchise owners and customers.

This guide will take you through all you need to know about scaling and franchising your business.

- **Getting Started: Building Your Strategic Plan**
- **Evaluate Your Unique Value Proposition**
- **Document Your Services and Processes**
- **Training Support**
- **Marketing Support**
- **Franchise Fees and Pricing**
- **Legal Considerations**
- **Where Do You Want to Franchise? And How Will You Market Franchise Opportunities?**
- **Real Estate/Location**
- **Franchisee Selection Process**
- **Monitoring Franchisees**
- **Future Vision and Growth**
- **Setting Up Your Software to Support Your Franchise Organisation**
- **Why Mindbody?**

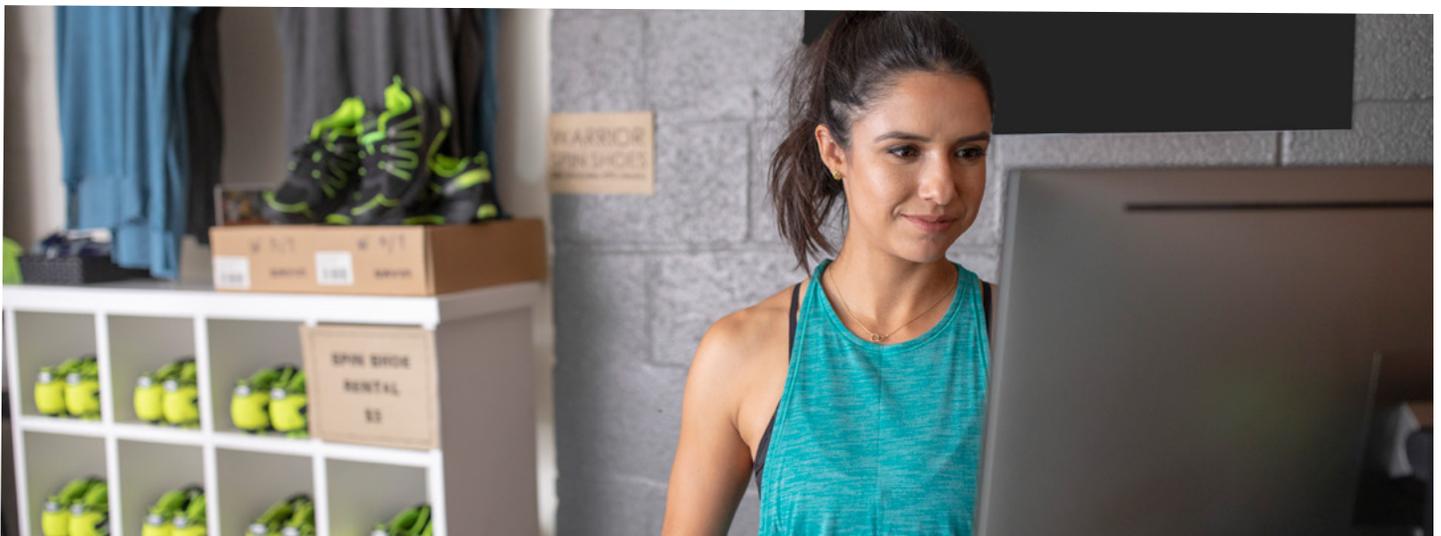
Document Your Services and Processes

Document your processes and services to ensure there is an effective, efficient, and scalable set of services and processes to guide your franchisees.

What elements of your business will need to be replicated in every location to make the experience consistent? In addition to the services you offer, do you have a unique process for greeting customers and making them feel at home? Is your check-in process consistent? Think about every interaction you have with your clients and document it.

You also need to consider how much of the details you will control:

- Will you control pricing? Will your franchisees need to adhere to specific pricing or pricing ranges for the services they offer? Or will you allow them to set their own prices?
- Will you require your franchisees to have the same menus of services/classes? Can they add new or different services/classes?
- Will they be required to have the same membership structures and pricing?
- Are you going to license certain features (such as certain classes/instruction or methods/services)?
- Are you going to license the entire customer experience, so all your locations use the same models/branding, and systems?
- Will you require all your franchisees to use the same equipment, and will you dictate what vendors they must use?
- Will you have facility requirements, such as the same type of flooring must be used in every location, or the same front desk setup must be used in every location?
- Will you require your franchisees to keep retail inventory on hand, and will you determine what can/can not be sold in your locations?
- Will you require staff and/or instructors/stylists to wear uniforms?



Training Support

- What type of training/support will you provide? How will you ensure that franchisees are keeping your customer experience consistent with your vision?
- How much support will you provide as they build out their location?
- Will you offer in-person training and consulting for each franchisee?
- Do you plan to create online and/or virtual training and certification programs?
- Will you create handbooks and manuals that document your processes? (e.g., closing/opening process, hiring process, front desk process, sales process, etc.)
- What type of training will you offer for business management software?

Successful franchises tend to have “franchise business coaches” or managers who are assigned to specific regions or territories. These coaches/managers serve as the primary point of contact for the franchisees and act as liaisons with the corporate office.

Marketing Support

Marketing support is critical to the franchise process. What type of tools and materials will you provide to each franchisee? Consider such items as the following:

- Will you provide each franchisee with a marketing toolkit?
- Will you provide each franchisee with a website template to adapt for their location?
- What type of advertising and marketing will you be responsible for as a franchisor?
- What kind of marketing restrictions will you place on your franchisees?
- Will you provide templates for web sites, advertising, email marketing, press releases, social channels, etc.? Will franchisees be able to create their own ads or marketing materials?
- Will you have any restrictions on press? Can they talk to press in their local jurisdiction? What if they get called by national press? Do they need to run press opportunities by you?
- Do you have dos/don'ts for social channels?
- How do you want your franchisees handling review sites?
- How will you get feedback from your franchisees on the effectiveness of the tools you are providing to them?

You will want to create a set of Brand Guidelines that provide dos and don'ts for your franchisees, as well as create a marketing toolkit. These will cover how your logo and name will be used, what colors should be used in all signage, marketing materials, digital assets such as your website, etc.

[Mindbody Marketing](#) can help you automate the majority of your franchisees' marketing processes to help you seamlessly promote your business and retain your customers.

Franchise Fees and Pricing

One of the most difficult things to do is determine how you will price your franchise business. You need to consider a price that allows both you and your franchisee to make a profit.

A franchise consultant may be the best source for guidance on this topic, but things to consider as you look at pricing:

- How will you determine your upfront/initial franchise fee? What fees will you charge annually?
- Will you have a royalty fee? How will you determine what that is? What frequency will you collect royalty fees? What will they be based on? How will you collect them?
- As you start your franchise, do you give "early adopters" a break on pricing to help get your franchise organisation off the ground?
- Will you charge different pricing for different locations?
- Will you consider "master franchisors"?
- How will you handle pass-through charges for investments you are making at the franchisor level?
- What services will the franchise fee cover? What services will the franchisee pay out of pocket?
 - *For example, does the franchisee pay for web hosting fees? Costs to build the website?*
 - *Be prepared to clearly outline what the franchise fee covers and what it does not.*
 - *What type of ongoing marketing fees will be charged? This will likely be influenced by how much overall marketing is done to promote the brand, and how much marketing support is provided.*
- How will you collect your fees?
- Will you have centralised or decentralised billing?
 - *Centralised billing offers greater control over platform/services and increases leverage with vendors. Franchisors often include a technology fee as part of the larger franchise fee to cover the administrative costs of supporting this type of billing.*
 - *Decentralised billing offers less control, provides little leverage with vendors, and is difficult to effectively present a technology fee.*

Legal Considerations

A franchise disclosure document (FDD) is a legally required document regulated by the Federal Trade Commission (FTC) that you will provide your prospective franchisees as part of the pre-sale diligence process. You will also need a franchise agreement that outlines all the details of your franchise agreement (including, but not limited to, such items as territories, pricing, royalty fees, terms, renewals, termination rights, franchisee and franchisor obligations, etc.) You will want to hire a franchise attorney to help you draft these documents. Your franchise attorney can also provide you with legal requirements that may vary by state and country. You will also want to make sure you protect your intellectual property and trademarks before you franchise.

Where Do You Want to Franchise? And How Will You Market Franchise Opportunities?

As you build your franchise plans you need to consider market areas. The first step is to determine where you want to target growth. Are you going to offer your franchise anywhere in the US? Or are you going to choose select locations for growth? Will you consider expanding internationally (please note that while the opportunity may seem exceptional, the complexities of international expansion are also significant, including legal, banking, payments, cultural nuances, language issues, etc.)

What kind of territories will you have? What kind of density? How will you ensure franchisee territories and/or locations do not compete or cannibalise the other?

What kind of marketing will you do to find new franchisees? How will you reach out to potential franchisees, what kind of marketing funds will you need?

Real Estate/Location Selection

How much control/influence do you want in the selection of location? Will you have location requirements, such as:

- Requirements for minimum or maximum size of facility?
- Any requirements for demographic/population density?
- Will you review parking/transportation?
- Any location restrictions (e.g., no strip malls, etc.)

Franchisee Selection Process

How will you attract and choose franchisees that will be high performing and reflect your business values? You will want to evaluate and clearly articulate what kind of business owners you want to attract.

- Do potential franchisees believe in your vision, mission and culture?
- What kind of capital will they need/will you require for them to be successful?

Determine your selection process, such as forms they will complete/information they need to provide.

- Will you interview each franchisee personally? Who will be part of your interview/selection team?
- What else will you require of them?
- Will you allow existing businesses to convert?

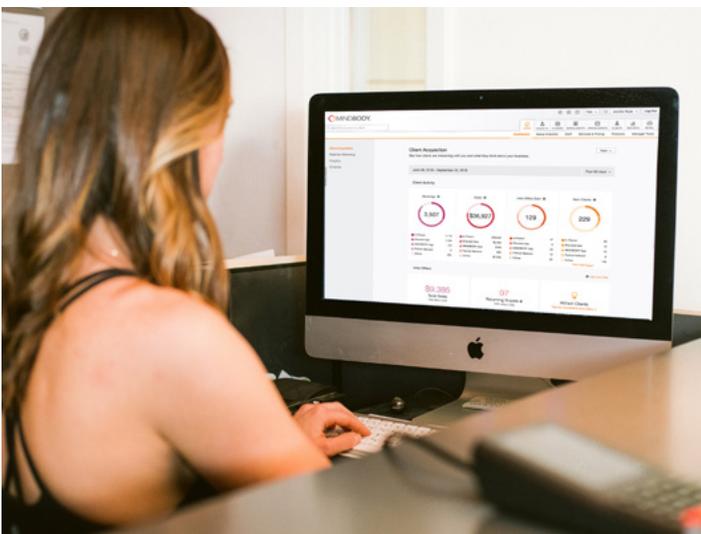
Monitoring Franchisees

How will you monitor the performance of your franchisees? Make sure your franchise agreement is specific as to what constitutes a non-performing franchise business.

- What type of reporting will you require/review and on what schedule? Consider what you want to be able to report on, and what business analytics you need in order to monitor your business. Think carefully about reporting before you set up your [business management software](#) so Mindbody can make sure your software is set up to support your reporting requirements.
- How will you manage compliance to your franchise agreement? This is one of the biggest challenges for franchisors, so it is critical to make sure your expectations are clear and your reporting is set up so you can monitor performance effectively.
- Make sure you have people dedicated to support your franchisees during the onboarding and initial stages when they open their doors. They will have numerous questions. Who do they call for support? Will you have a team prepared to field these questions or will you want to outsource this support? Talk to Mindbody about best practices for dedicated support during the onboarding and initial stages so you can ensure you set your franchisees up for success.
- Mindbody's data mart can provide you with the business intelligence you need to analyse your results and trends.

Setting Up Your Franchisees for Success Right Out of the Gate

- *Some franchisors require pre-sales. A franchisee cannot open their doors for business until they have reached a certain threshold of memberships or pre-sales.*
- *Some franchisors require that prospective franchisees hold a certain number of pop-up events to create a buzz in the community prior to opening.*



Future Vision and Growth

As part of your strategic plan, also consider your future growth plans. As you expand, at what point do you need to hire managers to oversee your growing number of franchisees (e.g., for every 30 franchisees you need a manager, etc.).

Setting Up Your Software to Support Your Franchise Organisation

The [Mindbody business management software](#) set up will be critical in ensuring that processes are consistent, franchisees are supported, and the success of your business can be measured and tracked.

Mindbody has extensive experience working with franchise organisations. Here are some best practices regarding software setup and support from our most successful franchise partners:

- **Have a defined timeline/protocol for onboarding:** Make sure you have a detailed timeline and specifics for all the aspects of getting a business up and running.
- **Standardise software setup:** Mindbody can document and provide a checklist so each franchisee in your system sets up the software in exactly the way that you have determined is most effective for business success.
- **Select a payer model:** Determine if you are going to implement a single payer or franchisee payer model.
- **Determine the timing for software set up:** Based on your business model, make sure that each new franchisee times their software set up to exactly the process you determine. (Mindbody can work with you to determine if this is 60-days prior to opening, 30-days, 15-days, etc.) This timing is critically important—you want your franchisee to have enough time to be competent on the software before opening, but not so much time that you or your franchisee are paying for software licenses before they are being used, or training so far in advance that the franchisee can't put the training into action right away.
- **Provide consistent training and certifications:** Your Mindbody team can work with you to create a customised onboarding protocol. This will facilitate a consistent and relevant training process for new franchisees.
- **Determine the level of access franchisees have to client records:** You may wish to maintain owner-level control and to disallow export of data and cancellation of services by them.
- **Create a corporate dashboard:** This will give you access to network-wide reporting and administration.

In addition, Mindbody has training videos and checklists, and a Franchise Participation Agreement Tool that can be pushed out to all franchisees to enforce the initial agreement, and later, can inform of any changes.

Why Mindbody?

Millions of consumers

The Mindbody app helps consumers easily find, schedule, and pay for services with our customers. The app has been downloaded by millions of people.

Displaying your services in the Mindbody app is free, simple, and gives you exposure to millions of users. There are people ready to book—all you have to do is list.

Powerful integrations

We integrate directly with Google and Facebook, so you can reach more potential clients and make it easy for them to book wherever they're looking. These partners are only the beginning—we'll be continuously expanding our network in the future to help bring even more people to our customers' doors.

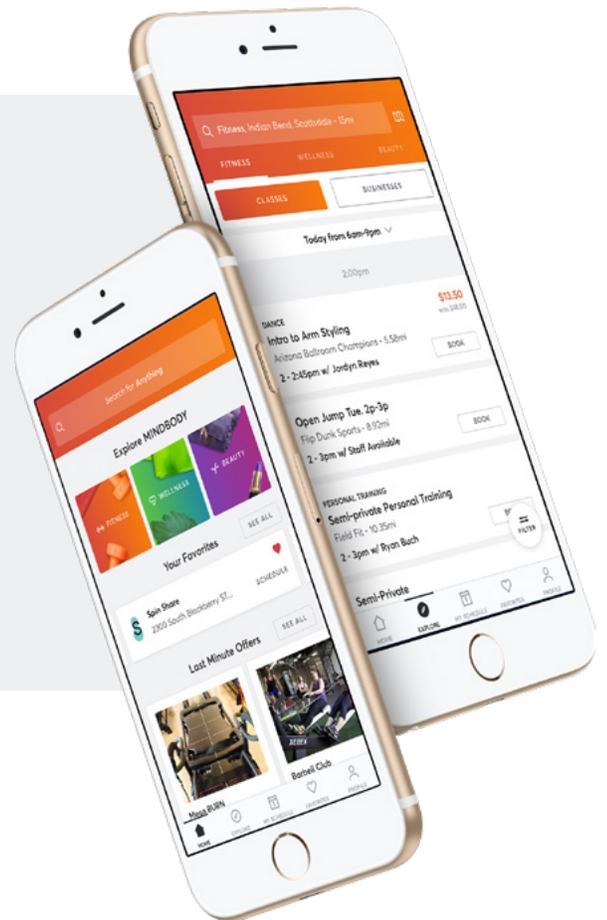
Mindbody has everything you need to run your franchise business and achieve your goals.

Visit www.mindbodyonline.com to find out more.

Our Mission

Connecting the world to wellness

Mindbody emerged from the simple idea that small business owners deserve the time to focus on what matters most: their clients. Our software has transformed that vision into the world's leading wellness services marketplace, linking hundreds of thousands of passionate health, wellness and beauty professionals to the millions of clients they serve.



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