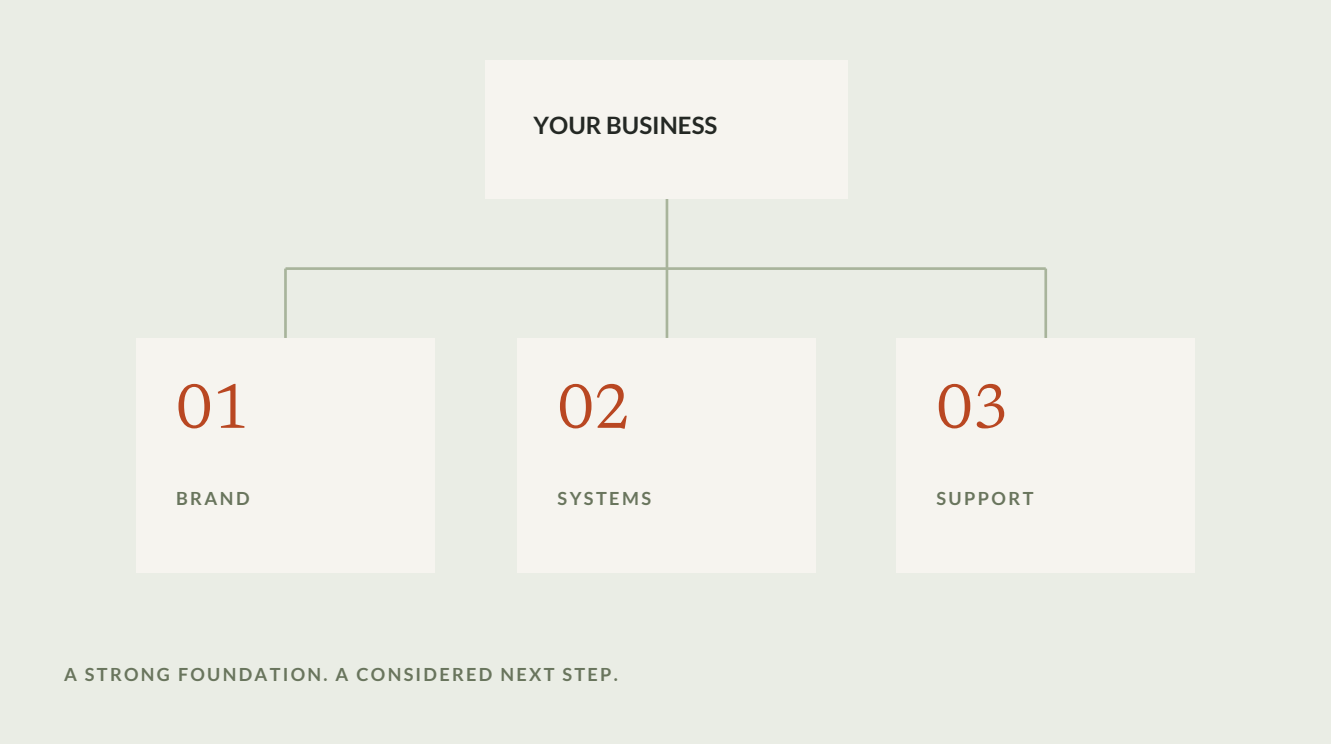
A GROWTH STRATEGY TO CONSIDER

Can I franchise *my business?*

Five things to consider before growing through franchising.



YOUR BUSINESS. OUR FOCUS.

Prepared by Haarsma Lawyers

THE STARTING POINT

Grow your business. *Build your brand.*

Franchising can enable you to grow your business and build your brand by giving other people the opportunity to operate a business using your business model.

You typically copy or template the way your business works so that franchisees can operate a business that delivers the same products, services and customer experience.

A strong franchise system gives franchisees a proven business formula, rather than expecting them to work everything out for themselves. Franchisees may bring different levels of business experience.

As a franchisor, you need to understand your business and what makes it successful. You then need to pass that knowledge on through training, operations manuals and ongoing support.

THE QUESTION TO START WITH

Can someone else deliver what makes your business successful?

BEFORE YOU FRANCHISE

Five questions. *A clearer direction.*

Use these considerations to explore how your business could become a franchise system.

01 **Your brand** 04
Do you have a developed brand identity?

02 **Your business systems** 07
Can you replicate the way your business works?

03 **Consistency** 08
Can you deliver a consistent product or service?

04 **Financial return** 09
Will the numbers work for you and your franchisees?

05 **Growth strategy** 12
What pace of growth suits your business?

Select a section to jump to it. These questions are a starting point, rather than a test or a guarantee that a business is ready to franchise.

01 / BRAND

More than a logo. *A recognisable experience.*

Your brand is reflected in everything your business does: your product or service, your marketing, your menus and uniforms, your social media and the look and feel of your premises.

When you franchise, that identity needs to be clear enough for other people to understand and apply consistently.

YOUR BRAND, IN PRACTICE

Product & service

What customers receive

Marketing

How you communicate

People

How your team represents you

Premises

How your business looks and feels

A USEFUL QUESTION

Would a customer recognise your business in a different location?

01 / BRAND IDENTITY

Create a clear *brand identity.*

A developed brand identity is an important foundation for franchising. It helps franchisees use the same fonts, colours and images when representing your brand.

It also helps you communicate your brand's personality: the values, tone and character that customers associate with your business.

Your logo represents your business.

Your logo is not the whole of your brand, but it is a visible representation of it. Its design should communicate the values and characteristics of your business.

Bring the right expertise together.

A graphic designer can help develop the visual identity, including your logo, colours and typography. A brand strategist can help define how the brand is applied, including taglines that convey your message.

VISUAL IDENTITY	BRAND EXPRESSION
Logo. Colour. Typography.	Personality. Tone. Message.

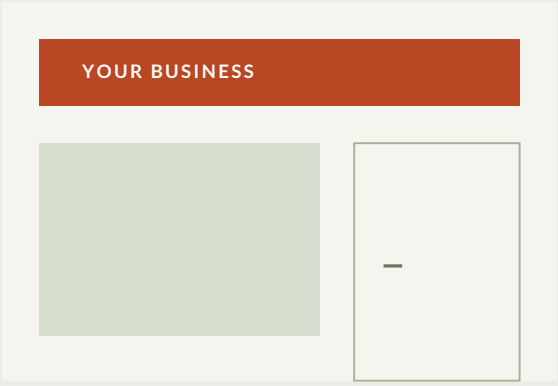
01 / STORE DESIGN

Make the setting *part of the brand.*

If you operate a retail business, a fit-out design style guide can help franchisees translate your brand identity into a physical location.

The guide should clearly set out the design, materials, colours and signage to be used when fitting out a location. The result should be consistent with your visual identity and communicate your brand values.

A CONSISTENT PHYSICAL EXPERIENCE



- Design & layout
- Materials & finishes
- Colours & signage
- Brand values

A USEFUL QUESTION

What should feel familiar when a customer walks through the door?

02 / BUSINESS SYSTEMS

Document what *makes it work.*

Your key business activities need clear processes, procedures and standards. Start by identifying what sets your business apart from your competitors.

If the customer experience is an important part of your offer, document the customer-service processes that help create that experience. These are vital to replicating your business.

You may also provide franchisees with business-operation policies, such as HR policies, and network policies, such as site-selection or territory-selection policies.

Processes and procedures are usually brought together in operations manuals. Training and ongoing support then help franchisees put those manuals into practice.

01
Capture
Document the method

02
Train
Pass on the knowledge

03
Support
Help people apply it

A USEFUL QUESTION

Could someone else follow your systems?

03 / CONSISTENCY

A consistent promise. *Every time.*

The feeling and experience a customer has when interacting with your brand should be consistent across the network.

Product

Product consistency may be achieved by supplying franchisees directly or by nominating third-party suppliers. Clear product standards help franchisees understand what is expected.

Training is also important. For a food business, for example, franchisees need to understand product preparation and correct storage.

Service

In a service business, a good training programme is essential. Each franchisee will bring different levels of skill and knowledge.

An effective programme develops those skills so franchisees can provide a consistent quality of service.

THE AIM

Different people. A familiar customer experience.

04 / FINANCIAL RETURN

Make the numbers *work for both sides.*

Will the business model work for you and the franchisee once royalties, advertising contributions and the purchase of goods or services are taken into account?

The model should allow franchisees to earn an adequate return on their investment. If it does not, they may struggle to meet ongoing obligations such as fees and rent.

01 **Start with the existing business.**

Prepare a business plan and financial model for your business in its current form, if you have not already done so.

02 **Look at a single location.**

If you operate more than one location, model the performance of an individual location as a starting point.

03 **Add the franchise costs.**

Include royalties, advertising contributions and other ongoing charges, such as software fees. Adjust for advertising costs already included in the existing business model so they are not counted twice.

A STARTING POINT

Test the model before setting your fees.

04 / FEES & CONTRIBUTIONS

Set fees around *your business model.*

Royalties

Royalties are ongoing fees paid by franchisees to the franchisor, commonly for continued use of the brand, intellectual property and franchise system. They may be calculated as a percentage of turnover or as a fixed fee.

Advertising contributions

Advertising contributions generally fund group marketing activities. Keep these contributions distinct from royalties when assessing how the model will operate.

Industry benchmarks can be helpful, but your royalty and advertising arrangements should reflect the circumstances and requirements of your own business.

A NOTE ON THE FRANCHISING CODE

Marketing funds fall within the Code's specific purpose fund rules. These include requirements about separate accounts, permitted expenditure, disclosure and financial reporting.

The rules also extend to other specific purpose funds. Get advice on the obligations that apply to your proposed arrangements.

Further reading: ACCC - Specific purpose funds for franchise businesses

04 / THE FRANCHISOR'S RETURN

Plan for the business *behind the network.*

The model must generate an adequate return for you as the franchisor as well as for your franchisees.

In the early stages, you may be able to manage the franchise network without employing extra staff. As the network grows, the resources required to support it are likely to change.

Your financial planning should allow for those additional costs, including dedicated staff and the time and systems needed to operate and support the franchise business.

THINK ABOUT THE COST AT EACH STAGE

At the start

Your time and existing resources.

As you grow

Dedicated people, systems and ongoing network support.

A USEFUL QUESTION

Will the model support the network you want to build?

05 / GROWTH STRATEGY

Choose a pace *you can support.*

Fast growth or a more measured approach? The right pace depends on your business, your market and the resources available to support a growing network.

When speed matters

If your product or service is new or distinctive, you may want to grow quickly to establish your brand before competitors bring similar offerings to market.

Franchising can help because franchisees contribute capital and people to establish and operate their businesses. This can reduce your reliance on funding and staffing every new location yourself.

It does not remove the need for franchisor resources. Faster growth increases the importance of clear standards, effective training and reliable support.

KEEP CAPACITY IN VIEW

Can your systems and support keep pace with your expansion?

05 / A MEASURED APPROACH

Test the concept. *Refine the model.*

If rapid growth is not your goal, you may choose to open additional company-owned locations before granting franchises. These can help you build cash flow, strengthen your brand and refine your systems.

Testing a second or third location can also help you understand whether the concept works in different areas and with different customer demographics.

The information you gain can help you refine the concept before you focus on franchising it. Positive franchisee experiences can then help attract future franchisees, although outcomes will vary.

BEFORE YOUR NEXT STEP

- What have you already tested?
- What still needs to be documented or refined?
- What support will your first franchisees need?

SPECIALIST ADVICE. REAL PEOPLE.

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FRANCHISE & BUSINESS

Your business.
Your next step.

If you are considering franchising, start with a conversation about your business, your plans and the help you need.

Discuss your growth plans ↗

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ABOUT THIS GUIDE

This guide provides an introduction to franchising. It does not constitute legal, accounting or business advice. The information is general in nature, is not exhaustive and should not be relied on without specific professional advice. If you want to franchise your business, seek help from experienced franchise professionals.

Haarsma Lawyers / October 2026