Franchising – specialist advice Susiness format franchising, where a franchisor grants a homecare business homecare business

Business format franchising, where a franchisor grants a licence to a franchisee entitling them to operate their own business under the franchisor's brand, systems and business model, has been a very successful model to adopt in the domiciliary care sector.

Many brands operate through franchise models, including Home Instead Senior Care, Bluebird Care, Carewatch, Everycare, Kare Plus, Radfield Homecare, Right at Home, SureCare and Heritage Healthcare, to name but a few. When I did a review of the sector last year, I found nearly 70 businesses offered a franchise opportunity to a greater or lesser extent.

It can appear from the outside that anyone can franchise their homecare business but often the external growth and success belies the work and development time –



"Thank you. Your staff enabled my grandmother to fulfil her fiercest wish to die peacefully in her own home, overlooking her beautiful, beloved garden and surrounded by love and warmth and her family. You, truly, are an agency that cares and you are lucky to have some tremendous carers on your books."

Relative of person who received care from UKHCA member, Vanguard Care

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Interested in franchising your homecare business? Consultant Pam Gordon of The Franchising Centre offers some valuable advice on this important step.

and money – that has gone into franchising the business. Nothing comes easy in life and franchising anything including a domiciliary care business proves that.

Sometimes homecare providers view franchising as an easy route to rapid growth and many try to franchise without advice and any infrastructure planning – just copy other existing care franchises.

The truth is that many businesses that decide to franchise have underestimated what it takes to franchise successfully. The key issues are;

- How long it takes to recruit the right type and numbers of franchisees.
- How to develop or acquire the right management and development skills as a franchisor.
- How much time and investment it takes to franchise.

As a consultant, when I work with a business that wants to franchise, I start by asking about the following things:

Why do you want to franchise?

What ideally the aim should be is a long-term strategic plan for the business with a view to succession planning, growth and/or exit.

But often the answer is that a member of staff has asked to be their franchisee or that they prefer not to manage staff and think building a franchise would be 'easier'. Managing a franchise network is far from easy as many of the franchisors I've worked with will tell you – it's different but not easier.

Don't do it just because you've had interest; franchise your business because it's a strategic plan otherwise it's a half-hearted, unplanned commitment and can often end up with you just having one or two franchisees and not the network that anyone initially imagined. Plan for success.

Can you trademark and what IP do you hold?

You may have a very successful operation, but can you prove what is unique about that business to be able to have any intellectual property (IP) assigned and used? Do you have a name and brand that can be trademarked? Often in care the business name is too generic, so you can't register it as the wording is too descriptive or generic. Ideally



Pam Gordon

a franchisor wants to be able to trademark the wording of the business name as well as the 'logo'.

There are specialist lawyers who can help protect your IP and trademark and also work with you in developing a franchise agreement. (NB: A franchise agreement is often the last thing you need to do in developing a franchise. Until you have a franchisee ready to sign, save your money.)

Do you have a proven business model?

When I work with a business to franchise, I ideally want at least two years trading history, so we can see any seasonality issues and start to understand how the business grows and costs develop over a longer trading period.

In the care sector it can also be useful to be trading in more than one location to prove that there is a model to follow and not just the 'luck' of that one location.

Do you have documented systems and processes?

Because domiciliary care is a regulated sector you will hopefully have policies and procedures in place to



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is critical to help make your a starts franchising. When you start as a franchisor, you are starting another business. You effectively



be able to comply with Care Quality Commission (or other care regulator's) requirements and therefore these can form part of the operational process and manuals. But that's not all you should be passing onto franchisees.

It's everything in how to run that business; from how to find and manage customers, through to how to find care staff, including all aspects of maintaining standards.

But what makes your business stand-out? Do you have policies and processes that are way above the basic standard required? What is it that makes your business unique and will ensure a franchisee wants to join your brand rather than another?

Is the business sufficiently profitable?

As a franchise there must be enough margin within the business to support two organisations; the franchisee and franchisor. The franchisor should be earning their money in training and supporting the franchisee on an on-going basis. This is the win-win in franchising. It shouldn't be about just selling the franchise at the start. If the fran-

chisee does well so does the franchisor so often the management service fee (on-going) is charged as percentage of turnover. But the franchisor must be careful not to take too much from the franchisee's business, so they are retaining enough profit to be successful and continue to grow.

This is often where franchisors don't get the advice. They copy what other people in their business do without looking at their own model and structures.

We work on the franchise development plan (FDP), which is the most crucial element of building a franchise as it sets the foundation and builds a blueprint for the franchise business, as well as developing a project management process of how you become a franchisor.

It also clarifies for you, as the would-be franchisor, if it's worth franchising, in terms of the development costs and your own return on investment.

What is your culture like and are you creating a reason to belong? (That is, stay in the franchise.)

This is one of the key questions which relate to why a franchisor

as a franchisor, you are starting another business. You effectively become a support and training business with a focus on passing on your knowledge and expertise to others, who then run the franchise sites. The most successful franchisors in any sector are those who recognise that and value the franchisees. If you don't enter franchising with the right mind-set then it can create frustrations on both sides, as a franchisee is buying into a franchise expecting not just start-up but on-going support.

The challenge is constantly managing the expectations on both sides.

This is where many franchisors underestimate the development costs. It isn't just getting an Operations Manual and a Franchise Agreement. The franchisor is committing to network growth by finding new franchisees. It is committing to the development of better IT systems for all. It is adding more support staff as the franchise network develops, and often the profit made in the first few years is put back into the franchise business to support structure development.

This mode of operation hopefully pays off in the longer term as, once in place, it can then be a smoother process to find, recruit, train and support franchisees. But if it's done well, it isn't a get rich quick route.

In the homecare sector you also need to ensure that your franchisees comply with regulatory requirements, so make sure you can spot check and audit for the safety of the customers, staff and to ensure you are protecting the reputation of the brand. Some franchisors have audit specific staff, others will use a Regional Management structure to provide business support and audit capabilities. Whichever way you set it up, this does need to be in place to manage the risk element in a homecare franchise set-up.

The quality of each individual franchise will affect perceptions of the brand and network as a whole – so consistency of standards is important.

Who do you see as your franchisees?

Having a robust franchisee recruitment process – setting in place who you want as your franchisees – is often hard at the start. Do you want care sector experience or commercial understanding? You need to be

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Specialist advice is crucial to franchising your business

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strong and try to hold out for the right people for your network.

Prospective franchisees will have to have DBS checks and often credit checks to ensure they are a fit person to run the franchise.

When I was part of a homecare franchisor, I was able to start to profile (psychometric testing) our franchisees to be able to build a model of what success might look like in a franchisee, from those who had already started. It also helped to start to profile for team members so that the branch had complementary skills within it to make it successful. A franchisee might be a great business developer, but not so good at administration, so the care manager would need to have a complementary skill set.

Why do franchisees buy homecare franchises?

Often, potential franchisees are from a corporate or business background, and want to work more locally and give something back to their community. They may also have experienced homecare in the



context of care for a loved-one and feel they can do that job well themselves.

Buying into a franchise can be a safer route into a regulated sector and provides support, a brand and training. Potential franchisees can, however, lack understanding about the reality of the sector, including its 24/7 nature. So, it is about having a realistic franchise recruitment process, so people understand what sector they are coming into, and the rewards at the end – not only financially but also in providing an essential service.

Future proofing and commitment to research and development

In the homecare sector, more than other franchise sectors, there needs to be a commitment by the franchisor to ongoing development and ensuring the model meets current and future regulatory requirements. The commitment needs to be in the form of new ideas such as specialist care, investment and testing marketing strategies to get customers or staff, and new technology to support the franchise network. If the franchisor business falls behind the times then so will all the franchisees.

In summary if you are going to look at franchising do consider the options carefully, and get the right advice. There are specialist advisors in franchising and the care sector who can help you to look at whether your business could be franchised.

A good consultant will guide you to become a successful franchisor by supporting you to put in systems and processes, and guide you in the use of those systems to find the right franchisees and staff for your business, as your business develops.

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