



Research Paper

## Human Resource Management and franchising perfect together.

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**ABSTRACT:-** Many entrepreneurs select franchising as a strategy for entering a business. During the recent years, franchising has been expanding rapidly and has found new areas of application. It is becoming more and more popular form of business. Franchising provides an opportunity for an entrepreneur to enter a business with less risks, without experience and knowledge of the business. It is also an important strategy by which an entrepreneur can grow an existing business with less investment. A franchiser can be an individual or a company that develops a business model and then shares it with others, for a fee or consideration. A franchisee is an entrepreneur who is granted the rights to use the franchiser's business format in a particular territory, for a fee. Master franchisee is an entrepreneur or organization that is given the mandate to act franchiser's agent in a pre-defined, relatively larger territory.

**Keywords:-** Franchising, Entrepreneurship, Risks, Business, Arrangements.

### I. DEFINITION

“an arrangement whereby the manufacturer or sole distributor of a trade-marked product or services gives rights of local distribution to independent retailers in return for their payment of royalties and conformance to standardized operating procedures.”The person offering the franchise is known as the franchiser.

#### • Advantages of Franchising---From Entrepreneur's point of view:

- One of the most important advantages of a franchise is that an entrepreneur does not have to incur all the risks that are often associated with starting a business from a scratch.
- In franchising, risks are minimized.
- A franchisee enters into a business that has been an accepted name, product or service.
- The franchisee does not have to spend from his resources trying to establish the credibility of the business as it exists already.
- The name, trade name or trademark and design may be already patented.
- Thus the entrepreneur has a tested business concept.
- Franchise offers an opportunity to start a new venture with less start-up-capital and with-up-front support that would save an entrepreneur significant time.
- In the franchise model, the franchisee gets the license(at a fee) to use a brand, trade mark and basic know-how.
- A franchisee can be from any walk of life.
- Age and experience do not matter much.
- One be may young ,energetic, self starter and scouting for business opportunity.
- One may even regard it a second career after retirement.

### II. FIVE TIPS FOR FINDING THE PERFECT FRANCHISE

#### 1. Keep an open mind, then focus

It's important to find a franchise that allows you to reach your desired income, lifestyle, wealth and equity goals. For instance, think about a mom returning to the work force who knows she wants to interact with children on a daily basis. There are hundreds of options that allow her to do just that. Now, she needs to decide

if she would like to be hands on as a teacher or if she would rather manage a facility that tutors children in math. Deciding between the two is easy if she considers which day-to-day position she would prefer and how that will impact her other goals.

## **2. Be proactive with your research.**

After we've determined what role we want in a franchise, it's important to start scouting different options. Physically visit many different franchise locations to see if there is a void in the marketplace and start thinking strategically about how you could fill it.

Next, browse the web to see what is available in other areas and determine whether or not it will be a fit in your community. For example, if our neighborhood has many well-run restaurants but none dedicated to ethnic food, it may be time to look for Mexican franchise restaurants within your budget.

## **3. Make sure the franchisor has experience.**

Before signing on to a franchise, it is essential to ask the franchisor about the executive team and its past industry experience. A potential franchisee should look for a company that has a corporate store -- or better yet several -- that have seen success that can be replicated. If this isn't the case, find out if the company leaders have had significant experience at another franchise and are now applying that knowledge to this concept.

**Related: [Franchise Players: How This Pizza Chain Power Couple Balances Business and Romance](#)**

## **4. Reach out to other franchisees.**

When asking other franchisees about their experience, it's important to take the good with the bad and to examine a large sample size before making a statement about the franchise in general. I call this the "dilution factor." If one franchisee says they can't turn a profit at their store, make sure it isn't because they refuse to clean the bathrooms and their customer service is lacking. By talking to a wide array of people you can get the best feel for the franchise as a whole.

## **5. Read the franchise disclosure document carefully.**

The first thing to look at is how much a franchise would cost to purchase. If the money is there, then check out "item 19," which lays out the financial fortunes representation. Make sure you have a financial advisor who can look at that item with you and see the type of profit a franchisee can make on average.

Finally, take a look at the post-termination clause in the agreement. I am a big believer in exit strategies, because sometimes you may later find a franchise is not the right fit and sometimes things just happen. In any case, it's important to protect yourself should there be a situation where you want to disembark from the franchise.

### **III. SOME PERFECT FRANCHISES ARE**

**Café Buddy, MenMom, Edvance, Hypoxi, TTK Prestige, Sanmacs, Grace salon, Sanfort, Emaar MGF, Prakash Amusement, NRI Gym Khana Club, HBN Homes Colonisers Pvt Ltd, Agrimart, Alpha Beta, Sai Care, Asmi Diamond Jewellery, Naturals, Hot Bitez, NYPFC, Pizza vito, Sunshine Kebab, Morarka, Crazy Noodles, Fresh N Naturelle, Brainworks, My Apple School, Kinder Dance, Scott Management, Statvarsity Interactive, Bansal tutorials, Frameboxx, Mystic Spa, Juice Saloon, The Four Fountain Spa, A's Clinic, Pari, Npa Source(Atishya), Cookscape, waza, Chhabra 555, Kidology, RMCL, Synergy, Greenlands, Platinum World, Hokey Pokey, La- Salle, Phone Care, ADHI India, Bangs Fried Chicken, SS Collegue, Azilen Technologies, Stellar, Eagle Helthmate Co, Marshal, Iosis Spa and wellness Pvt Ltd, Technomind, USHA RAJ TEXTILES, Royal Trading, Aarya24kt, Uni- Spa, Iosis Spa, Grescasa, Express Clinic, Tender Skin, The Chocolate Heaven, Cookieman, Main Hun Khadi, Indus League, Levoon, DZA, Lenbitz, Madhuri Solars, Greenways, Seacrets, TTK Prestige, Tatha, Dial Desk, Sign A Rama, The Chocolate room, Marry brown, Sonalika, Mahindra Earthmasters, Titan Eye Plus, Edible Arrangements, Miraaya, Divyavastra, Mom N Me, Beyond Petals, Arttdinnox, Cash Free holidays, Coffee Bean & Tea Leaf and many more.**

#### **• Successful Examples of Franchisee in India**

- Satyam Infoway's Netcafe(first franchisee)
- Archies Cards
- World of Titan
- IT kids
- Monginis cake shop.

#### IV. FRANCHISING IS EVER GROWING ONE

R. Gaurav Marya, President, Franchise India, said “The fastest growing and ever-changing industry in India – **The Franchising**”. The franchising industry has witnessed 30-35 % growth in the last five years. Our main objective is to focus on main areas of entrepreneurial entity, which will feature an advantage on pre-entrepreneurship, how to explore business opportunities and putting a business plan together, managing entrepreneurship, reflections and transformation for scaling up a business. As per my entrepreneurial journey I am pleased to see the expected growth in the retail sector of Chandigarh to be above 35% in the coming years.

- Care Patrol Franchise Systems acquired their biggest franchise competitor, Assisted Transition. The deal will give Care Patrol approximately 150 franchises by the end of the year after converting about 60 into the Care Patrol system.
- Chuck Bongiovanni, CEO of the Gilbert, Arizona-based chain, says he pursued the purchase “because we believe that there needs to be changes in the placement industry.”
- A social worker by professional background, he says Care Patrol uses a social work model to deliver services to clients, including, for example, by answering client phone calls using Master’s level social workers rather than the typical “call center employees.”
- Franchisees must receive their national certification as a certified senior advisor to maintain their franchise license. The purchase makes Care Patrol 10 times larger than their nearest competitor in the assisted living placement industry, the company says.

#### LIST OF FRANCHISE OFFERS IN INDIA

BEAUTY	COURIER	CLOTHING	CYBERCAFE	SCHOOLS	FOOD
Habib’s	Airbone express	Benetton	Junction 96	Webuniv Infotech	Dasaprakash
lakame	Estern couriers	Diwan Saheb	Satyam info	Languages	Domino’s
VLCC	On-Dot courier	Indus League	ZED Points	Wintech Computers	Hot Bread
Shahnaz	Over-nite Express	Lacoste	Aptech	Zed Career	Hot million
Lips ‘n’shade	Safexpress	Snow white	Boston		Mc Donalds
Touch and Glow	Prakash Air Freight	Ritu Beri	Edutech Information		Nirula’s
IT LEARNING	IT EDUCATION	GREETINGS& STATIONARY	FOOTWEAR	COACHING CLASSES	
Bosten Cyber Kids	Brains	Archies	Action	British school of Carrer launch	
NIIT Leda	CADD Centre	Hallmark	Adidas	Hometutions.com	
Mighty Mouse	e-acadamy	Snow white	Woodland	MIIT	

#### Investment needed for various categories and size of franchise business

Category	Small	Medium	Large
BEAUTY	Up to RS10Lakh	Rs 10-20 Lakh	Above Rs20 Lakh
COURIER	Up to RS 3Lakh	Rs 03-05 Lakh	Above Rs05Lakh
CYBERCAFE	Up to RS 6Lakh	Rs 06-10 Lakh	Above Rs10 Lakh
FOOD WEAR	Up to RS 2Lakh	Rs 03-05 Lakh	Above Rs08 Lakh
FOOD	Up to RS 5Lakh	Rs 05-20 Lakh	Above Rs20 Lakh
IT LEARNING (General)	Up to RS 5Lakh	Rs 05-10 Lakh	Above Rs10 Lakh
IT EDUCATION	Up to RS 10Lakh	Rs 10-15 Lakh	Above Rs15 Lakh
GREETINGS& STATIONARY	Up to RS 2Lakh	Rs 03-06 Lakh	Above Rs6-10 Lakh
COACHING	Up to RS	Rs 02-	Above

CLASSES	1Lakh	04Lakh	Rs05 Lakh
Source: Intelligent Investor, 15 <sup>th</sup> May 2010			

### **Caliper: Military service alone not enough to predict perfect franchisee**

“The whole hiring process is screwed up by the fact we pay attention to what a person has done, and virtually no attention to what somebody is.” So declares Herb Greenberg, CEO and founder of Caliper Corp., and he believes the axiom applies to signing franchisees, too.

Caliper is a Princeton, New Jersey-based human resources consulting firm that offers a free assessment of prospective franchisees to any franchisor that is a member of VetFran. Few franchisors have taken him up on the offer, he says, many preferring to consider military service alone as a qualifier.

That’s a mistake, he believes, because a military person is “no more or less likely” to be a successful franchisee than a civilian. “People say, they can give orders and take orders. Big deal,” Greenberg says. Attitude is more important than skills, by a mile.

Caliper asks a series of 150 questions, grouped together in fours, and respondents are asked to check which they are most likely and least likely to agree with. Here’s a sample: “I’m a good leader. I get along well with people. I’m emotionally stable. I’m a responsible person.”

“Over 150 items, a person paints a picture. It gives you a snapshot picture of what that person is all about,” he says. “It’s scarily accurate.”

Franchisors should consider that if they sign the right type of person, they can teach the skills—but not the other way around. “Let’s look at what somebody is first, and then concern ourselves with what they’ve done,” he says.

### ➤ **About the Organizer, Franchise India**

Franchise India is Asia’s largest integrated franchise solution company since 1999, with an absolute authority on Franchising, Licensing, Retailing, Real estate and Marketing. The company has consulted several major brands over these years like Café Jubilee, Esbarro, SportyBeans, AgriMart, Peter England, Barista, Booster Juice, Videocon, Perfect Wellness, Satya Paul, Bwitch, HCL, MGF, Quality Walls, Tata, Gitanjali, HSBC, Levis, JK Tyres, Lakme, D’damas, Adidas, Euro Kidz, The Apollo Clinic, Chhabra 555, Kidzee, Motilal Oswal, Rosebys, Next, Welhome and more, through media, advisory and exhibitions. With its strategically formed divisions, Franchise India has created its own niche as the pioneers of franchise industry and a small business authority.

### ➤ **12 Win Prestigious Franchise Times Dealmakers Awards**

Franchise Times today announces winners of the 2014 Franchise Times Dealmakers awards, the second annual project recognizing the boldest players driving mergers and acquisitions in franchising. “These dealmakers are smart, relentless and creative in driving capital toward the best companies in franchising,” says Beth Ewen, managing editor, who oversees the Franchise Times Dealmakers project. “We’re proud to highlight their work and share their tactics with the readers of Franchise Times.” The 2014 Franchise Times Dealmakers will accept awards and tell how they landed their deals at a gala awards luncheon Thursday, March 27, 2014, when the Franchise Times Deal of the Year will also be revealed. The luncheon is a highlight of the Franchise...

## **V. LIMITATIONS OF FRANCHISING**

Advantages and disadvantages of franchising are both reality. The drawbacks fall into three categories:

- Lack of independent
- Inflexibility
- Risk associated with the franchisors performance

## **VI. CONCLUSION**

Here we conclude Franchising represents an opportunity for an entrepreneur to enter into business with the benefit of experience, knowledge and support from the franchiser. Often an entrepreneur starts a new venture only with a hope that it will succeed. Franchising is also an alternative strategy for an entrepreneur to expand his or her business by having others pay for use of the name, process, product and service. Franchisors that have produced a Franchise Development Business Plan find that it helps them more than anything else to crystallize their thinking, so that they know exactly what they need to do on a week-by-week, month-by-month basis. Creating a franchise offer is entirely different to a normal trading activity in relation to your original business. Presenting your Franchise Development Business Plan will help you to explain this to your bank and other sources of funding. You may also need to consider setting up a separate company to mastermind your Franchise Development rather than place the responsibilities of developing a franchise within your existing company.

**Not having a Franchise Development Business Plan is like piloting an aircraft with no flight plan.**

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