

Franchisees: Should you stay or should you go?

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Published: November 24th, 2006

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SOLO ACT: While appreciative of her days at Career Blazers, Barbara Gebhardt was itching to go it alone.

Franchising is popular for several reasons, including a big one: For annual royalties and a fee – sometimes a sizable one – franchises are often a turnkey system and a proven business model.

Established brands and at-the-ready marketing materials remove much of the guesswork when it comes to building a client base. Meanwhile, training and continuous support give franchisees the backing they need, usually right in their territory.

Some consider the arrangement ideal, but for others, the system sometimes loses appeal.

Perhaps they bristle at paying royalties. Perhaps their assigned territory is too restrictive. Or maybe they think they could do just as well, or even better, out on their own.

Barbara Gebhardt considered these factors carefully before separating from Career Blazers and opening her own staffing agency, Melville's Opus Staffing, in June 2004. A Career Blazers franchisee since 1987, Gebhardt knew the staffing business inside and out; for five years, she even held an executive position at Career Blazers corporate headquarters, even as she maintained her Long Island franchise.

Bottom line: Gebhardt no longer needed corporate handholding.

"I was paying a lot of royalties, and part of me said, 'This doesn't make sense anymore,'" she said.

Many franchisees would be reluctant to sever ties with a larger power. But timing can be everything, and when Gebhardt approached Career Blazers about separating mid-contract, "they were very, very willing," she said.

Turns out Career Blazers was at a crossroads, and Gebhardt was the real career blazer. The parent company was ending its role as a franchisor, completely extricating itself from the commitment to train and support franchisees; since Gebhardt's departure, all of the company's franchises have either closed or gone independent, according to a Career Blazers spokeswoman.

Before she split, to ensure that she "thought things through," Gebhardt consulted an attorney. In the end, she exited the franchise arrangement with her client base, staff, temporary employees and – after some negotiation – phone number intact. Business continuity was ensured, and for clients and employees alike, the transition was seamless, beyond a simple name change.

These days, Gebhardt speaks enthusiastically about her new direction – while still speaking highly of her Career Blazers experience. "I was careful not to step on toes," she said.

As an independent, she's managed back-office operations herself, and to simplify matters outsourced necessities such as payroll. Opus Staffing, she said, is "client-driven, rather than process-driven."

For support, she meets monthly with owners of non-competing businesses in the human resources industry, and recently joined The Alternative Board, a peer advisor group.

Gebhardt has also branched into Manhattan, where some of her Long Island clients already had a presence. Renting shared space in a Park Avenue building, she reserves meeting rooms as needed to interview candidates. She's also adding bioscience placements to her office work, human resources and sales placement mix.

While Gebhardt's separation has worked out well, franchisees craving independence should proceed with caution, warned Smithtown attorney Howard Greenberg. Owners who develop a following and no longer need the brand recognition may see no reason to continue a franchise relationship, Greenberg said, but independent owners can sometimes lose access to critical software, recipes and contracts.

And separation is not always the franchisee's best course of action. Sometimes, differences can be resolved through discussions with the franchisor. Once a franchisor understands a source of dissatisfaction, he or she may be able to commit additional resources that could help, Gebhardt noted.

It's important to carefully weigh options, she said, and "you have to have a real reason to leave." Either way, she added, it's always important to communicate.

"I learned it was worth opening my mouth," Gebhardt said. "I should have spoken up so much sooner."

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