Finding Post-Pandemic Franchise Opportunities With Broker Consultant Groups

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Scott Greenberg's Wealthy Franchisee: Game-Changing Steps to Becoming a Thriving Franchise Superstar *will be released via Entrepreneur Press on November 17. It can be preodered via* ***Amazon*** *and* ***Barnes & Noble****.*

When unemployment increases, so does interest in franchising. Not having a job opens people to new opportunities. For some, it's easier to pursue their dreams when there's nothing holding them back, including a stable job. That seems to be the case now as COVID-19 has dramatically disrupted the workforce. People are reassessing their options, and many are considering entrepreneurship. Those who make the big decision to buy a franchise must then make another big decision: Which one?

Enter broker consultant groups. These companies specialize in matching aspiring business owners with suitable franchise options. Unlike a franchisor's internal development team whose job is to grow their own franchise network, external consultants assess the needs and goals of their clients and expose them to a variety of options.

A Growth Industry

The third-party franchise-sales industry has grown considerably over the years. Internally, they have various business models. The International Franchise Professionals Group (IFPG) has a membership model, where both consultants and franchisors pay a flat fee to participate in the system. Business Alliance Inc. has a network of independent consultants with whom they split sales commissions. (No annual membership fees are collected.) Some broker groups are franchises themselves, offering clients opportunities to become consultants within their own organization. The Entrepreneur's Source offers "coaches" for those considering a transition to franchise ownership. They focus on helping clients reach a "point of clarity," a realization of what really is the best career choice at that moment.

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"We detach ourselves from the outcome," explains Susan Scotts, one of the top coaches with The Entrepreneur's Source. "I still feel great success, even when my clients decide franchise ownership or the timing isn't right for them. My job is to help them realize their truth at that time."

Regardless of how they're internally structured, clients generally pay nothing for these services. Typically, the franchisor pays a commission to the consultant if a sale is made. Some people are suspicious of this arrangement. They expect there'll be surprise costs or that they'll pay a higher franchise fee if they're brought in by a consultant. Typically, this isn't true. Franchise fees are declared in the brand's Franchise Disclosure Document (FDD) you'll be given prior to committing. The amount is the same whether a broker consultant is involved or not. The transaction is similar to when a real estate agent helps someone by a home. All fees to

facilitate the sale are paid by the seller.

“I like to compare the business model to executive recruiting,” says Jania Bailey, CEO of FranNet. Our job is to match the most qualified candidates with the right opportunities.” The companies that are recruiting pay the fees.

And like a good recruiting firm, legitimate franchise consulting groups only refer clients to reputable companies. As FranServe CEO Alesia Visconti says, “We turn away as many concepts as we take on.” FranNet also turns away more than 100 concepts a year, according to Jania Bailey.

More Pros Than Cons

There are several advantages of using a consultant. First, they can do a lot of homework for you. There are thousands of franchise systems in the U.S. alone. Even if you know what sector interests you (food, fitness, senior services, etc.), within that category might be an overwhelming number of choices. A consultant can help you narrow that down.

That’s how franchisee Chase Vincent came to Kitchen Tune-Up. Chase left a corporate job to do something different and started working with a consultant from FranNet, Amanda Berry. To his surprise, Amanda was less concerned with what he was “interested” in and more about finding a business in which he could succeed. She conducted a personality profile and other assessments to get a sense of how he felt about managing employees, service versus retail, his budget and other factors.

“Part of her process was to help me look past my biases and present options that were best suited for my personality and skill set,” he recalls. “I never would have imagined I’d choose a kitchen-remodeling business, but I absolutely love it.”

Chase did so well that he expanded into two additional territories within his first year in business.

Another example is that of Nick and Desiree Trunzo from Cameron Park, CA. Desiree was getting burnt out with too much business travel, and Nick always wanted to have his own business. After seeing an ad in an airline magazine, Nick and Desiree contacted Jack and Jill Johnson of The Franchise Insiders (the top-performing consultants in the FranServe network). Ironically, on the opposite page of the magazine was an ad for Senior Helpers, the senior-care franchise they would ultimately purchase. Nick and Desiree were reluctant to call franchises directly.

“We didn’t want to end up on a bunch of follow-up call lists,” says Nick.

Jack assessed their needs and presented several options and no pressure. “I felt like we had a friend in the process,” says Desiree. This notion of having “a friend in the process” is big, as buying a franchise can be daunting. Good consultants will remain engaged even after matching you with a franchise to make sure you’re comfortable and informed as you move through each stage.

“Your consultant should stay involved through the entire discovery process,” advises IFPG President Red Boswell. “They should be there to comfort you, guide you, advise you and have tough conversations.”

The Trunzos went with Senior Helpers, hoping if things went well, they’d be able to leave their other jobs within five years and live exclusively off the franchise. They accomplished this in year one.

Superior Service

A consultant might also get you better service from the brands

that interest you. A typical franchise gets a constant flow of leads from their own internal portals, such as their website. A lot of these are from mildly curious dreamers who can't sleep and decide to fill out an online form. Franchise development folks will respond, but they understandingly may not take the inquiry too seriously. But when a candidate comes to them from a consultant, they know that person has been vetted. It's a lead that gets their attention.

Many consultant groups can also direct you to financing options you may not know about. It's in their interest not just to help you find a good franchise, but to help you actually make the deal. If you're not likely to qualify, they can let you know that before you get too invested in the process.

Like any service provider, some consultants are better than others. Even though you're not paying, you should do your due diligence when selecting someone. "Do your homework on them," says FranNet's Bailey. "We're a vendor. Ask for references from placements and from brands."

The best broker consultant groups are active within the International Franchise Association. They work closely with franchisors and adhere to the same ethical standards. Many have their own code of ethics for their consultants. "Trust your gut," adds Bailey. "It's your life. It's your money. Don't allow anyone (consultant or franchisor) to push you into something that's not right for you."

Red Boswell has similar advice: "Next to your religion and your spouse, this is the biggest decision of your life. You need a consultant who will ask you a LOT of questions. Don't work with anyone who starts presenting you options after a 30-minute phone call. You want someone willing to go deep with you to ensure you make the best choice possible."

"We're interested in long-term business," concurs FranServe's

Visconti. “The easiest way to get business is through referrals. That’s only going to happen by doing right by our clients.”

Visconti suggests also making sure you’re being honest, as well: “Don’t inflate your finances or your credit score. There are plenty of affordable franchises. But you need to be straight with your consultant to ensure they find you opportunities that can work.”

Kitchen Tune-up owner Vincent also has advice for working with a consultant: “You’re not paying anything, so you’ve got nothing to lose. They’re trying to help you and they know what they’re talking about it. Keep an open mind.”

Susan Scotts from the Entrepreneur’s Source recommends involving your spouse in the process, noting, “They may not be part of the business, but they’re definitely part of the decision.”

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For those looking for opportunities within the current environment, transitioning into franchising could be major positive step. Using a franchise broker consultant might be a low risk, no cost way to explore what’s possible.

“Right now there’s a lot of negativity out there,” says Business Alliance Inc.’s Natalie Barnes. “We’re in an industry that provides hope. We help people change the trajectory of their lives. It’s sappy, but it’s true.”

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