

# We Could've Franchised Our Business. Here's Why We Didn't – and How It Paid Off.

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## Key Takeaways

- With franchising, a lot of the money you make doesn't come from the success of your product. It comes from selling territory and the fees you charge your franchisees, which can lead to complacency.
- Franchising is ideal for fast food chains but can create challenges in industries where operators have more complex responsibilities.
- With a dealership model, the money you make comes directly from the success of your dealers. This creates motivation to empower dealers with support and training.
- It's good for your dealers because they get to build a brand in their local market. Customers also benefit because they can trust that the service they receive is backed by a company with skin in the game

Congratulations, founder. You've just successfully achieved product-market fit, and things are going well for the business you started. Now it's time to expand. How are you going to do it?

Opening new locations is often beyond startups because it requires resources that might not be available. Franchising often seems like an easier way to scale. But while franchising can help you grow a burger chain, it's not always appropriate

for other types of businesses.

That's why I chose a different model for Roof Maxx, the company I started with my brother Todd to bring cost-effective roof restoration to North American homes and businesses. Below, I explain why creating a dealership network across North America allowed us to grow without taking on more risk than we could handle, and why it also let us sidestep the problems that come with franchising. Read on and learn what to consider when making this decision for yourself.

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## **Why franchising might not be right for your industry – unless you work in fast food**

Here's the truth about franchising: A lot of the money you make doesn't come from the success of your product. It actually comes from selling territory and the fees you charge your franchisees. In fact, under a franchise model, they pay you regardless of how well they're doing.

That might sound like an added layer of security at first, and it can certainly be lucrative, especially in the early stages of expanding your business when people are excited about your brand and want to associate themselves with it. But it can also make you dangerously complacent.

Yes, you can afford to be relatively hands-off when you're franchising a fast food chain, as long as you've got a few surefire recipes your franchisees can follow. But you can't take that approach in home services, because your franchisees have significantly more complex responsibilities: prospecting, sales, site visits, applying the product, issuing warranties and so on. And if you don't provide them with standardized training and ongoing oversight, they'll struggle to deliver

consistent results to customers.

That's not all, though. If your franchisees don't feel that you're supporting them to succeed, they can come to view your franchise as a predatory operation that's only interested in its bottom line. Once that happens, selling new franchise territories becomes exponentially more difficult. After all, word travels fast.

**Related: Franchising Is Not For Everyone. Explore These Lucrative Alternatives to Expand Your Business.**

## **What makes a dealer model different – and what people get wrong about it**

Establishing a dealer network can seem a bit like franchising at first glance, but there is one key difference: The money you make comes directly from the success of your dealers.

With a dealership model, you don't sell territory or charge flat fees to use your branding. Instead, you sell an exclusive, tested and proven product to them. The more they sell, the more you distribute.

This is good for your individual dealers because they get to build a brand in their local market. That's especially useful in home services, where customers are more inclined to trust local contractors for things like roofing work than they are to trust giant companies. It's also good for you, because it provides strong motivation to empower the dealers in your network via training resources, incentive programs and other kinds of support.

In the end, though, your customers are the ones who benefit most. They get the satisfaction of knowing that the dealers who apply your product have the backing of a company with skin

in the game.

**Related:** The Pros and Cons of Franchising Your Business

## Why I rejected the franchising model for Roof Maxx – and why you might want to do the same

Frankly, franchising was never on the table for Todd and me when we were talking about how to grow Roof Maxx. It's not that we couldn't have done it. After all, the roofing market in the U.S. was valued at nearly \$16 billion in 2023 and is projected to keep growing at a CAGR of about 4.5% until 2030.

The reason we chose a dealer network instead of franchising was simple: We refused to profit before our operators did.

That might make it sound like we really went out on a limb for the business, but it didn't feel that way at the time. We sincerely believed in our product, and we knew that making it successful required the kind of hands-on approach that isn't naturally compatible with the franchise model, for the reasons I've explained above. That made building a dealer network the easy choice.

From there, we focused on creating resources that would make our dealers maximally successful. You can read more about that in my other article about leveraging AI and other forward-thinking technology to create innovative training systems, plus a dealer management platform that helps us provide powerful tools and stay in touch with every dealer in our network.

How did it all work out? Today, we're America's number one rated roofing company and one of the largest virtual home services businesses in the world. So, if you're stuck between choosing between a franchise or a dealer network for your

business, ask yourself this: Would you rather grow by selling opportunity, or by sharing it?

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