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**Franchising USA**  
THE MAGAZINE FOR FRANCHISEES

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## SHOULD YOU BUY ADDITIONAL FRANCHISE LOCATIONS OR IMPROVE PROFITS AT THE LOCATIONS YOU ALREADY OWN?

The title of this article is a question that arises in the life of every franchise owner. Franchise owners, like all business people, would like to increase profits and build the bottom line. To put it in the simplest terms, they would like to make more money.

When franchise owners reach this juncture, they are faced with a fundamental choice. As one franchise owner in New Jersey said, "I don't know whether I should buy additional franchise locations or make my current locations perform better."



Since there are many "moving parts" in any franchise – locations, staffs, customer base, to name only a few – this decision can be remarkably complex. Yet let's simplify things by looking at some of the factors to consider.

Granted, it's logical to believe you will make more money running multiple units than you will by running just one. And many times, that will be the case. But it is not *always* the case. And there can be pitfalls.

Here's a short story that illustrates some of the risks. I once observed a franchise owner who acquired a second unit within his franchise. Because it was not making money, he started to give so much attention to it that his first unit started to suffer. And before he turned the situation around, he reached a point where his two units were actually generating less profit than his first one was when it was the only one he owned.

Problems like that can occur, but you can prevent them if you ask some questions . . .

- **Do you have the right skillsets to run multiple locations?** If you are a micromanager who has a hard time delegating work and trusting employees, for example, you might not be suited to owning several locations.
- **Will you be able to recruit and hire the right workers to run additional locations?** Do you have the skillset you need to recruit the right people? And are good workers available in the locations where you are thinking about expanding?
- **What do you want to do with your life?** Many franchise owners fail to consider this question before adding additional units. Suddenly their workload increases dramatically, and they begin to question the decision to expand into new locations.

Note that if the new units you add are located some distance from your current unit, questions like those become even more critical.

And here's another important question. Have you been overlooking obvious ways to increase profits in the locations you already own? Hiring better salespeople, starting to use your franchise company's training programs and delivering better customer service are all simple solutions that can increase income more dramatically than some franchise owners realize. Even new signs and a fresh coat of paint can build profits more than you might realize. And improvements like those cost much less than buying additional franchises.

### **The Lifecycle of Franchise Ownership**

It is interesting to note that while adding just one more location can add significantly to an owner's workload, there does come a point where things change. I have seen instances where owners actually have more free time when they own five units than they did when they owned only a few.

They find that if they are running five or 10 units, they have enough size and scale – and can hire enough good people – to manage in a more hands-off way. Are you willing to work harder, and take on more supervisory and other duties, until you get to about five units?

***In Summary . . .***

Should you improve or expand? That is a question that many franchise owners will face on their road to success. I hope that the advice I have shared in this article makes the decision easier. And, more importantly, helps you increase profits and achieve success.

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