



## What exactly is a FRANCHISE?

A franchise is a business arrangement where the developer/owner (the franchisor-Kimberly in this case) of a business concept grants others (the franchisees) the licensed right to own and operate a business based on the franchisor's business concept, using its trademark.

The franchisor helps the franchisee start his or her business, providing training, assistance with site selection, site development and ordering inventory, advertising and marketing support. For this, the franchisee pays an initial franchise fee, ongoing royalty fees, advertising fees and other fees to the franchisor. And the franchisee needs to raise the money to start the franchise and must manage its ongoing operation.

Franchising constitutes the business format mode, in which the franchisor not only grants the right to use its name and sell its products or services but also transfers the total way of doing business that it has developed, including its operating, marketing, and training systems, management methods, as well as technical expertise to the franchisee. The franchisor also trains the new franchisee extensively up front and provides ongoing training and support.

A recent Gallup Poll of franchisees found that over 94 percent considered themselves successful. Unfortunately, the cards have become stacked against a new small business making it big - or making it at all. An endless stream of problems makes competition from large, sophisticated chains just too intense and most new start-ups end as failures. Franchising levels the playing field.

Franchising's primary benefit is risk minimization. Starting a new business is risky. Most studies show that over 90 percent fail within three years. The primary reason that the failure rate is so high is because the owners have to go through the learning curve of operating that specific type business. Franchising reduces that curve substantially.

Franchisors sell a defined, proven business format or method of operation, offering a product or service that has sold successfully & offers national or regional name recognition. Franchising provides a uniform system of operation, so that consumers receive uniform quality, efficiently and cost-effectively. A uniform system brings with it the advantages of mass purchasing power, brand identification, and customer loyalty, capitalizing on the proven format.

One of the biggest benefits to franchising is marketing. The franchisor can prepare and pay for the development of professional advertising campaigns. Regional or national marketing done by the franchisor benefits all franchisees. In addition, the franchisor can provide advice about how to develop effective marketing programs for a local area through a cooperative marketing fund, to which the franchisees contribute a percentage of their gross income.

It's a lot easier to receive assistance in financing a new franchise through lending institution/banks, because it is a proven business. The franchisee must still accept responsibility for the loan, but the franchisor's involvement usually increases the likelihood that a loan will be approved.

Go to the website for franchise inquiries: [www.go2yas.com](http://www.go2yas.com)

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