

## How Business Franchising Works

Business franchising, in various forms, has been around for decades, and it proves an eternally popular business vehicle for start-ups and for those looking to break out of the 9-to-5 rut. It hosts its own range of advantages and disadvantages, of which it is important to take notice before committing to purchase. Likewise for the franchisor, the business model has notable advantages that many businesses might at some time like to consider, as a more effective way of growing the business over a short period of time.

Business franchising is a less risky way to start a business. If you're considering giving up your job to work for yourself, you might like to consider business franchising options that may be available. Business franchising allows you to run a branch of someone else's business, providing you with a blueprint business plan that's been tried, tested and is successful in other areas. It also gives you an opportunity to benefit from the experience and industry knowledge of the franchisor, which you would otherwise have to gain from your own experiences in business or in the employment arena.

An additional advantage to business franchising is that a number of high street banks support most major franchising opportunities, and are more willing to lend money to cover the franchise fee and start-up costs than they would be with other businesses and enterprises. That means you will be more likely to obtain funding for all your initial costs if you elect to run a business franchise rather than opting to go it alone straight from the off.

For the franchisor, business franchising can be a profitable and useful model to adopt. Firstly, it can raise substantial capital in the form of franchise fees, which can often run into the tens of thousands. This can be used to finance the development of the franchise opportunity, and can also make the promoter of the franchise particularly wealthy. Additionally, many business franchising opportunities also require a proportion of revenues to be paid from each franchisee in royalties, providing an on-going income to the business.

On the business side of things, business franchising allows a business to achieve rapid but controlled growth, which would be simply impossible were it to be effected organically. While it does mean giving up some control of the way the business is run, particularly at an individual franchise level, it nevertheless allows the business to grow geographically and in terms of revenues over a very short period of time. With the right franchisees, business franchising can prove lucrative as well as being an excellent way to prompt and maintain growth.

Considering the advantages of business franchising, it would appear to be a particularly useful model for all parties concerned. While that is the case, it's also important to bear in mind the disadvantages, such as the lack of absolute freedom on both sides of the fence and the risk that either side to the deal might turnout to be wrong for the relationship. Nevertheless business franchising will continue to prove a popular way of doing business.

## About the Author

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