

## Franchising and pest control

### What is it all about?

*In the first of two articles about franchising, the concept behind this type of business opportunity is explained. The second half – to appear in the summer edition of Professional Pest Controller – will explore exactly what the opportunities are for franchising in the UK pest control market. Who is offering a pest control franchise opportunity? What exactly is involved?*

In many industries the concept of franchising is well established. It is a highly successful business model – just look at the number of McDonalds outlets there are around the world. McDonalds might be the best known franchise, but franchising extends into virtually all industry sectors. According to the recent 2006 British Franchise Association/Nat West survey there are now 759 active franchise systems in the UK.

Most of us are also familiar with Interlink Express Parcels, Kall-Kwik, Prontaprint and the rising-star franchise, Greenthumb. But other franchisors, such as Urban Planters (rental, sale and servicing of indoor plants), Drain Doctor and Minster Services Group (contract office cleaning) provide services not dissimilar to those on offer from the professional pest control market.

So why is it that franchising has not become an established business practice in the UK pest control market? In the past there have been flirtations with franchising. The most recent of which was Dyno-Kil – a venture embarked upon by the highly successful Dyno-Rod empire – now owned by Centrica (British Gas). With this sort of franchising pedigree, it is surprising the operation lasted for only four years. Perhaps there is a moral in the story? According to those involved in the exercise, the attractions of establishing a prestigious head-office brand overcame the demands of tight management and the need to return an adequate financial margin. The exercise ceased when the 'core' Dyno-Kil business was purchased by Suffolk-based Igrox in 2001. However, there was one successful franchise operation set-up and this continues to operate within the M25 ring of London.

However, life is frequently cyclical, and in recent months there has been a considerable level of renewed interest in the franchising business model.

#### So, what exactly is franchising?

The British Franchise Association defines 'franchising' as a term which has been used to describe many different forms of business relationships, including licensing, distributor and agency arrangements. The more popular use of the term has arisen from the development of what is called 'business format franchising.'

Business format franchising is the granting of a license by one person (the franchisor) to another (the franchisee), which entitles the franchisee to trade under the trade mark/trade name of the franchisor and to make use of an entire package, comprising all the elements necessary to establish a previously untrained person in the business and to run it with continual assistance on a predetermined basis.

The principle is simple – some companies choose to grow, not by developing in the conventional way, but by granting a license to others to sell their product or service. There are clear advantages to this:

- You do not have to come up with a new idea – someone else has had it and tested it, too!
- Larger, well-established franchise operations will often have national advertising campaigns and a solid trading name;
- Good franchisors will offer comprehensive training programmes in sales and indeed all business skills;
- Good franchisors can also help secure funding for your investment as well as e.g. discounted bulk-buy supplies for outlets when you are in operation;
- If aware that you are running a franchise, customers will also understand that you will be offering the best possible value for money and service – although you run your 'own show', you are part of a much larger organisation.

Each business outlet is owned and operated by the franchisee. However, the franchisor retains control over the way in which products and services are marketed and sold, and controls the quality and standards of the business.

The franchisor will receive an initial fee from the franchisee, payable at the outset, together with on-going management service fees – usually based on a percentage of annual turnover or mark-ups on supplies. In return, the franchisor has an obligation to support the franchise network, notably with training, product development, advertising, promotional activities and with a specialist range of management services.

The British Franchising Association website at [www.thebfa.org](http://www.thebfa.org) is a valuable source of information for all those interested in the concept.

#### Franchising coming to the UK

In the USA, Orkin is one of the best-known names in pest control. The company has over 60 franchisors in the US and has now begun an international franchise initiative – as is obvious by their attendance with an exhibition stand at PestEX 2007. To date, Orkin has international franchises in Mexico, Panama and Costa Rica with several additional deals pending. International Orkin franchises are now being granted for primary markets and can even be for entire countries – if you are feeling particularly ambitious! In some of the larger European countries, most major cities are targeted for Orkin franchises.

### LET'S HEAR FROM YOU!

If you have an opinion on the concept, have already set-up and run a pest control franchise, or would like to promote what your company has to offer, the editor would be delighted to hear from you – contact details on page 3.