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Time to Consider a Franchise?

While many of Minnesota's key industries have begun to rebound along with the broader economy, increasing sales and production, most companies seem to be hiring only cautiously - if at all.

That caution is contributing to what could be a jobless recovery in the Twin Cities and elsewhere, a pattern that has marked economic turnarounds since the early 1990s. Many people who have been out of work for a lengthy period look to start their own businesses.

One of the options is to purchase a franchise. Franchising is not for everyone, but for an individual who has limited business experience or someone who enjoys working within an established system, franchising can be the best possible path.

Fidelity Bank turned to three business people who have taken a deep dive into the world of franchising, and the panel provides our readers some critical insights and sound advice when considering this option.

Baird Johnson LearningRx, Chanhassen

Business: Cognitive skills training, primarily for children with learning disabilities.

Background: Target Corp. Launched two companies. ("Starting a franchise business is whole lot easier than starting from scratch.")

Opened: October 2008 (in the middle of the meltdown)

Motivation: Passion for a solution. Found an answer to their daughter's learning challenges, which turned out to be a good business opportunity.

Unique Opportunities: "The techniques developed by LearningRx are unique and relatively new, so they're working to raise awareness and understanding among parents, teachers and medical professionals, through direct mail, advertising, publicity and "feet on the street."

Before You Leap: "Learn what it will take in terms of time, energy and skill set. Know yourself. You'd better enjoy the business, because you'll be spending a lot of time doing it."

Ron Carey Baja Sol Tortilla Grill, Arden Hills **Business:** In-store and take-out tortillas and Mexican entrees.

Background: State Chair of the Republican Party of Minnesota. Head of retail sales for a Fortune 500 technology company.

Opened: October 2009

Why Franchise: "Even with my previous experience, as the owner of a new business, I realize that I don't know what I don't know. Being part of an organization that is willing and able to provide insight and recommendations is already proving invaluable and well worth the investment."

Before You Leap: "Look at the franchisor's success rate, and their end-to-end support. Talk to other franchisees: What are their greatest challenges, and how has being a part this organization helped or hindered them? Would they do it again?"

Mike Mand Pump It Up Party, Plymouth **Business:** 12,000 square foot "inflatable party zone" offering fun, safe private parties for birthday, team and school events, primarily for kids.



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Background: Risk manager for GMAC-RTF. Commodities trader at Cargill.

Took Over: June 2009

Motivation: Longstanding desire to run his own business. A wife and two small children. Opportunity to create wealth.

Advice:

Identify Your Motivations and Expectations. "Does the business stir some passion within you? Can you let go of the W-2? Very few businesses work with an "absentee owner."

Build a Team of Experts. "Business valuation. SWOT analysis. Purchase agreements. Closing documents. Financing. Real estate negotiations. Time and dollars spent here will yield a high return."

Listen and Watch. "If you're taking over an existing business, give it three months before you make any major changes."

Drive the Business. "Don't get bogged down with day-to-day operations. Get to know your customers. Engage the community. See and develop new opportunities. Build it and they will come doesn't work."

Spend Time with Winners. "Get to know the top performing franchisees. Imitate them where you can."

Think Multiple Locations. "A single store may net you a decent income, but it won't generate wealth."

Fidelity Bank can help connect you with these and other resources when considering a franchise. Feel free to email or call us anytime.