

FRANCHISING IN PERTH

KEY STEPS TO GET STARTED



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ABSTRACT

Franchising is a great way to start a business in Perth, offering a balance between entrepreneurship and the support of an established brand. However, getting started requires careful planning and thorough research. From selecting the right franchise to understanding financial commitments and legal agreements, every step plays a crucial role in ensuring long-term success. Entrepreneurs must evaluate market demand, assess their own skills and goals, and secure the necessary funding before making a commitment. With Perth's growing economy and business-friendly environment, franchising presents a promising opportunity for aspiring business owners.



This guide outlines the essential steps to help you navigate the franchising process effectively. It covers key aspects such as choosing the right franchise, financial planning, legal considerations, site selection, operations, and marketing strategies. By understanding these fundamental elements, new franchisees can avoid common pitfalls and set themselves up for success. Whether you're a first-time business owner or an experienced entrepreneur, following a structured approach will increase your chances of building a profitable and sustainable franchise in Perth.

LET'S GET STARTED

Franchising in Perth offers an excellent opportunity for aspiring business owners to step into the world of entrepreneurship with the support of an established brand. With a growing economy and a strong consumer base, Perth provides a thriving environment for franchises across various industries. However, starting a franchise requires careful planning, from selecting the right business model to understanding financial commitments and legal obligations. Choosing the right franchise involves assessing market demand, aligning with personal skills and interests, and evaluating the support system provided by the franchisor. By taking a strategic approach, new franchisees can increase their chances of long-term success.

This guide outlines the key steps to getting started with a franchise in Perth. It covers essential topics such as financial planning, legal considerations, location selection, operations, and marketing strategies. Understanding these critical elements will help new franchise owners avoid common pitfalls and make informed decisions. Whether you are a first-time entrepreneur or looking to expand your business portfolio, following a structured process will ensure a smoother transition into the franchising world. With the right approach, dedication, and knowledge, you can establish a profitable and sustainable franchise in Perth.

What Is a Franchise?

A franchise is a type of license that grants a franchisee access to a franchisor's proprietary business knowledge, processes, and trademarks, thus allowing the franchisee to sell a product or service under the franchisor's business name. In exchange for acquiring a franchise, the franchisee usually pays the franchisor an initial start-up fee and annual licensing fees.

Understanding Franchises

When a business wants to increase its market share or geographical reach at a low cost, it may franchise its product and brand name. A franchise is a joint venture between a franchisor and a franchisee. The franchisor is the original business. It sells the right to use its name and idea. The franchisee buys this right to sell the franchisor's goods or services under an existing business model and trademark.

Franchises are an effective way for entrepreneurs to start a business, especially when entering a highly competitive industry such as fast food, or an industry that is established and requires time to develop its operating processes from scratch. One big advantage to purchasing a franchise is you have access to an established company's brand name, management knowledge, processes and procedures, financial toolbox, and metrics. You won't need to spend time and resources building them and getting your name and product out to customers.

The franchise business model has a storied history in the United States. The concept dates to the mid-19th century when two companies—the McCormick Harvesting Machine Company and the I.M. Singer Company—developed organizational, marketing, and distribution systems recognized as the forerunners to franchising. These novel business structures were developed in response to high-volume production and allowed McCormick and Singer to sell their reapers and sewing machines to an expanding domestic market.



Advantages and Disadvantages of Franchises

Advantages

There are many advantages to investing in a franchise, and also drawbacks. Widely recognized benefits include a ready-made business formula to follow. A franchise comes with market-tested products and services, and in many cases established brand recognition.

If you're a McDonald's franchisee, decisions about what products to sell, how to layout your store, or even how to design your employee uniforms have already been made. Some franchisors offer training and financial planning, or lists of approved suppliers. But while franchises come with a formula and track record, success is never guaranteed.

Disadvantages

Disadvantages include heavy start-up costs as well as ongoing royalty costs. To take the McDonald's example further, the estimated total amount of money it costs to start a McDonald's franchise ranges from \$1.3 million to \$2.3 million, on top of needing liquid capital of \$500,000.

By definition, franchises have ongoing fees that must be paid to the franchisor in the form of a percentage of sales or revenue. This percentage can range between 4.6% and 12.5%, depending on the industry.

For uprisings brands, there are those who publicize inaccurate information and boast about ratings, rankings, and awards that are not required to be proven. So, franchisees might pay high dollar amounts for no or low franchise value.

Franchisees also lack control over territory or creativity with their business. Financing from the franchisor or elsewhere may be difficult to come by. Other factors that impact all businesses, such as poor location or management, are also possibilities.

RESEARCHING THE RIGHT FRANCHISE IN DETAIL

Choosing the right franchise is a crucial step in ensuring business success. Not every franchise is the same, and selecting one that aligns with your skills, interests, and financial capacity is essential. Here's a detailed breakdown of how to research the perfect franchise for you:

1. Identify Your Goals and Interests

Before diving into franchise opportunities, take time to assess your personal and professional goals. Ask yourself:

- What industries am I passionate about?
- Do I prefer a hands-on or managerial role?
- What are my long-term financial and business goals?
- How much time can I dedicate to running the business?

Selecting a franchise that matches your interests and strengths will keep you motivated and increase your chances of long-term success.



2. Evaluate Market Demand in Perth

A profitable franchise is one that has strong demand in your target location. Research industries that are thriving in Perth and identify business opportunities that cater to the needs of the local market. Consider:

- Population demographics and purchasing habits
- Competition and market saturation
- Economic trends and consumer spending patterns
- Emerging industries with growth potential

For example, food and beverage, health and fitness, and home services franchises have seen steady growth in Perth.

3. Research Franchise Brands and Their Reputation

Not all franchises are created equal. Some brands offer strong support and a proven business model, while others may have a poor reputation or lack franchisee support. Look into:

- Customer reviews and brand perception
- Franchisee success stories and testimonials
- The company's financial stability and growth history
- Industry awards and recognition

Reaching out to existing franchisees can give you valuable insights into what it's really like to run a particular franchise.

4. Assess Franchise Costs and Financial Requirements

Each franchise comes with different financial commitments. Understanding the investment requirements is key to avoiding financial strain. Consider:

- Initial franchise fee
- Ongoing royalty and marketing fees

- Equipment, inventory, and operational costs
- Working capital needed to sustain the business initially

Compare different franchises to ensure you choose one that fits your budget and offers a good return on investment.

5. Understand the Level of Support and Training Provided

A strong franchisor should provide comprehensive support to help franchisees succeed. Evaluate:

- Initial training programs for new owners
- Ongoing business support and mentorship
- Marketing and advertising assistance
- Technology and operational systems provided

The level of support can make a significant difference in how smoothly you transition into franchise ownership.

6. Review the Franchise Agreement and Legal Obligations

Before committing, carefully review the Franchise Disclosure Document (FDD) and agreement. Look for:

- Length of the franchise contract and renewal terms
- Restrictions on operations, suppliers, and territory rights
- Exit clauses and potential penalties
- Dispute resolution processes

Seeking advice from a franchise lawyer is highly recommended to fully understand your rights and obligations.

7. Compare and Shortlist the Best Options

After gathering all necessary information, compare different franchises and shortlist the best ones based on:

- Profitability and growth potential
- Level of franchisor support
- Market demand and competition
- Your financial and personal preferences

Once you have a final list, arrange meetings with franchisors, visit existing franchise locations, and clarify any concerns before making your final decision.

RIGHT LOCATION IN PERTH FOR BUYING FRANCHISE

Choosing the right location for your franchise in Perth is crucial for success. The best areas depend on factors like foot traffic, demographics, and local business demand. Here are some top suburbs to consider:

1. Joondalup

Joondalup is a beautiful metropolitan city located in Perth, Western Australia. This well-developed city is blessed with golden beaches, theme parks, high-rise residential developments, modern-age commercial buildings, playing grounds, and other entertainment hubs. The suburb also organises Joondalup Festival, which occurs in the Central Business District. The festival features the city's best markets, art scenes, street foods, fashion stores, and street music. Other major attractions of Joondalup are Neil Hawkins Park, Central Park, and Joondalup United FC.

To know more about business opportunities in Joondalup, Perth- you can visit this website- <https://www.business2sell.com.au/businesses/wa/perth/joondalup>

There is also a renowned central business district, situated on Grand Boulevard featuring a shopping and retail area. This commercial area is surrounded by townhouses, apartments, schools and hotels – great for increasing customer base. Joondalup is also popular for hosting electrifying and vibrant nightlife at weekends as most of its clubs and pubs nestled near each other.

For instance, currently an opportunity has grabbed with high reputable and profitable experiences, that is- Gutter Knight Franchise For Sale - Residential-Commercial Gutter Protection. They provide gutter protection guard. This Franchise is Recognised, Reputable, Affordable- Earn Up To \$800,000pa.

(Source- <https://www.business2sell.com.au/businesses-details/gutter-knight-franchise-for-sale-residential-commercial-gutter-pr-376340.php>)



2. Perth CBD

- The heart of business and tourism, with high foot traffic from office workers and visitors.

- Perfect for coffee shops, fast food, fitness, and corporate service franchises.

3. Subiaco

- A trendy, upmarket suburb known for cafes, boutiques, and health services.
- Suitable for hospitality, wellness, and lifestyle-related franchises.

4. Fremantle

- A popular tourist and local destination with a vibrant food and retail scene.
- Ideal for hospitality, fashion, and unique service-based franchises.

5. Rockingham

- A growing coastal suburb with strong residential and retail expansion.
- Great for family-friendly franchises, childcare, and fast-casual dining.

6. Cannington

- Home to Westfield Carousel, Perth's largest shopping center.
- Ideal for retail, entertainment, and beauty franchises.

7. Morley

- A major shopping hub with Galleria Shopping Centre and growing business opportunities.
- Well-suited for fitness, retail, and home service franchises.

8. Midland

- A growing commercial and residential area with strong demand for services.
- Great for automotive, trade, and essential service-based franchises.

KEY POINTS TO CONSIDER WHEN PURCHASING A FRANCHISE

If your goal is to purchase a franchise, choosing the right franchise brand to invest in is one of the most important decisions you'll make as a business owner. It's not just about finding a company with a proven track record but also finding one that fits your personality and lifestyle. Your first step, is knowing what to look for when you're evaluating potential franchises. Here are some key areas to consider:



Franchise Fees

Franchise fees are one-time payments made when purchasing a franchise. These fees can range from \$10,000 to \$100,000 and are used to pay for the rights to use the name, the procedures and any systems developed by the franchisor. It is also used to cover costs for training and opening support by the franchisor to assist the franchisee with the opening of their franchise. Franchisors usually charge their franchisees up-front fee when the franchise is granted. In addition, post Covid

initial "turnkey" investments may be higher than in the past due to supply chain issues, inflation, and increased cost of equipment and leasehold improvements between brands.

Royalty Fees

Royalty fees are the amount of ongoing money (usually a percentage of gross sales) you pay to the franchisor for using their brand name and ongoing support such as marketing and developing new products or services for the franchisee. As a franchisee, you are required to pay royalties based on a portion of your sales. This percentage may be fixed or fluctuate on a sliding scale based on sales.

Term Length

Franchise term length can be a good indicator of how much the Franchisor invests in their franchisees.

On average, depending on the type of franchise, home based vs a retail location, franchise brands have terms that last ten years or less. This means there's plenty of time for the franchisee and franchisor to work together and develop a solid relationship. Still, it also means that the franchisee may not be allowed to retain the business if something doesn't work out. If a franchisee is underperforming, the franchisor may not renew the franchise agreement once it expires, or may seek to terminate the franchise prior to the full term. In such a case, the franchisee must exit the business. In many instances, there will be a contractual obligation that the franchisee cannot open a similar business for a period of time within a certain distance from their original location. This is called a non-compete clause.

Consider Your Lifestyle.

- Consider the lifestyle you will have while running the business.
- Look at the hours of operation. You don't want to buy an 80 work week.
- Review flexibility of franchisor with respect to new products, relocation and other variables.
- See if the location makes sense for you. You will need to manage the location or develop a team to manage the day-to-day operation for you.

- Check out the type of work needed to run the franchisee. Make sure it fits your skill set and interests, including whether it's something you'd enjoy doing as a full-time job.

Seeking the advice of a professional franchise consultant can be an extremely useful method when evaluating if a franchise is the right business model for you. Scott Milas, a Certified Franchise Executive (CFC) and Certified Franchise Consultant (CFC) with The International Franchise Professionals Group recommends you consider these questions: "What is your "Know" and "Why?" Understanding "why" you are interested in owning your own business, and "knowing" who you are, are critical steps in choosing the right opportunity. A self evaluation and clear picture of your skill sets and eventual end game- exit strategy, will help ensure that you invest in the right opportunity. Better to "know" now then after you made the wrong decision. "Why" now?

Look For An Experienced Franchisor

To select the ideal franchise company to join, you should first find a company with a proven track record of success. A good franchisor will have been in business for at least two or three years and be able to demonstrate the growth potential of its products and services. The best way to do this is by looking at how many franchises they currently have in operation and are they profitable. A robust and growing network often indicates a successful brand. In addition, it demonstrates that customers value its products or services enough to pay for them again through multiple businesses.

The second thing you should look for when choosing a franchise is reputation—how well does your chosen brand stand up against its competitors? While there may be other similar businesses out there with similar business models, does your selected brand have points of difference to separate itself from the competition. It's essential that you choose one that utilizes high-quality materials, produces consistent results, and provides excellent customer service while maintaining competitive prices at all times."

Know Your Competition

One of the steps to building a successful franchise business is to know your competition. What brands already exist in the market, and how do they compare? What is their customer base, and what can you learn from them? How do your offerings differ from theirs, and how do these differences help or hinder you as a company?

Once you've got a handle on who's out there, it will be easier for you to see where there are gaps in the market—and then fill those gaps with your unique brand identity.

Carefully Review The Franchise Disclosure Document.

Read the legal franchise disclosure document and have it reviewed by a competent franchise attorney. Harold Kestenbaum, a noted franchise attorney with Spadea Law advises: “When considering the purchase of a franchise, I highly recommend retaining the services of an experienced franchisee attorney. Never contemplate purchasing a franchise without seeking the advice of an attorney who has reviewed FDD;s before. I also recommend that you do your due diligence. By that I mean that you should review Item 20 of the FDD and call all of the existing franchisees who are in your general area.”

Investigate The Franchisor's Tenure And Track Record of Success

In addition to analyzing the franchisors' financials, it's also vital to examine their overall track record. While a strong balance sheet is an essential indicator of a business's health and stability, it doesn't tell you much about how they've fared over time. So, for example, if you're looking at two franchises with similar books and financials, but one of them has been around for four years while the other has been operating since say, 1899, it would make sense to choose the latter in this case—even if everything else on paper looks the same.

This information can be gleaned from third-party sources such as Dun & Bradstreet or franchise trade magazines or by visiting the website of the International Franchise Association. Always go directly through your Franchisor before getting this data yourself so that they can confirm that everything is correct and up-to-date. In addition, it is vital that you speak with or meet as many existing franchisees as possible before you make your final decision.

5 STRATEGIES FOR AVOIDING THE COMMON MISTAKES FRANCHISE BUSINESSES MAKE

Besides being well-capitalized with sufficient cash reserves, there are five key elements for success that new businesses -- especially franchises -- should keep in mind. These positives could become pitfalls if they are not executed thoroughly.

Starting a franchise can be an exciting opportunity, but many new franchise owners make costly mistakes that impact their success. To ensure your business thrives, here are five key strategies to avoid common franchise pitfalls.

1. Conduct Thorough Research Before Investing

One of the biggest mistakes franchise buyers make is jumping into a business without fully understanding the franchise model, the industry, and the specific brand. Before signing any agreements:

- Research the franchise's history, success rate, and customer reputation.
- Speak with existing franchisees to understand their experiences—ask about profitability, challenges, and support from the franchisor.
- Read the Franchise Disclosure Document (FDD) carefully to check for hidden costs, restrictions, and legal terms.
- Assess the competition in your chosen location—don't invest in an oversaturated market.

Taking the time to research will prevent you from choosing a franchise that might not align with your goals, skills, or market demand.

2. Understand the Financial Commitments

Many franchise owners underestimate the costs involved, leading to financial strain or business failure. To avoid this mistake:

- Budget for all expenses: Franchise fees, equipment, inventory, rent, marketing, and ongoing royalty payments should all be accounted for.
- Secure sufficient capital: Ensure you have enough funds to sustain the business during the initial months when revenue might be low.

- Plan for unexpected costs: Emergencies, repairs, and economic downturns can happen, so keep a financial cushion.
- Consult a financial expert: A franchise accountant can help you understand profitability, tax implications, and smart financial planning.

Proper financial planning ensures your franchise stays stable, even during tough times.



3. Choose the Right Location

Location is a critical factor in a franchise's success. A poor location can lead to low foot traffic and poor sales, even if the brand is strong. To pick the right spot:

- Study customer demographics: Choose an area where your target audience is highly concentrated.
- Analyze foot traffic and accessibility: Locations near shopping centers, offices, and main roads tend to attract more customers.

- Evaluate competition: Being too close to similar businesses can make it harder to gain a market share.
- Consider lease agreements: Ensure the rent and lease terms are favorable and align with your budget.

A well-chosen location can significantly impact visibility, brand awareness, and long-term profitability.

4. Follow the Franchise System & Guidelines

Franchises operate on a proven business model, but some owners try to alter systems, which can lead to inconsistency and failure. To avoid this:

- Stick to the franchisor's guidelines on branding, marketing, operations, and pricing.
- Use only approved suppliers to maintain product quality and compliance.
- Train employees according to the franchise's standards to ensure excellent customer service.
- Stay updated with the franchisor's new policies, updates, and industry trends.

Following the system ensures brand consistency and customer trust, which is essential for long-term success.

5. Invest in Marketing & Customer Engagement

A common mistake franchise owners make is relying solely on the brand name without actively promoting their business. To stand out:

- Use local marketing strategies: Engage with the community through social media, events, and promotions.
- Leverage digital marketing: Invest in online advertising, SEO, and customer engagement campaigns.
- Offer excellent customer service: Happy customers become repeat buyers and recommend your business to others.

- Monitor performance metrics: Track sales, customer feedback, and marketing results to adjust strategies accordingly.

Marketing keeps your business competitive, attracts customers, and builds a strong local reputation.

Running a successful franchise isn't just about choosing a big brand name—it requires smart planning, financial discipline, and a commitment to following the proven system. By avoiding these common mistakes, you'll set yourself up for long-term success and profitability.

SEEKING SUPPORT FROM FRANCHISORS AND NETWORKING WITH OTHER FRANCHISEES

Starting a franchise is an exciting but challenging journey. While you gain the advantage of working with a proven business model, running a successful franchise still requires effort, learning, and adaptation. One of the best ways to ensure long-term success is by seeking continuous support from your franchisor and actively networking with other franchisees. These resources provide valuable knowledge, troubleshooting assistance, and industry insights that can help your franchise thrive.

Leveraging Franchisor Support

A franchisor plays a key role in helping you succeed, as they have experience in running the business model effectively. Their support extends to various aspects, including:

1. Comprehensive Training Programs

Franchisors typically offer initial and ongoing training to ensure franchisees understand every aspect of the business. This includes operations, marketing, customer service, and financial management. These training sessions can be conducted online, at corporate offices, or at an existing franchise location.

2. Operational Guidance & Business Strategies

Franchisors provide detailed operational manuals outlining daily processes, inventory management, customer engagement strategies, and sales techniques. Following these guidelines ensures consistency across all franchise locations and helps new owners avoid costly mistakes.

3. Marketing & Branding Support

A major benefit of franchising is access to a well-established brand. Franchisors usually provide marketing campaigns, social media strategies, and advertising materials to help you attract customers. National-level marketing efforts combined with local strategies can boost visibility and sales.

4. Technology & Business Tools

Franchisors often supply advanced technology systems for tracking sales, managing inventory, handling customer relationships, and processing payments. These tools simplify daily operations and improve efficiency.

5. Troubleshooting & Problem-Solving Assistance

If you encounter operational challenges, your franchisor is there to help. Their business advisors and support teams can offer solutions based on their experience with other franchisees facing similar issues.

The Importance of Networking with Other Franchisees

While franchisors provide structured support, networking with other franchisees allows you to gain practical, real-world insights from those already running the business. Some key benefits include:

1. Learning from Experience

Speaking with experienced franchisees can help new owners understand common challenges, best practices, and mistakes to avoid. They can share insights on hiring staff, improving sales, or handling customer complaints effectively.

2. Problem-Solving & Peer Support

Franchise owners often face similar difficulties. By networking, you can exchange solutions, discuss strategies, and gain new perspectives on handling day-to-day issues.

3. Emotional & Motivational Support

Running a business can be stressful. Having a community of fellow franchisees allows you to share concerns, celebrate successes, and stay motivated. You're not alone in the journey!

4. Collaborative Growth Opportunities

Franchisees can work together on joint marketing campaigns, referral programs, and shared resources to enhance business growth. Collaborating with nearby locations can also help attract more customers.



How to Build Strong Franchisee Connections

To make the most of networking opportunities, consider:

- **Attending Franchise Events & Conferences:** Participate in annual franchise conventions, workshops, and training sessions.
- **Joining Online Franchisee Communities:** Engage in discussions through franchisee forums, social media groups, and business networks.
- **Maintaining Open Communication:** Establish a positive relationship with fellow franchisees and actively seek advice when needed.

Seeking support from your franchisor and networking with other franchisees are essential for a smooth and successful franchise journey. While the franchisor provides structured guidance, your fellow franchisees offer real-world insights and peer support. By utilizing both resources effectively, you can enhance your learning curve, build a strong business foundation, and set yourself up for long-term success in the franchising industry.

CONCLUSION

Franchising in Perth presents an exciting opportunity for aspiring business owners, but success requires careful planning and the right approach. By conducting thorough research, choosing the right franchise, and securing an ideal location, you can set yourself up for long-term growth. Understanding financial commitments, legal requirements, and operational responsibilities ensures that you are well-prepared to run a successful business. Additionally, leveraging the support of franchisors and building a strong network with other franchisees will provide valuable guidance and help you navigate challenges effectively.

As Perth continues to grow, the demand for well-established franchise businesses is rising. With the right strategy, dedication, and ongoing learning, you can build a profitable and sustainable franchise. Stay proactive, adapt to market trends, and make informed decisions to maximize your success in the competitive franchise industry.

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