

http://www.nfib.com/object/IO_36076.html

National Federation of Independent Business (NFIB) member magazine, *MyBusiness*

Trend Tracker

02/04/2008

Watch the trends to find franchise success

The potential downfall of the economy has a lot of would-be entrepreneurs running scared, but as the old saying goes, when life hands you lemons...well, you know the rest. One bright spot in an economic downturn is the increase in popularity for franchising, says Joel Libava, who reports on franchising at The Franchise King blog.

Whether you've always dreamed of owning your own business or you're thinking about franchising your existing business, now is the perfect opportunity to put those plans into action. Franchises are attractive to budding business owners for several reasons -- the most important being that the chance of success in a franchise, where methods and systems are tried and true, is more likely than if you started a business idea from scratch.

But what kind of franchise will produce the most success? There's no magic formula, but a franchise's success has a lot to do with timing -- and location.

Consider these trend tips before buying -- or selling -- a franchise:

Is It Hot or Not?

How do you know what's going to be the next thing? The same industries that continue to add jobs despite an increase in unemployment (think health care and technology) are a good place to start. You can find full unemployment reports and other sector-specific studies at the Department of Labor Web site.

Keeping up with the trends you read about in the news can also be a good indication of where things are headed. For example, based on the news and the amount of times you hear about going green, it's a safe bet that environmentally friendly operations will continue to grow in popularity. How many times a week do you hear about the aging baby boomers? They're not going anywhere, so senior-related franchises are a good bet, too.

Once you have a hunch, back it up with franchising-specific research. The International Franchising Association is a one-stop resource for franchising information online.

Location, Location, Location

Another important factor to test a franchise's viability is its location. Are you looking in a high-growth area? If so, your chances of success are probably higher. **FranChoice**, a franchising consulting firm, releases a list of the top cities for franchising each year. For 2008, Phoenix, Miami, Dallas, Atlanta and Chicago topped the list. Also look for population growth trends in your area.

But launching a lucrative franchise is not all research-based. Take a look around your community and ask yourself, "What is this neighborhood missing?" The answer could make a great franchise location.

Tracking trends can help you launch a booming franchise, but there's more to it than that. Successful franchising takes commitment -- mental and monetary. Because a franchise requires an upfront investment, buyers (and sellers) might think that the cash takes the place of blood, sweat and tears. But running a successful franchise takes a serious commitment from both the franchisee and the franchisor. If you think you have what it takes to run your own business or you're ready to take your existing business to the next level, then franchising might be just the thing for you.