

Ups and downs of franchising

By Sandy Zaitzeff

We have all seen literally dozens if not hundreds of ads for new franchises across Canada, if not North America. While there are many benefits to an individual, partnership or corporation, to purchase a franchise, there are also disadvantages and areas where one must be very cautious.

The advantages to a franchisee operator are simple to catalogue and some of those advantages are as follows:

1. Many systems are already in place and are proven and tested systems.
2. The franchisee will receive training at locations that are already up and running.
3. The franchiser will provide ongoing inspections of the business to maintain high quality standards.
4. The franchiser will provide business advice from time to time.
5. The franchiser will provide marketing support.
6. The franchiser will provide access to national advertising schemes and programs.
7. There will be national name recognition.
8. There will be pretesting of

new products and services saving the individual franchisee the agony and high expense involved.

9. There is an obvious ability for a national franchise chain to obtain proper locations and space in large plazas and on busy streets.

10. There will be national supplier support.

11. There will be national supplier pricing of materials, which should result in lower individual pricing.

12. Financing is usually pre-cleared with banks if you can meet specified individual asset requirements and specified debt equity ratios.

13. While success may not be guaranteed, the odds are usually greatly improved to the various advantages with a franchise.

Advantages to Franchiser

1. The operator/owner has his money at stake and therefore will watch all aspects of the business far more carefully than a hired manager at some far off distant location.

2. It allows the franchiser to expand much more rapidly, since they do not have to put up all of the capital for each of the individual stores.

3. Franchising allows for higher, national advertising budgets, since each individual franchisee contributes.

4. Franchising allows for head office expansion and the commensurate ability to provide more specialized management services to the individual franchisees, since again the individual franchisees contribute to head office expense.

5. As the number of the franchisees grows, the ability of the franchiser to provide a whole spectrum of services increases.

Disadvantages to the Franchisee/Operator

1. The franchise agreement is usually in favor of the franchiser, if the business is not successful, or is not run in accordance with the terms of the franchise agreement or the operating systems of the franchiser.

2. The franchiser can usually seize the business, its assets and premises if royalty payments or advertising or any other payments are not met or are behind or if the quality control falls below standards and the franchisee may then lose his original investment and then be liable for further payments.

3. The franchise agreement must in most cases be signed by an individual and most franchisers will not allow a Limited Company to be placed on the franchise agreement between the franchiser and the individual. This exposes the individual's personal assets in the event that the franchise business is not successful.

4. The franchiser usually has the ability to set up competing units, wherever they choose, including one block away from your unit, unless the franchisee has been granted an exclusive territory in the franchise agreement.

5. The ongoing royalty payments, advertising payments and any other payments must be spent wisely by the franchiser and the franchisee usually has no control over how these payments are spent. It is therefore wise to investigate the past history and track record of the franchiser in these respects.

6. The initial franchise fee to cover training and other initial expenses, may or may not be a good value, depending upon all of the initial services that are offered by the franchiser. This must be

investigated very carefully.

Overall View of Franchising

It is a common mistake that many business people make, that they believe that all franchises are immediately successful. The cold facts are that they aren't and that franchises require complete and total dedication, many long hours and almost religious belief on the part of the individual franchisee to be successful.

Every franchise that is opened is not MacDonald's and there are franchises that are marginal operations, while of course there are other franchises that are successful.

If you have any plans for being involved in the purchase of a franchise business, be very careful, investigate the entire matter very carefully and consult with professionals who are knowledgeable with respect to the financial implications of the franchise, such as your banker, lawyer and accountant. These people should be consulted well before you actually sign any documentation.

This article was written for The News by Sandy Zaitzeff of the firm Zaitzeff-Cancade.

Potatoes can play a key role in dieting

Spuds low in calories, high in staying power

Too often, today's family lives on a diet of easy-to-prepare meals from boxes. When eaten, these foods are often quickly digested, leaving the entire family hungry and craving high-sugar snacks to boost the blood sugar concentration. It is important to feed your family those foods with "staying power", foods that will satisfy the entire family while helping them to be healthy and staying on an economical budget.

There is no other food that fits this category better than the potato. A medium potato (5 ounces) supplies nearly 5 per cent of both protein and iron, 8 per cent phosphorus, 10 per cent thiamine, 11 per cent niacin, and 50 per cent of vitamin C needed daily. It also supplies large amounts of potassium, vitamin B6, copper and iodine. A medium potato has only 110 calories, which is much less than a 5-ounce steak (500 calories), or a 5-ounce serving of bread (390) calories.

Additional calories and fats are often added when preparing and serving potatoes. In order to prevent nutrient loss, cook potatoes with their skins on whenever possible. When serving, avoid butter,

sour cream, gravies and sauces. Try the wholesome flavor of whipped cottage cheese with chives. Use this tasty way to serve baked potatoes without adding a lot of extra calories.

Mushrooms cost less per pound than most meats, with far fewer calories, while still supplying the same texture as meats in many dishes. They have only approximately 127 calories per pound, and little or no cholesterol. They blend well with many different foods, such as rice, meats, beans and cheese.

A simple way to judge portion is to figure that one pound of mushrooms yields 5 1/2 cups slices, or 5 cups chopped. When purchasing them, select firm, smooth mushrooms. Keep them refrigerated and handle them carefully, as they are quite fragile. If the membrane that covers the cap is still intact, the mushrooms should keep about a week; if not, they should be used sooner.

Mushrooms can be very satisfying and versatile. They supply the body with vitamin D, niacin and trace minerals, such as calcium, iron and potassium.



Snow Bank Safety

Parents are urged to inform their children about the dangers of playing on, in or near snow banks.

With the heavy snowfalls of the past few weeks, drivers and pedestrians must be very careful during movement along our streets and driveways.

The Terrace Bay Police Force

TO ALL SNOWMOBILE USERS

The snowmobile season is here and we wish to emphasize the safety aspects of this sport.

Many roads used by snowmobiles in our mill area have gates or cable barriers which could cause injury or death to careless snowmobile operators and damage to their vehicles.

We wish to remind everyone of these potential hazards and emphasize the need for care and common sense in snowmobiling.

Please help all of us who work at Kimberly-Clark ensure that safety is a way of life, on and off the job, throughout our entire community.



Kimberly-Clark of Canada Limited
PULP AND FOREST PRODUCTS OPERATIONS

Ontario Closed Season Variation Order 1988-19

Big Santoy Lake, Township of Tuuri, in the Territorial District of Thunder Bay

Effective January 1, 1989 to January 1, 1991, Santoy Lake will be closed to lake trout angling in order to establish a reproducing population. Other sport fish in Santoy Lake, including walleye and northern pike, will not be closed to angling.



Ministry of
Natural
Resources

Vincent G. Kerrio
Minister