

# The Educated Franchisee



## Hot Franchises or Proven Franchises?

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The Educated Franchisee

We all know who I am talking about. They are always following the latest trends, buying the new concept car and spending all night in line to buy the latest iPod. These folks want to be part of the 'in crowd' and feel that there is safety in having what everyone else says they want. They are always looking for the perfect school, spouse, church, house and business. Most of all, they are never satisfied, always wondering if they have the best.

So what's wrong with this you may ask? Nothing, so long as you know what you are doing and recognize the fact that chasing the latest thing, while exciting, is not always the most reliable. Why is this? Well let's use franchising as a case study.

There have been a number of hot and sexy concepts in franchising. How about the home meal replacement craze from a few years ago lead by Boston Market? Five years ago the hot and sexy concept was Ebay Stores, where you could drop off your extra items and they would sell on Ebay for you. A couple of years ago we were all drooling over the dinners-to-go concepts such as Super Supper and many others. This year we have been watching Cold Stone Creamery begin to sputter. All of these concepts were hot and now they are not and investor/entrepreneurs were divorced from their money. Why is this?

The reason is quite simple. These franchises are hot and sexy because they are NEW ideas in unproven industries. The thing to remember about unproven ideas and industries is that, by definition, they are unproven. These businesses have a significantly higher risk/reward ratio. If you corner the local market with a new idea, then there is a great reward; however, if the idea or industry is just another fad, then the business will probably falter regardless of the skill and effort you put forth.

If you are the kind of person that tends to chase the latest hot trends, you know there is a risk to this. The new cell phone that you wanted may not be all that it is cracked up to be and the new concept car may be more concept than car. New, hot and sexy businesses are no different – so don't expect them to be.

Having been born and raised in the 'Show Me' state of Missouri and as the author of *The Educated Franchisee*, I am all about making sure something is proven before parting with my money. Quite simply, I want to stack the deck in my favor. To do this you have give up on your concept of 'hot and sexy' and instead focus on 'tried and true.'

'Tried and true' would include franchisors that have been around for a few years in proven, mature industries. Try painting, house cleaning, aged care, hair cutting, window washing or even taxes. Boring as it may sound, this is the most predictable path to business success. Even though there is more competition, you also know there is demand today and there will be demand tomorrow. A high quality, proven franchisor will be able to provide you with a superior approach to securing and retaining customers thus allowing you to control an appropriate share of the local market.

Remember, the latest hot trend can cool off. Become an educated franchisee and stack the deck in your favor.

If you would like to learn more about how to identify great franchise businesses stacking the deck in your favor, go to [www.educatedfranchisee.com](http://www.educatedfranchisee.com) or buy the book - The Educated Franchisee – on Amazon.com

