Expand Your Business to all 50 States by Franchising

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How quickly can you start expanding your business to all 50 states by franchising? The short answer is about 60-90 days in the 37 non-registration states, including Oklahoma and certain one-time and notice of exemption filing states. For the remaining 13 registration states, it may take about 6-9 months for approval from the state franchise regulators to sell franchises in those states. Overall, that is a pretty short timeframe for the expansion of your business and here is how you get started.

First, you must meet the general criteria for franchising any business: 1) you have successfully operated your profitable business model for several years; 2) your business model can be replicated so others following your proven system can earn a good return on their investment; 3) you have established your unique brand with a "sizzle factor" and have protected your products and services with federal trademark filings; and 4) franchising meets with your goals and business exit strategy.

Franchising in the U.S. is governed by the Federal Trade Commission's ("FTC") Amended Franchise Rule and the franchise law in the registration states and other states requiring certain disclosures for prospective franchisees. In order to start selling franchises in the 37 non-registration states, the following must be prepared: 1) your Franchise Disclosure Document ("FDD"); 2) your unaudited opening balance sheet; and 3) your Operations Manual. Your franchise attorney will prepare your FDD and Franchise Agreement in compliance with the FTC's disclosure requirements, and your required registration filings with your registration states. Your CPA will prepare your unaudited opening balance sheet for your first year, your audited balance sheet opinion for your second year, and your audited financial statements for your third year and every year thereafter.

You must prepare your Operations Manual, your how-to guide for your franchisees to follow your business model. The information contained in the Operations Manual typically relates to training, development of the franchised business, operating standards, system procedures, marketing, approved suppliers and other information related to the ongoing operations of the franchised business.

Franchising in and of itself is a new and separate business from your business that you want to expand and franchise. It requires its own staffing and operating budget, but is is an extremely viable way to quickly expand your business and should be considered by all "franchiseable" businesses.

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