

THE



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Working Life Business

BUSINESS CLINIC If you are breaking new ground in the market, that poses unique challenges when others want to hitch a ride, James Hurley reports

Should our drive from the Batcave take us overseas?

THE COMPANY Windrush
WHAT Car storage
FOUNDED 2004

FOUNDER Tim Earnshaw
TURNOVER £1.1 million
 (projected, 2017)



Tim Earnshaw's company looks after about 300 cars at any time and charges only one price regardless of make and model

Q My love of cars began early: I built a re-creation of a Morgan while I was at school. It was the desire to protect it that gave me my idea for my business: secure storage for motor vehicles.

I created a "Batcave" for cars in Cheltenham. While working for a Formula One sponsor for five seasons, I ran it on the side for pocket money. It began to take over my evenings and weekends and so, in 2009, I handed in my notice and haven't looked back.

Rather than simply sticking your car in a dusty garage, we put each vehicle through a 12-stage induction, including a full health check and valet. We pump up the tyres, check the battery every week and put cars on our rolling road every 60 days. We have added a London site. We look after about 300 cars at any time and have only one price and level of service

whether it's a Mini or a Bugatti Veyron. We have been approached by people from Austria, Monaco and the United States who are asking if they can be franchisees. I'm interested, but my concern is that we will dilute what we do well. Is someone operating my business under licence going to offer the same level of service?

We don't claim to have reinvented the wheel, but we think we have a unique approach. We are the world's first and only ISO9001 certified car storage business. We can turn that into a blueprint for franchisees, though we'd need to make it financially rewarding enough for us to take a risk with our reputation, without introducing too high a barrier to entry.

Have you got any advice on setting the price for franchisees, and what should be included? I also wonder how franchisers go about policing their licence-holders. How should we set rules around exit strategies?

A Your primary challenge will be to identify the right franchisees. Draw up a list of the five most important things you want from them. One of our early mistakes was allowing franchisees to be part-time. The first question is: does the franchisee have enough time and focus to run the business properly? Look for those who want to immerse themselves. Trust your instinct and do not be afraid of politely declining one.

Don't look to profit from the upfront franchise fee. It has to cover your time for training and provision of equipment, but you want to encourage a

swift return on investment for franchisees. You need to agree on a royalty fee as a percentage of turnover, most range from 8 per cent to 20 per cent. Factor in other annual fees, such as website and promotional material. Keep as much control as possible. We created a central booking system and handle all our registrations and merchandise directly. And You need a watertight agreement and franchisees will expect an extensive operating manual — both are worth the investment.

EXPERT VIEW

Max Webb is managing director of Rugbytots, a pre-school rugby play programme with 246 franchisees



A Don't let the flattery of the inquiries cloud your judgment. Think about what you want in the long term. I have had clients decide not to expand because what they loved doing was the actual job. They didn't want to train and manage.

The best place to start is a pilot in the UK, using someone you know and trust. Streamline processes, work on the business model and discover how much support they need.

Any contract will be tightly drafted and heavily in your favour to give you the control you need where you're handing over the secrets of your business to someone else and letting

them use your brand. Do regular reviews, monitor performance and compliance and take early steps if anything starts to go awry. A contract should have "restrictive covenants" to stop a departing franchisee from taking customers, employees or business secrets with them.

Think about your exit strategy before you start. You should discuss exit plans with franchisees. Do they going want to keep expanding or a comfortable lifestyle business? Have that chat at the outset.

EXPERT VIEW

Sheilah Mackie is a franchising specialist at Blake Morgan, a law firm and affiliate of the British Franchise Association

