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Strength in numbers

Aug 6, 2010 12:27 PM, BY BRIAN WASAG Special to CONTRACTOR

Contractors look to franchises as a way to pool resources



The popularity of franchising is growing among plumbing contractors who are looking to take their businesses to the next level during difficult economic times. One of the most compelling reasons is that, in a franchise operation, the franchisor provides business expertise that otherwise would not be available. This business expertise includes established systems, marketing and advertising plans, management guidance, administrative support and training.

However, plumbing contractors interested in franchising still need to research which franchises are the best fit for them.

People need to do their homework, says Judy Howard, director of franchise relations for [American Leak Detection](#), based in Palm Springs, Calif. They have to realize that just because they're buying a franchise, it's not going to be easy. They're going to have to put in the work. It does take time and it does take effort, but at the same time, there's the satisfaction of growing your own business.

Franchisors get picky

An increase in the popularity of franchises also means that many franchisors can be selective about who they choose to be a franchisee.

One such franchise is [Mr. Rooter](#), which has more than 450 franchises across North America and is the largest plumbing company in the United Kingdom and Canada.

We're at the stage at Mr. Rooter where we are very cautious and careful about who we bring in so that we really manage and protect the brand, says Mary Kennedy Thompson, president of Mr. Rooter, a division of the Dwyer Group, Waco, Texas.

Prospective franchisees attend a discovery day orientation to learn about Mr. Rooter's code of values, its franchises and what to expect from the Mr. Rooter system.

We're looking for people who are the right culture match and who will put the customer first, Thompson says.

After the day long meeting, a committee examines the prospective franchisee to determine whether the franchisee is the right fit for Mr. Rooter.

From the time [the franchisee] says they're interested to the time that all parties are ready to commit is probably a couple of months because I don't believe into rushing into that, Thompson says.

All new Mr. Rooter franchisees attend basic training at the company's headquarters in Waco, Texas. The training includes information about business systems, managing people, marketing and customer interaction. Mr. Rooter also provides yearly regional meetings that include training sessions in best practices as well as an annual meeting that allows new franchisees to meet with longtime franchise owners familiar with the Mr. Rooter system.

We invite a lot of [new franchisees] to come to our meetings because we think that face-to-face contact gives them the input and the feedback that helps them understand whether we're a good match, Thompson says.

In addition, Mr. Rooter hosts a management training series several times a year as well as a series of webinars for franchisees who cannot attend a regional or annual meeting.

Recession resistant

Thompson says an established system is attracting more contractors to the idea of franchising, particularly during a recession.



It's been a tough few years for everybody, and there's not a lot of room to make mistakes these days, Thompson says. People are moving more towards franchising because we have a system, and it's a proven system that can help them move to the next level. There's just not the room for the kind of mistakes that used to be made maybe five years ago.

Thompson says the cost to start a Mr. Rooter franchise is from \$26,000 to \$100,000, depending on the population of the territory.

Our franchisees often will start home-based, and then once they pick up speed, they'll move into a shop when they have a certain number of technicians, Thompson says.

Many of the contractors interested in franchising with American Leak Detection contact the company through its website, according to Howard.

Once the prospective franchisee requests information online, Howard sends out the additional information that spells out details and the cost as well as a request for consideration form.

If they're willing to fill out the request for consideration form, that's an indication that they're not just midnight clickers, Howard says.

The franchisee then attends a discovery day at the company's office in Palm Springs, Fla., and if all approvals go through, the parties would sign a contract.

Franchisees also attend a mandatory six-week training program that includes field and classroom training. The franchisees also meet with American Leak Detection's managers, directors and other key personnel who will help the franchisees order such things as business cards and uniforms.

We start working with them to get everything in place so that when they get home, they're ready to open for business, Howard says.

The estimated initial investment to start a franchise with American Leak Detection is from \$83,000 to \$200,000 depending on whether the franchisee needs to buy a vehicle, rent office space or purchase additional equipment, according to Howard. There also is a training fee of \$4,500, which does not include living expenses or travel during the six-week training period.

American Leak Detection has most of its territories available in the Northeast, including New York, Massachusetts, Connecticut, Vermont, Delaware and northern Virginia, Howard said.

You've got friends

The greatest advantage to franchising, according to Howard, is strength in numbers.

One of the big things is that you're not in business by yourself, she points out. You have your own business, but you've got a proven system. If you've done your homework and you're buying into a system that you love and you love the work, then you're not totally alone. You've got support and you've got some name brand presence.



Donald MacDonald, CEO of North Billerica, Mass.-based [Rooter Man](#), said more plumbing contractors are looking to take advantage of the training and support they receive from a franchise.

[Plumbing contractors] don't have the expertise by themselves to take on all the different hats that you have to wear in a business—advertising, marketing, hiring, training and firing, he says.

There also has been a surge in franchising in the past few years because of people being aware of the branding.

Contractors interested in franchising with Rooter Man receive an information package that includes references from successful franchisees. Prospects also receive a federal disclosure document that contains financial information on the franchisor as well as all of the franchises in the system.

Rooter Man franchisees receive ongoing support and training, including an initial two-day training session in which franchisees learn how to implement the systems in the company's manuals. Rooter Man also offers an on-the-job training program as well as programs that teach marketing, operations and human resources. Franchisees receive 11 comprehensive manuals that teach them the skills to master their business. Additionally, Rooter Man franchisees from across the country frequently host training events and seminars throughout the year.

Franchisees learn a lot from each other, MacDonald says. They work together because they're not threatened. Because they're from different parts of the country, they're not worried about their competition. They can open up and find out what's working for the other guy and what they can do to help them increase their business.

MacDonald says the initial fee for a territory with a population of 375,000 would be \$7,950. Rooter Man's franchise system also has no royalties as a percent of revenue, meaning Rooter Man franchisees do not pay a royalty based on a percentage of sales. Rooter Man royalty fees are a flat rate fee based on population. MacDonald said the fee is \$125 per 125,000 population.

Additionally, most Rooter Man franchisees are able to begin their business in their homes, and therefore avoid high start-up costs due to such things as rent and utilities.

Beating the big boxes

One franchise that continues to expand is Pittsburg-based [Mr. Waterheater](#), with plans to grow the

business from Pittsburgh with the best opportunities in Pennsylvania, Ohio and surrounding states.

The Mr. Waterheater franchise operates from a combined warehouse and office facility located in an industrial park or other non-retail locations. A franchise territory of 50,000 to 100,000 households is typically what is awarded, but can be customized for the market area. Water heater replacement for residential customers is the primary business that can expand to commercial customers and offer additional plumbing services.



Like most other franchises, Mr. Waterheater has a business model, and ideal franchise candidates must be able to manage employees, make decisions and have ambitious goals for growth. The franchise owner does not need to be a plumber or own a plumbing business. However, the franchise owner must comply with the local building code with permitting and licensing requirements that may require employing a master plumber.

Mr. Waterheater also has a franchise training program, called Mr. Waterheater University, which teaches new owners everything they need to know to run a successful franchise operation. Franchise training in Pittsburgh combines classroom, field training and operations training.

The initial franchise fee is \$9,900. Franchisees also pay a territory fee of 25 cents for each household in the territory they are granted. The estimated total initial investment will range from \$47,075 to \$156,000.

Like Mr. Rooter, Sarasota, Fla.-based [Benjamin Franklin Plumbing](#) is very selective and has a rigorous qualification process.

However, for those who do make the cut, the franchise has developed a strategic business system that delivers daily, monthly and annual training modules.




Success Academy provides training for comfort advisors, technicians and other professionals within the industry. Clockwork University teaches every aspect of the plumbing industry, from technical aspects to communications and administrative operations. The franchise also offers Gearing Up 101, which is a four-day introduction to franchise operations held at the company's Sarasota headquarters.

In addition, operating excellence manuals guide franchisees through the entire turnkey operation of running a business. Annual events also provide opportunities to network and brainstorm with other franchisees through hands-on classes and business sessions.

The cost to start a Benjamin Franklin Plumbing franchise is \$25,000 for a territory of 100,000 and \$250 per 1,000 after the first 100,000.

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