



B2B Franchises

The opportunity to sell to or through other businesses offers a powerful appeal to many prospective franchisees.

by Mark Henricks

The most visible part of the franchising industry is the consumer category, with its ubiquitous fast-food chains, auto repair shops and home service businesses. But for many would-be franchisees, the most interesting kind of franchise is one that never deals with the public.

Business-to-business franchise opportunities offer several attractive features, according to Mark Siebert, CEO of Homewood, Illinois, franchise consulting firm The iFranchise Group. Selling to businesses, Siebert notes, tends to involve fewer and bigger transactions. Most business takes place during normal working hours, investment requirements tend to be lower, and business-to-business opportunities are often well-suited to home-based operation, Siebert says.

These traits appeal to many potential franchisees. "A lot of the franchisees today are people who've been laid off from jobs in business," Siebert says. "They have great contacts in

business but they're not going to be comfortable climbing under a car and changing oil or flipping burgers. For them, these B2B opportunities provide the best match for their skills and experience."

B2B opportunities tend to be mostly in the service industry. Janitorial and cleaning services, temporary help agencies, bookkeepers, document shredders, printing and shipping are all niches well-populated with business-to-business franchise concepts. No matter what field they are in, B2B concepts are well-suited to the economic climate because, having generally lower investment requirements, they are easier to finance, which is another reason many people are drawn to these concepts, Siebert says.

The explosive growth in the daily deal industry is a big reason potential franchisees are drawn to DailyTicket, a Seattle franchiser in the daily deal business. "We're bringing

the opportunity for a local business owner to get involved in this proven industry that's so successful," says President Lauren Bernstein.

DailyTicket focuses on small to mid-sized markets and supports local franchise owners who locally market daily deals using a grass roots marketing approach. The tickets they digitally distribute are often intended for consumers to use. But DailyTicket franchisees will sell the service directly to local businesses.

While the big names in the industry have aggressively gone after major metropolitan areas, Bernstein explains, they have left thousands of other cities underserved by the burgeoning daily deal business. "This is a huge opportunity for somebody who lives in a local community, is well connected and is really invested in the company," she says.

There are DailyTicket franchises operating in Texas, Southern California and Washington and Bernstein says the company envisions expanding that to several hundred locations by 2013. The rapid growth rate is in line with the expansion of the overall field. "We're giving people an opportunity to be part of one of the fastest-growing industries," she says.



Environmental Waste Solutions gives its affiliates an opportunity to sell waste-disposal and recycling cost-saving services directly to other businesses. "This is a pure B2B business opportunity," says Diana Shapiro, chief operating officer of the Baton Rouge, Louisiana, company. Affiliates help companies reduce costs associated with waste disposal and recycling, then share 50 percent of the companies' savings over a 60-month period. Because clients don't pay anything up-front, it's a relatively easy sale for Environmental Waste Solutions affiliates.

The B2B aspect is highly attractive to potential affiliates, Shapiro says. "Because they are marketing to businesses they have public access to company lists that are available through searches on the Internet that we teach them," Shapiro says.

"They like that the marketing model is very specific, mainly targeting businesses with food in their waste stream." Environmental Waste Solutions currently averages a little more than nine affiliates per state, and is looking for new affiliates in many market areas across the US and Canada. "They are located in small towns and large cities, anywhere there are restaurants, food processors, hotels, country clubs, apartment complexes, hospitals, manufacturing facilities, supermarkets and convenience stores," Shapiro says.



School of Rock is based in Teaneck, New Jersey, with the goal of bringing affordable, enjoyable and effective music education to students across the nation. Aaron Delfausse, vice president of franchising and development, says that franchisees work with businesses as co-marketing partners to reach consumers. "We market through other businesses quite often and it is one of the cornerstones of our local marketing efforts," he says.

The company's franchisees establish relationships with local businesses, including general retailers as well as music retailers, wherever parents or kids might be found. "We hang our posters and have flyers at local businesses and they put their similar marketing materials in ours," Delfausse says. These arrangements appeal to other businesses trying to reach School of Rock's clients while giving the company a channel to communicate with its target audience of young would-be musicians and their families.

The company's nontraditional performance-oriented approach to teaching music appeals to both franchisees and consumers who are looking for a fun way to expose kids to music. The company has 68 schools open in 25 states and Mexico. "By the end of next summer we should have over 100 locations," Delfausse says. In addition to expanding domestically, the company is looking for international partners to help handle introducing Schools of Rock in more overseas markets.

Seniors Helping Seniors handles in-home non-medical care services for individual consumers and families, employing networking with other businesses as a major component of how the Reading, Pennsylvania, company grows its business.

"We believe one key to our success is our finding other businesses in our communities who share our values and who are also providing a service for seniors so we can all serve our clients better together," says Philip Yocom, president, CEO and co-founder.



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Another way the Seniors Helping Seniors franchise is beginning to work with other businesses is by piloting a program for employers to help their employees with senior care. Yocom likens this to the way progressive employers have helped employees with child care.

Whether working with other businesses or directly with individual seniors and families, the personal nature of the care they provide means franchisees' businesses are built on relationships, Yocom says. "Our Seniors Helping Seniors community is motivated to help not because we have to but because we want to; so we look for franchise partners who want to both do good and to make money," he says. Today Seniors Helping Seniors has 165 franchise territories open and has a goal of adding 100 new franchise territories during 2011.

Stratus Building Solutions has a goal of making a customer out of almost any variety of company. "We sell exclusively to businesses of all types, large, medium and small," says Dennis Jarrett, CEO of the St. Louis-based franchiser.

Stratus's B2B aspect is one of the main appeals to franchisees. Another is the strong emphasis on the healthy and environmentally preferable cleaning techniques and products Stratus employs. "Our mission is to make a positive difference in the quality of life for our customers, their employees and their visitors," Jarrett says. "We make that difference by servicing for health and for the environment."

The company currently has 57 master franchises and more than 5,000 franchise units in major and mid-major metropolitan areas across the nation. During the next 12 months, Jarrett expects to add a dozen domestic master locations, five more international master locations and 1,000 unit franchisees. Target markets include Northern California, the Pacific Northwest, Florida and South America. A new focus for the company is providing other businesses with landscape

management, pest control and security services "We intend to become a one-shop stop for our customers by handling the majority of their facility service needs," Jarrett says.

Valpak Direct Marketing Systems Inc. of Largo, Florida, focuses primarily on selling direct marketing services to local businesses. "Being a Valpak franchisee is all about helping other businesses grow their business," says Todd Leiser, director of franchise sales. "This is a business where franchisees and their staff are in the community every day looking to help other small businesses acquire and retain new customers."

In addition to its famous blue envelope, the company offers a variety of digital marketing initiatives. Valpak has 173 franchises in 112 metropolitan areas in the United States and Canada. Territories remaining open include New Orleans, Chattanooga; Little Rock; Syracuse, New York; McAllen and El Paso, Texas; Fresno and Bakersfield, California; Winston-Salem-Greensboro, North Carolina; Macon, Georgia; and Portland, Maine. "We hope to open 10 new franchise markets in the next 12 months," Leiser says.

Our Town America franchisees hope to ease the impact on families of relocating by giving them packages of discount coupons, while supplying local businesses with a channel to reach residents new to their market area. Michael Plummer, CEO and president of the Pinellas Park, Florida, company, says franchisees enjoy providing people who are setting up new households with gift certificates and other marketing messages from local restaurants, dry cleaners and other businesses. They also like having other businesses as sponsors. "The B2B aspect is the key of our business," he says.

The company has 41 locations spread across the country and Plummer anticipates adding six to 10 this year. "We're not locked into any specific market size," he says. "It depends on where we have the right fit with franchises. There's opportunity everywhere."

Business-to-business franchisers and franchisees are finding opportunity everywhere too. "B2B is one of the growing areas right now," says Siebert. "That's because a large number of the people who have been laid off are finding themselves better suited to B2B than other things."

Meanwhile, B2B franchisers are developing new sorts of offerings to package business-to-business offerings in franchise formats. Some of the innovative offerings include Internet consulting, financial services and training. There are more to come, Siebert says. "A lot of these are newer kinds of businesses that weren't around before."