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Financing your Franchise

It is very important that both potential franchisees and franchisors seek advice from those experienced in franchising.

Just understanding what is meant by the term franchise can take some time. Terms of definition like “business format franchise” need to be studied so that anyone approaching franchising as a potential owner/operator of a franchise “system”, or to consider the creation of a franchise network, are perfectly clear on what it is they are considering.

The following extracts from my recent article entitled “Franchising The Royal Bank Way” explains how we contribute to clear understanding in various ways.

As well as having a prominent position in Scotland’s banking scene, The Royal Bank of Scotland (RBS) also has an extensive network of branches throughout England, each of which provides specialist advice on franchising. Regional franchise managers are responsible for maintaining close contact with franchise companies based in their areas.

When RBS set up a specialised franchise section in 1984, we recognised the growing importance of franchising as a successful method of business expansion. It didn’t take long to realise that a team of specialists operating from regional offices would put us closer to the franchise companies, and would also enable us to give a better service to our customers and to our own branch network.

Since then the franchise department evolved, and last year a UK network of dedicated franchise business managers was established enabling the RBS to provide the same excellent standards of specialist help to their franchise customers. Franchise business managers provide financial advice and support geared to the specific needs of individual franchise businesses.

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Franchising Advice

A major part of the franchise department's work involves providing advice and guidance to Royal Bank's franchise business managers when they are considering franchise lending propositions. According to Tim Bowyer, our London regional franchise manager, this system works well.

"Our experience in knowing about different franchise concepts helps us advise our branches on the merits of particular cases" says Tim. "The benefit to the new franchisee buying into a proven, successful franchise network, is mirrored in lower lending risk to us."

The RBS acknowledges the noticeably lower rate of business failure among franchised outlets, when compared to the small business sector generally.

BFA Member

The Royal Bank is a long-standing Affiliate member of the British Franchise Association (BFA). The BFA's role as a responsible voice of franchising in the UK is seen as critical for ensuring the widespread adoption of ethical business methods in franchising.

The BFA strives to encourage high standards amongst its members and the RBS is pleased to play its part in helping to achieve this.

Franchise Exhibitions

As a measure of the Royal Bank's commitment to the franchise industry, we are the only bank to be represented at all four UK franchise exhibitions during 2001. The RBS's franchise team is committed to providing a dedicated and comprehensive service to franchisees and franchisors throughout the UK.

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