

We have been considering setting up an internet based extranet for use by our franchisees, do you have any guidance on that and the pros and cons?

As the network grows this is something considered by many franchisors. The answer will usually be found by doing a cost / benefit analysis. An extranet can bring considerable benefits including increasing the speed and ease with which you can update franchisees and they can access central materials, providing a strong sense of being part of a network, and providing centrally controlled communication and access to software. Depending on the nature of your business, a central extranet could be used for example for access to any bespoke software, central server and / or database, ordering supplies, accessing templates and marketing materials, accessing centrally negotiated purchase or leasing deals, reading newsletters, accessing the manual and any guidelines and policies, sending revenue and other reports, submission of review forms, access to information about meetings, training and conferences and access to a network message board or forum.

Balanced against that, there can be considerable costs and time involved in the set-up of the extranet, and you need to make sure that it is secure, reliable and kept updated. On an ongoing basis, further time and costs will be involved in maintaining, hosting and updating the extranet. Security can be an issue, and in particular you would need to consider whether franchisees should be able to download your copyright material (such as the manual). If the extranet will be a static site, or simply lead to access to a message board or forum, then you may find that after initial enthusiasm, its use dwindles and your costs may have been incurred for no reason.

I suggest that you carefully draw up your specification and requirements before commitment. If the extranet is a dynamic environment or gateway to most items, services and communication needed by franchisees, then it may become an essential daily business tool worthy of the investment and should cut costs and time in the longer term. It can create a knowledge community in the network and provide a strong part of franchisee support that will remind your franchisees of the benefits of being part of your network.