



Asia-Pacific Centre  
for Franchising  
Excellence

**Franchise Faculty Series**  
**Michael Sherlock Transcript**  
**Four Tips for Franchise Site Selection**

Hi, I'm Michael Sherlock. My previous occupation, I was the CEO of Brumby's Bakery. I was involved in that for almost 30 years and I now, in the last five years, work as a consultant for many franchise companies and as a mentor, an author and a speaker.

In my view, when you have a franchise, if you have a franchise with a retail and a physical territory, where you have a store, a retail store, the two most important keys to success are the franchisee – selecting the right franchisee – and selecting the right site. So I've always found that the most important of that is the franchise selection, but site selection is also very important.

So the first thing you need to have a look at when you're selecting a site is to understand your product and where it fits works. My feelings that are if you've already got a lot of sites in existence, it's good to analyze your existing base. Go out there and find out the ones that are working well and what are the common factors in that that drive the success of the site orientated. Record those, give them a weighting and then have that in your site selection criteria.

If you're just starting off, once, twice at a time, you need to get the right demographics and the right mix for your product and all that, so that's a big macro picture. So when you're coming down for micro pictures to look at where the site goes, I look at four things. And I call those access, exposure, tenancy mix and ant trial. Now access is a fairly simple thing, and it's access both for pedestrians and cars. So if you have a site in a shopping center, you want to make sure that you're easily able to access it by car. So if you're driving along, it should be obvious where you turn to go in there. If you're in a shopping center, you're coming out of a supermarket, it should be obvious where your site is.

So attempt fairly obvious, but the access points to me are very critical. When I look for sites, I've probably found over 400 sites and started them up in my time. I always try and not use a street directory, because I figure if you need a street directory, the place is too hard to find. It should be logical if you go down there that you're able to find it. So that was one of the things that I'd look at. But that never worked in Cambra because Cambra's the worst-designed place in the world. You'll never find anything. So I need the street directory there. So as far as access goes, there are a lot of elements involved in it.

The next one is exposure. You need to be obvious where your site is in the center. So you need to be well exposed, the signs and everything. So if you're going to a center and you're looking for a tenancy that's in the food court, that's pretty obvious it's going to be near the supermarket. So you can go down there and find it. So when you get down there, it's well exposed so it's obvious; you can see the signs. It's because in retail, consumers, in my view, only have a very small awareness of what's going on because there is that much they're being bombarded with. So the easier you can make it to stand out and make it obvious, is critical in those ways.

Just going back to exposure, one of the other points that I always look for as well is if there are any steps or obstacles in front of the tenancy when you get closer to the tenancy. That's a big no-no. Steps and those things, there is an access point not only getting to the center but then when you're approaching the shop. So if you get out of your car and there's a barrier and you've got to walk around a ramp and go up and down and in like that, you might have started off saying I'm going to that shop, but by the time you're directed in another way, you may then hurt your sales. So the access has to be direct and I've found that steps, if it's just a gentle step where you walk up you don't notice, but if you've got steps or these sort of problems, you'll find that your customer count diminishes.

So the next thing I look at is tenancy mix. That's where you need to know your product and understand who you work well alongside. And that comes from part of your observation and your market research. So your tenancy makes, it's obvious that in the Brumby system, we looked at being near to a supermarket. There was more to it than that. We also found because we were a low customer count – a high customer count, low sales per customer. So our average sale was around \$6.00 or \$7.00, so we needed a lot of customers. So we needed to get near other stores that had a lot of customers. And that was news agencies and chemists. They have a high customer count and you can then feed off those other people.

With a bakery, it was obvious that other fresh food operators, if you're a take-away, then you need to cluster around other take-aways. If you're a Thai restaurant and you're near a pizza place and you want to start a Mexican, well, generally if you go down there, you'll say, "Well, I had that last night. I'll try this." And so those sort of clusters work well. So you need to understand what tenancy mix works with you. And some of the things aren't really obvious because we found that we worked really well when we did our research in Brumby's, when we were near a chemist shop. It doesn't seem obvious but it was through that customer.

If you have a retail operation such as a hairdresser or some other beauty process, your sales to customers going to be a little higher and your customer count's going to be lower. So you don't need to then pay the prime rentals. You're able to go into other positions based on you've got a high average sale per customer. But then being a high sales per customer, you don't want to really be alongside a lot of those – tax office and those sort of things – because you're not going to get the benefit of them.

The final thing that I look for in having a tenancy is a thing I call the ant trail. You would observe whenever you see a nest of ants and there is some food source, the ants make a trail to it and they head straight to it. And it's the same with consumers. They generally, any street, there's always one side of the street they like to walk along, maybe the sunny side or maybe there's barriers, always walk on that side of the street. And there's another side will be the quieter side. So you need to observe the movement of consumers within where you're proposing to put your tenancy mix and your tenant and make sure that you're on the right ant trail.

So that may be if you're in a supermarket, as you come out of the supermarket and the car parks on the left so everyone generally has a fully trolley and they're going to exit the center. So if they were purchasing bread, they're going to put their bread on top of the rest of their products. So you want to be on the left if the car parks on the left. You want to be on the right if the car parks on the right. It's where the ant trail – and any center, shopping group anywhere you go, you're going to notice the ant trails. A lot of people fail to notice this until they've been there a couple of months and go, "Well, why didn't I put it on the other side of the road?"