



# Franchising's green scene

**Environmentally friendly franchises can mean business success--just be sure they're as green as they claim.**

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When Mike and Deborah Parisi were looking for a franchise opportunity, they had only broad parameters in mind. They wanted something unique that would be good for the community, and they wanted to feel good about the products they sold. Doing some online research, they came across Pizza Fusion, a green restaurant franchise based in Florida that uses environmentally friendly practices in everything from building designs to food prep to waste disposal.

"It was the product that really spoke to us. It is the closest thing I've tried on the West Coast that tastes like the food you can get in Italy," says Mike. "The green aspect showed us that the company was forward-thinking by taking America's favorite food and modernizing it."

Since the Parisis opened their first Pizza Fusion franchise in Clovis, Calif., last December, they've garnered a level of attention that they believe restaurants without such a commitment to green practices would not have seen--including coverage on most of the local broadcast news programs. The couple is planning to open another Pizza Fusion franchise within two years.

While no one is yet tracking numbers on how many green franchises exist or how many are coming down the pike, Alisa Harrison of the International Franchise Association--the industry's largest trade group--says the green corner of franchising is definitely growing. The association has seen an increase in external inquiries about green franchises, as well as a bigger presence at industry events, she says. "We're seeing it across the board, from existing franchises that are becoming greener to those who are building their whole concept around being environmentally conscious," Harrison says. "The green trend has been growing for about 25 years now, but it has only recently become mainstream."

Franchise consultant and blogger Joel Libava, the self-proclaimed Franchise King, agrees that green franchises are a growth sector. He founded the Green Franchise Directory last year to house information on what he sees as the future of franchising. "I'm not a 'save the whales' kind of guy 24 hours a day, but it's important that we all think about the future," Libava says. "People are choosing to spend their money with businesses that follow green practices."

## **Going Green, With Care**

One major challenge to the prospective green franchisee is that some of these business opportunities are part of established categories and others are relatively new types of businesses. That can make it tricky to evaluate the company, because newer products and services may not have the objective success criteria that more established business sectors have, Libava says. For example, while green restaurants can typically be evaluated based on traditional benchmarks for eateries, prospective franchisees of services like energy auditing or waterless car washes may have a more difficult time measuring how enthusiastically customers

will embrace these concepts. Libava worries that some franchisees may ignore good business practices if they become too enamored with the green concept.

Rick Bisio, author of *The Educated Franchisee*, agrees. "Whatever business you get into, there have to be customers and there has to be demand," he says. "The business has to be viable first, then the green considerations come in."

Kris Simonich saw so much potential in the green sector that he left his franchise consulting business to help found the franchise arm of Pro Energy Consultants, an energy auditing firm. The company, which currently claims 20 franchise locations, expects to double that by the end of the year--thanks in part to the economic stimulus package, which offers incentives for green businesses, including in the weatherization sector, where Pro Energy Consultants operates.

"With that stimulus money filtering down to states, they're putting in programs to encourage homeowners to weatherize homes through rebates or subsidized energy audits," Simonich says. "That money is filtering further down to power companies that are putting in similar programs. We have opportunities to participate and get that work and help homeowners."

### **Before the Green Light**

Concerns about so-called greenwashing--companies falsely calling themselves sustainable or green when their actions have a negative environmental impact--are also real, Libava says. "To claim to be green, they have to be doing more than just recycling paper or using an environmentally friendly cleaning solution," he says. "You have to really walk the walk and make sure that the company is committed to green practices."

That includes asking franchisors about their home-office practices. Do they have comprehensive waste reduction programs? Do they practice proven energy reduction tactics like buying alternative-energy credits and using solar panels? How do they minimize their impact on the environment? Libava urges prospective green franchisees to press for these answers because if the company is falsely identifying itself as "green," such a revelation could alienate customers and damage your business.

It can be more work to run a green franchise in which recycling, waste disposal, food preparation, and purchasing all need special care to remain compliant with green policies. When the Parisi were building their franchise location, they sprung for environmentally friendly extras like recycled blue-jean insulation--at least double the cost of more traditional insulation options--and special-order ceiling tiles made from recycled content.

That brings up the inevitable question of the recession's impact on the green sector overall. "People aren't just going to spend more because something is green anymore," says Harrison. "But we're seeing more and more businesses learn how to make the greening of their systems make good business sense. If you can make a case for how your green business can save money in the long run, by saving energy or by reducing a utility bill, that's a win-win."

The key to success in green franchises is to look for verifiable data that a market exists, either through a track record of sector sales or--especially for newer businesses--substantial market research that indicates both a strong customer base and strong demand. Franchisees who protect themselves through such due diligence could very well find themselves with businesses that provide both monetary and socially responsible rewards.

Source: [Entrepreneur Magazine](#)