

HOW CAN A FRANCHISE EXPERT HELP YOU?

By Ken Hollowell

You have begun investigating franchises and now you are overwhelmed, confused, frustrated, and ready to throw your hands up in the air and quit. You have discovered that franchisors ask you all of the questions and it is difficult for you to get your questions answered. The franchisor wants you to fill out information about yourself and you are uncomfortable in doing this at this time. You have hit a "brick wall" and you do not know what to do next.

As a franchise consultant that has assisted many people in going through the process over the past 30 years, I understand your frustration and confusion. All you need is a basic understanding in the process and procedures a franchisor puts all potential franchisees through. Here are some of things I want you to understand.

1. **FRANCHISORS DO NOT SELL FRANCHISES, THEY AWARD THEM.** A quality franchisor has a profile of who they want as a franchisee. If you do not fit that profile, then you will not be awarded their franchise, no matter what. The basic way a franchisor determines this is by asking your questions and having you complete the franchise application form. The franchisor is basically looking for someone who is willing to follow directions, enthusiastic, positive, open and willing to listen to the franchisor.
2. **THE FRANCHISORS CONFIDENTIAL FRANCHISE APPLICATION FORM.** It is very important that you answer all of the questions the franchisor is asking in the application form. Omission of a large number of questions could disqualify you from the franchise. Be sure that all answer for truthful and accurate too. If a person falsifies information and later the franchisor discovers this after you have been awarded a franchise, this could be grounds for termination.
3. **ACQUIRE THE FRANCHISORS UNIFORM FRANCHISE OFFERING CIRCULAR (UFOC).** Before you become too committed and emotional about any franchise business, you will want to read the UFOC disclosure that a franchisor is required to provide you by the FTC. This document will contain very important information about the business, principle people, terms and conditions of the business, financials, existing franchisees and terminated franchisees, and an actual copy of the Franchise Agreement. As you read this document, have a red pen and begin marking what you do not understand or need clarification. Send the franchisor an e-mail with all of your questions.
4. **CALL THE EXISTING FRANCHISEES OF THE FRANCHISOR.** Select some of the franchisees listed in the UFOC to call and ask them questions such as: 1) Are you satisfied with the business? 2) Is the business you opened represented correctly? 3) Are you pleased the both the initial franchise training and support the franchisor is providing? 4) Would you purchase this franchise again if you had it to do over again? 5) How long did it take for you to break even in your business?
5. **VISIT A FRANCHISEE LOCATION.** If possible, visit a location that is operating by a franchisee. Determine if the business is busy. How is the look and image of the business? If possible, speak with the staff. Are they happy working in the business? Get as much information as possible.
6. **VISIT THE FRANCHISORS HOME OFFICES.** You may want to meet the franchisors staff. Some franchisor provide an orientation to potential franchisees who take the time to travel to the headquarters of a franchisor. This could be a great time to see if Area Development Agreements are available.

7. **AREA DEVELOPER.** The benefits of becoming an area developer are tremendous. Many franchisees who are area developers have a gold mine in the franchise business. I encourage most individuals wanting to purchase a franchise to inquire whether or not area development agreements are available.
8. **MAKING THE DECISION TO BUY THE FRANCHISE.** At some point, you must make a decision. There are so many variables associated with making that decision that books have been written. I suggest that you follow your intuition. Ask yourself if this is what you want to spend your time working in for the next 5, 10, or 20 years?
9. **HOW EASY WILL IT BE TO SELL THE FRANCHISE?** Some franchise businesses could be consider a “White Elephant” and difficult to sell if you decided to get out the business. You want a business that will increase in value due to your efforts of building the business.
10. **DOES THE FRANCHISOR PROVIDE FINANCISING?** Is the franchisor on the register of the Small Business Association? Are there funding companies that the franchisor has used to help a franchisee in the past. How long does it take to go through the process?