

FRANCHISE MATCHMAKERS

The Essential Buyer's Guide To Franchise Ownership

How to be in business FOR yourself but not BY yourself!





Welcome!

The personal and financial freedom that business ownership can give you is easier to attain than you think. There are thousands of franchise opportunities just waiting for an entrepreneur like you. When you work with the Franchise Matchmakers Team, we get to know you, your interests and skills and what you are looking for in a business. We take an unbiased approach and provide a systematic method to help determine what is the best franchise business opportunity for you.

Downloading a copy of **The Essential Buyer's Guide to Franchise Ownership** is a great first step. We designed the guide to be the starting point on your road to business ownership. This path is an exciting one that you don't have to travel alone.

Franchise Matchmakers Team



The Essential Buyer's Guide to Franchise Ownership

Owning your own franchise business can be a rewarding experience – both financially and emotionally. You can reap the benefits of having your own business without having to reinvent the wheel or figure out all the various details such as location, hiring, marketing, inventory, branding and more. This guide will help you understand why you should consider investing in a franchise, how to select the right franchise for you, how to review and understand a franchise agreement, and so much more. This guide will outline the ins and outs of being a franchisee, identify points to review when signing an agreement, and help you recognize the factors to consider in choosing the right franchise.

Chapter 1: Reasons You Should Invest in a Franchise

Buying a franchise can offer a unique and fantastic opportunity. However, it's not for everyone. Certain people are more likely to see success in this type of environment than others. If you're wondering whether you're well equipped to excel at franchise ownership, there are two factors to look for that say YES!

1. **You have the entrepreneurial spirit.** This is the most important sign that you should consider a franchise. Are you self-motivated and not afraid of hard work? Do you have a positive attitude? A “success” mentality? If you answered yes, you're already on the right track to success as a franchise owner. Being a self-starter and having a mind and spirit for business comes first when buying a franchise.
2. **You want an adventure with a safety net.** Owning a franchise means that you get to experience the excitement and challenges of being an entrepreneur, but with less risk. You build on a proven business model and experience, meaning people are more likely to trust your brand and take an interest in your products or services. Plus, many franchising companies help to set you up for success by offering in-depth training and support programs – you are joining a team instead of embarking on the journey all alone. If this kind of adventure sounds like a dream come true, franchising might be for you.

Chapter 2: Four Questions to Start the Franchise Search

Before you can open a franchise, you need to choose the right one. This is important, because the products or services you sell, as well as your business model, can make the difference between success and failure. There are four simple questions you should ask yourself to help steer your search in the right direction.



1. **What are your goals with franchise ownership?** Are you looking to find something to fill your spare time? Or maybe a “side hustle” to generate additional income? Or are you searching for total financial freedom in place of a traditional job? Do you want to spend full-time working on the franchise or just a few hours throughout the week? Will a single location satisfy your personal and professional needs, or do you want to grow a multi-unit business? The first step to choosing the best franchise for you is to lay out your personal goals, being as honest and realistic as possible.
2. **What role do you want to play in the franchise?** Different franchise companies offer different levels of participation for the owner, so it’s wise to choose based on the role you want. Ask yourself if you would rather be hands-on and actively involved, or if you would rather set it up and manage from a distance. Franchises can offer different options for the owner so it’s important for you to determine the role that would be best for you. Keeping in mind, of course, that no business runs itself!
3. **What is your investment budget?** It’s important to be realistic about this question. The investment for a franchise can range from \$50,000 to \$500,000 and even more. Even if you think the business will be successful, you need to evaluate how much you can realistically invest. Most franchising companies do not offer in-house financing, so make sure the investment is comfortable for you and your family, and that you can qualify for the proper funding if needed. Many options are available and we can help you explore those when ready.
4. **What entrepreneurial or business skills do you already have?** What are you good at? What do you enjoy? What are your personal interests? And, on the flip side, what are you not so good at or want to stay away from? It’s important to answer these questions when looking for a franchise, since the business needs to mesh well with your skill set and personality to be successful. Ask yourself honestly—Can I do what needs to be done (or can I learn it?) to build this business?

After you answer these questions and lay out your goals, it will be much easier to decide which company is right for your needs.


Chapter 3: How do you Know if Franchising is NOT Right for You?

- This is possibly the most important question you can ask yourself before you start to explore franchise ownership. While it will take some time to see financial rewards, and you will be investing some time and sweat equity, the end result is a sense of self-satisfaction and long-term results are typically well worth the wait.
- Buying a franchise is probably not a good idea if you are only looking to “get rich quick”. Successful business owners typically put in several years of solid focus and hard work before they start reaping the full financial benefits of owning a franchise. It is always a good idea to talk with several different current franchisees about their



experience, work demands, and lifestyle. By doing this you will have a true feel of what it is like to own your own business.

- Your self-motivation will be the characteristic that holds you steady when the going gets tough. Keep this in mind as you decide to explore franchise ownership — if you lack motivation, franchising (or self-employment in general) is not for you. Money is certainly a good motivator, but be cautious here. Buying a franchise is not a guarantee for financial success. It requires discipline, hard work, and patience. As with any new business venture, it will take time to establish your business, your customer base, and fine-tune your operations. While increasing your earning potential is a great motivator too, you should also enjoy working hard, building your franchise business, and being a proud business owner.
- Go for it if you enjoy being your own boss. When you own a business or franchise, you call the shots – you are the captain of the ship. If you work well independently and are self-motivated, then owning a franchise could be a good fit for you. On the flip side, if you don't enjoy having to manage people and be “the person in charge” with all that responsibility, then owning your own franchise may not be a great fit.
- If you have a strong work ethic, and you don't need instant gratification, then franchising might be the place for you. Remember, this is your investment so it will require you to put in extra hours and it is common not to make money at first. You will have to be patient.
- Self-reliance is a necessary trait in the world of franchising, since it is imperative that you're capable of handling the day-to-day business affairs. However, there is solace in the fact that when you own a franchise, you receive a lot of support and training from the franchisor – initially and ongoing – which is a significant benefit of being a franchisee.
- Regardless, investing in a franchise involves some risk. Any business investment is always risk for reward. While there can be fewer risks involved in the world of franchising, there is still a risk. You can mitigate some of the risk by carefully assessing your franchise options before buying. Be sure to have candid conversations with the franchisor about their business model, challenges, opportunities, etc. Talk to many different franchise owners to get their perspectives. Do those owners have personality traits similar to you? Do you relate to them? Can you see yourself in their shoes? Ask the franchisor for their honest assessment of you – do they think you have what it takes to be successful as a franchise owner? Don't let your excitement and enthusiasm trump a real honest assessment of whether or not a particular franchise is a good fit for you.
- Having a negative outlook is not an affordable luxury in this business. It needs to be a priority, should you go into the franchise world, to maintain a positive attitude – it is a precursor to success. This is true for starting any business, not just a franchise.
- Just as it is imperative to have a positive outlook, it is also important to have and utilize good people skills. If you don't believe that your communication and people




skills are up to par, then you must be willing to devote ample time and energy toward the development of these skills. Also, as a business owner, you may very well be managing people. It is very helpful to have management experience, and more importantly, successful management experience! That said, there are options in the franchise industry that require few, even zero, employees.

- The foremost reason for the success of franchising as an industry is because the learning is passed from franchisor to the franchisee. It is important to remember that there is a successful system already in place – in order for you to be successful, you must be willing to abide by the system.

Chapter 4: Five Points to Review Before Signing a Franchise Agreement

Once you find the perfect franchise for your goals, experience, and personal situation, it's time to sign the agreement – or is it? You should go over and clarify these six items within the contract before you pick up a pen.

1. **Defined protected territory.** The franchisor must inform you, upfront, about how the territory is defined, or if there is a defined, protected territory at all. Depending on the company, this can be based on physical size, population size, demographics, and/or spread (urban or suburban).
2. **Restrictions.** There are things you can and cannot do with your franchise. These restrictions, both during and after ownership, are covered in the franchise agreement. Before you sign any paperwork, fully understand the rules and how much freedom you have. More importantly, know the specifics post-term, or after your ownership has ended (through expiration of the license or the sale of the business).
3. **Renewal rights.** Most franchises have a renewal clause if you want to continue past the expiration of your initial franchise license term. A standard requirement to renew is that you are a franchisee “in good standing”. A typical franchise license carries a 10-year term, but they vary and could be shorter or longer. Understand what the renewal terms will be before deciding to sign those papers. If you don't, it could lead to frustration and headaches in the future.
4. **Rights of transfer and sale.** Franchisees have the right of transfer and sale. Sometimes franchise companies include a condition that gives them the right of first refusal if you plan to sell. The price would be negotiated between, and acceptable to, both parties. The franchisor can also prevent you from selling to select buyers; for example, someone who doesn't meet the standard, required qualifications of that particular franchise company. There is often a clause stating that approval for a sale cannot be “unreasonably withheld”. It's crucial to understand, clearly, where the franchisor is on these issues before locking in your money and time.

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5. **Dispute resolution.** Disputes happen, and unfortunately, franchises are not immune. Before you put yourself at risk legally and financially, understand the mutuality of litigation fees for the franchise you are considering. Will they cover all or part of the attorney fees in the case of arbitration or litigation, or will you be left on your own? There are several fine details here, so consider speaking with an experienced franchise attorney (which we always recommend) who can help explain the specifics and answer any questions you may have.

Educate yourself about the franchisor you plan to sign with, and you will be less likely to experience problems down the road. In the end, gathering the appropriate information and knowledge will make it easier to find the success you are looking for.

Chapter 5: Seven Key Indicators in Choosing the Right Franchise

No franchise is guaranteed to be successful, but there are several signs of present and potential power that indicate you made the right choice. From return on investment (ROI) to litigation history, here are the ways to confirm the franchisor you chose is worth the time and effort.

1. **Financial performance and success rate.** Different locations can offer wildly varying success rates for any given franchise, depending on the franchisee. The motivation of the franchisee is one variable that the franchisor has little control over. Higher populations and geographically specialized interests help boost certain companies, but hinder others. However, you can usually make broad generalizations about the success of a company based on past and present franchisees. You can determine this by doing “validation” with other franchisees in the system. Talk with them! Good validation brings a better chance for success if you are similar in style and temperament to other franchisees.
2. **Litigation history.** If you can judge a franchise by its successes, you can also get an idea about it from its legal past. Examining the legal history of your franchisor will show what you could deal with down the road. The fewer the cases, the better. Check the franchise disclosure document (FDD) for instances involving unsatisfied franchisees and litigation history.
3. **Fees and hidden costs.** Scrutinizing the real costs for a franchise will show how easy or difficult it will be to be successful. Familiarize yourself with equipment and supply costs, advertising fees, etc., and any hidden fees. Fees and other charges can vary widely with different franchise companies so be aware of what your ongoing obligations will be.
4. **Product and service quality.** When you buy a franchise, you put your time and dedication behind the company. The best ones to invest in offer high-quality goods and services – meaning it’s likely that customers will be satisfied, return again and again, and tell their friends about your business.



5. **Support and training for the franchisee.** The sign of a good franchisor is one that doesn't expect you to do it alone. Owning a business is a big challenge, and it can be very difficult to find success without adequate help and guidance. You chose the right company if it provides extended training and support programs to keep you moving forward, no matter how long you own the franchise.
6. **Good relationships with past franchisees.** If the franchisor treats them right, people will continue to advocate and communicate with the brand after their agreement ends. The more positive previous franchisees are with the company, the more likely it is that you chose well. A list of past franchisees is in the FDD.
7. **Systems and procedures.** A successful franchise has specific procedures and systems that it follows continuously. Without standardizing the approaches, each unit could offer a different result. If you chose a franchisor with lots of clear systems and procedures, you chose a company that's more organized and powerful than its competitors are.

Even though it's a big step for many Americans, you shouldn't be afraid of franchising. Use this guide to navigate the possibilities and the options available to you as a potential franchisee, and hopefully you will find the perfect business for you.

Franchise Matchmakers™



OUR TEAM



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ABOUT FRANCHISE MATCHMAKERS

Franchise Matchmakers is a unique team of franchise professionals helping match those interested in exploring franchise ownership with options that are the best fit based on their skills, goals, interests, and financial capabilities. With over 60 years combined experience in the franchise industry, our team is uniquely qualified to provide education about franchising, as well as help our clients determine if franchise ownership is the right path for them. The icing on the cake? Our services are **FREE** to you, the client. We are paid by the franchise companies we work with (hundreds of them!) to help them find qualified, new franchisees. It's a win-win-win!

FREE FRANCHISE CONSULTATION

There are so many options and types of franchises to consider. Whether you want to do additional research on franchises or are looking for franchise ideas and inspiration, check out our franchise listings and let us know how we can help you find the perfect franchise for you!

[CLICK HERE TO CONTACT US TODAY!!](#)