

# Franchise Checklist

## 25 Questions You Must Be Able to Answer Before Buying a Franchise

Buying a franchise, for most people, is one of the most important financial decisions of their lives. If you have made up your mind about running a franchise business, it's only reasonable for you to want to be aware of the downsides, and, if it's possible, avoid them altogether.

To help you assess franchise opportunities and franchisors associated with them, franchise4u has put together a handy checklist. We recommend that you go through the questions in this checklist and register your responses to the best of your knowledge.

Once you've been through all the questions, you can take a neutral, objective view of your responses to assess the merit of the franchise opportunity under consideration.

### What's Inside?

Part 1 | The Franchisor

Part 2 | The Franchise

Part 3 | The Franchise Agreement

Part 4 | You



Question	References	Your Response
<p>1- Is the franchisor's business doing well?</p>	<ul style="list-style-type: none"> <li>• Review franchisor's audited accounts</li> <li>• Overall credit rating</li> </ul>	
<p>2- What's the franchisor's market standing?</p>	<ul style="list-style-type: none"> <li>• Years of active trading</li> <li>• Market capitalisation</li> <li>• Market reputation</li> <li>• Years of active franchising</li> </ul>	
<p>3- Who are the people in charge?</p>	<ul style="list-style-type: none"> <li>• Board of directors</li> <li>• Accountants</li> <li>• Bankers</li> <li>• Creditors</li> </ul>	


Question	References	Your Response
<p>4- What's the nature of the franchise arm of the franchisor business?</p>	<ul style="list-style-type: none"> <li>• Subsidiary</li> <li>• Partnership</li> <li>• Limited liability</li> </ul>	
<p>5- Are there any adverse points associated with the franchisor?</p>	<ul style="list-style-type: none"> <li>• Litigations</li> <li>• History of bankruptcy</li> <li>• Negative publicity</li> </ul>	
<p>6- What sort of help and support does the franchisor offer?</p>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Regular visits</li> <li>• Advertising and marketing</li> <li>• Troubleshooting</li> </ul>	

Question	References	Your Response
<p>7- What is the brand value associated with the product or service being franchised?</p>	<ul style="list-style-type: none"> <li>• Social media</li> <li>• Google</li> <li>• Local area</li> <li>• General public perception</li> </ul>	
<p>8- Have you conducted a detailed analysis of the market?</p>	<ul style="list-style-type: none"> <li>• Competitors</li> <li>• Market share</li> <li>• Price points</li> </ul>	
<p>9- Have you conducted a conservative analysis of costs and profits?</p>	<ul style="list-style-type: none"> <li>• Upfront costs</li> <li>• Recurring costs</li> <li>• Incidental costs</li> <li>• Projected revenue</li> <li>• Projected profits</li> </ul>	

Question	References	Your Response
<p>10- Have other franchisees been profitable?</p>	<ul style="list-style-type: none"> <li>• If yes, the time it took them to do so</li> <li>• If no, the reasons</li> </ul>	
<p>11- Have you studied the locations of other franchisees?</p>	<ul style="list-style-type: none"> <li>• Market strength of the locations</li> <li>• Exclusive territories</li> <li>• Total number of franchisees in operation</li> </ul>	
<p>12- Have you sought feedback from other franchisees?</p>	<ul style="list-style-type: none"> <li>• Relations with the franchisor</li> <li>• Transparency in fees and charges</li> <li>• Unforeseen negative points</li> </ul>	

Question	References	Your Response
<p>13- Have you had a solicitor review and approve the agreement?</p>	<ul style="list-style-type: none"> <li>• Professional, experienced franchise lawyers</li> </ul>	
<p>14- Have you personally read and understood all the points in the Franchise Agreement?</p>	<ul style="list-style-type: none"> <li>• Market strength of the locations</li> <li>• Exclusive territories</li> <li>• Total number of franchisees in operation</li> </ul>	

Question	References	Your Response
<p>15- How would you describe your state of mind?</p>	<ul style="list-style-type: none"> <li>• Apprehensive</li> <li>• Worried</li> <li>• Scared</li> <li>• Excited</li> </ul>	
<p>16- Can you realistically afford the franchise?</p>	<ul style="list-style-type: none"> <li>• Knowing how much you can, want to and should invest</li> </ul>	
<p>17- How will your business be financed?</p>	<ul style="list-style-type: none"> <li>• Banks</li> <li>• Private lenders</li> <li>• Finance from the franchisor</li> </ul>	

Question	References	Your Response
<p>18- How familiar are you with running a business like this?</p>	<ul style="list-style-type: none"><li>• Education</li><li>• Work Experience</li><li>• Training</li></ul>	
<p>19- What are your honest feelings about the product or service you will be selling?</p>		
<p>20- Have you asked your friends &amp; family for their opinion?</p>		



Question	References	Your Response
<p>21- Have you considered the stress / anxiety that running a business might take on your health, relationships and social life?</p>		
<p>22- Are you confident of leading a group of employees and keeping them motivated towards a common goal?</p>		

Question	References	Your Response
<p>23- Do you see yourself being just as much interested in running this franchise 5 or 10 years down the line?</p>		
<p>24- Are you fully informed about the degree of autonomy you will have over the day to day operations of the business?</p>		
<p>25- Have you considered an exit plan for your business?</p>		