

Affordable Business Concepts LLC
Business Article

Business Opportunity vs. Franchises

What is a “Business Opportunity” (i.e. Biz Op) compared to a “Franchise”? There are just as many “Business Opportunities” existing today as there are Franchises (see Business Opportunities Handbook). Both have a start-up package, training. Not all Biz Ops provide ongoing support.

A business opportunity charges a larger fee up front and invests some of it for ongoing support (the annuity). Not all Biz Ops collect a monthly royalty. Most business Biz Ops offer lots of flexibility on what to name a business, where to locate the business, how to build out the business location and how to run the business. The purchase process regulations vary by state but in general are not as regulated as a franchised business. A Biz Op is not required to disclose critical aspects of their business like financials or ongoing litigation.

Most franchises charge a monthly royalty (some do not) and collect their annuity along the way. Their upfront franchise fee covers the cost of training, tools and administrative costs. Franchises have a great success record and to maintain their success are highly selective on who they sell a franchise to, where it is located, build and how it is run. There is usually a local Master Franchisee or Area Developer that provides ongoing training and support but also assures compliance with franchise rules. The purchase process and FDD (Franchise Disclosure Document) is regulated by the FTC and must contain critical information for a franchise.

The quality of ongoing support will vary widely between a Business Opportunity and a Franchise. Business opportunities are geared more for business people who want to do things their own way. The Franchise model will work for experienced business people and people just getting started.

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