

Affordable Business Concepts, LLC

“Be Your Own Boss”

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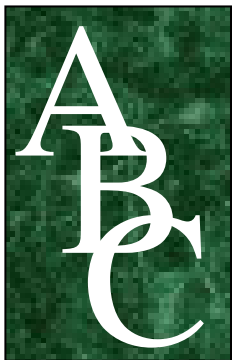
How to Best Investigate a Franchise

1. The least productive way to find a franchise is by scouting all around the internet. You will find it frustrating and time consuming trying to gather individual franchise information in hopes of learning of their cost and requirements on your own. Then if you should find a franchise that interests you good luck with hearing back from the franchise in a timely manner. Most franchises have 1000's of inquiries daily via the internet and they are not properly staffed to respond to everyone.
2. So the best method is to locate a qualified Franchise Consultant (sometimes referred to as a Franchise Broker) who will take the time to learn what is important to you and match you up to the appropriate franchise. The Franchise Consultant has inside knowledge of the franchise industry and can guide you through the maze of opportunities to the quality companies that have a proven track record of performing well in the market and provide ongoing support to their franchisees.
3. The Franchise Consultant will need to interview you to learn of your lifestyle and financial requirements, and then conduct a private search on your behalf utilizing the Consultant's unique access to hundreds of top quality franchise companies. The Franchise Consultant will need to know your net worth (*) and liquid cash to determine which franchise you can qualify for best. The task of the franchise consultant is to narrow the choices to the ones that best fits your interests, backgrounds, and financial means. Because the Franchise Consultant has an established relationship with the franchise company they can introduce you directly to the franchise company's management, bypassing normal channels and screeners. Using their services saves you significant time, frustration and will not cost or obligate you in any way. Additionally the consultant will advise you how to properly investigate a franchise.
4. The services of the Franchise Consultant are free to inquiring prospects so how do they get paid? The franchise consultant is awarded a referral fee from the franchise you selected to purchase. It is important to note the franchise fees are the same regardless of whether the entrepreneur uses a consultant or goes directly to the franchise. So the cost to the buyer does not change and it is definitely to the potential franchise owner's advantage to use a Consultant.
5. Once the Consultant has interviewed you, generally by phone and has learned of your interests, lifestyle and financial requirements, the Consultant will check the territory availability of several suitable franchises in the area where you live. Not all franchises are available. This could be due to either they are not registered in the state of you or the territory has already been purchased by another franchise owner.
6. Once one to three franchise options have been verified for their availability and affordability, the Franchise Consultant will register your information to alert the franchise management that there is a possible candidate for them in a certain area. However it is important to note that a territory is never secured until the candidate has paid their franchise fee.

7. The Consultant will then telephone you to review the most suitable franchise choices. Once you have decided on one particular franchise the Consultant will then email or mail you an overview of the franchise along with any available marketing collateral. The information supplied by the Consultant will include the financial investment required to purchase and start-up the franchise. The Consultant will also list the website for your convenience however you should be advised not to fill out any additional requests for information as this will affect your status with the franchise. Remember the Consultant has already supplied the franchise management with your information and essentially has moved you to the front of the candidate line. If you also fill out information requests online it will cause confusion.
8. If you like what you read about the franchise and want to learn more, the Consultant will then set up an introduction call with the Franchise Development Manager. These calls are short yet informative and should give you a good feel for the philosophy of the company. Keep in mind through-out the process of learning about a Franchise that they are also interviewing you to see if you would make a good franchisee. So it always is wise to put your best foot forward on each interaction with the franchise as they reserve the right to turn down a candidate if they think they are not suitable for their concept.
9. Depending on the interest of you and the franchiser, and if the franchise has received your application, a determination can be made whether it is time to send you a Uniform Franchise Offering Circular (UFOC). The UFOC contains 23 sections and is similar to a public company report. Note item 19 is the earnings claim section. Franchises are not required to make an earnings claim but if they do section 19 is where they will state it.
10. In general, UFOC's will not be sent without first having received your questionnaire. All franchises require a questionnaire. It signals you are serious about investigating the franchise. Since you are sharing personal information with the franchise, the franchise feels more confident about releasing company confidential information to you. Some franchises will not even make contact with you until the questionnaire has been received.
11. When you receive the UFOC you are to print out, sign and date the receipt of UFOC and send it back to the franchiser. The due diligence process has begun at this point, and you will want to carefully review all of the UFOC. The Franchisor will answer all questions relating to the UFOC but the Consultant will check to ensure the Franchise is doing their job and intervene if there is a problem.
12. You are advised to take the UFOC to your CPA, Franchise Lawyer, Financial Advisor or anyone you trust if you need help reviewing it. If you do not know any franchise attorney's and want to use one, your Consultant can send you a list of qualified attorneys. The law requires a client must have the UFOC in their possession for a minimum of 10 Business Days, before they can purchase into a franchise concept.
13. In the next step you are instructed to call the franchisees listed in the UFOC and ask questions that would help you to better understand the actual operation of the franchise. If needed, the Consultant can provide you a generalized list of questions to ask. Interviewing some of the current and past franchise owners is the best method for gaining insight into the potential earnings and pitfalls of that particular franchise concept. Typical questions include:
 - a. Would you purchase the franchise again?
 - b. Was the training provided adequate for your needs?
 - c. Would you refer a family member to the franchise?
 - d. Are you receiving adequate support?
 - e. What are your actual expense and earnings with this concept?

14. In parallel with researching the franchise you should also be preparing to finance your new business. In general it is expected that you have enough cash available to pay the franchise fee at a minimum and have arranged for access to any loan you will need to secure the rest of the required start up fees. There are many options to help finance a franchise such as home equity loans, or using companies that specialize in leveraging pensions or 401K's for clients. In some cases the Franchise can assist with financing.
15. Once all questions have been answered, the interviews of the other franchise owners are completed to your satisfaction, and you are feeling confident in the concept, the franchisor will invite you to attend their Discovery Day at their Headquarters. Discovery Day is where you meet the franchisor in person and receive the grand tour of the franchise. It is usually an entire day of talking with the Management team and reviewing the company's operation in depth. In some cases you will visit a working franchise. Everyone that attends a Discovery Day thoroughly enjoys it and thinks it was a worthwhile trip. If the franchise company has approved you for ownership, some franchises will ask you at the end of Discovery Day if you want to become a franchisee. You will need bring or send them a certified check in the amount of the franchise fee and sign the franchise agreement before your territory is reserved for them.
16. It is important to stay in contact with your Consultant throughout the due diligence process and let them know when you have had conference call(s) with the franchise company and the next scheduled event, be it another call or Discovery Day visit. By keeping your Consultant informed about what is happening and what are your concerns, your Consultant can then advocate on your behalf with the Franchise and intervene when something is not getting done.
17. Remember you are never obligated to purchase at any point when researching a franchise so do not feel pressure. Your Franchise Broker is not a sale person, but rather a consultant assisting you throughout your exploration of a franchise or franchises. If you decide against the franchise company inform your Consultant so they may find another suitable choice for you to review. The Consultant respects that fact that this is a large investment and has your best interest in mind. In the end, the Consultant wants you happy with your franchise choice and new life adventure as your own boss.

(*) Assistance with calculation client's Net worth can be found at <http://www.affordablebusinessconcepts.com/Services.html>



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Affordable Business Concepts (ABC) represents hundreds of Franchise and Business opportunities in a multitude of categories and is an affiliate of the world's largest consulting network with more than 25 years of experience helping entrepreneurs like you find their own business without bias. ABC provides free and confidential services to entrepreneurs nationwide by identifying the best franchises and business opportunities that match their budget and interests.