



Franchising Today

Eight Common Questions About Franchising Answered

By Don DeBolt, President
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Nearly everybody interested in franchise ownership wants answers to the following questions.

1. What sort of business would suit me best?

Figuring out one's passion can be difficult. Franchise consultants can help prospective owners find a franchise that suits them-or even decide if franchising suits them at all.

2. Is franchising a good way for me to go into business for myself?

For many the first step in investigating a franchise purchase would be to find out which franchise offers owners the most freedom. Books to help investors determine if they can be their own boss are available for sale through www.franchise.org.

3. How can I figure out which franchise is right for me?

At www.franchise.org, the Web site of the International Franchise Association, prospective investors can view IFA's "Franchise Opportunities Guide" online. All franchisors listed-nearly 1,000-are association members and subscribe to IFA's Code of Ethics. Browsers can search this extensive guide by category or cost. The 100-plus categories cover franchises from accounting to weight control, and also include such special categories as home-based franchises and "VetFran," a group of franchise companies that have signed on to help qualified veterans acquire franchised businesses by providing special financial incentives.

Also at IFA's Web site, inquisitors can sign onto the "Prospective Franchisee Forum." Here, people post questions about individual franchises, legal agreements and key points they're researching. It's free.

Finally, many investors say their top choice for investigating a franchise purchase is the hands-on approach available from walking the dozens of booths at a conference or exposition such as IFA's annual International Franchise Expo, held in Washington , D.C. each spring.

4. How much will a franchise cost and where can I get the money to buy it?

A little or a lot...depending. And, yes, there's money out there for qualified buyers.

The "Franchise Opportunities Guide" separates franchises by cost, starting at less than \$10,000, and rising to more than \$3 million.

"Franchising for Dummies" co-authored by Dave Thomas, founder of Wendy's, and franchise consultant, Michael Seid, contains a chapter titled "Raising Capital: Wowing, Wrangling, and Winning."

Roger C. Rule's book "No Money Down Financing for Franchising," explores franchise financing, including the many methods that require, obviously, no money down.

5. Where should I locate my franchise?

The issue of location weighs heavily on some prospective franchise buyers. Fortunately, some, but not all, franchise companies offer advice with (or even outright control of) the site selection process. In its publication, "Consumer Guide To Buying A Franchise," the Federal Trade Commission notes that many franchisors pre-approve sites for outlets. That may increase the likelihood that an outlet will attract customers, says the FTC.

6. How much money can I make if I buy a franchise?

The book, "How Much Can I Make?" by Robert E. Bond, available from IFA's bookstore, features actual earnings claims statements found in Item 19 of the Uniform Franchise Offering Circular, which provides hard-to-find actual sales, costs, and profit data from financial guidelines for major franchisors.

IFA's free online course also directs researchers to www.edgar-online.com-a Web site that features free financial information based on mandatory filings with the U.S. Securities and Exchange Commission, made by publicly-traded companies, including franchises.

7. How does the franchise company I'm considering treat its franchise owners?

Ask the franchise owners themselves. Federal and state regulations require that franchise companies provide prospective investors with vast amounts of information, typically delivered in the document known as the Uniform Franchise Offering Circular. One of the most valuable parts of the UFOC is the complete list (names and addresses) of people who own franchises in that system. As a prospective investor, you're free to contact those people and ask questions.

8. How is franchise ownership likely to work out for me in the long term?

Many people make the mistake of thinking that a franchise of any kind will solve their problems. If you're not going to be happy doing the work of the franchise, you're going to have more problems, rather than fewer.

For a good starting point, spend an hour or two browsing IFA's online "Franchise Basics Course." It's free and an excellent starting point.

Find a franchise that's in your price range and spend a day or two with a franchise owner to find out how things really work in that business. Franchising is one of the best ways for people to start a business, but it's not for everyone."

Feel free to call or e-mail for more information. Thanks for your consideration!

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