



QUESTIONS FOR FRANCHISORS

History of the Franchise

- Please tell me about the history of the franchise system.
- Is the founder still involved?
- Tell me about the leaders of the organization and their backgrounds.
- Are any leaders or key employees planning to leave the system soon?
- How long have you been franchising?
 - How many company-owned locations did you open before becoming a franchisor?
 - How long had you been in business before deciding to franchise the concept?

Goals for Growth

- How many franchisees will you have when the franchise system is 'mature'?
- How big is the market for your products/services?
- Are you considering adding any new products or services to the business?
- Do you have any market projections from 3rd parties (analysts, trade associations, consulting firms) that you can share with me?
 - Please describe the demographics that are favorable to business success.

Differentiation

- Who are your competitors? How do you differentiate your concept from competitors in the marketplace?
 - What advantages do you have over competitors?
 - What areas represent opportunities for improvement for the franchise?

Getting Started

- Please give me a breakdown of all the costs associated with getting started.
- What is the franchise fee?
- Is there any extra fee for training?
- How much are the ongoing royalty and advertising fees?
- Tell me about the training program.
 - How long is it? Where does it occur?
 - Who coordinates the training program? Who is my go to person if I need assistance during training?
 - What improvements have you made to the training program in recent years?
- How does your system define territories? How do you help protect franchisee territories?
- Can you help me with financing or real estate? Will you assist me in drafting my business plan?



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Ongoing Operations

- Tell me about the support systems in place after the initial training.
- Who is my go to person for operational support?
 - Will I have an opportunity to speak with this person before making my decision?
- What do you do to generate leads for my franchise location?
 - What support do you offer to help me generate my own leads for my location?
- How much control do you exert over the franchisees' marketing programs?
 - Can franchisees coordinate their own advertising?
- Who does a franchisee contact if in need of marketing assistance?
- Is there a franchise advisory council?

Franchisee Performance

- Does your FDD include an Item 19? What sort of earnings claims will I find there? If no Item 19, why not?
- How many units are re-sold each year?
- How many units failed in the last 3 years?
- What separates the top performers in your system?
- What is the biggest cause of failure among your franchisees?

Exit Strategy

- What happens when I want to sell my business or retire?
 - Is there a transfer fee?
 - Is there a non-compete clause in the contract?

NOTES
