



QUESTIONS FOR FRANCHISEES

Franchisee Background and Tenure

- How long have you been in the business?
- What was your career / business before becoming a franchisee?

Franchisee Responsibilities

- How would you describe the primary responsibilities of the owner of this business?
 - Please describe a typical day.
 - How many hours per week do you spend on the business?
- How difficult is it to find, train and retain employees?

Training and Support

- How would you rate your initial training? Did it prepare you well for opening your franchise?
 - How could training be improved?
- How would you rate ongoing support from the franchisor since opening? How responsive is the franchisor to requests for assistance?
 - How could the support efforts be improved?

Leadership Team

- How would you rate the management of the franchise company?
- What improvements has the franchisor made recently?
- Do you have a positive relationship with the franchisor?
 - What is your sense of how other franchisees relate to the franchisor?
- Have you had any disputes with the franchisor? If so, how were they resolved?

Lessons Learned

- What is the biggest mistake made by 1st year franchisees?
- What do you wish you knew before you opened your business?
- What separates the top performers from the lower performers?
- What changes will you make to your operation next year?



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Initial Investment

- How did your initial investment compare with the projections outlined in item 7 of the FDD?
- Has this franchise been a good investment for you? Why do you say that?

Advertising and Marketing

- What is your assessment of the franchisor's marketing materials?
- Are you getting good value for your marketing expenditures?
 - How would you assess the franchisor's efforts to generate leads on your behalf? How does the franchisor help you generate your own leads?
- Is there a regional or national advertising fund?
 - How effective are the regional/national advertising efforts?

Financial Performance

This section helps you discover the profit potential of the franchise you are considering. I encourage you to ask the questions that will help you understand the financial performance of the franchisees. At the same time, I discourage you from asking, "So, how much do you make?" There are two reasons I do not recommend asking such a question. One, it may be off-putting to the franchisee. Two, you may not get the information you need. Franchisees will structure their businesses in a variety of ways. Some will pay themselves salaries, drive company-owned cars, and work out of executive office space. Others may take only an owner draw and operate the business without many owner perks. So, instead of asking about profit, I encourage you to focus your questions on revenues and costs. You can then make the calculations. You may consider questions like these:

- How is your business doing in relation to your initial business plan? (Note: A young business may be "struggling" and still be performing in accordance with the business plan.)
- When did you project you would breakeven? When did you actually breakeven?
- What is your best estimate of your annual growth?
- Have you made the profit you expected to make at this point in the life of your business?
- What are the key costs associated with this business?
 - Would you help me understand your monthly costs?

\$ _____ Rent
\$ _____ Utilities
\$ _____ Marketing and Promotions
\$ _____ Inventory
\$ _____ Labor/Payroll
\$ _____ Other: _____
\$ _____ Other: _____



QUESTIONS FOR FRANCHISEES

Financial Performance (continued)

- What key metrics do you track to measure the performance of your business?
 - What are your targets for these metrics?
- What are your average revenues over the last several months? \$ _____
 - What is the average ticket or job cost? \$ _____

Final Thoughts

- Would you invest in this franchise all over again? Why/why not?
- Is there anything else that you think might help me in my decision?

As you speak to franchisees, I encourage you to compare yourself to the franchisees with whom you are speaking. If you are like the most satisfied, highest producing franchisees, this may be the right opportunity for you. If you are more like the dissatisfied franchisees who are the underachievers of the group, then this franchise may not be a good fit for you. We all have strengths and weaknesses. Your goal is to find the franchise that best leverages your strengths while compensating for your weaknesses.
