

The Nitty Gritty: 6 Things to Ask Before Investing in a Franchise

Eric Stites

November 11,
2015

Many people who want to be their own boss turn to franchising because it provides them with a known brand, a proven operating system, support from corporate and fellow franchisees, marketing, and purchasing efficiencies.

Finding a franchise that suits your personal and financial goals can be challenging since there are so many concepts to choose from.

Asking the following questions will help you to quickly narrow down your options.

Related Article: [Don't Mind the Hype: Avoid Getting Burned by a "Hot" Franchise](#)

1. What Are Your Interests?

There is a franchise concept available for every interest whether it be automotive, cleaning, IT, recreation, art, fitness or travel. While some franchisees invest in a concept they have had prior experience with, many do not. Keep in mind that you will most likely have to do most of the hands-on work while getting started, so it's wise to invest in a concept you are comfortable with.

2. What Are You Good At?

Understanding your strengths and your weaknesses and how they relate to the franchise model will help you choose one that you will be successful in. For example, if you are great at managing large teams, a senior care or restaurant concept might be a good fit. In some cases, you can hire for your weaknesses. If math is not your forte, you can employ a bookkeeper.

3. How Much Can You Afford?

Figuring out how much you can afford to invest in a franchise and still be able to live the way you are accustomed to until it is profitable is essential. Doing so will prevent you from getting into financial hot water. Be sure to ask if the franchise you are interested in offers any discounts for minorities or veterans if you qualify.

4. What Will the Franchisor Do for You?

Contact the brand's corporate office to find out what the investment requirements are and what kind of training and support you will receive. It's a good idea to also ask what they feel makes their top franchises successful and what their advantages are over competitors.

5. Are You Comfortable With the FDD?

Read the Franchise Disclosure Document (FDD) very carefully. It clearly defines what the franchisor will do for you and what they will expect of you. There are 23 sections to review, so it's advisable to consult an experienced



franchise attorney. She can ensure you understand every aspect of the FDD and make you aware of any potential issues. An in-depth breakdown of the FDD, presented as on-demand video segments, is featured in Franchise Business Review's Franchise Buyer's Toolkit, which is available at www.FranchiseBusinessReview.com/Toolkit.

Related Article: [Real Talk: Is Franchising As Profitable As You Think?](#)

6. What Do Current Franchise Owners Think?

The best feedback regarding any franchise that interests you will come from those who know the most about it—current owners. It's essential to find out how supportive the franchise is of the concerns and needs of its franchisees by speaking with at least a dozen. Another good source of franchisee satisfaction data is the free franchisee satisfaction reports published by Franchise Business Review.

If you take the time to honestly assess yourself and your financial situation and to do extensive due diligence prior to investing in a franchise, your chances of finding success as being your own boss is high.