

eBook

Roadmap to a Franchise

The 11 Critical Questions
You MUST Ask If You
Want To Choose The
Right Franchise And
Avoid Costly
Mistakes



by William Little

INCLUDES... A Vital
78 Point Checklist
You Must
Consider



About to Invest in a Franchise?

This eBook has been written by a highly successful Franchisor with over 24 years experience creating and developing a very profitable and comprehensive franchise business. This guide will educate you on exactly how to choose the right opportunity.

In it, you'll find everything you need to know about how to ensure the franchise you choose is one that will motivate, excite and inspire you as well as enhancing the lifestyle of you and your family.

Introducing...

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Introduction

Many people dream of being their own boss, making their own decisions and running a successful and profitable business.

However, the financial risk involved, coupled with the lack of knowledge in how to go about getting started in their chosen industry, means that all too often that dream is never realised.

But, there is a very good way to start a business, whilst at the same time greatly minimise the risk involved, and that is by investing in a proven Franchise opportunity.

It goes without saying that going into business by yourself is a big step and whilst franchising offers a far greater chance of success than 'going it alone', there are some major considerations and important questions to ask before you sign on the dotted line.

And, whilst choosing the right business for you may at first glance appear as simple as finding something you have an interest in, the reality is far more complex than that, and the cost of making a mistake can be high.

However, armed with the right information upfront, selecting the right Franchise needn't be daunting and by asking the right questions and doing the required amount of research, you can be confident you'll make the right choice.

But what sort of questions should you ask a prospective Franchisor? And what information must you find out and be comfortable with before making your final decision?

Help is at hand with this free guide that we have created to help people just like you.

Written by a highly successful Franchisor with over 24 years experience creating and developing a very profitable and comprehensive Franchise business, our guide will educate you on exactly how to choose the right opportunity for you.

In it, you'll find everything you need to know about how to ensure the Franchise you choose is one that will motivate, excite and inspire you as well as enhancing the lifestyle of you and your family.

In addition it will prepare you for all of the possible pitfalls that can potentially turn a dream new business into an expensive mistake that you regret making.

We hope you find our guide useful and should you have any questions or queries along the way, please feel free to contact us – we'd love to hear from you.

You can call us **028 6634 1288** (from GB), **048 6634 1288** (from R.O.I.) or alternatively, you can e-mail us at **info@cleaningdoctor.net**

1. Why should I buy a Franchise instead of going it alone?

One way of getting started in business is to simply set up on your own, making all the decisions about the type of business you choose, the area you will cover, the equipment you will use, how you will operate, how you will promote yourself and so on.

And, whilst for some this can be the right route to follow, it is by far the toughest and without anyone to offer help, training, guidance and support as you get established, your chances of failure are greatly increased.

However, by taking on a Franchise opportunity that already has a proven business model and support infrastructure, you dramatically increase your chances of becoming a successful and profitable business owner.

In fact, according to a 2009 report carried out by NatWest and the British Franchise Association (BFA), “The number of franchises trading profitably (90%) is unchanged compared to last year...”

That said, it would be very wrong to assume that by merely following this path you are guaranteed an easy ride or fast results.

Building a successful business requires hard work, determination, dedication and tonnes of enthusiasm, but there are certainly some major advantages in choosing a Franchise such as:

- **Tried and tested methods**

The majority of Franchises started out as a single business that later developed into a Franchise operation and this has one big advantage; they found out exactly what works and what doesn't, so you don't have to.

In growing their original business, the Franchisor would have had to test and measure various different ways of marketing and selling their product or service, as well as experimenting with how to best manage the back-office systems such as accounting, cash flow and banking.

The end result of this, is that you get a complete business ‘operation manual’ that followed correctly, will greatly increase your chances of success and at the same time, greatly decrease the risk involved in starting a new business.

- **Track record**

Selecting a well established and well known Franchise will obviously increase your chances against the competition as well as how easily you'll win business to start with.

Rather than being viewed as a new company, with no track record, you will be running one that people will recognise, hopefully as a credible and reputable business making them far more likely to choose you over an ‘unknown’.

In addition, when it comes to financing your chosen Franchise operation, the majority of banks and financial institutions are also more likely to recognise your business proposal

as viable if you have the backing of an already successful company.

- **Support programme**

A big part of how well you and your business perform, will be down to the support that you receive, not just in the early days when you are setting up, but also on an ongoing basis as you and your business grow and develop.

This should include all areas of your business such as sales procedures, advertising and marketing your business, handling your finances, IT issues such as websites, as well as technical support on new products and services.

You should ideally be given a dedicated Support Manager or Mentor to help you every step of the way and have unlimited access to their help, advice and guidance with any aspect of your business, when you need it.

- **Training programme**

Initial and ongoing training is a large part of the overall support programme most good Franchise operations will offer you, and as such is worth considering on it's own merits.

It ensures that you start out in your new business competent and confident in providing your clients with a high level of service and as a result, giving yourself the best chance of thriving as a business owner in your chosen market.

In addition the wealth of knowledge that is passed onto you by the trainers is most likely the culmination of years of trial and error, and the skill level you will reach in a relatively short space of time, will be way beyond what you could achieve learning on your own.

- **Cost effectiveness**

Whilst the cost of buying a Franchise may initially appear greater than starting your own business, it can actually cost far less in the long run.

As a Franchise owner you will benefit from the purchasing power of a large company, including access to specialist suppliers, agreed discounts, repeats orders and bulk buying economies.

Plus, it's commonly agreed that the purchase price of a Franchise is less than the capital required to set up your own business, as the Franchisor will already have eliminated unnecessary expense.

2. How established is the company and it's Franchise operation?

An important factor in deciding whether a Franchise opportunity is likely to be successful is how established the company is and in particular it's Franchise operation.

To start with you should look at the central business, otherwise known as the Master Franchise Company, which is in effect the control centre for all the other Franchises in the network.

This is of critical importance as this is where all the systems and processes you will rely on to make your business a success, are tested, measured and refined.

It is also likely to be the home of the Franchisor and by looking into the financial history and background of the Master Franchise Company, you get a good feel for how solid the business is, what the success rate is for Franchises and also what sort of support you can expect to receive.

However, it is important that you look at both sides of the organisation, and later in this guide we'll also tell you why you should take a close look at some of the existing Franchises and what questions you should be asking them.

There is likely to be some significant differences between the regular Franchises and the Master Franchise Company so it is vital that you do not rely purely on the information you get from one source or the other.

So, having established the importance of researching the Franchise operation you are considering investing in, what should you be looking for? And, what questions should you ask?

Here are a few to get you started:

- How long has the Master Franchise Company been in business?
- How many Franchises are there currently in operation?
- What percentage of Franchises are still in business after 2 years?
- How many Franchises have they opened in the last 12 months?
- How successful are the Franchises and how is this measured?
- How many applications do they reject and why?

Once you have found out as much as you can about the business overall, you'll then need to concentrate on the Franchisor and his or her background and their financial stability.

This can be difficult to gauge accurately, but by asking the following questions you'll gain enough information to establish how they operate and how solid their finances are:

- Who is the main director and what is their background?
- How long have they been running a Franchise operation?
- Have they had any Franchises close and if so why?
- How much has the business grown over the last 5 years?
- How many Franchises are currently operating in profit?
- Are they happy to provide last year's accounts or Annual Report?

3. Is the business in a buoyant market with good demand?

Once you've considered and assessed the Franchise opportunity, it's time to turn your attention to the product or service you will be selling and in particular what demand there is for it in general and how good the market is in your local area.

There are also further considerations to take into account such as how strong is the competition? Is the Franchise brand strong and reputable? Will you be selling to a growing market? Is it a luxury purchase or an essential item?

These are all external elements or forces that your Franchise will be subjected to and we should look at each area individually and identify the information you need to find out.

The product and local market

To start with, you should look closely at the product or service you will be offering and determine how well this would sell in your local marketplace.

Some important questions to ask...

- **Is the product or service suitable?**
Will you be happy selling this product or service? Even if your long term plan is to have others selling for you, it is most likely that you'll start off doing the job yourself which is why you should be comfortable with the product or service and the responsibility of dealing with customers, particularly if things go wrong.
- **Do you have an interest in this product or service?**
Choose one that suits your personal preferences and/or existing experience and skills. A product or service that you are genuinely interested in, though not essential, is always an advantage as it will help you remain motivated at all times and make it easier for you to become highly successful.
- **Are there successful Franchises in areas similar to yours?**
Some products and services can do extremely well in some areas of the UK and Ireland but not in others. Therefore it is important to get a feel for how well you can expect to sell in your area by looking at a current Franchise that operates successfully in a town or city with similar demographics to your own. You can be the best Franchisee in the world but you'll struggle to do well if your product or service and local market requirement do not match.
- **Is your product or service a trend or luxury item?**
It is important to be very wary of luxury products and services or those that are part of a current trend. This is because in a tough economic climate luxury purchases will be one of the first things that households cut back on. Similarly, trend based purchases can be very lucrative for a short time, but generally have a short life span and once this has expired, you may well struggle. A better choice of product or service is an everyday essential that will always be in demand.

The industry and the Franchise

There are also some important external factors that will affect your Franchise business – namely the market for that particular product and also Franchise awareness.

Even though you will operate in your own territory area, how your company is perceived overall can have an impact on how you are viewed by your local customers.

To gauge the feeling about your prospective Franchise you should find out the answers to the following key questions...

- **How well known is the Franchise?**
This can sometimes be affected by the age of the Master Franchise or simply it's success. It goes without saying that the more established the Franchise the better, but you shouldn't immediately dismiss a newer company if it's product or service is in a high demand industry.
- **What's the reputation of the Franchise?**
This can differ both nationally or locally, and in most cases this will depend on the service customers have received from their nearest Franchise operation. How the public perceive the Franchise and the product or service they provide is very important, as it will directly effect your reputation in business. If a nearby Franchisee has not provided the highest levels of service, you could suffer due to word getting around about the bad reputation of the brand.
- **How strong is the competition you'll face?**
Assess the strength and amount of competition you'll face in that particular market. Is it saturated or is there room for another company selling the same product or service? Identify the key selling points that will make you stand above your competitors? This is a key consideration in making sure you're not facing an uphill struggle and it's down to you to do your homework before you invest.
- **What state is the industry in at the present time?**
This is very important as it will provide you with a good indication of how much business you could expect to conduct as a Franchise. Irrespective of what opportunity it is your considering you should look at how steady the industry is? How susceptible it is to economic change? Whether its growing or not? How regularly customers will need your product or services? And, how much demand there is for what you sell.

Get some good, honest advice

Finally, after researching as much as you can about the Franchise operation, it's time to get the advice and opinion of people you know.

And a very good place to start, and probably the most important, is to discuss things over with work colleagues or business owners as they will give you an undiluted and honest opinion on how suitable they feel you are for this kind of career move.

It is also advisable to consult with a solicitor, accountant or bank manager about your planned investment and whilst they are there for a specific task, they are also impartial so any advice they offer is usually in your best interest.

Final thoughts

Remember, this whole process is about getting a complete and unbiased view of your proposed Franchise and the market you will be operating in. There are many people who can help you with this, but you'll need to be open minded when it comes to criticism as well as compliments.

Ultimately, you want to buy a Franchise that's right for you and your family as well as your future, so don't get blinded by concentrating on just money and profits; it's as much about changing your way of life and being the business owner you've always dreamt of being.

4. Are there tried and tested business systems in place?

There are many reasons why Franchises fail and one of the main reasons is that people rely heavily on a strong brand being enough to win them new business and make them successful.

However, nothing could be further from the truth and it is tried and tested systems and processes that will get a new Franchise business established quickly and help it to grow.

A good Franchise opportunity will provide systems, processes and, of course, training on all business aspects but the ones that are of particular importance include:

- **Marketing and sales systems**

Through years of testing, the Franchisor should have developed a number of marketing and sales campaigns that will provide you with a tried and tested way of generating new customers and creating a good profit.

This is especially important as it prevents you having to go through a process of trial and error, potentially wasting time, and instead, gives you a proven way of promoting your business and turning enquires into sales.

Ideally, you will be given template letters, e-mails, adverts and possibly even a webpage that promotes you and your product or service. If possible, try and get the potential Franchisor to show you some examples.

- **Management systems**

Similar to the marketing and sales systems, check if the Franchise company you are considering provides support in other areas of your business such as accounting and finance, HR and recruitment, customer service, staff management, personal development, IT and technical support for products and equipment.

These systems and processes will have been developed over a number of years, are proven to work, and should constitute one of the main reasons why you want to buy a Franchise rather than setting up on your own.

They will generally be provided to a new Franchisee within a step-by-step guide (Operation Manual) that explains exactly how to use them in order to bring about the best results possible.

Furthermore, if you are considering a Franchise business that doesn't offer these, simply walk away. You should expect a turnkey opportunity whereby someone else has already done the development, testing and refinement so you can then implement the business plan for 'predictable' success.

To avoid making this costly mistake, always be sure you're not simply being sold a postcode area and being trained to 'do a job'.

Here are some example questions to help you effectively interview a Franchisor and establish how credible the business opportunity really is...

- What's your Unique Selling Proposition (USP)?

- Can I see an example of a business plan?
- Do you have an operations manual?
- Do you have a marketing campaign strategy in place?
- How effective have these campaigns been?
- What is your start-up process and how/where is it defined?
- Do you pay for initial business launch advertising?
- What training programme do you offer and how comprehensive is it?
- What development and support do you offer Franchisees?
- Will I benefit from any preferred supplier price discounts?
- What is your exit strategy for Franchisees and how saleable are established units?

By finding out the answers to these, and seeing evidence of their systems working for real, you'll be able to establish how robust and potentially profitable their business model is.

For that reason, we would recommend that you are very thorough in this process and make sure you are completely happy with everything you have seen and heard before moving on.

Once you've found a Franchise with proven systems and processes, you must be honest with yourself and assess your motivation and capability to follow them to the letter in order to give yourself the best chance of success.

This is of vital importance as there is usually no grey area here. You should be prepared to stick to the proven methods 100% or you put yourself, your business and your financial investment at risk.

The return for your complete co-operation and faith is that you'll benefit from a huge amount of knowledge, experience and support from your Franchisor, which frees up your time for practicing methods that are proven to work, rather than making mistakes and missing opportunities.

5. Do they provide you with thorough training?

Another subject we have already looked at briefly in this guide is one of training and this is of major importance if you are to establish your business quickly and make a success of your investment.

It is also critical that your training is not just for the initial period and that it is an ongoing programme that allows you to keep up to date with changes in your industry, any equipment you use, the systems you operate as well as the many administration issues you face on a daily basis.

So, when considering any opportunity you should ask these questions of the Franchisor:

- Do you undertake training prior to the business launch?
- Will this be an intensive course that covers everything I'll need to get started?
- Will I need to travel and stay overnight at a specific training location?
- Is the training practical as well as theory based?
- Who conducts the training and how experienced are they?
- Once I'm up and running is there an ongoing training programme?
- How regular is this ongoing training?
- Will I have a choice of venue for the ongoing training?
- Will I have the opportunity to train for industry qualifications?

Once you have established what level of training you are to receive and what period of time it is available for, you should then move on to consider what subjects are covered within your training.

This is of particular importance for your initial training, as it needs to cover everything that you must know in order to start your business effectively.

Therefore, find out from your prospective Franchisor whether the following critical areas are part of their training programme:

- Standards of operation
- Equipment & materials
- Provision of services
- Sales & marketing
- Promotional activity
- Acquiring customers
- Vehicle operation (if applicable)
- Business administration
- Staff recruitment and management
- Personal development
- Growing the business

If you can find a Franchise opportunity that offers you all of this and is dedicated to providing you with the best initial and ongoing training possible, you're right on track to find a business that you can make successful and profitable.

6. Does the Franchisor offer a comprehensive support programme?

The next crucial step in your assessment process is to gather information about the support programme your prospective Franchisor provides, both initially and ongoing.

This is of vital importance as research has shown that this, above all else, is the one element that most determines whether Franchisees succeed or not, and can often have direct impact on profits and sales.

It's difficult to say exactly why, but it is possible that a large part of this is down to the motivation and drive it encourages in Franchisees, which is a major key to success in any business, Franchise or otherwise.

So what level of support should you expect and how can you compare the support programmes of the Franchise companies you are considering?

A good way to look at this is to investigate each individual area of support in order to build up a picture of what a good programme might consist of.

You can then use this as a benchmark, plus or minus any particular requirements you feel are necessary, as a basis for a number of questions you can put to any potential Franchisor you plan to talk with.

- **Preparing for your business launch**

You will need help and guidance on a wide range of support functions from marketing your business so you are busy from day one, to vehicle and equipment acquisition, stationery supplies, additional marketing materials, operating supplies or products and of course, help with your financial and tax obligations.

Some of this will vary depending on the type of Franchise opportunity you are considering, but the key point here is that this is a crucial time and the start-up support you receive must be as comprehensive as is possible.

- **Start-up and ongoing training**

For start-up you will need close-support intensive training. This helps you learn about the operating procedures of your chosen company, especially all the initial considerations like customer acquisition, sales techniques and how to use any specialist equipment.

As you move forward and your business grows you'll need ongoing training on new products and procedures, sales and marketing systems as well as updates on industry requirements and standards.

The right training is a major part of choosing the right Franchise opportunity, which is why we have dedicated a whole section to it further on in this guide.

- **Your Franchise territory**

Establish what research if any your Franchisor has done in the area you are operating, especially concerning the competition you will face and how they intend to help you deal with that issue. In addition, find out what local opportunities, if any, they have identified such as newspaper and magazine advertising, local promotions, press articles, business

exhibitions and so on.

Finally, ask if they have any information on the demographics in your territory, which can help you target your customers more effectively and efficiently.

- **Equipment and supplies**

If your business requires specialist equipment and supplies, your Franchisor should either source, or better still, supply these items as part of your overall package. In addition, they should also do the same for other essentials such as branded stationery and consumable supplies that you'll use on an everyday basis.

This is also an area that requires further consideration, which is why we have devoted a section of this guide to the subject further on.

- **Ongoing support and mentoring**

One of the most important elements to check is what level of support you will receive on a permanent, ongoing basis. Most good Franchisors offer a continual support by telephone, e-mail and face-to-face meetings to help with all the day-to-day operational issues that may arise.

In addition they may also offer mentors that are current and established Franchisees that understand exactly what you are going through and can offer 'front line' support that is based on their years of experience.

You might also get regular newsletters, updates, technology and systems development, all of which can help you grow your business and keep you ahead of the competition.

7. Are you given a territory area to work in?

When starting a new Franchise business it is normal for you to be given a defined territory area to operate in as opposed to being given 'free reign' to target customers on a national scale.

This ensures that it is fair for all owners involved as there is no competition between Franchises, and it means that when you initially start out in business, you know exactly where to advertise and promote yourself in order to gain new customers.

In addition, with some Franchise operations, you'll actually receive help at the start from neighbouring Franchisees who can often provide you with business as a result of having gained clients or referrals that fall into your territory.

However, it is important you find out more about your territory, so ask these questions of any potential Franchisor to find out exactly what you will be getting:

- **Is my territory area protected?**

Having a protected territory means that once it's allocated to you, no other Franchise from the same brand can operate in that area. This is a key point because the last thing you want is to work hard to build up your client bank, and then have another Franchise start taking away business from under your nose.

- **How large is my territory?**

Generally territories are defined using postcode areas, towns and cities or counties. Once you know the territory area you are to be allocated you should physically draw it out on a map to give you a visual idea of its size. You will need to ensure it provides you with enough potential clients within the right demographic for the product or service you are offering. Likewise, you should also ensure it is not too large an area so that you are not travelling further than is economical.

- **Do I have to live in my territory area?**

Some Franchise operations will insist on you living within your territory, whilst others would prefer it or don't mind either way. The main benefits of living in the area you will cover with your business are simply knowing the area in terms of travelling, understanding the competition within it, knowing the publications to advertise in, being aware of the local demand for your product or service, and having a head start on the clients you could target as potential customers.

- **Do I have option to buy another territory in the future?**

You should start out in your chosen Franchise business with the attitude that you will be successful and profitable. With that being the case you should also consider your options for expansion in the future and a factor to consider is the possibility of taking on another territory. Ask your prospective Franchisor what other territories are available adjacent, or at least near, to your own and whether they will allow you to purchase additional areas once you have proven yourself in your initial territory.

8. Does the Franchisor provide you with the right equipment?

As we touched on earlier in the guide, making sure you have the right equipment for your new Franchise business is an important part of the support you are provided by the Franchisor.

It may be, dependent on what type of business you opt for, that there is little requirement for any specialist equipment and if so it will make this part of your decision process that much easier.

That said, in most cases there is likely to be a certain amount of equipment required, even if it's a laptop, printer and relevant software, and it is important that you are provided with everything you need in order to offer the very best product or service to your customers.

If you're provided with equipment

If your chosen Franchise operation does provide equipment for you, it's important to look at the quality of what you will receive, as it is most likely that you will use the items very regularly and if they are not up to the job you could find yourself replacing them quicker than expected.

A good Franchisor will have used various different types and brands of equipment throughout their time, and by doing so have found out what's best.

However, once you know what equipment you will receive it's still advisable to do some research on the internet into the brands supplied and the specific items you will be given.

By doing this you should get a good idea of whether the equipment is meant to be used by the trade or industry you will be in, and is therefore built to withstand the rigours of extended use as well as providing professional results.

If you're not provided with equipment

This may appear to be a straightforward case of going out and buying what you need, but in fact there's more to consider than just that.

Firstly, you'll need to look at why they don't provide equipment for you. It may simply be that you do not require a great deal and the Franchisor feels it's better to give you the choice of what brand you choose.

If this is the case, and they've not already told you, ask the Franchisor for some advice on what they have used in the past and what they found to be good or bad. Once again, armed with this knowledge you can then conduct further research on the internet.

It may be that you're not provided with equipment to keep the initial investment cost down to a minimum. This is fine but you'll need to be sure the price you're paying for the Franchise reflects the fact that you will need to pay for the equipment required.

Whatever the reason, you should be sure to fully consider the cost of everything you need to purchase and then look at the combined cost of acquiring the Franchise and the equipment.

This is important so that you are not caught out by a Franchise offering that initially appears very good value, but actually turns out to cost you far more than you budgeted for.

Final thoughts on equipment

The importance of any equipment you will need for your Franchise business will vary dependent on the product or service you sell and the industry you operate in.

But, whatever Franchise operation you are considering, the key message is the same; ask plenty of questions and do your own research.

Starting a business of any kind is tough enough without having to worry about how good your equipment is and what sort of results it will provide your customers.

And, whilst there may not be anything wrong with choosing a Franchise opportunity that requires you to purchase your own equipment, it's far better and less daunting if you select one that provides you with everything you need.

If you choose a very good Franchise opportunity you may well find that the Franchisor provides way more than just the equipment you require and instead will provide you with literally everything you need to get started, even down to very smallest item of stationery as well as consumables and possibly even branded work wear.

9. Can you see the business in action and talk with existing owners?

Once you've short-listed a number of potential Franchise opportunities, and gathered information from them direct, it's only sensible you balance this with information from existing Franchisees.

This can be the most valuable information you're likely to get, as it should be completely unbiased and give you a real insight into what it's like owning and running that particular business.

Good Franchisors will always allow you access to any Franchise in their network and in most cases existing Franchisees will be more than willing to talk to you.

Try and get the details of several Franchisees and wherever possible, look for Franchisees with a background like yours or ones at differing stages of development and in different areas.

By doing this you'll be sure to get a good cross section of opinion and therefore, a good overall view of that brand and business.

Learn from their experiences and ask them their opinion on the services provided by the Franchisor as well as the start-up procedure, the advantages and disadvantages and profitability.

Here are a few questions to get you started:

- Is your Franchise in profit now and if so, how long did it take to get there?
- Have you recouped your initial investment yet and if so, how long did it take?
- Is the Franchisor keeping their end of the bargain?
- Does the Franchisor welcome suggestions from Franchisees?
- Are you getting all the help and support you were promised?
- What is the training and support package like and did it meet expectations?
- Was it sufficient and did it prepare you for starting and running the business?
- If you are ill does the Franchisor offer help?
- Is the Franchisor quick to adapt to changing market conditions?
- What are your approximate sales figures and are they in-line with business plans?
- Was the amount of set-up and operating cash that you needed adequately estimated/outlined by the Franchisor?
- Were there any hidden Franchise fees or unexpected costs? If so, what were they?
- Is your territory big enough to provide adequate customers?
- What restrictions are there on the products you use in your business?
- Do you have to use designated vendors and providers for consumables?
- What is your background and what experience, education and skills did you have before buying this Franchise?

See the business in action

Talking to Franchisees can certainly give you a feel for the Franchisor, but don't miss the opportunity to also see the business in action. This can be a great way to get an insight into what it's like running that business day to day.

For example if it's a restaurant, arrange to eat there. If it's a car dealership, pay them a visit and see how everything works in reality.

Remember, the Franchise you choose not only has to be credible and successful, but it has to suit your lifestyle too. You may have other needs that need to be fulfilled such as ethical considerations, cultural preferences, or simply working hours.

So don't just concentrate on the 'money-making-machine'. See and feel how each Franchisee does business and consider the fact that this 'ethos' is usually determined by, and passed down from, the Franchisor, setting a similar precedent in each individual Franchise.

This 'reality check' is also good to help you see the 'roots' of a Franchise. It's easy to get absorbed when choosing a Franchise with top level details such as business plans, financial objectives, brand and market forces, but this is the real crucial part.

This is the part that you will be involved with every day so take the time to familiarise yourself with how each Franchisee operates and what it's actually like being in contact with their customers, their product or service and any staff they may have.

Talking to existing Franchisees is widely considered the most effective and reliable way to finalise your research and help you make a decision on where best to invest your money.

However, once this research is completed, the choice between two or three equally sound Franchises often comes down to instinct and so often this can be the deciding factor.

10. What investment is required and how does it work?

The million-dollar question is always ‘How much does it cost?’ but when buying a Franchise there’s far more to factor in than just the purchase fees.

There are usually a series of costs and charges, which although justified in most cases, must be carefully considered and evaluated before a final decision to buy is made.

- **So, what’s usually required from a financial point of view?**
The Franchisor should give you a full, accurate and comprehensive outline of this, including initial as well as on-going costs. You should discuss these in depth with your Franchisor and your accountant as well as making provision for set-up costs, initial outgoings (rent, vehicle lease, recruitment) and royalty fees.
- **How am I going to fund my Franchise purchase?**
It’s not often that a Franchisee simply has the cash in savings or assets to fund their purchase outright. Usually you will have to secure a business loan from your bank or other financial institution to fund the purchase.

Larger or more established Franchisors usually have a good relationship with one or more bank or financial institutions and can provide help in obtaining the required funds.

This can be particularly good as the bank or financial institution will know the Franchisor and their operation well, adding to the strength of your application and possibly also assisting with the speed at which it is handled.

Failing that, or if you prefer, talk directly with your bank manager. They will be familiar with the process of funding a Franchise purchase and some banks even have specialist advisors on hand to help.

- **Which bank should I use for my business banking?**
Generally this is down to personal preference, but some Franchisors might have links to certain banks so always ask for their advice and recommendations.

It may even be that in some cases the Franchisor will insist on you banking with a certain institution for ease of operational systems as well as training. However, this is rare and in all cases you should make your own enquiries with your local bank manager, to find out what funding is available.

- **What costs are involved?**
Initially there will be a purchase fee and this can vary widely from anywhere between a few thousand pounds to hundreds of thousands depending on the Franchise opportunity.

A Franchisor may then require a fee for set-up costs, provision of equipment and maybe even fees for initial or ongoing training.

In addition, you will probably then be required to pay on-going Royalty Fees which are usually determined as a percentage of your gross profit/sales and payable to the Franchisor monthly or annually.

In some cases, and where the Franchise opportunity is a very good one, this fee can be a fixed cost which is generally a lower and fairer way of covering the administration costs of the Franchisor.

As a rule, the business model utilised by the Franchise will provide you with a good idea of the costs that are likely to be involved.

Some look to the balance of the initial fee and Royalty fees as an indication of the Franchisors belief in their own brand. If they ask for less up-front and more on going it shows they have confidence in the value of the product or service you are selling.

- **What are the primary initial costs?**

Premises – leasing your unit, office or shop (if business is not run from home)

Equipment – all the initial supplies (if not included as part of the investment)

Initial stock – this can be a large expense (only relevant if you are selling a product)

Vehicle/s – another significant outlay (may not be required dependent on the business)

- **What are the typical ongoing costs?**

Royalty fees

You will usually be required to pay a percentage of the sales revenue to the Franchisor. This tends to be allocated to cover the costs of your on-going support package so always check you are happy with the levels of support in relation to the fees charged.

Management Fees

These are usually payable instead of, rather than in addition to, Royalty Fees but essentially they are the same thing.

Stock and supplies

Your business may require a regular supply of stock and/or supplies and in most cases these are bought direct from the Franchisor (which may be compulsory) or a designated supplier (again determined and set by the Franchisor).

Although you have little control over prices, this can in fact work in your favour as the Franchisor tends to have more negotiating power than a small single business, thus able to drive prices down and get special discounts.

Rent and rates

Dependent on whether or not you run your business from rented premises or your own home, this may or may not apply. If it does, you'll need to consider the costs of monthly rent, utilities and insurance. The Franchisor should be able to give some guidance on what to expect, but a better bet is to find out from an existing Franchisee that is near to you.

Ongoing vehicle costs

Once again, this will not apply to if you do not need a vehicle for your everyday business, but if you do you will need to be aware of the monthly rental or loan payment, ongoing servicing costs, insurance, tax and consumables such as tyres and fuel.

Staffing costs

Although you may start out being the sole worker in your business, the future may well be different and you may have plans to employ staff to do the everyday work while you take more of a back seat and concentrate more on being a business manager.

If this is the case, you'll need to take into account the cost of recruiting the staff you need as well as the ongoing training and monthly wages.

Additional costs

With some Franchise opportunities, there are additional costs for specific areas of support such as training, advertising and stationery so always check beforehand and add these as an extra to your list of outgoings.

Final thoughts on investment

As we've just discussed, the costs involved in purchasing a Franchise business can vary a great deal from one offering to another, as can the complexity of how those costs are broken down into the different areas of the business.

When assessing the cost of investing in a potential Franchise offering, your main task is to get a complete picture of what money you will need to find, both upfront and on an ongoing basis, and then consider if that is within your budget and whether you feel it offers you a genuine opportunity to get started and build a successful and profitable business.

11. What should I look out for in the Franchise Agreement?

If you have fully investigated all aspects of a prospective Franchise opportunity and you're seriously considering making an investment, there will come a time where you will need to see the Franchise Agreement.

The first thing you should look out for is how readily available this document is from the Franchisor. If they are completely transparent and confident in their offering, they'll have no problem in going through the legal paperwork with you and even letting you take the document to be looked at by a solicitor.

When you do have the chance to look at the Franchise Agreement in detail there are number of important elements you should look for and should some of them not appear, you'll need to talk it through with your Franchisor.

To help you we've compiled a list of things you should ensure are mentioned within the document and whilst not all of these will be in every contract or agreement, nor is our list exhaustive, it will provide you a general idea of what to expect.

- **Territory**
As previously mentioned, some Franchisors work on postcodes, others on county or town areas. But either way your territory will be clearly defined according to other Franchises operating close by and ideally it will be a protected area.
- **Initial investment and ongoing fees**
A very important area, particularly when approaching a financial institution for funding, and one that, we've already discussed, can be very complex. This should detail not just the initial outlay to purchase the business, but also ongoing costs such as Royalty Fees.
- **Duration of the agreements**
The length of a Franchise Agreement can differ from 1 year to 5 years or even longer. Make sure this section clearly states the length of time you will be tied to.
- **Restrictions and obligations**
This generally covers how you should run your business. Suppliers, advertising and use of trademarks, staffing, prices etc. Your agreement may be void if you break these terms so take extra care over reading this section.
- **Support programme**
This is a very important part to read and discuss thoroughly with your Franchisor. This is frequently an aspect that can determine the success of a new Franchise as on-going help; advice and training can make all the difference.
- **Operational protocol**
There is usually a comprehensive operational protocol that is detailed in an Operating Manual and must be followed exactly otherwise you may find yourself in breach of the Franchise Agreement or Contract.

This can determine where you source your supplies, how you market your product, what

equipment you use, your HR processes, how you manage your business and even what hours you and/or your staff are required to work.

Read this section very carefully and refer to the Operations Manual to make sure you are aware of your obligations and are happy that you can fulfil them.

- **Training**

Yet another highly important section for you to read thoroughly. Having heard and found out what training you can expect to receive both initially and ongoing, you will need to check that this is adequately detailed in writing as it can be vital to your success.

- **Renewal or resale**

This deals with how the Franchise can be renewed or terminated after the initial contract duration has ceased. Some Franchisors will also allow owners to sell their Franchise for whatever reason, although many will want to interview or vet your prospective buyer in order to ensure they are of the right calibre to represent the brand.

Generally you will find that Franchise Agreements are standard throughout the operation and this ensures a level of consistency on how Franchises are operating and how they are treated. In turn, this gives you peace of mind that your terms and conditions are workable and above all else, fair.

And, as you've seen from some of the points we've covered, it's very much a two-way agreement. Not only are you committing to the Franchisor, but they in return are also committing to give you continued support, help and guidance, products, supplies, branded material, as well as expertise, knowledge and direction.

Really good Franchises will have a fair and honest contract, which will benefit you both in the long term. However, there are never any guarantees that this is the case so always make sure you read the Franchise Agreement through very carefully.

Once you're happy with what you've seen in the document, it's time to arrange to see a solicitor for legal advice. Better still choose one who is a specialist in this field or at least has prior experience.

Let them have the documents so that they can go through them thoroughly and highlight any potential omissions or problems. Legal input at this stage is not just helpful but crucial.

When you are both completely happy with everything contained within the Franchise Agreement or Contract, and any associated documents, only then should you sign them and make a commitment to your new business.

Conclusion

Buying and setting up your own business can be extremely exciting and for some the realisation of a dream they've nurtured for years.

However, the flip side of that is that it's also a massive step to take physically, mentally, and financially and the risks involved if you are not prepared can be significant.

We therefore hope that you have learnt a great deal from our guide, especially what to look out for and what questions to ask along the way, and that you are now confident to start your research and eventually make an informed and confident decision at the end of it.

In addition, we trust that we have illustrated at least some of what is required from you in terms of dedication and commitment, in order for you and your business to become successful and profitable.

So, good luck with finding the right Franchise business and remember, if you have any questions that have not been covered here, or if you would like to discuss anything in greater detail, please feel free to contact us.

You can call us **028 6634 1288** (from GB), **048 6634 1288** (from R.O.I.) or alternatively, you can e-mail us at **info@cleaningdoctor.net**

The 78 Point Checklist For Considering a Franchise Opportunity

Consider the Master Franchise Company and it's Franchise operation

1. How established is the company and it's Franchise operation?
2. How long has the Master Franchise Company been in business?
3. How many Franchises are there currently in operation?
4. What percentage of Franchises are still in business after 2 years?
5. How many Franchises have they opened in the last 12 months?
6. How successful are the Franchises and how is this measured?
7. How many applications do they reject and why?
8. Who is the main director and what is their background?
9. How long have they been running a Franchise operation?
10. Have they had any Franchises close and if so why?
11. How much has the business grown over the last 5 years?
12. How many Franchises are currently operating in profit?
13. Are they happy to provide last years' accounts or Annual Report?

Consider the product or service you are considering selling

14. Is the business in a buoyant market with good demand?
15. Is the product or service suitable?
16. Do you have an interest in this product or service?
17. Are there successful Franchises in areas similar to yours?
18. Is the product or service a trend or luxury item?
19. How well known is the Franchise brand?
20. What's the reputation or public perception of the brand?
21. How strong is the competition you'll face?
22. What state is the industry in at the present time?

Establish the credibility of the Franchise opportunity

23. Are there tried and tested business systems in place?
24. What's their Unique Selling Proposition (USP)?

25. Can you see an example of a business plan?
26. Do they have an operations manual?
27. Do they have a marketing campaign strategy in place?
28. How effective have these campaigns been?
29. What is their start-up process and how/where is it defined?
30. Do they pay for initial business launch advertising?
31. What training programme do they offer and how comprehensive is it?
32. What development and support do they offer Franchisees?
33. Will you benefit from any preferred supplier price discounts?
34. What is your exit strategy for Franchisees and how saleable are established units?

Find out about the geographic location you operate in

35. Are you given a territory area to work in?
36. Is your territory area protected?
37. How large will your territory be?
38. Do you have to live in your territory area?
39. Do you have option to buy another territory in the future?

Look closely at the support you will receive

40. How good is their support programme?
41. What does it cover and is it ongoing as well as initial support?
42. Do they provide you with the right equipment?
43. Is it the right quality for the job?
44. If they don't provide equipment, can they offer guidance?
45. Can they get you preferential pricing through chosen suppliers?

Find out what and how much training you'll receive

46. Do they provide you with comprehensive training?
47. Do they undertake training prior to the business launch?
48. Will this be an intensive course that covers everything you'll need to get started?

- 49. Will you need to travel and stay overnight at a specific training location?
- 50. Is the training practical as well as theory based?
- 51. Who conducts the training and how experienced are they?
- 52. Once you're up and running is there an ongoing training programme?
- 53. How regular is this ongoing training?
- 54. Will you have a choice of venue for the ongoing training?
- 55. Will you have the opportunity to train for industry qualifications?

Questions to ask existing Franchise owners

- 56. Is your Franchise in profit now and if so, how long did it take to get there?
- 57. Have you recouped your initial investment yet and if so, how long did it take?
- 58. Is the Franchisor keeping their end of the bargain on all aspects?
- 59. Does the Franchisor welcome suggestions from Franchisees?
- 60. Are you getting all the help and support you were promised?
- 61. What is the training & support package like and did it meet expectations?
- 62. Was it sufficient and did it prepare you for starting and running the business?
- 63. If you are ill does the Franchisor offer help?
- 64. Is the Franchisor quick to adapt to changing market conditions?
- 65. What are your approximate sales figures and are they in-line with business plans?
- 66. Was the amount of set-up and operating cash that you needed adequately estimated/outlined by the Franchisor?
- 67. Were there any hidden Franchise fees or unexpected costs? If so, what were they?
- 68. Is your territory big enough to provide adequate customers?
- 69. What restrictions are there on the products you use in your business?
- 70. Do you have to use designated vendors and providers for consumables?
- 71. What is your background and what experience, education and skills did you have before buying this Franchise?

Establish the costs involved in purchasing the Franchise business

- 72. What is the initial investment cost?

- 73.** What exactly does that buy you?
- 74.** What additional cost are involved?
- 75.** Are their ongoing monthly fees required?
- 76.** How do they charge for ongoing supplies?
- 77.** Can they help you fund your Franchise purchase?
- 78.** Do they offer advice on which bank to use for business banking?

William Little is a successful franchisor. Over the past ten years he has trained, guided and nurture over 50 entrepreneurs to business success as franchisees of his business.

In the course of recruiting new franchisees into the Cleaning Doctor network in the UK and Ireland, he has come across many people that had previously made incorrect choices, or not asked the correct questions, when choosing a franchise. Indeed, some had suffered financially by their lack of research.

The aim of this eBook is to give you a simple but comprehensive guide to choosing a franchise that will be right for you. It can be used as a general guide and is not aimed at any particular franchise sector.

If you wish to learn more about the Cleaning Doctor franchise opportunities, please visit www.cleaningdoctorfranchise.net or call William Little directly.

**William Little
Cleaning Doctor Ltd
Moyglass
Enniskillen
Co. Fermanagh
BT74 8DL**

Telephone: 028 6634 1288

Or: +44 28 6634 1288

Email: william.little@cleaningdoctor.net

Franchise: www.cleaningdoctorfranchise.net

Services & Locations: www.cleaningdoctor.net