

# Franchise Checklist

By Campbell Rodriguez

- ☐ Talk to the Franchisor
  - ☐ Know the company's financial condition and history.
  - ☐ Check how long it has been franchising.
  - ☐ Check details of pilot operation results.
  - ☐ Ask for current number of franchisees.
  - ☐ Ask for permission to talk to random franchisees.
  - ☐ Check main source of company earnings.
  - ☐ Check demand for the product or service.
  - ☐ Check value and appeal of product or service.
  - ☐ Check long-term viability of product/service.
  - ☐ Ask for type and level of head office support.
  - ☐ Ask for full details of the training provided.
  - ☐ Check whether training is an extra cost.
  - ☐ Check total cost of taking up the franchise.
  - ☐ Determine realistic working capital needed.
  - ☐ Check permission for bank references and other referees.
  - ☐ Check territorial practices and exclusivity terms.
  - ☐ Know types and amounts of advertising.
  - ☐ Know if there is a need to buy products from the franchisor.
  - ☐ Check target obligations.
  - ☐ Know realistic profit and loss figures.
  - ☐ Check management service fees or royalty payments.
  - ☐ Ask for operating restrictions.
  - ☐ Check launch assistance.
  - ☐ Ask for sample contract.
- ☐ Franchise Agreement
  - ☐ Your rights to sell/transfer ownership of franchise.
  - ☐ Obligations to the franchisor.
  - ☐ Rights to renew or extend contract beyond original term.
  - ☐ Terms and conditions for terminating contract.
  - ☐ Description of training and support offered.

- ☐ Price, commissions, rental fees involved.
- ☐ Boundaries of the territory awarded to you.
- ☐ Description of your heir's rights in the event of your death.