

# 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.