

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.