

## **Understanding the Steps of the Franchise Process**

Congratulations!!!! You are looking at becoming a franchise business owner.

Hopefully, this will be the beginning of a Discovery process that puts you on a path to business ownership. A leap from employee to employer, wow!!! A path that should be rewarding, life changing and profitable. If you are reading this it could mean that it's a path you want to explore, to travel on and see where it leads. Maybe you are saying, "I want to look into this, I've always thought about owning my own business, but what do I do", in other words....."what next"? Please take a few minutes and read thru this quick and easy guide, it's written in everyday language, not franchise jargon, you may find it to be very helpful. To make things simple, we've broken the process down into a handful of basic steps, every one of these steps are necessary, some might be even be repeated more than once, they are designed to be a road map to get you from where you are to where you want to be. Remember becoming a franchise business owner is a process and from beginning to end the process generally takes from 4 to 8 weeks.

### **Step 1: The Introductory Call**

Once you have indicated an interest in a particular brand, the franchisor will reach out to you to schedule an introductory call. Keep this in mind, you want to talk to a real live human being, avoid a franchisor that simply wants to send you information via email. This is a major decision for not only you but also for them. You, need to be comfortable with the people you are dealing with, and you have to talk to them to find that out. They should want to talk to you also, so the two of you need to talk to COMMUNICATE with each other. Communication throughout the process is critical, open and honest communication by both you and the franchisor is really the basis for the entire process.

Depending on the franchisor this introductory call can be somewhat informal or very formal. During this initial call the franchisor will begin providing initial details about their brand. Keep in mind that investigating a franchise is a two way street: both you and the franchisor need to know about one another. You're asked questions about your background, your skills, the reasons for considering the franchise, what makes you successful, and what you are looking to accomplish, and in turn, you will have a chance to ask questions and get to know the franchise better. The two of you are both starting to determine if the opportunity is a good match for you both. Remember, you are evaluating them but they are also doing the same with you: they want the right person to expand their brand. If they think you are a fit, they will invite you into their process, which they should explain in detail before the end of the call. If during this discussion

you decide that the opportunity isn't a good fit for you, express that. A good franchisor will respect that, thank you for your interest and wish you well.

## **Step 2: Qualification**

In this stage the franchisor will gather more information from you and offer more specific details. Sometimes the early stages of qualification will begin with the introductory call. They typically will ask you to complete an application form which includes details about your background and your financials. Please note that you are not obligating yourself to buying a franchise by answering the questions or by filling out the application form. Franchisors use these forms to help determine whether or not they think you match their profile of a successful franchisee, as well as help discern if you are serious and have the funds to secure their brand. They want to ensure that you have the financial strength to not only purchase the franchise, but will also have access to get funding assistance if necessary for working capital and cover your own living expenses while you are getting the business started. It's always important to remember that they are looking at you just as much as you are looking at them and can say no to you if they do not think you are the right fit. Franchises are actually awarded at their discretion so providing as much detail about your background, goals and finances helps the franchises to learn more about your stability and if you are similar to their successful owners.

## **Step 3: Validation**

Let's take a step back and think for a moment, who would have the best possible insight into what it's like to own this business. The answer is two fold. The executive management team will have a great deal of insight into the franchise overview, the history, strategic vision, business model and available training and support. So a very important part of the validation process will be your meetings with the executive management team. Just as importantly however, is to speak with existing owners. Think about it, the people who already are owners of the franchise you are looking at investing in are actually doing what it is you may be doing. A good franchisor will provide you with a list of current owners and encourage you to do as much validation as possible with existing owners. Their insight into what it's like to own the very franchise you are considering is invaluable. Ask them what they did to become successful, then ask yourself if you can model that behavior. It's also very important to ask about the training provided and ongoing support from the franchisor. The most important question you can ask may be, "Are you happy with your decision, or would you do it all over again.?" It sounds like a basic question but the answer is fundamentally important.

## **Step 4: Reviewing the Franchise Disclosure Document and Franchise Agreement**

The franchisor will provide you with a document called a Franchise Disclosure Document (FDD). The FDD is a file comprised of 23 items that disclose various information that serve as a basis for further investigation regarding the franchise. It spells out terms and contains the Franchise Agreement. FDDs are uniformly organized to be the same in every state for every franchise opportunity. The FDD It is usually a large file and can be initially somewhat overwhelming, make sure any questions you have are thoroughly answered by the franchisor. If you are more comfortable having the FDD reviewed by an attorney a good franchisor won't have any issues with that. One word of caution here, if you do decide to have the document reviewed by an attorney, make sure that attorney is familiar with franchising, if you are going to pay for an attorney it makes sense to use one that is experienced in the subject matter.

## **Step 5: Taking the Final Yes/No Decision**

If you have gone through the previous steps diligently, you have done an outstanding job of examining what it takes to be successful as a franchisee for your desired brand. It's important to note that as you get closer to the end of the process you will experience intense emotions including excitement, but also fear and anxiety. This is normal and quite common, a good franchisor will be aware of that and able to speak with you about it. The time has now come to put everything together and to use the information you have gathered to make the final decision. Over analysis at this point can be as big a mistake as not having enough information, you've done your homework, and if at this point you feel like you are making the right decision you probably are. No one can guarantee your success, and don't trust anyone who says they can. However, if all of the pieces of the puzzle are there for you to be a successful business owner, don't allow fear to be the thing that stands in your way!!