FRANCHISE STARTER GUIDE

YOUR ROADMAP TO BUYING THE RIGHT FRANCHISE THE RIGHT WAY

FOCUS ON FRANCHISE

Prepared by Dion Garnett
The Franchise Architect

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Welcome...

Buying a franchise may be one of the most important financial decisions you'll ever make. This guide is designed to help you understand the franchise buying process, avoid common mistakes, and make informed decisions.

IMPORTANT

Why Franchising?

01 Established brand recognition (This can take many years for a startup mom-and-pop)

02 Proven business systems (Don't spend years trying to create a process)

03 Training and ongoing support (You do not need to be an expert to be a franchisee)

04 Marketing assistance (It takes time to build a good marketing strategy)

05 Vendor relationships (This is something that can be challenging for a sole proprietor)

06 Reduced startup risk compared to independent businesses

Is Franchise Ownership Right for You?

Understanding Whether Franchising Fits Your Goals, Lifestyle, and Personality

Owning a franchise can be an excellent path to business ownership, but it isn't the right fit for everyone. Before evaluating specific brands, take time to evaluate yourself. The most successful franchise owners choose businesses that align with their financial goals, leadership style, lifestyle, and long-term vision—not simply the most recognizable brand.

Ask yourself these important questions:

01

What Are Your Goals?

- Why do you want to own a business?
- Are you seeking financial freedom, career independence, or a long-term investment?
- Do you want to build wealth, replace your current income, or create a legacy for your family?

Understanding your "why" will help determine the type of franchise that's right for you.

02

What Is Your Investment Range?

Determine how much you can comfortably invest, including:

- Cash available for the initial investment
- Access to financing
- Working capital to support the business during the startup phase

Choose a franchise that fits your financial situation—not one that stretches it beyond your comfort level.

03

What Lifestyle Do You Want?

Every franchise requires a different level of owner involvement.
Ask yourself:

- Do I want to work full-time in the business?
- Would I prefer to manage a team?
- Am I looking for a semi-absentee or executive ownership model?
- How many hours per week am I willing to commit?

04

Do Your Skills Match the Business?

You don't need experience in every industry to own a franchise, but you should consider:

- Leadership and management ability
- Sales and relationship-building skills
- Financial discipline
- Willingness to follow established systems
- Problem-solving and decision-making skills

Many franchisors teach the technical aspects of the business, but they can't teach commitment, work ethic, or leadership.

05

Can You Follow a Proven System?

One of the greatest advantages of franchising is operating under an established business model. Successful franchise owners are typically comfortable following proven processes and brand standards while still bringing energy, leadership, and excellent customer service to their business.

06

Are You Prepared for the Challenges?

Like any business, franchising requires:

- Time and dedication
- Financial commitment
- Patience during the startup period
- Continuous learning and adaptation

Even with a proven system, success depends on your effort, execution, and ability to lead.

Quick Self-Assessment

If you can answer "Yes" to most of these questions, franchise ownership may be a strong fit for you:

- I want to own and grow a business.
- I am willing to follow a proven business system.
- I understand that success requires commitment and hard work.
- I have realistic financial expectations.
- I can invest both time and capital into my business.
- I enjoy leading people and serving customers.
- I am open to learning and receiving coaching.
- I want to build a long-term asset rather than simply own a job.

Getting Started The Right Way

- Define your personal and financial goals
- Determine your investment range
- Decide on owner-operator, semi-absentee, or executive ownership
- Complete a franchise assessment (This will help to match you with a brand that fits)
- Work with a qualified franchise consultant (Do not attempt to do this on your own)

Steps to Becoming a Franchisee

01	Define your goals
02	Establish your budget
03	Meet with a franchise consultant
04	Review recommended franchise brands
05	Attend introductory calls
06	Review the Franchise Disclosure Document (FDD)
07	Speak with existing franchisees (There is nothing like speaking to those that are where you want to be)
08	Attend Discovery Day
09	Secure financing (Did you know that you can use your retirement account to finance your franchise?)
10	Sign the agreement
11	Complete training
12	Open your business

Why Use a Franchise Broker?

- Access to hundreds of franchise opportunities
- Objective guidance instead of a single-brand sales pitch
- Saves significant research time
- Assistance reviewing FDDs and financial information
- Support through validation and Discovery Day
- Typically, no additional cost to the buyer because participating franchisors compensate the broker (Stay clear of upfront fees)

Understanding Franchise Costs

01 **Franchise fee** (This is a one-time fee that the Franchisor charges as an entry fee) ____________

02 **Equipment** ____________

03 **Build-out** ____________

04 **Working capital** ____________

05 **Marketing** ____________

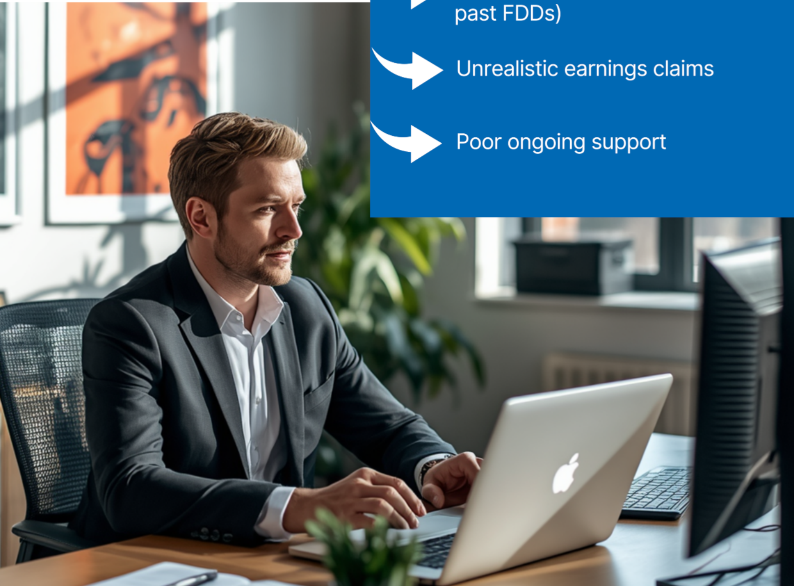
06 **Insurance** ____________

07 **Inventory** ____________

08 **Professional fees** (These are third-party fees such as attorneys, CPAs, and accountants) ____________

How and Where to Spot Red Flags

- High franchise turnover (A lot of resales in a short amount of time)
- Large numbers of unit closures
- Poor franchise satisfaction (You can figure this out during validation calls with existing owners)
- Weak training
- Excessive litigation (Litigation can be found in the current and past FDDs)
- Unrealistic earnings claims
- Poor ongoing support



Important Questions You Need to Ask

- Why do franchisees leave?
- How long until profitability?
- What does a typical owner's day look like?
- What ongoing support is provided?
- Would existing franchisees buy the franchise again? (Why or why not)

Vetting Franchisees & Negotiation

Review FDD Items 3, 5, 6, 7, 11, 17, 19, 20, and 21

Research leadership and brand reputation

Validate with multiple franchisees

Ask about incentives, additional territories, training support, and financing options

Financing Your Franchise

- SBA loans
- Conventional financing
- ROBS
- Home equity
- Personal savings
- Investor partnerships

Understanding the Franchise Disclosure Document (FDD)

One of the Most Important Documents You'll Review

The **Franchise Disclosure Document (FDD)** is a legal document that every franchisor is required to provide to prospective franchise buyers before a franchise agreement is signed or any money is exchanged. Think of it as the franchise's "owner's manual" for due diligence. It contains detailed information about the company, its leadership, fees, obligations, legal history, and—if provided—financial performance.

While the FDD contains 23 required sections (called items), you don't need to become an attorney to understand the most important parts. Focus your attention on the items below.

The Most Important FDD Items

Item 3 – Litigation

- Has the franchisor been involved in lawsuits?
- Are franchisees frequently suing the company?
- Look for patterns that may indicate ongoing issues.

Item 5 – Initial Franchise Fee

- The upfront fee paid to purchase the franchise.
- Understand what is included and what is not.

Item 6 – Other Fees

Review ongoing costs such as:
- Royalty fees
- Marketing fees
- Technology fees
- Renewal and transfer fees

Item 7 – Estimated Initial Investment

- Provides the estimated total cost to open the business.
- Includes equipment, leasehold improvements, working capital, inventory, signage, and other startup expenses.

Item 11 – Franchisor Support

- Explains what training, marketing, technology, and operational support the franchisor provides before and after you open.

Item 17 – Renewal, Termination & Transfer

- Understand your rights if you want to renew, sell, transfer, or exit the franchise.
- Review any restrictions carefully.

Item 19 – Financial Performance Representations (If Included)

- One of the most anticipated sections.
- May include historical sales, revenue, gross profit, or other financial information from existing franchise locations.
- Not every franchisor chooses to provide Item 19 financial data.

Item 20 – Franchise System Growth

Shows:

- New locations opened
- Transfers
- Closures
- Terminations
- Existing franchisee count
- This helps you evaluate the overall health and stability of the franchise system.

Item 21 – Financial Statements

- Review the franchisor's audited financial statements to understand its financial condition and long-term stability.

Discovery Day

Think of **Discovery Day** as a mutual interview.

The franchisor evaluates you.

You evaluate them.

Observe:

- Leadership
- Company Culture
- Training
- Transparency
- Franchisee Relationships
- Support Team

Trust your instincts.

PREPARING FOR SUCCESS OWNERSHIP CHECKLIST

Before opening your business, make sure you've completed the following:

☑	Finalize your business plan
☑	Secure financing and maintain adequate working capital
☑	Form your business entity and obtain an EIN
☑	Open business banking accounts
☑	Purchase required insurance
☑	Complete all franchisor training
☑	Hire and train your team
☑	Set up accounting and payroll systems
☑	Develop your marketing and grand opening plan
☑	Create a 90-day action plan
☑	Assemble your team of professional advisors
☑	Prepare to deliver an exceptional customer experience from day one

Remember: Owning a franchise is not just about opening a business—it's about building a long-term asset. The more preparation you invest before opening, the better positioned you'll be to achieve sustainable growth and long-term success.

Common Mistakes

- Buying emotionally
- Skipping validation calls
- Ignoring working capital needs
- Failing to read the FDD
- Not seeking legal and financial advice
- Not using a franchise broker

FRANCHISE SUCCESS Checklist

✓	Define goals
✓	Set budget
✓	Complete assessment (Any type of franchise matching assessment)
✓	Compare brands
✓	Review FDD
✓	Speak with franchisees
✓	Attend Discovery Day
✓	Secure financing
✓	Review legal documents
✓	Launch

Final Thoughts

The best franchise isn't the one with the biggest name.

It isn't the fastest-growing brand.

It isn't the one your neighbor bought.

The best franchise is the one that aligns with your goals, skills, lifestyle, and financial objectives.

Take your time. Ask thoughtful questions. Complete your due diligence. Surround yourself with experienced advisors who can help you make an informed decision.

About Focus On Franchise

We Help You Buy Smarter

WHO WE ARE

At Focus On Franchise, we help aspiring entrepreneurs identify franchise opportunities that align with their personal goals, financial capacity, leadership style, and long-term vision.

Our process goes beyond simply presenting franchise brands. We provide education, structured due diligence, and objective guidance throughout the franchise selection process so you can make a confident, informed decision.

OUR SERVICES

- Franchise matching based on your goals and experience
- Personalized consultation and business strategy
- Franchise Disclosure Document (FDD) guidance
- Financial and investment planning discussions
- Validation and due diligence support
- Multi-brand comparisons
- Financing introductions through trusted partners
- Ongoing support from initial research through franchise award

CONTACTS

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THANK YOU

Ready to Explore Franchise Ownership?

Schedule Your Complimentary Franchise Strategy Session

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