

# How to Buy the Right Franchise for You

A buyer's guide that helps you avoid all the traps and pitfalls

by

**Carl French & Kirsten Gibbs**

Acrobat Edition

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### **Carl French**

*“A highly successful business innovator who shares his know-how in an engaging way.”*



### **Kirsten Gibbs**

*“A business advisor who understands the issues and gives hands-on help that she knows works.”*

“If you’re thinking of buying a franchise this guide is essential reading.

Although buying a franchise can be a fantastic way to get up and running with your own successful business there are many traps and pitfalls for the unwary buyer. Indeed that is exactly what prompted the production of this short handbook. We have a regular stream of people coming to us seeking help after they have bought the wrong franchise. Some of these people are very intelligent and sensible individuals who admit that they have made a foolish

mistake – often because they got carried away by a very strong sales promotion for something that had real appeal.

In many cases all we can do is advise them to speak to a solicitor who may be able to help them. In some cases that works because the franchisor (the seller) has got them to sign an unreasonable agreement or has not kept its side of the agreement but not always. Sometimes the franchisee made a poor choice and has to live with it.

So, we decided to put together an inexpensive handbook to help anyone who is thinking of buying a franchise make a better choice by being well informed about the issues. We recognise that there is a limit to what you can gain from just reading a handbook but we believe that many of the purchasing problems we have witnessed would have been avoided if the franchise purchaser had read this handbook first.

There are lots of very good franchises on offer – why not buy the one that is right for you!”

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## **Your own Franchise?**

If you like the idea of running your own business but have concerns about starting from scratch and learning everything the hard way then running a franchise outlet could be the answer for you.

The franchise option has clearly worked well for lots of other people because approximately 95% of all Franchises are profitable within a few months of opening. Other start-up businesses can take years to achieve profitability.

### **1 What is franchising?**

Before we go on, you may like to know more precisely what a franchise is. Let's take a common example as an illustration and work with that.

You are no doubt aware that fast-food chains often operate as franchises so we'll take that as the example. The firm setting up the chain is the "Franchisor". If they've done their job properly they've developed an off-the-shelf tried, tested and proven way of operating their fast-food outlets. Their methods will be properly documented and be easy to train people in. Learning to fry chips consistently well is very different from conventional broad-based chef training. Narrow and specialist skills learning like just frying chips, is common in franchising. You would also expect the franchisor to have a strong brand name, corporate "muscle", buying power and know-how.

The franchisor sells exclusive rights to operate its individual outlets in specific areas for specific periods of time. The exact area tends to vary considerably depending on population density and the type of product or service sold. Fast food outlets can be very close together in urban areas while all doing a roaring trade. Some specialist franchises only have a handful of outlets in the whole country.