

# Franchise Buyer's Guide | 05

Special advertising feature

## TEN questions to see if you've got what it takes to succeed

WHILE success rates of new franchisees significantly trump those of stand-alone small businesses, buying a franchise doesn't guarantee instant fortune. Senior consultant from The Franchise Shop, Grant Garraway, says prospective franchisees should ask these 10 questions before signing on the dotted line to ensure they have the best chance of success:

### 1. Are you willing and able to take on the responsibilities of managing your own business?

While the franchise system will give the start-up training and offer ongoing support, you have to accept the responsibility of managing the business yourself.

Most franchises are best run by hands-on management. You must be willing to work harder than you have perhaps ever worked before.

### 2. Will you enjoy the work of the particular franchise?

You should buy a franchise that centres in an area that you will enjoy for at least five years, which is half the typical length of a franchise contract,

and which will leave adequate time on the agreement to allow you to sell it later. The Franchise Council of Australia's web site, [www.franchise.org.au](http://www.franchise.org.au) lists all the types of franchises available today. Search those categories and locate the franchise companies that match your interests.

### 3. Are you willing to completely follow the franchise system?

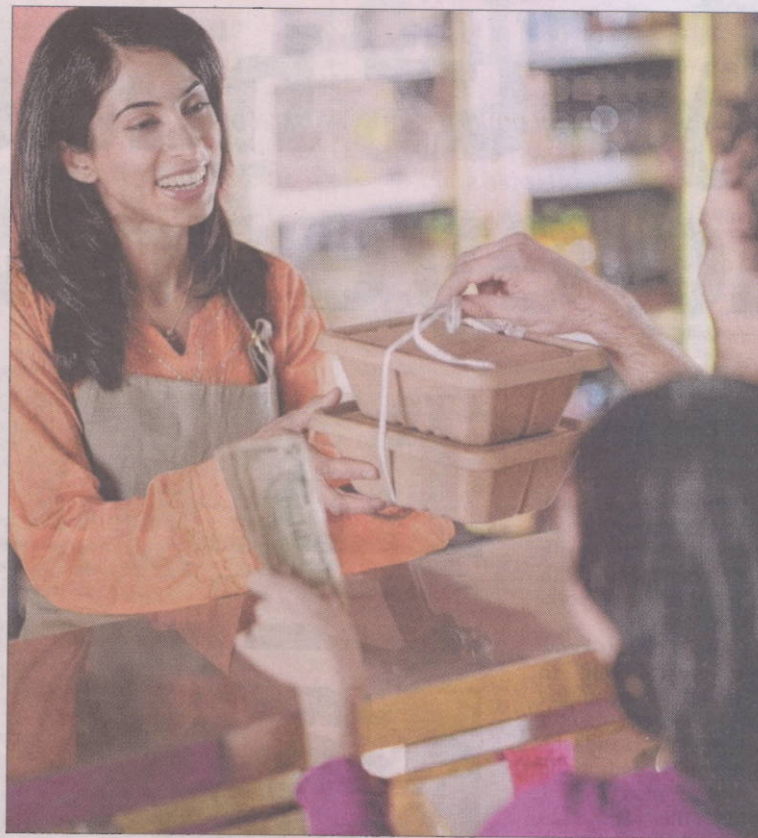
When you display the sign and brand of a franchise, you are indicating to customers that you follow that particular system.

People who are extremely entrepreneurial in the sense that they do not like to conform to a predetermined formula should be very careful about buying a franchise.

### 4. Do you have a personal history of success in dealing with people?

Most franchise businesses are based on human interaction. Your personal ability to interact well with your franchisor, other franchise owners, your employees and your customers cannot be emphasised enough.

### 5. Can you fund the franchise



### without stretching your resources too far?

One of the major causes of business failure is lack of adequate capital. You will need enough money to not only open your franchise, but to run it

until such a time as it's profitable.

### 6. Have you carefully studied the legal documents?

Franchisors are required to prepare a Disclosure Document, containing pertinent information about the

franchise and the Franchise Agreement that you will sign. Read it yourself and discuss it with a solicitor who has expertise in franchising.

### 7. Does the franchise you are considering have a track record of success?

You should obtain information about the principal directors of the company, their business backgrounds and how profitable their franchise has been.

A new start-up franchise may offer you the opportunity to get in on the ground floor, but it might also mean that the franchisor has not had sufficient experience to fully develop the system.

Have an accountant review the financial analysis of the franchise.

### 8. Are the franchise owners generally happy and successful?

The disclosure document will contain a listing of all the franchise owners. Contact a number of them to discuss their experiences with the franchise. Aim to speak to 10 per cent, or a minimum of 10 different owners.

### 9. Do you like the franchise's staff with whom you will be working on a regular basis?

You should feel comfortable with the people you will interact with for a number of years.

### 10. Do you have your family's genuine support?

Managing a franchise requires sacrifices of personal and family time. Your family should be genuinely supportive of your decision to buy a franchise.