

The Five Week Franchise Research Plan

Spread over approximately five weeks, this is a simple but effective approach that will help you make a good decision about which franchise to buy in a reasonable amount of time. You will need to commit a realistic amount of time to the research, seeing as you are considering expenditure of a very serious amount of money, so it will be well worth the time.

There is little or no cost to you for the first couple of weeks. Also, you will challenge yourself to determine your level of interest in the franchise under investigation at the end of each week.

Prior to commencing this plan we have assumed you have requested information from one or more Franchisors whose business model appeals to you.

WEEK 1

1. Read the information sent to you

As you read, compile two lists of questions for the Franchisor and existing Franchise Owners respectively. You should highlight sections that you may wish your Solicitor to explain to you at a later date.

2. Interview existing Franchise Owners

Commit to completing 6 to 8 telephone appointments with existing Franchise Owners, ideally in more than one state, covering regional as well as metropolitan Franchise Owners. View these as structured interviews, and you are the interviewer. Take complete notes of each interview. No-one can give you as much inside information on how a Franchisor really behaves and treats their Franchise Owners as an existing franchisee can.

3. Write questions for the Franchisor

On a separate sheet of paper, write down any questions for the Franchisor that occur to you as you speak with the existing Franchise Owners. When you complete the first round of interviews, call the Franchisor to get answers to these questions. Again, take careful notes. You may need to rely on these notes later. Or email them the questions so you have a written record of their response.

4. Check your level of interest

Your first research week is now complete. Ask yourself: "Am I still interested in this franchise? Is my interest growing or declining?"

If you decide to continue your research, then progress to....

WEEK 2

1. Revise your questions

Edit and revise the list of questions for existing Franchise Owners. If you received similar answers from the six to eight people interviewed, then chances are you have learned all you can about that area of enquiry, so drop it. Amend your list to include any new questions that became obvious to you as a result of your previous interviews during week one.

2. Interview more Franchise Owners

Plan to complete four to six telephone interviews with existing Franchise Owners, once again spread over as wide an area and circumstances as possible. Again, you should take careful notes, and also compile a list of more questions for the Franchisor.

3. Have more questions for the Franchisor

Call the Franchisor on Friday with your new list of questions. Take complete notes once again. Don't be put off. Explain this is a big investment for you, a major change in your life, and you are simply being careful.

4. Check your interest level again

Still interested? Then go on to.....

WEEK 3

Up to this point, you have spent quite some time and some money on telephone calls - but you have learned a great deal, and from the most reliable sources. Now you will incur some additional expenses.

1. Arrange to visit Franchise Owners

Plan to complete three or more visits with Franchise Owners in their place of business. Prepare by making a list of what you want to learn before you go. The Franchise Owners will know you are a serious person by the amount of investigation you have already completed. Thanks to that research, you are prepared to learn a great deal more.

Do not expect more than 30 - 60 minutes of their time and you **MUST** make an appointment.

The unspoken questions you are asking yourself are:

"Can I see myself doing this business for the next few years?"

"Will I enjoy it?"

"Is this the business I have been looking for?"

2. Obtain professional advice from a qualified advisor

Hire a Solicitor with experience in franchising. If you do not already have contact with a legal advisor, then choose a Solicitor who advertises their area of expertise in **Franchise Magazine**, is a member of **The Franchise Council of Australia**, or obtain advice from the **Law Institute** in your nearest capital city.

First, ask the Solicitor what their fee is to review the Franchise Disclosure Document and the Franchise Agreement. Caution: you hire a Solicitor for his legal, not his business opinion. Therefore, you should also hire a qualified Accountant to review the financial strength of the Franchisor, and advise you of the economics of the opportunity.

3. Check your interest level again at this stage

After completing the visits and receiving the opinions of your Solicitor and Accountant, ask yourself: "Am I still interested?" If so, proceed to.....

WEEK 4

1. Visit the Head Office of the Franchisor

Arrange to visit the head office of the Franchisor. They may well insist on this step themselves and, in a few cases, meet the costs of the visit. Allow a day for this attendance. Keep your mobile phone off. Concentrate on what you are doing.

Have your contact person at the proposed Franchisor arrange appointments for you with the Franchisor's key players: franchise support staff in the areas of training, accounting, operations, customer service, and/or the accounting managers relevant to the particular franchise. Treat these as formal interviews by planning what you want to learn.

They will be sizing you up, but you better be sizing them up as well! Allow your intuition to answer this question: "Are these the kind of people I want as my (senior) partners?" If you are still answering "yes" to the "Do I want to work with these people for the next few years?" question, then move on to.....

WEEK 5

1. Research your New Industry

Complete as much research as possible on the industry you are about to join. Check libraries for reference material, buy and read industry journals, and complete internet searches; looking for any signs of industry trends which may affect your future.

2. Check out the Internet

Lots of GOOGLE searching!

Check newspaper archives for recent articles on your proposed Franchisor, and/or your new industry. Use a site such as www.newstext.com.au - which allows you to search the archives of many News Corporation papers.

3. Prepare a business Plan

You should now be able to produce (with assistance from your Accountant if required) a business plan for your proposed franchise purchase. Your cash flow, profit and loss statement and marketing plan will help you decide whether or not to purchase the franchise.

CONCLUSION:

Now you have compiled practical information, and just as critically, your impressions about the franchise. You have also gained the advice of professionals such as your Solicitor and your Accountant.

You are prepared to decide: "Is this for me?"

Whether the answer is yes or no, you can be confident that you carried out an intelligent and diligent investigation.

If you require assistance with your purchase of a franchise, please feel free to contact The Franchise Shop on 1300 139 557.