4 Do’s and 5 Don’ts When Exploring Franchise Concepts

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Let’s assume we’ve already accepted that keeping an open mind when exploring franchise concepts is a sound strategy. Remember – it’s not about an emotional connection to the product or service your offering, but rather a quest to find a franchise concept that checks the boxes of your entrepreneurship goals.

Employing an advisable strategy is a great start, but to put the finishing touches on your search, here are 4 do’s and 5 don’ts when exploring franchise concepts. We’ll start with the Do’s, and follow up with the Don’ts:

1. Do – review multiple franchise concepts

Searching for a franchise is no time to “stay in your lane,” so to speak. Get out of your comfort zone and investigate a couple of concepts you might never have considered. You may not go with those choices, but the experience in evaluating something completely different has fringe benefits.

Related: 6 Tips to Consider When Searching for a Franchise for the First Time

2. Do – seek the assistance of a consultant or broker

You know how much information is out there on franchising? If you're overwhelmed and don't know where to begin, it'll be worth your time to seek the assistance of a qualified franchise consultant or broker. Not only can they save you an immense amount of time and help find your perfect match, but they can also connect you with additional resources related to legal, accounting, and real estate matters.

3. Do – participate in validation sessions

One of the best aspects of the franchise investigative process is the opportunity to participate in validation sessions. This is your opportunity to have one-on-one discussions with brand representatives and existing franchisees in the system. Go into it with a list of prepared questions and prepare to take plenty of notes – you're about to find out what franchise ownership is *really* about.

Related: 6 Important Questions to Ask During the Franchise Validation Process

4. Do – seek a professional review of your ownership plans

When you've reached the final stage of the investigative process such as your Discovery Day, you should have an attorney and/or a financial advisor sign off on your ownership plans. You may think you've found the perfect fit in a franchise, but a professional review may provide additional insight you never knew you needed.

1. Don’t – get in over your head

Prior to your search, you should be well-informed as to your financial tolerance in buying a franchise. Just like pre-qualifying for a residential real estate purchase, you should run the numbers to discover what your price range is. And stick to it.

Related: Starting a Franchise But Need Financing? Here’s What to Do.

2. Don’t – rush the process

Going into business for yourself is a big decision and it’s no time to rush through the process – even if you are excited about the franchise you want to buy. The franchise buying process is regulated by the FTC, which sets aside a certain amount of time that must pass before you can sign on the dotted line. That guardrail is there for a reason. Be patient and do the requisite amount of due diligence.

3. Don’t – miss the fine print

When you get serious about a particular franchise, you’ll request and receive the brand’s Franchise Disclosure Document (FDD). It has 23 sections, spelling out the who, what, where, when, why, and how much. It also includes finer details about financial performance, any pending litigation against the brand, and precisely what your role in the agreement will be. This isn’t a safety waiver from a water park. Along with the franchise agreement, it’s one of the most important documents you’ll review.

Related: 7 Things Not to Miss in the FDD

4. Don’t – fail to explore all of your funding options

Perhaps you already have your financing lined up and, if so, great. But even still, it doesn’t hurt to contrast and compare a few other funding routes to make sure you’re getting the best deal you can. There’s always the Small Business Administration and a few funding partners that work exclusively with franchisees. It never hurts to consider all of your options.

5. Don’t – assume you’ll be an overnight success

As a franchise owner, it’s mighty difficult to break even a week after your grand opening. Hopefully, you’ve put together a business plan and proforma that indicate when you’ll reach breakeven status. Like anything else, getting to that point and becoming a successful business owner likely won’t happen overnight. Franchise owners should plan for the long-haul road to success. Just follow your proven business model and the rest should take care of itself.

Related: 10-Step Roadmap to Franchising Success

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