

People Often Ask Me This One Question About Franchising. Here's What I Tell Them.

People often ask me the same question: "How do I know if franchising is the right decision for me?"

As the leader of the International Franchise Association (IFA), I know some things to be true: Franchising is an incredibly powerful business model. It has opened the door for hundreds of thousands of entrepreneurs as well as millions of employees. And according to IFA members, despite recent macroeconomic challenges, franchisors are seeing more interest from potential franchisees than last year.

But that doesn't mean franchising is right for everyone, or that every brand is right for you. So here's what I (and the IFA) always tell people, whenever they ask if they should buy a franchise.

Related: The Pros and Cons of Franchising Your Business

Your north star must be conducting due diligence in the presale process. Gather as many data points as you can to make the most informed decision before investing – and once you're looking at a brand, focus on these three areas:

1. Understand the brand.

Compare offerings across multiple franchise brands to ensure that the brand is the right fit for your values and interests. This should involve a thorough review of the Franchise

Disclosure Document (FDD), as well as a complete understanding of the financial obligations on franchisees – not just initial costs, but ongoing cost requirements and fees, such as marketing, technology, and remodels, and how they may change over time. When franchisees are dissatisfied with their investment, it is often because they did not fully understand the amount and timing of these costs.

Any prospective franchisees should also consult with a franchise attorney – a professional who focuses on franchise agreements (which is different from your franchise broker, personal accountant, or attorney). While the FDD contains 23 pieces of critical information, it is an unwieldy and dense document not readily digestible to newcomers.

2. Talk to franchisees.

It's important to talk with franchisors, but remember: They're incentivized to present their brand in the best light. A brand's franchisees might speak differently. They'll often give you unfiltered, real-world insights into factors like day-to-day operations, training, how long it took to become profitable, system changes implemented, and whether they would make the same decision again. That's why you should speak to as many franchisees as possible. Also, ask to speak to the leadership of the brand's franchise advisory council and independent franchisee association.

Related: [5 Must-Do Steps to Evaluate Franchise Opportunities Like a Pro](#)

3. Embrace the risk.

Franchising is an established pathway to business ownership, but success in business is never guaranteed. More importantly, not all franchise brands are created equal.

For example, many franchise brands are very new. It might be exciting to join them, but they can also be riskier, particularly if they're undercapitalized or have inexperienced leadership. Industry research by FranConnect suggests that many early-stage franchise brands will never make it past 27 locations.

That's why it's critical to understand the many factors that impact whether franchise brands continue to grow – including consumer demand, market conditions, competition, unit economics of the franchised businesses, brand leadership's experience in franchising, access to capital, and regulatory changes, among others.

Related: The Basics of Making Money in Franchising

Ask yourself if your lifestyle and personality are compatible with handling the ups and downs of small business ownership. Are you prepared to run your own business, build a team of employees, and navigate relationships with suppliers, landlords, and lenders? Are you committed to serving your customers to the fullest – in accordance with the standards established by the franchisor – to protect the equity in your own franchised business, and also that of other franchisees, your employees, and your customers?

To make a franchise succeed, *everyone* involved must work together. That's why, ultimately, the question is yours to answer: *Once you know all this, is franchising right for you?*

Join top CEOs, founders and operators at the Level Up conference to unlock strategies for scaling your business, boosting revenue and building sustainable success.

People often ask me the same question: "How do I know if franchising is the right decision for me?"

As the leader of the International Franchise Association (IFA), I know some things to be true: Franchising is an

incredibly powerful business model. It has opened the door for hundreds of thousands of entrepreneurs as well as millions of employees. And according to IFA members, despite recent macroeconomic challenges, franchisors are seeing more interest from potential franchisees than last year.

But that doesn't mean franchising is right for everyone, or that every brand is right for you. So here's what I (and the IFA) always tell people, whenever they ask if they should buy a franchise.

The rest of this article is locked.

Join Entrepreneur+ today for access.

<https://www.entrepreneur.com/franchises/is-franchising-right-for-you-heres-how-to-find-out/494370>