

# The Franchise Owner Survival Guide

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Franchise Off on  
the Right Foot



Starting a franchise can be overwhelming. You're dreaming of a life where you're in control and running a business you're proud of. But you can't help but wonder, "What if it doesn't take off? What if I pick the wrong franchise? What if I don't have what it takes to be a successful franchise owner in the first place?"

The last thing you want to do is invest your time, money, and energy into a business that makes your life more stressful. That's why we created the [Franchise Owner Survival Guide](#).

In this guide, you'll discover 10 steps every entrepreneur should take before they jump into acquiring a franchise. These tips will help you make informed decisions, understand your options, and determine whether a franchised business is right for you—so you can feel confident knowing that you're doing what's best for your future.

## Franchise Acquisition Checklist "Franchise Quest"

Feel free to use this checklist as a guide and starting point for acquiring a franchise business.

### STEPS WITH FRANCHISE CONSULTANT:

- Initial Call
- Client Assessment
- Franchise Opportunities Presentation
- Review Each Franchise Opportunity and Ask Any Questions
- Create a Business Proforma; if needed.
- Explore Financing Options and Obtain Pre-Qualification for Funding
- Franchise Consultant Schedules Calls Franchisors of Choice

### STEPS WITH FRANCHISOR:

- First Meeting with Franchisor: Introduction and Information Exchange
- Educate Yourself About Training Programs, Ongoing Support and Marketing Initiatives
- Complete Application / Receive Franchise Disclosure Document FDD
- Review Carefully the FDD
- FDD Review Call With Franchisor
- Validation Calls: Speak with current franchisees to gain insights into their experiences, challenges, and successes.. Ask about support from the franchisor, profitability and overall satisfaction.
- Visit franchise locations, if possible, to assess operations
- Evaluate the financial performance of the franchise opportunity
- Consult with Accountant if needed
- Seek legal advice from a Franchise Attorney to ensure the agreement protects your interests
- Secure Financing and necessary funds needed to cover the franchise fee, initial investment, working capital and operational costs
- Attend Discovery Day
- Execute The Franchise Agreement and Payment of Franchise Fee
- Franchise Awarded
- Franchisor Onboarding

# 10 Steps to Becoming a Confident, Successful Franchise Owner

## 1 Determine Whether You're Cut Out to Be an Entrepreneur

With the right training, experience, and dedication, most people can become successful entrepreneurs. However, not everyone has what it takes. Running a franchise is hard work. You must put in as much as you want to get out of it. So how do you know whether it's right for you?

- Your values and work styles
- What type of franchisor do you work best with
- The business culture that fits you
- Whether you would thrive in corporate work, consulting, or entrepreneurship
- Your ideal sales style
- And more

## 2 Create a Life Plan

Now that you know that starting a franchise is an excellent next step in your life, you face another hurdle: making sure this path takes you where you want to go. Business owners often open a franchise so they can spend more time out of the office—only to spend more time working in the business than they did in their previous role! To bring your vision for the future to life, you need to first define what that vision looks like and your life goals for your business. Ask yourself these questions:

- Why am I starting this business?
- How many hours a week do I want to spend in the business?
- How involved do I want to be in the business? Passive, semi-passive, or full-time?
- Can I see myself running one business or building an empire of franchises?
- Do I want a shorter or longer-term venture?
- Am I going to sell the business when I retire or pass it on to my family?

### 3 Choose a Franchise Advisor, Coach, or Broker

As an entrepreneur, it's tempting to go it alone and work directly with a franchisor. You want to prove that you have the guts to build a thriving franchise, and asking for help can feel like admitting defeat.

But a lot of times, finding the right advisor, coach, or broker can mean the difference between running a million-dollar business or closing up shop after a year or two.

Brokers know the good, the bad, and the ugly about franchisors. They'll help you avoid getting caught in a flashy sales process that burns you in the long run. Better yet, broker fees are free to you. Once you find a franchise, you can reach out to a coach or advisor to ensure you're making the best decisions as you run your business.

Seeking out their guidance isn't a sign of weakness. It's a sign of intelligence. It means you know you don't know everything, and you're willing to work hard to expand your knowledge.

### 4 Begin the Search for the Perfect Franchise

Each franchise is different. Some require more hands-on leadership. For these, you'll spend more time on-site and less time on the beach, but you'll also have a greater sense of accomplishment for what you've built. Other franchises run smoothly with little intervention, so you can spend time away from the business without worrying about things going wrong.

To be truly happy in your new business, you need to ensure you pick the right franchise. This means considering:

- How much work you'll need to put into the business to keep it running
- The franchisors and how easy they are to work with
- Whether the business's services and values align with your interests



## 5

## Familiarize Yourself with Franchise Terminology

The franchise world is filled with jargon. This can be overwhelming to new business owners. But by learning key **franchise phrases**, you'll be able to make informed decisions and feel confident knowing that you've got this.

Here are 15 critical franchise terms to learn for the process of acquiring a franchise.

1. **Franchise:** A business model that allows an individual (the franchisee) to start a business by legally using someone else's (the franchisor's) expertise, ideas, and processes.
2. **Franchisee:** An individual or company that purchases the right to operate a business under the franchisor's brand and business model.
3. **Franchisor:** The parent company that grants the franchisee the right to do business under their brand name.
4. **Franchise Agreement:** A legal and binding contract between the franchisor and franchisee outlining the rights and responsibilities of each party.
5. **Franchise Fee:** The initial fee paid by the franchisee to the franchisor for the right to operate a franchise.
6. **Royalties:** Ongoing fees paid by the franchisee to the franchisor, typically calculated as a percentage of gross sales.
7. **Franchise Disclosure Document (FDD):** A legal document that franchisors are required to give prospective franchisees before a sale is finalized. They must provide you with 14 days minimum to review it. It provides comprehensive information about the franchisor, the franchise system, and the agreements that will be signed.
8. **Franchise Territory:** The exclusive geographic area where the franchisee is permitted to operate their business.
9. **Multi-Unit Franchise:** A franchise agreement where the franchisee is allowed to open and operate more than one unit.
10. **Non-Compete Clause:** A section in a franchise agreement that restricts the franchisee from opening or operating a similar business within a certain distance of the franchised business.
11. **Franchise Broker:** An individual or company that acts as a go-between, helping franchisors find prospective franchisees.
12. **Validation:** The process where prospective franchisees speak with existing franchisees to understand their experiences, profitability, and satisfaction within the franchise system.
13. **Discovery Day:** An event hosted by the franchisor for prospective franchisees to learn more about the franchise opportunity.
14. **Liquid Capital:** The available cash or easily convertible assets a potential franchisee has for initial investment.
15. **Default:** A franchisee's failure to fulfill their obligations outlined in the franchise agreement, which may lead to termination of the contract.



## 6 Understand your Business Finance Options & Get Pre-Qualified

As stated earlier, opening a franchise can be a big financial investment. The good news is that you can utilize **financing** to help make that investment more cost-effective. This can include franchisor franchise loans, bank loans, SBA loans, equipment financing, and even small business credit cards.

You'll want to explore your financing options to determine which is best for your financial situation. Once you know the route you want to take, get pre-qualified before you sign that franchise agreement.

## 7 Create a Cash Flow Proforma for Each Franchise Opportunity

How do you know whether a franchise will pay off? A cash flow projection is a breakdown of the money expected to come in and out of each franchise opportunity. That way, you can best understand your potential earnings and choose the most profitable option for you. Even though you are not in business yet, a cash flow proforma will give you a good idea of whether an opportunity is worth the investment based on franchise factors, the month you can start running on the cash generated from the business, and what the profits will be. It's a projection into the future but can be very accurate.

## 8 Familiarize Yourself with Franchisors' Sales Process

The franchisor's sales process isn't like a typical sales process, where a salesperson tries to convince a customer to buy a product even if they don't need it. It's about finding the right person to represent their brand.

Franchisors are interviewing you and you are interviewing them. They want to ensure interested parties have the skills to lead the business to success and a personality, drive, and passion that aligns with that of the franchise.

The process may be slightly different for each franchise, but it typically includes these steps:

- An introductory call, where the franchisor will get to know you and your goals
- Program review calls, webinars, and in-person meetings, where the franchisor will provide you with more details about what life will be like running the franchise. Receive application and FDD, Franchise Disclosure Document. Review FDD for a minimum of 14 days and then review with the franchisor.
- Validation, where you will speak to other franchisees, visit franchise locations, and take time to review your disclosure document
- Closing, where you can attend a discovery day at the corporate headquarters, meet with the executives, and attend a final closing call

Because it involves several steps, it typically takes 5-15 weeks to complete. This gives you plenty of time to ensure the franchise matches your interests, goals, and lifestyle preferences.





Remember that Franchise Disclosure Document we mentioned in the terms above? Well, the FDD will be one of the best ways to know whether the franchise you've chosen is the best fit for you. This document will help you visualize what life may be like when you're running your franchise. It will tell you:

- How much you'll have to pay in fees, marketing, and more
- How much support you can expect from your franchisor after you sign the document
- How easy it will be to sell the franchise when you're ready to retire
- What you'll be expected to do in terms of repairs, maintenance, and remodeling
- And much more

The MOST important part of the FDD is the ITEM 19: the earnings you can expect as a franchisee once you have been in business for over a year. This is where you really understand your earning potential other than when you do your validation calls. Franchisors can't promise you the world, but they should provide a reported figure to help you understand your potential profits.

On your validation calls, you can ask existing franchisees about their earnings. You can then compare the profits with ITEM 19 to gain a realistic estimate of how much you could make if you choose to move forward.

Be sure to read the document carefully and review it with a Franchise Attorney before you sign, so you can feel confident that you know what to expect going forward.



## 10 Take the Leap & Sign Your Contract

At this point, you know you're born to be an entrepreneur. You know what kind of franchise you want to run, you're familiar with the terminology, you are comfortable with the legalities of the business presented in the FDD, you are comfortable about the potential earnings, you have the support of a trustworthy franchisor, and you have the backup of a franchise coach or guide to help you overcome whatever obstacles come your way.

Now, you just have to take that next step and sign your franchise agreement.

For many entrepreneurs, this is the hardest part of becoming a franchise owner. You're committing to a 10-20 year investment in the hopes that it becomes everything you dreamt it would be. And while you know it won't always be easy, you can't let fear of the unknown keep you from living the life you've always wanted.

So get out your pen, sign on the dotted line, and let out a deep breath. You did it. The best is yet to come.

## Get the Support You Need to Transform Your Franchise into a Million Dollar Business

Starting a new business can be a major headache. With the help of Parrish Franchise Consulting, you are in the right hands. You will be at the forefront of our efforts to make your dream a reality.