

Synergy Franchise Group, LLC



Three Things to Consider Before Buying a Franchise

During my travels, when giving seminars or speaking at conferences, people often ask me questions about different franchises and franchising in general. In my nearly thirty years in franchising as an independent business owner, a franchisee and franchisor, some of the most often asked questions from people looking at buying a franchise business include; What is the best franchise to buy? What is the hottest industry? Where can I get the best “deal”? , and those who feel they have a concept which will be the next McDonald’s ask; How do I start a franchise?

Let me take a few minutes and offer some insight, ideas, suggestions and maybe even a bit of good advice for those looking to be part of the dream of owning their own business.

There are three things people looking to get into business need to consider.

First, do you really have the desire, passion and resources of time, talent and money required?

Everyone experiences an event which motivates them to begin looking for a business. It could be a loss of a job, desire to change career paths or unfulfilled goals. It could be you have built a degree of wealth and financial security. Maybe you received a buy out offer or a golden parachute which prompts you to think this is the time to go on your own.

It is important that **THE** event which occurs motivates you in the right direction. If you have lost a job and think you can look for a business and a job at the same time ask yourself if you really have the passion and desire to go into business, or are you being motivated by fear. If you want to change careers or have more control of the quality and quantity of your lifestyle, ask yourself if you have the passion, time, and financial resources required to take the steps back necessary to build a better and more successful future for yourself and others in your life. If you have achieved a certain degree of wealth, have received a buy-out offer or golden parachute, ask yourself if you really have the passion and desire to go on your own, or should you stay employed and continue building your wealth through other methods such as stocks or real estate.

Second, do you truly believe franchising is the best way for you to go into business?

This is a very important question. To decide franchising is the way for you to go, involves realizing several things; most importantly the ability to give up a certain amount of independence and freedom. In addition you must be willing to follow systems and practices which make franchising successful, and be able to do this for the ten, fifteen, twenty or more years the franchise agreements is in effect. For people who have a very difficult time following directions or are always trying to change things or feel they know a better way, franchising is most likely not a good choice and going on your own, even though the risks can

be much higher, may be a better alternative. Franchisors are looking for good people who have a desire to be in business for themselves yet not by themselves. Franchisors look for people who after doing their homework and due diligence are willing to join the franchise, follow the system and become part of the synergy which creates successful franchise owners and franchise companies. They do not want nor need people so independent in their thoughts and actions they constantly try to change the model, methods and practices which are part of the core values and business strategies of the franchise.

Third, if you have the desire, passion and resources required and you believe franchising is the best way to go into a business, you must take the time required to find the best franchise system for you. You must then channel your passion, focus your belief in franchising and use your resources wisely to achieve the level of personal and financial success you desire.

Having addressed those 3 items the next question is how do I find the “best” franchise?

With an estimated 1500+ different franchise offerings available, there is no simple or “easy button” answer to this question. There are however some guidelines to help the process go a bit smoother. First determine what you absolutely do not want to do. If dealing with a large number of employees or customers is not for you then most likely restaurant, labor intensive or walk in retail franchises are not a good choice. If you are sales adverse then franchises requiring direct selling will probably not interest you.

Once you determine what does not interest you, keep an open mind to other possibilities. In the franchise systems I have worked with, as many as 90% of the franchisees had no background in those industries or had any idea they would ever become franchisees in those systems when they began their search for a franchise. They kept open minds, looked at various industries and offerings until they found the system they felt was the best match.

Next, determine your risk tolerance and look at franchises you feel you can afford. There is not point in getting excited about a franchisee way above your investment level. That being said, always check into what financing or other financial options are available that could make a particular system you like more attainable.

Think of industries you might like, choose two or three franchise companies within those industries. The easiest and often quickest way to do your initial research is on the web, using franchise opportunity portals and key word searches. If it is a bricks and mortar franchise visit a location and call owners if a home based system. Talking with several owners of various lengths of time as franchisees will help you in making decisions on whether to pursue a particular franchise system.

When you narrowed you search to a franchise or two, begin your due diligence by contacting those franchisors directly, obtain their UFOC, meet with them, speak with additional owners, and determine if the franchisor is a fit for you and you for them. This will give you confidence in making the decision and the path you take will bring you closer to realizing your dream and obtaining the rewards that come from being part of a successful franchise system.

Lastly, I would like to address the use of franchise brokers or as they are often called consulting networks in helping you find a franchise. Many people say they do not have the time to look at all the different opportunities out there and will sometimes look to the brokers networks for help. Although this can be an effective method, be aware that brokers will usually present you with three franchise opportunities from franchisors they have formal

agreements with, and are paid a commission only if you enter into a franchise agreement with one of those franchisors. I would encourage you to look at several other franchise opportunities within those industries to ensure you have the information you need to make the best and well informed decision possible.

Going into business for yourself is one of, if not the most important personal and financial decisions you will make in your lifetime. You should never delegate those decisions to any individual or group. The ultimate responsibility for your success or lack of it rests with you. Put in the time and effort required before you go into business and you will have the confidence you made the right decision once in business.

I wish you much and continued success.

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