

HOW TO SELECT A FRANCHISOR

Researching a franchise on your own may take more time ... but it's worth the wait.

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One of the initial surprises for prospective franchisees is often the number and types of businesses offering franchises. Besides the quick-service restaurant business, which may offer the most visible types of franchises, more than 85 industries use franchising as a method of expansion and literally thousands of companies within those industries subsets. Some of the franchises require an investment of well over \$1 million, while others require an investment that's probably less than the credit limit on your credit card. Many want you to find a piece of land and build a building to house your business, but you'll also find opportunities operating out of vans. With some opportunities, all you may need to get started are a desk and computer in the basement of your home.

History of operation also varies from concepts that have been around for what seems like forever to those in which you may have the opportunity to be the first franchisee. And while most are based upon longstanding consumer demands or trends, others, like e-commerce offerings, are in industries that didn't exist 10 years ago. You'll even find those based upon the latest fad.

Where to begin when selecting the one franchise that's right for you? By determining where *not* to begin. Avoid the inclination to hire a franchise brokerage firm. They may actually limit your opportunity and create a feeling that you have to hurry up and make a decision.

The services of most franchise brokerages are free to the prospective franchisee. The reason they can offer "free" services is their fees are paid by the franchisors that hire them to sell franchises. The fees they charge franchisors are usually a percentage of the initial franchise fee you'll pay to the franchisor and, in some situations, also include a portion of your future royalty payments.

A broker's job is to sell you a franchise. With only a small percentage of franchisors as their clients, they may actually limit your selection pool. There are good and competent brokers, but since their primary focus is to help you buy a franchise from one of their clients, and earn their fee, the process may increase your pressure to buy before you can fully explore all the franchise opportunities available. Do the legwork yourself—it'll take some time, but it's not hard. When you need the advice of "professionals," hire a franchise attorney, accountant, consultant or other experienced advisor who will work for you.

Getting information about companies offering franchises has gotten much easier. More business and consumer publications are writing stories about companies in franchising and some, like *Entrepreneur*, offer e-commerce versions. *Entrepreneur's* Franchise 500 contains a listing of franchise systems as well as the magazine's rating of the franchise systems and other information. Specialized directories, available at bookstores or sometimes free on the Net, contain information on franchisors. Even the U.S. Department of Commerce bookstore provides information on franchises.

Most franchise systems have Web sites with an abundance of information, and many exhibit regularly at trade shows and expositions. And, if you're looking for a "used" franchise, one that's up and running, you can visit the Business Resale Network at www.br-network.com. Trade associations and other organizations representing franchisors and franchisees have information available, and the best information may come from a franchisee whose business you frequent as a consumer. They can tell you whether the business is as good as their products or services. With the availability of information about companies on the Web, you can even do most of your research at 1 a.m. if you want to. The information is plentiful, easy to find and easy to use.

If you want to meet with a large number of franchisors at once, speak to their representatives, get literature about their companies and sample their products or services, check out one of the regional franchise expositions or trade shows. The International Franchise Association sponsors the largest exposition each year, the International Franchise Exposition (IFE). Contact them for information at www.franchise.org or (202) 628-8000. Besides having booths, the IFE also provides a wide-ranging educational program taught by some of the leading experts in franchising. [MARIA: OK?]

Other smaller trade shows in various cities highlight franchises. You'll see these shows advertised in your local newspapers and on television and radio. Some of these shows also provide information on business opportunities. Since the support you get from a biz-op is not like the support you would expect from a franchise system, make sure you understand the difference between them.

Getting into business as a franchisee can be exciting and rewarding. However, not every franchisor offers the same level of service and not every franchisor will provide you with the same income and return on your investment. Do your research carefully ... and do it yourself.