

# TEN TOP TIPS

## FOR FRANCHISEES

### Buying a franchise start up

- 1. Get sufficient information** (including accounts) before purchasing a franchise. What is the franchisor providing?
  - Is the franchisor providing equipment, stock and stationery?
  - Will the franchisor provide advice and assistance in locating and securing business premises?
  - What initial training and assistance in launching the business is being provided?
  - Is there an operations manual in existence and can you view it prior to purchase?
  - Have there been any failures in the franchise network, if so how have they been dealt with?
- 2. Research the market** thoroughly including location, disposable income, product and buying trends which can all affect your projections.
- 3. Talk to existing franchisees** to gain their insider perspective on the business. Ensure the Franchisor provides you with a full list of its franchisees not just a few that have been cherry picked.
- 4. Take advice** as much as possible from the British Franchise Association and professional advisers such as banks, BFA affiliated lawyers, accountants, and business advisers.
- 5. Consider your strengths and weaknesses** and whether the franchisor provides any training and support to help you enhance or improve your skills.
- 6. Check the franchise agreement.** Is it ethical? Make sure that you obtain legal advice from a BFA affiliated legal adviser in relation to your franchise agreement before you sign it. Ensure that any promises by the Franchisor are in writing and attached to the agreement

- 7. Get everything in writing.** If your franchisor will only discuss things in person or on the phone, then send an email immediately after your conversation summarising what was discussed, in order to create a written record.
- 8. Awareness of terms and conditions.** Make sure you are fully aware of the terms and conditions you are required to use in your business and that you understand their implications and your exposure under them.
- 9. Where possible resolve disputes informally.** This is normally more cost effective than through the courts. Always seek legal advice on alternative dispute resolution procedures before you file a claim form with the court.
- 10. Have an exit strategy.** Make sure you and your franchise agreement have an exit strategy. This is usually a sale of the business. Check:
  - Which types of franchised businesses have the best resale value?
  - Does the agreement deals with the situation where you die or are permanently incapacitated. Have you made proper arrangements within your will?
  - Establish at the outset your long-term goals. Do you hope to eventually sell your business or pass it on to a member of the family?

**For more information or advice please contact Nicola Broadhurst**



**01932 590500**



**Nicola.broadhurst @mundays.co.uk**



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