

So you want to buy a Franchise?

FRANCHISEE BUYER'S GUIDE

Our method ensures you **A-S-K** the right questions during Due Diligence

This 9 step programme is designed to give the potential franchisee clarity and guidance during their due diligence process. It helps them to know what they need to know when buying a franchised business either new or existing.

At the completion of these nine steps they will have peace of mind that the business they are entering into is going to work, that the figures stack up, that they can work with the franchisor and that they have the skills required to run a franchised business. They can be sure that their franchising journey will be a rewarding one.

The 9 steps over three stages teach franchisees to ASK their business, or:

APPRAISE

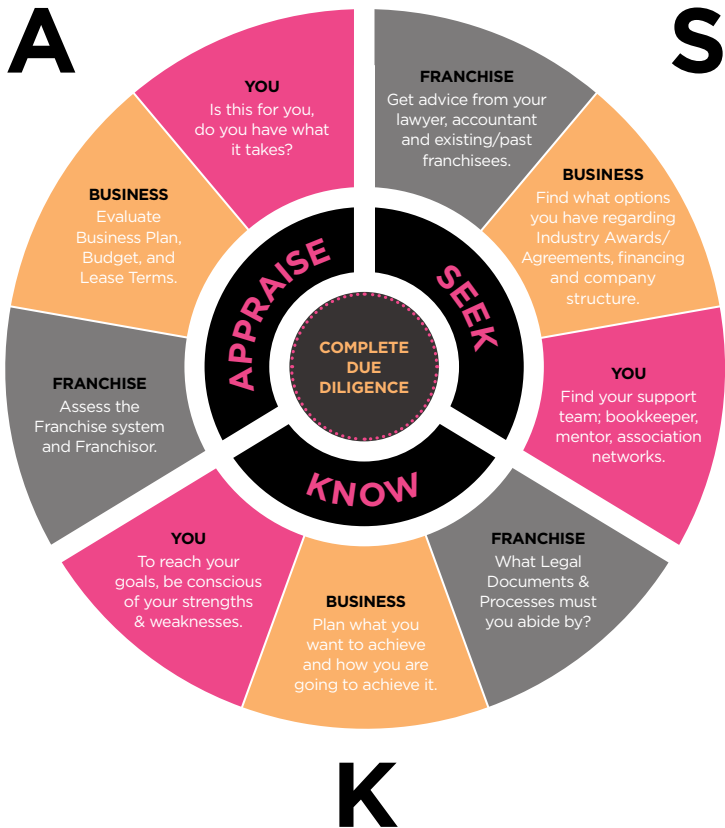
The franchisor and their systems and processes; the profitability of the business offer on the table and the skills and abilities of YOU the potential franchisee.

SEEK

Information about the franchise agreement, the disclosure documents and code of conduct from your lawyer; company set-up and employment legislation from your accountant; opinions from fellow and former franchisees of the system, financing options from a broker; and business management skills for yourself.

KNOW

What it takes to be a successful franchisee; the ins and outs of the system you are entering into and what goals and targets you have to meet to make being a franchisee rewarding;



Ask about...

THE FRANCHISE SYSTEM

- What skills are required?
- What operational support is provided?
- What training is provided?
- What are the royalties?
- What is the application process?
- Do you allow multi site operators?
- How many stores in the brand?

THE FRANCHISOR

- What experience do they have?
- Do they have accredited lenders?

1. What are the opportunities?

- What stores/areas are available?
 - Who handles the sales process? eg: In-house or independent broker.
 - What is the capital outlay?
-

2. What do I have to know?

- Can you have an experience day in store?
 - What business management skills will you need?
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3. Ask for an information pack containing

- Branding Information.
- Store Network.
- Marketing Strategy.
- Business Model.
- Application Form.

Seek the help of:

LAWYER

- Analyse the Franchise Agreement.
- Analyse the Disclosure Document.
- Analyse the License to Operate.
- Analyse the Lease.
- What company set up is best to protect yourself?

ACCOUNTANT

- Look over the business case that the business advisor has prepared eg: Budgets, business plan.
- What Industrial Award or Agreement should you use?
- What company set-up is best to use?
- What accounting software do they suggest?
- Bookkeeper recommendations.

Question the Franchisees (Past & Present)

- What is the franchisor like to work with?
- How do you like working in this system?
- Would you buy another store in the system?

FINANCE BROKER

- Prepare application for lenders.
- What funds do you need to cover the first 6 months of operation?
- What are you going to offer for security? Is the Franchisor okay with this?
- Does the franchise Agreement term match the term of lending?

BUSINESS ADVISOR

- Prepare the budget.
- Prepare the business plan.
- What is Break Even?
- What are the operational Key Performance Indicators (KPI's) for the first six months?

INDUSTRY ORGANISATIONS

- Franchise Council of Australia.
- Industry Specific Associations Eg: National Retailers Association.

Make sure you know:

FRANCHISE

- What's in the Disclosure Document and Franchise agreement?
- How the Code of Conduct operates.
- What the dispute resolution process is?
- The operations manual exists.
- How the Marketing Fund operates?
- What Intellectual property there is and who owns it?

BUSINESS CASE

- Your break even.
- Your Key Performance Indicators (KPIs).
- Your Lease conditions.
- Your Exit Strategy.
- Your target customer.

YOU

- Your strengths and weaknesses.
- Your goals and aspirations.
- Your leadership ability.

Do the workshop or online course

FRANCHISEE
Success

Franchisee Success hosts three live one day Due Diligence workshops per year in Sydney, Brisbane and Melbourne or you can do the online course.



To book visit:
www.franchiseesuccess.com.au

MORNING SESSION

or first online course (free)

- Discover what franchising really is?
- Find out about YOU, your skills and abilities.
- Know what the stages are when purchasing a franchise.
- Learn how to create a support

network, made up of a team of professionals who will help you make an informed decision.

- See if you are ideal franchisee material.
- Consider what type of franchise brand suits you best.

MIDDAY SESSION

or second online course

- Decide what type of franchise is for you.
- Analyse your franchise enquiries.
- Look for franchise opportunities.
- Question the Franchisor.

- Make a franchise application.
- Questions for the past and existing franchisees.
- Learn what to look for when visiting other stores in the system.

AFTERNOON SESSION

or third online course

- Review the franchise offer.
- Learn how to:
 - Analyse the site.
 - Analyse a greenfield site.
 - Analyse an existing site/business.

- Prepare a budget.
- Prepare a business Plan.
- Know your break even.
- Analyse a roster.
- Know your staffing requirements.

4 STEPS

to purchase a new franchise

4 steps to signing
your new Franchise
Agreement**Buying a Franchise?**

Well you are entering into a thriving industry. Australia is the franchising capital of the world with over 1,120 franchise systems who between them have over 79,000 franchised business units which are worth more than 144 billion to the economy. Per capita, that makes us Aussies the leaders in franchising, so therefore there are a lot of opportunities for Australians to buy into a franchise business. Lets make sure you chose a franchise that is right for you.

STEP 1**APPLICATION PROCESS**

Complete the Franchisors application process.

As soon as practicable the Franchisor must provide an Information Statement.

**STEP 2****CONFIDENTIALITY AGREEMENT**

Once you have been selected as a prospective franchisee you will be required to sign a confidentiality agreement to be issued with:

- the disclosure document
- the franchise agreement in the format that the eventual franchise agreement will be issued
- the Franchising Code of Conduct
- Letter of Offer.



The Australian Competition and Consumer Commission have a Code of Conduct that the Franchise industry must operate under. In this code of conduct you will learn many things, the process to purchase your franchised unit is but one.

Download your copy from <http://www.franchise.org.au/franchising-code-of-conduct.html>

To learn more about franchising in Australia, here is a link to a FREE course from Griffith University that I recommend you complete. You even get certificates to show that you have completed this course. It is jam packed full of information

presented in video form that is easy to understand. <http://www.franchise.edu.au/home/education/for-franchisees/pre-entry-franchise-education>

Buying a franchised business at first appears confusing and daunting, but it needn't be.

There is a well defined timeframe in the code of conduct - follow it, conduct your due diligence, do your research, do not rush, take your time, you are making a BIG decision. Get advice from professionals who specialise in

STEP 3

FRANCHISE AGREEMENT

You now have a minimum 14 day period before you have to sign the real Franchise Agreement.

Use this time to conduct your due diligence.

Take the ASK approach. Take longer than the 14 days if you need it.

Be absolutely sure that you want to do this franchising gig before you take the next step.



franchising. Remember, most franchisees research more than one opportunity before they decide on the one for them. Once you are in a franchise agreement, you are in for the full term, to get out is often messy and costly.

Be sure that the franchise you are buying into is the right fit for you. It's kinda like getting married so be sure you chose a partner you want to spend a lot of time with!

STEP 4

NON-REFUNDABLE DEPOSIT

Sign the Franchise Agreement and pay a non-refundable deposit.

You then have another cooling off period for seven days. This is your absolutely last chance to change your mind. If you do change your mind here and back out, the franchisor is obligated to return your deposit within 14 days from the moment you advise them you are backing out, but they are able to deduct "reasonable expenses". These reasonable expenses will be outlined in the Franchise Agreement you just signed.



Creating High Performance Franchisees is what Elizabeth Gillam does. Having owned and operated three franchised food businesses; Boost, Healthy Habits and Bucking Bull; she knows what it takes to operate a profitable food franchise. This multi award winning business woman, author, speaker and mentor, thrives on showing fellow franchisees how to do the same.

In her recent book **UPSIZING your PROFIT – 6 steps to running a profitable food franchise**, she outlines how franchisees can ACE their franchised business unit. That is how to **Analyse** their business and team; **Customise** their business processes and procedures to produce a productive team; then **Enforce** these systems within their business to build profit, improve productivity and have a team that does what is required.

Elizabeth believes in running your business with authenticity, knowing all the cost factors and regularly monitoring all KPI's. She belongs to the school of being firm but fair to employees which she believes, builds a team that works together to bring excellence in customer service and quality in product.

But her knowledge does not come from experience alone. Elizabeth relies on learnings acquired when she qualified for her MBA specialising in Leadership to delve deep into franchisees skills and abilities to unlock their potential to run a profitable business unit.

Having years of experience presenting to fellow business people, Elizabeth uses her personable nature to explain business processes in such a way that they feel empowered to improve not only their own leadership style and skills but also their business process and systems.

She's the type of person to happily share her knowledge & experience with others so they, too, can succeed in life.

**Scott Meneilly,
CEO Retail Zoo**

*“by the time you have
enjoyed your morning cuppa you will
KNOW YOUR BUSINESS IS ON TRACK
that’s peace of mind.”*

— ELIZABETH GILLAM —



Don't get us wrong, Elizabeth is not all work and little pleasure; she practices what she preaches and enjoys life by indulging in things beginning with C - Champagne, Cheese Chocolate and Coffee - preferably all in one day - every day!

Contact Elizabeth directly on
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PROMO CODE: FRANEXPO2015

“**UPSIZE** your **PROFIT**”

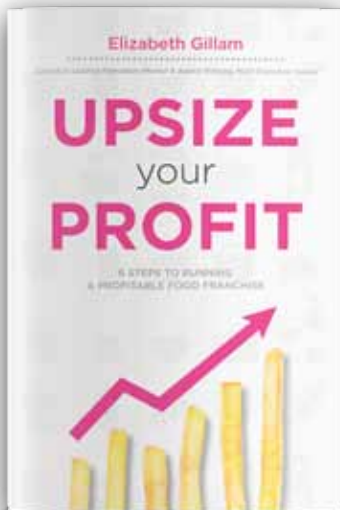
6 steps to running a profitable food franchise

What you get...

A proven method that will
teach the franchisee

- How to write a franchise business plan that works!
- KPI's: What are they and how to improve your business by using them
- How to understand your Profit & Loss report
- How to find and keep quality staff that will help you grow your business
- What actions you need to take every week to keep your finger on the pulse and keep your business flourishing
- How to pass the Audits and mystery shops

Finally a book that is written
specifically for the franchisee!



Available from
[www.franchiseesuccess.com.au](http://www.franchiseesuccess.com.au/book)
/book

FRANCHISEE Success

Elizabeth Gillam

*Australia's Leading Franchisee Mentor &
Award Winning Multi-Franchise Owner*

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