



5 TIPS FOR BUYING A FRANCHISE!

Buy Your First Franchise: Secrets Revealed

TO FRANCHISE OR NOT TO FRANCHISE



IF YOU DON'T have a lot of solid business experience or don't have experience in the particular field you are planning on entering, you should seriously consider buying a franchise rather than an existing business or starting a business from scratch. Although it is true that even a successful franchise typically nets smaller profit margins than other types of businesses due to franchising fees and expenses, the odds of surviving in business at all are much greater.

DO YOUR RESEARCH



Whether you identify a potential franchise opportunity from a franchise broker or franchise exposition, you alone are solely responsible for the due diligence before you invest. Start by reading the Franchise Disclosure Document (FDD) to find out important details about the franchise company, litigation and bankruptcy history, as well as your initial fees, investment, and obligations.

FAST GROWING FRANCHISES



All you have to do is look at some of the top franchises and you'll see that they not only have strong 5-year survival rates, but they also feature rather impressive growth rates over the same period.

THINK ABOUT YOUR LOCATION



Successful restaurant and store owners will tell you it all comes down to location, location, location. One of the toughest, and most important, decisions a franchisee will make is choosing a location for their new business. Many franchisers will work closely with you to pick the perfect site, sharing insights about what particular site characteristics lead to success with their organization.

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OBTAIN LICENSES AND PERMITS

Food Safety and Standards Authority of India

TALK WITH FRANCHISEES



Sometimes it's helpful to have an honest conversation with people who have been in your shoes. If possible, set up a meeting with a current or former franchisee in the organization you're vetting. Some things you may consider asking:

- How long have you been a franchisee?
- Did it meet your expectations?
- What has surprised you?
- Have you made more or less money than you thought you would? Would you recommend the company to a friend?

DON'T FORGET ABOUT A FORMAL BUSINESS STRUCTURE



For franchisees, a formal business structure (like a corporation or LLC) is critical to separate your personal assets from the business. While the exact business structure you choose will ultimately depend on the specifics of your situation, many franchisees choose to become an LLC or S Corporation for more favorable tax treatment. These two entities give you the option to choose pass-through tax treatment. In this case, your business doesn't file its own taxes; any profits or losses of the business are passed through to your personal taxes.

COUNT YOUR MONEY



Look beyond the minimum requirement for buying a franchise, usually listed as the franchise fee and the cost of equipment. Getting a franchise up and running can involve hefty marketing costs and the need to survive on break-even books, or a period of net losses, before your business catches on. You should have access to capital that will cover both business expenses for six months and personal living expenses for a year.

BE WILLING TO WORK HARD

You must work hard. If you think you're buying a franchise to sit on your rear and boss people around all day, while bringing in a fat check at the end of each month, you're totally misinformed. While franchises can be incredibly profitable business ventures, they require a significant amount of time, energy, and output from the franchisee — especially in the first few years. Make sure you're willing to work hard; otherwise, there are plenty of other places you can invest your resources and see a better return