

Ask SCORE

By Willy Campbell

Find Out if a Franchise is Right for You

For some entrepreneurs acquiring a franchise is their cup of tea. Profitable franchise operations exist in virtually every industry – the common denominator is a successful business model, beginning with an established name. In exchange for giving up a certain level of autonomy and creativity, the franchise operator acquires a turnkey business with a proven set of operating guidelines and management systems. In addition the operator is usually run through the franchisor's "school" covering every aspect of the business.

As with any other venture worth pursuing, you will increase your chances of small business success in a franchise by doing your research. That means researching and evaluating not only specific franchise opportunities but the business line or industry that you are considering: the target market, length of time in business, competition and relevant comparisons, its growth rate...and how that industry is doing in your region. There are some excellent resources that you may consult as you perform your due diligence on franchises:

- The Small Business Administration (SBA) may be of assistance to you in obtaining your start-up capital. To that end the SBA has pre-qualified dozens of franchises as meeting parameters laid down by the SBA; this prequal makes it easier for you to enter loan discussions with lenders who work with the SBA in the loan process. Fundamentally the SBA has done some thorough homework for you on vetting franchises and you can gain the benefit by looking at the SBA franchise registry at www.franchiseregistry.com. While there you will find another website to explore but its specific franchise details will require a payment: go to www.fradata.com.
- The International Franchise Association offers an online franchise opportunities guide at www.franchise.org.
- Another nonprofit trade association is the American Association of Franchisees and Dealers. It features an online guide to buying a franchise at www.aafd.org. The association has an accreditation program for franchises.
- Each January *Entrepreneur Magazine* publishes a list of the "Franchise 500", which includes the top ten franchises for the coming year. Their website is www.entrepreneur.com.

The above due diligence is an absolute requirement as your first step in investigating whether a franchise meets your business needs. When you have established a list of potential franchises, the second step is a personal interview with current or former franchisees with a prepared list of questions.