THE ROAD TO FRANCHISE FREEDOM:

AVOIDING COMMON TRAPS OF FRANCHISE REVIEW

by
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Franchise Savvy

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Many people believe they understand franchising because they eat fast food, or have something created for them at the local sign shop, or rent a postal box at the logistics store down the street, or even because they might know someone who owns a franchise. It's one thing to look at any business from the outside and think you understand the operation, however it's a totally different experience when viewing it from the inside or from behind the counter, especially when you're the owner.

Many people have stood in a line as a customer and said, "*Wow! This place always has a line of people waiting. They must be printing money back there!*" In saying that, that customer may not be mindful to the cost of the goods being sold, the lease and utility expenses, the staffing costs and the other overhead that many customers take for granted. Depending on the business, you might also consider theft and spoilage.

Most people investing in franchises are smart people like you who are trying either to make more money, create a different lifestyle or build greater net worth, or control their own outcomes rather than to suffer subjective limitations and ceilings placed upon them by employers and situations over which they have no control. Whether you're trying to create a new or different career, or you're growing and diversifying your investments, in the final analysis your goal is to provide yourself with a more favorable outcome. Thus, when looking for franchise opportunities to investigate, you should keep an open mind and be curious to concepts that you may not have previously considered. Frequently enough, what a person first thinks is a "strange" or uninteresting business can quickly prove itself to be a very solid business model. If at first you cannot picture yourself operating within that particular industry, it's OK. Just know that in the early stages of franchise research, you don't know what you don't know.

Assuming it's profitable and you enjoy what you do, would you agree that the business product or service doesn't matter so much as long as it is legal, moral and ethical? If fair operation creates profit and promotes the desirable lifestyle you're seeking as a business owner, who cares if you're selling hamburgers, replacing mufflers or remediating sewer back-ups? After all, if you're reading this, then *you* likely won't be the person flipping the burgers, installing the mufflers or navigating a building's basement with plumbing tools. Instead, you will be the CEO and CFO of the company, you'll provide jobs within the community, and you'll employ people you've chosen who are ready, willing and able to perform the tasks of delivering great service.

However, when people begin investigating franchises, most have several commonly-asked questions or concerns. In this *e*book, we will lay out 21 common errors often made by well-intentioned, intelligent people who are unwittingly sabotaging themselves. Together, we'll identify the different roadblocks and diversions that will stop you from buying a great franchise. If you're really serious and want to change your path and your life via franchising, we think it's important to understand these pitfalls. Please proceed with an open mind, a willingness to learn, and a helpful curiosity for new perspectives.

#1: Having no purposeful goal to achieve

Why even consider franchise ownership? Can your current job get you what you want out of life? If not, you have a decision to make about your career. Have you ever hopped into your car without a destination in mind? Why would you? You wouldn't, right? The same idea works in business. When considering a business to own, you should begin with the end in mind. What do you want your daily role to be, if any? Where do you want to arrive in the long run, and what might you do with the business when it's mature? Do you want to sell it for a hefty profit or would you rather employ a manager to run it as your retirement annuity while you hit the beach?

Whether you have a job or you run a business, it's only a means to get you what you want and need in life… a means to an end; a vehicle to a lifestyle, to personal satisfaction, to freedom. If you're satisfied with your current path, and you really can't think of a worthy reason to change it, then why buy a franchise? Your current situation could be perfect for you. However, if you want something that you don't now have -- more time with your family, more satisfaction in what you do every day, a new purpose or more money to enjoy a different type of lifestyle -- then business ownership just might be your best solution. You must have a compelling reason to chase after something different than you experience today. Without a compelling, emotional reason to change your course, you won't.

#2: Looking for that magical, "HOT" franchise

Who is the best-looking star in Hollywood? The answer is subjective and depends upon many factors. There is no wrong or right answer. It's all about what works for you.

People ask me everyday, "*What's the hottest franchise right now*?" Whose definition identifies a "HOT" franchise? Mine? Yours? The writer for a magazine? There is no "HOT" franchise. And typically what is "hot" today might not be tomorrow. If a great franchise fits your situation and can be a catalyst toward your desired outcomes, then no "HOT" label is required.

#3: Hoping that the right franchise causes a spine-tingling sensation

It won't. Why not? <u>The consumer experience and the franchisee experience are separated by a world of differences.</u>

Your psychological biases can render due diligence worthless. Before performing any due diligence, it's common for candidates to have preconceptions about a company, its marketing program, its order within its own industry, or even what is the company's business. A person can like a company's products and therefore think the franchise opportunity has merit. However, the consequence can be that a person's analysis of a franchise opportunity is colored by these preconceptions. It's possible that a person can look for only those elements that confirm one's pre-conceived notions while ignoring the elements that negate them. [Many once-enthusiastic candidates of Subway, GNC, Quizno's, Cold Stone Creamery, and others were very surprised by what their research uncovered and how their preconceptions misled them.]

Furthermore, it makes sense for franchisors to avoid creating their own competition. To do so they will withhold pertinent information from curious people until the franchisor can vet that person as a viable, sincere candidate for franchise ownership. From this, a lot of important information you'll learn about a franchise during due diligence could be far different than what you perceived of them as a consumer.

The vast majority of my informed candidates – not 70% or 80%, but rather more than 90% -- have inevitably partnered with a franchisor that at first glance not only failed to appeal to them, but may have even soured them about proceeding at all. I know this because at a much later time in the relationship, after having made great progress with said franchisor, the candidates told me so. <u>That's worth re-reading!</u>

Certainly, you have been introduced to ideas that, as you came to know them better, you liked them less and less, or you liked them more and more. Franchise review is no different. Typically, as candidates come to know more and more about a great, fitting franchise, the more and more it makes sense for them. Of course, the opposite can also occur.

Either way, candidates (like you) who become satisfied and successful franchisees are those who will look past their initial, psychological biases and will identify material matters that make sense for them to embrace or to avoid. Remain engaged in due diligence long enough for the punch line, long enough to understand why you should be excited or disappointed.

#4: Thinking that due diligence is a sales process rather than dating

Speaking with the franchisor and performing due diligence is like dating. If you hope to be sold something, you'll be disappointed or you'll waste some time, and your right franchise will *break up* with you because of your awkward or bad behavior.

Top franchise systems view the vetting procedure as a mutual dating exercise. Both parties judge each other before formalizing a long-term relationship. The rules for dating are pretty much as they've always been:

- Care to learn about each other while respecting each other's boundaries and timelines.
- Ask many questions and observe behaviors to learn each other's values and identify potential opportunities and deal breakers.
- At any time, you or the franchisor can decide that another date isn't the best idea. If one of you says "No", there are no hard feelings. After all, it takes both to make the relationship great.

- As in dating, the courtship could end with a final "*No*", or if at the altar one of you says, "*I still want to think about it*." If you still have to think about it while one of you is at the altar, then it means something's wildly amiss.
- However, as in dating, the courtship could also result in a wonderful partnership that creates for you a comfortable, prosperous and peaceful future.
- Lastly, one doesn't marry while planning for divorce.

Franchise Review is an exercise in dating, not in sales nor stalking.

#5: Turning your assumptions into quick, but incorrect, conclusions

McDonald's is considered a great franchise. However, I've yet to meet anyone whose interest outlived their understanding of the current purchase and ownership requirements, training periods, ROI, territory assignment, and expectations that McDonald's has of first-time franchisees. They may be out there, but I haven't met them.

When I engaged in my first business, my family was concerned for me. But when people started seeing how my business was doing, and how often I was going to the bank, their worry for me abruptly ended.

If your *incorrect assumptions* are favorable to you, you'll set yourself up for pain and loss. If your *incorrect assumptions* are unfavorable to you, then you'll step right over an opportunity that could have been the catalyst for you to achieve every dream. It's OK to say, "I don't know what I don't know." Curiosity should precede judgment.

#6: Focusing only on franchise fees and royalties

Tax treatment favors business owners over employees to a *staggering* degree, so let's spend some time here.

People quietly endure their employer's payroll service stripping 40% from their paycheck to send it along to bureaucrats and politicians, but they'll then scream "too much" when they see a revenue-driving royalty percentage that's worth every penny. **That deserves a new perspective**, one that's mindful of the one-time franchise fee and the ongoing royalty being just two parts of a much larger picture.

Think of a situation where you worked hard to beat a deadline or solve a customer problem, or where you threw yourself into delivering results. Maybe you acted alone or maybe as part of a team in a sophisticated delivery wheel. Picture the customer who wanted the outcomes you delivered, and who felt everything about the transaction was right for them. You met or exceeded quality expectations, worked within their timeline, and solved their problem(s), and when compared against alternatives your deliverable clearly made financial sense for them. Can you see, hear and feel what just happened?

Now imagine that same customer saying in disgust, "*Everything about this transaction works for me, but I've decided not to buy because I think that YOU are paid too much*." Does that make any sense?

One of the **world's largest, most prolific franchise systems** – a household name with over 56,000 locations worldwide -- charges a 50% royalty to its franchisees. Another worldwide franchise system of more than 24,000 locations charges over 40%! Another, growing US franchisor with nearly 1,900 locations -- and that purportedly receives more than 10,000 applications yearly for just 70 new openings -- charges 65%! Yet, one of the **world's least successful franchise industries** charges only a 2% royalty. Hmmmmmm…

Did you know that franchise fees for companies within the same industry can vary by 10-fold? How can that be? Franchisors charge different rates for different reasons, often based upon their infrastructure, maturity, company philosophy, availability, value-added proposition, resale values, and much, much more. One person's success as a franchisee is **not** about the royalty and franchise fees, but rather about value, the application of the **entire business model (the machine, the vehicle)** and the leveraging of those resources, and it's about how that person operates - or "pilots" - the **vehicle**, or how they use the **tool** to achieve a specific outcome. Thus, it might be in your favor to reconsider how you view franchise fees and royalties.

Theoretically, if you were to pay a one-time franchise fee of $500,000 and with it you were guaranteed a US government contract of $1M in daily revenue, with no expenses other than a 90% royalty, would you buy that franchise if you could? Recap -- a $500K franchise fee, and you'd pay 90% royalty on $1M in guaranteed daily revenue with no other expenses… Go ahead, say "No". That theoretical proposition would have paid for itself in just 5 days and would give you over $36,000,000 in 1st year pre-tax income after your business expenses.

Of the revenue and profit you generate in your job, how much do you see? How much is taken in taxes? To live more affordably, you could wear rags, drive an old Yugo, end your social life, live in a trailer, or you could move to a state with much lower taxes, but you haven't done any of those things. Why not? Because it's about value, not price. Focusing solely on franchise fees and royalties is a mistake – instead focus on INPUTS and OUTCOMES, the simple VALUE assessment you make every day of your life.

#7: Chasing an income rather than building income and wealth

The **employee** sells their time and energy to one or a few people, while the **business builder** sells results in exchange for the money of many. Each has upsides, downsides and risks, and between the two can be a great difference in satisfaction, income, growth, leverage, tax treatment, job security, wealth building, and consequences.

Quick! Count right now how many people can make a single major decision that can dramatically affect your life… go ahead, the next sentence can wait…. Chances are, if you have a job, as few as… **one** person could make a major decision that could cause you, your spouse and your family devastation or untimely and severe discomfort.

Years ago, my 38-year-old candidate -- a lawyer -- attended his 20th high school reunion. He told me later that the wealthiest person at the reunion was the guy who mowed lawns during his high school years. That lawn guy continued to mow lawns, built a large lawn care business, and as he reached his mid-20's, he began using his savings and profits to invest in multi-unit rental properties, which he still manages himself. At age 38, without spending a day in college, he owned a large recurring-revenue property care business and a bevy of multi-unit rental properties. He's happy and still growing his businesses.

My candidate achieved his Juris Doctorate, became a practicing attorney, and eventually paid off his education debt. When he called me, he was working within a demanding and stressful environment over which he had little control and among people he admittedly didn't like. Because he was paid well over the years, he'd built a savings account worth a few hundred thousand bucks, but he rarely saw his wife and two kids. He was stressed, unhappy and disappointed with his future prospects in the legal industry, so he called me.

Whatever path you choose for you is OK, however the vehicle that takes you where you *really* want to go sometimes isn't all that shiny.

#8: Judging the franchisees rather than the franchise business model

Think of a person you know who has fallen short of their potential.

Was it due to a single CLM (career limiting move), or a series of bad habits? Did they sabotage themselves? Are they fearful or do they lack confidence? Do they make excuses? Are they just complacent?

What could they do to change their situation? Why aren't they compelled to do so?

Now think of a person who's overachieved. Are they just fortunate to always be in unique, benevolent environments? Were they born with skills inaccessible to others? Are they resourceful and hard working?

What is their motivation? Why have they risen above expectations?

Your level of success in a franchise is not about why someone else achieves their outcomes, because their desires and the dynamics, situations, tolerances and motivations behind their behavior is not identical to yours. <u>Thus, to succeed, you'll use your own "Why", and learn whether or not you can and want to mimic the successfully-proven "How".</u> You must judge how you can leverage the tools and capacities of the franchise system for you. Judging only the franchisees -- whether he/she is a rock star, average, mediocre, or worse -- is unfair to the franchisee, and it misleads you every time. Training, Systems, Support, Economies of Scale, Culture, Operational Mechanisms, and the Behavior Required for you to Achieve Your Desired Results – those are among the things that determine the right -- or wrong -- franchise for you. To turn franchise ownership into gold, decide if YOU are able and willing to use the system and all of its parts as YOUR catalyst.

#9: Hiding behind things over which you have no control

What's your definition of fear? I've applied the following definition to every instance I can imagine, and so far it seems to fit: "fear" is the thought that *something might happen that you can't handle.* Did you once fear riding a bike, swimming, driving a car, your first date, attending a new school, marriage, buying a house or parenting? Where is that fear today? Once you learned what to expect and why, how it all rolls out, how to prepare and to apply different actions, responses, behaviors, resources, processes and knowledge, and how it all unfolds, ***where is your fear***?

Franchise success isn't rocket science, rather it's the result of knowing what to expect -- what you can and cannot affect -- combined with your paint-by-numbers application of resources, processes, actions, behaviors, and responses. In principal, it's no different than learning to ride a bike or to drive a car, to pass a test, or to start a new conversation. In most endeavors, do what successful people before you have done, and you're likely to get similar results. Do it differently and you'll get different results, better or worse. There's a high ability to control your behavior, and thus your results, within strong franchise systems. Being fearful of things you cannot control is a waste of your imagination.

#10: Waiting for the *perfect* time to start your business

The best time to plant a tree was at least 20 years ago; the next best time is today. Was there a perfect time to accept the job or career you're now leaving, or that has already cut you from its payroll? Was there a perfect time to enter your last industry, but somehow you missed it? Was there a perfect time to marry or to become a parent, or to divorce? [Can a divorce ever occur "too early" or "too late"?] Was there a perfect time to buy your home or a rocketing stock? When did you learn you missed it? When was the last time you knew the perfect time to do anything while it was still ahead of you? We've all seen people wait for the "perfect time" to do that which admittedly makes great sense for them to do at that moment….

If you feel your perfect time exists ahead of you, then I apologize that no franchisor saw you coming so that they could plan their training schedule around your "perfect time". Unless you time travel, every known perfect time to do anything is behind you. Five years from now, will you be in your 5th growth year of a great business, or still dreaming?

#11: Calling the electrician

If you were walking with a friend who was suddenly struck by lightning, would you call 911, or would you call an electrician? Many of the *interesting* things people do during research is the equivalent of ***calling the electrician*** – somewhere in there is a connection, but it won't help you get what you need.

Getting you from *what you know* to *what you need to know* is what interactive research is all about. Most misleading research practices manifest themselves throughout the vetting process, such as:

- not recognizing the differences between "*mechanical failure*" and "*operator error*"
- filling information gaps with suppositions and assumptions, then forming conclusions
- having your dreams righteously stomped out over lunch by someone who is not at all involved in the first-hand, day-to-day investigation exercise with you (this is common)
- asking the wrong questions to the wrong people
- asking the right questions to the right people, but accepting superficial and incomplete "cocktail party" answers
- failing to admit and address irrational thoughts and fears
- applying legitimacy to the opinion of an Uncle's neighbor's cousin who twelve years ago in another city worked for a business within a similar industry to what you're now considering
- staking out a storefront location for hours to count their patrons (whether the outcome of such seems favorable or not, this exercise is an inefficient, misleading timewaster in *every* case)
- trying to create a reliable financial proforma from the Franchise Disclosure Document plus assumptions, and many more...

You're not considering franchises just because you can. You're curious because if you have a purpose, you want to exclude an option as soon as you can, and you'd love the surprise of finding something that will honestly benefit you – and positively change your life. An interactive investigation of facts and feelings is your best friend.

#12: Believing everything you read or hear

Mark Twain once said, "*If you don't read the newspaper you are <u>uninformed</u>; if you do read the newspaper you are <u>misinformed.</u>"* Substitute "internet" for "newspaper".

If someone baked you a flat of otherwise-delicious brownies, but they included in the mix an undisclosed amount of pig slop – any amount will disgust you, but little enough to have them still look and smell like delicious, chocolaty Betty Crocker's -- would you still eat them? Fact is, you wouldn't know you'd been wronged until you actually took a bite, which comes *after* the deadline for informed decision-making.

That's the equivalent of concluding your franchise research via print or the internet or even well-intentioned-but-otherwise-uninformed friends; you can't ask intelligent, esoteric, timely follow up questions of people who have actual answers, and you cannot differentiate between what is real, yummy brownie and what's…. not! Until it's too late – until you've already taken a big, expensive bite.

Different people, each with their own paradigms, histories, situations, motivations, and exercising different skills with various expectations on their own timelines, will pilot different vehicles, differently. I use friends and the internet to help me generate questions, not answers. I use the internet sparingly, because I know I can learn many more **facts that apply to real-life** during six, intelligently-directed, 30-minute conversations with current franchisees than I will EVER learn during ALL the internet research I could possibly do, or during all the side conversations I could ever have with people who don't operate that same franchise today.

Honestly, there is not enough reading material available to you to catch up to what can be shared with you by just a few successful franchisees. Franchisees were once in your shoes; they have no interest in selling you into anything, but they will tell you what's what.

Do you know a really smart person whom you trust? Great! Have them come up with questions for you to ask to franchisees! Questions come from all sources. Answers come from the franchisor and franchisees. After pondering, decisions come from you. Ask intelligent questions of those with first-hand knowledge.

#13: Considering only familiar, national brands

Typically, one person can name less than 50 franchise brands out of thousands, and neither White Castle nor Starbucks [U.S.] is a franchise. If you've seen *Franchise X* in your city, chances are that it's no longer available for development where you live.

If a national, established, familiar brand is necessary for you, then *you're in time to be too late*. You should have bought it ***before*** it was national, established, and familiar.

There are advantages and disadvantages in every franchise system, but as they tenure, established brands typically become more rigid, they reduce their territory sizes because they can, and their own success can create the likelihood that fewer growth opportunities exist within that brand, if only because the once-available territory has since been purchased and current franchisees have already committed to buying what available tertiary and minor markets remain available. Established brands also show heavy favor to existing franchisees for the purchase of any resale, which *excludes* you. If you do maneuver your way in, you can become *landlocked* quickly by neighboring franchisees, which prevents or limits your multi-unit growth options. Narrowing your search to *only* familiar brands is like saying, "*I'll consider the franchises that I can't buy or that won't help me to achieve my growth or income goals"*, because a single territory for sale might not help you to achieve an executive-level income, the available growth territories are already spoken-for, and a nice resale opportunity into which you can expand will be priced by the seller more so than by the market.

To use your research efforts productively, an open-minded approach works best. Some franchisors receive 100 inquiries a day. When a franchisor has no territory available, or they found anything in your application that doesn't work for them, they won't call to tell you; they'll just ignore you and eventually you'll disappear. Less than 1% of franchise systems have a brand name that carries the weight of revenue. Be open-minded to unfamiliar brands.

#14: Turning your hobby into a business

Do what you love and the money will follow…. I've read the stories of people who just wouldn't say "no" to letting go of their favorite activity and risked everything to evolve that interest into a profitable business. Good for them. **They are among the tiniest minority**.

Remember, the people who turned a hobby into a business that *failed* no longer pay money for PR pieces, and they don't make it into a brief "feel-good piece" shown during the evening news. If there's something you enjoy doing that's outside of what you do for an income, keep it as a hobby; you'll do it when it's of interest to you and when you feel like doing it, and thus you'll continue to enjoy it. By definition, when you turn your hobby into a business, you no longer have a hobby. **Too many people have hobbies and passions that fail to translate into profitable businesses.** What they once leisurely enjoyed becomes their fiduciary master, and they're forced to significantly alter their lifestyles to accommodate it. "*Doing what you love until your pockets are empty*" is a poor plan with no recourse. Instead, discover the options that allow you to decide when/how to enjoy your favorite hobbies and passions.

#15: Buying a franchise to impress others

It's often the greatest egos that make the costliest mistakes in franchising! I did NOT place these people:

- the young multi-millionaire from Arizona who assembled investment partners and purchased the rights to 18 locations of a popular, western-based retail ice cream shop, only to have his mother – yes, his mother -- call me in a panic, asking "*can you help my son get rid of these*" once he'd opened 3 of them and saw no potential for profit.
- the Pennsylvania brothers who invested almost $1M of their own cash into a restaurant franchise because one of them already operated a non-franchised restaurant in another

state, and they thought it would be cool to each have their own restaurants, only to close the location a year and a half later and file suit against one another.

Like a blind Aleutian buying a Maserati, some people buy a vehicle that could never get them where they want to go. Being good beats looking good.

#16: Consensual validation or third party opinions

Family, friends, lawyers, accountants, financial planners, a friend in the industry, someone you respect because he or she built a business. Why would a friend and/or someone you know who hasn't performed any due diligence tell you that the business you're considering is a good idea? Deep inside, they know there are too many variables to predict whether you'll be successful or not. For the most part, people will share all the negatives about a business or an industry and in the back of their minds they feel that they gave you "safe, solid advice." Besides, if you change nothing and instead do what you've always done, no one loses… right?

#17: Picking a restaurant business because you like the food it serves

Managing a restaurant is hard work with long hours, there often is unplanned and untimely employee turnover, some drama, a great deal of code compliance, and it requires a tight financial management around loss, spoilage, waste, theft and breakage. Restauranteurs are certainly executing their own passion play, because for the investment, they could make a lot more money in many other industries within franchising than "food".

As consultants, we know what's written in the previous paragraph, yet we constantly hear what's in the following paragraph.

A call comes in. "I want to buy this food franchise." I respond with, "OK. Great. Why that particular one?" The usual response is something like, "I love the food, and it will do so well where I live." That caller could be right, but if his goal is to create flexibility in his schedule but he finds himself in the store serving the food instead of being with his family at an event, it doesn't matter how tasty the food is if he is working rather than enjoying his family during several hours that he'll never recover.

If you find yourself loving the concept or loving the food, don't become infatuated with the franchise. Rather, stick to buying that meal, not the business. Just because it looks good or tastes good from the customer side of the counter doesn't at all suggest that the enjoyment is equal on the owner's side.

#18: I want no competition

One of the first things that entrepreneurs realize is that if there is money to be made by doing something, competition for it exists. People often think to themselves that because there is no XYZ Franchise within 50 miles of “here”, it would do great nearby!

Well, perhaps there is a reason that XYZ Franchise has not opened within 50 miles of “here”. It might even be because the XYZ Franchisor’s headquarters won’t allow XYZ in the “here” market due to demographics, or unfavorable regulations, or lack of expansion readiness. It’s even possible that a franchisee does already own the rights to the territory but simply hasn’t developed it yet where “here” is. Sometimes, even with no local competition, the typical income and lifestyle of said franchise won’t satisfy your objectives for the investment.

Good consultants know that there are situations when less competition is better and other situations where the existence of more competition is the best news for a prospective franchisee.

#19: I have a perfect spot for…

You’ve noticed a vacant store location in your neighborhood, and you feel absolutely certain that JKL Franchise would do great there. Maybe you’re right and JKL Franchise could do well there, however JKL might not be the right franchise for you. Have you done the math, understood the timelines, your role, and the challenges of operating a JKL Franchise? Although you might have the right spot for it, if the return on investment doesn’t work for you and your goals then what value does the vacant store have for you? None. After you and the franchisor have completed the steps for mutual validation, then what if the vacant store is no longer vacant or available for you? Although dozens of other great locations are available, do you then decide that you really like the franchise but you’re going to pass on it because *that one location* is unavailable? If you’re approaching this in the manner that you’ll find your “perfect” location first and then find the fitting franchise for it afterwards, you’re doing it wrong.

From another view, if you’re a landlord and you believe you own a great location for a particular franchise brand, then you should tell that franchise company or go to the owner of a nearby location of the same brand and let him or her know about your space.

In franchise decision-making, putting the location before the franchise is akin to putting the carriage before the horse. It looks similar, but it’s backwards.

#20: There is a need for this *particular thing* in my area

Some people identify a niche product or service that is missing in their area. For instance, the thought might cross your mind that, “There is nothing for kids to do here. We need a games location or a play space or a bowling ally or just something for kids.” Or maybe you noticed there is no Mexican restaurant in town and you love Mexican food and you know people who love Mexican food. It’s a sure thing, right? I am sorry to say that we’ve found there are no sure things or magic businesses that no one else has thought of. Maybe, another person tried it before you and it didn’t work. Maybe you’d do it differently.

Maybe everyone in the community has survived without that particular thing for this long, and they have no problem surviving without it for another decade.

The best thing for you to do is to begin with “you” and identify what you need in a business model. Whether you have a job or a business, you’re really just piloting a vehicle that takes you where you want to go and helps you to be where you need to be in your life.

Successfully operating the “particular thing” that you feel is needed in your area might come with obligations that don’t fit your lifestyle, that doesn’t fit within your investment capacity, that has a much longer ramp up than you can stomach, or which requires a skillset you have no desire to master.

#21: My spouse won’t be involved in the business, so he or she needn’t be involved in the due diligence

You might already manage a portfolio of businesses, or this could be your first foray into the spectrum. However, if your marriage is anything like mine, you won’t soon be making a significant investment of your shared money or time without your spouse’s input.

First, let’s assume your spouse does fully understand why you’re considering franchises at all. Once you’ve been presented with the most fitting choices to review, will he or she understand how you arrived at the result of these few, specific, viable franchise options? My experience tells me there is no chance of that happening, and if you intend to move forward in the review process, it will first require every person involved to now step backward to explain to your spouse how these few, specific, viable franchise options were gleaned.

Secondly, would you rather do this to your spouse or with your spouse? Accepting the obligations, rewards and challenges of business ownership with an informed, respected spouse typically results in a smoother review process and a more seamless start up than doing so to an uninformed spouse that hasn’t been in the loop and doesn’t understand why you’ve made the decision you’ve made nor why you have accepted the learning curve leading to the rewards towards which you’re working.

Including your spouse in franchise evaluation creates a great second pair of eyes and an additional mind for questions to be answered. An informed spouse results in a knowledgeable, conspiring support person who understands the learning curve ahead and the rewards of following through.

With more than 3,500 franchises in 90 different industries, choosing a franchise is daunting. Many first-timers choose franchises for the wrong reasons. If you did that, it could end up being a huge financial mistake for your family.

Because we are on a mission to make sure people don't get into the wrong franchise, I hope that this Guidebook has caused you to think about things that may have never crossed your mind before.

If you do want to chat, I offer a free, no obligation 30-minute phone consultation. The purpose of that conversation will be so I could share the 4 pitfalls you need to know before choosing a franchise. In addition, I want to answer any questions you may have and understand YOUR goals for a business. Whether we ever talk or not, we hope you find this guidebook helpful.

About the author

Matt Stevens

Having placed franchisees since 1992, including as a FranChoice consultant since 2001, Matt uses his extensive education, his experience as an entrepreneur and motivator, and three decades in franchising to help people realize their value as business operators through a candid, informed franchise evaluation. Living in central Ohio with his family and their many adopted pets, Matt was named among the 2007 class of Columbus' Forty Under 40 by Business First Magazine, and he's enjoyed promoting entrepreneurial options as a guest speaker on local television and radio and in multiple and various print venues.

Matt entered the franchise industry in 1988 and has experienced diverse and formidable achievements as franchisee, company executive and general manager, brand developer, trainer and teacher, consultant, and matchmaker. Coast to coast, Matt's helped hundreds of people identify, evaluate, and succeed in the right businesses for them, and will show you how you can leverage your existing interests, skills, and abilities to achieve your goals and live your priorities.

Matt's lengthy experience includes assisting the national brand development of several familiar and expanding international franchise systems.

Prior to growing franchise systems, Matt trained and coached individual franchisees in performance management and multiple operations efficiency skills. As a young executive, he was known for his unrelenting commitment to franchisee and customer satisfaction, driving record results in turnaround environments for an international service franchise in northern New England and in Boston, for which he was twice named Quality GM of the Year. He completed turnarounds in the mid-Atlantic and the Midwest before focusing full-time on franchise consulting.

As a young franchisee, Matt achieved Rookie Franchisee of the Year before his 21st birthday, then quickly tripled unit revenue. Matt was born and raised in historic Alstead, New Hampshire, and attended The Loomis Chaffee School in Connecticut before exploring both Florida Southern College and Wake Forest University, achieving three business degrees.

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About the author

Tom Scarda

Tom Scarda, is a dynamic speaker, Certified Franchise Expert (CFE) and author of the #1 bestseller, Franchise Savvy: 6 Strategies Pros Use to Pick Top Performing Franchises and The Magic of Choosing Uncertainty: How to Manage Change, Embrace Fear and Live a Fulfilled Life.

More than 20 years ago, searching for his inner drive, Tom left college and submerged himself in the motorcycle underworld in lower Manhattan. This made his mother worry. It was the first time Tom chose uncertainty over the status quo.

Tom got a respectable job in the New York Subway system, but became frustrated with the bureaucracy and politics. So he left his job and pension to pursue his dreams of business ownership. This also made his mother worry.

In 2000, after consulting with a FranChoice consultant, he purchased a national smoothie franchise, which he sold five years later for a considerable profit. Tom has owned and operated both franchised and non-franchised businesses. He was the #1 franchisee of the year in one concept and failed miserably in another franchise concept. The lessons he learned from failure is what makes him such an expert.

After selling his smoothie franchise in 2005, Tom has been helping people figure out if franchising is for them. Tom is the host of "The Franchise Radio Show" in New York on 103.9 FM, LI News Radio. He has been featured in dozens of magazines and newspapers and is a sought-after media guest. His mom has stopped worrying.

Named one of the top 50 business leaders on Long Island by Long Island Business News, Tom lives with his wife Gina and two dogs, and is the proud father of two grown children. He enjoys flying airplanes in his spare time.

Tom's mantra is "There are no wrong turns, just different experiences." However, some folks just move in circles. Tom believes that everyone has a passion sleeping within his or her soul. Tom's mission is to help people harvest their own passion for the betterment of the world. He inspires people to surf on the edge of their comfort zone and choose uncertainty over unhappiness.

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