
























# THE FRANCHISE BUYER'S PERIODIC TABLE OF DUE DILIGENCE









Before investing your money, hopes and dreams in a franchise opportunity, you owe it to yourself and your family to ask the right questions. Use this periodic table to guide your due diligence process and ensure that the decision you make is the right one.

Ask the franchisor   
 Ask the franchisees   
 Ask yourself 







## FINANCIAL

<b>Fpr</b>	PROFIT	How much money can I make in this franchise?	 
<b>Fpe</b>	PERFORMANCE	What are the ranges in financial performance of the existing franchisees?	 
<b>Fi19</b>	ITEM 19	What's in your Item 19?	
<b>Ftp</b>	TERRITORY PROTECTION	Can the franchisor sell a second or third franchise in your market area?	 
<b>Fti</b>	TOTAL INVESTMENT	How much of my total investment will this franchise require?	
<b>Foc</b>	OPERATING CAPITAL	How much will I need in operating capital reserves to cover losses after opening the franchise until it reaches the break even point in terms of cash flow?	 
<b>Fcr</b>	CASH REQUIREMENTS	How much of my total investment (including capital reserves) do I need to have in cash?	
<b>Fle</b>	LIVING EXPENSES	How much extra cash do I need to cover living expenses while I'm starting my franchise?	 
<b>Fbe</b>	BREAK EVEN	How long will it take my new franchise to reach break even?	 
<b>Ft</b>	TIMING	How long will it take between signing the franchise agreement and when I open?	 
<b>Fpp</b>	PROFIT PROTECTION	Do you sell, or do you plan to sell, your services or goods through any other distribution channels including through your website?	
<b>Ffo</b>	FINANCING OPTIONS	What standard financing options exist for me?	
<b>Frr</b>	ROYALTY RELIEF	Have you ever granted royalty relief to a franchise owner and for how long?	
<b>Frf</b>	ROYALTY FEES	How do your royalty fees work?	
<b>Fmf</b>	MARKETING FEES	How do your marketing fees work?	











## LIFESTYLE

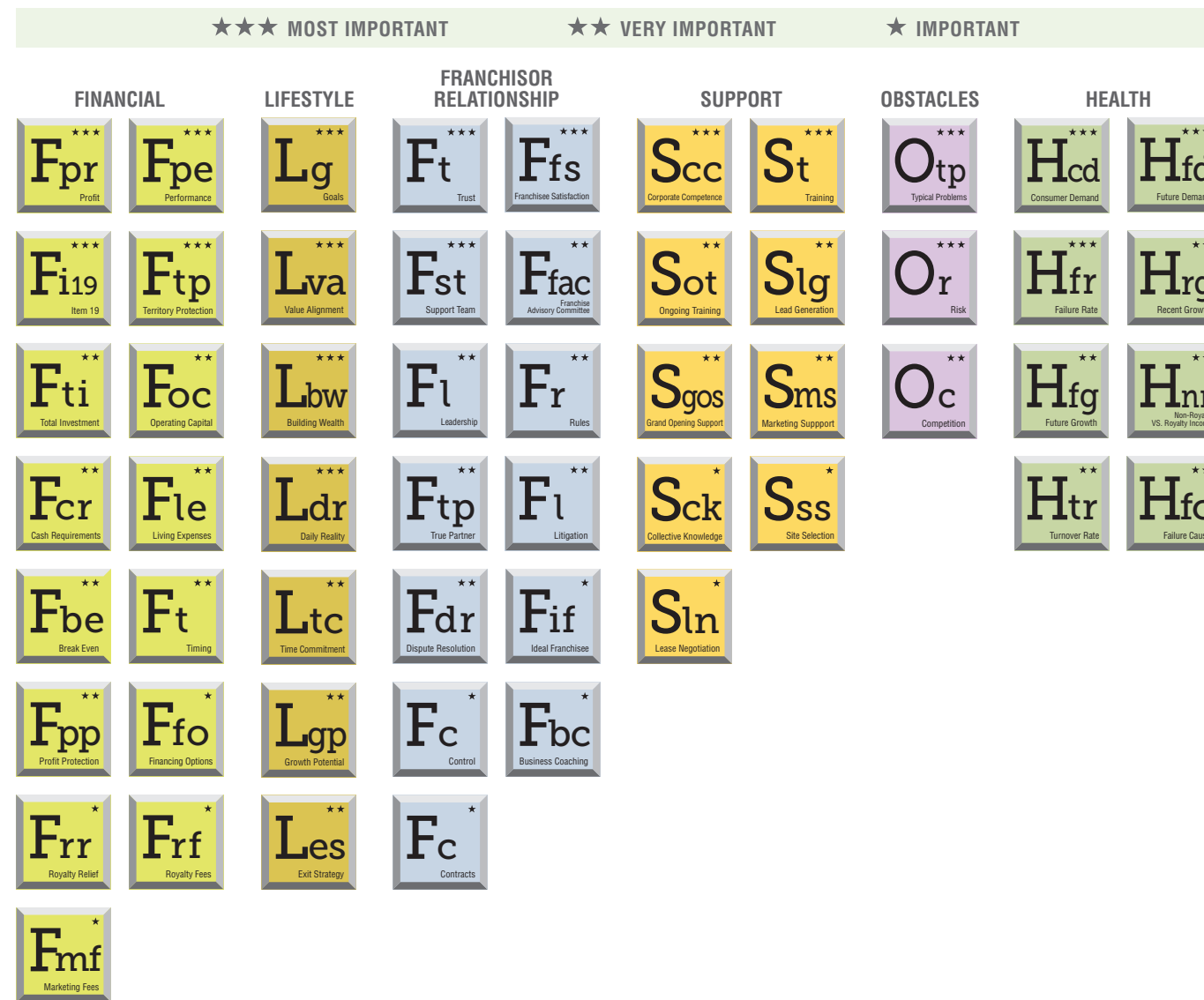
<b>Lg</b>	GOALS	Can I achieve my personal goals with this concept?	
<b>Lva</b>	VALUE ALIGNMENT	What are the values and culture of the company?	 
<b>Lbw</b>	BUILDING WEALTH	Will this concept build wealth?	
<b>Ldr</b>	DAILY REALITY	What's the daily reality of owning this franchise?	
<b>Ltc</b>	TIME COMMITMENT	How many hours a day and week do you work?	
<b>Lgp</b>	GROWTH POTENTIAL	What are the rules around operating more than one unit during the first year of operation?	
<b>Les</b>	EXIT STRATEGY	Where do I want to be in five, 10 or 20 years?	

## OBSTACLES




<b>Otp</b>	TYPICAL PROBLEMS	What are the common problems I should expect during the first year of operations?	 
<b>Or</b>	RISK	What is the largest single risk involved in investing in this franchise?	 
<b>Oc</b>	COMPETITION	Are there many competitors, and how does the company compare?	 



















## HEALTH

<b>Hcd</b>	CONSUMER DEMAND	Will local customers have a need for the product or service?	
<b>Hfd</b>	FUTURE DEMAND	Will the demand be ongoing and enduring or seasonal or a fad?	
<b>Hfr</b>	FAILURE RATE	What's the failure rate?	
<b>Hrg</b>	RECENT GROWTH	How many units have you opened in the last 12 months?	
<b>Hfg</b>	FUTURE GROWTH	How many units are you planning on opening in the next two years?	
<b>Hnr</b>	NON-ROYALTY VS. ROYALTY INCOME	Does the franchisor make more money from non-royalty income or royalty income?	 
<b>Htr</b>	TURNOVER RATE	What's the turnover rate?	 
<b>Hfc</b>	FAILURE CAUSE	Why did your franchise fail? Is it lack of franchisor support? Was the location bad?	
















## FRANCHISOR RELATIONSHIP

Ask the franchisor   
 Ask the franchisees   
 Ask yourself 

<b>Ft</b>	TRUST	Why should I trust you?	
<b>Ffs</b>	FRANCHISEE SATISFACTION	What do your existing franchisees say about the company? Are they happy and successful?	 
<b>Fst</b>	SUPPORT TEAM	Who will I deal with on an everyday basis?	 
<b>Ffac</b>	ADVISORY COMMITTEE	Is there a franchise advisory committee (FAC)?	 
<b>Fl</b>	LEADERSHIP	Who are your board members?	
<b>Fr</b>	RULES	Can you follow someone else's rules, even when you think you have a better way?	
<b>Ftp</b>	TRUE PARTNER	Is your franchisor fair and easy to work with?	
<b>Fl</b>	LITIGATION	How much litigation has the franchisor experienced?	
<b>Fdr</b>	DISPUTE RESOLUTION	How do you resolve disagreements or disputes?	
<b>Fif</b>	IDEAL FRANCHISEE	What does the franchisor look for in a franchisee?	
<b>Fc</b>	CONTROL	How much control will you have (and do you want)?	  
<b>Fbc</b>	BUSINESS COACHING	Do you sell, or do you plan to sell, your services or goods through any other distribution channels including through your website?	
<b>Fc</b>	CONTRACTS	Where and how can the franchise contracts be changed after they are executed?	

## SUPPORT

<b>Scc</b>	CORPORATE COMPETENCE	Is the home office competent?	
<b>St</b>	TRAINING	How comprehensive is the training program?	 
<b>Sot</b>	ONGOING TRAINING	What support do you offer beyond the initial training?	 
<b>Slg</b>	LEAD GENERATION	What programs for lead generation does the franchise company offer?	 
<b>Sgos</b>	GRAND OPENING SUPPORT	Do you provide grand opening support?	 
<b>Sms</b>	MARKETING SUPPORT	How much do you spend on advertising and marketing?	
<b>Sck</b>	COLLECTIVE KNOWLEDGE	Does the franchisor host franchisee annual meetings or conference calls where franchisees can learn from each other?	 
<b>Sss</b>	SITE SELECTION	Will you help me find the best site?	
<b>Sln</b>	LEASE NEGOTIATION	Will you help me negotiate a lease?	