

# IT'S SHOW TIME

Your guide to franchising trade shows



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BY ANDREW A. CAFFEY & JANEAN HUBER

**F**RANCHISING IS LIKE A BOX OF CHOCOLATES ... YOU NEVER know what you're going to get. But attending a franchise opportunity show is like poking your finger into the candy—you can get a pretty good idea of what's involved without actually having to take a bite.

Everyone from international investors and Fortune 500 companies to corporate executives and the retiree down the street is buzzing about franchising. Perhaps one of the most ingenious marketing concepts ever created, franchising has proven that it's flexible enough to apply to all sizes of businesses, to almost any concept in well over 60 different industries. Meanwhile, its de-

sirability in the international market has sealed its place as a major player for the 21st century.

One of the first steps to mastering the whole new world of franchising is mastering the art of franchise research and selection. Browse the following pages for tips on spotting the red flags, a list of the 10 questions you should ask franchisors, information on how to evaluate a franchise, a look at what's hot ... and more. This is your chance to sample some of the bigger stories happening in the industry right now—and perhaps even become part of one of the hottest concepts in the world of business.

Franchising  
creates an average  
of 170,000  
new jobs  
per year.

# SHOPPING LIST

**Y**OU'VE SET ASIDE SOME TIME TO ATTEND A FRANCHISE TRADE show but have never been to one before. You are fulfilling an important promise to yourself to find a new direction for your career and your life, and this show is a vital first step.

Whatever your reasons for attending, there is a right way and a wrong way to shop a franchise trade show. Like many of life's situations, it takes a little forethought and preparation to be effective and

name, address and phone number.

Give some thought to the types of businesses that interest you. You will find hundreds of booths and thousands of people on the exhibit floor, and it can be intimidating and overwhelming. If you arrive with a focus and a purpose, however, it can make all the difference.

Are you interested in a business you can run from your home, or does the idea of an established retail location appeal to you? What financial resources can you bring to the investment? What are you looking for in owning a business? As in a job interview, it is a good idea to prepare a list of your questions. (See "What To Ask" on page 153 for some ideas.)

**On arrival:** Plan to arrive early in the day; everyone involved will be fresh, and anticipation will be running high. As soon as you buy your ticket, grab a cup of coffee at the snack bar, and sit down with the show directory. Get a feel for the layout, the "sideshow" programs that may be offered, and the types of exhibitors. Take a highlighter and work through the list of exhibitors, flagging those that seem to fit your areas of interest. Go back to the floor map and highlight their booth locations. Now you're ready to walk the floor.

**On the floor:** Understand why the exhibitors are there. They will measure their success at this show by the number of interested, se-

*Plan of attack: Arrive early and study the show's program to make the most of your day.*

to separate yourself from the crowd. Your objective: presenting yourself as a serious prospect.

**Before the show:** Don't dress in your usual weekend attire. Dress in "casual business" clothes. A tie or suit is optional (it is your weekend, after all), but be sure you look sharp. Bring a briefcase for important papers you collect during the show, a pad of paper and pencil, and plenty of business cards. If you don't have business cards, have some printed up at a local copier center with your



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## MONEY TALKS

**EVEN IF YOU HAVE STELLAR QUALIFICATIONS**, decades of industry experience and a nod of approval from the franchisor of your choice, that's still not enough to attain franchisee status. The one big element no franchisee can do without is, of course, money.

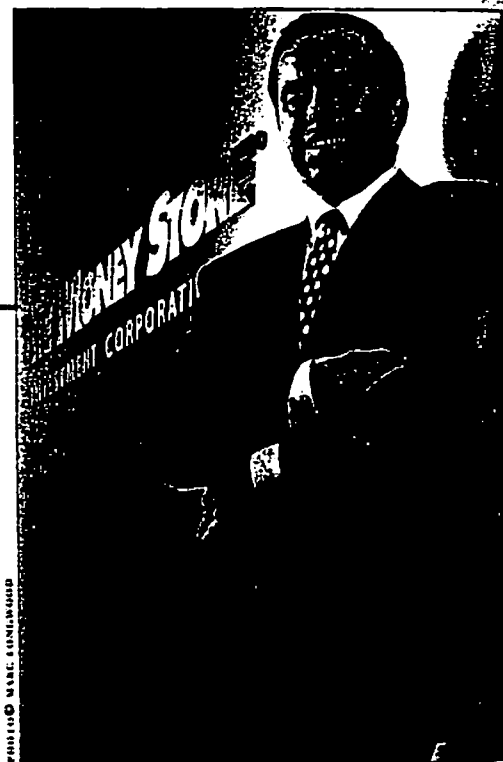
Fortunately, nestled among the many franchise booths at the annual International Franchise Expo (IFE) is The Money Store Investment Corp., where IFE attendees can get more information on some of the finer details of franchise financing. The Money Store, based in Sacramento, California, is the nation's largest Small Business Administration (SBA) lender.

At the IFE in particular, representatives from The Money Store tackle a twofold need. "We work with prospective franchisees directly and with different franchisor groups," says Michael Duckham, assistant vice president of franchise finance for The Money Store. "For our national franchise pro-

gram, we help a large number of franchise concepts set up loans for their franchisees anywhere in the country."

The Money Store touts its national franchise program as not only innovative but quite effective, saving franchisees the hassles of approaching banks that are unfamiliar with franchising's special needs. Franchise financing "is all we do in this division, so we've become experts in that area," says Duckham. "We know the business."

Those interested in applying for financing can do so right there at The Money Store booth—according to Duckham, the application procedure is fairly simple. However, the franchise shopper who's ready to secure financing on the spot is the exception rather than the rule. "People at the show are exploring their options," says Duckham. "Generally, it's when we talk to them a few times after the show that they narrow it down to the concept they want to finance. We've really been help-



*He's in the money: The Money Store's Michael Duckham reveals financing tips for franchise shoppers.*

ing them with their financing needs."

A major advantage of working with The Money Store is its expertise in the SBA 7(a) and 504 programs. According to Duckham, the programs "make it easier for people to buy a franchise. It's a real boon to small-business owners who are unable to find financing from conventional sources."

As companies like The Money Store expand their franchise financing programs, they are helping to make the franchise process more accessible to a wider range of entrepreneurs.

rious prospects they attract to their booths. They will come away with a list of people for follow-up at a later date. They will also have their tires kicked 3,000 times in two days.

If you are excited by a franchise program you see at the show, you should make that interest clear to the representatives. Make sure they receive one of your cards, and request an appointment to discuss the opportunity in more depth. You may want to suggest a quiet time during the show (lunch hours or at the end of each day) to have an in-depth discussion. Find out if the exhibitor has a hospitality suite nearby or if the company

Five franchise categories enjoyed double-digit unit growth last year: children's services (22.1 percent); recreation, entertainment and travel (16.6 percent); maintenance and cleaning (15.7 percent); nonconvenience food retailing (13.5 percent); and construction and home improvement (12.5 percent).

is planning a "discovery" seminar during the week-end for a detailed sales presentation to serious prospects.

Take advantage of the sales representatives. They are generally knowledgeable and a great source of information, and they are there to find interested investors like you. Work them over

with your list of questions. Show them your enthusiasm and serious approach to business, and you're on your way.

## WHAT TO ASK

ONCE YOU HAVE THE ATTENTION OF THE SALES REP AT THE trade show booth, be prepared to ask what you consider to be the key questions in your decision-making process. Start with three "knock-it" questions. If you receive negative answers, save your time and energy and move on. If the company clears your knock-out hurdles,

explore the potential fit between you and the franchise further.

The knock-out questions.

These may change from one person to another. Think about what your knock-outs are. Any strong feelings you have about the dimensions of your investment needs will determine your knock-out questions.

Here are three good ones to start with:

1. "What are the minimum financial qualifications for your applicants?" If

you're prepared to make a low-level investment of \$20,000 to \$30,000 and find yourself talking to the seller of a \$150,000 retail franchise, this opportunity is not for you.

2. "What kind of business experience do you require?" If the franchisor is interested in applicants who have experience owning a business or have background in a particular industry and you have none, head for more promising territory.

3. "Are you looking for franchisees in my area?" It may be that your town is fully developed and you have no interest in relocating. If so, move on.

Looking for a good fit. The rest of your questions will explore whether the franchise offering is a good fit for you. Think about these questions carefully; above all, know which areas are most important to you.

4. "What kind of culture makes up your system?" This wonderfully open-ended probe should draw a variety of responses. Every franchise system has a cultural character. Is it clubby, chilly, all business, evangelical or hostile? Listen carefully to the answers; they will give you a great deal of information about the franchise system that will not appear in any written materials.

5. "What products and services are offered by your franchise owners?" Be prepared to follow up with a detailed discussion of products and services. Explore product supply arrangements, pricing issues, delivery routines, and problems that have occurred. Is there a market for the product, or is the market in decline? Find out these answers, and take nothing for granted.

6. "Are your owners generally happy with their investments?" This is a softball question, but it opens a delicate area. The sales rep will answer only with an enthusiastic yes or at least a diplomatically vague confirmation, but you need to dig deeper. "Can I have a list of owners in my area?" "Do the owners belong to a franchisee association?"

7. "May I take a full set of promotional materials with me?" Many franchisors will have a limited supply of full brochures behind the table, with less expensive fliers for the hundreds of tire kickers who stop by. Express serious interest in the investment, and ask if there are any other materials you can study at home. If not, ask for a set to be sent to you.

8. "What is the lifestyle of your franchisees?" Is it all work? How do most owners balance their business and personal lives?

9. "What type of owner's training program do you offer?"

10. "What sort of field support do you provide?"

If you get seriously interested in a franchise, questions 8, 9 and 10 are ones you will want to explore further

More than half the franchised systems operating in Mexico originated in the United States.

Fast-food and multiunit restaurants earned sales estimated at \$108 billion in 1994.

A new franchise opens every eight minutes of each business day.

just a little more bearable, an increasing number of prospective franchisees are becoming more aware of their options. "This program is becoming more and more publicized, and we have found the level of knowledge about it much greater over the last couple of years," says Duckham. "People have a good feel for what they're facing. Franchisor groups are very knowledgeable about [financing options] and are passing that on to their potential franchisees."

Likewise, the most important part of qualifying for financing from The Money Store comes down to basic knowledge. "You should have a good idea of what you're looking for," Duckham says. "We talk to a lot of people who don't know what they want or how much money they need. Those are things we can't help them with. We can provide financing for just about any type of small business, so it's just a matter of deciding what they want to go into—only then can we determine what the actual costs are going to be."

—Janean Huber

# WHAT'S HOT

OUR SOCIETY IS OBSESSED WITH trends—and the world of franchising is no exception. It seems prospective franchisors and franchisees alike constantly have their ears to the ground, awaiting the arrival of The Next Big Thing. Franchising insiders can't help but wonder which franchise will be the next McDonald's or Baskin-Robbins.

"Over the last 10 or 15 years, a definite interest has developed in which franchise is hot and which is not," says Mark Siebert, senior vice president of Francorp Inc., an Olympia Fields, Illinois-based management consulting firm specializing in franchising. "There's a focus on the flavor of the month. Some years ago, it was the yogurt franchises, then cookie franchises, then muffin franchises and cinnamon roll franchises. Now it's bagel, rotisserie chicken and pretzel franchises."

There's one Catch-22 to this trend-watching: By the time you discover a hot franchising concept, it may already be too late to profit from it. Franchising is by nature a second-wave technology, capitalizing on something that's already been proven; consequently, popular franchising ideas are often based on trends that have been in the retail market for a while.

"Usually, one or two companies will emerge as the market leaders in

an industry, followed quickly by a number of people who try to capitalize on those trends," explains Siebert. "The market leader typically does pretty well, and some of the people who are second or third in the market do well as bench players. But companies that get to the market later than that are going to have a harder time reaching

thing on the unit level that works and, capitalizing on the overall market demographic, expand it through franchising," he says. "Auntie Anne's [pretzels] and The Discovery Zone [children's play centers] were local phenomena at first, and once they brought their concepts to the market in the form of franchising, they essentially created a national trend."

With that in mind, some of the most talked-about concepts today, hinting at what might be successful tomorrow, include:

> *Personal communications systems.* Capitalizing on the telecommunications boom, these companies include just about any business that involves phones, pagers, faxes and voice mail. Consumer electronics are also the rage, leading Siebert to predict that used video cartridges and

game units will be a hot item for retail franchises. He's also heard some buzz about satellite dishes offered through direct sales.

> *Adult activity centers.* Often described as a grown-up playland or a Discovery Zone for adults, this concept, which includes interactive and virtual reality games and themed restaurants, may catch on quickly; video giant Blockbuster Entertainment Group is already testing centers in Indianapolis and Albuquerque, New Mexico.



Creating a buzz: Will adult activity centers like Blockbuster's be The Next Big Thing?

the same level as the initial companies. Also, if a market grows very quickly and if there's a low entry cost, there's a good chance it can get oversaturated. So from the franchisees' perspective, there is some danger in basing their whole decision on the popularity of a trend."

Siebert points out, however, that in some cases franchising has transcended the role of trend follower to become an actual trendsetter. "Sometimes trends are actually created by the franchisors. They develop some-

with existing franchise owners.

Notice what question is *not* on this list: "How much money can I make?" Most franchisors do not discuss earnings potential, especially in a trade show situation where the prospect has not received a disclosure document. If you hear dollar signs being shouted in the sales pitch, move on.

## RED FLAGS

THERE'S NO WAY AROUND IT—SHOPPING FOR A FRANCHISE AT A trade show can be difficult. There are no guarantees and plenty of risks. So how can you spot the red flags? Here are a few indicators that should warn you to think twice:

1. *The numbers shout louder than the business.* The dollar sign is the ultimate red flag at a franchise trade show and is the source of legal problems at several levels.

Sales by franchises reached an estimated \$970.1 billion in 1994. The International Franchise Association predicts \$1 trillion by the year 2000.

A seller assuring that you will make X amount of money with his or her program is inviting trouble.

"Earnings claims," the legal term for projections, pro formas, profit claims, performance charts and historical numbers, must appear in Item 19 of the company's Uniform Franchise Offering Circular (UFOC). If they

are not in the document, the company has no business offering you an idea of the money you can make with the investment. If earnings claims are made, check Item 19 of the disclosure document when you receive it after the show.

2. *The hard sell.* A solid franchise investment will sell itself. If you get the hard sell at the show, your instincts should tell you something is not right.

3. *A new venture.* A brand-new fran-



The cafeteria segment of the fast-food industry. Long dormant, this trend may be rejuvenated, thanks to an aging population—it's already catching on in the southern United States. Other restaurant industry trends include a move toward smaller cafes with lower prices, a growth in lighter fare and vegetarian dishes, a Mediterranean-inspired menu including grains and pasta, an emphasis on decor and ambience, and technology as a competitive tool.

> **Housing programs for seniors.** With the aging of the baby boomers, there may be a spurt of franchises offering well-run, attractive, upscale apartments for seniors.

However, even if you're positive you've hit on the greatest idea since sliced bread, Siebert offers a caveat: "There are so many factors [involved] when making a decision as to which franchise to buy," he says. "The things that dictate success in any business are the marketplace, who the competitors and potential competitors are, the franchisor's ability to meet their obligations and provide services, and, most important, the management at the franchisor level."

"Time and time again, I've seen bad management mess up even the greatest concept. Boston Chicken's success can be attributed in part to their recruiting of a management team consisting of people from KFC, McDonald's and Burger King. It was the dream team of modern franchising. I'd definitely bet on management before I'd bet on trends." —J.H.

shelf life is worth careful consideration.

5. **Limited market appeal due to geography or season.** Being a market pioneer can be expensive. Just because a business knocks 'em out in Knoxville doesn't mean it won't bomb in Boston.

6. **Undercapitalized franchisor.** The most common mistake made by franchisors is undercapitalizing their expansion. You will receive in-depth information on the franchisor's financial status in the UFOC, but at the trade show, you will have little to go on. However, pay attention to the general impression given by the exhibitor's booth. A card table and no signs or displays indicate the company has invested little in this marketing effort and may have only a small amount to spend overall.

chise program may pose a higher risk of failure. These franchises lack the very feature that attracts most investors: a business system that has been tested and proven in the marketplace. Remember, even if you get in on the ground floor, the elevator can still go down to the basement.

4. **Franchise fads.** Franchise investments are for substantial periods of time—five, 10 or 20 years. Look out for short-lived fads, gimmicks and clever applications of new technology. Fads sweep through the franchise community every couple of years and have included bungee-jumping franchises, laser gun-tag games, oil-eating microbes that attack kitchen grease, cardboard burial caskets, computerized indoor golf driving ranges... the list is endless. While these concepts may well prove to have staying power, their

7. **"Sign up quick... before we sell out."** The "fast closer" should tell you something is not quite right. By law, a franchise is a deliberative purchase, not an impulsive one. State and federal franchise law requires that you have a complete, current disclosure document in your possession for at least 10 business days (two weeks) before the sale can close. If you are being hurried to make a commit-

## NOW SHOWING

Here's a partial listing of exhibitors scheduled to attend the International Franchise Expo April 21-23 at the Washington, DC, Convention Center. For more information, call (800) 649-4433.

A & I Sign Systems	Discount Party Warehouse
A-Kebab	Discover Card Services Inc.
AAMCO Transmissions Inc.	Dispensa-matic Label Dispensers
Ad In The Hole	Douglas Matheson and Co.
Advanced Sales & Management	Dubai/Infocenter Int'l.
All Tune and Lube Systems Inc.	Dunhill Personnel System Inc.
Aller Clean	Duraclean Int'l. Inc.
Almena Int'l. USA Inc.	E.K. Williams c/o Dwyer Group
Alphagraphics Printshops	Ensign Systems
Alternative Health Superstore	Entrepreneur Group
America's Favorite Chicken	Eovirabate Inc.
American Brake Service	Event Promotion Supply
American Lead Consultants	Express Personnel Services
Appletree Art Publishers	Fantastic Sam's
Applewoods	Fast Trak
AT&T Capital Corp./Franchise	Fastsigns
Athlete's Foot Group Inc.	Fire Glazed Ham Inc.
Auntie Anne's Pretzels	First Net Corp.
Bagel Builders	Fisk Schools Limited
Bar-B-Que Country Franchising Inc.	Flamers
Ben Franklin Stores & Crafts	Fourth R. The
Bevinco Bar Systems Ltd.	Fran Data
Bike Line	Franchise & Licensing World Center
Blenheim Exhibitions Inc.	Franchise Association of
Blimpie	Southern Africa
Blue Ribbon Development	Franchise Developers
Brice Group, The	Franchise Partners, The
Budget Blinds	Franchise Update Magazine
Budget Rent a Car	Francorp.
Bullhide Corp.	Franchise Corp.
Bullwinkle's Int'l.	Franklin's Printing
California Closet Co.	FunTime Int'l.
Campers	Futurekids
Candy Express	General Business Services Corp.
Carpet Sculpture Int'l.	General Nutrition Centers
Cartoon Cuts	Genemex
Caswell Massey	Glamour Shots Licensing Inc.
Certa Propainters	Gloria Jean's Coffee Bean
Checkers Drive In Restaurants	Glover & Potter
Choice Hotels Int'l.	Golax Inc.
Cici's Pizza	Golden Corral Franchising
Citizens Against Crime	Goldfinger Inc.
Clean Net USA	Gourmet Cap
Closet Factory, The	Gourmet Delight Ltd.
Coffee Beanery	Great Wraps
Computertots	Hairlines
Comskill	Hardyman Connection
Coverall	Heartland Retirement Services Inc.
Crestcom Int'l.	Heel Quik Inc.
Culligan Int'l. Co.	Henry Ward Johnson
Damon's The Place For Aids	Heylens
Decorating Den	Historical Research Center, The
Denny's	Hurdy Gurdy Int'l.
Deponte Investment Inc.	Hurricane Window Protection Int'l.
Diergesons	HR Bard Int'l.

Franchising accounts for approximately 40.9 percent of all retail sales.

Franchising employs more than 8 million people, with an average of eight to 14 employees per establishment.

ment, back away and take your sweet time.

If you see one of these red flags at a franchise trade show, make careful note of it, and weigh it carefully. Most of these problems suggest looking deeper after the show.

## HOME WORK

**Y**OU HAVE ABSORBED AS MUCH AS YOU CAN AT THE FRANCHISE show, and you are ready to retreat home to rest your feet and sort out the experience. But before you leave the show floor, find a quiet corner and review your notes. Did you stop by all the booths you planned to? Make

Employment services and food retailing were the top categories in terms of sales growth, marking increases of 16.4 percent and 15.5 percent in 1994, respectively. Restaurants and real estate services also benefited from sales growth of more than 10 percent.

sure you have covered all your bases before leaving. And once you get home, make sure you take the following steps:

1. *Organize your papers.* Spread out all the materials you

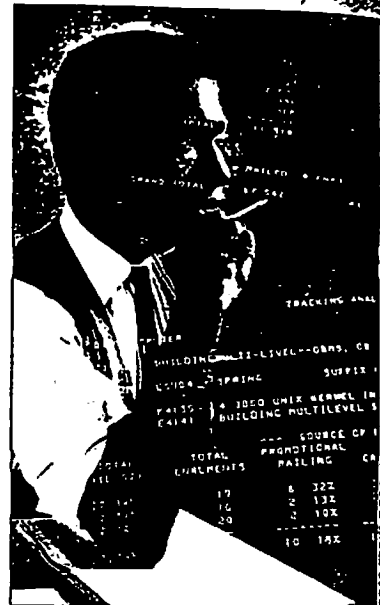
collected and organize them into files labeled with the name of each franchise system. This will be essential as you begin to follow up on these opportunities.

2. *Contact your prime franchise candidates.* Even if you do nothing, most of the franchisor sales reps you met will at least send you a letter, hoping that you will take the next step and contact them. But if you are serious about any of the franchise programs you saw at the show, call the company and request a second, in-depth meeting.

3. *Request more information.* Ask for a copy of the UFOC. This document contains essential investor infor-

mation, including a description of the franchisor and its history, the fees and expenses charged for the franchise, financial information on the franchisor, and a sample copy of the standard franchise agreement.

4. *Contact other owners.* This is the most important step you can take in your investigation of a franchise investment opportunity. Talk to



## NOW SHOWING

Impression On Hold  
International Herald Tribune  
Investor's Business Daily  
Jani King Int'l.  
Java Confrate  
Kali's Inc.  
Kearney & Associates  
Kelly's Coffee & Fudge Factory  
Koti Kootings Inc.  
KT Worldwide  
L.A. Smoothie Health Mart & Cafe  
Labor World of America  
Language Clubs Int'l. Ltd.  
Las Vegas Convention Bureau  
Law Offices of Frank W. Ricci  
Lazerquick Copies  
Linda's Roasted Chicken  
Little King Inc.  
Maid's Int'l. Inc.  
Mail Boxes Etc. USA  
Manhattan Bagel  
Marbles Music & Video  
Medical Management Software  
Medicine Shoppe Int'l.  
Meineke Discount Muffler Shops  
Melmar Inc.  
Mesa Development Corp.  
Micro Play  
Minority Business Entrepreneur  
Minuteman Press Int'l.  
Molly Maid Co.  
Money Mailer Inc.  
Moto Photo Inc.  
Mrs. Field's Cookies  
National Business Employment Weekly  
Naturally Beautiful Nails Inc.  
Nectar Beauty Shops Ltd.  
Neighborhood Check Cashers  
New Horizons  
Norwalk-The Furniture Idea  
Novus Franchising Inc.  
Olde Tyme Mercantile  
Packaging Store Inc.  
Pak Mail Centers of America  
Paper Warehouse  
Parce! Plus Inc.  
Party Day  
Partyland Inc.  
Pasta Grande Inc.  
PMD Joelle Inc.  
Pony

Priority Management Systems  
Pro Golf Discount  
Pro Image, The  
Quantum Leap  
Quikava  
Rainbow Inc.  
Record Swap  
Recycled Paper Products  
Remedy Temporary Services  
Rent a Wreck  
RJ Gators  
Robbins Retirement Co.  
Rocky Mountain Chocolate Factory  
Royal Seal Construction  
Schlotzsky's Inc.  
SOGR Business Systems  
Servistar Corp.  
Shred-It  
Sign Express  
Signs Now: International Sign Shops Inc.  
Sir Speedy Printing Centers  
Sonic Industries  
Spec Savers  
Speedy Sign-a-Rama, USA  
Staff Builders Inc.  
Starlog  
Steak Escape, The  
Sterling Optical  
Streamlined Solutions Inc./Reatrat  
Styles on Video  
Subway  
Super Coops  
Sweet City  
Takeout Taxi Franchising Systems Inc.  
TDI Systems  
The Original Poster Company Ltd.  
Trade & Culture Magazine  
Travel Agents Int'l.  
Travel Network Ltd.  
Tutor Time  
TV Facts of North America Inc  
Ultrazone  
United Consumers Club  
Universal Screenprinting  
USA Today  
Vacation Bonds  
Vandana's Indian D. (India)  
Vendetta Group, The  
Villa Pies  
Vist Street Journals  
White Castle

## SUCCESS

WHAT A DIFFERENCE A YEAR MAKES. AT LAST year's International Franchise Expo (IFE), former military fighter pilot Ron Fines was just one of thousands of attendees roaming the aisles in search of business ideas. "I always wanted to open my own business, so I went to the show to explore what was available," says Fines. "I liked the idea of controlling my own destiny, with the potential to make a lot of money and handle multiple tasks. I was looking for something that would fit me."

About a half a year after attending the show, Fines opened the doors to his Franklin's Printing & Copying franchise in Boca Raton, Florida. The transition, though speedy, was remarkably smooth. "It seemed to happen very naturally," he says. "Looking back, I can't see myself going in any other direction. The timing and everything just fell into place."

Not bad for a guy whose main purpose at the IFE show was simply to "browse." "I went with an open mind and pretty much looked at everything," Fines says. "I was surprised by some of the franchises available. I'd never heard or read about some of them in any other medium."

Narrowing the choices down to one particular franchise involved a lot of research after the show—mainly reading the material and talking to other owners. "But I don't



as many franchisees as possible. It may take some driving, and you may have to overcome your reluctance to impose on hard-working business owners, but there is no substitute for it. Visiting other franchisees will ground your plans in reality.

Ask them whether they would buy the franchise again, knowing what they know now. Is the franchisor supportive? How effective was the training? Are there flaws in the franchise program? Is product supply readily available? How strong is the market for the product or service? Do the seasons affect the business? How many hours a day or week do the owners put in? Are they making the money they thought they would? What were their gross sales last year? What was the net? Do they have any advice for you?

You'll be amazed how much you learn about the business by talking to someone in the trenches. So take good notes.

5. *Visit company headquarters.* Don't assume all corporate offices are the same. Visit the headquarters and meet as many key players as you can. Ask if your trip expenses can be reimbursed or offset against the initial fee if you buy a franchise. Write down all your thoughts or concerns beforehand so you don't forget to ask any questions. Buying a franchise is a two-way investment; evaluate them at the same time they are evaluating you.

6. *Seek professional ad-*

## STORY

franchise, it can make the difference not only in whether you survive or not but also in how quickly you can grow," he says. "It would be very easy to get lost in the forest. Support from a franchise gets you headed in the right direction; it helps you really focus on what's important and what you need to do."

According to Fines, Franklin's counseling started on day one, ranging from writing a business plan to finding financing. The attention to detail helped Fines, who had never before run a business, get started at a sprint. "I didn't have a printing background, so it was critical," he says. "Their program was so structured; it was like A-B-C-D. I was actually faxed checklists to complete so I knew exactly where I was in the process. At times, when you have a lot of things going on, it can get a little overwhelming. That's when it's nice to have the franchisor there, just a phone call away. Though Fines' location has only been open since November 1994, he's already seen sales double from his second to third month in operation. How does he feel about being a semiovernight success? "Everything I was expecting—the fulfillment I was hoping to get from obtaining this franchise—has been met 100 percent," says Fines. "To see the business grow from the first to the third month makes me certain I made the right decision."



*Prints charming: One year, Ron Fines was an IFE attendee; the next, a franchisee.*

# FOR MORE INFORMATION

> *The Federal Trade Commission (FTC)* provides a package of information about the FTC Franchise and Business Opportunity Rules free of charge. Write to: Public Reference Branch, Federal Trade Commission, Washington, DC 20580, or call (202) 326-3128.

> *The American Business Opportunity Institute Inc.* is a national information clearinghouse and seminar company specializing in business opportunity and franchise matters. For information on the institute's publications, programs and services, send a self-addressed, stamped, business-sized envelope to American Business Opportunity Institute Inc., #700, 3 Bethesda Metro Center, Bethesda, MD 20814.

vice. Do not pinch pennies when it comes to hiring a lawyer to help you understand the franchise contract and disclosure statement. These are complex documents; at the very least, your lawyer can explain the highlights of your legal relationship with the franchisor and may have some valuable suggestions as to how to negotiate a more favorable deal. The benefit: You go in with your eyes wide open.

7. *Don't be afraid to negotiate.* If this is your first venture into the business world, remember this: Everything's

negotiable, and even if it's not, it doesn't hurt to ask. Franchisors will tell you there are strong incentives for them not to negotiate; that's true. At the same time, every franchisor has tailored the deal for at least one new prospect to close the deal. Check the new Item 5 of the UFOC: it will tell you whether there have been variations in the initial fees charged to purchasers in the last year. Also ask the franchisees you meet in your investigation whether they negotiated any aspect of their contract with the company.

8. *Check 'em out.*

Your lawyer can help make sure the franchisor has taken all appropriate steps to register the offering if that is required in your state. Calls to the Better Business Bureau and your state's consumer protection agency may also tell you whether there have been any complaints filed.

The number of franchised establishments increased by an estimated 8.5 percent in 1994.

In 1989, there were 492,498 franchisors operating in the United States. By the end of 1992, there were 558,125.

*Andrew A. Caffey, a lawyer in Washington, DC, is the former General Counsel of the International Franchise Association and a nationally recognized specialist in franchise and business opportunity law.*

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