

A Step in the Right Direction

How to find the business opportunity that's best for you.

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URL: <http://www.entrepreneur.com/article/14246>

When Jim Sniechowski and Judith Sherven, a husband-and-wife team from Santa Monica, California, attended a presentation on the iMall Internet business opportunity, they decided to buy the Internet training and Web-site package on first sight. Sniechowski has a doctorate in human behavior and Sherven has a doctorate in psychology, but how did they know the iMall Internet business would be right for them?

It was a decision made, Sniechowski says, "Entirely by instinct."

Sniechowski and Sherven got lucky. They have used the packaged Internet training they received to build a successful business distributing their audiotapes and relationship-training seminars on the Internet, globally offering their unique motivational materials for improving interpersonal relationships.

Before buying into the program, they spoke to the seller at length about the training they would receive. So far, they have been pleased with the marketing boost it gave their small publishing business. "For a modest investment, we got into the international market through the Internet," says Sniechowski, "and, as it turns out, we couldn't be happier with the iMall company."

The history of business-opportunity sales suggests that not everyone has as good an experience as Sniechowski and Sherven had. Responding to a radio advertisement for Internet business training, they found a great fit for their business needs without a lot of research and without initially knowing much about the business experience and stability of the seller. The best approach, and the way to reduce the risks involved with finding the right business-opportunity investment, however, is to look carefully into the program, check out the seller, and press for terms that work for you. In a market with few ready sources of information, that can be more

challenging than it sounds.

Ask The Right Questions

When talking to the seller, it is vital that you ask the right questions. Here is one key idea to nail down: "I understand the business concept, but what's the job?" In other words, what do you actually have to do to run the business on a daily basis? The business opportunity may be providing consulting work to businesses--something you would really enjoy--while the actual job is filling your day cold-calling businesses on the telephone to generate clients--a prospect that may intimidate you.

Get beyond the glamour of the business concept and understand the daily work necessary to get results from your investment. If the daily effort is not to your liking, it doesn't matter how much you enjoy the idea of buying the business opportunity--you won't be happy running the business day to day.

Other subjects you might explore with the seller include:

- What is the total investment, and are there any continuing fees or product costs I should anticipate?
- How long has your company been in business? Where are your headquarters, and how many people do you employ? Can I visit the headquarters?
- Are you registered as a business opportunity (or "seller-assisted marketing plan") in any states? This is required in 25 states, although compliance is generally spotty.
- May I have a copy of your company's financial statements? This will be important if you are expecting any ongoing services, such as a supply of inventory, from the company.

See The Right People

You have met the representatives of the business opportunity at a trade show, on the telephone, or at a seminar presentation. Should you visit the company's headquarters? The answer is yes: Nothing compares to checking out the business with your own eyes, and meeting in person with the people who are at the other end of the telephone. Naturally, whether you spend the time and money necessary to visit the national headquarters of a business-opportunity seller will depend on the size of your investment. You may not think it prudent to head across the country and spend \$1,000 in travel expenses when considering whether to make a \$700 purchase, but when the investment numbers get higher, you will need to protect yourself more.

You should also plan to meet other buyers of the business opportunity. The seller will usually give you a list of recent buyers, but be careful. You want to receive as complete and unedited a list as possible, and the seller might be giving you a short list of people who have done especially well with the business or, worse, a list of shills who make a handsome commission if you buy the program. These hand-selected "buyers" will be motivated by the commissions to sell you on the opportunity rather than give you their independent evaluation of the investment or a true picture of how the program actually works. See at least five buyers of your choosing, randomly selected, who have operated the business for a substantial time.

When you talk to other buyers, find out if they actually operate their businesses; ask them how long they have been owners and how they have done with it. Sure, it's important to ask if they have made money with the program (even though your experience may be dramatically different), but it's also important to ask about quality of the products, the efficiency of the operating systems, and the assistance of the seller.

Consult The Right Organizations

Unfortunately, there is no trade organization that issues a seal of approval for business-opportunity sellers. Finding out whether the seller is on the up and up will take a bit of guerrilla research.

First, head to the library and check out the business-opportunity seller in back issues of business magazines. If they have been in the business for a while, they will likely be listed in the "Business Opportunity 400" issue of

Business Start-Ups, which has been the September issue for the past few years. Check out this listing and any of their advertising that appears in the publication. Also, check for any books on the business that interests you.

Your next stop might be your state's office of consumer affairs. Ask whether there have been any lawsuits, investigations or complaints against the company in the last year. If the answer is yes, there may be information available at the agency to give you insight into the problem. Don't let just any legal action scare you away; most U.S. businesses carry multiple legal battle scars from our litigious society, and business-opportunity sellers are no exception. But if the records show criminal convictions for fraud, securities law violations, or violations of business-opportunity or franchise laws, you may want to look elsewhere to invest your money.

You can also check with the Better Business Bureau in your area for a list of complaints on file, and contact the Federal Trade Commission for free investor information about investing in a business opportunity. (See "For More Information . . ." on pg. 46.)

Reduce The Right Risks

The purchase of a business opportunity is an inherently risky investment. You shouldn't be spending money you cannot afford to lose, and you should take steps to reduce the risks involved.

The primary risks in investing in a business opportunity are two-fold. First, as surprising as it may seem, most buyers never put their new businesses into action. Some people simply have more difficulty than others in learning a new activity and applying themselves to the demands of a new business. The solution: Be motivated to make a change, and make sure you find a good fit for your needs. Select the business opportunity carefully after a thorough review of your own situation: How much money do you want to earn? How much time will you devote to the program? What results will you expect to receive? Most importantly, know your preferences, so when the right opportunity comes along, you'll know it when you see it.

The second risk is that you might be disappointed with the materials you receive, or you may not receive the materials at all. Lower this risk by

using some of the buying techniques outlined below.

Use The Right Buying Techniques

First, be prepared to negotiate. For most business opportunities, you will be absolutely amazed to see the purchase price drop if you ask for a lower price. Try an approach like this: "I would love to buy this package. It sounds like it is exactly what I have been looking for, but it is slightly out of my price range. Would you consider accepting \$2,000 instead of the \$3,500 asking price?" Then, be prepared to meet them somewhere in the middle--but do not allow yourself to be talked into paying top dollar. Remember the strength of all good negotiators: Always be prepared to walk away from the deal. Odds are, the seller will not want you to walk away. Make an offer and see what happens!

Once you have settled on a price, ask the seller if the sale can be broken into installments. Not only will this make the payments easier for you, it will protect you if the seller does not deliver the promised products or services. If you are disappointed, cancel all subsequent payments and ask for a refund of your initial installment.

Use credit cards, not cash or personal checks to pay. If there is a problem or you get "buyer's remorse," you can often refuse delivery or return the products purchased and ask the credit-card company to deny or reverse the charge to your card. The company then charges the expense back to the account of the seller. If you pay cash or write a check, there is no such recourse.

Buy In The Right Frame of Mind

Be realistic about your entrepreneurial dreams. Creating wealth through a new business is, generally speaking, difficult work. "We did not expect our Internet business to be an overnight success," says Sniechowski. "We had to put in substantial labor to get results, and I think we were smart to follow the marketing training we received."

If you are attracted to a business-opportunity idea because it sounds easy, or the seller makes promises of big money for a few casual hours of effort, look at it again realistically, or just move on. A solid business-opportunity program will give you the tools you need to get into building your own

wealth, but the engine and fuel and driver of that business will be *you*. Bring a healthy skepticism to the process of locating the right business opportunity, and keep your eyes open for a good fit with your skills and needs. When you do find that fit and it clicks, you'll be well on your way.

Business Opportunity Regulation States

Currently, the following 25 states specifically regulate sales of business opportunities. Check with consumer protection agencies--often a part of the attorney general's office--in your state.

Alabama, Louisiana, Oklahoma, California, Maine, South Carolina, Connecticut, Maryland, South Dakota, Florida, Michigan, Texas, Georgia, Minnesota, Utah, Illinois, Nebraska, Virginia, Indiana, New Hampshire, Washington, Iowa, North Carolina, Kentucky, Ohio

For More Information . . .

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

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