

A FRANCHISEE CHECKLIST

Suggested information to be obtained regarding the Franchisor/Franchisee

Who are they?

- Franchisor's shareholders' history?
- Franchisor's officers and directors?

How have they been doing?

- Franchisor's financial health history?
- Franchisor's most recent audited accounts?

How long have they been doing it?

- How long has the franchisor been operating?
- Did the franchisor run a pilot operation?
- How many and for how long?
- What were the results of the pilot operation?
- How long has the franchisor been offering franchises?
- Number and identity of current franchisees supplied?
- Can you choose which franchisees to talk to?
- Have any franchisees been terminated and if so, why?

What package is on offer?

- Initial fees, royalties and management fees payable?
- What will you get for your money?
- Does it represent value for money?
- Realistic predictive financial model available, based on franchisor's experience/research?
- What is the total cost breakdown of starting a franchise under the franchisor's business model?
- Working capital required?
- Liquid capital required by the franchisee, net of borrowings?
- Term long enough to enable financial returns?
- Information on any grants/financial supports (eg employment grants), available?
- Information on lending packages from banks available to franchisees?
- Has the franchisor documented a comprehensive step-by-step guide to delivering the business model, contained in the operations manual?
- Has the franchisor clearly outlined the specifications of all equipment, ingredients etc needed in the delivery of the offer?
- Has the franchisor clearly defined its franchisee selection criteria?
- How does the franchisee recruitment process work?

- What type of initial support will their franchise support office provide?
- What type of ongoing support will their franchise support office provide?
- What continuing ongoing services are provided by the franchisor?

- What type of initial training will the franchisor provide? How long will it last?
- Is support/training ongoing or just at initial stage?
- Is ongoing training compulsory?
- Is additional training provided and at what additional cost?
- What type of training facilities are available?
- How does the training work? Does the franchisor train the franchisee and the franchisee's staff or does the franchisor train the franchisee to enable the franchisee to train their own staff?
- Who pays for any expenses incurred when I am on training? Do I get paid when I am on training?
- Is it a long term business or just short-term/seasonal?
- Is it legal in Ireland?
- Does the franchisor provide pre-opening support/assistance?
- Does the franchisor provide a turn-key opportunity whereby they project manage the fit-out of the unit before the franchisee commences trading?
- Does franchisor provide on-site opening assistance?
- Does franchisor own/rent premises?
- Will franchisor specify layout and design of premises?
- Will franchisor provide initial advertising/marketing assistance?
- Will franchisor provide ongoing advertising/marketing assistance?
- What is the franchisor's organisational structure and what resources are dedicated to the franchise rollout programme?
- Territorial and operating restrictions?
- Territorial and operating protections?
- Intellectual Property protected and licensed, eg trademarks registered etc?
- Does the franchisor hold franchisee forums? If so, how often and where?

Verification inquiries?

- Have you consulted with existing franchisees?
- Have you consulted with an accountant?
- Have you consulted with a solicitor?
- Have you consulted with a banker?
- Have you consulted with a franchise consultant?
- Have you considered and compared/contrasted alternative franchise offerings?
- Is the franchisor a member of the Irish Franchise Association or other associations? If not, why not?

Does the franchise contract contain?

- Clear definition of franchise business, location and territory?
- Duration of agreement?
- Clear description of training provided: type, duration and cost?
- Right of renewal or extension and any conditions for these?
- Clear list of franchisor's obligations and duties?
- Clear list of franchisee's obligations and duties?
- Termination clause for both parties?
- Is there a right to sell or transfer the franchise?
- Does this require the franchisor's permission?
- Is there a fee or commission payable to the franchisor on sale?
- Contingency for long illness or death?
- Franchisee's heirs' rights on death?
- Can you operate more than one franchise in the territory?
- Can you carry on any other business concurrently?
- Arbitration/Mediation/Alternative Dispute Resolution clause?
- Payments to franchisor such as franchise fee, deposit, royalties, advertising contributions and any other payments required?
- Supplies from franchisor or independent third party?
- Any requirement to build or renovate premises?
- Are premises held under lease and if so what is lease term?
- Can you change premises during term of contract?
- What operational controls can the franchisee expect from the franchisor?
- What are the procedures for managing under performing franchisees?

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