

Questions to Ask Franchisors

Determine what assistance the franchisor provides:

Do they assist with financing, training, store design, location construction, site selection, and feasibility studies?

Do they publish an item 19 earnings claim in their UFOC?

Do they have any access to demographic studies to get an understanding of the audience within the market area?

What types of support will the franchisor provide once your franchise has opened its doors?

After the initial investment, will there be additional financial obligations requiring working capital?

Ask the franchisor how many franchises have been sold in the state you will be operating in during the last 12 months, and how many have been opened for business?

What types of territorial restrictions and protections have been set up by the franchisor?

Is the franchisor planning on expanding within your state? Are they focusing on any specific locations?

What arrangements are established through the franchisor in terms of product supply?

Ask if the franchisor has been forced to terminate any of its franchisees and detail the reasons for this decision.

Have any franchisees failed or gone bankrupt?

Are there any current lawsuits pending or past judgments against the franchisor?

What steps are taken to settle disputes between the franchisor and franchisees?