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Is buying a franchise a good way to get into business?





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## Question:

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## Answer:

Though far from simple, franchising can be a good way for you to own a business with both a proven method of operation and a familiar name and trademark. Before choosing a franchise, consider your interests, experience, knowledge, and personality. Though your franchisor will likely offer managerial support and training, you will be more successful if you have an interest in or experience with the business in which your chosen franchise operates. For example, a former restaurant manager might be more successful in acquiring a fast-food restaurant than a muffler shop.

Don't forget the fees and restrictions that come with franchise ownership. Do you mind paying royalties or relinquishing some control to the franchisor? For example, the franchisor typically can dictate things such as the style of uniforms, the way the product is presented, and even where you buy your supplies. If such franchisor control will bother you, franchising may not be for you.

When you have chosen one or more franchises in which you are particularly interested, you'll need to examine each very closely. Your examination should include a careful review of the franchisor's Uniform Franchise Offering Circular (UFOC), a document containing information submitted to the FTC that the franchisor is required by law to provide you with before you sign a contract. In addition, you should investigate the franchisor's credibility by contacting other franchisees and consumer agencies like the Better Business Bureau. It may be wise to contact some franchisees who have failed, so you can get a balanced view of the risks.

Last but not least, you should seek the advice of professionals who are familiar with franchising, such as a lawyer and an accountant. They can help you understand the franchise agreement, which is usually long and complicated, before you commit to it.

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