

The Do's and Don'ts when considering starting up a franchise

Do's	Don'ts
1. Obtain a full list of franchisees ensuring the numbers are the same as that used in their marketing material	1. Sit back and wait for business to come to you. Just because you operate a franchise does not mean to say you do not have to market your business
2. Speak to as many of their franchisees as possible about the franchisor and their general support provided	2. Underestimate the demands on your time and the impact running a business will have on your family and social life
3. Visit existing franchisees to assess first hand how the franchise operates, it's demands and whether it will be right for you	3. Exclude your family when considering buying a franchise
4. Ensure you have, or can access sufficient capital to start and develop the business. You will need at least 1/3 of the start up costs for an established franchise and ½ for a less proven business	4. Forget to ask existing franchisees whether their actual performance is in line with the franchisor's projections. If they are not ask why?
5. Assess the value for money of the initial package and ongoing fees	5. Forget to ask existing franchisees what the support from the franchisor is like
6. Assess the share of profit to ensure it is equitable	6. Underestimate how long it may take to find a good retail site, when required
7. Have the legal agreement explained to you by a British Franchise Association affiliated solicitor. It is unlikely to be changed	7. Forget to assess the competition
8. Assess the brand, product and/or service to ensure there is a market for the offering	8. Forget to talk to an accountant about the financial projections and cashflows
9. Complete a business plan before you start. You will need to assess how the business performs against this plan. If you borrow the bank will want one prepared	9. Forget running any business has risks. There are still some in franchising, just that generally they are reduced
10. Take a critical look at the training. Is it sufficient to start you off in business	10. Forget to seek guidance from NatWest

Information provided by RBS Bank

To speak to a member of the Banks franchise team contact on 0800 0929117

