

ON THE FRANCHISE BUSINESS

1. How long has the Company been franchising the business?
2. How many franchisees / franchise owners are there and have any of these been approached (suggested minimum - three)?
3. What does the Head Office organisation consist of, i.e. management/sales support etc., what services do they offer you?
4. Have you details of the Franchisor's bankers and have you taken references from this or any other source?
5. Have you seen the Balance Sheet/trading figures of the Franchisor, how much capital has he/she invested (net worth/profitability)?
6. Has the franchise system had any failures and have these been discussed with you?
7. How does the franchisor recruit franchisees, is he/she selective, do you need any experience?
8. Have you looked at other systems?
9. Is the Franchisor a member of the Franchise Association of New Zealand?

COSTS AND PROJECTIONS

1. How much does the franchise cost and what does this include? What is the cost of additional equipment etc.?
2. What ongoing costs does the Franchisor charge i.e. monthly management fees on turnover, advertising levy, mark up on goods/products provided?
3. Does your Business Plan provide for working capital?
4. What are the projected profitability ratios, are all of your overhead costs included in the Business Plan (not merely a template provided by the Franchisor)?
5. Have you seen actual figures of existing Franchisees/Franchise owners to confirm projections?
6. Did the Franchisor run a pilot operation before franchising or is the system still under test?
7. Has the Franchisor any financing arrangements in place i.e. leasing etc. for necessary equipment, will you own the equipment upon repayment?
8. How soon will you have to refurbish premises/replace equipment etc.?

METHODS AND BUSINESS

1. Is the business seasonal; is there a good time to start trading, what are the stipulated opening times?
2. Is there a minimum monthly turnover figure stated in the Franchise legal agreement?
3. If goods are provided from the Franchisor, are you obliged to purchase a minimum amount?
4. Have you a copy of the Franchise legal agreement and has this been fully explained to you by a solicitor with a good knowledge of franchising?
5. Are you allocated an exclusive territory and is this suitable to you?
6. How long is the Franchise licence granted for, is it renewable and is there additional charges payable on renewal?
7. Are you able to sell the business, are there any restrictions imposed on you, can you terminate if business does not suit you?

SUPPORT

1. What training is available, initial and ongoing?
2. Have you met the full team, i.e. the support staff that will help you?
3. What help will you receive with local advertising and promotion, are you provided with literature and what are the costs of any materials?
4. Do you receive full instructions and Operational Manuals on the methods of the business including bookkeeping systems?
5. What support is available if you run into difficulties and do not produce anticipated trading figures?
6. Does the Franchisor arrange seminars/meetings of all Franchisees/Franchise Owners and/or publish newsletters to help you?