

Buying a Franchise: Questions to Ask Franchisees

These questions are just suggestions, so add or change according to your situation. When contacting franchisees, remember that you are a stranger asking for a favor. Be flexible and offer to talk/meet whenever it works best for their schedule. Use a warm, conversational tone and be prepared with a list of questions, either those below or a list you create on your own. Take careful notes of your conversation. Write the name of the franchisee, their telephone number, and the date of the call/meeting on the top of your notes. Be sure to thank the franchisee for their help and for speaking with you.

- 1. How long have you been in business with this franchise?
- 2. What were you doing previously?
- 3. What made you choose this franchise?
- 4. How has it been going for you?
- 5. How would you rate your relationship with the franchisor?*
- 6. How would you rate the initial training?*
- 7. How would you rate the ongoing support?*
- 8. How would you rate the marketing programs?*
- 9. Are you aware of any franchisees that are unhappy in this business? Do you know why?
- 10. How difficult is it to find, train and retain employees? How do you compensate your employees? Benefits? Paid time off?
- 11. Would you mind sharing with me what you expect your annual revenue to be for the year? How does that breakdown amongst the products / services?
- 12. Can you tell me roughly what percent of that will drop to your bottom line?
- 13. Approximately how much per year do you spend for:
 - a. Advertising and marketing
 - b. Uniforms
 - c. Insurance
 - d. Supplies
 - e. Rent/Utilities or other
- 14. What are your costs of goods sold (COGS) as a percent of sales?
- 15. How much could I reasonably expect to gross/net in first year, second year, and third year?
- 16. What do you like best and least about this business?
- 17. What do you wish you had known before you got started?
- 18. What should I expect that may not be specifically stated in the FDD?
- 19. If you had it to do over again, would you buy this franchise?

* If helpful, you can provide a ranking system to the person you are speaking with, such as a scale from 1-10, or you can change the word "rate" to "describe."

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