Questions to Ask Before Buying a Franchise

Twenty-four questions across five conversations. Check them off as you ask — and write down what you hear. There are no right answers, only answers worth having before you sign.

01 Check the FDD first

THE FILING ANSWERS THESE

- [ ] What is the full set of fees I'll pay — initial, ongoing, and in the fine print? — Items 5–6
- [ ] What will it cost to open, including working capital — and how long does that capital last? — Item 7
- [ ] Is the system growing or shrinking — how many outlets closed, transferred, or were terminated? — Item 20
- [ ] Is there a financial performance representation — and who's included in it? — Item 19
- [ ] Has the franchisor or its leadership disclosed litigation or bankruptcy? — Items 3–4

02 Ask the franchisor

DISCOVERY DAY · SALES CALLS

- [ ] What does my territory actually protect — and what can you still do inside it? — Item 12
- [ ] What support do I get at opening, and what continues after? — Item 11
- [ ] What are the most common reasons franchisees struggle in their first year?
- [ ] How are required purchases priced — and does the franchisor earn revenue on them? — Item 8
- [ ] What happens at renewal — and which terms can change? — Item 17

03 Ask franchisees

CURRENT & FORMER OWNERS · ITEM 20 LISTS

- [ ] Knowing what you know now, would you buy this franchise again?
- [ ] How long did it take to reach break-even — and what surprised you about costs?
- [ ] How responsive is the franchisor when something goes wrong?

03 Ask franchisees, continued

VALIDATION CALLS

- [ ] Do the Item 19 numbers match your experience? Item 19
- [ ] If you were in my position, what would you ask the franchisor?

04 Ask your professional advisers

ATTORNEY · ACCOUNTANT — BEFORE YOU SIGN

- [ ] Attorney: which contract terms differ from what the FDD summary led me to expect? Item 22
- [ ] Attorney: what am I personally guaranteeing — and what are my exits if this doesn't work? Item 17
- [ ] Accountant: does my capital cover the Item 7 high end plus living expenses to break-even? Item 7
- [ ] Accountant: how do the unit economics look after royalties, ad fees, and debt service? Items 6, 19

05 Ask yourself

WORTH WRITING DOWN

- [ ] Am I buying a job, a business, or an investment — and does this opportunity deliver that?
- [ ] Can I follow someone else's system, without changing it, for the length of this agreement?
- [ ] If revenue is half of plan in year one, can we handle it — financially and at home?
- [ ] Have I talked to franchisees who left the system, not just the happy ones?
- [ ] What would have to be true for me to walk away?

§ Notes