

A checklist for new franchisees

Provided by ACCC

- Is this the right franchise for you? Assess your strengths and weaknesses thoroughly
- Get professional advice from an accountant, lawyer or other business expert with experience in franchising before making any commitments
- Verify the franchise's financial details, analysing profit and loss and annual reports. An accountant or business adviser can help you with this
- Research the franchise – has it ever been the subject of a dispute or legal action?
- Ask for a list of current and previous franchisees so you can speak to as many people as possible before making a commitment
- If there is a lease involved in the transaction, make sure you know whose name it is in, the terms of the lease and your rights and obligations
- Do you have the skills to run the franchise? Ask the franchisor what training is available and what skills you will need
- Make sure any promises made by the franchisor are written down
- Before you sign any agreements make sure you have read the Franchising Code of Conduct and have received and read a disclosure document and a copy of the final franchise agreement
- Make sure you understand what fees and payments are due and when
- What period of time is the franchise agreement for? Can you negotiate an extension? What is your exit strategy if the franchise is not renewed?
- If the deal is not acceptable, try to negotiate a better offer or find a better deal elsewhere
- Remember, extensive planning and research will help you make an informed decision