

The Franchise Agreement – 7 Points to Be Crystal Clear On

One of the most important documents you will sign as a new franchisee is the franchise agreement. That document defines the relationship between you—the franchisee—and the franchisor. Before you sign on the dotted line, note these 7 points to be crystal clear on:

1. **Territory**—not all franchisors guarantee exclusive territory. Make sure you understand the policy of the franchisor and what level of protection you can expect.
2. **Negotiations**—many terms in the franchise agreement will be non-negotiable. Make sure you know what those are, and also know what your expectations are on points that are negotiable.
3. **Fees**—the agreement will document all fees related to franchising the business. Be sure you are clear on the total investment, including franchise fees, royalties and marketing expenses.
4. **Suppliers**—many franchisors have negotiated rates with specified suppliers and require you to buy your products and supplies through them.
5. **Renewals and sale of the business**—make sure you know how long your agreement is in effect. Can the franchisor reclaim the business if you are not turning a profit by a particular deadline? What are your options if you decide to sell the business? Be clear on those answers before you commit.
6. **Proprietary statements**—the agreement will outline how you as a franchisee are permitted to use the franchise logo and advertise your business. You should understand those requirements to ensure you operate your business in compliance with the agreement.
7. **Franchise attorney**—it's important to secure an attorney who specializes in the franchise industry. He will be able to walk you through the agreement step-by-step, ensuring you understand all of your obligations and rights as a franchisee.

If you're ready to own your own franchise, contact a [winning franchise consultant](#) today to discuss the best franchise opportunities for you.