

Chapter 6:

WORKSHEET: Financial Disclosure Document Initial Investment Comparison

EXPENDITURE	FRANCHISE #1	FRANCHISE #2	FRANCHISE #3
Initial Franchise Fee			
Property			
Leasehold Improvements			
Equipment and Fixtures			
Computer systems, hardware, and software			
Licenses			
Training and related travel			
Signage			
Opening advertising			
Accounting/Bookkeeping systems			
Opening Inventory			
3 months advertising			
3 months lease			
3 months salaries			
3 months insurance			
Other:			
Other:			

Other:			
Other:			
TOTAL:			

Want to learn more about initial franchise costs?

Let's talk about it.

E-mail me at _____ or call _____.

Pete Gilfillan

Franchise Consultant and Author of *HIRE YOURSELF*

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WORKSHEET: Financial Disclosure Document Comparison List

The FDD is a vast and confusing document. In order to compare multiple documents, you'll want to look at the key facts side-by-side. You may need to enlarge this form to allow room for notes.

DECISION FACTOR:	FRANCHISE #1	FRANCHISE #2	FRANCHISE #3
Initial Franchise Fee			
Cost to Grow Territory or Additional Units			
Term of Investment: How Many Years? Renewal Options?			
Basic Royalty Structure			
Marketing Fund Contribution			

Cost of Required Equipment			
Financial performance: Revenue Potential Net Profit Margin			
Other:			
Other:			
Other:			

Want to learn more about Franchise Disclosure Document?

Let's talk about it.

E-mail me at _____ or call _____.

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WORKSHEET: Making the Most of Validation Calls

Validation calls may provide your single biggest opportunity to really understand the behind-the-scenes workings of a franchisor. Make the most of these calls by organizing your thoughts and questions in advance. Use this sample call walk-through as an example and customize it to meet your own needs.

Step 1: Choose a cross-section of owners to contact. Choose representatives from each level of performance: superstars, solid performers, and those who are struggling. Also select both long-time and fairly new franchisees.

Step 2: Contact each franchisee. Be polite and appreciative. Work around his or her schedule to get the information you need.

Step 3: Break the ice, perhaps by asking how each individual made the decision to franchise.

Step 4: Move on to questions about the franchisor's practices. For example:
--Were you happy with the site selection and lease improvement process?
--How useful did you find the pre-launch training to be?
--How responsive is the franchisor to your concerns?
--Do you feel your required marketing investment is paying off?
--How many hours per week do you typically spend working in/on the business? Doing what?

Step 5: It's time to ask your more intrusive financial questions. The franchisee knows they are coming and may or may not be willing to share confidential information.

Sample questions might include:

- How accurate did you find the franchisor's start-up cost estimate to be?**
- At your launch, what were your expectations for annual revenue?**
- Has your business fallen short, met, or exceeded those expectations?**
- How long did it take you to reach the break-even point?**
- How much money can I make if I buy into this franchise?**

Step 6: Once you've got a useful snapshot of information from your franchisee, start wrapping up. You might close with a question about his or her satisfaction with the investment, such as:

- If you were to go through this process again, do you think you would buy the same franchise?**

Thank the franchisee for his or her time and valuable information. If the franchisee was helpful to you, ask if you might get back in touch for a brief follow-up if needed.

Want to learn more about the validation process?

Let's talk about it.

E-mail me at _____ or call _____.

Pete Gilfillan

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