

Guide to The Decision Making Process

There are three key decisions you will need to make when investing in a franchise opportunity; these are the commercial, financial and legal decisions. But what does this mean. We can explore them one by one, and in the order that you will make them while undertaking your franchise research.

The Commercial Decision

This is essentially the whole research process as you decide whether the franchise in question is the right one for you. Questions you would ask yourself in making a commercial decision are:

- 1 Would I enjoy running this franchise?
- 2 Will I be happy working in that kind of operation and industry?
- 3 Will the business deliver the income/control/time flexibility etc that I seek?
- 4 Is the location (if appropriate) exactly right for me?
- 5 Will I be challenged in this business?
- 6 Does my role within the business suit my strengths?

And so on. The point is that you are feeling attracted to one particular franchise type over others as it meets with your own selection criteria in relation to these kind of questions. But the final commercial decision cannot be taken without consideration to the other decisions, especially the Financial Decision.

The Financial Decision

Where the Commercial decision is a broad interpretation of questions of suitability, the Financial Decision has focused thoughts that should enable a more black and white outcome.

- 1 Will I be able to earn the money I want to from this venture?
- 2 Can I see evidence that the financial performance I desire is really being achieved?
- 3 Can I afford the franchise in the first place?
- 4 In order to meet the total start-up costs, can I borrow the amount of money I need?
- 5 Will the bank lend me what is required, according to my business plan?
- 6 With start-up costs, loans and payback terms considered, does it still meet my criteria?

Again, not an exhaustive list of questions, but topics that raise two of the most significant stages in your franchise research process, borrowing money from banks and making a business plan. Again, whitecollarfranchise.co.uk can help you in both of these aspects.

Ultimately, a 'NO' in the financial decision box also puts a 'NO' in the commercial decision box, and makes the third decision you would need to make irrelevant, which is why the legal decision should usually be made towards the end.

The Legal Decision

Last, but definitely not least, the legal decision should usually come as the final step, but it is certainly not the final consideration. The last thing you need is to spend weeks or months conducting focussed research into a franchise only to find that the Franchise Agreement itself is unacceptable. That would be a bitter blow. Again, Whitecollarfranchise.co.uk can help and has an explanatory guide to Franchise Agreements and legal advice from leading franchise legal expert Nina Moran-Watson.

So, you should ask to see a copy of the Franchise Agreement at the stage that you have created a shortlist of opportunities to focus on and, with the help of the information supplied on this website, conduct an initial review of the Franchise Agreement yourself. Any provisions of the Agreement that you do not understand clearly should be highlighted and discussed with the franchisor to at least make sure that the franchisor themselves can provide a satisfactory response.

Having the Franchise Agreement reviewed by a legal specialist is likely to cost between £400 - £750, but as a registered user of whitecollarfranchise.co.uk, you are entitled to a discount from one of the UK's leading experts in providing franchise agreement reviews. Because of this fee, you need to be in a position to have made the commercial and financial decisions before making the final, legal decision and becoming a franchisee of your chosen franchise.