



FRANCHISEE

start-up checklist

Okay, you've looked around, compared a few different franchises and now you're ready to buy the business you want ...

But do you know about the cooling-off period that forms part of your agreement?

What about the intellectual property issues related to the product?

Do you know anything about the franchisor's track record in business?

As a prospective franchisee, you need numerous but important pieces of information to help you form a complete picture of the business you are contemplating buying. And without accessing all available information about a franchise, your major investment could turn sour.

To help new or expanding franchisees ensure they have asked all the right questions before signing on the dotted line, the ACCC has developed a franchisee start-up checklist.

This checklist covers important aspects of the franchise agreement, such as proximity to other outlets, issues with leases—even what to do if another business copies your system's successful model and sets up nearby, threatening the viability of your own operation.

The checklist also gives you an idea of what sort of information may help you to make a decision, such as obtaining a list of other franchisees tied to the system and checking the status of any disputes the franchisor is having with any of their outlets.

Assessing the financial health of a business goes well beyond simply analysing profit-and-loss statements. Many issues are best assessed by a business advisor, someone who has specialist training and experience in building a complete picture of a business and can advise prospective investors accordingly.

On its own, the franchisee start-up checklist will not give you all the information you need about buying into a franchise. However, it will help ensure that you have covered all the bases, along with giving you some direction about issues you may not even have considered.

The checklist is available free as a download from the ACCC website or you can order a hard copy by calling the small business helpline (see p. 19 for contact details).