

Title:

Franchises For Sale - To Buy Or Not To Buy

Word Count:

612

Summary:

Franchising is a business model where a franchisee gets the permission start a branch that uses the name and methods of the franchisor in exchange for royalty fees. It differs a bit from starting your own business due to the fact that you are using the proven business strategy of an established company. An article by the Financial Times concluded that sales by franchises in the United States - if translated into gross national product - would rank in as the world's 7th biggest...

Keywords:

dem franchise boyz,franchise opportunity,business franchise,franchise for sale,franchise boy,franchise business opportunity,franchise information,franchise tax board,restaurant franchise

Article Body:

Franchising is a business model where a franchisee gets the permission start a branch that uses the name and methods of the franchisor in exchange for royalty fees. It differs a bit from starting your own business due to the fact that you are using the proven business strategy of an established company. An article by the Financial Times concluded that sales by franchises in the United States - if translated into gross national product - would rank in as the world's 7th biggest economy.

1. Franchise Examples

- McDonald's
- Kentucky Fried Chicken
- Wendy's
- Burger King
- Swiss Chalet
- Food chains

2. Want To Be Royalty?

These large chains do not actually invest in new branches or outlets; they have

interested franchisors to invest for them. In return they keep the income and instead pay back royalties on food sales (or other royalty schemes, depending on the franchise). Franchises are an appealing business to invest in because they already have an established business model that has been proven to be successful. So, it follows that investing in such businesses have a greater chance of success. Plus, you have the backing, training, and expertise of the franchise at your disposal.

If you are considering buying into such a business, you should consider the background of the franchise. This is in addition to the questions regarding the fees, organization, and support.

- Have many franchise owners gone through the branch you are planning to buy?
- Observe the way business is conducted at these branches
- Pay special attention to the customers and, if possible, interview them
- Do this with every branch you plan to buy or are considering to buy

3. Things to Consider

Some prospective owners look at the buying price of a franchise when considering buying into them. Unfortunately, they forget to factor in other expenses such as employee salaries and operating expenses. These factors are crucial in knowing if you can really make a profit out of the business. This problem is further compounded if the business requires more employees or if the business needs more managers. If you don't consider these expenses, you might find yourself over your head in the budget department as the actual buying price plus salaries, operating expenses, and even debts could easily double your expected budget.

Don't just jump into a franchise business; do an inventory of your goals and your strengths when considering which franchise you want to purchase. You might be considering buying into a fast food franchise when you do not have any interest in the food business. In some way, that could be suicide. Stick to your forte and use your strengths to your advantage.

4. Budget

Always, always work within budget. Remember you are either buying into an existing franchise or starting a new branch. It wouldn't do well to start in debt. An accountant would come in handy when considering a franchise. Have them look at the numbers and analyze how the particular business is going. These professionals have experience in assessing and evaluating how that business is going. If they raise the red flag, you may want to reconsider buying into the business.

5. To Each His Own

Franchises do not suit everyone, however, they do present a relatively intriguing business prospect. As with any potential investment, make sure you do your homework diligently. Investigate with all your might. It is your hard earned money at stake here. If you do your job right, well, you may have a potential gold mine in your hands. Do not be complacent once you purchase a franchise. If you exerted effort when you still did not own the branch, you may have to exert more afterwards.