



Buying a Franchise: Questions to Ask Franchisees

These questions are just suggestions, so add or change according to your situation. When contacting franchisees, remember that you are a stranger asking for a favor. Be flexible and offer to talk/meet whenever it works best for their schedule. Use a warm, conversational tone and be prepared with a list of questions, either those below or a list you create on your own. Take careful notes of your conversation. Write the name of the franchisee, their telephone number, and the date of the call/meeting on the top of your notes. Be sure to thank the franchisee for their help and for speaking with you.

1. How long have you been in business with this franchise?
2. What were you doing previously?
3. What made you choose this franchise?
4. How has it been going for you?
5. How would you rate your relationship with the franchisor?*
6. How would you rate the initial training?*
7. How would you rate the ongoing support?*
8. How would you rate the marketing programs?*
9. Are you aware of any franchisees that are unhappy in this business? Do you know why?
10. How difficult is it to find, train and retain employees? How do you compensate your employees? Benefits? Paid time off?
11. Would you mind sharing with me what you expect your annual revenue to be for the year? How does that breakdown amongst the products/ services?
12. Can you tell me roughly what percent of that will drop to your bottom line?
13. Approximately how much per year do you spend for:
 - a. Advertising and marketing
 - b. Uniforms
 - c. Insurance
 - d. Supplies
 - e. Rent/Utilities or other
14. What are your costs of goods sold (COGS) as a percent of sales?
15. How much could I reasonably expect to gross/net in first year, second year, and third year?
16. What do you like best and least about this business?
17. What do you wish you had known before you got started?
18. What should I expect that may not be specifically stated in the FDD?
19. If you had it to do over again, would you buy this franchise?

* If helpful, you can provide a ranking system to the person you are speaking with, such as a scale from 1-10, or you can change the word "rate" to "describe."