

Assessing a Franchise Business

There are a number of questions that a franchisee should ask when looking at a franchise:

- How well established is the franchisor?
- What are the franchisor's plans for the development of the franchise network?
- How long is the franchise term, and is it exclusive?
- What is the franchise area?
- Do you have to buy premises? Do I have to fit out premises?
- Is there adequate disclosure documentation?
- What are the operating manuals like?
- Are you able to pick out what fees you have to pay on an ongoing basis and are they reasonable? Could these fees increase in the future?
- Where do you obtain products and services? What is the cost structure?
- What is the extent of training provided by the franchisor? What are the costs involved?
- What assistance in operating a business do you get from the franchisor?
- What reports and financial information must you submit to the franchisor?
- How can the franchise be terminated?
- What post termination restrictions are there in terms of running a business similar to the franchise business?
- What is the process for selling the franchise?
- What dispute resolution procedures are there?
- Is the franchisor a member of any national body?
- Can the franchise make a profit?

Where can I get help?

There are many complicated issues related to franchising. Because of this the Franchising Code of Conduct makes it compulsory for a franchisee to get proper professional advice before signing any franchise agreement.

We can:

- draft and advise on franchise documents; and
- act in disputes regarding franchises.

For further information, contact:

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