Welcome!

If you’re looking for an opportunity to own your own business and find your own path to the American dream we’re here to help. America’s Small Business Development Centers (SBDC) are a nationwide network operating over a 1,000 centers. They are dedicated to providing the consulting and technical assistance you need to make your dreams a reality.

It won’t be easy but SBDC counselors can help you find the information and acquire the skills you'll need to succeed. Business ownership is a rewarding choice but the skills and planning that you need can be hard to come by. That’s why I urge you to take advantage of the free one-on-one in-depth consulting that SBDCs offer. You’ll get solid, experienced and sincere assistance from professional counselors, who can help steer you past the pitfalls of the world of business ownership.

In addition, I urge you to talk to our resource partner – FranNet. They can help you explore the potential of franchising as your road to success. With an SBDC to help you develop your plan and gain your business feet and FranNet to help you find potential franchise partners you can be on your way.

Good luck!

C.E. "Tee" Rowe
President
ASBDC
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At a Crossroads determining the best business for you?

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What Does It Take to Succeed?

If you have never owned a business before, this is a question that is on your mind. After working with thousands of prospective business owners, here are the three fundamental elements of success that we have defined:

• DRIVE DETERMINATION
• BUSINESS SYSTEM
• “FIT”

No More Layoffs • Financial Security
Money • Fulfillment
Independence
Flexibility
Control

Business Ownership

Why Business Ownership?

Imagine for a minute…
You are the owner of a successful business...
How would your life be better?

What Does It Take to Succeed?

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• DRIVE DETERMINATION
• BUSINESS SYSTEM
• “FIT”

DESIREE FOR GREATER INDEPENDENCE

While it might sound obvious to say it, the desire to own a business is perhaps the most important element. Other words that come to mind that describe this element are drive, the desire for greater flexibility, control of one’s future, financial success, independence, etc. Business ownership can be very rewarding, but it will not be easy. Someone who is satisfied working for someone else will usually find the challenges of business ownership too great to even attempt.

On the other hand, there are many stories of people who succeed against all odds because they have a strong desire to have their own business.
BUSINESS SYSTEM

According to Robert T. Kiyosaki, author of the highly acclaimed book series Rich Dad Poor Dad, having a great business system is an essential key to success. It is even more important than having a great product! A business system is the total package for running the business: location, marketing products, sales process, management and training.

Identifying a great system is important, but a word of caution is in order. Prospective business owners may be tempted to put all their emphasis on the quality of the system, without considering the third and equally important element. We call it “Fit.”

“FIT”

No matter how good the business system is, the business must be one that “fits” you. It must be a business that builds on your strengths and talents. Every business system has successful operators and less than successful operators. The difference is the individual. A business system does not run itself. Identifying a business that fits your profile, what we call your business model, is just as important as the quality of the system.

In this booklet we will show how FranNet helps you develop your unique business model and use it to find the business that is right for YOU! As you probably guessed, the goal is to find the business that is the right “fit” for you.

Most people choose to work for someone else! Is working for someone safe? Short term yes, but …

- Can you be sure your job is safe?
- Can performance determine security?
- Will you meet your long-term financial goals of security and retirement?

At first, owning your own business can be scary, but …

- No one can take it away. You can’t be downsized, transferred or fired.
- You can grow the business at the pace you want.
- The longer you own your business the safer it becomes.

Now that you know business ownership is for you…

…which business option is the best one?
There are three ways of getting into business. It is always good to understand your options and determine what is best for you. Every choice has its advantages and disadvantages. The three basic options are these:

1. **Start a business from scratch**
2. **Buy an existing business**
3. **Purchase a franchise**

The following table shows the variables with each option.

<table>
<thead>
<tr>
<th>Options</th>
<th>Start from Scratch</th>
<th>Buy an existing business</th>
<th>Purchase a Franchise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Availability</strong></td>
<td>Limited only by your imagination</td>
<td>Limited</td>
<td>Many</td>
</tr>
<tr>
<td><strong>Proven System</strong></td>
<td>No</td>
<td>Maybe</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Correlation between investment &amp; profit potential</strong></td>
<td>None</td>
<td>High</td>
<td>None</td>
</tr>
<tr>
<td><strong>Support After Purchase</strong></td>
<td>None</td>
<td>Limited or none</td>
<td>High</td>
</tr>
<tr>
<td><strong>Risk Factors</strong></td>
<td>First time effort</td>
<td>Hidden motives or incorrect information from seller</td>
<td>High variability of quality among franchises</td>
</tr>
<tr>
<td><strong>Attractive to Lenders?</strong></td>
<td>No</td>
<td>Maybe</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>How to predict the Results</strong></td>
<td>Projections based on your assumptions about the market</td>
<td>Projections based on historical results of the business</td>
<td>Projections based on results of current owners</td>
</tr>
<tr>
<td><strong>Making Changes</strong></td>
<td>Up to owner</td>
<td>Up to owner</td>
<td>Some aspects likely limited by the franchise agreement</td>
</tr>
</tbody>
</table>
Start From Scratch

Advantages:
- Total control
- Make all the decisions
- Keep all profits
- Biggest upside

Disadvantages:
- Must create systems
- No one to turn to for help
- Limited financing options
- Years before you make money
- Highest failure rate

Buy an Existing Business

Advantages:
- Cash flow & good will
- Actual historical results
- Attractive to lenders
- Established location & customer base
- Employees in place
- Systems may be in place
- Owner financing

Disadvantages:
- What is the real cash flow?
- What is the good will?
- Hidden seller motives
- Employee defection
- Higher debt Service
- Poor training/support by the former owner

What is the Franchise Business?
The franchise business is basically a licensing system by which the franchise company allows their name, brand, system and product to be used based on a set of guidelines. It is also the creation of a distribution channel to build brand identity and attain market dominance…QUICKLY!

There is virtually no product or service that is not available to the consumer through a franchise business.

Many of the finest brand names we know are sold through franchise outlets. In addition to being a widely diversified business, it has been part of the business scene in this country for over 100 years.

The franchise industry has over 3,000 franchise concepts available today in 230 sectors within 18 industries with over $2 trillion dollars in revenue per year with outlets employing over 12 million people.

Operations which are franchised provide a number of benefits such as training, start-up assistance, purchasing power, marketing programs, tested operating systems, and continued support, all part of a “safety net” for individuals entering the world of the franchised business owners.
Franchise is...

A license to use:
- Name and trademarks
- Products
- Business Systems

In exchange for:
- Initial franchise fee
- Ongoing royalties

Popular Categories
- Education
- Retail
- Pet Care
- Cleaning
- Real Estate
- Senior Care
- Home Repair
- IT Services

The benefits to you as a franchise business owner:

YOU own an independent business, dealing in a proven and known product or service sold under a national name.

YOU can start your own business with limited experience and capital.

YOU buy a proven franchise business, so you can achieve a significant return on your investment.

YOU are given all necessary training.

YOU will be in business for yourself, but not by yourself.

YOU are provided material for local advertising and promotion to supplement national advertising.

YOU can save through group buying of supplies, equipment, printing, etc.

YOU will feel accomplished with building a better lifestyle, having more control, and building an asset.
Franchises exist in over 80 industries. While we often think of restaurants, they are only part of what is available. In fact, we see franchising being applied successfully to more and more industries.

You may have seen books, magazines or web sites that list franchises and categorize them based on the function of the business. However, our clients tell us that looking at the structure of the business and the owner’s function in the business is more helpful to them. Does it really matter what the product is, if the business will give you the results you want and the sort of operation that fits you?

The Spectrum of Franchising categorizes businesses by how they work for you and what your role would be in that particular business. At one extreme are inbound retail businesses. They tend to be relatively higher investments, site sensitive, with sales driven by advertising rather than direct sales. Growth occurs by adding additional locations.

At the other extreme are service businesses. They are relatively low investments, not location dependent, and are driven by direct sales. Growth in a service business comes by adding more sales and service people!

Your FranNet Consultant can review this model in more detail.

What sort of business structure is most appealing to you?

<table>
<thead>
<tr>
<th>InBound Retail</th>
<th>OutBound Retail</th>
<th>BRIDGE</th>
<th>Area Development</th>
<th>OutBound Sales/ Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• High Cost</td>
<td>• Medium to High Cost</td>
<td>Where it all comes together!</td>
<td>• Varied Cost</td>
<td>• Low Cost</td>
</tr>
<tr>
<td>• High Visibility</td>
<td>• Some Visibility</td>
<td>• Low Selling</td>
<td>• Some Selling</td>
<td>• Low Visibility</td>
</tr>
<tr>
<td>• No or Low Selling</td>
<td>• Some Selling</td>
<td>• Low Cost</td>
<td>• Not as Site Dependent</td>
<td>• High Selling</td>
</tr>
<tr>
<td>• Site Dependent</td>
<td>• Not as Site Dependent</td>
<td></td>
<td></td>
<td>• “Hands On”</td>
</tr>
<tr>
<td>EXAMPLES Fast Food</td>
<td>EXAMPLES Learning Centers Sign Business Business Services Fitness Center</td>
<td>EXAMPLES Residential Cleaning Services Handyman Services</td>
<td>EXAMPLES May occur in any style of franchise</td>
<td>EXAMPLES In Home Décor Service Commercial Building Maintenance Management Consulting</td>
</tr>
</tbody>
</table>

Franchises exist in over 80 industries. While we often think of restaurants, they are only part of what is available. In fact, we see franchising being applied successfully to more and more industries.
Qualities of a Good Franchise System

EXPERIENCE
Successful franchise companies bring substantial industry experience to the table. They should be experts in their business. Most companies don’t require industry experience because they know the industry. They need your business skills, not technical expertise. For this reason, franchising can be an effective way for you to transition to a new industry.

TRAINING
In order to transfer their expertise to you, franchisors must become expert trainers. Training for new owners may range from two to eight weeks or more. A combination of training will usually be conducted at headquarters and in your market.

ONGOING SUPPORT
This support comes in many forms such as ongoing training, new product development, and new technology. Good franchise companies are always evolving their support system to keep ahead of the competition.

NAME RECOGNITION
The importance of name recognition depends on the industry, but in consumer oriented businesses it is often what separates the franchises from independents. However, there is a paradox in name recognition. By the time we are aware of the name in our market, it is probably not available. You will want to see that the franchise has a track record of establishing the brand in a new market.

PROVEN SALES AND MARKETING SYSTEMS
You should expect time tested systems that fit the particular industry. Good franchisors have effective advertising materials and know what media is effective. If direct sales are required, training on networking and sales techniques should be provided.

DEMOGRAPHICS AND SITE SELECTION
Good franchisors know the demographics required to support their business. If it is a business where location is important, you should expect the franchisor to provide assistance in finding the best location.

SPEED AND EFFICIENCY
From your decision to opening day, effective franchisors should expedite the start up process.

SIMPLICITY
Franchisors tend to keep their business model simple, focusing on the activities that will make you the most money.

CULTURE OF TEAMWORK
Effective franchisors realize that nobody has all the answers. They collaborate with experienced franchisees to constantly improve the business. Annual conventions, mentoring groups, and advisory councils are just some of the ways franchisors support these efforts.
The Business Model

Finding the right “FIT” for you

People use many criteria for selecting a business. Unfortunately, many of them are wrong or irrelevant. The fact that a friend has enjoyed success in a particular business is not an indicator of your success. Neither is the fact that a franchise is currently hot. Your ultimate success, financially and emotionally, is going to depend largely on how that business provides what you need.

The Business Model, created by you with the help of your FranNet Consultant, will be your guide to finding that right business. It will take some time and some thought, but the resulting document will enable your Consultant to recommend specific franchise opportunities that have the best chance of providing those things which you have determined to be critical.

There are two parts to an effective, meaningful Business Model:

1. BUSINESS GOALS
   This is an itemization of what you want to gain or change in your personal, professional and financial circumstances by being independent in your own business. These are “must fix” items and are the primary motivators behind your desire to become independent. Frequently mentioned items include such things as sense of control, more personal time, personal satisfaction, etc. Overall, this is your list and requires and deserves a lot of thought.

2. BUSINESS PREFERENCES
   These items describe your role in the business; how it should look, how it should operate, its structure, its potential for growth, etc. These items should match up well with the skills you bring to the business, your personality, your interests, etc. Some items in this list might be the hours and days the business is open, how many employees you would want, who you would like your customer to be (general public, other businesses, etc.), whether it is a retail or a service business, etc.

Remember, the Business Model should be THE guide for your FranNet Consultant to use in selecting the recommended franchises for you to investigate and for you to use in determining if a particular franchise really provides what you want. Do a great job in building the model and then:

Don’t Settle!

This is a huge decision. Make your business model thorough and accurate, then use it!
Solidifying Your Financial Plan

Obviously, you need to be very concerned about your financial ability to not only purchase a franchise but also to continue to operate it until such a time as it begins to make a profit. Fortunately, careful due diligence will enable you to determine the financial requirements of your business before you make your decision.

Every business will have certain start-up costs. In addition to the normal capital requirements to launch a business, a franchise will assess an initial fee that typically covers the rights to use the name and trademarks of the company, the rights to distribute the company’s products and/or services, access to the franchisor's established business systems, initial training, assistance with site selection and a protected territory. An ongoing fee, or royalty, pays for continued support provided by the franchisor, as well as continued use of the trademarks and business systems, and enhancements.

Operating capital (sometimes included with start-up cost) is another important factor. It is the money you will need to operate your business until it becomes self-sufficient.

What does it cost?

As you review these costs, it is important to remember that there is no automatic correlation between what it costs to buy a franchise and how much money you will make. The cost of the business has little to do with how much you can make.

Many financing options are available today such as cash, loans, IRA’s, 401(k)’s, CD’s, stocks and using equity. The cash needed to finance a franchise purchase varies depending on the type of liquid capital, the individual and the franchise being purchased. You will typically need $40,000 – $60,000 ready to invest with the ability to finance the rest. To receive financing it is best to have a credit score of 700 or better. Franchises are available at many investments levels. Your FranNet Consultant will help you identify financing options.

How Can FranNet Help Me?

You wouldn’t build a building without hiring a talented and experienced team of proven professionals. The architect, engineers, and construction crew are seasoned experts who know what it takes to build a sturdy, successful building that will last for many years. Building success in franchise ownership should be no different.

FranNet Consultants worldwide have proven track records of helping individuals find the right business that best fits their unique personality and experience, and that can best help them achieve their business goals. Best of all, there is never any cost to you for using our services. Below are ways that FranNet can benefit you.
PROFILE
We want to be sure we understand you, your goals and your dreams. Our first step is to talk together. Then we’ll ask you to fill out our Personal Franchise Assessment Profile to give us more insight into the kind of business that may be the right one for you.

MODEL
Next, we will study your Profile and spend time with you to develop a plan or model of the perfect business for you. Later, you will use this model to evaluate businesses you choose to learn more about. This model is uniquely yours so we want to make sure you feel it is correct. Best of all, you will be able to compare each business you look at to your model and will have a level playing field against which to measure them.

MATCH
When you are satisfied that you have identified your model correctly, we will be ready to suggest business types that structurally and strategically meet your model. When you’ve identified some business types that you think match your model, we’ll identify and suggest specific companies you may want to be introduced to so you can start to learn about them in greater detail. FranNet has pre-screened all represented companies and built relationships with only the best franchisors so you can select from the best opportunities. More importantly, most people don’t know the choices that exist in franchising, and tend to make decisions without sufficient knowledge. We can help you understand your choices and find the right match for you.

RESEARCH
This may be the most important step of all. We can’t do your research for you, so it’s your job to do the “heavy lifting” and conduct a complete and thorough investigation of any business that you think may be right for you. We’ll even give you some tips. Advice and materials to help you get started with this all important step.

PURCHASE
When you are ready to buy, we can help you locate financing sources, franchise attorneys and other resources you may find helpful. FranNet will provide you with guidance, information, and support as you seek your goals. We are ethical and experienced Consultants who can help you find what you want affordably and safely. No other franchise organization has as much experience and as much success in helping prospective franchisees find businesses.
No Cost

Our services are FREE for you. FranNet has pre-screened hundreds of available franchises in determining a select few that represent successful and dynamic opportunities for our clients. There is no-cost for our services. We act just like a recruiter. The franchisors pay our placement fees. We work as a recruiter for the franchisors to find them people that will be successful franchisees. FranNet’s process of matching individual talents with franchisors ensures a high success rate. In the interest of success for all parties, we will pair the right individual with the franchisor most suited to them and their goals.

Getting Started

For most people, starting a business is a once in a lifetime event. It is essential to utilize available resources effectively and “get it right” the first time. FranNet uses an established process that helps match a person’s talents and goals with the right franchise which ensures a much higher success rate. We act as your strategic advisor throughout the process to be certain you are making a selection based on facts and not speculation. Our goal is to educate our clients about the many different businesses without having to go it alone. Our services are free so there is no need to make the decision alone!

The ASBDC network offers free one-on-one consulting to new and pre-venture prospective business owners. Our goal is to work with you to help you make the right choices when getting started. Small Business Development Centers operate over 1,000 locations nationwide with over 4,500 consultants who will work with you to develop your business plan, your financial and marketing options and help you determine what you need to have a successful career as a business owner. By helping you find the strengths and weaknesses in your plans they can help you build a better path to your goal – your own successful business.

ASBDC and FranNet work closely together. Be sure to ask your SBDC counselor about FranNet.

FranNet offers several educational on-site and online seminars to help you learn more about your business options.

Visit www.frannet.com to find your local FranNet office.
Visit www.asbdc-us.org to find a small business development center near you.
About ASBDC
America’s Small Business Development Center Network is the most comprehensive small business assistance network in the United States and its territories. The mission of the network is to help new entrepreneurs realize their dream of business ownership, and assist existing businesses to remain competitive in the complex marketplace of an ever-changing global economy. In short…YOUR SUCCESS IS OUR BUSINESS.

Hosted by leading universities, colleges and state economic development agencies, and funded in part through a partnership with the U.S. Small Business Administration, approximately 1,000 service centers are available to provide no-cost consulting and low-cost training.

The mission of the Association of Small Business Development Centers is to represent the collective interest of our members by promoting, informing, supporting and continuously improving the SBDC network, which delivers nationwide educational assistance to strengthen small/medium business management, thereby contributing to the growth of local, state and national economies.

About FranNet
FranNet was started in 1987 and is the oldest nationwide franchise consultant firm and have placed clients in thousands of businesses. One of the reasons behind FranNet’s continued success is that this organization helps people to take charge of their professional lives and financial futures. Unlike the other broker networks, we operate in local, protected territories, much like the vast majority of franchises that we represent.

One of the reasons behind FranNet’s continued success is that this organization helps people to take charge of their professional lives and financial futures. As the US suffers increasing corporate layoffs, a tightening job market, and a down economy, franchises become more appealing to people who want new career opportunities. By continuing to connect people with a variety of franchise business opportunities, from senior care to home repair services, FranNet is able to provide a unique service to thousands of clients every year.

FranNet works closely with SBDC centers to help offer educational seminars and materials to those interested in exploring self employment as a career option through franchised business ownership.
Visit www.FranNet.com

Or Scan Here!