

Franchisor's Qualification System

One of the initial things you should strive to understand is the level of development the Franchisor's candidate qualification system has reached. Your first reaction to that might be,

"Why do I care about a Franchise qualification system – I only care if I get a Franchise or not?" I would suggest you should care a great deal.

After all, if the Franchise candidate qualification system hasn't been well developed, it may be a reflection on the business of the Franchise itself. The most important asset of any Franchise system will be its people, including both Franchisees and Franchisor staff. Almost all companies will confirm that to be the case. They say it even if they don't believe it. They say it even if they don't actually put systems in place to ensure they add the best people and nurture their development over time. So, how do you determine if the statement matches the execution?

If people are the most important asset, the system of finding, qualifying and granting Franchises to the best Franchisees would be a well thought out and well-developed system. Doesn't that make sense to you?

If there is no formal step-by-step system to provide information to both parties, then it may be an indicator there is something amiss.

A good system will be able to provide you regular information to help you make an informed business decision about joining as a Franchisee. It should also provide the Franchisor with information about you to help them make an informed decision as well. That decision should be whether you qualify as someone they can describe as one of their "most important assets".

If the system doesn't allow for a step-by-step, give-and-take system of information flow, then perhaps the other business systems within the Franchise aren't as well developed either. The information system shouldn't be so fast that you are overloaded, but it should be steady enough you can continue to assess and receive information at a pace that makes sense for both parties.

If the system is too fast, I would suggest there is something wrong. For example, if you

are given Disclosure Documents within the first week of the due diligence process before many other things are assessed, it is likely too much too soon. To rush is to err.

On the other hand, if the system is too slow, you won't get a true flavor for the company because of the sporadic nature of the flow. Culture is important, and a steady flow of data will give you a better feel for the culture of the business than trading information every three weeks for a six-month period. If you are not looking to decide within 30 to 120 days, I would suggest you wait until you are to that point before you engage fully in a Franchise qualification system. That doesn't mean you need to be in business in that timeframe. It just means that you would like to make a decision in that timeframe.

Some systems will include a step-by-step system where you will receive information from the Franchisor, and then you will be required to provide some information to them. Once you provide the information, the Franchisor will send you additional data to help you gain more intimate knowledge and so on. The reason for that type of system – which I consider to be ideal – is that each party is illustrating commitment to the process. This is important for the Franchisor because it is a great indicator you will

be able to follow and use a good system to your advantage. That's what Franchising is all about. The Franchisor has invested a significant amount of time and money to develop a proven system designed to earn all stakeholders a maximum return. Therefore, the Franchisor must determine each new Franchisee is willing and able to follow a good system. What better place to start than the basic evaluation system?

In today's world, that system should use various media to communicate with you including email, internet, telephone, mail or courier, in person etc. Again, this will demonstrate the Franchisor's use of current technologies and methods to really get to know you, and to stay current in an ever-changing global environment.

If the Franchisor does not have a good step-by-step information flow and due diligence system, then the alarm bell in your head should go off.

Responsiveness

This one is simple but very important. If the Franchisor responds to your inquiries quickly and efficiently, it's probably a good indicator of the type of responsiveness the company executes as a whole. Of course, that becomes very important when you require support once you become a Franchisee.

If a Franchisor takes several days to get back to you after your initial inquiry, you should take that as a warning sign. If they don't respond in an efficient and professional manner to your email and telephone inquiries as you go through the process, it probably means they are not running a tight ship.

A system that responds almost immediately and then starts you on a step-by-step information flow, including personal contact, should be what you are looking for in terms of responsiveness.