

# THE FRANCHISE PROCESS

from **START**  **TO FINISH**



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BOUTIQUE





Becoming a franchise owner requires a significant investment of your time, money, energy, and heart. This investment is in more than just a business; it's an investment in your future, your family, your career, and your community. Becoming a small business owner — because franchise owners are small business owners in every sense — benefits the economy on both a small and large scale. On top of it all, there are few things as rewarding as waking up every day and working for your own goals.

If you are thinking about becoming a franchise owner, let us walk you through the process from start to finish. Picking the right franchise brand requires more than closing your eyes and opening a franchise catalog, so let this guide help you understand the process and prepare you to make this big — and exciting! — decision.

# APRICOT LANE'S TEN STEP PROCESS

Once you have been approved as a franchisee and obtained funding, each franchise brand has a slightly different process to get started and open for business. At Apricot Lane Boutique, we have streamlined our franchise process to include 10 steps from start to finish—including some of the steps mentioned in this guide!

## OUR 10 STEPS:

### STEP ONE

Schedule an introductory call

### STEP TWO

Review the post introduction call email series

### STEP THREE

Complete and submit a financial application

### STEP FOUR

Schedule a call with our founder and CEO, Ken Petersen

### STEP FIVE

Complete a DISC profile

### STEP SIX

Validation from franchisees

### STEP SEVEN

Schedule a visit to your marketplace

### STEP EIGHT

Franchise award

### STEP NINE

Complete the RIDS and site specific studies

### STEP TEN

Turnover to our team



In this guide, we will give you an overview of the essential steps in investing in a franchise:

- Asking the hard questions
- Researching the opportunities
- Getting approved
- Financing your investment



## ASKING THE HARD QUESTIONS

When you start thinking about investing in a franchise, the first thing to do is ask yourself some hard questions to make sure that this is the right path for you.

### WHAT DO I WANT OUT OF A FRANCHISE?

This question is key to helping you decide what opportunity to invest in. Notice that the question is

geared toward assessing your goals, as opposed to a specific job title or industry; this is because it is far easier to narrow your options by determining what you want out of your career than by looking at opportunities in a specific industry. For example, say you want to be an absentee franchise owner—that is, an owner who oversees the operation but does not work on a day-to-day basis. Some franchise brands only want owner-operators, so that immediately narrows your choices.

### WHAT DO I WANT OUT OF A CAREER?

This question is similar to the first question, but it is slightly broader. Do you want to make a lot of money? Do you want to be home every evening for dinner with your family? Do you want to work closely with people? Do you want to delegate responsibility or work in the thick of things every day?

### WHAT ATTRACTS ME TO FRANCHISING?

Once you have determined your career goals, you can start to really think about what attracted you to franchising in the first place, and how you can mesh your career goals with the realities of franchising. Do you like the idea of owning a business? Is the relatively low risk compared to return appealing to you? Do you like structure?

### DO I HAVE ANY PERSONAL INTERESTS THAT MAY LEAD ME TO A SPECIFIC INDUSTRY OR OPPORTUNITY?

The best advice we can give you is to answer the first three questions before you start thinking about industries or products that interest you. Simply put, you are more likely to be happy in your franchise if you choose a company that fits your goals and values than if you choose based solely on an interest. The number of franchise opportunities in every sector means that you will have no trouble finding a brand that fits both your goals and your interests.

## WHAT SKILLS DO I ALREADY POSSESS THAT WILL HELP ME AS A BUSINESS OWNER?

One of the many great things about franchising is that so many skills transfer easily to it. Franchisors train their owners on everything they need to know to run the business, so skills like management, conflict resolution, and an outgoing personality go a long way.

## HOW INVOLVED DO I WANT TO BE IN MY FRANCHISE?

As we already mentioned, some franchisors require their owners to work full time in the store, while others allow for a more hands-off approach. Some people want to transition slowly from their former careers, and others are ready to jump right in from the start. Make sure you have a clear idea of how much time you want to spend in your franchise, keeping in mind that in the beginning you may have to put in more hours than later in your franchising career.

Owning a franchise can help you meet your career goals, and it makes owning your own business accessible to people like you who are driven and ambitious but unsure of how to get started.

In addition to these more difficult questions, you will need to address logistical questions like how much you can afford to invest.





# RESEARCHING THE OPPORTUNITIES

Once you have asked yourself what you want out of a franchise, it is time to start researching your options. Ideally, asking yourself the above questions will help you narrow the opportunities, because there are literally thousands of franchise opportunities out there!

Once you have narrowed your options, the real work begins. Research your investment thoroughly to make sure that you and the franchise are a match made in heaven.

## LEARN ABOUT THE BRAND

Take the time to learn about the brand you are considering and get to know its strengths and weaknesses. Many brands will schedule an introductory call to get to know you, so take this opportunity to ask informed questions about the franchise system, the initial training, the ongoing support, and other logistics.

You will also want to learn how long the brand has been in business, how many franchises are operating, and how business is growing on a corporate scale and individual franchise scales.

Learning about the brand is essential, because not only are you investing in a company, but you are also at the beginning of what will be a rewarding, long-term business relationship. The journey you are starting with the brand is exciting!

## UNDERSTAND THE INDUSTRY

You don't want to invest in an industry that you don't understand. Knowing how that industry will fare in your market can help you make your decision and make you a better franchise owner in general. Research the industry nationwide and in your area to gain a full understanding of the pros and cons.

## GET TO KNOW FRANCHISEES

Want to know the fastest way to understand a franchise company? Get to know its existing franchisees. These are the people who have been in your place before, so they can tell you what to expect with your investment. Even better, if you decide to invest, these existing franchise owners can make up your support network, helping you solve problems and come up with new ideas.

## READ REVIEWS

Many of us check review sites like Yelp for restaurant recommendations, or read the reviews of products before we buy them online, so why would a big investment like a franchise be any different? Reading reviews of a franchise brand tells a story about the real life experience of franchise owners or employees.





## GETTING APPROVED

The approval process for every franchise is going to be slightly different, but there are some good rules of thumb to know about before the process gets started. The following are some common steps in getting approved for a franchise.

### BUSINESS PLAN—THE DOCUMENT THAT LAYS OUT YOUR BUSINESS'S OBJECTIVES AND YOUR PLAN FOR ACHIEVING THEM.

When you invest in a franchise, much of the initial work of starting a business is done for you—things like the name, logo, operations manual, and products/services have already been ironed out before you join. But that doesn't mean that you won't need to write a business plan for your individual faction of the business.

Your business plan will lay out your **goals** and what you hope to get out of your investment, the means by which you are going to make it happen, as well as the **time frame** in which you plan to do it all.

You can use your business plan to help you obtain financing on your investment and as a sort of roadmap for your business. Set goals in chunks—the first six months, the first year, the first five years, etc.—and refer back to your business plan from time to time to evaluate how you are doing and where you need to make adjustments.

### APPLICATION—A QUESTIONNAIRE THAT HELPS THE FRANCHISOR GET TO KNOW MORE ABOUT YOU.

The franchise application is a sort of extended job application. Filling out the application will take some time, as it can get quite detailed. The goal of the application is for the franchisor to get to know you, your interests, your work history, and your financial background.



It is not unusual for the application to include detailed questions about your past and current financial situation, as your ability to invest and keep your business afloat during the first few months is critical. Be prepared to take some time to gather all the information you will need to fill out the application thoroughly and honestly.

If you are investing with any partners, each of you will need to fill out the application, so that you can be approved separately.

The franchise application is kept confidential, and it does not bind the applicant and franchisor together; it is not a legal document, but an expression of interest. Here are some of the things that may appear on an application:

- Personal information
- Business interests
- Location preferences
- Employment history
- Education
- Financial statement
- General inquiry

## MARKET VISIT—A VISIT FROM MEMBERS OF THE FRANCHISE TEAM TO MEET YOU IN PERSON AND ASSESS YOUR TERRITORY.

You know the territory you want to invest in is an amazing hub of commerce and enterprise, and the franchisor wants to see that, too! The market visit is an excuse for members of the franchise team to **meet you** in person and **check out the area** in which you want to locate your franchise.

A **smart franchise brand (read: one you want to invest in)** will send a real estate specialist to check out possible locations for your franchise. Location is everything when it comes to business, so taking this opportunity to scout locations with the expert advice of a real estate specialist can have a lasting impact on your franchise.

Hint: A *really smart brand* will have their real estate specialist research prospective locations before the market visit, so that the two of you can have places to go already in mind.





# FINANCING YOUR INVESTMENT

The financial investment required for a franchise can vary widely. As you become a business owner, you will need capital to invest in your location, purchase merchandise, pay employees, and so much more, so financing your investment is a critical component of the franchise process.

How do you go about financing your investment?

There is a host of ways that you can do it, whether you borrow from a bank, dip into savings, or work with an investor. We have a **few tips for funding your investment** that may make the process go a little easier.

## 1. FIND YOUR NET WORTH

Taking stock of your assets and liabilities is always a good idea as you embark on a new investment. At this point in the process, you will probably have already determined your net worth, as franchisors typically list it as one of the items on the franchise application.

Finding your net worth is fairly straightforward—create a personal balance sheet with your total holdings in one column and your total bills and debts in another column.

## 2. KNOW YOUR CREDIT SCORE

Simply put, lenders use your credit score to determine if they can approve you for a loan. Knowing your score ahead of time will save you from any surprises, and a thorough credit check will show you anything that you need to correct before applying for financing.



### 3. USE YOUR BUSINESS PLAN

Your business plan shows that you have goals and ideas for how to achieve them. When lenders can see that you have thoroughly researched your investment, the industry, and your market they are more likely to approve a loan. To put it bluntly, lenders want to see that they will be paid back, and your business plan should show them when and how that will happen.

### 4. WORK WITH THE FRANCHISOR

Some franchisors offer in-house financing, though this is getting to be less common. More often, you will work with a franchisor that has a relationship with a preferred lender. If the franchisor has approved you to invest in their system, their relationship with you will act as a reference for the lender.

### 5. THINK OUTSIDE THE BOX

Don't want a traditional bank loan? There are myriad options available for financing your business. Access your home equity or 401(k), work with an investor, partner with friends or family, or check out the Small Business Administration (SBA). There are so many ways that you can fund your franchise!



AT APRICOT LANE, WE WANT TO MAKE SURE THERE ARE NO SURPRISES, WHICH IS WHY YOU CAN FIND MORE INFORMATION ABOUT OUR 10 STEPS ON OUR WEBSITE:

[apricotlaneboutique.com/franchise/](http://apricotlaneboutique.com/franchise/)



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BOUTIQUE

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