

20 Critical Questions to Uncover the Truth Before You Invest

How to Use This Checklist:

Before you start calling the franchisees from Item 20 of the FDD, review this guide. Your goal is not to interrogate, but to have a sincere conversation. Be a great listener, and people will be more willing to share their real stories. We strongly recommend you speak with at least 5 franchisees, including:

- 2 established "veterans" (open 3+ years)
- 2 recent "newbies" (open 1-2 years)
- 1 former franchisee who has left or is selling their unit (if possible)

Part 1: The Financial Reality

- ☐ 1. Was your total initial investment higher or lower than the range estimated in the FDD? By how much, and what were the biggest unexpected costs?
- ☐ 2. How long did it take you to reach break-even? How long to recoup your initial investment? Did this match the expectations set by the franchisor?
- ☐ 3. Do you feel the royalty and marketing fees you pay are a good value for the support and brand recognition you receive? Why or why not?
- ☐ 4. Regarding the national marketing fund, do you see a direct, measurable impact on customer traffic to your specific location?
- ☐ 5. Beyond the fees listed in the FDD, have you encountered any unexpected ongoing costs? (e.g., mandatory technology upgrades, local compliance fees, etc.)

Interview Notes:

Part 2: The Operational & Support Reality

- ☐ 6. How long did the entire process take, from signing the agreement to your grand opening? What were the biggest unexpected challenges or delays?
- ☐ 7. How useful was the initial training provided by the franchisor? What parts were most valuable, and what parts were a waste of time?
- ☐ 8. Now that you're open, when you have an urgent issue, how responsive is your field consultant or the corporate support team? Are they proactive or just reactive?
- ☐ 9. Are you satisfied with the supply chain? Are the prices for required products fair? Have you experienced stockouts or quality issues?
- ☐ 10. Is the required technology (POS system, CRM software, etc.) a helpful tool that improves efficiency, or is it a source of frustration?
- ☐ 11. What has been your biggest challenge with hiring and retaining good employees? What, if any, effective support has the franchisor provided in this area?

Interview Notes:

Part 3: The "Human Factor" & The Big Picture

- ☐ 12. How many hours a week do you actually work? Does this align with your original expectations? How would you describe your work-life balance?
- ☐ 13. When the franchisor rolls out new products, policies, or promotions, are franchisees consulted beforehand? Do you feel these initiatives benefit the franchisees or mainly the franchisor?
- ☐ 14. Is there an active franchisee association or advisory council? Do you feel that the franchisor genuinely listens to and acts on collective franchisee feedback?
- ☐ 15. What is the general mood or sentiment among the other franchisees you talk to? Are people generally optimistic, anxious, or just getting by?
- ☐ 16. What are the most common points of praise and complaint you hear directly from your customers?
- ☐ 17. How do you feel about the brand's competitive position and growth prospects over the next 3-5 years?
- ☐ 18. Do you know of any franchisees who have sold their business? If so, was the process smooth?
- ☐ 19. If you could give one piece of advice to yourself a year ago before you signed the agreement, what would it be?
- ☐ 20. (The most important question): Taking everything into account, the good and the bad, if you could go back in time, would you make the same decision to invest in this franchise again? Why or why not?

Interview Notes: