

## Six "Must Haves" for Buying a Franchise

**Article published at: <http://www.morebusiness.com/buying-a-franchise>**

We all know that [buying a franchise](#) is a great way to start a new business. Yes it's true that the initial cost of a franchise is generally more than any non-franchised new business. It makes sense that a franchisor would need to be rewarded, both initially and on an ongoing basis, for their training, assistance, consultation, and guidance. And, remember, the franchisor is allowing you to use their proven business model for your own personal gain.

But generally, in the long run a [franchise](#) can be much less costly to start and grow than a non-franchised business due to operating efficiencies, defined processes, and the advertising clout that the franchise name carries. Furthermore, many studies have shown that the success rate of a new franchise five years down the road will far exceed that of any new non-franchised business.

So even though franchises are a great way to start a new business, there is still that level of uncertainty that hovers over any new business venture. Is it really worth taking the risk?

Yes – if you have the following six characteristics:

1. **Time.** If you thought you were working a lot of hours at your regular 40 hour per week job, be prepared to commit a tremendous amount of time to your new venture. You may have to miss little Joey's soccer games.

2. **Energy.** Not only will you have to commit the time necessary, your energy level will need to be at peak level all day. You will be busy. And you will need to set an example for others. Can you do it?

3. **Resources.** You will need to surround yourself with good quality people. Management, staff, accountants, attorneys, vendors, suppliers, human resources, etc. Systems and procedures will need to be established. And you will likely need a premium location for your business.

4. **Skills.** Do you really know what you are doing? Is your new franchise relative to your prior work experience? Do you know the industry inside and out? You should.

5. **Capital.** Everything...I repeat...everything costs more money than you expect. Do you have the necessary capital to get the company off the ground? Do you have the necessary working capital? Do you have the resources to raise additional capital when needed down the road (note that I said "when", not "if"). As a rule of thumb, try to predict all of the capital that you will need. Then, when you are done, double it. And do not rely entirely on the franchisor to tell you how much capital will be needed.

6. **Desire.** The most important characteristic of all. Is this really what you want to do? This is a financial but more importantly a life changing decision. It is not a decision where you can easily change your mind once you get started. Most likely it is a decision that will affect your life 10, 15, or 20 years down the road. Talk to others around you; your spouse, your kids, your friends. Make sure everyone is on board. Do you have the passion?

So if you want to [buy a franchise](#), then welcome my friend. I hope you will find the perfect match. And, if you can pass the test above, then you will likely succeed. Good luck!