



Franchise Consulting

— The Specialists for ASEAN —

**What are your options
when you begin
your business?**



You will choose:

STARTING A NEW BUSINESS?

BUYING A NEW FRANCHISE?

or

BUYING AN EXISTING FRANCHISE?

STARTING A NEW BUSINESS

▶ Advantages:

1. usually lower start-up cost
2. independence and creative freedom
3. freedom with location and procedures
4. no inherited problems from an existing business

STARTING A NEW BUSINESS

▶ Disadvantages:

1. requires more time and energy
2. higher risk of failure
3. takes longer to become profitable
4. financing may be more difficult to obtain

BUYING A NEW FRANCHISE

► Advantages:

1. reduced risk of failure over an independent business
2. proven methods and products
3. start-up assistance
4. on-going training and support
5. local, regional and national advertising
6. collective purchasing power
7. research and development
8. association and synergy with other franchisees
9. easier to obtain financing

BUYING A NEW FRANCHISE

► Disadvantages:

1. costs more (fees, royalties, supplies)
2. smaller profit margins
3. lack of independence and freedom
4. difficult to achieve redress if franchisor fails to meet obligations
5. a franchisor's problem may become your problem

BUYING AN EXISTING FRANCHISE

► Advantages:

1. the business is already up and running
2. risk and uncertainty are reduced
3. the basic infrastructure is in place: established location, existing customers and reputation, employees, vendors, policies and procedures, cash flow, no start-up period – quicker profitability, easier to obtain financing

BUYING AN EXISTING FRANCHISE

▶ Disadvantages:

1. tangible limitations: design problems, location problems, merchandise problems
2. intangible limitations: customer or employee ill will, pricing problems, inadequate procedures, lease problems
3. potentially higher costs to buy
4. legal liability in inheriting lawsuits



Source:

The IFA Educational Foundation