

# Jason Rager's

## 13 Essential Steps for Evaluating a Franchise Opportunity



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**Thank you** for taking the time to download and view my minibook on how to evaluate any franchise opportunity. I have made many mistakes and lost a great deal of money by making various mistakes during my franchise career. I have decided to write an ebook series to help real people, like you, avoid the pitfalls that I have made over the years. While I have become a very successful franchisee in my own right, I feel that I have an obligation to pass on my knowledge so that others may replicate my success. All too often I see a franchisee that works over 80 hours a week and still cannot make ends meet because they did not do their due diligence when choosing a franchise opportunity. My method for evaluating any franchise opportunity will help you weed out the bad franchises and enable you to have the greatest chances at being successful (and highly profitable). My minibook outlines my 75+ page ebook and gives you an idea of why my methodology has helped over a thousand real people choose the right franchise opportunity for them.



Truly Yours,

Jason Rager

*I believe that in order to be successful, you must do some homework. I have included a few of the best resources on the internet for evaluating a franchise opportunity.*

## Resource Directory

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These resources are biased only in the sense of which companies I truly feel provide the most information for free. While some of them are for-pay services, it never hurts to do a lot of homework; after all you will be investing a lot of time and money into running your franchise.

**Franchise Information** – <http://www.bluemaumau.com> - Today's franchise news, blogs, discussions, events, tools and community to prosper and amuse the franchisee and wannabee. Contains links to franchise info, largest online directory listing of over 2400 franchisors and Web's #1 franchisee community.

**Franchise Information** – <http://www.entrepreneur.com/franchises/franchise500/index.html> - The de-facto standard for ranking franchises as well as general franchise information.

**Franchise Blog** – <http://franchisepundit.com/> - Ryan Knoll's blog analyzes and explores various facets of the franchising industry. They typically approach an issue from the franchisee's perspective (the individual buyer of a franchise). Essentially they critique franchises that they find interesting or newsworthy.

*Understanding what is inside the UFOC and how it affects your relationship with the franchisor is the first step to success. The document can be rather daunting as it is a bunch of legalese and rather lengthy. The UFOC is made up of 23 items and a cover page, I show you the important items to look for and walk you through the interview with the franchisor within the workbook.*

## Step 3: UFOC Analysis

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### **Item 2 - Business Experience**

Item two will give you the background of the management team of the franchise system during the past five years. You want to carefully review the expertise that the management has in place as they should be both familiar with the industry as well as have the proper credentials to be running the franchise. Also, be on the lookout for a lot of management turnover. High turnover may be the first signs of trouble. The franchise's management is the people you will be working with day-in and day-out. These individuals will contribute greatly to the success or failure of your franchise. You should get to know them both on a personal and professional level.

<b>Item 2</b>	<b><i>Business Experience</i></b>
	Does the franchisor have a team that has significant franchising experience as well as industry experience?
	Have any of the management or key individuals been involved with another franchise concept that has failed?
	Watch out for individuals who have only been hired on for a short period of time! They may be hired on to display experience to a new franchise system. Does this franchise have any? Is management turnover high?

I've included the first page of the SBA Failure rate statistics from Fall of 2008. I get this report from my local banker and I have seen franchise data websites sell it for over \$300 (what a ripoff!). I include it in my ebook for free. I think you need to know what your banker knows in order to be successful. Be a SMART investor.

## Step 4: Internet Research & SBA Failure Rate

### 2000 - 2008 SBA Loan failure Rate

Franchise Name	Distributions #	Distributions \$1000s	Failure Rate %	Chargeoff %
TILDEN FOR BRAKES CAR CARE CENTER	14	\$2,877	85.71%	36.95%
EXECUTIVE TANS	47	\$9,789	65.96%	33.06%
PRO GOLF	33	\$7,691	63.64%	14.45%
BEAR ROCK CAFE	10	\$4,261	60.00%	5.63%
LA PALETERA	15	\$2,149	60.00%	40.62%
OBEE'S SOUP SALAD SUBS	39	\$3,418	58.97%	36.37%
SHAPEXPRESS	12	\$1,432	58.33%	9.08%
FRULLATI CAFE	14	\$1,824	57.14%	3.51%
MR. GOODCENTS SUB' AND PASTA	55	\$7,246	54.55%	20.69%
WICKS 'N' STICKS	11	\$918	54.55%	31.70%
HAIR COLOR EXPRESS	15	\$2,660	53.33%	16.77%
WINGS-N-THINGS	17	\$4,178	52.94%	0.00%
NOBLE ROMAN PIZZA	19	\$6,791	52.63%	1.99%
SUPER SUPPERS OF KELLER	21	\$1,772	52.38%	34.14%
AMAZON CAFE	23	\$4,232	52.17%	4.87%
PHILLY CONNECTION	63	\$7,722	50.79%	28.00%
LEE MYLES AUTOMOTIVE TRANSMISSIONS	14	\$2,339	50.00%	21.68%
P J'S COFFEE AND TEA CAFE	10	\$2,233	50.00%	0.00%
STREET CORNER NEWS	14	\$1,920	50.00%	20.10%
COTTMAN TRANSMISSION	165	\$20,460	49.09%	19.94%
ALL TUNE AND LUBE	81	\$8,671	46.91%	16.53%
DOUBLEDAVE'S PIZZAWORKS	30	\$6,479	46.67%	23.49%
ATHLETE'S FOOT	26	\$5,715	46.15%	13.30%
COPY CLUB	11	\$3,290	45.45%	1.70%
ROLY POLY ROLLED SANDWICHES	29	\$2,216	44.83%	19.63%
DOLLAR DISCOUNT STORES	27	\$2,759	44.44%	18.88%

*I also show you how to get the phone numbers for every past and current franchisee within a specific franchise system. I then walk you through interviewing each franchisee to learn the TRUTH about what is going on within a franchise system. As always, each section is accompanied by a workbook.*

## Step 6: Franchisee Interview – Current Franchisees

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I personally recommend calling between ten and twenty franchisees and perform this franchise interview with them. I'm sure you are thinking, "This is overkill." I assure you, it is not. And my reasoning is twofold. First, keep in mind that you are investing a good amount of hard-earned money as well as making a decision how you spend a significant portion of your time over the next two to three years. Second, we will be calling many of these franchisees back later and asking them for financial information, so it is good to establish a rapport with them before doing so.

### Franchisee Interview – Current Franchisees Workbook

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When did you join the franchise system?
What are the pretax net profits on most existing operations?
How long did it take to break even?

*Sorry but in order to learn more about my system you will have to buy the ebook at: [www.bestfranchisebooks.com](http://www.bestfranchisebooks.com). The ebook can be used to evaluate any franchise opportunity and I promise that you will not regret it. If you are unhappy with the ebook in any way, I will refund you 100% of the purchase price with no questions asked. Also, please don't hesitate to drop me an email; I am here to help you!*

*Good luck,*

*Jason Rager*