

PLAYER SELECT: Meet the Sellers Behind Your Franchise Journey

(Know who's guiding you — and why it matters.)



In the game of finding a franchise, choosing the right guide for your journey can make all the difference in avoiding pitfalls and making a great match.

But did you know that not all guides are the same? During the franchise sales process, you may interact with franchise sellers who are employed by the franchisor, hired by the franchisor to sell franchises on its behalf, or both. The one thing they have in common is that they represent the franchisor, and while they may be helping you through the sales process – they do not represent you. Understanding the role of each guide—and knowing what questions to ask to assess whether their practices align with IFA's Responsible Franchising Principles—is key to navigating your path to Finding a Franchise.

IFA wants to help you get started on your journey - and be with you every step of the way. Use this resource to understand the different types of franchise salespeople, questions to ask, and how to access free IFA tools to help you win at Finding a Franchise.

Know Your Guide:

Franchisor Sales Person:

AKA: Franchise Recruiter



An employee of one franchise brand and represents that brand alone, in guiding a candidate through the sales process. They are compensated by the franchisor of the brand, typically by salary and commission.

Franchise Broker:

AKA: Franchise Consultant or Franchise Advisor



Assists franchise buyers in identifying franchise opportunities based on the buyer's goals, preferences, business experience and financial capabilities. A franchise broker may be a member of a "broker network", which represents many (sometimes hundreds) of franchisors. Franchise brokers typically are paid a commission from the initial franchise fee when a franchise buyer purchases a franchise.

Franchise Sales Organization:

AKA: "FSO"



Typically represents a franchisor on an exclusive basis and operates as an outsourced franchise development department for a franchisor, shepherding the franchise buyer through the sales process to signing the franchise agreement. FSOs may be compensated in various ways, including commissions paid from the initial franchise fee, a share of royalties, equity in the franchisor, or other compensation structure.

Ask Questions:

One of the best ways to understand the different types of franchise sellers is to ask questions to understand their role in the sale process, their experience and results, how they represent brands and how they're compensated if you buy a franchise. Here are a few questions to ask:

1. Are you employed by the franchisor, a broker or part of a franchise sales organization?
2. Are you a Certified Franchise Executive (CFE) or have you completed other training for franchise sales law compliance?
3. Have you ever been involved in litigation?
4. What industries and brands do you represent?
5. What services do you perform for franchisors?
6. Are you commission based? Do you receive any other type of incentive? Is it different for different brands you represent?
7. Which brands have you sold recently?
8. Are you/your organization members of IFA?

Independently Verify What You're Told:

- ✓ Speak with current and past franchisees
- ✓ Engage with a franchise attorney to review the Franchise Disclosure Document
- ✓ Get third-party financial advice

FRANCHISING OVERVIEW

Franchising is a proven business model that enables entrepreneurs to launch and operate their own businesses under the brand and guidance of an established company. This system has become a cornerstone of growth for countless businesses worldwide, from fast-food giants to fitness chains and beyond. Let's explore some key questions about franchising to help you understand how it works and why it could be a path worth exploring.

What is the History of Franchising?

Franchising, as we know it today, has its roots in the mid-19th century. One of the earliest examples of franchising can be traced back to Isaac Singer, who revolutionized the sewing machine industry in the 1850s. Singer developed a franchise system to distribute and repair his machines, setting the stage for a model that would soon spread to other industries. However, it wasn't until the mid-20th century, with the rise of fast-food chains like McDonald's and service-based franchises like Marriott, that franchising really took off as a dominant way of doing business.

Today, franchising encompasses a wide range of sectors, including retail, healthcare, education, and more. This evolution has created endless opportunities for entrepreneurs looking to start their own businesses with the backing of an established brand.

How Does Franchising Work?

Franchising works by allowing a business owner (the franchisor) to grant the rights to an individual (the franchisee) to operate a business using the franchisor's brand name, systems, and support. In exchange, the franchisee typically pays an initial franchise fee and ongoing royalties based on revenue.

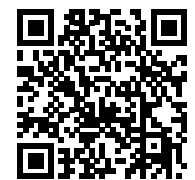
The relationship between franchisor and franchisee is defined by a Franchise Agreement, which outlines the rights and responsibilities of both parties. The franchisor provides the franchisee with a proven business model, training, and ongoing support, while the franchisee is responsible for running the day-to-day operations and upholding the brand's standards.

Franchising Overview

- What is a Franchise Model
- Introduction to the Franchise Model
- Getting Started in Franchising
- Diligence in Franchising
- Questions to Ask Before Franchising
- Common Franchising Terms and Definitions
- Types of Franchise Investments
- Franchising Pros and Cons
- How Do I Fund My Franchise
- Making Your Franchise Decision

RESOURCES:

To support your further learning, visit IFA's What is Franchising online with free resources to help you learn about the franchise model, ways to conduct due diligence, questions to ask along the way, how to fund your franchise, considerations for making your franchise decision and more.



[Franchise.org/franchising-overview](https://franchise.org/franchising-overview)