Questions To Ask

It is recommended that you consult with a lawyer (preferably with expertise in franchise law) to assist you in better understanding the potential answers to these questions.

Questions to ask the Franchisor

- How many years has the franchisor been operating?
- How many franchisees does the franchisor have?
- How much is the initial franchise fee?
- How much are royalty fees?
- Are royalty fees dependent on sales, and if so net or gross sales?
- Does the franchisor offer financing options?
- What are the franchisor’s plans for future development?
- What sort of training is provided to the franchisee and for how long?
- How much are the advertising contributions? Can the franchisor use them only for advertising, and are the franchisees entitled to an accounting?
- Does the franchisor keep rebates on supplies, or are they passed down to the franchisees?
- Who is responsible for costs to construct and or develop the franchise premise?
- Who pays for cost overruns?

Questions to ask the other Franchisees

- How long have they owned the franchise?
- What do they think of the franchise?
- How much time per week do they put into the business?
- Would they purchase the same franchise again?
- Are they looking to sell and if so why?

Tips

It is recommended that you review all documents with a lawyer (preferably with expertise in franchising) before you sign any contracts or agreements.

It is recommended you seek advice from a finance expert before you sign any contracts or agreements.

Resources

Do you have questions about the Franchises Act? Review Frequently Asked Questions & Answers.

Still have questions and looking for more information on starting a business in B.C.? – the following resources will help guide you in the right direction.

While every attempt has been made to ensure that the information contained in ‘Questions to Ask’ is current and comprehensive, it remains your responsibility to obtain, read and understand all the information about your responsibilities and legal obligations as a franchisee before entering into a franchise agreement.