



Franchise Feasibility Criteria	Yes, completely	Yes, partially	No, not at all	Don't Know	Source (Site evidence and provide link)
When you (the business owner) can answer yes to all of these questions you can consider franchising.					
1) Your business is sufficiently mature					
Have you been operating the business for more than two years?					
Is your business profitable now?					
Do you have a growing number of customers?					
Do you have a high customer return base?					
Do you have more than one location?					
Do you have evidence that your business will work in other markets?					
Has your management team been working together effectively for more than one year?					
Do you know what it costs to run your business?					
Do you know what it costs to set up your business?					
Do you know how long it takes to break even on opex?					
2) Your brand is well defined					
Do you have clearly articulated brand identity (distinguishable from the competition, recognizable, personality)?					
Do you have a distinct look and feel to your business?					
Would customers know that they were in your business if you took your name off the front?					
Do you own your marks and have they been protected?					
3) Your business is systematized (to deliver consistent customer experience)					
Do you have a clearly defined way of delivering your products and services to customers (brand standards)?					
Do you have a list of criteria that inform where to set up a location (based on what does and what does not work)?					
Do you have a blue print for location design (interior and exterior)?					
Do you have a list of equipment and supplies needed to operate the business?					
Do you have reliable suppliers and vendors?					
Do you have an inventory system (ordering, storage, distributing, etc.)?					
Do you have staffing needs and job descriptions required to run the business?					
Do you have financial systems that enable you to accurately capture and track sales, income, and expenses?					
Do you have quality control standards and procedures?					
Do you have policies and guidelines for how your brand is used?					
<i>Add other elements of your business that would need to be executed in a new location</i>					
4) You can transfer your business know-how to others					
Do you have a training program for your own staff?					
Does your training program achieve consistent results?					
Can people be trained effectively in a reasonable amount of time?					
Do you have methods to ensure that management and staff can do the job well?					
Do you have methods to monitor how well staff are doing the job?					
Have you codified your systems (listed above) into operations manuals?					
Are your business systems simple enough that you can train other people to use them in a reasonably short period?					
Are the skills that franchisees need to be able to operate your business general enough that you will be able to find prospects with relative ease?					
Are the skills required to operate your business general enough that franchise owners can find employees with relative ease?					
5) You have a comprehensive consumer marketing strategy that addresses the four P's of marketing.					
Do you have a brand promotion strategy?					
Do you have a strategy for creating customers for specific locations?					
Do you have a pricing strategy?					

Do you have a way to make local market adaptations?					
Do you have a grand opening and market introduction strategy for new locations?					
Do you have a way to evaluate customer feedback?					
Do you have a way to identify ongoing customer purchasing habits (product preferences, geographic locations, purchasing power, etc.)					
Do you have a strategy for adapting to changing market conditions (culture, real estate, consumer preferences, regulations, etc.)?					
6) The market will support growth of your business					
Is your business's industry stable or growing?					
Is your target customer stable or growing?					
Does your business fill a gap in the market (does it offer something different from competitors)?					
Do customers have a favorable view of your products and services?					
Will your products and services be desirable to people in other towns, regions, etc.?					
Can the business be adapted to local market circumstances without compromising the core brand identity and standards?					
7) There is a large enough pool of qualified franchisee candidates					
Do you have a profile of a prospective franchisee (what skills, experience, personal qualities, finances, etc. they need to have)?					
Will candidates with your ideal profile be attracted to your type of business?					
Is the investment affordable to the intended franchisee?					
Will franchisees be able to obtain financing to invest in your franchise?					
Will you be able to provide information on a financial performance representation (not a guarantee but helps banks with loan decisions)?					
8) You know how to navigate the local regulatory environment					
Do you know the regulatory requirements your industry in your country?					
Can people get the licenses or certifications needed to operate the business in a reasonable amount of time?					
Do you currently comply with all local business laws?					
Are you familiar with local franchise regulations?					
Are you able to comply with franchise regulations?					
9) The economics of your business supports expansion through franchising					
Will the business being franchised still be profitable after paying franchise fees (e.g. 5% of revenues as royalties)					
Is the return on investment high enough to attract enough of your ideal profile candidates?					
Are cash flows manageable in your business?					
Will the franchisee be able to break even within an acceptable amount of time for franchisee prospects?					
Will the fees that you are able to charge franchisees be sufficient to sustain you?					
Can you afford to set up systems required to support franchisees (e.g. central kitchen, distribution network)?					
Can you afford to develop a quality assurance system for franchisees?					
Can you afford to support franchisees while you wait for revenues from royalties to kick in ?					
Will you be able to achieve a reasonable return on your investment as franchisor?					
Will you be able to finance the business development costs?					
10) Your business culture is consistent with that of an effective franchisor					
Are you able to accept input and critical feedback from others?					
Are you able to enforce compliance with standards (even with a relative or friend)?					
Can you communicate and collaborate well?					
Are you willing to give up some control of your business?					
11) Your personal expectations are realistic					
Do you understand that it could take more than one year to develop and execute a quality franchise system?					
Are your expected returns based on a realistic financial model?					
Do you have sufficient capital to invest in developing your franchise system?					
Do you understand that you are essentially creating a second business when you franchise (the business of franchising your business)?					
Are you willing to invest the time, effort, and money in to developing and managing a new business?					

Notes: These criteria are based on " Franchise Management for Dummies" by Michael Seid, 2017; Request further information from info@stagesix.com