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Chapter 2

Why Should I Invest in a Franchise?

People often ask us, “Why should I invest in a franchise?” We will give you the short answer now, and more details throughout this chapter. A 1997 Gallup study showed that 94 percent of franchisees consider themselves successful. Consider that this response is based on the franchisees’ definition of success, which would include achieving more of such things as:

- Money
- Time
- Work-life balance
- Flexibility
- Challenge
- Control
- Security and stability
- Equity
- Making a difference in the lives of others
- Personal responsibility
- Personal impact on the bottom line

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In the same study, 75 percent of franchisees polled said knowing what they know now, they would make the same decision again. In contrast, if you asked your co-workers and peers the same questions, how many of them would say they are successful? How many of them would choose the same career or company again? The simple answer is people invest in franchises because most franchisees win.

Now we have a question for you. If most franchisees win and most of them would make the same decision again why do as many as 99 percent of people who investigate franchising decide not to invest?

The Path of the 99 Percent

Purely statistically speaking (and nothing personal intended), it's almost certain you won't make an investment in a franchise either. You will probably complain about the way things are, dream about what could be, take a brief stand for yourself by declaring, "I'm tired of making money for others. Now it's my turn!" Maybe you'll "Google" different franchise opportunities, visit franchisor home pages, gather stacks of franchisor brochures, research companies, talk to trusted people and professionals, and have conversations with various franchise opportunities. You will feel proactive. You will tell your friends you're considering buying a business. Chances are they thought about it too. Some will be happy for you, some will be jealous, some will be afraid for you. Virtually everyone will share their strong opinions. You'll dream about what it would be like to be your own boss. You will think about your customers and employees. You will make clever little charts such as the "T-Bar," where you neatly list all the "pros" on the left side of the page, balanced by the "cons" on the right side. Then the time will come to make a decision. Fear, doubt, and negative self-chatter (yours, your spouse's, your kids, your parents, your friends, and your hired professionals) will kick into high gear. Eventually, you will probably make a fear-based "no" decision, backed by the logic of your neatly listed "cons."

"The business has fatal flaws," you think. "Employee turnover is too high. Competition is too fierce. The business is too risky. Sure, it may work in some areas, but everyone knows our town is different." And with everything going on in your life, the timing couldn't be

worse. Yes, you are being completely responsible with your resources. You didn't work this hard and long and sacrifice this much to lose what you have earned. Moving forward with a franchise would put your family in danger. If you leave your company, you will lose your insurance benefits and 401(k). What if someone in your family had to go to a hospital? How would you survive without insurance? Plus, your industry is changing so fast, in a few years your expertise would be obsolete and it would be impossible for you to regain entry if your business didn't make it. Certainly almost every reasonable person armed with the same research and faced with the same personal challenges you have would naturally come to the same conclusion.

And you are right.

Ninety-nine percent do.

The Path of the 1 Percent

The 1 percent and the 99 percent all start in the same physical place in the franchise investigation process. However, they don't all start in the same clean mental place. Truth be known, and this is going to make some people crazy, the 99 percent have a consistent and persistent career complaint with no real intention of ever doing anything about it. This isn't right or wrong, just the way it is. The 1 percent have the same complaints as do the 99 percent, just different future intentions. The 99 percent investigates franchises with the underlying intention of disproving different franchise opportunities so they can dismiss self-employment as a career option, and go back to a career that seems to keep choosing them rather than a career they choose. Conversely, the 1 percent makes a firm commitment to put the past in the past and alter the future.

If you are among the 1 percent, with or without *Street Smart Franchising*, you will probably find a way to make your life and career work in franchising, evidenced by the fact that 94 percent of franchisees consider themselves successful.

Starting a franchise is an unreasonable and unnatural undertaking. But the 1 percent refuses to live a reasonable, natural, and compromised life. Their circumstances aren't any different than yours. Many have similar backgrounds, finances, experience, education, and

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training. They are your age, have the same family challenges, and even live in your neighborhood. They don't have more confidence, skills, education, experience, or capital than you. Perhaps they are more committed to their dreams. Perhaps they simply have more pain.

Whatever their reason, they have come to a place in their life where they would rather take a shot and fail than sit in the bleachers and wonder what it's like to play.

Late at night, the 1 percent has fast-forwarded to the end of their life or career and envisions themselves sitting in a rocking chair in front of their fireplace thinking, "My career didn't make a difference." They have been to retirement parties and seen plaques and gold watches handed out to the retiring department heads and co-workers. They have heard the toastmasters deliver different versions of the same sincere speeches, like "We will always miss you," and "The office will never be the same without you." They also saw how these retirees were always replaced and seldom missed. They don't want to end their career in the banquet room at a steakhouse, with a smiling waiter bringing out a sheet cake with strawberry fruit filling with the words "Happy Retirement!!!!" neatly printed in all capital letters and punctuated with several exclamation points for extra sincerity. They cringe at the thought of slightly buzzed co-workers breaking out into an out-of-tune chorus of "(S)He's a jolly good fellow." Then it's all over. Their career ends as uneventfully as it started. They think, "All the sacrifice. All the hard work. All the time away from my family. For what?"

This potential future spooks the 1 percent into positive action in the present. They refuse to be the person who ends their career this way. They are going to work and live all out, holding back nothing in reserve.

The Voice of the Inner Critic

The 99 percent aren't worse than the 1 percent, nor are they designed some way they aren't supposed to be. As the song aptly states, they are "good fellows which nobody can deny."

However, the 99 percent are more likely than the 1 percent to listen to the lies of their "Inner Critic." You know him. He stays in the background, whispering what you desperately wish not to be true,

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but on some level believe anyway. Your Inner Critic waits in ambush, ready to emotionally hijack you at your weakest moments and seize control of your decision-making capabilities. Now you are contemplating a life-changing transition. The Critic loves such change. Change and ambiguity are the bread and water he needs to survive. Life changes offer the Critic an opportunity to create a larger speaking platform. He's been quiet for so long, now it's his turn to shout and he has you convinced it's your turn to listen. Then he hurls new versions of the same old accusations he's always made against you.

- You aren't good enough.
- You aren't smart enough.
- You fail at everything.
- You are helpless.
- You are poor.
- You are worthless.
- Nobody cares about you.
- You can't trust anyone.
- You will never get what you want.
- You don't deserve it.
- You don't belong.
- You don't make a difference.
- There is something wrong with you.
- It's all your fault.
- You'll go broke.
- You are weak.
- You can't do it.

“And that's the way it is always going to be until the day you die. So forget it,” says the Critic.

Since the situation is new, once again, you fear the Critic is right and you listen. And in the end, instead of buying a franchise and pursuing a life you desire, you buy the Critic's lie and relive some version of the same old past you expressed a sincere desire to leave behind. You will compromise on your future and a small part of you will die.

Yes, 99 percent of you who are reading this book will probably make a fear-based, Critic-inspired decision and back it up with conventional logic. You think such things as, “I need the security of a

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job until my kids go to college. This business has too much competition.” Or, “The business isn’t proven (because it doesn’t have enough competition). Employees goof off. Employees rob you blind. Employees will leave you for another 50 cents an hour. I know someone who failed in a similar business. There’s too much inventory. My spouse isn’t supporting me.” And then you take a pass.

However, you still hold on to the thought, “If I could only find the right business, I could become successful.”

The “Right” Business

You know the right business. The one with little or no start-up costs. You could start it with the loose change you found in your sofa cushions. There is no inventory. Or if there is inventory, customers will pay you first, and then you can go out and buy your inventory with your customers’ money. There are no contingent liabilities such as real estate or equipment leases. There’s little risk, a big return on investment, and fast equity build-up. You parlay your sofa cushion money into a million-dollar enterprise.

Although there’s no competition, there’s lots of demand for your products and services all year long. People will walk through snow drifts in bare feet just for the opportunity to buy from you. And your business is safe. No one has ever failed in this franchise before. Your products and services are so unique they can’t be found anywhere else. Plus the franchisor holds the patent, so no one ever will. Banks think the business is so hot they are lined up to offer you money on a signature with no collateral. However, you don’t need banks. Just more old sofa cushions to rummage through.

And think about your customers! They are happy, repeat customers, the kind of customers who walk into your place of business with hundred-dollar bills hanging out of their pockets and buy every product you offer. Plus, they bring other customers with them. Of course they seek you out based on your reputation alone, so there’s never a need to advertise, network, sell, or even leave the comfort of your home to find them.

What about your employees? There are no employees needed! Or if you do need employees, there won’t be any turnover. They punch in exactly when they are supposed to, and do what you tell them

exactly the way you told them to do it. Therefore, they need little supervision. They open, close, and maintain your operation while creating complete customer satisfaction. You only need to show up to empty the cash register. Unfortunately, the register fills up so often, this may require you to make several trips a day to the bank, which can interfere with your golf game.

If by some freak chance you do have to replace an employee, it will be a breeze because responsible, clean-cut potential employees with positive “can do” attitudes are always knocking on your door, looking to come to work for you.

What’s more, this business is easy to run—the learning curve is nearly nonexistent. You come out of the initial training a master. You make no costly mistakes. You work 9 to 5 with no weekends. You finish one year making the same or more than you’re earning now. And next year you’ll double your income.

Plus, all this happens just at the right time in your life to start a business. You know the right time. The 99 percent live an illusion that the universe is comprised of two time periods to start a business: the “right time” and the time period they’re currently living in, which of course is the wrong time.

The “Right Time” to Start a Business

1. Your kids have to be the right age. They aren’t too old. They aren’t too young. Or they got old and moved out. Or if only you didn’t have kids. Certainly nobody has ever found a way to have kids your age and succeed in franchising at the same time.
2. You are the right age. Either you are older, financially secure, and have money to risk. Or you are middle-aged, a good earner, and at a pivot point in your life. Or you are younger, have little money, and nothing to lose. Certainly nobody your age has ever succeeded in franchising.
3. Your parents are the right age. They are young enough where they don’t need your support. Or your parents are old and secure enough to support you by giving you some money. Or you no longer have parents. Certainly nobody with parents at

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their stage in life has ever succeeded in franchising.

4. You have to have the right spouse. He or she earns enough to meet your household expenses and wholeheartedly supports whatever decision you make. Or your spouse will help you in business to keep your overhead down. Or you aren't married and don't have those commitments. Certainly no one in your current marital situation has ever succeeded in franchising.
5. You can make time. Either you have free time at work with which to explore your options or you got laid off and are having trouble finding a job. Certainly no one with your time commitments has ever succeeded in franchising.

So what do the Boogey Man, The Lost Continent of Atlantis, The Right Franchise, and The Right Time to Start a Business all have in common?

There are no such things.

Looking for the perfect business to start at the right time is the franchising equivalent of going on a "snipe hunt." Remember snipe hunts? For those of you who don't know, on camping vacations and family picnics, sometimes the adults send kids out to find a snipe, in order to get rid of them for a while so they can drink beer, play cards, and swear.

The 99 percent hold on to the fallacy that there's a perfect business which can be started at the right time. The 1 percent know they have to go out and create the right business and make it the right time.

The Differences Between the 1 Percent and 99 Percent

The 99%	The 1%
Waits for the "right time" to start a business.	Declares "Now is the time." And then works to make it the right time.
Tries to find the perfect business.	Tries to find a solid business and will work to make it the right business for them.

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The 99%	The 1%
Looks for what's wrong with franchises and reasons they won't work.	Looks for franchises with a strong track record of success, while acknowledging their unique challenges and potential pitfalls.
Is normal and reasonable.	Is exceptional and unreasonable.
Is committed to achieving stability and security and is risk-averse.	Is committed to making a difference with their life and career and is willing to accept risk to do so.
Is afraid of the unknown. Make their fears mean "something is wrong" and back away from creating the future they desire.	Is afraid of the unknown. Doesn't make their fears mean anything. "I am afraid of the unknown," they think, "so what else is new?"
Their future is something which happens to them and they fall into.	Their future is something they design and then live into.
Listens to the opinions and accusations of the Inner Critic. Lets him impact their decision-making.	Listens to the opinions and accusations of The Inner Critic. Doesn't let him impact their decision making.
Isn't born into the 99 percent. Becomes the 99 percent through the decisions they make.	Isn't born into the 1 percent. Becomes the 1 percent through the decisions they make.

How to Join the 1 Percent

- Recognize that if you haven't already started a business or franchise, or lived off 100 percent performance-based compensation, you are already in the 99 percent.
- Recognize the 1 percent isn't better or worse than the 99 percent, just different. There's nothing wrong with being in the 99 percent.
- Recognize your past is a product of the decisions you made earlier. You may not be happy with your decisions or the results, but you accept the past as a product of your own creation.
- You look into the future. What will your life be like if you stay on your predictable course? What will your life and career look like five years from now? Ten? Twenty? What will your

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life and career have stood for? What will you have accomplished? What would still be left to accomplish? Hang out with this future. Picture it so clearly it's as if you're already living it. Visit this future often. Know what it will be like before you get there.

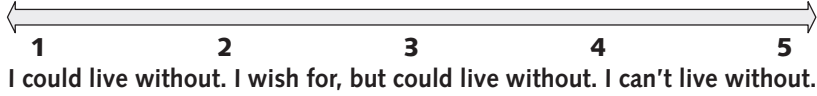
- Think about what you “must have” in life, where not having these things is not an option. For example, “My kids must go to college.” “I must own a home in a safe neighborhood.” Identify the goals which, if not achieved, would make you feel your life was a monumental failure. Are you on track to achieve your “must haves”? If not, you are on the road to serious regret.
- Think about your “want to haves,” those things which, although desired, are not mission-critical and you could find a way to live without them and are actually living without them now. Examples would include a bigger house, a nicer car, better vacations, etc. Think about which “want to haves” you will predictably have and which you won't.

Creating a Desired Future

Use Table 2-1 on the next page as a worksheet to start designing your future.

- Prioritize according to the following 5-point scale.
- Make a decision as to whether or not your predictable future is acceptable or unacceptable.
- If the future is acceptable, more power to you. You are winning! You're living a fabulous life, designing a life you want. What more can you ask for? You may not have everything you want, but clearly you are realizing your high priorities and maintaining the integrity of your values. A new business may or may not improve the quality of your life. Investigate franchises carefully. Evaluate how a franchise will impact your future. Make sure your “must haves” in life are intact and a franchise will deliver more of your “want to haves” than your current course.
- Investigate franchising as a strategy to possibly win bigger.

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My future desires	Rate from 1–5	Assuming nothing changes, what is the likelihood I will achieve this desire in the future? (impossible, not likely, very likely, almost certain)	Am I OK with this likelihood? (Yes/No)

Table 2-1. Figuring out your future

If your future is unacceptable, you are faced with two decisions:

1. **Accept the unacceptable.** Let go of your future desires and accept what is. Accept the results of this decision because it's your decision, nobody is doing it to you. It's through your acceptance that the unbearable will become bearable. If you accept the results of your decision *as the results of your decision*, you won't feel like a loser.
2. **No longer accept the unacceptable.** This is a life-changing decision; one of the most powerful decisions you can make. This is a decision to put the past in the past, and by doing so it will immediately alter and enlarge your future. This decision will energize you, calling you forward into committed action, altering what is possible for you.

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If you decide to no longer accept the unacceptable, you are on the path to greater success, meaning, and achievement. Before you begin down this path, we will equip you with the following:

- Greater self-awareness of your style and gifts and your predictable value to a franchise opportunity (Chapter 4)
- Clearly stated and well-prioritized personal goals (Chapter 5)
- A greater understanding of exactly what it takes to win in franchising (Chapter 6)
- Knowledge and understanding of the learning curve franchisees go through as they take on a new venture. Strategies to accelerate your learning curve (Chapter 7)

Only after you have read these chapters and developed a clear understanding of franchising in general will we take you through a process of identifying and investigating your options (Chapters 8 and 9). Remember our agreement and read Chapter 3 next and resist the temptation to jump around. Franchising is about producing great results by following proven processes and systems. Although you may not know where we're going with every chapter, we have a 30-year track record of getting people there! Have faith! Take one step at a time. Congratulations on taking this powerful step.

**This chapter was excerpted from *Street Smart Franchising*, the insider's guide to buying, owning, and operating a franchise. If you would like more information on franchising, you can purchase a copy of this book at Borders, Barnes & Nobles, Amazon.com, or visit our website at www.entrepreneurpress.com.
ISBN: 1-599180-21-9
Price: \$19.95**