

Finding the Best in Franchising

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A commercial real estate client called me and told me that he had decided to change directions and buy a business. He remembered that we are very active in franchise law. Buying a franchise made sense to him; he would be buying a proven brand and system and not trying to reinvent the wheel. I said that is the very logical premise that the franchising model is based upon.

“So,” he said, “You know this game. Which franchise should I buy?”

I cautioned him that is not really the function of a franchise lawyer, but arranged to meet with him the next day. I planned to tell him then that a franchise lawyer advises a client on the legal aspects of the selection and acquisition of a franchise: discussing the model, reviewing an FDD, assisting in analysis of the due diligence information, negotiating the agreements, assisting with the closing and advising on all related legal matters on an ongoing basis. In terms of finding a business, I had a few suggestions of methods to employ, rather than specific businesses.

But that evening, out of curiosity, I imagined I was him and started an inquiry into “the best franchise to buy.” I started where most people do, on Google. A search for the best franchise to buy revealed countless sources of information. I picked a few that looked more or less reliable and was surprised to find a few things.

Here are the lists of the five best franchises to buy from five different sources:

Forbes:

Brightstar Care (home care)

Right at Home (home care)

OxiFresh (carpet cleaning)

Mathnasium (tutoring)

Synergy Home Care

Entrepreneur:

McDonalds

7-Eleven

Dunkin Donuts

The UPS Store

RE/MAX LLC (real estate)

Franchise Gator:

GymGuyz (home fitness)

PetWants (home based pet food sales)

VeloFix (home or mobile bike repair)

Midtown Chimney Sweeps

Clean Juice.

ConnectTeam:

Jimmy John's

Subway

Anytime Fitness

Jazzercise

Supercuts (hair)

Franchise Business Review:

Kona Ice (food)

Wild Birds Unlimited (retail)

Keller Williams (real estate)

Pinch a Penny (retail)

MaidPro

Obviously, there are variables imbedded in this data that make any conclusions risky. Each of the lists is based upon a different set of criteria. What is interesting, though, is that there isn't a single overlap. Not one system appears on two lists. There are some trends: real estate brokerage appears more than once, as do exercise-based systems, home care and, of course, food. Some of the lists lean to the tried and true (Entrepreneur), while others appear to think those ideas are tired and present a more eclectic mix. There is also a trend towards businesses that can be run from home or without a storefront or office. But as you read down further into the lists, past the top five to the top twenty or one hundred, the variety becomes dizzying and it becomes apparent that the opportunities are endless. Everything from exercise to chimney sweeps. But that variety also makes it harder to screen for risk.

I concluded that the approach to take with the client should be to put the question back to him. As a franchise attorney, or really as any kind of attorney, you find that people come to you with preconceptions of what they think they should be doing from a legal point of view. It is helpful to get them to take a step back and start thinking like a business person again, then advise them as a lawyer how they can best accomplish their goals.

I asked him, what do you want to do? What kind of business interests you? If we

can narrow him down to a concept or particular model, such as real estate brokerage (as opposed to home health care, which I really don't see him doing), we can glean from the different lists which real estate systems are highly regarded and then start to dig deeper in terms of costs, investment and opportunity in his locale. Much of this information is available online. With that data, we can decide to look at a couple of FDDs and find him an opportunity to seriously consider.

And who knows, he may surprise me and tell me he always wanted to be a chimney sweep.