

FRANCHISE RESALE CHECK-UP

For each statement below rank your franchise system on scale of 1 to 5 where 1 is weak and 5 is strong:

	1	2	3	4	5
We have a clear vision in writing for franchise resales that has been properly communicated and is shared by everyone in both Development and the C-Suite.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have programs to identify “triggers” for resales within our system such as expirations, renewals, legal issues, operational issues, or financial issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We encourage discussions around succession planning with our Ops team and franchisees at least annually and track the plan for each unit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our Marketing Team has a development plan for attracting resale candidates as well as new franchisees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have a stated position on the use of our trademark by third parties or “for sale by owner” advertising.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have a formalized broker program for resales or a strong informal broker program for handling resales.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We provide guidance from either finance, operations or the C-Suite for our franchisees for pricing their resale units and our legal team has signed off on this business practice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We require all franchise units to conform to a standard chart of accounts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have a capital requirements plan for all franchise resales and specify required upgrades or improvements to occur prior to transfer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We have a clear strategy for any unexercised Development Agreements as part of our internal transfer or resale plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our marketing department has a separate and distinct Marketing Plan and Grand Re-Opening Plan for all transfer units.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We include Succession Planning/Resales/Transfers as a topic at our annual conference each year and encourage transparency from franchisees seeking to sell.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our Finance Group participates in transfers to calculate any contingent liability from gift cards, warranty work, loyalty programs, prepaid catering or other items.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This should not be construed as legal advice and is provided for general informational purposes. You should not act or refrain from acting with respect to the matters discussed without first seeking legal counsel; only your attorney can provide assurances that the information contained herein, and your interpretation of it, is applicable or appropriate to your situation.

We provide best practices, resources, checklists, broker contacts, eBooks, learning tools, webinars or other tools to assist our franchisees considering a sale of their unit.

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Our Legal Department clearly identifies what documents must exist before a store is “transferred” in the system or POS activity posts to the bank account of a buyer.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Our Legal Department is aware of states requiring licensing for business and/or real estate brokerage and our development team is not actively marketing resales in those states until we have ensured compliance.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Our Legal Department has reviewed and signed off on any sales agreements or other forms provided to sellers or buyers in resale transactions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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We have carefully reviewed the training requirements for resales and understand the strategy for timing and review of candidates with strong experience or a certified GM in place.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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We have an operational support plan to onboard transfers that addresses specific needs that may differ from a new store opening.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Our Operational Team is clear on their role in transfers and FBC’s or AD’s do not provide pricing guidance unless they are specifically trained and Legal has approved.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Add up your total score and use this as a guideline to improve your internal franchise resale practices. **TOTAL:**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Total Points Possible: 100

90 – 100. Congratulations. You have a well-thought-out plan that embraces all elements of your brand including Operations, Development, Marketing, Finance and Legal. You have this well in hand.

80 – 99. Well done. You are on your way to developing a vision and template for resale transactions that will benefit your brand in the short and long term. Review any items where you have a score of 3 or below.

60 – 79. There are some concerns here. Carefully look at the areas where your brand needs to invest more time, resources or support to strengthen your Resale Program and eliminate any potential risk.

59 and Below. Beware. You may have operational or legal issues at play in your resale strategy. This is worth a close look from your team.