

## The Franchise King's Manifesto

### Why I Can't Be a Franchise Consultant or a Franchise Broker Ever Again

*I don't want to be dependent on the outcome anymore. I'll explain in a moment.*

From 2001 until the middle of last year, I was a franchise *consultant*. Actually, I was a franchise *broker*. Truth be told, those two titles are used interchangeably.

As a franchise consultant/broker, I was paid some pretty generous fees (*commissions*) by franchise companies for placing folks that were looking to buy franchises into their franchise opportunities.

Allow me to give you an example of how a typical deal went down...



Let's say that a prospective franchise buyer was referred to me by an outplacement office. (People that have lost their jobs sometimes get a few months of assistance from career counselors that are located at outplacement offices.)

This referred "candidate" and I would have a phone conversation in which I would attempt to "qualify" him (or her) for business ownership. I would ask some basic questions about their goals, their current financial situation, and other pertinent information.

If I felt that they were qualified, I would have them fill out a fairly lengthy questionnaire and schedule a time for us to meet. (*Face to face, or via phone.*)

**Now, before I go any further, let me get this out of the way;**

When I first started in franchise brokerage, I was with my late father's firm. He was a franchisee of **a national franchise brokerage franchise**, which shall remain nameless.

Now, since I know that some of the "*executives*" of the franchise brokerage franchise that we use to be with will be reading this, I want you to understand where I'm coming from when I referred to my Dad being **a franchisee**;



This franchise *brokerage never officially registered as a franchise* until according to a rumor, a couple of state regulators started sniffing around, and they were kind of forced to do so.

Interestingly enough, my Dad and I **paid monthly fees, used their name** when we did business, and **received formal training**. We had always felt that we were operating as franchisees of this **soon to be officially registered franchise**. (*Plus, my Dad always told me that it was a franchise, and he was a truthful guy.*)

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About 3 years ago, **I became an independent franchise consultant/broker**. I just couldn't take all the BS that was going on in this brokerage that I was still with. My Dad was losing his battle with cancer around this time, and I had told him that I was thinking of going out on my own. His words;



My Dad, Jerry Libava

*"Go for it, Joel; you don't need to be with them anymore. You're better than them."*

So, I left. I was very comfortable with my decision. It was like this huge weight had been lifted off of my torso.

As I said, I couldn't take **the BS** that was going on internally, at this soon-to-be-under-new-ownership-franchise brokerage. Plus, I was quickly finding out that *my* marketing skills were starting to blow *theirs* away. Several other things were getting under my skin with regards to how they were conducting business, so it was just time.

I had no problem securing contracts with franchise companies; my Dad's reputation with them was always fantastic, and I carried on with the same great work ethic and business ethics as his. (*And still do. Thanks, Dad.*)

As an independent, I continued to work with franchise "*candidates*." After I qualified them, instead of having them fill out a long questionnaire, I had them take a test that I developed; I came up with this idea shortly after I went out on my own. I still use it today, and it's **Free**. You can find it over at <http://www.takethefranchisequiz.com>

If they scored high enough, I would arrange a meeting, have them fill out a really short questionnaire, and I would see if there was a possible match for them in one of the franchise concepts that I was contracted with.

In my world, a "*match*" is when some of a candidate's professional skills and basic character traits aligned well with what their role would be as the franchise owner of the concepts that I represented.

A successful match = **a big payday**.

But, even if there was a match, there was no guarantee that the candidate would get all the way to "*the finish line.*" The finish line is the place where the franchise candidate writes a check for the up-front franchise fee, (*around \$35,000*) and signs the franchise agreement.



**There were several things that had to line up perfectly for them to sign;**

1. The candidate had to do the proper franchise research

2. Most of the franchisees in the franchise system that the candidate was interested in had to be "*happy franchisees*;" they had to give a thumbs-up to the franchise company. **If they were disgruntled**, or worse, **not** making money, it was over. My candidate would pass on the opportunity, and it was back to the drawing board.

3. If the candidate ended up finding a franchise that looked good, a small business loan was going to be needed, and there were lots of factors involved in getting an approval.

4. I always recommended that my candidates spend some money with a **qualified franchise attorney**. There's a document called the **Franchise Disclosure Document** that must be looked over really, really well as part of the franchise research process. The franchise contract needed a going over as well. The lawyer had to put his or her "stamp of approval" on all the franchise legal documents. All the paperwork had to be legit, and the attorney had to be comfortable with everything before that would happen.

As you can see, there are *several* things that have to happen almost perfectly in order for a candidate to actually sign the franchise contract, pay the franchise fee, and become a franchise owner.

*So, I could get paid.*



I did pretty good on my own. **Except for one little thing;** the economy was just starting to tank. Credit was just about frozen; millions of people lost their jobs and the equity in their homes, so it was not a great time to try **to convince** hard-working people that it was in their best interest to invest in a **\$250,000 franchise business**.

**I never actually convinced anyone to do anything in my franchise consulting business.** It wasn't my style to push people to invest lots of money if they weren't ready or able, to do so. I could have made more money if I did it that way, I'm sure. It just wasn't me. And it isn't now, either.

So, the past couple of years have been rather ugly for my business. (*And a lot of other businesses, too.*) My franchise consulting business was changing. I started to write articles on franchising. In lots of different places.





**Anita Campbell and Joel Libava, Blogworld Expo, 2010**

**Anita Campbell**, of **Small Business Trends**, reached out to me 3 years ago. She asked if I'd be interested in being her "**Resident Franchise Expert**." (*She had been watching my posts on this blog, and for some bizzare reason, she liked them.*) I wasn't super-confident about my writing at the time, but felt comfortable enough to help out her community with franchise-related questions posed by her readers. So I did. And, yes, Anita did convince me to **write for Small Business Trends**.

My business was changing. A lot. I was ok with it, too. I was a little burned out of franchise brokering, anyway. Not only was the economy lousy for my kind of work, but franchise candidates were starting to take longer and longer to make their decisions. I was waiting way too long in between "*deals*." (*But the paydays were pretty big.*)

The other thing that was starting to happen was that I was starting to get more and more angry. *I was getting quite aggravated about how the franchise industry portrays franchising.* How *not all the way true* franchise success rates were being thrown around by the members of little groups like **The International Franchise Association**, for instance. *The IFA can spin stuff with the best of them.*

In a bold move, (*and not by choice*) the **IFA** sent a letter to it's members asking them to stop spouting off franchise success and failure rates like a bunch of idiots. Read what I wrote about *this craziness* back in 2009 on [\*\*OPEN FORUM by American Express\*\*](#). (*Where I've been a writer for almost 3 years now.*)

\* At this point, you may as well see where else I'm [\*\*writing franchise articles\*\*](#).

Somehow, I've turned into a **franchise buyer's advocate**. I can't stand it when everyday hard-working people get screwed by franchise companies that don't have the courage to turn down a \$30,000 franchise fee from someone who's just not right for their franchise concept.



Another thing that get's my **BVD's** all bunched up are **high-pressure franchise consultants and franchise brokers.**



**Someone's BVD's**

First of all, there are way too many franchise consultants and brokers.

**Read This!**



Secondly, lots of them have absolutely no franchise background. They're folks who were attracted to a \$60,000 total investment, and were anxious to hang their "franchise consultant" shingle. Heck, they're just trying to get their investment back. (*On the backs of franchise buyers.*) They got sucked into the "easily make \$200k a year as a franchise consultant" hype, and they want out. They're a little tougher to spot than some of the high profile, tootin falootin franchise brokerage groups. That's because they're **G O N E .**

*Which has left me an opening. I'm now a franchise **advisor**.*

I love *advising* folks that are looking to become franchise owners.

**Here's what you need to know**; there's a **huge** difference between what I do, and what a franchise consultant or broker does. **Huge**, I tell ya.

1. **Franchise consultants and brokers** *only* work with 100-200 different franchise companies. That's roughly 10% of all franchise companies that are registered in the US. So, if you're working with a broker, you may want to ask about the other 2,800 franchises that are available.
2. **I don't work with a specific set of franchises.** As a matter of fact, I'm not representing *any* franchisors as a consultant/broker.
3. **The reason** that franchise consultants and franchise brokers *only* work with a couple hundred opportunities is that they're the only ones paying them a large commission. That's how I worked too.

Now, a few consultants/brokers may tell you that "*you're welcome to look at any opportunities you want.*" But human nature (*and \$15,000 commissions*) will probably win out. In other words, if you're not investigating the franchises *that they're getting paid on if you become a franchisee*, they're not going to spend too much time helping you with the other, non-paying ones. They can't afford to, just as I couldn't.

4. **I'm not getting paid a \$15,000+ commission** on any franchises. The franchise companies aren't my brokerage clients anymore; *the people that are interested in possibly becoming franchise owners are my clients*. If you (*as my client*) end up buying a **Subway** franchise, great. If you instead, end up buying a **Pizza Hut** franchise, fantastic. If you opt to **go find a new job** instead of becoming a franchise owner, again, great!

**My income doesn't depend on the outcome. That's the key.**

I *do* get paid though. Clients pay me for my expertise. And because **I can help my clients *not* lose money in a franchise.**

I'm about to get real busy. More and more people will be calling on me, because of how my business model is structured. *And* because I'm writing a new, (*and really needed*) book on becoming a franchise owner that's due out this Fall. (*John Wiley & Sons, Publisher*)

Of course, more and more franchise consultants and franchise brokers will be calling on me, too. *Or calling me out.* **Or just calling me to yell. First they'll be upset;** then maybe they'll want to join forces, so they can stay in business, and do things right. I hope they *do* join up with me, somehow. The entire franchise industry would instantly get better!

If you or someone you know is considering franchise ownership, I offer franchise advisory services for all stages of the franchise buying process.

## **I can really help**

**I'll help you figure out if franchise ownership is even something that you should look at.**

**I'll show you how to customize your search for a franchise business that makes sense for *you*.**

**I'll show you exactly where to look for franchises, and then once you've found a few, I'll teach you how to narrow down your choices.**

**I'll also teach you how to do amazing franchise research.**

**I'll discuss the money part, and show you how to find proper legal guidance.**

**That's because I never want to get a phone call like this from you.**

Let me know if you'd like to work with me.



Joel Libava

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