



**Galactic  
Enterprises LLC**

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# **The Franchise Buyer's Checklist**

Your complete pre-qualification and due diligence guide  
for evaluating franchise opportunities with confidence.

Franchise Consulting for Eastern Missouri

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## Am I Ready? Pre-Qualification Checklist

Before you start exploring franchise brands, honestly assess your readiness across these key areas:

### Financial Readiness

- I have \$75,000+ in liquid capital (cash, stocks, retirement funds)
- My credit score is 660 or higher
- I understand total investment ranges (\$125K-\$500K+ depending on brand)
- I have a plan for financing (SBA loan, ROBS, home equity, etc.)
- I have 6-12 months of personal living expenses set aside

### Personal Readiness

- I'm willing to follow a proven system (not reinvent the wheel)
- I have a realistic timeline (4-6 months from start to opening)
- My spouse/partner is on board with this decision
- I understand this is buying a business, not buying a job
- I'm open to semi-passive models that let me keep my W-2 initially

### Mindset Readiness

- I'm comfortable with a 3-5 year commitment to build the business
- I understand that franchise success requires effort, not just capital
- I'm willing to do thorough due diligence before committing

**SCORING:** If you checked 10+ items, you're likely ready to start exploring. 7-9 items? You're close - a free consultation can help identify gaps. Under 7? Consider our Education & Foundation pathway first.

## Questions to Ask Franchisors During Discovery

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These are the questions experienced franchise buyers ask. Don't be shy - a good franchisor will welcome them:

### Financial Performance

- What is the average revenue for units open 2+ years?
- What is the typical break-even timeline?
- What are the ongoing royalty and marketing fees?
- Are there any hidden costs not in the FDD (technology, supplies, etc.)?
- What is the average EBITDA margin for mature units?

### Support & Training

- What does initial training look like (duration, location, content)?
- What ongoing support do you provide after opening?
- Do you help with site selection and lease negotiation?
- What marketing support is provided at the local level?

### Franchisee Satisfaction

- What is your franchisee turnover rate?
- Can I speak with current franchisees (not just the ones you recommend)?
- How do you handle underperforming locations?
- What is the process for resolving disputes?

## FDD Red Flags to Watch For

The Franchise Disclosure Document (FDD) is your most important research tool. Watch for these warning signs:

- High franchisee turnover in Item 20 (transfers and terminations)
- Pending or recent litigation in Item 3 (especially from franchisees)
- No Item 19 financial performance representation (they're hiding something)
- Unreasonable non-compete clauses in Item 17
- Frequent fee increases or surprise cost additions
- Territory restrictions that limit your growth potential
- Mandatory vendor requirements with inflated pricing
- High failure rate - compare Item 20 openings vs. closings over 3 years

## Realistic Timeline Expectations

Here's what the franchise buying process actually looks like:

Timeline	Activity
Weeks 1-2	Initial consultation and pre-qualification
Weeks 2-4	Brand matching and introduction (2-4 brands)
Weeks 4-8	FDD review, franchisee validation calls
Weeks 8-10	Discovery Day visits with top 1-2 brands
Weeks 10-14	Final decision, legal review, signing
Weeks 14-24	Site selection, buildout, training
Week 24+	Grand opening and ongoing support

**NEXT STEP:** Ready to start? Schedule a free 10-minute intro call with Galactic Enterprises. We'll assess your readiness and match you with 2-4 franchise brands that fit your goals.

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