# 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have programs to identify “triggers” for resales within our system such as expirations, renewals, legal issues, operational issues, or financial issues. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We encourage discussions around succession planning with our Ops team and franchisees at least annually and track the plan for each unit. | ☐ | ☐ | ☐ | ☐ | ☐ |
| Our Marketing Team has a development plan for attracting resale candidates as well as new franchisees. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have a stated position on the use of our trademark by third parties or “for sale by owner” advertising. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have a formalized broker program for resales or a strong informal broker program for handling resales. | ☐ | ☐ | ☐ | ☐ | ☐ |
| 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We require all franchise units to conform to a standard chart of accounts. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have a capital requirements plan for all franchise resales and specify required upgrades or improvements to occur prior to transfer. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have a clear strategy for any unexercised Development Agreements as part of our internal transfer or resale plan. | ☐ | ☐ | ☐ | ☐ | ☐ |
| Our marketing department has a separate and distinct Marketing Plan and Grand Re-Opening Plan for all transfer units. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We include Succession Planning/Resales/Transfers as a topic at our annual conference each year and encourage transparency from franchisees seeking to sell. | ☐ | ☐ | ☐ | ☐ | ☐ |
| Our Finance Group participates in transfers to calculate any contingent liability from gift cards, warranty work, loyalty programs, prepaid catering or other items. | ☐ | ☐ | ☐ | ☐ | ☐ |

# 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 provide best practices, resources, checklists, broker contacts, eBooks, learning tools, webinars or other tools to assist our franchisees considering a sale of their unit. | ☐ | ☐ | ☐ | ☐ | ☐ |
| 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| Our Legal Department has reviewed and signed off an any sales agreements or other forms provided to sellers or buyers in resale transactions. | ☐ | ☐ | ☐ | ☐ | ☐ |
| 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| We have an operational support plan to onboard transfers that addresses specific needs that may differ from a new store opening. | ☐ | ☐ | ☐ | ☐ | ☐ |
| 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. | ☐ | ☐ | ☐ | ☐ | ☐ |
| *Add up your total score and use this as a guideline to improve your internal franchise resale practices.* *TOTAL:* | ☐ | ☐ | ☐ | ☐ | ☐ |

***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.