

FRANCHISE ALERT #26: What Is Validation?

DESCRIPTION:

Validation is part of the [franchise discovery process](#). The discovery process begins by a franchise candidate learning about what the franchise is all about. This includes understanding the operations, marketing, technology, training, and support involved. After this, it's time to validate.

This means confirming or validating what you have learned about the franchise with current, existing franchisees.

Who better to validate with than the people who have invested their money in the franchise you are considering?

PURPOSE OF VALIDATION:

Validation provides the means for YOU to gather the facts and figures you need to make an informed decision.

HOW IS VALIDATION CONDUCTED:

1. Many franchisors arrange **GROUP VALIDATION CALLS**. These are regularly scheduled online meetings (often weekly) in which a franchisee volunteers to answer questions and share his/her experience as an owner with franchise candidates exploring the opportunity.

After you have attended a few group validation calls, you'll want to talk one-on-one with some franchisees to focus on the areas where you have remaining questions.

2. You will **SPEAK ONE-ON-ONE WITH FRANCHISEES**

Be considerate of the franchisees'/owners' time as they are busy running a business. Offer to schedule a 20-minute phone appointment at a time convenient to them. In advance, prepare around [8 - 10 questions](#) that you ask each franchisee.

From the group validation calls, you will likely have a good feel for the training and support the franchisor offers. You'll also typically have a good grasp of what "a day in the life of a franchisee" looks like. In addition, you'll have gotten some numbers and financial information during the group validation calls.

During the one-on-one calls, most candidates focus on the numbers, i.e., the breakeven point, revenue potential, monthly overhead expenses, etc. They devote the call to just these kinds of questions so they can really drill down into the numbers.





IMPORTANT NOTE: FRANCHISEES VOLUNTEER their time TO VALIDATE.

There is no company script they use. As a matter of fact, no franchisee has to tell you anything about their business, their experience as a franchisee or the financial aspects of their business. This is where it pays to treat others like you want to be treated.

TIPS FOR GATHERING FINANCIAL DATA:

1. The first thing to do is to **EXPECT FINANCIAL VARIATION AMONG FRANCHISEES**. Why? Obviously, each franchisee has different goals, abilities, experience, skills, timelines and motivations.

Knowing to expect different financial performances among franchisees is crucial.

2. Then prepare by visualizing a bell curve. There is the top 20%, the bottom 20% and the 60% in the middle. Every business, every sports team, every school system, and every franchise has people who perform along the bell curve. You will find value in speaking with franchisees at different parts of the bell curve.

3. After you talk with a number of franchisees at different stages of growth, determine who you relate to most. Are you more like

- **"Rock Star"** franchisees who win awards and raise the bar for others or
- **"Steady Eddie"** franchisees who follow the formula for success and live their dreams or
- **"Sad Sack"** franchisees who blame everyone and everything and take no responsibility for their decisions?

4. Where you are **NOT** to expect or see variation is with what the franchise provides:

- Training
- Support Systems and processes
- Technology applications
- Marketing strategy
- Business format and
- Related aspects of the franchise business model.

5. You may think this is odd to recommend, but it is helpful to make validation calls until you hear from someone who is not doing as well as hoped. Ask **why**. Usually, two main reasons are involved:

First, determine if that franchisee is not doing well because of

- Operator error or
- Poor execution or
- Is there a problem with the franchise system/brand/model?

Second, ascertain if you see yourself in that franchisee. Are there similarities with him/her or are there differences? Is that person positive and upbeat or does that person have "stinking thinking?" Does the person take responsibility for his/her poor performance or does the franchisee just point fingers?



During validation, you'll find good insight determining if there are shortfalls due to the franchisor or due to the franchisee.

6. Be sure to **VALIDATE FROM THE OUTSIDE IN**. Steer clear of franchisees near you so as to avoid ruffling feathers having to do with territory or territorialism. It is suggested to talk to those franchisees last. Your franchise developer will be a big help in setting up those conversations for you.

7. One last tip is to not let the comments of one franchisee outweigh the input from others you contact. **LOOK FOR TRENDS** in the responses you receive and when you come across an outlier, ask why it is off the norm.

IT IS CRUCIAL TO ASCERTAIN: Is the problem with the franchisor, its training or systems or business model OR does the problem lie with a specific franchisee's implementation and execution?

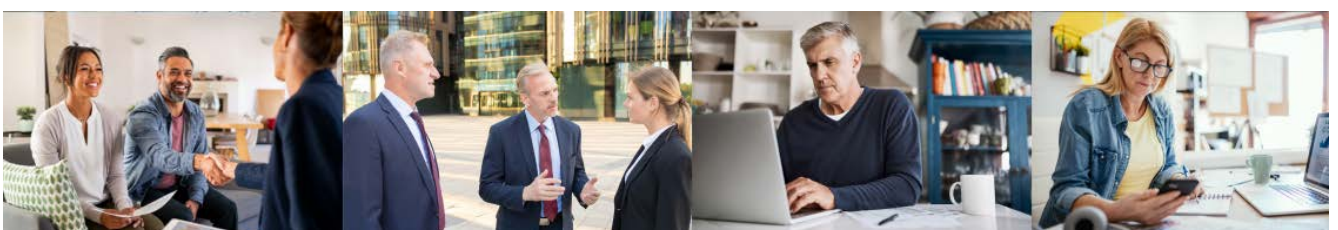
CONCLUSION:

How you conduct yourself during validation calls, the pace at which you complete this important phase of the franchise discovery process, and the impression you make on your potential future colleagues can be integral in the franchisors' assessment of you.

Recall that a franchisor is evaluating you just as carefully as you are evaluating them.

Take good notes of your validation conversations and enjoy this part of the process.

You will find it very interesting to meet the people who have made the decision you are considering and to learn their stories.





NEXT STEP: 3 Options

1. Visit our [website](#), [FAQs](#), [videos](#), [testimonials](#), [Resources](#), and [LinkedIn profile](#)
2. Schedule a confidential appointment with Anna by calling/texting 706.736.0579, emailing anna@selectfranchises.com, or [clicking here](#).
3. Stay in touch and be informed by engaging on social media to get the latest news on what's hot in franchising and learn what you need to know about franchises.
 - Invite me to connect on [LinkedIn](#)
 - Follow **Select Franchises** on [LinkedIn](#) and on [Facebook](#)
 - Send me a friend request on [Facebook](#)
 - Subscribe to our [Youtube](#) channel
 - Be informed on [Instagram](#) and [Tweet](#) me your questions

It's my pleasure to help you understand the [franchise validation process](#) and how to be a successful franchise candidate.



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