**Video Title:** Should I buy a franchise? 5 pros and cons you MUST know

**Video URL:** [https://www.youtube.com/watch?v=VrQa-CWvg4](https://www.youtube.com/watch?v=VrQa-CWvgv4)

**Run Time/Source:** 17:56 Tariq Johnson/YouTube

**Close Caption Available:** Yes

Tariq Johnson, a motivational speaker, and former financial investor owns two successful franchises. In this video, Johnson provides five, no six, of the pros and cons of buying and owning a franchise. These includes first asking yourself why you want to own a franchise. Are you trying to increase your primary income, make additional income (extra money), or purchase a business as a financial investment? Determining your financial objective will help you to decide what industry, what company, and what products and services you want in a franchise.

Second, your franchise decision centers around money. The cost of a typical franchise is $250,000 and many of the more popular franchises cost much more. Generally, the lower the initial cost of the franchise, the more effort you will have to build your business to a successful level.

Third, should you purchase a franchise on an existing location or a new location? In most instances, the likelihood of success will be much greater for an existing location. Keep in mind that an existing location is already known and has an established customer base.

Fourth, YOU are the most important part of your franchise success. You need to conduct your due diligence, perform business research, evaluate, and select a business location. Your skill sets will play a key role in whether your business will or will not succeed.

Fifth, following the system. Franchises are successful in part because franchisees provide consistency for the consumer. So, whether a customer walks into the fast-food franchise in Portland, Maine or Portland, Oregon they should find a high degree of consistency—no surprises! If you are not a “follow the rules” person and prefer to do your own thing, a franchise is probably not for you. This does not mean that you cannot be creative, but you should contact other franchises to discuss their experiences with the franchisor.

Finally, when you start a business, whether a franchise or a business that you start from scratch, be sure to have an exit strategy. You need an exit strategy in case you decide you do not like the business or if the business is not making the level of profit you need to make. You especially need an exit strategy if you plan to sell the business when you retire or pass the business on to your children.

Questions:

1. Why would you want to purchase and own a franchise?
2. Should I purchase a franchise that will be at a new business location?
3. Are you highly creative? Do you like to “do your own thing” rather than follow the rules?
4. Do you have an exit strategy?