

The Franchise Option

BUYING A READY-MADE BUSINESS IS APPEALING TO MANY MID-LIFE ENTREPRENEURS

BY JAMES PASTERNAK

THE LINK between our aging population and an entrepreneurial spirit is undeniable. In recent years, three-quarters of the net growth in self-employment has come from Canadians in the 45 to 64 age group.

Whether one is holding a severance package or a pink slip, starting a small business can jump-start a mid-life change.

For many of these later-in-life entrepreneurs, buying a franchise represents their best option for throwing off the shackles of mundane office life and taking on the excitement of running their own business.

Franchises offer an appealing alternative for mature Canadians who, by choice or need, would like to keep working but have found closed doors and glass ceilings in mainstream companies. They're also perfect for retired people.

"Senior citizens may, unfortunately, find it difficult to [find a company] willing to employ them at their advanced age," says Joseph Adler, a Toronto-based franchise lawyer with Hoffer Adler LLP (www.hofferadler.com).

While franchising has long been associated with flipping burgers, delivering pizza or selling jeans, it has expanded to dozens of interesting fields, many of them ideal for the aging class. The Canadian Franchise Association (CFA) points out that franchise systems now include home repair, pet training and obedience, landscaping, home maintenance, business services, printing, training, hospitality, travel, automotive service, automotive retail, home and health care, beauty supply and services, fitness, grocery, real estate and much more.

Adler has acted for clients purchasing franchised accounting and tax services, educational or tutoring services and financial planning. Their lower start-up costs and home-based settings are ideal for second careers.

"The franchising model offers prospective franchisees, it's hoped, a proven business model," says Adler. "Risk-averse investors looking to adopt a new business in their senior years may find that they can more readily transition into a new opportunity that will provide them with training, know-how, support and a recognized brand name."

The model has proven successful. Franchises have become an economic juggernaut, an important part of the Canadian economy. According to the CFA (www.cfa.ca), franchised businesses account for 40 per cent of all retail sales in Canada and for 10 per cent of the gross domestic product. There are more than 78,000 franchise units across Canada employing more than one million people.

"The huge advantage of a franchise is that it can be a ready-made career for somebody who is looking for a change," says Randall Craig, author of the career planning book, *Personal Balance Sheet*. (www.randallcraig.com). "One of the key advantages is that you get to be your own boss. You're the president but you are also the janitor, purchaser, salesperson and [are responsible for] anything else that needs doing because the buck stops with you."

The CFA says that it is important to ask yourself why you are looking to franchising as a means of achieving your goals — this may provide the crucial answer as to what kind of franchise best suits you.

Like any investment, one also has to manage risk. Some franchises have longer and more successful track records than others, and some require significant upfront investments. Many agreements are extremely complex so, before you commit, curb the excitement and get a second sober opinion.

“I highlight certain extraordinary or unusual legal requirements that may require amendments to satisfy their needs and protect [buyers] legally,” says Adler. “These documents are 95 per cent in favour of the franchisor, so I try to level the playing field. I can advise them of their statutory rights under the franchise legislation.”

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