

The Franchise Doctor

Everything You Need to Know **Franchise**
about Franchising

The Franchise Doctor's Return on Investment Calculator

Complete this form to calculate your Return on Investment when developing a new Franchise System. Place your estimates in the yellow boxes.

Companies that engage The Franchise Doctor to develop their concept typically spend \$30,000 to \$37,500 before selling their first unit. Working on a limited budget, you may sell 3, 6 or even 10 franchises in your first year depending on the market's acceptance on your business model.

New franchisors prepared to invest \$75,000 to \$100,000 in their first year will have a much larger advertising budget and can expect to sell 12 to 20 units during their first year also based on their business model.

Enter here the number of new franchises you anticipate selling in year one:

New franchisors typically charge a one time, initial franchise fee ranging from \$15,000 to \$25,000. We work with our clients to help them establish a fee that will provide a good cash flow to the new company yet not inhibit sales.

We consider the amount of proprietary training, software, and business systems you provide each franchisee, as well as comparing the fees charged by other franchisors in your field. This fee usually rises over time, as your company gains recognition as a successful franchisor.

Enter here your estimate of your Initial Franchise Fee.

If you achieve your sales goal, your first year Revenues from Franchise Sales =

Franchisors also typically charge a percentage of Sales as a Royalty. The great majority of companies' Royalty fee is between 4% and 8%. The most common rate is 6%.

Again, part of our service includes advising you on selecting a competitive Royalty rate that will be accepted by franchise buyers.

What rate of Royalty do you anticipate charging?

One of the reasons that franchisees are so successful is the training, site selection help and coaching provided by the franchisor.

What average annual sales do you think your franchisees can achieve in their first year of operation?

We'll calculate the Royalties you'll receive based on half of what could be achieved if each franchise was open all twelve months.

Your first-year Royalty Revenue should be approximately:

Total First-Year Revenues from your new Franchise Division should be:

If your maximum investment before revenues begin was \$35,000, your Return on Investment would be: (and that's just in year one!)

Call The Franchise Doctor today to discuss your needs. 800 220-8256