

INSTANT IMPRINTS®



UNDERSTANDING FRANCHISING

Steps for Evaluating a
Franchise Opportunity

Dear Prospective Franchisee,

Thank you for your interest in exploring the Instant Imprints franchise opportunity.

Selecting a business opportunity, especially when you are to invest your life savings, is a very important decision. Therefore, our management team has developed this comprehensive step by step guidebook allowing you to conduct a thorough due diligence before investing your hard earned life savings into a business.

Instant Imprints is a relatively young franchise concept, having only started franchising in 2002. Two years ago, a major ownership and management restructuring took place at Instant Imprints. Our new management team has a combined experience in franchising that exceeds 200 years with some major brands such as Mail Boxes Etc. - The UPS Store, EmbroidMe and Sign-A –Rama and Coverall.

To leverage our retail presence more effectively and to create a dynamic customer experience, we have redesigned our showroom. Beginning in 2013, all new retail showrooms will have state of the art fixtures, digital and media signage and automated production equipment. The new design will reinforce our value proposition – “Everything you need to promote and grow your business.”

Instant Imprints offers six (6) distinct profit opportunities all under one roof. Effectively, we offer 3-4 franchise opportunities in one!

We have also instituted a new comprehensive training program which is highly focused on “Business Management” training. The new training program spans over six (6) weeks followed by a six (6) month transitional “fast track” marketing and support initiatives allowing franchisees to build a solid foundation.

Unlike many other franchise concepts, our franchise fee is an all-inclusive “No Frills” fee whereby you do not pay for site selection, lease negotiation, demographic analysis, training and extra mark ups.

At Instant Imprints, we are focused on providing franchisees with a business model that offers both a financial return and a lifestyle return.

Our objective and intention with this guidebook is for you to use this as a tool to help you evaluate any franchise system, including ours, so that you can make an informed decision. Our management team also invites you to investigate our concept and to compare our offering with other concepts.

We wish you an abundant of success with your due diligence and selection of the right franchise opportunity.

Respectfully,

A handwritten signature in black ink, appearing to read "Ralph Askar". The signature is fluid and cursive, written in a professional style.

Ralph Askar
President and CEO

WHAT IS FRANCHISING?

Franchising has been described as a blend of "big" and "small" business: a fusion of the energy and commitment of the individual with the resources, power and strength of a large company. It is widely seen as a relatively safe way for:

- people to get into business for themselves but not by themselves;
- companies to expand effectively without incurring the high overheads and management hassles usually associated with the establishment of a branch network;
- companies to convert their existing branch or agency systems into a lean and mean marketing machine.

Franchising is a business arrangement whereby a company (the franchisor) grants an independent party (the franchisee) the right to sell the company's products or services within predetermined regulations and according to the guidelines set down by the franchisor. The franchisee uses the company's name, goodwill, products and services, marketing procedures, expertise, systems and support facilities. In exchange, the franchisee pays the company an up-front fee and ongoing management services fees (or royalties) as stipulated in the franchise agreement.

A proven franchise package enables a suitable person to operate a business successfully, usually without any prior knowledge of the specific industry.

The first thing that happens then is that the franchisor company devises a successful product or service - for example, a particular style of fast food restaurant. They research and develop the concept, spend money promoting it, and build up a good reputation and a recognized image. Having proved that the concept works and can be reproduced in more than one location, they then offer franchises for sale.

An individual (or partnership or company) sees the opportunity and having evaluated it, decides it is profitable. He or she buys a franchise from the company for a fee and in return receives the right to trade under the same name and use the same systems, training and a variety of other benefits. The franchisee is responsible for all costs emanating from setting up his own business, although the bulk buying discounts often available through the franchisor can reduce the cost to below what would be paid by an independent operator.

Once the franchisee has opened his restaurant, he then pays a regular percentage of his sales to the franchisor as a weekly or monthly fee. This fee pays for the ongoing support services provided by the franchisor. The inter-dependency between the franchisee's results, the support provided by the franchisor to the franchisee and the franchisor's income derived from ongoing fees paid by the

franchisee is what makes franchising such an effective proposition - because each party wants the other to succeed.

At its best, a franchise arrangement can be incredibly profitable to both parties. The franchisee is at the sharp end, concerned with maximizing sales and minimizing cost in his own outlet, constantly fine-tuning the approach to suit the needs of his specific market. The franchisor, meanwhile, concentrates on maintaining the competitive edge of the product or service and providing the support services necessary to help the franchisee concentrate his efforts effectively.

To achieve this level of cooperation, the franchisee/franchisor relationship requires:

- total acceptance of a common vision, mission and values by the franchisor, the franchisee and their respective staff;
- mutual trust and respect;
- clearly defined rights and obligations
- good communication at all levels;
- dedication to long-term success;
- support in both good and bad times;
- maintenance of clearly defined operating procedures and standards;
- contribution to growth through feedback, research and development, and ongoing promotion.

Potential franchisees should ask themselves if that is the sort of relationship they want to build with their franchisor.

FRANCHISING - The roaring success of the past 2 generations

In North America there are nearly 600,000 franchised businesses operating today. These businesses generate some staggering results that are truly amazing.

- Franchises generate nearly \$1 Trillion in sales of goods and services.
- Franchises account for over 40% of RETAIL sales, yet account for only 25% of RETAIL outlets.
- Over 8M people draw their salaries and wages from franchised businesses.

What makes franchising so fantastic is that it embraces and draws people from all walks of life, including but not limited to people with corporate and professional backgrounds, to young people out of College or University. Women, minorities, veterans, and serial entrepreneurs are all migrating to franchising in a dramatic fashion. Its diversity drives innovation, and results. Investors at all levels are finding that there are few investments that can deliver the potential that a well-tuned franchise system can deliver. It really allows people to be their own boss, while creating the lifestyle that they want to live within a well-established system for building their dreams.

- Franchisees are in business for themselves, but they don't have to develop everything on their own as an independent or make every decision. The Franchisor is always there for guidance and assistance (such as store design, web strategy, furniture, marketing materials, policies and procedures and training. The franchisee can focus more on learning the business and attracting/servicing customers and working the business model).
- As part of a larger brand there are other stakeholders and franchisees that also have ideas and guidance that are colleagues/allies the franchisee can network with to build their businesses and share best practices.
- The general public likes franchising because they represent a standard of quality, and service that they know they are getting. (the general public loves great brands and rewards them at the till).

REASONS FOR FRANCHISING

- Obtain operating efficiencies and economies of scales
- Achieve more rapid market penetration at lower capital cost
- Reach the targeted consumer more effectively through cooperative advertising and promotion
- Sell products and services to a dedicated distributor network
- Replace the need for internal personnel with motivated owner/operators
- Shift the primary responsibility for site selection, employee training and personnel management, local advertising, and other administrative concerns to the franchisee, licensee, or joint venture partner with the guidance or assistance of the franchisor

THE FOUNDATION OF FRANCHISING

Any company considering franchising as a method of growth and distribution or any individual considering franchising as a method of getting into business must understand the key components of this industry:

- *A proven prototype location* (or chain of stores) that will serve as a basis for the franchising program. The store or stores must have been tested, refined, and operated successfully and be consistently profitable.
- *A strong management team* made up of internal officers and directors (as well as qualified consultants) who understand both the particular industry in which company operates and the legal and business aspects of franchising as a method of expansion.
- *Sufficient capitalization to launch and sustain the franchising program* to ensure that capital is available for the franchisor to provide both initial as well as ongoing support and assistance to franchisees.
- *A distinctive and protected trade identity* that includes federal and state registered trademarks as well as a uniform trade appearance, signage, slogans, trade dress, and overall image.
- *Proprietary and proven methods of operation and management* that can be reduced to writing in a comprehensive operations manual, not to be easily duplicated by competitors, maintain their value to the franchisees over an extended period of time, and be enforced through clearly drafted and objective quality control standards.

- *Comprehensive training programs for franchisees--both* at the company's headquarter and on-site at the franchisee's proposed location at the outset of the relationship and on an ongoing basis.
- *Field support staff* who are skilled trainers and communicators and must be available to visit and periodically assist franchisees as well as monitor quality control standards.
- *A set of comprehensive legal documents* that reflect the company's business strategies and operating policies. Offering documents must be prepared in accordance with applicable federal and state disclosure laws, and franchise agreements should strike a delicate balance between the rights and obligations of franchisor and franchisee.
- *A demonstrated market demand for the products and services* developed by the franchisor which will be distributed through the franchisees. The franchisor's products and services should meet certain minimum quality preferences (e.g., fads), and be proprietary in nature. Market research and analysis should be sensitive to trends in the economy and specific industry, the plans of direct and indirect competitors, and shifts in consumer preferences.
- *A set of carefully developed uniform site selection criteria and architectural standards* that can be readily and affordably secured in today's competitive real estate market.
- *A genuine understanding of the competition* (both direct and indirect) that the franchisor will face in marketing and selling franchises to prospective franchisees as well as the competition the franchisee will face when marketing products and services.
- *Relationships* with suppliers, lenders, real estate developers, and related key resources as part of the operations manual and system.
- *A franchise profile and screening system* in order to identify the minimum financial qualifications, business acumen, and understanding of the industry that will be required by a successful franchisee.
- *An effective system of reporting and record keeping* to maintain the performance of the franchisees and ensure that royalties are reported accurately and paid promptly.
- *Research and development capabilities* for the introduction of new products and services on an ongoing basis to consumers through the franchised network.
- *A communication system* that facilitates a continuing and open dialogue

with the franchisees and as a result reduces the chances for conflict and litigation within the franchise network.

• *International, national, regional, and local advertising, marketing, and public relations programs* designed to recruit prospective franchisees as well as consumers to the sites operated by franchisees.

ADVANTAGES AND DISADVANTAGES

All new business start-ups entail risk. Franchising minimizes risk:

- Name Recognition which builds consumer confidence.
- Networking which gives you the ability to share ideas, product and information.
- National, Regional, Local Advertising Programs which are geared toward building an image.
- Professional Training and Support Programs which are designed to enhance your business.
 - Classroom, hands-on, and continued training
 - Site selection, lease negotiation, design and construction assistance
 - Start-up/opening assistance
 - Ongoing management and problem solving assistance
 - Ongoing research and development
- Bulk Buying Power which is the clout of many working together. Advantageous economies of scale:
 - reduced fixed and variable expenses
 - increased advertising, marketing and PR capabilities
- Business Perpetuity, a greater business asset to pass on to future generations.
- A business concept that has proven itself again and again.

Disadvantages:

- Franchise fee and continued management service fees (royalties).
- Compliance with obligations.

WHICH BUSINESS CAN BE FRANCHISED?

If someone is thinking about franchising their business there are several factors which must be taken into consideration. The process can be lengthy and expensive but the results may be worth the effort required. The prospective franchisor among other things must focus on the following:

A. The business concept, product and/or services and the market the business operates

- Is the business different from the competition?
- Is the business prepared to standardize operating systems?
- Does the business have a recognized name within the market?

B. The legal considerations

- Are the products and/or services protected by trademarks and patents?
- Are there any warranties or guarantees which will have to be offered?

C. The management skills

- Is the management staff capable and prepared for franchising?
- Is there management available for recruiting and training franchisees?

D. The profit potential for franchisees

- Is there an existing prototype which is operating profitably? - Are the planned investment and ongoing fees reasonable for a franchisee?

PROSPECTIVE FRANCHISEES

Most often individuals considering purchasing a franchise begin the process by "LOOKING OUTWARD". That is, they focus on: which franchise they will purchase, where it will be located and how much money they are going to make. Instead, the prospective franchisee should be "LOOKING INWARD". More importantly, they should be asking if they are the type of person who will be successful being in business for themselves.

In considering opening a franchise business a person should begin by evaluating their own character and deciding if they are prepared to:

- Work long and hard hours
- Be away from the family for extended periods
- Withstand the physical and mental stress
- Sacrifice economically, at least in the early months

- Accept that employees may not share in the commitment to success
- Work within the franchisors' systems.

Having considered their own personality, the next step for the prospect is to identify the business they would like to join. First, they should determine if there is something of particular interest. Also, they should rely on past experiences to identify industries which are appealing. Searching on the internet is an excellent way to find out more about franchising. Another action to be taken is to visit local book stores where a wide range of reference material on franchising and the various businesses which utilize this method of distribution is available. An excellent reference source is the International Franchise Association, (IFA), located in Washington D.C., U.S.A. and the Canadian Franchise Association (CFA), located in Toronto, Ontario. The IFA website is located at www.franchise.org. The CFA website is located at www.cfa.ca.

Once the industries have been identified with which the prospective franchisee would like to affiliate, the next step is to find the franchisors in those businesses and to evaluate them. In considering these franchisors, the prospect should try to find out which one is the most compatible with their personality, desires, ethics, and plans. They are seeking to identify the best opportunity for themselves.

In considering a franchisor, the prospect should ask questions of the franchisor (see Schedule B- Questions To Ask Franchisors) as well as existing and former franchisees (see Schedule C- Questions To Ask Franchisees). They should then judge the worth of each answer. Typical questions for the franchisor include the following:

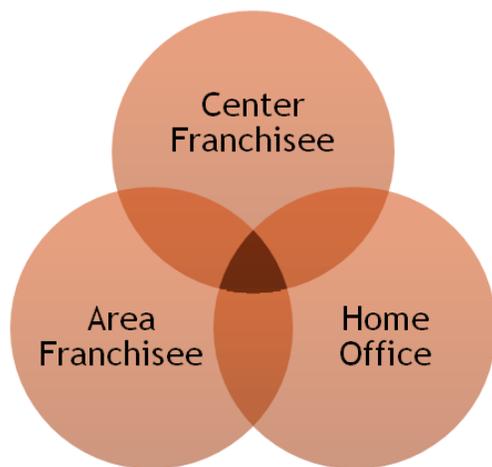
- Do you assist in the design and construction of the franchise outlet?
- Do you assist in finding the proper site for the franchise outlet?
- Do you train managers and the staff?
- What kinds of advertising, operational and accounting assistance do you provide to franchisees?
- How much initial investment is required to open a franchise?
- What do you look for in a prospective franchisee and why? - What are your future plans for adding more franchises?
- Why did you decide to franchise your business?

One should not be confused with thinking that the quoted price for the franchise (i.e. the Franchise Fee) represents the total money required to own and operate a new franchise business. There are many expenses in establishing a new franchise and it is critical that prospective franchisees plan accordingly.

Perhaps the expense most often under-provided for is the cash, or access to borrowing, which is necessary to pay for basic operating expenses in the beginning months of running a new business (i.e. the working capital). A good franchisor will

assist the prospect in preparing an estimate of the investment required in the new franchised business. The prospect's goal should be to insure that they are adequately prepared to begin the business and to survive during the critical starting months (see Schedule D- What Does A Franchise Cost?).

FRANCHISOR/ FRANCHISEE PARTNERSHIP



Someone purchasing a franchise is entering a very unique relationship. Franchisors have spent considerable time, effort and money developing a Business Format System for expanding their distribution system. Statistics show that franchisees stand a much better chance of success than people who start independent businesses.

The relationship between franchisor and franchisee is contractual. A formal franchise agreement has been prepared by the franchisor which sets the terms which govern the interaction between the franchisor and franchisee. However, the uniqueness of franchising results in two "silent" partners in the franchise relationship. These are: all other franchisees and the customers. Both entities are participants in the franchise business.

All parties are separate and equal entities. The franchisor cannot survive if the franchisee is not profitable because he is dependent upon the franchisee serving as the distribution outlet for his products and/or services. The franchisee is dependent upon the success of the franchisor because he is using the franchisor's name, and trademarks and he has access to the franchisor's "know how" (.i.e. Business Format System). While only the individual franchisee signs the franchisor's agreement all other franchisees are dependent upon their working together for a successful business.

The **customer** is the most important party in the franchise agreement even though they have not signed a formal document. For a franchise system to be successful the same product and/or service must-be available in every franchise location. The same service and delivery system must be utilized as well. The customer develops expectations from visiting one outlet and they anticipate and expect similar experiences from all other locations.

In summary, franchising is a "marriage" of parties with each having equal

expectations and responsibilities. Both the franchisor and franchisee must be willing to work as a unit to achieve the success each desire. If only one party fulfills their obligations the relationship will fail.

WHY DO PEOPLE PURCHASE FRANCHISES

Prospective franchisees are seeking opportunities of owning their own business but not being left alone in the struggle of developing and maintaining a profitable business. They are seeking the security of someone's proven concept. Prospective franchisees also want to benefit from a recognized trade name or trademark. They not only want assistance in getting started but also continued training and support during the life of their business. The support provided by franchisors makes an obvious and critical difference to the success rate of franchisees.

Franchisors also provide support by advertising locally and occasionally nationally to promote public recognition and acceptance of the trade name and trademarks. Research and development is an ongoing necessity of successful franchise companies and franchisors determine the direction of future growth for franchisees by accepting and faithfully adhering to this responsibility. However, one of the primary reasons people purchase franchises is to benefit from purchasing their products along with other franchisees which result in lower operating costs.

Most importantly, people purchase franchises because they don't want to make wrong decisions when starting a business (see Schedule F- Avoiding Mistakes). Franchising, if approached correctly, can significantly improve someone's chances for establishing a profitable business.

SCHEDULES

A - Finding The Right Franchise For You?

B - Questions To Ask Franchisors

C - Questions To Ask Franchisees

D - What Does A Franchise Cost?

E - How To Acquire A Franchise?

F - Avoiding Mistakes

SCHEDULE A- *Finding The Right Franchise For You?*

When considering opening a franchise it is imperative that the prospect begin by evaluating their own character/personality to ensure that they are suitable for a franchise opportunity. In other words the prospect should LOOK INWARD.

The prospective franchisee should focus on themselves by asking the following questions:

- What do I like to do?
- What are my interests?
- What type of occupation is most compatible with these interests – my likes and my dislikes?
- What do I enjoy doing the most?
- Do I have mechanical inclinations?
- Am I good with my hands?
- Am, I attracted to a service/retail business?
- Can I direct and manage people?
- Do I work best by myself or with others?
- Do I enjoy working with people?
- Am I a shy or an extroverted type of person
- Would I be able to do the necessary marketing and selling required in certain type of businesses?
- Am I customer service oriented?
- Do I enjoy helping and serving other people?
- Am I a friendly type of person?
- Do I like and enjoy people in general?
- Do I have an ability with numbers?
- Am I organized?
- Do I plan my life?
- What are my dreams? What type of business fits these dreams?
- Am I good with financial and business management?

If possible write down the answer to these questions. Writing your answers will help you crystalize your thinking. Remember purchasing a franchise could not only be the biggest financial investment of your life but the biggest mistake as well. You must make sure that you choose the right opportunity for you.

SCHEDULE B - Questions To Ask a Franchisor

After having identified suitable industries, a prospective franchisee is ready to interview and evaluate franchise companies. The prospect should contact franchise companies (i.e. franchisors) and ask for a formal interview. The objective is to meet prospective franchise companies to determine their individual strengths and weaknesses.

The following questions will also assist prospects in deciding which of the franchise companies are most compatible with their own personality, desires, ethics and goals:

- When did your company begin and what has been its history?
- How long have you been franchising?
- Are you affiliated with the IFA or CFA?
- What are your plans for the next few years?
- How many franchised locations do you have? How many were opened last year?
- What do you look for in a prospective franchisee and why?
- What is the franchise fee? What do I get for this money? How and when do you require payment of the fee?
- Do you require a deposit? If so, is this deposit refundable?
- Is there a management service fee or royalty? How much is it?
- Are there any other fees (e.g. advertising fees, training fees, site evaluation, etc.) charged by you?
- How much initial investment is required to open the franchise?
- What is the working capital requirement? How many months does this amount cover?
- How long will it take from the moment I sign an application form before I am able to open the doors for business?
- How long does it usually take for this type of business to start covering the bills? How long before making a profit?
- What are the average gross profit margins?
- What are the normal hours of operation for the business?
- Do you assist in finding the proper site for my franchise?
- Do you assist with the design and construction of the business?
- Will you train my staff? What type of training do I get?
- How long is the initial training? Can you share a copy of your Training Program agenda?
- What is the organizational structure of your company? Who is responsible for providing ongoing support to the franchisees?
- Do you assist with business plan preparation and funding applications?
- What type of advertising, operational and accounting assistance do you provide?

SCHEDULE C - Questions to Ask Existing Franchisees

When meeting with prospective franchise companies the prospect should ask for a list of current and former franchisees. The purpose is to pursue the evaluation of a franchise company. By gaining access to franchisees, the prospect will be in a position to communicate with individuals already operating a business exactly like the one the prospect is considering.

The following questions will assist the prospect in the evaluation process:

- How long have you been a franchisee? How do you feel about your franchisor and his/her employees? What kind of people are they?
- Does your franchise business make money?
- Have you made the profit you expected to make?
- How competitive do you find the cost for products purchased from the franchisor with similar products from other suppliers?
- How would you describe the quality of the products supplied by the franchisor? How timely are the deliveries?
- How do you feel about the initial support provided to you by the franchisor? Was it sufficient? Did the franchisor deliver on their promises?
- How effective do you feel the training you received in the beginning was and what type of on-going training is provided?
- In your opinion, how fair and how easy to deal with, is the franchisor?
- Do you feel that the franchisor and the staff listen to your concerns?
- Do they take action when they promise? How receptive is the franchisor to your comments?
- Have you had any disagreements with your franchisor; and if so, how were they resolved?
- Do you know any franchisees that have left the organization and why they left?
- How do you feel about the advertising and marketing support provided by your franchisor?
- If there is a Monthly Advertising Fee, how is this money spent?
- How does your franchisor communicate with you? Are they publishing periodic newsletters, have webinars and internet forums, have regular meetings or annual conventions and conferences?
- Does the franchisor or one of their employees visit your franchise regularly; and, do you find their visits worthwhile? Could you describe to me the process of this visit?
- If you were in my place, would you purchase a franchise from this company?

SCHEDULE D -What Does A Franchise Cost?

One of the most common mistakes an aspiring franchisee makes is to underestimate the total cost of purchasing, constructing and operating a new franchise. Often the franchisee listens only to the franchise fee and believes this is the cost of getting a new business established. In fact, the initial payment is only the beginning of the expenditures a new franchisee will be required to make. Even if the new franchisee understands that construction cost and related expenses are necessary they often forget or underestimate the cash or access to borrowing for use as working capital. At a minimum there should be provisions made for three months of basic operating expenses (e.g. wages, leases payments, bond, electricity, telephone, transportation, uniforms, etc.).

The following chart provides a method of calculating the investment required in a new franchise business. Considerable thought should be given to these expenses in order to provide reasonable and conservative estimates. The prospect's goal should be to insure that they are adequately prepared to begin the business and to survive during the starting months.

EXPENSES COST

Franchise Fee	_____
Facilities:	
Outfitting	_____
Acquisition	_____
Equipment:	
Purchase	_____
Lease	_____
Deposits:	
Facilities	_____
Equipment	_____
Employee:	
Recruiting	_____
Training	_____
Utilities	_____
Licenses	_____
Attorney's Fees	_____
Initial Stock or Inventory	_____
Initial Marketing Launch	_____
Debt Service	_____
Miscellaneous	_____
*Working Capital	_____

TOTAL

* Working capital requirements are variable based on market conditions, marketing initiatives and basic operating expenses.

SCHEDULE E - *How To Acquire A Franchise*

Having decided that owning your own franchise business is right for you, there is a sequence of events you can expect to occur. The process begins with your decision to explore the various opportunities and hopefully concluding with the successful operation of your new business.

When you have decided on an industry and identified franchise companies, you should begin the journey by contacting the companies to express interest. The franchisors will most likely respond to your inquiries with an email introducing their franchise concept along with other basic information about franchising. The franchisor will then call you to discuss the opportunity. After you feel comfortable with a company and are serious about purchasing their franchise, you should follow these steps:

Step 1: Completing the Franchise Application Form

The APPLICATION is usually one or two pages in length in a printed format, or it may be an online form. It is designed to capture as much information about you as possible. In completing the form you will probably think it is similar to a bank loan application. It will inquire about your financial position and will want a complete history of your work experiences and educational accomplishments. This is a very important document that will be reviewed very thoroughly by the franchisor when you return it. Spend an appropriate amount of time in completing this form. Remember, "First impressions are lasting ones."

Step 2: Getting to Know the Franchisor and the Company

During the evaluation phase you should have visited the Company's head office and met with the franchisor and his key managers. It is also important to get to know the person(s) you will be working with most closely. At this meeting the franchisor will have evaluated you as an individual to ascertain how he feels you will 'fit in' with his organization. Since the franchise agreement is a legal document that binds the two of you together for many years, the franchisor is most concerned about your personality. Likewise, you should approach this session in exactly the same frame of mind. You should have left the first meeting with an impression regarding how you liked the franchisor and his staff as individuals. After you decide that this franchise opportunity is for you, you should continue the process of getting to know the franchisor and his/her company prior to signing the franchise agreement.

Step 3: Signing the Franchise Agreement

Eventually, if all goes well, you will make an agreement to formalize your commitment by signing a franchise agreement. This document must be carefully read and reviewed by you as well as by your attorney. Do not be surprised to find that the franchisor is

reluctant and often unwilling to modify or change any provisions in the agreement. The franchisor has worked very hard in developing their franchise format and to ensure consistency among the franchisees all agreements should be the same. Your objective in reviewing the agreement is not to negotiate change, but rather to fully understand the obligations of both parties. Once this step is completed and the Franchise Fee has been paid, you will focus on establishing your franchise.

Step 4: Establishing the Franchise

The franchisor should be prepared to assist you in selecting the franchise site and making the necessary preparation for constructing and equipping the facility. While the location is being made ready you will also be focusing on acquiring the necessary training for yourself and staff to be able to successfully operate the new business.

Step 5: Training

The franchisor should have a dedicated training facility or utilize one of their existing company operations to educate you regarding the franchise operations. In addition to formal classroom and hands on experience, the franchisor should provide a Training Manual for your continued use. During the course of your training you will also be exposed to the Operations, Procedures, Marketing and possibly other formal support Manuals for your franchise. These Manuals are "loaned" to you as long as your franchise agreement is in effect.

Step 6: The Grand Opening

When you are ready to begin servicing the public and depending on your type of operation, a Grand Opening is often planned. At this time the franchisor usually provides a special promotion to get your business off to a fast start. The franchisor recognizes that the early days of your franchise are very important and will want to do everything possible to ensure everything goes right. Often the franchisor along with key staff members will be in attendance at the opening and will provide opening support during these early days.

Step 7: Operating the Business

Once the business is operating successfully, you will have the unique experience of being in business for YOURSELF, but NOT by YOURSELF. This comes about first, as the result of your careful and honest evaluation of yourself as a potential franchise owner. Then you focused on the type of industry you felt most qualified and in which you had a discernible interest. Following, you investigated all of the franchisors in this industry and chose the company that you felt comfortable in making a long term, legal and binding relationship. Your new franchisor also recognized your strengths and interest and performed his duties and fulfilled their responsibilities. They assisted where appropriate and provided the initial training and support to help get

your franchise established. Once the franchise is operating successfully, both you and the franchisor communicate effectively and consistently to ensure a smooth on-going franchise business.

SCHEDULE F-*Avoiding Mistakes*

Franchisees who have not been successful in their business have failed to understand the dynamics of franchising and have failed to follow the steps outlined earlier. The most common mistakes new franchise business owners have made and which you should avoid are listed below:

- Failure to fully evaluate their suitability for owning and operating a franchised business.
- Failure to investigate all the available franchise opportunities that are compatible with their interests, skills and strengths.
- Failure to do market research on the product or service to be offered by them.
- Failure to obtain family support.
- Failure to deal with stress and the responsibility of owning a franchised business.
- Failure to determine and to have access to the amount of money required to acquire and to operate the business.
- Failure to assess and to accurately account for personal financial needs prior to purchasing the franchise.
- Failure to assess if the franchise opportunity provides an acceptable return on the required investment, and if it provides sufficient profits for the desired life-style.
- Failure to verify information and commitments made by the franchisor and or his/her staff before purchasing the franchise.
- Failure to talk to existing and former franchise owners.
- Failure to read and understand the contents of the franchise agreement.
- Failure to seek legal advice before signing the franchise agreement.
- Failure to visit the franchisor's head office and to meet key members of the staff.
- Failure to communicate with the franchisor and to seek help when needed.
- Failure to follow the franchisor's proven business format system.

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