



Franchising Business Sourcing Guide

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Small Business BC
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www.smallbusinessbc.ca



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Franchising

Legal / Regulatory

Basics for Getting Started

Basic regulatory requirements that are likely to affect you when starting your business include registering your business name, obtaining a business license and paying taxes. For more information on basic regulatory requirements, visit the Small Business BC website at:

<http://www.smallbusinessbc.ca/bizstart-checklist.php>

Acts and Regulations

There are no regulations governing franchising in British Columbia. However, regulations and by-laws affecting most businesses apply.

Provincial and Federal Acts and Regulations

For further information on regulations that may affect specific franchise businesses, contact Small Business BC.

Acts and Regulations

Provincial and federal acts and regulations affecting retail, service and food service franchise businesses:

Small Business BC

82-601 West Cordova St.
Vancouver, BC, V6B 1G1
Toll-free: 1-800-667-2272
Tel: (604) 775-5525
Fax: (604) 775-5520

Business Practices and Consumer Protection Authority

Toll Free: 1-888-564-9963
Tel: (604) 320-1667
Web: www.bpcpa.ca

Ministry of Small Business and Revenue

Consumer Taxation Branch

Toll-free: 1-877-388-4440
Tel: (604) 660-4524
Fax: (604) 660-1104
Web: www.rev.gov.bc.ca/ctb/

Canada Revenue Agency Business Number

Government Sales Tax (GST)
Toll Free: 1-800-959-5525
Web: <http://www.cra-arc.gc.ca/tax/business/topics/gst/menu-e.html>

Health Act

Web: www.qp.gov.bc.ca/statreg/stat/H/96179_01.htm

WorkSafeBC

Toll-free: 1-888-621-7233
Tel: (604) 276-3100
Web: www.worksafebc.com

Funding / Financing

Financing Your Business

You may want to use one or more types of financing in your small business. You may choose short-term debt financing, long-term debt financing or equity financing. For more information on financing your small business, visit the Small Business BC:

www.smallbusinessbc.ca/bizstart-financing.php

Buying a Franchise

Buying a franchise involves buying the rights and support systems to own and operate a business that has been designed by someone else. It is a common way of establishing a business. Usually, franchise networks are based on a successful business established in one original location. Franchise outlets may then be established in other locations. Each location uses the same company name, operating system, purchasing procedures and management system, and benefits from general advertising campaigns. Each franchise outlet receives varying degrees and types of franchise supports.

Some Examples

Many fast food outlets such as McDonald's, Burger King and Kentucky Fried Chicken are franchise operations. Other common franchises are real estate agencies, restaurants, hair salons, building supply outlets, dry-cleaners, picture-framing shops, lawn maintenance services, fast printing services, quick photo processing outlets, automobile repair and parts shops, sports equipment stores, computer stores, video rental outlets, home security firms and machine vending services.

How To Do It

Access information sources identified in this publication to learn more about franchising advantages and disadvantages. Identify types of franchise operations you would like to explore by reading newspaper and magazine advertisements, franchise trade journals, and noticing franchised businesses in other locations which may work in your area.

Sources of Financing

Small Business BC

Toll Free: 1-800-667-2272

Tel: (604) 775-5525

Web:

www.smallbusinessbc.ca/bizstart-financing.php

Business Development Bank of Canada

Toll Free: 1-877- 232-2269

Tel: (604) 666-7850

Web: www.bdc.ca

Canada Small Business Financing Program

Industry Canada

Web: strategis.ic.gc.ca/csbfa

Canadian Youth Business Foundation

(Youth 18-34 yrs)

Toll Free: 1-800-464-2923

Web: www.cybf.ca

Community Futures Development Corporation

Web:

www.communityfutures.ca/provincial/bc/locations

Overview of Government Financing Programs

Web:

www.smallbusinessbc.ca/pdf/overview.pdf

Strategis Sources of Financing

Web: strategis.ic.gc.ca/sources

Women's Enterprise Centre

Toll Free: 1-800-643-7014

Web:

www.womensenterprise.ca

Funding / Financing continued

Franchise Fees

Franchisors charge an initial franchise fee, but what that fee covers can vary widely. In some cases, the fee covers the right to use a trademark, while in others, the fee pays for the setup of a complete turnkey operation – building, equipment, inventory and advertising. Your decision to buy a franchise must be based on a complete understanding of the total costs involved. Make sure you know exactly what is and isn't included in your franchise fee and what you're expected to pay for on your own. When you have selected the type of franchise which most interests you, identify and talk with potential customers to determine their need for your products or services. Talk with a few franchisees for information on being part of a franchise organization.

Sources of Financing

You'll most likely need three types of financing, long-term (this generally covers the more permanent aspects of your franchise), intermediate-term (usually covers your franchise fee and fixed assets such as equipment and fixtures) and short-term (used for shorter lived equipment, furniture and inventory).

Financial Institutions

Canadian financial institutions are active in providing financial services to franchisors and franchisees. In addition, they usually have franchise specialists in their head office and/or regional offices to support the franchise lending activities of their branches. Most financial institutions distribute publications that provide advice on buying a franchise and assist established franchisors in developing comprehensive financing packages for franchisees.

Community Futures Development Corporations (CFDC)

Community Futures Development Corporations provide business loans to assist existing businesses expand, or to help entrepreneurs create new businesses. Loan amounts are up to \$125,000. There are over 30 Community Future Development Corporations located throughout rural British Columbia.

Business Development Bank of Canada (BDC)

The Business Development Bank of Canada is Canada's small business bank. BDC is dedicated to helping create and develop Canadian small and medium sized businesses. Contact the BDC to identify a range of programs and services available to eligible entrepreneurs.

*Funding / Financing continued****Canada Small Business Financing Program (CSBF)***

Owners of small businesses frequently lack the funds they need to pay for business improvements or expansion. Financing may not be available to them unless they are willing to include their personal assets as loan security. Those wanting to start up new businesses face similar problems. Under the CSBFA, the federal government partially offsets any losses on CSBF loans. The result is that financing is more accessible, and owners do not have to provide personal assets as security to support their business financing requirements.

Strategis Web Site

Industry Canada's Strategis Web Site - Sources of Financing, offers an extensive database of financial providers and diversified resources to build your financing knowledge.

How - To / Educational

All publications listed in this document are available for reference in the C/BC BSC Business Start-Up Library.

How-To Publications***Canadian Franchise Guide (3 Volumes)***

Designed for franchisors, franchisees and professional advisers, this all-Canadian service brings together information including: legal considerations, tax considerations, trade-mark considerations, current and future trends, international expansion, accounting issues, marketing and financial planning strategies, and a comprehensive section of forms, documents, agreements and precedents.

Franchising in Canada: Pros and Cons

This book covers all the important aspects of franchising in today's market, and answers questions such as: What kind of franchises are available? What are the requirements for a franchise? How much money does it make? What are the dangers of buying a franchise? How much autonomy does a franchise really have? What is in a franchise contract? What guarantees does a franchisor give?

How-To Publications

Canadian Franchise Guide
 Publisher: Carswell Thompson
 Professional Publishing

Franchising in Canada: Pros and
 Cons

Publisher: Self Counsel Press
 ISBN: 1-55180-094-2
 Web: www.self-counsel.com

How-To / Educational continued

Franchising in Canada

Covers the benefits and pitfalls of franchising for both franchisor and franchisee. Topics cover accounting and income tax aspects of franchising and franchise contracts.

So You Want to Buy a Franchise

Determine if franchising is the right option for you and your situation, assess an available franchise's profitability, evaluate marketing and training benefits in a franchise's organization, generate financing for your new franchise venture and make sense of a typical franchise agreement.

Tips and Traps When Buying a Franchise

A straightforward step-by-step guide to franchising from the franchisee's perspective.

Restaurant Franchising

This publication guides the user through the steps of starting and running a restaurant franchise, it covers topics from developing a winning concept, to the legal intricacies of franchise agreements. Also deals with financial backing and international franchising,

Guide to Buying a Franchise

This book provides you with a thorough examination of the franchise arena from the buyer's perspective. It discusses how to select a franchise, financing a franchise, legal aspects of franchising and business resources.

Franchising 101: The Complete Guide to Evaluating, Buying and Growing your Franchise Business

In this guide you will learn how to: research and evaluate a franchise business opportunity; prepare your franchise business plan; understand and negotiate the various franchise documents; select a location for your business and negotiate a lease; find and train good employees; and market your new business with future growth and prosperity in mind.

Franchising for Dummies

Discover how to understand the latest legal issues, find an ideal location, manage daily operations, work with your franchiser and fellow franchisees, and franchise your own small business.

Your Guide to Financing Business Growth by Selling a Piece of the Pie 2002-2003 Edition

This publication looks at franchising as a method for financing growth. Learn how employee stock ownership plans work and how they can be used to raise capital.

Contacts / Directories

Business Associations

Canadian Franchise Association (CFA)

The Canadian Franchise Association is a growing national network of Canada's leading franchise systems, committed to achieving excellence in franchising. The CFA represents the interests of both franchiser and franchisees through encouraging and fostering competence in franchising at all levels.

It is a governing body that represents the interests and investments of both franchisee and prospective franchisees. The CFA restricts membership to those who meet the standards and practices of the association and strictly enforce a code of ethics.

- 350 Members
- Membership fees vary according to number of franchised units
- Publish newsletter 'The Franchise Voice'
- Distribute "Franchise Canada- The Official CFA Directory"

International Franchise Association (IFA)

The International Franchise Association (IFA) enhances and safeguards the business environment for franchisees and franchisors worldwide. The Association serves as a resource center for current and prospective franchisees and franchisors, the media, and the government.

The Association has been instrumental in developing legislation that safeguards franchising from abuse by fraudulent operators, and has testified on behalf of programs that expand opportunities for women and minorities in franchising.

Tradeshows and Exhibitions

The *National Franchise and Business Opportunities Show* www.franchiseshowinfo.com features business and franchise opportunities. It is organized by National Event Management, which currently produces 27 events annually across North America with offices in Toronto and Calgary. NEM's events span a variety of industries including, franchise and investment, women's market, golf, fishing, adventure sports and travel. Visit their website for show dates across North America.

Business Associations

Canadian Franchise Association

116 - 5399 Eglinton Ave West,
Toronto, Ontario, M9C 5K6
Toll Free: 1-800-665-4232
Fax: (416) 695-1950
W: www.cfa.ca

International Franchise Association

1501 K Street, N.W., Suite 350
Washington, D.C. 20005 USA,
Tel: (202) 628-8000
Fax: (202) 628-0812
W: www.franchise.org

Tradeshows and Exhibitions

National Business Opportunities & Franchise

Toll Free: 1-800-891-4859
Tel: (905) 477-2677
W: www.nationalevent.com

Contacts / Directories continued

The *Vancouver Franchise and Investment Show* features some of the most successful franchises offered across North America. Attend free seminars and learn the benefits of buying a franchise, discover financing options and learn how to become a successful new business owner.

The Franchise Show billed as Canada's largest franchise show is organized by the Canada Franchise Association.

Directories

Franchise Annual

Both handbook and directory, includes a directory of U.S. and Canadian franchisors, a section on how to go about obtaining a franchise and what to look for in the franchisor. 4,177 listings include 48 different categorical sections including such areas as distributors, franchise consultants, accounting and tax services, automobile rental and leasing, burglar and fire prevention, children's products and services, etc.

Canadian Business Franchise Directory (Annual)

This directory contains a comprehensive listing of franchises, as well as information about funding and management of a franchise.

Magazines and Newsletters

Canadian Business Franchise

This magazine contains all the current and latest information on franchises. It contains advisories, franchise news and a range of valuable articles.

Internet Resources

Franchise Annual: Online

Includes franchisor listings, monthly updates from the Info Franchise Newsletter, investigative tools for prospective franchisees and home pages for franchisees.

Vancouver Franchise and Investment Show

New Business Centre
55-5100 South Service Road,
Burlington, Ont L7L 6A5
Tel: (905) 634-9750
Fax: (905) 634-6669
www.newbusinesscentre.com

The Franchise Show

116 - 5399 Eglinton Ave West,
Toronto, Ontario, M9C 5K6
Toll Free: 1-800-665-4232
Fax: (416) 695-1950
W: www.cfa.ca

Magazines and Newsletters

Canadian Business Franchise

Publisher: CGB Publishing
395 Conway Road
Victoria, BC, V8X 3X1
Tel: (250) 744-1662
Fax: (250) 744-3763

Franchising World

Publisher: IFA Publications
ISBN: 1041-7311
www.franchise.org

Info Franchise Newsletter

Publisher: Info Franchise News
ISBN: 0147-5924
www.infonews.com/franchise

*Contacts / Directories continued**Strategies Website – Franchising*

This site lists resources for the future franchisee. Associations, legislations, publications and trade shows are all included.

<http://strategis.ic.gc.ca/epic/site/dsib-fran.nsf/en/Home>

Frannet

A directory of franchises plus very informative “research resources” and an “FAQ” will be helpful to anyone interested in franchises. www.frannet.com

Franchise Update

This is a one-stop source for information on franchise opportunities, franchise services and general franchise editorial.

<http://www.franchise-update.com/>

Franchise World

This site provides information about news, events, trends, developments and people in the franchise world.

<http://www.franchise.org/Franchise-Top-Stories.aspx>

Franchising.com

This site bills itself as the place to learn how to make the franchise decision, be a successful franchisee and find the franchise opportunity that is right for you.

<http://www.franchising.com/>

Monster.ca Franchising

Monster.ca Franchising provides a comprehensive directory of Canada’s leading franchisors, as well as resources to help successfully enter the franchise industry. Explore the world of franchising with the support of Canada’s leading franchisors through Monster.ca. <http://franchise.monster.ca/>

Market Data / Statistic

Sales Forecasting

Sales forecasting is the process of organizing and analyzing information in a way that makes it possible to estimate what your sales will be. For more information on sales forecasting, visit the Small Business BC web site at:

www.cbbsc.org/osbw

Sources of Market Data

Performance Plus (Industry Profiles) Industry Canada

Performance Plus is an online performance benchmarking tool that provides detailed financial and employment data on more than 300 business sectors in Canada. More than 30 performance benchmarks help to make small businesses determine how they measure up against their competitors.

<http://sme.ic.gc.ca>

Small Business BC Market Research Analyst

At Small Business BC you can access information that will help you identify your target market, competition and industry trends. Tel: (604) 775-5699

Statistics Canada

Toll Free: 1-800-263-1136
www.statscan.ca

Appendix

Regional Health Units

Burnaby ----- Burnaby Health Department (250) 294-7390
Castlegar ----- Central Kootenay Health Unit (250) 365-4300
Chilliwack ----- Upper Fraser Valley Health Unit (250) 795-8200
Coquitlam ----- Simon Fraser Health Unit (604) 927-2000
Courtenay ----- Upper Island Health Unit (250) 334-1122
Cranbrook ----- East Kootenay Health Unit (250) 426-1455
Dawson Creek Peace River Health Unit (250) 784-2400
Gibsons ----- Coast Garibaldi Health Unit (250) 886-5600
Kamloops ----- South Central Health Unit (250) 828-4411
Kelowna ----- South Okanagan Health Unit (250) 868-7700
Nanaimo ----- Central Vancouver Island (250) 755-6200
New West ----- New West. Health Department (604) 527-4406
North Van. ----- N. Shore Health Department (604) 983-6700
Prince George - Northern Interior Health Unit (250) 565-7390
Richmond ----- Richmond Health Department (604) 276-4047
Surrey ----- Boundary Health Unit (604) 572-2600
Terrace ----- Skeena Health Unit (250) 638-3474
Vancouver ----- Vancouver Health Department (604) 736-2866
Vernon ----- North Okanagan Health Unit (250) 549-5700
Victoria ----- Capitol Regional District (250) 360-3118
Williams Lake Cariboo Health Unit (250) 398-4600