

Don't Buy/Franchise a Business... LEASE IT!

Buy/Franchise	versus	LEASE
<u>Initial Costs (typical):</u>		
Purchase Price	\$250,000	0
Franchise buy-in	\$125,000	0
License Fee	0	\$10,000 - \$15,000/yr
Capitalization	\$100,000	0 - \$2,000
<u>Re-occurring Costs:</u>		
Employees/Labor	Considerable/month	0
Leased Space	Considerable/month	0
Franchise Fee	10%	0
Cost of Goods Sold	60%	0
Commissions	5% -25%	0
City/State Taxes	5% - 8%	0
<u>Business Dynamics:</u>		
Competition	Considerable	0
Bus. Location	Fixed	variable
Seasonality	Important	irrelevant
Skill Set Req.	sales/bus. manag't/account/inventory/etc/advertising/etc.	sales
Time off	little to none	0-9months/yr
Lifestyle	"Late to bed, early to rise, work like hell & advertise"	yours to choose
Market field	one permanent market	Mult. to choose/yr
Business Cycle	continuous	3 – 12 months
Gov. Regulations	many	0 - few
Typical work day	10 -16 hrs/day; 6d/w	4 – 6hrs/day; 4-5d/w
Training Required	Months	2 weeks
Advertising Costs	As much as you can afford	0
Internet costs/skills	considerable	0
<u>ROI (typical):</u>		
1 st year:	0	1 st project: 100%
2 nd year:	10%	2 nd project: 150%
3 rd year:	20%	3 rd project: 150+%
Risk factor	considerable	extremely low

No one business model is right for everyone. The business dynamics of a LEASED business are dramatically different from either a Franchised or Solely-Owned business. A LEASED business offers many more-desirable aspects than an "own the whole cow" business model, and warrants your close evaluation.