DO YOU KNOW THE LINGO?

Franchising Made Easier

If you're looking into opening your own franchise, chances are you've encountered some new vocabulary. The franchising industry uses specialized terminology that can be confusing *(or even intimidating!)* to newcomers. In this guide, we'll try to break down some of the most commonly used jargon.

FDD

FDD stands for "Franchise Disclosure Document," an important document that all potential franchisees are given access to at least two weeks before they sign any agreements. This document includes everything you need to know about your franchisor's growth, earnings, legal issues you should be aware of, and more.

Initial Franchise Fee

This is the initial amount you are expected to pay the franchisor in order to become a franchisee. This fee may seem high, but it is used to cover expenses associated with opening a new franchise such as your training, initial marketing, and more.

Liquid Capital

Franchisors want to know that you'll be able to cover the costs of opening your doors and keeping your business afloat during the first few months. They'll ask to see that you have a certain amount of liquid capital *(i.e. money you have access to)* to cover these costs.

Royalties

Royalties *(sometimes referred to as "ongoing franchise fees)* are a small percentage of your profits that you will pay to your franchisor annually. These royalties help cover the costs of ongoing support you receive in your business.

These are a few commonly used terms in franchising. Now that you know the lingo, review our franchising site to learn more about starting a sign business with Signarama!

Signarama

Contact us! **561-578-0247**