



## 14 CRITERIA of a GREAT Business

Over the years, I have come to learn that there are 14 characteristics that make a great business or franchise. If you hit 12/14 you're doing great!!

1-Low or no accounts receivable (its difficult chasing money after your service/product has been delivered and can be a real headache and drain on your cash flow)

2-Little competition (competition isn't necessarily a bad thing as it confirms there is a market for your product/service, however if the market is oversaturated and you don't have something that distinguishes your business, it could be difficult)

3-Recurring income-(a beautiful thing because the business will keep coming in as long as people are happy with the product/service. It's important to stay on top of that relationship with the client and not get complacent)

4-Low startup cost-(the lower the investment, the faster the return, and the more money in your pocket without the burden of large loans and payments)

5-Passive (meaning you can easily hire a manager to run the business. This is great for people who are retired or perhaps still working and just looking for a side investment. It is important that the franchise have a solid training program and support system in place that your manager can rely on, instead of relying on you)

6-Flexibility (you are not tied to the business, you don't have to be there in order for the business to make money and/or the hours are such that you can work the business according to your own schedule)

7-Great market potential (they say timing is everything, and it is important that there is a demand for your product/service)

8-Low overhead (its important to know the monthly expenses that you will incur. Keeping your costs low is essential to your profitability)

9-High profit margin (what you put in your pocket at the end of the day is critical to your financial security. Understand your profit margins)

10-Not labor intensive (usually the biggest headache of any business is its employees, the smaller

the number of employees, the easier things will to manage both the schedule, the turnover and the drama)

11-Limited inventory (the smaller the inventory the easier it is to track, and the less chance of theft. A perishable inventory is likely the most difficult to manage. Make sure you have a clear understanding of the systems the franchisor has created to manage the inventory because its likely your largest expense)

12-Recession resistant (when you have a business that will not be affected by a downturn in the economy, its less risky)

13-Non-seasonal (consistent, year-round business eases your financial burden. Its also easier to retain your employees with consistent work coming in. Some people however like the seasonality, as it allows for them to take a break and perhaps an extended vacation)

14-The old banker's hours -9:00AM to 5:00PM Mondays thru Friday – no weekends. (this is an important consideration if you have children or a spouse that has similar hours. Family is everything, and these hours will help foster healthy relationships)