

80 Low-Cost Franchises You Can Buy For Under \$100,000

Paint & Sips, wedding planning, dog training... there are a host of affordable franchises out there

by Jeffrey McKinney | Posted: June 23, 2017

Many newcomers to franchising might find it hard to believe that they can enter the business without being a big spender or breaking the bank.

The good news is that there are hundreds of economical franchise brands in numerous types of businesses with a price tag below six figures.



Some 471 brands—covering everything from health and fitness to real estate to business-related services and maintenance services—take an initial investment of \$100,000 or less, according to FRANdata, an Arlington, Virginia-based franchise-focused research and consulting firm.

The Franchise Business Review (FBR) just released its Low-Cost Franchises list for 2017 with merely 80 franchise brands earning a spot on it. FBR analyzed more than 123 low-cost franchises and surveyed 13,000 franchises to determine the brands on the list. They were selected based on their having high franchisee satisfaction and an investment of under \$100,000 at the time of the survey. Here are some of the franchises on the list:

9 Round 30 Min Kickboxing Fitness
Action Coach Business Coaching

Baby Boot Camp
Complete Weddings and Events
CruiseOne/Dream Vacations
Happy and Healthy Products, Inc.
Just Between Friends
ShelfGenie
Sit Means Sit Dog Training
Wine & Design

Vast Assortment of Franchises to Choose From

FBR's list is significant because it differs from other industry rankings that are based on sales or unit growth. The median minimum investment level for the franchises listed is \$47,000. Some brands' starting investment is far less such as CruiseOne/Dream Vacations, which is \$3,245.

The FBR report offers valuable advice from franchisors and franchisees on topics including what to consider before investing in a low-cost franchise and ways to find financing. Potential franchisees can use the report as a research tool to consider what type of franchise to select or pursue.

Some brands are new to the list, which FBR publishes annually. This year, they include Fibrenew, Dale Carnegie, Help-U-Sell Real Estate, PortraitEFX, Oxi Fresh Carpet Cleaning, The Dog Wizard, Executive Image Building Services, and Snapology. Franchises that have made the list for 10 or more years include ActionCoach, AireMaster, American Poolplayers Association, HomeVestors of America, Housemaster, Jumpbunch, MaidPro, Miracle Method Bath & Kitchen Restoration, Murphy Business, Office Pride Commercial Cleaning Services, and Truly Nolen of America.

Senior Care Authority is among FBR's Top 100 Low-Cost Franchises for 2017.

Do Your Homework Before Acquiring a Low-Cost Franchise

Selecting a low-cost brand, however, takes as much diligence as considering the more ritzy types, including food, lodging or pet resort franchises than can run \$1 million or more.

One reason is that lower-priced franchises often attract less experienced investors. Some franchisors focus on signing up rookie franchisees to collect startup fees instead of providing them with the ongoing support they need to be successful.

"One of the key things a prospective franchise owner should look at before investing in any franchise opportunity is how satisfied the franchisees are," says Eric Stites, CEO and managing director at FBR, a Portsmouth, New Hampshire, franchisee satisfaction research firm. He noted dissatisfied franchisees indicate that there are issues with a franchise system.

“You wouldn’t buy a car if the reviews for it were bad, and shouldn’t buy a franchise if the franchisees are not satisfied,” Stites says.

Going Freestyle and Becoming Her Own Boss

Sharon Whitlock spent \$45,000 to buy a Senior Care Authority franchise in northwest Atlanta. She did so after being forced to help place her mother and brother in senior care facilities to deal with Alzheimer’s.

Those experiences prompted her to buy into a concept that helps families determine where to place loved ones depending on their illness. Most of her business comes from providing placements services to the assisted-living community.

“I don’t provide the services, I find the services,” Whitlock says.

She likes that the franchise offers her the flexibility to work on her schedule and provides marketing assistance such as website support. She also was impressed that her franchisor provides a database to help locate clients and identify facilities to place them to help overcome their challenges.

She became a franchisee after running an outpatient dialysis company in Atlanta for about 14 years. At that business, she managed 100-plus employees, was responsible for over 800 patients and earned six figures. But she left because she wanted the independence of being her own boss.

Whitlock expects revenue this year to reach \$12,000 running the franchise part time by herself. She hopes to boost revenues to \$48,000 a year by 2019. The gain would come from adding a part-time worker to help boost placement activity.

“My goal is to recoup my initial investment within two years and grow the business to six figures in the future.

What Low-Cost Franchise Brands Look Like

Ritwik Donde, senior research analyst at FRANdata, says starting out in the franchise business through a home-based brand, or a mobile concept—which are what most low-cost franchises look like—would help first-time franchisees eliminate lease/mortgage costs.

He added this is a great way to begin a journey as a franchisee if funding is a problem. Lately, franchisors have begun offering smaller-scale versions of their franchise offerings for first-time franchise buyers, allowing franchise candidates to set up their franchise business without going deeply into debt, Donde says. Franchisors also can be meticulous about how they recruit new operators. Successful brands have shown a trend for rigorous franchisee selection process,” Donde says.

Stites provided questions prospective franchisees should ask franchisors before buying into a concept. They include:

- *How long has the franchisor been franchising?*
- *Is the business financially sound? Ask if they can provide three years' of audited accounts and current management accounts and have your accountant look at them.*
- *How many existing franchise owners are there?*
- *How many franchise owners have failed and why did they fail?*
- *What areas will you receive support in and how much assistance will you get?*
- *Is there a long-term market for the products or services you are providing?*
- *Who are the main competitors and how do they compare to the franchise in terms of price, quality, delivery, and service?*
- *How much is the startup investment and what does it include?*
- *How much will you have to pay the franchisor on an ongoing basis for such things as royalty fees?*
- *What are the financial projections for your business?*
- *Is there a set territory? How does the franchisor prevent its franchisees taking away business from each other?*
- *Can you sell the business? Are there any restrictions regarding doing so?*

Read Franchise Business Review's full list of 80 low-cost franchises.