

Advantages and Disadvantages

Which are the benefits to be a Franchisee?

- You will never be left alone.

If you buy a franchise, the royalty or fee that you are paying will give you the certainty to have always someone supporting you about marketing tactics, managing systems, labor problems or any other matter related to this business.

- The business does work!

Anyone buying a Franchise knows that he is becoming the owner of a proven and successful business.

- Your success opportunities will be higher.

According to the United States statistics, the third part of the businesses which are not franchises close before their first anniversary, while 97% of the business under a franchise survives their first critical year. The difference after five years are even greater as 92% of the franchises continue operating compared to the independent business which survival is of a 23% only.

These statistics demonstrate that selling a proven business reduces the risk of failure and accordingly with the franchises system is as successful in Mexico as it is in the United States.



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Which can be the possible disadvantages?

With all the benefits offered to an investor through the franchises system, it will be difficult to think on a certain type of disadvantage for the franchisee, however, there are certain issues that you should consider before buying a franchise. You should be aware that you will belong with a team in expansion pretending the same goals as you, to increase their income and benefits. We advise you to take the following into consideration:

You could be your own boss as owner and manager of your business but the contract will rule your relations and responsibilities as a franchisee.

- You will always be a partner to the franchiser.

The monthly payment or royalty to the franchiser will be a percentage of your net sales and in some occasions could be a matter of dispute on both sides. This is an important issue that has to be clearly and well stipulated in the contract.

- Your growing could be limited.

As a franchisee you will not be able to develop on your own as the franchises are granted with territorial rights and this is specifically mentioned in the contract. It means that if the area where you would like to open another branch has already been granted to another franchisee or the franchiser wishes to open another branch, you will not be able to expand there. However this type of limitation could find a solution without limiting your own development.



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