HEALTH ALERT!

Will Your Business Make You Sick?

(NAPSA)—Imagine investing your life's savings in a new business, only to learn that the business itself could put your—and your employees'—health and safety at risk due to exposure to dangerous chemicals.

This could be the prospect, as one example, facing business owners who sell spray-on bedliners. These chemicals—which are applied to the beds of light trucks and other surfaces—have been associated with various health risks and at least one state has issued a hazard alert about the way spray-on dealers protect their workers from contact with them.

In the case of spray-on bedliners, government agencies are concerned with the presence of isocyanates, chemical compounds commonly used in polyurethane foams and paints.

The health effects of exposure to isocyanates include skin irritation, occupational asthma, and studies have shown certain isocyanates can cause cancer in animals.

This example should serve as a powerful warning to all entrepreneurs: Dig deep for every available fact before investing in any new business, but especially one carrying possible health/safety/environmental risks. And don't place too much faith in the franchisor's marketing claims—it's their job, after all, to sell franchises.

A good place to start your research is with qualified small-business specialists, such as a lawyer and an accountant. These professionals can help you more carefully examine the franchisor's "offering circular" (a document required of any U.S. franchise network) for potential legal and financial pitfalls. A qualified legal advisor might, for example, have raised the potential health liability issues associated with a spray-on bedliner/coatings business.

The Federal Trade Commission offers these additional recommendations for prospective franchisees:

Document any earnings claims. If the franchisor tells you how much money you can earn through an investment, ask for FTC-required written proof. If the franchisor fails to provide this documentation, consider the claims meaningless.

Avoid high-pressure sales tactics. Some franchisors might claim theirs is a once-in-a-lifetime offer or that territorial rights are nearly sold out. Do not feel pressured to make a decision without doing your due diligence; legitimate franchisors should encourage you to take your time.

Pore over the franchise offering documents. The FTC requires franchisors to provide detailed descriptions of their business operations in a uniform format. Read the entire document and make note of any and all questions and concerns. Make sure all of these issues are covered (in writing, if possible) before making any investment.

Check litigation and financial history. A franchise circular also must disclose all past and pending litigation and bankruptcies involving the franchisor and its executives. These details can tell you a great deal about other franchisee's experiences with the company as well as any past business issues associated with the company's leadership. Worker health/safety issues might also come to light through this review.

Interview current and former franchisees. The franchisor must provide you with names of current and former franchise owners. Carefully interview these businesspeople—their experiences might mirror your own should you invest in a franchise. Also be sure to document all of their business-related expenses (start-up and ongoing) to determine your likely cash flow and profitability. An automotive coatings business, for example, might require significant and expensive worker protection equipment/services (respirators, protective suits, health documentation programs, etc.), yet these costs might not be disclosed by the franchisor.

For more information on investing in a franchise business, visit www.ftc.gov and click on the "For Business" link.