

# IdeaFarm® Why Smart People Fail

## Why Non-Disclosures (NDAs) Should be Outlawed in Franchising For Veterans... & Everyone Else Pt. 1

*If the FTC requires franchisors to provide DISCLOSURE documents to prospective franchisees, what are they hiding by using NON-DISCLOSURE agreements (NDAs)? Veteran franchisee Jim Lager explains why NDAs should be banned in franchising.*



**By Jim Lager**

Military veterans – like me – are a highly targeted group by franchisors. Franchisors are looking for people who follow direction & respect the chain of command – attributes of many veterans.

Good franchisors with refined, proven systems value rule-followers because deviations from that system will diminish the franchisee's performance and chance for success.

But *not-so-good franchisors* (& there are many) simply don't want to be questioned... often because their practices are questionable. They want their directives followed no matter how unfair or self-serving.

They want anyone who question them or speak out to be silenced.

Their prime tool for maintaining this silence is what's called the **Non-Disclosure Document**, or **NDA**. It's an agreement that strips franchisees of

their freedom of free speech & threatens them with severe legal and financial consequences if they share their experiences or honest opinions.

The most obvious NDAs are those franchisees are forced to sign when they leave the system.

These NDAs go far beyond protecting trade secrets or confidential information. They prohibit sharing any fact or opinion that might contradict the franchisor's tightly controlled marketing presentation. Often, the franchisee is not even allowed to mention *that they were a franchisee!*

The CIA has less stringent requirements than some franchisors!

### **NDAs Perpetuate Predatory Practices Against Veterans**

If a franchisor falsely brags and advertises that its franchise is popular and beloved by military veterans, current and former franchisees who *are* military veterans are prohibited from sharing their opinions or warning their fellow brothers and sisters from signing a 10 or 20 year agreement based on false pretenses.

It's outrageous that military veterans – who sacrificed for *our* freedom of speech – are stripped both of *their* freedom to make informed franchise buying decisions and stripped of their

right to share what happened after they signed their franchise agreement.

**Since Bad Franchisors Are Allowed to Hide Predatory Practices, they Have no Reason to Change.**

The pressure of public accountability is a critical motivator that drives businesses to improve.

The success of products from movies to cars to thousands of items on Amazon will thrive or die depending on their consumer reviews. This creates a major motivation for companies to deliver quality products & great service. That's the American system of business.

But bad franchisors are allowed to continue their bad practices and ruin lives through the secrecy afforded by Non-Disclosure Agreements (NDAs), Mandatory Arbitration & General Releases.

It's time we start protecting those who protected us – our veterans - & reinstate their rights.

### **ABOUT JIM LAGER**

**Jim Lager's franchise experience spans 4 decades with 3 national brands. He is now a proud Non-Franchised American (NFA) & independent owner of Texas Hose Pro. Why Smart People Fail is a publishing collaboration with Sean Kelly & IdeaFarm**

