PEOPLE ■ INVESTMENT INSIGHTS ■ CUSTOMERS COUNT

Multi-Unit Franchisee

ISSUE II 2012

★ EMPIRE BUILDERS ★
2012 MULTI-UNIT FRANCHISING CONFERENCE
APRIL 24 - 26 | LAS VEGAS

More Brands *Are* Better!

Multiplying through addition and diversification

Wingstop franchisee Johnny Collins (center, with son Brian and wife Irma) adds Mooyah Burgers

■ **MB 50 LISTS**
Ranking the top 50 multi-brand operators, by size and brand

■ **HEALTH SCARE**
Employer mandate worries MU operators

■ **TOP GUNS!**
Franchise of the Year winners dish on their success

Denny's®

America's diner is always open.™

*See details

Entrepreneur's FRANCHISE 500
RANKED #1 IN CATEGORY
2012

RANKED #1 IN FAMILY RESTAURANTS BY ENTREPRENEUR MAGAZINE'S FRANCHISE 500®

In the last two years, Denny's has opened more domestic restaurants than ever before in our 58-year history. To continue this momentum we are offering up to $1 Million in incentives for exceptional new franchisees that open four or more Denny's in New & Emerging Markets in the U.S. We've secured a special $100 Million loan pool to support this campaign. The Denny's New & Emerging Markets Incentive Program is only available for a limited time.

LEARN MORE ABOUT HOW YOU CAN BE PART OF THE DENNY'S MILLION DOLLAR FRANCHISE OPPORTUNITY.

800-304-0222
DENNYSFRANCHISING.COM

RANKED IN THE
TOP 10 FRANCHISES FOR 2012
ENTREPRENEUR'S FRANCHISE 500®

©2012 DFO, LLC. 203 E. Main Street, Spartanburg, SC 29319. This advertisement is not an offer to sell a franchise. The savings estimate of up to $1 million is based upon the potential savings of developing, opening and operating four Denny's restaurants under the New and Emerging Market incentive program, in comparison to developing, opening and operating four Denny's restaurants without the incentive program. The estimated savings include reduced royalty fees calculated using the $1,363,000 average unit volume of franchised Denny's restaurants nationwide in 2010 as published in Item 19 of Denny's 2011 Franchise Disclosure Document. Of the nationwide franchised outlets whose data was used in arriving at the 2010 franchised restaurant sales figure, 545 franchise units or 44% of the franchised restaurants actually attained or surpassed the indicated sales results. Individual restaurant sales performance will vary. There is no assurance that you will do as well or achieve the estimated potential savings. You must accept this risk. See Denny's Franchise Disclosure Document for complete program details, including restrictions such as applicable geography and development time frames. Limited time only.


BLAST! Fitness
FEEL
STAR TRAC

Multi-Unit Franchisee contents

ISSUE II, 2012

COVER STORY

More *Are* Better! 18

Multi-concept operators Craig Colby, Johnny Collins, Gavin Hart, Chirag Patel, Eric Werner, and Anil Yadav talk about juggling life, work, and multiple brands.

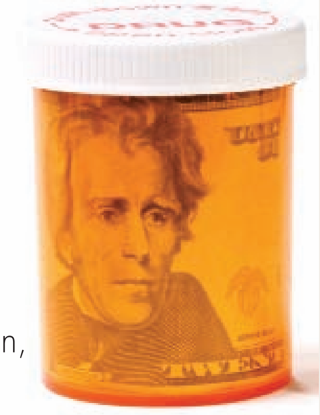
BY KERRY PIPES, TRACY STATON, and DEBBIE SELINSKY

LISTS

Multi-Brand 50 51

Our annual ranking of multi-brand operators by size and most popular brands.

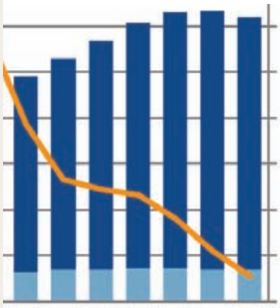
FEATURES



Health Scare? 54

How will 2014's employer mandate affect unit growth, profits, and jobs?

BY DEBBIE SELINSKY



Healthcare Stats 60

FRANdata's 2012 report on health, fitness, nutrition, home care, and related franchise brands.

Best in Brand 62

Franchisee of the Year winners reflect on their accomplishments.

BY EDDY GOLDBERG

New Markets, New Incentives

Jack in the Box Seed Strategy

In select Jack in the Box seed markets, growth starts with an acquisition. You can franchise recently opened company restaurants and use these locations as a platform for future market development.

New Market Development Program*:

- Royalty fees reduced for up to 5 years
- Up to $50,000 in franchise fees waived
- Up to 75% of your advertising fees invested in local marketing efforts

---

ACQUIRE SEED MARKETS

Indianapolis – 1 Restaurant Open
Kansas City – 4 Restaurants Open
Oklahoma City – 7 Restaurants Open
Tulsa – 4 Restaurants Open
Cincinnati – Under Development

Acquisition-only markets available: Austin, Beaumont and Seattle

Call 858-522-4744

For our local event listing, visit jackinthebox.com/franchise

*Per location. Certain restrictions apply. Development fee still applicable.

Departments

Columns

Multi-Unit Franchisee

CHAIRMAN
Gary Gardner

CEO
Therese Thilgen

PRESIDENT
Steve Olson

VICE PRESIDENT OPERATIONS
Sue Logan

VICE PRESIDENT MARKETING
Kimberlie Guerrieri

VICE PRESIDENT BUSINESS DEVELOPMENT
Barbara Yelmene

BUSINESS DEVELOPMENT EXECUTIVES
Jeff Katis
Lorena Leggett
Judy Reichman

EXECUTIVE EDITOR
Kerry Pipes

MANAGING EDITOR
Eddy Goldberg

ART DIRECTOR
FRANCHISE UPDATE
MEDIA GROUP
Samantha Calden

DESIGN & PRODUCTION
www.petertucker.com

INTERNET CONTENT MANAGER
Benjamin Foley

SALES AND SUBSCRIPTION DEPARTMENT,
OFFICE MANAGER
Sharon Wilkinson

SENIOR PROJECT MANAGER,
MEDIA AND BUSINESS DEVELOPMENT
Lyola Shybanova

CONTRIBUTING EDITORS
Gary Glover
Darrell Johnson
Mel Kleiman
Steve LeFever
Jack Mackey
Carol M. Schleif
Jim Sullivan
Thomas J. Winninger
Dean Zuccarello

ADVERTISING AND EDITORIAL OFFICES:
Franchise Update Media Group
6489 Camden Avenue, Suite 108
San Jose, CA 95120
Telephone: 408-997-7795
Fax: 408-997-9377

SEND MANUSCRIPTS AND QUERIES
ABOUT STORY ASSIGNMENTS TO:
editorial@fumgmail.com

franchiseupdatemedia.com
mufranchisee.com
franchising.com
franchise-update.com

MULTI-UNIT FRANCHISEE MAGAZINE IS
PUBLISHED FOUR TIMES ANNUALLY.
Annual subscription rate is $49.00 (U.S.)

FOR SUBSCRIPTIONS EMAIL
sharonw@franchiseupdatemedia.com
OR CALL (408) 997-7795

FOR REPRINT INFORMATION CONTACT
FOSTER PRINTING AT (800) 382-0808
www.fosterprinting.com

8 Yogurtland Advantages

1.) Growth from 3 to 170 locations in just 4 years!

2.) 49 million spoons served in 2011- with just as many smiles returned.

3.) Expanding in Major US Markets!

4.) The leader in <u>flavor innovation</u>.

5.) World-Class support.

6.) Excellent Business Model.

7.) Currently in 15 states, Guam & Mexico.

$801,000 Average Unit Volume!!

Visit our booth #505 at the **Multi-Unit Franchising Conference.**

Yogurtland Franchising
LARRY SIDOTI
(714) 939-7737
larry.sidoti@yogurt-land.com

*Growth in number of stores is based on actual numbers of all System stores operating as of year end 2007 and 2011 respectively. 49 million spoons served based on total cases sold through System distribution channels in 2011. Yogurtland releases more new flavors consistently each quarter than any other self-serve frozen yogurt system in the USA. Average unit volume figure is based on sales reports from all 59 franchised stores in the USA open for at least one year as of 12/31/2010. This average sales figure does not include costs of sale, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain net income or profit. (Please refer to Item 19 of our franchise disclosure document for a detailed explanation of the costs and expenses of operating a Yogurtland store.) Of these 59 stores, 25 achieved at least this average sales figure. A new franchisee's sales results may differ from this average. Written substantiation for average sales and other claims will be made available to the prospective franchisee upon reasonable request.

Chairman's Note

BY JOHN METZ

Are You an Entrepreneur?

Do you know what to do with an opportunity?

There is an ongoing debate about franchisees: Are they entrepreneurs or not?

The answer for me is a resounding "Yes." By definition, an entrepreneur is one who organizes, manages, and assumes the risks of a business or enterprise. However, I truly believe that an entrepreneur is someone who knows what to do with an opportunity. For many multi-unit franchisees, including myself, we have created portfolios based on opportunity.

In economic times like this, taking risks is harder. Loans are harder to come by, consumers are timid, and the overall economy is shaky. Franchising has become a cornerstone of the economy, as well as an opportunity for entrepreneurs. Prospects are out there, and when something feels right it is the true entrepreneur who goes with it.

As a multi-unit franchisee for Denny's, Dairy Queen, and Marriot Hotels, I know firsthand how difficult it is to sign that final piece of paper. Every time I have to put my name on the dotted line, while I may have doubts, I know it is the right thing to do.

Furthermore, franchising offers a fairly "safe" platform for entrepreneurs. It allows one to be their own boss and grow a business without having to create branding, image, and overall marketing strategies. When you get involved with a franchisor, you bank on their relationships, discounts, offers, and even financial opportunities. Any new franchisee is able to open a shop and be part of a brand that has a known successful name and reputation. With that in mind, the risk is a little less scary to me as an entrepreneur; and that is how I manage part of the risk.

With the Multi-Unit Franchising Conference approaching this April at The Mirage in Las Vegas, consider it an opportunity. Every year, I see the week as a chance to learn from people smarter than myself, network with people outside my circle, and see the bigger picture. The quality of this conference surpasses all of those in the typical circuit and truly offers something for every multi-unit franchisee. Regardless of the number of franchise brands or units you have, this conference has priceless information that will help you identify the right opportunities.

When it comes to networking and events, an entrepreneur—especially one in the franchise business—needs to jump on all appropriate opportunities.

This is one opportunity every multi-unit owner should take advantage of. I look forward to seeing you in Vegas!

John Metz
Chair
2012 Multi-Unit Franchising Conference

How we define...

Authentic

adj. [aw-then-tik]

Genuine, Real
Reliable, Trustworthy
Of Undisputed Origin

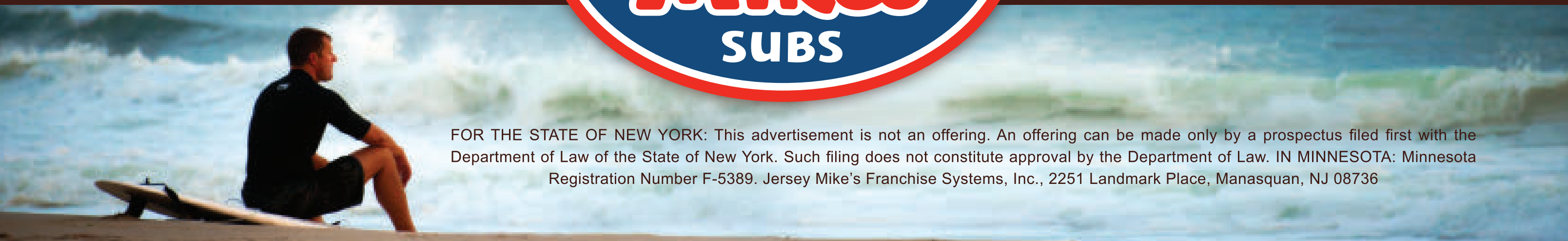
There are a lot of imposters out there, and plenty of "hot new concepts." But at Jersey Mike's, we care about being authentic. Our real, northeast style sub sandwich – a true original - has created a loyal, passionate following that brings customers back. Our philosophy of supporting local causes has made us a reliable partner in the communities we serve. Our business model, which offers an attractive sales to investment ratio and a simple and clean operation, offers a genuine opportunity for success...

...Any way you define it!

Call Brian Sommers
732-292-8272

SINCE 1956
Jersey Mike's®
SUBS

visit: jerseymikes.com
500 in 31 states



FOR THE STATE OF NEW YORK: This advertisement is not an offering. An offering can be made only by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the Department of Law. IN MINNESOTA: Minnesota Registration Number F-5389. Jersey Mike's Franchise Systems, Inc., 2251 Landmark Place, Manasquan, NJ 08736

mufranchisee.com

✓ CONFERENCES

11th Multi-Unit Franchising Conference

Last April, Franchise Update Media Group celebrated its 10th annual Multi-Unit Franchising Conference with the largest, most successful event in its history—and is poised to set new records this April 24–26 at The Mirage in Las Vegas. Learn more about featured speakers Jim Collins, Don and Dave Shula, and Nigel Travis (CEO of Dunkin' Donuts), and find the agenda, a downloadable brochure, a "Justification Toolkit" for attending, and registration information. And don't miss the pre-conference golf tournament on Monday April 23 at the Red Rock Country Club.

MULTI-UNIT
2012 FRANCHISING
CONFERENCE
APRIL 24 - 26 | LAS VEGAS

www.multiunitfranchisingconference.com/

✓ ONLINE

Multi-Unit Community

Check out our new community-based website for multi-unit operators. It's your exclusive look into the world of multi-unit franchising, your one-stop shop to find:

- New brand opportunities
- Networking opportunities
- Online edition and archives
- Exclusive interviews
- Operator profiles
- Financing resources

www.franchising.com/multiunitfranchisees/

✓ NEW ONLINE VIDEOS

Empire Builders

Great entrepreneurs build great organizations. They possess a knack for making smart business decisions, building great teams, and creating successful companies. But as we've learned from years of interviewing successful multi-unit franchisees, they've also struggled, doubted, and made more than a few mistakes—yet they've soldiered on, persevered, and ultimately come out on top. To provide a deeper sense of their journeys, insights, and personalities, we're selecting franchisees from our most inspiring print interviews and creating a new series of online videos of these franchisee leaders—who we call Empire Builders.

www.EmpireBuilders.tv/

✓ FRANCHISE OPPORTUNITIES

Looking for your next franchise opportunity? Have we got the tools for you! Find articles on companies, concepts, industries, trends, and profiles—and search our features. Find franchisors looking for multi-unit franchisees, area reps, and area developers. Search by top opportunities, alphabetically, investment level, industry, by state, and more at ***www.franchising.com/.***

✓ RANKINGS

Check out our annual rankings of top franchisees and their multi-unit brands and find out "Who's on first."

www.franchising.com/multiunitfranchisees/mu50.html or ***www.franchising.com/multiunitfranchisees/mega99.html***

✓ PRESS OFFICE

We're Magazine of the Month!

Each month, Niche Media highlights a standout niche magazine. February's pick was *Multi-Unit Franchisee* – the only magazine dedicated exclusively to serving the hottest and fastest-growing niche in franchising: multi-unit and multi-brand franchisees.

According to Niche Media, "*Multi-Unit Franchisee* magazine articles cover all the bases for their audience: franchisee and executive profiles highlighting best practices and personal stories, pieces on management, finance, technology, customer relations, HR, real estate, sales, marketing, case studies, industry trends, and statistics."

"Multi-unit franchisees are a very specialized group of business owners with their own opportunities and challenges," said Therese Thilgen, co-founder and CEO of Franchise Update Media Group. "The fact that Niche Media recognizes the importance of our ability to harness information to help multi-unit franchisees succeed is very rewarding."

✓ Do What You Love

"It became just a job and I didn't like my life much then," says 48-year-old Craig Colby about his first career as owner of a computer consulting and programming business. He says he realized that loving his work was an important objective for both his career and quality of life. "I believe in a person doing what they love to do. I love food and restaurants, so I made it my business."

*—**Craig Colby,** president of The Colby Restaurant Group and franchisee of Red Robin Gourmet Burgers, Così, and Tio Juan's Margaritas*

★ EMPIRE BUILDERS ★

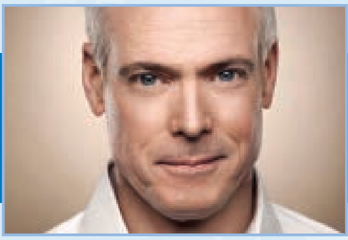
2012 MULTI-UNIT FRANCHISING CONFERENCE

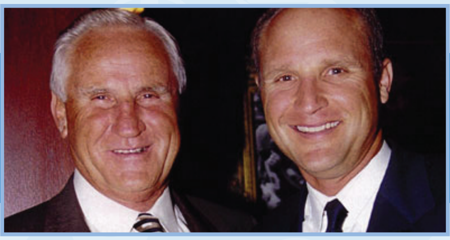
APRIL 24-26 MIRAGE **LAS VEGAS**

MUFranchisee.com/2012

OR CALL 1-800-289-4232 ext. 216

KEYNOTE SPEAKERS





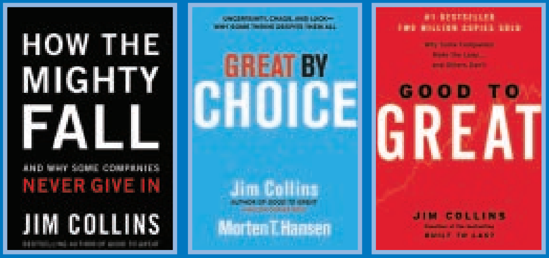
Jim Collins, *Author & Business Expert*

Don Shula, Winningest Coach in NFL History, *Owner* of Shula's Steak House

Dave Shula, Former NFL Player and Coach, *President* of Shula's Steak House

Nigel Travis, *Chief Executive Officer,* Dunkin' Brands and *President,* Dunkin' Donuts

KEYNOTE SPEAKERS



Jim Collins, ***Author & Business Expert***

GREAT BY CHOICE: UNCERTAINTY, CHAOS, AND LUCK – WHY SOME THRIVE DESPITE THEM ALL.

Jim Collins is a student and teacher of enduring great companies — how they grow, how they attain superior performance, and how good companies can become great companies. Having invested nearly a quarter of a century of research into the topic, Jim has authored or co-authored six books that have sold in total more than ten million copies worldwide. They include: the classic *BUILT TO LAST*, a fixture on the Business Week best seller list for more than six years; the international bestseller *GOOD TO GREAT*, translated into 35 languages; and *HOW THE MIGHTY FALL*, a New York Times bestseller that examines how great companies can self-destruct.

His most recent book is *GREAT BY CHOICE: Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All*, co-authored with Morten Hansen. Based on nine years of research, it answers the question: Why do some companies thrive in uncertainty, even chaos, and others do not? *Great by Choice* distinguishes itself from Jim's prior books by its focus not just on performance, but also on the type of unstable environments faced by leaders today.

Don Shula, Winningest Coach in NFL History, *Owner* of Shula's Steak House

Dave Shula, Former NFL Player and Coach, *President* of Shula's Steak House

YOU CAN INSPIRE ANYONE TO BE A WINNER

Don and Dave share their playbook for success on the field and in franchising. Hear how to apply their principles of goal setting, motivation, teamwork, and honesty in building your winning team.

Nigel Travis, *Chief Executive Officer*, Dunkin' Brands and *President*, Dunkin' Donuts

BUILDING BRAND VALUE THROUGH FRANCHISEE COLLABORATION

Hear how Dunkin' Donuts and Baskin-Robbins have succeeded for more than six decades and the role franchisee collaboration played in its recent growth and the companies' future.

REGISTER NOW online at mufranchisee.com/2012 OR CALL 1-800-289-4232 ext. 216

ADVISORY BOARD

2012 CONFERENCE CHAIRMAN
John Metz | *President*
RREMC Restaurants, LLC
Franchisee: Denny's, Dairy Queen, Huricane Grill & Wings, Marriott . (40 units in 3 states)

Steven Adams | *CEO*
U.S. Retail, Inc.
Franchisee: Pet Supplies Plus (13 units)

Robert Branca Jr. | *President,* JLC
Franchisee: Dunkin' Donuts (60 units in 4 states)

Bob Chase | *President*
Money Mailer Response Marketing
Franchisee: Money Mailer (30 units)

Greg Cutchall | *President & CEO*
Cutchall Management
Franchisee: Paradise Bakery & Café, Tin Star Southwestern Grill, Famous Dave's BBQ, Rock Bottom, Sonic Drive-In, Burger Star, Domino's Pizza, Twin Peaks. (43 locations in 6 states)

Sean Falk | *President*
WolFTeamLLC, Nachogang LLC
Franchisee: Great American Cookies, Mrs. Fields Cookies, Pretzelmaker, and Salsarita's Fresh Cantina. (10 units)

Rocco Fiorentino | *President*
Swiss Farm Stores
• 2006 CONFERENCE CHAIR
Franchisor: Swiss Farm Stores
Partner: Eagle Tax Services
Former Franchisee:
Krispy Kreme Doughnuts

Gary Grace | *President*
GG Enterprises
• 2009 CONFERENCE CHAIR
Franchisee: Supercuts (34 units, over 125 units at one time)

David & Maureen Grimaud
Grimaud Enterprises Inc.
Franchisee: Precision Tune Auto Care (90 units)

WilliamG. Hall | *President*
William G. Hall & Company
• 2008 CONFERENCE CHAIR
Franchisee: Dairy Queen (5 units)

Aziz Hashim | *President/CEO*
National Restaurant Development
Franchisee: Popeyes, Checkers Drive In Restaurants/Rally's, SUBWAY, Moe's Southwest Grill (50 units in 4 states)

John Hotchkiss | *Partner*
L&M Restaurant Group
Franchisee: Little Caesars, Firehouse Subs (43 units)

Ellen Hui | *President*
EBR Investments
Past Brands: Popeyes Chicken & Biscuits, Extreme Pizza

Lyndon Johnson | *President & CEO*
Reciprocity Restaurant Group, LLC
• 2010 CONFERENCE CHAIR
Area Developer:
Church's Chicken (22 units)

Ken Leese | *President & CEO*
The Tax Authority Inc.
Franchisee: Jackson Hewitt (30 units), Play N Trade (3 units)

Tony Lutfi | *CEO/President*
MarLu Investment Group
Franchisee: Arby's, Church's Chicken, Jack in the Box, Little Caesars, and Sears (85+ units)

Ron Millard | *Partner*
Redstone Capital Partners
Franchisee: Popeyes (21 units), Café Express

Glenn Mueller | *President*
RPM Pizza
Franchisee: Domino's (134 units)

Stan Novack | *President*
Novack Consulting
• 2007 CONFERNCE CHAIR

David Ostrowe | *President*
O&M Restaurant Group
Franchisee: Burger King (10 units), 180 Business Solutions

Gary Robins | *President*
G&C Robins Co.
Franchisee: Supercuts and Cost Cutters (33 units)

Cheryl Robinson | *Owner*
Sapphire Ventures, Inc.
Franchisee: Supercuts (33 units)

Grant Simon | *President*
Simon Clips
Franchisee: Great Clips (26 units), Smoothie King (1 unit) T-Mobile Premium Retailer (3 units)

Charles Smithgall III | *Chairman & CEO*
SEI/Aaron's, Inc.
• 2011 CONFERENCE CHAIR
Franchisee: Aaron's (85 units in 9 states)

Ted Torres | *President*
Caerus Hospitality Partners
Franchisee: Microtel Inn and Suites, Comfort Inn and Suite, La Quinta Inn and Suites (11 units)

Ricky Warman | *CEO*
Pizzerias LLC, Mongolerias
Franchisee:
Papa John's Pizza (31 units)

Anil Yadav | *President*
JIB Management Inc.
Franchisee: Jack in the Box (155 units) and Denny's (26 units)
Area Developer: Marco's Pizza

AGENDA at a GLANCE

MONDAY, APRIL 23, 2012

12:00PM **Golf Tournament, Red Rock Country Club**
(Separate registration fee required)

7:30PM - 8:30PM **Multi-Unit Franchisee Mixer** *(Franchisees Only)*

TUESDAY, APRIL 24, 2012

7:30AM - 7:30PM **Registration Desk Opens**

8:00AM - 9:00AM **Continental Breakfast**

9:15AM - 11:30AM **OPENING GENERAL SESSION**

- Welcome: Therese Thilgen, *President & Chief Content Officer,* Franchise Update Media Group and 2011 Conference Chairman, John Metz
- Keynote: Jim Collins, *Author & Business Expert*
  Great by Choice: Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All.

11:45AM - 1:30PM **Franchisee Only Leadership Luncheon** *(Franchisees Only)*
11:45AM - 12:45PM **Franchisor Program:**
Developing Successful Programs for Multi-Unit Growth *(Franchisor Focus)*

1:45PM - 3:00PM **GENERAL SESSION**

- Keynote: Nigel Travis, *Chief Executive Officer,* Dunkin' Brands and *President,* Dunkin' Donuts
  Building Brand Value Through Franchisee Collaboration

3:15PM - 4:15PM **BREAKOUT SESSIONS & CONVERSATIONS**

- Mega Franchisees: Lessons Learned (Case Studies)
- Growing to 10 Units (Case Studies)
- Accelerating Growth Through Area Representation
- Commercial Leasing Updates and Best Practices

4:30PM - 5:15PM **BREAKOUT SESSIONS & CONVERSATIONS**

- Keys to Selecting Additional Brands
- Winning and Keeping Loyal Customers
- Show Me the Money: Franchise Finance Pitch Session

4:00PM - 7:30PM **Expo Hall Open. Cocktail Reception** *(Starts at 5:30pm)*

REGISTER NOW online at mufranchisee.com/2012 OR CALL 1-800-289-4232 ext. 216

AGENDA at a GLANCE

WEDNESDAY, APRIL 25, 2012

8:30AM - 7:00PM	**Registration Desk Open**
9:00AM	**Coffee and Conversations**
9:30AM - 11:15AM	**GENERAL SESSION** • Industry Trends - Darrell Johnson, *President*, FRANdata • Multi-Unit Franchisee Magazine MVP Awards • Keynote: Don Shula, Winningest Coach in NFL History, *Owner* of Shula's Steak House and Dave Shula, Former NFL Player and Coach, *President* Shula's Steak House, *You Can Inspire Anyone to Be a Winner*
11:30AM - 12:15PM	**BUSINESS SOLUTIONS ROUNDTABLES & BREAKOUT SESSIONS** • Social Media, Marketing & Mobile Payment Technologies Roundtables • Finance & Real Estate Roundtables • Financing Growth through Private Equity and Other Capital Sources • Growth Strategies for Integrating Additional Brands
12:15PM - 1:45PM	**Lunch in Exhibit Hall**
2:00PM - 3:00PM	**GENERAL SESSION** • Leadership Panel: Building the Brand Together
3:15PM - 3:45PM	**BUSINESS SOLUTION CASE STUDIES** • Building Infrastructure to support 20-30 units • Driving Returns: Best ROI Strategies for Local Marketing • Targeting the Hispanic Marketplace
4:00PM - 5:00PM	**BREAKOUT SESSIONS & CONVERSATIONS** • Turn that Franchise Around! Targeting Distressed and Underperforming Units • Building Productive Franchisee Associations • Financial Dynamics and Valuation Trends for the Franchise Industry • Managing Family Run Businesses, Succession Planning, Estate Planning
5:00PM - 7:00PM	**Cocktail Reception in Expo Hall**
8:00PM	**Chairman's Dinner** *(Multi-Unit Franchisee Advisory Board Celebration–Private Invitation Only)*

THURSDAY, APRIL 26, 2012

10:00AM - 10:30AM	**Healthcare Reform – How It Will Impact Your Business**
10:30AM - 11:30AM	**Today's Labor Laws: Best Practices to Avoid Future Damages**

Produced by: Multi-Unit Franchisee FranchiseUpdate MEDIA GROUP

Multi-Unit Franchisee 2012 MVP

Help Multi-Unit Franchisee Magazine Find the Most Valuable Franchisee Players in the Nation!

Nominations for the 2012 Multi-Unit Franchisee Magazine MVP Awards are now open. We are looking for the best and the brightest franchisees - the power operators, the innovators, the creative thinkers who have demonstrated outstanding performance in growing their organizations, their brands, and serving their communities.

Award winners will be recognized on stage at the 11th annual Multi-Unit Franchising Conference in Las Vegas. In addition, winners will also receive an exclusive profile in Multi-Unit Franchisee Magazine, a feature on mufranchisee.com, press releases, and more.

To qualify for entry, multi-unit franchisees must have at least five operating units, and have been in a franchise system for a minimum of two years. Multi-unit franchisees can nominate themselves or fellow multi-unit franchisees. Franchisors can nominate outstanding multi-unit franchisee performers in their systems.

NOMINATE MVP'S ON THE CONFERENCE WEBSITE
Mufranchisee.com/2012

CONFERENCE CHARITY

The Multi-Unit Franchising Conference is pleased again to support The Little Rock Foundation as our conference charity.

The Little Rock Foundation provides vital resources for children, parents, therapists, and educators who are facing issues related to blindness. Founded by the parents of a child living with blindness, the organization is uniquely positioned to address the needs of families who are trying to find the information and resources they need to help their child.

The foundation currently runs the following programs: Camp Little Rock, Family Resource centers, Workshops and Seminars for Parents, Cooking Without Looking, Holiday Party, Blindness Awareness Campaign across six states NJ, PA, DE, MI, LA, and CA.

CAMP LITTLE ROCK

THE LITTLE ROCK FOUNDATION

For more information, visit:
www.tlrf.org
www.blindnessawarenessmonth.org

REGISTER NOW online at mufranchisee.com/2012 OR CALL 1-800-289-4232 ext. 216

2012 MULTI-UNIT FRANCHISING CONFERENCE

PRE-CONFERENCE **GOLF TOURNAMENT**

APRIL 23

Red Rock Country Club

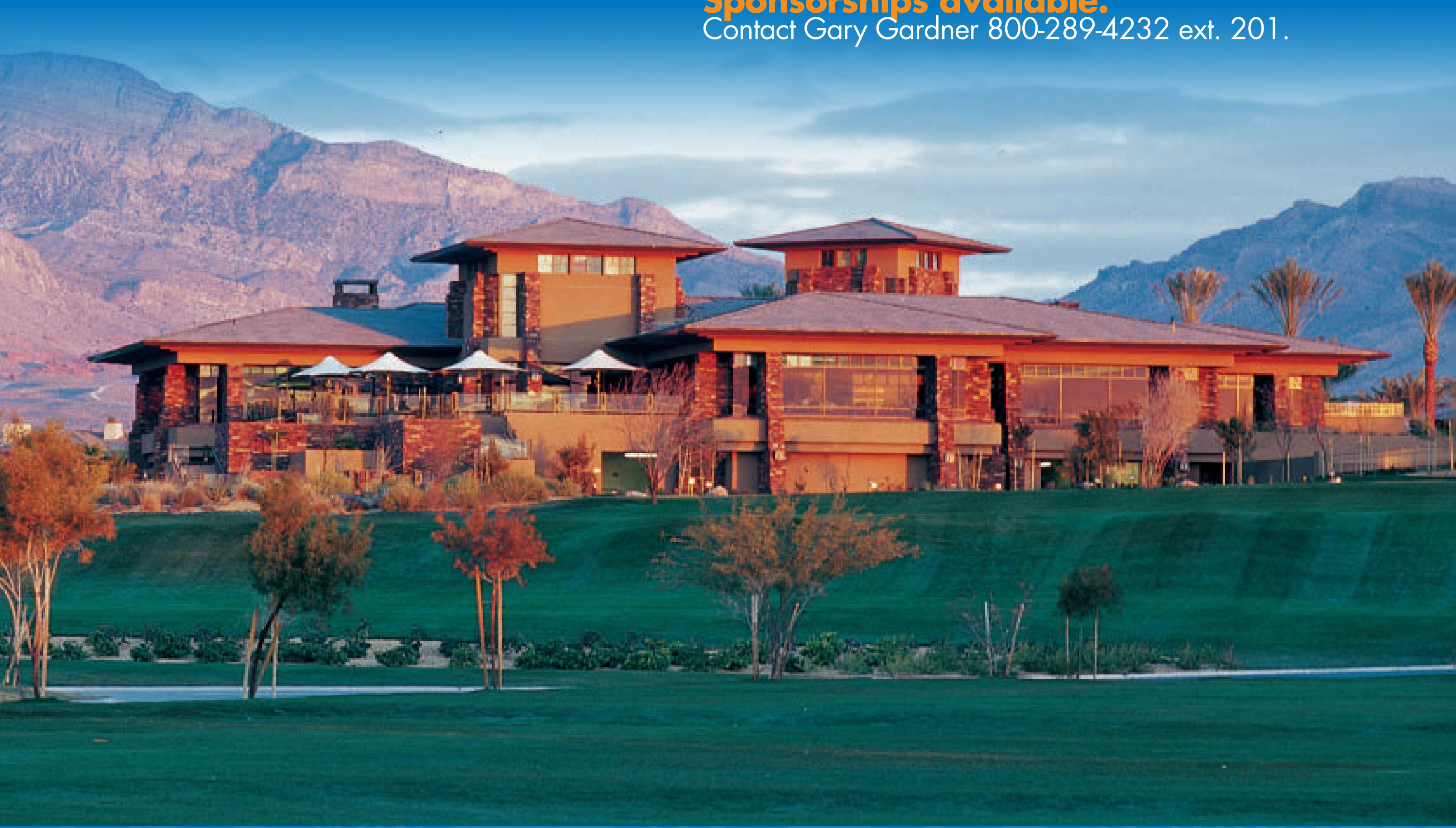
12:00PM | Shotgun Scramble

Golf Tournament Entry: $195

Includes:

- Roundtrip Transportation from Mirage
- Green Fees & Cart Fees
- Box Lunch
- Awards Reception
- Prizes

Sponsorships available.
Contact Gary Gardner 800-289-4232 ext. 201.



Produced by: Multi-Unit Franchisee FranchiseUpdate MEDIA GROUP

THANK YOU

SPONSORS & EXHIBITORS*

PLATINUM SPONSORS

With more than 16,000 points of distribution in 56 countries worldwide, Dunkin' Brands Group, Inc. (Nasdaq: DNKN), is one of the world's leading franchisors of quick service restaurants (QSR) serving hot and cold coffee and baked goods, as well as hardserve ice cream.

Founded in 1972 in New Orleans, Popeyes is a leader in the New Orleans segment of the foodservice industry and is the world's second largest quick-service chicken concept based on the number of restaurants. As of October 2, 2011, Popeyes had 1,998 operating restaurants in the United States, Guam, Puerto Rico, the Cayman Islands and 27 foreign countries. For more information, visit the Popeyes Louisiana Kitchen website at www.popeyes.com.

GOLD SPONSORS

ANX solutions help companies secure and exchange information, meet complex compliance requirements, and allow them to focus on their core business. ANX offers the only complete compliance & security solution, combining consulting, managed services and technology all from a single source. The result is worry-free compliance maintained year-round.

Bill.com helps Franchisees efficiently manage day-to-day financial operations online with our cloud based solution. It's easy to get started and it works with your existing accounting package. "Bill.com definitely helps take your franchise organization to the next level. I work directly for a franchisee that has 8 McDonalds and Bill.com has greatly helped us simplify processing."
– Brian Benge, Controller.

Fantastic Sams is one of the most recognized brands in the hair care industry with over 1,200 full-service salons. With nearly 40 years of experience in the hair care business, our training and support systems will get your salon up and running smoothly, and no hair care experience is needed.

Ranked in Entrepreneur Magazine's top 500 franchises in 2011, Toppers Pizza, a 30-unit eclectic pizza delivery franchise brand, takes a unique approach to the crowded pizza segment by appealing to 18-34 year olds. By focusing on Toppers' demographic friendly markets, Toppers continues building of a fanatical relationship with its customer base.

Silver Sponsors

5 and Diner Restaurants
Aaron's, Inc.
Arby's Restaurant Group, Inc.
Aviatech
Belgian Beer Cafe
Big Boy Restaurants LLC
Blast Fitness
Bojangles' Famous Chicken 'n Biscuits
Brixx: Wood Fired Pizza
Buffalo Wings & Rings
Burger 21
Burger King
Business Financial Services
Cafe2U
Capriotti's Sandwich Shop
CareerBuilder
Checkers Drive-In Restaurants, Inc.
Cheng Cohen LLC
Choice Hotels International, Inc.
Church's Chicken, Inc.
CiCi's Pizza
CKE Restaurants
Coalition of Franchisee Associations Inc. (CFA)
Constant Contact
Corner Bakery Cafe
Costa Vida
Crunch Fitness
Dairy Queen
Del Taco
Deliver Media
Denny's, Inc.
Directed Equity
Donatos Pizza
East Coast Wings & Grill
Edible Arrangements International, Inc.
Einstein Noah Restaurant Group
Fannie May Candies
FanPilot.com by Spectrum Interactive Media
Fazoli's
Firehouse Subs
First Watch Restaurants, Inc.
FOCUS Brands
Franchise Payments Network
FRANdata
Fresh To Order
Golden Corral Buffet & Grill
Grease Monkey and Monkey Shine
Gyu-Kaku Japanese BBQ
Hungry Howie's Pizza
Hurricane Grill & Wings
IMN
Interstate Batteries
Jack in the Box Inc.
Jackson Hewitt Tax Service, Inc.
Jersey Mike's Subs
Jiffy Lube International
Jimmy John's Gourmet Sandwiches
JobApp Network
Kolache Factory
La Madeleine
Lapels Dry Cleaning
LearningZen
LED Source
Lenny's Sub Shop
LiveLenz
Local Splash – Local SEO Services
Marco's Franchising, LLC
Massage Envy
MassageLuXe
McAlister's Deli
Miller United Insurance
MOOYAH Burgers, Fries & Shakes
Mr. Goodcents Subs & Pastas
National Association Management Group, LLC (NAMG)
Newk's Express Cafe
No+Vello USA
Noodles & Company
Old Chicago
The Ostler Group
Panchero's Mexican Grill
Papa Murphy's Take 'N' Bake Pizza
Penn Station East Coast Subs
People To My Site
Pet Supplies "Plus"
Pie Five Pizza Co.
Pita Pit USA
Planet Beach Franchising Corporation
Qdoba Mexican Grill
Quaker Steak & Lube
Quiznos Subs
The Rawls Group – Business Succession Planning
Reflective Energy Solutions, LLC
Retail Data Systems
Rising Roll Gourmet and Zucca Pizza Tavern
Scooter's Coffee and Yogurt
Sears Auto Centers
Sears Retail Franchises
Shula Burger, LLC
Solar Universe
Sonic Drive-In
Steak 'n Shake
Swiss Farms
T.G.I. Friday's
Tide Dry Cleaners
Tiger Natural Gas, Inc.
Twin Peaks Restaurants
UAS, Inc.
Vellisimo Centers
Villa Enterprises
The Wall Street Journal
Which Wich?
Wingstop
Wireless Zone
Yodle
Yogurtland
Zaxby's Franchising, Inc.

Multi-Unit Franchisee Luncheon Sponsor

Burger 21

Opening Cocktail Reception

Fish Consulting

Franchisee Opening Cocktail Reception

CiCi's Pizza
Franchise Payments Network
Taco Bell

Lanyard Sponsor

FisherZucker LLC

Conference Guidebook Sponsor

Koko FitClub

Hospitality Sponsors

Bach to Rock
BeneTrends Inc.
Fuddruckers
Godfather's Pizza
Hylant Group
Indevia Accounting
PrintingForLess.com
Roetzel & Andress
Sizzler USA
Synergy Brand Management

Advisory Board Meeting Sponsors

Accord Management Systems
Franchise Payments Network

Golf Tournament Sponsors

Constant Contact
Franchise Payments Network
Popeyes Louisiana Kitchen

*At press time

BY KERRY PIPES

More *Are* Better

MULTI-BRAND FRANCHISING CONTINUES TO GROW

One brand, two brands, three brands, more. When it comes to growth and expansion, that's exactly what many multi-unit operators have in mind. While some are content—and quite successful—operating many units of a single brand, others like to play ball with many different brands, even different sectors.

With the right people and infrastructure in place, multi-brand growth is a lucrative way to grow a franchise organization—providing power in numbers, the additional security of spreading risk across several concepts, and cross-pollination of best practices from each system.

Although the payoff can be much more rewarding, managing multiple brands is much more complex than sticking with one brand. Multi-brand franchising demands skilled, knowledgeable, experienced professionals and team members who can operate under diverse system requirements, market conditions, and consumer profiles and tastes. It's not for every franchisee—in temperament or skill set—but those who do it, and do it well, say the benefits far outweigh the risks.

It's all about the people

This issue marks our fifth year of celebrating and recognizing multi-brand franchisees. Once again, we've teamed up with FRANdata to create our "Multi-Brand 50" rankings of the country's largest multi-brand operators, along with a list of the MU50's 25 favorite brands (see page 51).

While "top" lists are valuable, they don't tell you about the people behind the numbers—how they got there, what they invested, and what they sacrificed. That's why we search out inspiring and remarkable success stories for every issue. This time we've "reconnected" with two multi-brand operators we've profiled in the past, to complement our first-timers. No matter what brand or sector they're in, all have poured their blood, sweat, and tears into creating successful franchise organizations. Here's a taste of what you'll find in the pages ahead:

- **Johnny Collins** had worked for years as a fireman and a security officer before he set out on his own. At first, the going was rough. Several businesses he started just didn't make it. When he opened his first Wingstop, making the store succeed seemed like a test of his faith. But he has made it, and today operates 3 Wingstops and 2 Mooyah Burgers.
- **Craig Colby** earned a degree in computer science and started his own consulting and programming business. But he wasn't happy—and realized that loving his work was critical to both his career and quality of life. His love was food and restaurants, so he made it his business. Today he operates 4 Red Robins, 4 Così restaurants, and now is developing 5 Tio Juan's Margaritas—and loving it.
- **Gavin Hart** believes that a relaxing, fun, upbeat work environment is largely responsible for the success of his 9 Dairy Queens and 14 Dunkin' Donuts in Indiana. There must be a lot of fun going on, because he's scheduled to open five more DQs and five more DDs this year. He's one multi-brand operator who loves his business and family. With his wife Kim active in the business and his daughters interested in it, "There's a lot of flow between our work and home lives," he says.
- **Chirag Patel** left India for the U.S. 15 years ago to join his wife and look for work. He began as an engineer and consultant, but soon learned through his family members that franchising offered big opportunities for anyone with an entrepreneurial bent. In 1999, he acquired his first Dunkin' Donuts, in Burlington, N.J. Today he has 10—along with 3 Moe's Southwestern Grills, 1 Howard Johnson, 1 Comfort Inn, 1 Holiday Inn, and 1 Hampton Inn—and he just signed a 30-store development deal with Schlotzsky's.
- The last time we profiled multi-unit Subway operator **Eric Werner,** he had just added LA Sunset Tan to his portfolio. Now the Texas operator has added Mooyah Burgers & Fries—bringing his totals to 56 Subways, one LA Sunset Tan (with plans to open at least one a year for the next 20 years), and one Mooyah. Speaking of growth, he and his wife are expecting their ninth child.
- **Anil Yadav** has been profiled in this magazine twice before, including one cover appearance. The first time we interviewed him, in 2008, he had "only" 78 Jack in the Boxes and 16 Denny's. Two years later, he had expanded to 155 JIBs and 26 Denny's. Now he's done it again, staking claim to 227 Jack in the Box units (making him the brand's largest franchisee in the country) and 30 Denny's units. Not enough? He recently became involved with Marco's Pizza as the broker for both Northern and Southern California, so check back with us in 2 more years! MUF

BY KERRY PIPES

In Love with Franchising

Following his muse to a successful career

After earning a degree in computer science from the University of Delaware, Craig Colby set up his own consulting and programming business for the first decade of his career. He was successful, but he didn't enjoy it. In fact, he says he dreaded going to work every Monday.

"It became just a job and I didn't like my life much then," says the 48-year-old today. Colby says he realized that loving his work was an important objective for both his career and his quality of life. "I believe in a person doing what they love to do. I love food and restaurants, so I made it my business."

His first "love affair" was with Burger King where he—along with his twin brother—built a system of 15 units before selling them. Today, he operates four Red Robin Gourmet Burgers and four Così restaurants in southern New Jersey and Delaware. The expansion-minded Colby recently signed a development agreement with Tio Juan's Margaritas Mexican restaurants for 5 locations in 5 years, with the first scheduled to open in Wilmington, Del.

Colby says he spends about 75 percent of his time in development these days, but still makes time to visit his restaurants when he can. You might even find him working the front counter. "I like to help once in a while to stay in touch with the team and guests. I actually enjoy running a register—and I'm very good at it since I do all the programming."

By the end of this year, Colby plans to have added three Margaritas and another Red Robin to his growing portfolio. "This should effectively double our company's revenues or better," he says.

NAME: Craig William Colby

TITLE: President

COMPANY: The Colby Restaurant Group, Colby Brands, Mid-Atlantic Restaurant Concepts

NO. OF UNITS: 4 Red Robin Gourmet Burgers, 4 Così; agreement for 5 Tio Juan's Margaritas

AGE: 48

FAMILY: Wife Krista, sons Tyler (20), Shane (18), Dylan (14), daughter Emma (9)

YEARS IN FRANCHISING: 18

YEARS IN CURRENT POSITION: 10

PERSONAL

Key accomplishments: Owned 15 Burger Kings with my twin brother Michael.

Biggest mistake: Jumping into the full-service restaurant business from the fast food business and thinking that my experience would directly translate. During our successful years at Burger King, I decided to purchase a Ground Round restaurant. There were many reasons why it was a failure for us—beautiful new restaurants popping up (ours was very old), the franchisor was having major problems (and eventually went out of business), etc.—but it really comes down to not knowing what I was doing. It was a very expensive mistake.

Smartest mistake: This is funny because I am going to give you the same answer. Buying the Ground Round was not only the biggest mistake, but also my best mistake. I found what I loved about the restaurant business. Fast food was a nice business for me and made us some money, but I found out I had passion for casual dining. I absolutely love everything about it—the energy, the food, the fun, the atmosphere. I would make this mistake over and over again because it got me to where I am now.

How do you spend a typical day? It varies, but I will usually stop at one or two of my restaurants to talk a little with the managers and team members. I know when I don't do this enough because I'll go into one of our restaurants for dinner with my family and the hostess will ask if we've been there before. That's a reality check that says I'm spending too much time on new ventures and ignoring my older ones. But I do like to stop in and hang out for a while, help with some problems that maybe the managers can't solve, and keep my face out there. It gives me a chance also to look around and see if they are keeping up with my standards of maintenance and cleanliness. I'm a clean freak. I always tell my people that a guest should be able to go eat their dinner sitting on the floor of our restrooms. It's got to be that clean. The other parts of my day are filled with meetings, making deals, financing deals, visiting potential sites and restaurants, and eating great food under the pretense of "testing it out." It sounds like a great job and it is.

Work week: I have a very reasonable work week. I work Monday through Friday, basically 8 a.m. until about 3 p.m. outside the house. I like to try to pick up one of the kids at school if time permits. Then I'll go home and exercise until dinnertime since we have a gym in our house. After dinner, I start responding to all the emails and phone calls I received during the day that I haven't been able to get to yet, while I'm hanging out with the family. I might be working on the computer doing business plans or crunching numbers, but at least I'm with the family. It's a good balance. I don't usually work on the weekends, but sometimes I have some emergencies to take care of or some work to do on the computer. That comes with the restaurant business. It wasn't always this way. My work week used to be longer hours and more days, but I am happy to say that I have worked through those days and arrived at the other side.

continued on page 22

FRANCHISE

Opportunities Available with Two Great Brands!

· **Dunkin' Donuts Ranked #1 in Customer Loyalty for 5 consecutive years** ·
2011 Brand Keys Customer Engagement Index

· **Baskin Robbins Ranked #1 Ice Cream & Frozen Treats Franchise** ·
2010 Entrepreneur Magazine

· **Dunkin' Donuts Ranked one of the fastest growing franchises** ·
2012 Franchise 500

· **Diverse Portfolio of Development Concepts** ·

· **60+ years of Brand Heritage** ·

COME SEE US!
BOOTH #501

dunkin' brands℠

DUNKIN' DONUTS

baskin robbins

For more information, go to
www.DunkinFranchising.com
Campaign Code: MU-0412

PERSONAL, *CONTINUED*

Favorite fun activities: I love to travel and visit the Caribbean islands. My favorite spot is on a beach, feet in the sand, margarita in hand. I'm also one of those people who loves Disney World, especially as my kids get older and I don't have to keep standing in the line for "It's a Small World" during 95-degree weather in the rain. (That has happened on more than one occasion.) I like to just cruise around now, hit the countries in EPCOT, and sample the restaurants. My favorite spot is a restaurant called "San Angel Inn" at the Mexican Pavilion. A good friend of mine, Fernando Villegas, owns it. It's a place I could hang out all day doing tequila flights and watching the kids go around on the water ride. If you can get past the lines, Disney is the perfect place to me. Not a blade of brown grass or a piece of trash that stays on the ground for more than a minute. I used to ski a lot and really love it, but it seems lately I gravitate toward warm weather more. That must be an age thing.

> **I like to live by the motto "It's five o'clock somewhere!!!" It fits my business and lifestyle. I like to have fun and look forward to the next margarita.**

Exercise/workout: I would like to say that I love to exercise, but it's a chore to me. A perfect week for me will involve lifting three days a week and doing something aerobic three times a week. The reality doesn't always match up. Most of the time I will get my lifting days in, but I miss my aerobic days often. My wife gets on me about that. I think she wants to keep me around so she wants to make sure I'm heart healthy. I try to comply but I get bored very easily doing the treadmill thing. I think ADD is an attribute many successful people have.

Favorite tech toys: Man, I love the iPad. It is so cool. It was definitely a game-changer, and it's just the beginning. I am currently awaiting the next version and will be the first in line for the iPad 3. I can't wait. I also love the new tech and entertainment stuff they are putting in cars, especially since I drive so much. I am not a gamer but I can appreciate the great graphics they have now. Those video games can suck you in for hours—not good for a guy who has a bunch of restaurants to oversee.

What are you reading? I am an avid reader. I usually have two or three books going at the same time. I currently am reading a novel on my Kindle by Tim Dorsey. He is an extremely funny author and a quick read. You'll normally find me reading anything by Dorsey, Randy Wayne White, or Tom Corcoran. Once in a while I will stray from fiction and read a book that will help me in business or give me insight into some very successful entrepreneur, but I always find myself coming back to fiction. I guess I just like to be entertained. I also am listening to a novel from Audible.com written by Dean Koontz—another favorite author.

Do you have a favorite quote/advice? I like to live by the motto "It's five o'clock somewhere!!!" It fits my business and lifestyle. I like to have fun and look forward to the next margarita.

Best advice you ever got: It wasn't advice, but more an example set by my father. I can't remember a day that my father missed work. My father's whole career was working for the State of New Jersey. He had fantastic benefits that included many usable sick days that most state employees would readily take advantage of. I never remember him using one. He took his job very seriously, I assume mostly out of a sense of responsibility for his family. I think that stuck with me. When you're the owner and the boss you certainly have the option to decide to stay in bed and get a couple extra hours of sleep, or to take the day off. I never sleep in and rarely take the day off.

Formative influences/events: 9/11 had a major effect on me. I remember seeing the planes hit while I was watching "Good Morning America." I had no idea how to react. I was very scared for my family, so I got in my car and started picking my kids up at school to keep them with me. It was the first time that I felt I couldn't keep my family safe. I think because of that I have become more of a family man than I used to be. I am definitely a little overprotective of my younger ones and don't like to let them out of my sight. I also had a recent health scare. I am 100 percent healthy now, but it made me realize how short life can be. It really ratcheted up my drive to grow my business. I want to make sure if anything ever does happen to me, that my family is financially secure.

How do you balance life and work? I do what I do because I like spending time with my family. I have gotten myself to the point that much of my work life—visiting restaurants, going to conferences, etc.—overlaps with my family life. I like taking my family with me much of the time I'm working. My wife, Krista, also works with me as well as my oldest son, Tyler. I am not sure what the future holds for my three children, but I would love if they were part of the business somehow, too.

MANAGEMENT

Business philosophy: I believe in a person doing what they love to do. If you love playing golf, work at a golf course, or figure out a way to incorporate golf into your business somehow. I don't know, manufacture specialty tees, print custom logo golf balls, or maybe design golf clothing. I love food and restaurants, so I made it my business. If a person goes to work every day doing what they love to do, the word "job" doesn't get used much and Mondays take on a totally different meaning.

Are you in the franchising, real estate, or customer service business? Why? I am in the restaurant business, which puts me into all three categories. I have found that I have no talent in coming up with my own concept, but I am very good at taking a proven concept, refining it, and replicating it. That's why I choose to be a franchisee. I also like being part of something larger than myself, which is also nice about being part of a franchise system. Of course, because it is the restaurant business, I am by definition in the customer service business. Without customers, who we like to call guests, we have no business. I've had opportunities in the past to purchase the land that our restaurants were on. It is certainly something I still look for, and I like to think of the restaurant business as being a means to an end in owning the real estate. I would like to own more real estate and possibly use our restaurants as an anchor to developing a shopping center.

> **I'm not a micro-manager. I like to hire good people to run the restaurants and trust that they are doing what they were hired and trained to do. If you're doing what you're supposed to do and producing the numbers needed, you won't see me too much.**

As an operator, what are the two most important things you rely on from your franchisor? I rely on the franchisor to make up for my two weaknesses. First and foremost is the food. I am not a chef and not a very good cook, although my kids will tell you I make the best macaroni and cheese they've ever tasted (it's just the stuff out of the box, but I use half-and-half instead of milk—it apparently makes a big difference). So my executive chef is the franchisor. They come up with incredible recipes and I implement them. I am in awe of people who can create great food dishes. The other thing I rely on them for is the marketing. I am also not a good marketer. It takes many people to create a good marketing campaign. Good brand awareness requires creating eye-popping ads that make a statement, picking proper print placement, and effective television and radio purchasing. Franchisors are, or at least should be, experts at this. I am not, and don't mind contributing toward that expertise.

What gets you out of bed in the morning? Put simply, I love what I do. I have found a great passion in the restaurant business, not just because I consider myself a "foodie," but because I also love the people in the industry. Restaurant people are not the stuffy suits you find in many other industries. They tend to be down-to-earth people who you want to hang with and have fun. It is unusual for any day to feel like work for me. Yes, there are those days when it is all about answering to the banks, filling out financing paperwork, etc., but on the whole my days are very interesting and fun.

What's your passion in business? Having a restaurant that I want to hang out at with my friends and family. I love owning a restaurant where I am proud of the food, atmosphere, and people. And I like waking up every day and knowing that I have the potential of developing another restaurant where people want to be. Every day I am looking at new concepts and locations. It is about the money, but it is more about the love of the business and the pride I take in the ownership.

Management method or style: I'm not a micro-manager. I like to hire good people to run the restaurants and trust that they are doing what they were hired and trained to do. I think I am an easy guy to work for. If you're doing what you're supposed to do and producing the numbers needed, you won't see me too much.

Greatest challenge: I'm always so excited to get the next project going that sometimes I don't give my current restaurants enough attention. I have to stop once in a while and refocus some of my energies on my current lineup of restaurants.

How close are you to operations? Not as close as I used to be. Back in my Burger King days, I knew the operations very well and was active on a daily basis. But my role has evolved and I spend about 75 percent of my time in development. There are still occasions when you will show up at one of my Così restaurants and find me working the front counter. I like to help once in a while to stay in touch with the team and guests. I actually enjoy running a register, and am very good at it since I do all the programming. I'm not sure I could run a shift effectively any more at any of my restaurants, but I would do it if I had to. It would be interesting.

Have you changed your marketing strategy in response to the economy? How? Being part of a franchise means I pay into a marketing fund, and the franchisor develops and implements the marketing plans. We have actually been contributing more to the fund since the economy has taken a downturn to keep our brand out in front of the guests and general public. During these times you need to capture a bigger piece of the smaller pie, and marketing is an effective way to do so. Locally, I have switched my tactics a little. In theory I don't believe in couponing. I think it devalues the brand. But I have tried some coupon marketing like Valpak. It is effective, but you don't want to do it very often or people will just wait for the next coupon. The trick is to get the guest in with the first coupon and give them a reason to keep coming back. Ideally that would be through great service and giving them a Wow! experience.

How is social media affecting your business operations? We just started getting involved with social media over the last year. It's such a great way to stay in touch with your guests. And it's free! Gotta love that. It makes it so easy to target your audience with specials, birthday coupons, and other offers. I expect that the time we spend on social media will continue to increase and dwarf the time we spend on any other media outlet.

continued on page 24

MANAGEMENT, *CONTINUED*

Personality: I am a very relaxed, fun-loving type of guy. I very rarely get upset or mad. It takes a lot to get me to the point where I am angry. Someone would have had to do something very bad to see that side of me. I guess it is unfortunate that people can't see it coming, because I really don't have any levels of anger. It's kind of like a light switch for me. But, like I said, it is a seldom occurrence. When the weather is warm you'll normally find me in jeans, a Hawaiian shirt, no socks, and loafers. I guess I aspire to be Jimmy Buffett. I wish I could play the guitar to complete the persona. I am a family man and don't really enjoy much time apart from them. I want to have fun all the time, surround myself with fun people, and I want the people working for me to have fun.

How do others describe you? I hope that people think of me as being laid back and fun. I think most people would also think of me as being very successful, and I guess I am, but I have also had my share of failures. The key is to have more successes than failures.

How do you hire and fire? At this point in the game, I am only hiring top management level. I think I start the process like anyone else. I look at resumes obtained from outside sources or, as I prefer, recommended by other management. My interviews are probably unlike others. I don't ask many technical questions. I'll ask a few, but I believe much of what we do technically can be learned easily. What is important to me is personality and character. In our business, personality is huge. Guests want to feel comfortable and welcomed, as if they were in your home. I want managers who can convey that feeling. As for character, I want good, honest people working for me. I tend to look for family people who talk about their kids a lot. I look for people who stick to their word. Integrity speaks volumes to me.

Firing people is still very hard for me, but I found that beating around the bush just makes it worse. If we're at the point that I need to fire you, it means that you are a very bad performer, or there has been something done that calls into account your integrity. I will sit with the person and explain that it's time to part ways and I appreciate their time with us. That's all there is to it. There is no science and nothing special about it for me.

How do you train and retain? Another reason to be part of a great franchise, as I am, is the training offered. My franchisors offer very effective training programs for management that last up to 12 weeks. Although we can train new managers in-house, I prefer to send my people to corporate stores to learn the systems. If we train in-house, I feel the managers are getting a watered-down version of the training program. Corporate training tends to be much more successful instilling policies, procedures, and branding. And, on an ongoing basis, the franchisor will send operations tools and manuals to keep us up to date on the latest and greatest techniques and regulations.

How do you deal with problem employees? A leopard doesn't change his spots, and I don't think a problem employee is often turned around. I will make some initial efforts at counseling and trying to get to the root of the problem, but if the issues aren't resolved quickly I let the employee go. If you don't get them out quickly, they could become a cancer in your business. There are too many good people out there to waste time employing people that stir up trouble.

BOTTOM LINE

Annual revenue: Not disclosed.

2012 goals: We are looking to add three new Tio Juan's Margaritas restaurants to our portfolio this year, as well as one Red Robin Gourmet Burgers. This should effectively double our company's revenues or better.

Growth meter: How do you measure your growth? It would be easy to measure it by the number of restaurants or the sales volumes, but the smart thing to do is measure it by cash flow. I could easily add more restaurants, but if they don't make money is that really growth?

Vision meter: Where do you want to be in 5 years? 10 years? I plan on continuing to grow the number of restaurants in my portfolio. I have no plans on retirement, nor can I fathom ever getting out of the business. I love it too much. I think there would be a gaping hole in my life without the restaurants. My children are starting to show some interest in the business now. My oldest son works with me. I have no idea if the others will follow suit, but it's always there if they want to. There will probably be another franchise or two in my future, and possibly the development of our own concept now that I'm surrounded by talented people who can help develop one. I just want to keep working and surrounding myself with people who are fun to work with.

How has the most recent economic cycle affected you, your employees, your customers? It has affected all of us. My sales were considerably down in some of my restaurants, but we made it through the tough times. Certainly it was tougher for my management team to meet sales goals, so I did lower the bar for a couple of years to help make them more attainable. Our guests didn't have as much disposable income, so we saw far less of them. We had to keep offers in front of them so that when they did go out, we were their restaurant of choice. I think the franchisors did an effective job with this. Now, all signs point toward the recession being over for my restaurants. Comp sales are back up considerably. The future is looking bright.

What did you change or do differently in this economy that you plan to continue doing? I stopped my growth over the last couple of years while the economy was in turmoil, but I often wonder if I did the right thing. There were many great deals to be made on locations. But who knows if I would have received financing with the banks having their own issues? I constantly second-guess myself on my decision not to grow then. But with the economy on the rebound, I am back in growth mode. The other thing that I did differently was discounting. As the economy continues to recover, I will be discounting less. As I stated before, I believe it devalues the brand.

How do you forecast for your business in this economy? I'd like to say something super intelligent here and make myself sound like some sort of economic guru, but, at least in this respect, I'm not that bright. It's hard to forecast for anything. I never thought what happened over the last few years could ever have happened in our country. It was a very scary time. So I don't forecast, but I am an optimist. I think the future is very bright, and all I can do is continue to build great restaurants

continued on page 26

America's
TACO SHOP™

CRAVEABLE FOOD

IRRESISTIBLE OPPORTUNITY

TRULY AUTHENTIC RECIPES

STRONG CONSUMER VALUE

20 YEARS OF FRANCHISOR EXPERIENCE

KNOWLEDGEABLE SUPPORT TEAM

CONTACT US TODAY FOR FRANCHISE OPPORTUNITIES

855-55-CARNE (855-552-2763)
franchising@americastacoshop.com

AMERICASTACOSHOP.COM

BOTTOM LINE, *CONTINUED*

and provide a great experience. Hopefully this translates to a very successful future in the restaurant business for me and my team.

Where do you find capital for expansion? There seems to be a lot of interest by financial institutions to start funding again. I am working on obtaining some funding now. GE Capital, Franchise Finance is showing interest in funding projects again. I have worked closely with American Equipment Finance, now part of Ascentium Capital, on many deals. They are very aggressive and easy to work with. Other traditional financial institutions, like Royal Bank, are showing interest also.

> **I believe in sharing the success. I have great people working for me and I want to share the proceeds they create for me. I pay industry standard salaries, but I don't put a cap on the bonus potential. I love handing out bonus checks.**

Is capital getting easier to access? Why/why not? I haven't even tried during this recession to obtain financing and am just now looking into it again. I assumed by listening to my counterparts in the restaurant business, that money was very hard to get in the last couple of years. It seems to be getting much easier. At least for me, I don't see any funding barriers at this time.

Have you used private equity, local banks, national banks, other institutions? Why/why not? I have yet to use any local or national banks, or for that matter private equity. All my projects to date have been funded by GE Capital, Franchise Finance and American Equipment Finance. These companies had departments or people set up to fund specific franchises. I was lucky that I was building those concepts, so it was easy to go to them for funding. I haven't stayed away from traditional banks for any particular reason, and am now looking at them as well as my old funding sources.

What kind of exit strategy do you have in place? I don't want out. I think people with an exit strategy don't like what they do. As long as I like what I'm doing, continue being successful at it, and have a great balance to my life, I'm staying in. If any of that changes, there are always buyers for a successful business. Maybe the next generation of Colbys will "buy" me out one day.

What are you doing to take care of your employees? I am very loyal to the people who are loyal to me. I pay well, treat my people well, and in turn expect to garner that loyalty. I am constantly seeking out avenues of growth for my team. I also don't burn my team out by overworking them. I believe in a 5-day, 50-hour work week for my managers. I want them to spend time with their families and keep a balanced life. I provide good vacation time that I encourage them to take to keep their sanity. Most of all, I am very flexible with my employees. Each team member has their own unique set of life's circumstances that I want to work around if possible.

How are you handling rising employee costs (payroll, healthcare, etc.)? This should be, and probably is, any business's main concern right now. I want everyone in our country to have healthcare, but I don't know how that should be accomplished. I don't think that requiring employers to bear that burden is fair, though. Employers have historically offered health benefits to employees as an incentive. How can government make the leap that since employers have been offering it, it is now the employer's responsibility? I offer bonuses as an incentive. Should that become a requirement too? I will tell you that if the current healthcare plan doesn't change, it will put some people out of business. It will be very cumbersome because of the tracking and paperwork involved, and extremely expensive. I also think that it will have a very negative impact on the cross-section of people it's trying to help. I don't know how it will shake out in the long run, but I see an employee's hours being cut, employing less people, and rising product costs (in this case menu prices).

How do you reward/recognize top-performing employees? I believe in sharing the success. I have great people working for me and I want to share the proceeds they create for me. I pay industry standard salaries, but I don't put a cap on the bonus potential. I love handing out bonus checks. It means that those managers have put some money in the bank for my family. They are entitled to some of that money. There are other incentives that we try. Currently, we are running an extra bonus that creates a little competition between restaurants. The restaurant with the highest comp sales for the quarter (sales percentage higher than the previous year) will receive an all-expenses-paid cruise for two. The managers in the winning store will then have to draw a name out of a hat to see which manager receives it. It creates a little extra incentive while throwing in a little fun.

RED MANGO® IS THE REAL DEAL.

Red Mango franchises are changing the way
America thinks about frozen yogurt and smoothies.

Voted #1
Zagat's 2011
Fast Food Survey
Frozen Yogurt
and Smoothies
Healthy Options

REAL VISION

Red Mango started the trend of all-natural frozen yogurt. Our franchise opportunity has been carefully designed to help you build a business that makes a real difference in your community.

REAL FLEXIBILITY

Red Mango's flexible formats, including our popular self serve format as well as full serve or kiosk options, are a perfect fit for almost any location. Sleek, stylish stores engage the customer and stimulate the senses with a strong brand experience.

REAL SUPPORT

At Red Mango, we're committed to helping your franchise thrive, from providing industry-leading site-selection, to highly effective local and national marketing initiatives that drive sales.

REAL DELICIOUS

Red Mango's all-natural, frozen yogurt, fresh fruit smoothies and other innovative products are gluten-free and rich in actual probiotics, with an award-winning taste.

red mango®

GET REAL.

Join one of the fastest growing brands in America. Contact us to find out more about owning your Red Mango franchise.

redmangofranchising.com | 214.302.5930
facebook.com/redmango | twitter: @redmango

Over 150 stores and growing! Seeking area developers for Southern Florida, Chicago, Washington D.C. & Seattle.

BY TRACY STATON

Persistence and Faith

"In the end we're just cooking, we're not saving the world"

It's fitting that Johnny Collins runs marathons. The persistence and long-term training needed to finish a 26.1-mile race is mirrored in Collins' long, difficult quest to start his own business.

Collins had worked for years as a fireman and security officer before he set out on his own. At first, the going was tough. Several businesses he started didn't make it. Even after he opened his first Wingstop in McAllen, Texas, making the store work seemed like a test of his faith. "Several times, I said, 'Oh my goodness, what did I go do?'" Collins says. "I'd get on my knees and pray."

One problem was that Wingstop was an unknown quantity in his market. In that area, he says, small, mom-and-pop restaurants open up regularly—and shut down just as regularly. Potential customers didn't seem to be giving Wingstop a chance. So Collins hung flyers on every door within a three-mile radius. Sometimes he'd take free samples into the neighborhood.

His persistence paid off. Collins was recently honored as the Multi-Unit Operator of the Year by Wingstop for his three-store, $5 million operation. And now he's opening Mooyah Burgers & Fries locations in the Dallas-Fort Worth area. They're still new, but Collins is confident they'll pay off. "Our first store doesn't have big numbers yet, but I know it will do huge," he says. "Even our

NAME: Johnny Collins
TITLE: Owner
COMPANY: Several, including South of the Border Wings
NO. OF UNITS: 3 Wingstops, 2 Mooyah Burgers
AGE: 55
FAMILY: Wife Irma, and son Brian, 23
YEARS IN FRANCHISING: 8
YEARS IN CURRENT POSITION: 8

second location is already pretty busy."

If Collins's previous long-term goal was starting a business, now it's passing that business on to his son, Brian. The 23-year-old University of North Texas student works with his father part-time. The two also run together and share ideas. "Now that he's older, I give him some pointers," says Dad.

With the new Mooyah Burgers stores, Collins divides his time between Dallas-Fort Worth and the Rio Grande Valley. He spends up to 10 days a month with the Wingstop locations, relying on his general manager, his sister-in-law Esthela Vallejo, for day-to-day operations.

Next up for him? Real estate. While Collins is always looking to grow his restaurant sales, he's also moving into the property side of the business, away from leased space and toward building his own locations. "That way the rent I pay is to myself," Collins says. "That's how I'm looking to grow now." MUF

PERSONAL

Key accomplishments: I was a fireman and security officer for a defense contractor, but my goal was to open my own business. Now, thanks to the Lord, I have two stores in the top 10 in the nation, and one, our McAllen store, that's top 20 in the nation. It's been a very good blessing, a good investment.

Biggest mistake: I don't think of anything as a mistake. Everything I've done with franchising I've learned so much from. People are very helpful. They'll give you a push and you take off.

Smartest mistake: Getting into my own business. At first it seemed like a mistake. It took about two years to get it going better. At first just a few people came back, then they'd tell other people, and it kept growing and growing.

How do you spend a typical day? Generally, I get up in the morning and spend some time with the Lord. After that I get dressed and check email, check with the stores, make sure everything is working properly, that all the employees are showing up. Then I go to a store, walk the floor myself, talk to the customers. I try to make some time in there to get a 6- to 8-mile run. It relaxes me and gives me good ideas. I also make time to spend with my wife, and often, my son will run with me now. It gets us together.

Work week: I spend my time 50/50 between the Rio Grande Valley and Wingstop stores, and the Dallas-Fort Worth area Mooyah Burgers. Generally, I go to the Valley the latter part of every month, to make sure everything is running properly. My wife's sister, Esthela Vallejo, is my general manager at Wingstop. She runs a great business, a strict operation.

Favorite fun activities: Running, skiing, and reading.

Exercise/workout: I'm not much of a weight person, but I work out every now and then. I run at least five times a week, usually six miles. When I train for a marathon, I'll do 50 to 60 miles a week.

Favorite tech toys: My son finally convinced me to get an iPhone, and I like it. It's easy to take pictures and send them. When we get merchandise that's damaged I can take a picture on the phone and send it in real quick.

What are you reading? I just read a book called *Heaven Is for Real*, very heartwarming. I'm also reading *Battlefield of the Mind* by Joyce Meyer. I enjoy reading books. My only magazine is *Runner's World*.

Do you have a favorite quote/advice? Put God first in everything you do and he'll make your path straight.

Best advice you ever got: Be humble. Work hard and be humble.

Formative influences/events: Joining the military when I got out of high school was a big, big step. I wanted to see the world, get out of the Rio Grande Valley, and the military enabled me to do that. My captain later on helped me to get a job at Vought Aircraft. While there I was able to save money, save and save, so that when I approached Wingstop, I had liquid cash and good credit. The military got me out of the Valley, and I'm glad I did it.

How do you balance life and work? My wife and I make dinner dates and lunch dates. I wish we could have more nights out, but sometimes when you get older you're happy to go home and relax.

MANAGEMENT

Business philosophy: Treat your employees the best you can, because you really need them. And I treat customers the best I can, because I need them in order to survive. If you do that, if you treat employees well, and appreciate customers, they'll come back to you.

Are you in the franchising, real estate, or customer service business? Why? Customer service. I say that because I want to make sure my customers are treated to the best of our ability.

As an operator, what are the two most important things you rely on from your franchisor? Guidance. If I should get off the track, guidance to get back on. That and opportunities to grow.

What gets you out of bed in the morning? Just giving thanks to the Lord that he gave me another day.

What's your passion in business? The opportunity to make money. When you work for someone else, you work 40 hours and get paid 40 hours. In business, you can be open 80 hours, so your business is making money for you all those hours. You may work 8 hours in a day, but if you have 5 stores, you're looking at 60 money-making hours in one day. The sky's the limit. If you operate effectively, you can grow as quickly as you want, or as slowly. It's up to you.

Management method or style: My management style is to be friendly but firm. You have to make sure that you're not so friendly that people take advantage of you.

Greatest challenge: Trying to do everything that I've got lined up. Just sitting down answering emails is a full-time job. I have to wake up earlier

continued on page 30

MANAGEMENT, *CONTINUED*

and earlier to keep up. That and paperwork. I hate paperwork.

How do others describe you? I think they'd describe me as a hardworking, honest person.

How close are you to operations? Very close. I'm involved every single day. I like to be part of the business, to make sure everything is done right. I'll mop the floors, talk to my customers, make sure my employees come in with a happy attitude and have a happier attitude when they leave. Employees see me working, scrubbing the floor, cleaning the tables. Sometimes, with customers I know, I'll buy them a round of beers. I believe when you take a real interest in your customers, they can sense that.

> **I'll mop the floors, talk to my customers, make sure my employees come in with a happy attitude and have a happier attitude when they leave.**

How do you hire and fire? I listen to what my employees and prospective employees tell me. In interviews I ask them for some of their best qualities, why I should hire them, why they'd be good for my business. The majority will say the same thing: I'm a hard worker, I'll be there on time. But I also ask questions about working with other people. I'll ask about small details. If they sound positive on the details, I'll take a chance with them.

How do you train and retain? Wingstop provides us with training videos. After the employees have viewed them, we match them with another employee in the same position to work together hands-on.

How do you deal with problem employees? I never raise my voice. I describe the situation, and if I have to let them go, just say I can't have it. I never get angry or raise my voice. I used to but now I don't think there's any point in it. That's one thing I pray for: Help me to be mellow. In the end we're just cooking, we're not saving the world.

Have you changed your marketing strategy in response to the economy? How? Not really. We advertise on the grocery store register tape. I advertise in local magazines. I go talk to schools, and try to be a part of the community as much as possible. We do fundraisers for churches and youth organizations.

How is social media affecting your business operations? The corporate people handle that. We have our Facebook page out, and we'll see how that goes. I see us doing more of that as time goes on.

BOTTOM LINE

Annual revenue: $5 million from Wingstop, plus the brand-new burger stores

2012 goals: I want to continue doing what we're doing. My goal is to just talk to other people about the Lord.

Growth meter: How do you measure your growth? The way I look at it is, How is each of my restaurants growing? I'm also now growing in another sense by buying property to build my own stores.

Vision meter: Where do you want to be in 5 years? 10 years? I want to be in good health, and for my son to be more involved in the business, take more and more of the reins. I'll probably hand it all over to my son. I'll be there, helping him out, giving him advice.

How has the most recent economic cycle affected you, your employees, your customers? In the Valley, the economy has still been good. It hasn't affected us down there as it has across the U.S. We still get customers in from Mexico with a lot of disposable income.

Are you experiencing economic growth/recovery in your market? Yes.

What did you change or do differently in this economy that you plan to continue doing? It's just been business as usual, and we'll keep doing the same thing. Stay involved with schools and churches, continue treating everybody fairly.

How do you forecast for your business in this economy? We look for consistent growth from year to year. If I'm doing anywhere from 3 percent to 8 percent growth I'm happy with it.

Where do you find capital for expansion? A lot of it I have saved. I use my own money. Other than that, I just go to a bank and ask for an SBA loan.

Is capital getting easier to access? Why/why not? I've noticed it's a bit more difficult. Banks are asking more and more questions. They want more collateral.

Have you used private equity, local/national banks, other institutions? Why/why not? Local banks where I keep my accounts.

What kind of exit strategy do you have in place? I want to stick with it for now, and get my son more and more involved. If he's doing a good job, taking care of the business well, keeping the numbers positive, I'll start exiting slowly.

What are you doing to take care of your employees? We give them Christmas bonuses, and during the year I'll give them little incentives, where they can make extra money. When we get inspected by the health department or by Wingstop and we pass, they get a bonus. After they've been with me a year, they get a week's paid vacation. Everyone, not just supervisors. Now I'm looking to provide insurance to supervisors.

How are you handling rising employee costs (payroll, healthcare, etc.)? Taxes have gone up, but that's just standard. You make more money, you pay more taxes. I'm just glad I have the money to pay.

How do you reward/recognize top-performing employees? I guess I really haven't at this point. It's something I need to look at. There's one thing: All of them get Christmas bonuses, even if they've just been with me for one day, but the employees who are really much, much better get a higher percentage bonus.

★ MORE ★

EFFICIENT

★ MORE ★

SYSTEMIZED

★ MORE ★

DISCIPLINED

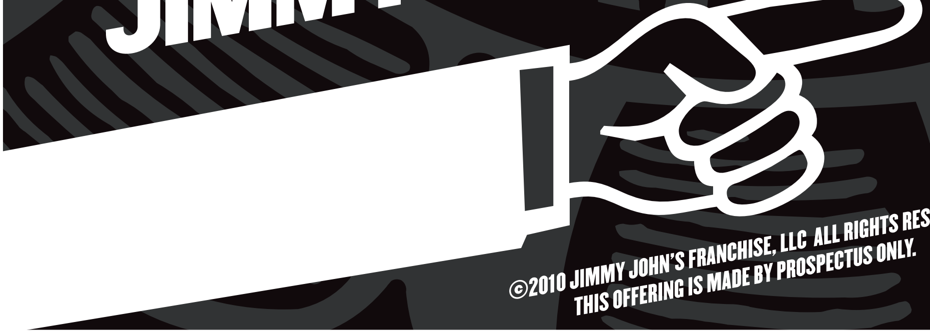
★ MORE ★

PROFIT

LIMITED AREAS AVAILABLE

800.546.6904

JIMMYJOHNS.COM



JIMMY JOHN'S®
JJ
GOURMET SANDWICHES

BY DEBBIE SELINSKY

Family, Fun, and Franchising

It all goes together for Gavin and Kim Hart

If there's anything Gavin Hart enjoys more than a vanilla cone at one of his Dairy Queens, it's handing one over to a customer.

"That makes me glad to get up every morning," says the Indiana family man and multi-brand franchisee. "I feel the same way about my Dunkin' Donuts coffee. It's incredible and addictive and I have it every morning while I watch everyone else enjoy theirs. We try to create a family-type environment for our customers in all our restaurants—it makes them want to come back."

Hart, an athlete and a criminal justice graduate of Indiana University, strongly believes that a relaxing, fun, upbeat work environment is largely responsible for the success of his 9 Dairy Queens and 14 Dunkin' Donuts. "We believe good people equals good profits. We treat every employee as family, which creates loyalty and an emotional connection and makes a lot of things easier. We have no theft issues, our retention is good, and we have good employees taking care of our guests. We find that when we treat our guests like family, they return more often."

This perspective took hold slowly when Hart went from operating stores in the smaller city of Fort Wayne to opening units (and another office) in Indianapolis. "At first, I think some people thought we were a little hokey when we spoke about family, but I think time has shown them that we're sincere," he says. Undaunted by the economy, Hart says he looks forward to being able to offer more benefits to his team, such as a retirement plan and college scholarships or tuition assistance.

With five more DQs and five more DDs slated to open this year, Hart considers juggling two brands and multiple units a "benefit," rather than a challenge. "There are many similarities between the brands, so it's an opportunity to take the best from both and meld them together in our system," says Hart, who worked in restaurants as a teenager and in college.

Hart's first experience with franchising came soon after college graduation, when he was offered an opportunity to join a management training program at Hyatt Hotels. The company sent him to Chicago, where he was assured he'd be given a resort property within six months. Six months turned into a year before Hart—who by then had learned plenty about food, beverages, and catering—left to open his own specialty retail store outside Orlando.

It was in Florida that he met his future wife, Kim—and her parents, who were in the Dairy Queen business in Fort Wayne. "Her parents were looking to sell their units and territory and retire, so I flew up and looked at the stores. My wife and I bought them, and I moved back home to Indiana," he recalls, adding that the full-service DQ Grill & Chill restaurants are a "hidden gem" of the food industry.

Hart proudly calls his wife the "heart of the business," citing her willingness to do everything from baking birthday cakes to training to HR. "Fortunately,

NAME: Gavin Hart

TITLE: CEO

COMPANY: PDQ Inc. and H&H Restaurant Group (Dairy Queen); 3 companies for Dunkin' Donuts

NO. OF UNITS: 9 Dairy Queens, with 5 more slated to open in 2012; 14 Dunkin' Donuts, with 5 more planned for 2012.

AGE: 45

FAMILY: Wife Kim, and daughters, Makenzie, 14, and Mallory, 12

YEARS IN FRANCHISING: 21

YEARS IN CURRENT POSITION: 21

our girls are mature for their age and interested in the business, so there's a lot of flow between our work and home lives," he says.

When they're not attending their daughters' gymnastics, cheerleading, or diving competitions, the couple often can be found on the golf course. "I'd never played growing up. I wrestled and played football, which I thought of as more 'masculine' sports," he says. "But Kim got me into it and we tend to be addicts. One of the great things about golf is that even if you don't play well, you've spent four hours outside that day. We're real outdoors people."

"Don't step over dollars to pick up pennies."

PERSONAL

Key accomplishments: Family is a big one. We have two great kids. Business-wise, it comes down to the people. Over the years, we've influenced and helped support hundreds of teens and young adults. We're proud of staying connected with many of them.

Biggest mistake: Probably getting involved with businesses that go outside our core. We took a number of other, non-restaurant businesses and tried to replicate the success we had with our restaurant side. We had average success but it was not fulfilling. We understand now what we're good at and that we should stick with it.

Smartest mistake: After we'd been in franchising, we went back and opened an independent bagel shop where we did everything from scratch, from the menu to the training program. And it was difficult after being used to the support, buying power, and marketing/advertising of franchising. The silver lining was that it brought me back in contact with good friends from college, who have become a big part of our company.

How do you spend a typical day? I'm in the car more than I like since our stores are located throughout Indiana. I'm in the north part of the state for two days and in the central and south for the rest. I visit as many restaurants in the morning as I can. Then I have meetings with executive staff and key leadership at one of our offices, either in Fort Wayne or Indianapolis.

Work week: 24/7. Something always pops up.

Favorite fun activities: We love to play golf, and we like to water ski and snow ski. We're lake people in the summer at our cottage.

Exercise/workout: I work out in my home gym for 30 minutes every morning before work.

Favorite tech toys: My iPhone, iPad, and MacBook Air. All three go with me wherever I go.

What are you reading? *When I Stop Talking, You'll Know I'm Dead* by Jerry Weintraub.

Do you have a favorite quote/advice? As we say at Dairy Queen: Good isn't good enough.

Best advice you ever got: Don't step over dollars to pick up pennies.

Formative influences/events: I played football and wrestled in high school, and I think I learned more about discipline, self-restraint, and dedication from wrestling than anywhere else. Our coach, Danny Tilton, was a big influence on all of us.

How do you balance life and work? Since my wife is active in the business—she does HR, was a trainer when we were smaller, and is a people person with contagious, positive energy—our personal and business lives are pretty intertwined. Our kids, who are mature for their ages, have grown up with that. We'll be at the dinner table talking about business and the kids will ask questions, and we get input from them, too. We're fortunate that we can flow between both business and personal and not interrupt the other.

MANAGEMENT

Business philosophy: It's pretty simple. We believe good people equals good profits. We treat every employee as family, which creates loyalty and an emotional connection and makes a lot of things easier. We have no theft issues, our retention is good, and we have good employees taking care of our guests. We find that when we treat our guests like family, they return more often.

Are you in the franchising, real estate, or customer service business? I think if you're not in customer service, all these other things don't matter.

What gets you out of bed in the morning? I'm excited every day, because there's always something different happening. It also helps when you're proud of your product. When our guests come into Dairy Queen, they're coming for a treat and we're happy about handing it to them.

What's your passion in business? My passion has a lot to do with our growth and our dreams of what we can do for our employees—things like retirement programs and college scholarships are what we'd like to accomplish in the next few years.

Management method or style: My style is a little laid back. I don't want to micro-manage the teams, and I think if you hire the right people you don't have to do that.

Greatest challenge: The greatest challenge is always getting the right people.

How close are you to operations? Both my wife and I are very

continued on page 34

MANAGEMENT, *CONTINUED*

close to operations, but as we've grown—we have around 500 employees now—we're closer to operations with the executive staff, who then look after operations with their people.

Have you changed your marketing strategy in response to the economy? How? Most brands have you pay into a national fund for marketing and advertising, but on top of that, we've spent more on local store marketing.

Personality: I'm pretty laid back, but I can switch gears quickly. Our philosophy is try to make sure everybody is having fun at work.

How do others describe you? They'd probably cover the range from laid back to intense.

How do you hire and fire? Hire slowly and fire quickly.

How do you train and retain? Retention comes back to loyalty, involving employees and team members in the store family. Obviously, competitive wages and benefits are also important, but I think it comes back to the work environment. We try to make things as pleasant as possible with relaxing uniforms and flexible scheduling.

How do you deal with problem employees? We have a "three strikes and you're out" policy. There are violations that call for immediate termination, but in most cases we write them up, coach them, and set up an action plan to rectify the situation. If they don't get it after a certain amount of time, we let them move on.

BOTTOM LINE

Annual revenue: We don't disclose.

2012 goals: 10 percent increase in sales.

Growth meter: How do you measure your growth? We measure not only in number of units but also in same-store sales.

Vision meter: Where do you want to be in 5 years? 10 years? In 5 years we want to increase expansion throughout Indiana on both brands. In 10 years, we'd like to be adding five to six stores a year on both brands and to be adding another two or three restaurant brands to our company.

How has the most recent economic cycle affected you, your employees, your customers? Our business tends to follow the unemployment rate, so as the rate remains high, our guest transactions remain low. Recently, we've seen the rate come down a little, so there's been a bit of a bump.

Are you experiencing economic growth/recovery in your market? We're seeing a little bit. In 2011 in Dunkin' we saw nice double-digit comp sales. For Dairy Queen, we were flat in 2011, because in our neck of the woods we had the worst weather we've seen in 20 years. We're in the ice cream business, so we are somewhat weather-dependent.

> **It's nice to walk into a local [bank] where they know who you are and decisions can be made on the spot.**

What did you change or do differently in this economy that you plan to continue doing? We'll continue to pay attention to value prospects. We're giving customers loyalty programs and discount cards, but you don't want to discount too much and become known as a discounted brand. It's a fine line to walk.

How do you forecast for your business in this economy? In addition to looking at unemployment rates, we forecast every week, looking at the trends from the previous year.

Where do you find capital for expansion? We've been lucky to stay with local banks in Indiana.

Is capital getting easier to access? Why/why not? We've not seen much of a change. Things are consistent for us since we've been working with the same local banks for years and we know which projects will be greenlighted.

Have you used private equity, local banks, national banks, other institutions? Why/why not? We used local banks because they're easier to deal with and the customer service is a notch above national. It's nice to walk into a local branch where they know who you are and decisions can be made on the spot.

What kind of exit strategy do you have in place? Right now, we're in growth mode and have no exit strategy yet. We just plan to build as many brands and units as we can and to be as profitable as possible.

What are you doing to take care of your employees? We have competitive wages and benefits for our executive staff. Depending on growth, we plan in the future to provide additional assistance such as college tuition or home care and babysitting needs.

How are you handling rising employee costs (payroll, healthcare, etc.)? It's part of the game. We try not to pass that on to our customers. Our bottom line is smaller because we just have to absorb a lot of it.

How do you reward/recognize top-performing employees? We have bonus programs for controllables and random things like who had the fastest drive-thru time as a team this week. We have competitions between stores and give the winners movie tickets or gift cards for dinner, groceries, or to Target or Walmart.

How is social media affecting your business? It definitely affects us. We have Facebook pages for our stores and people are checking in. This will continue to get bigger, especially with our 18-to-34 DQ demographics. Their heads are always down because they're on the phone or tweeting. We've done some mobile marketing and will continue to work in this arena.

Considering entering this sector?

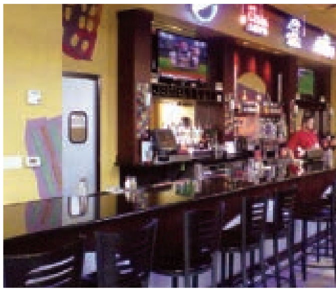
Let us introduce you to a fresh perspective on franchising

East Coast Wings

FEEL THE FLAVOR TASTE THE HEAT®

& Grill®



- **At this time, more than 50% of our franchisees are multi-unit owners**
- **2011 4th Quarter yielded 12.22% Same Store Sales Growth – Creating 32 Consecutive Growth Quarters**
- **Based on Franchisee Satisfaction report, East Coast Wings & Grill Ranked 5th in *Top 30 Food Franchises*** by Franchise Business Review
- **We provide transparency with the Industry and our Franchisees**
- **Full Disclosure of our FDD means No Smoke and Mirrors**
- **Executive Leadership with 100 years combined casual dining experience**

www.eastcoastwings.com

NATIONAL BUFFALO WING FESTIVAL BUFFALO, NEW YORK

CAROLINA WING FESTIVAL

It's great to be #1

Limited opportunities to join us in the Southeast still available

This advertisement is not an offering of a franchise. An offering can be made only by prospectus. We only sell franchisees in states where our offering is registered.. Figures reflect averages for lowest and highest sales and EBITDA as submitted by our full service franchised restaurants operating in 2010 as published in item 19 of our April 2011 Franchise Disclosure Document. Same store sales growth figures are from 1/1/94 through 12/31/11 as reported by franchisees. Individual financial performance will vary.

Engineering Growth

Take success, add 30 Schlotzsky's, and shake

BY DEBBIE SELINSKY

When Chirag Patel left India 15 years ago, he had mixed feelings about leaving his home and his parents. "India is a beautiful country, but at the time there were not many opportunities to grow professionally. Being an engineer provided me with the background to pursue a better quality of life, so I left to join my wife, who had already moved to the United States to work."

Patel found work as an engineer and consultant. But he soon learned, through his family, that franchising offered big opportunities for anyone with an entrepreneurial spirit.

"At the time I began in the business, my family had seven Dunkin' Donuts units in three states, which allowed me to experience the industry and owning and operating multiple units firsthand," he says. "Also, my wife was my mentor. She was very supportive and gave me encouragement for success."

Patel took the plunge. In 1999, he acquired his first Dunkin' Donuts in Burl-

NAME: Chirag Patel

TITLE: Principal, CEO

COMPANY: Prayosha Philly Group

NO. OF UNITS: 10 Dunkin' Donuts, 3 Moe's Southwest Grill, 1 Howard Johnson, 1 Comfort Inn, 1 Holiday Inn, and 1 Hampton Inn; area developer for 30 Schlotzsky's

AGE: 39

FAMILY: Wife, Apeksha, two daughters and a son

YEARS IN FRANCHISING: 13

YEARS IN CURRENT POSITION: 2

THE FAST. FRESH. ITALIAN. FRANCHISE

Fazoli's® is now growing opportunities for both single and multi-unit operators.

With freshly prepared Italian entrees, salads and sandwiches, new table service and QSR prices, Fazoli's is a great choice for franchisees to freshen up their portfolios menu.

Fazoli's offers:

- 22 years experience operating company and franchised units
- All new premium QSR design and enhanced service style
- Revamped menu featuring over 200 innovative new Italian offerings
- New and existing markets available for development
- Fast, easy conversions with scalable options

FAZOLI'S®

Visit us to learn more about our new franchisee incentives.
Call 859-825-6252 or eMail sam.nelson@fazolis.com.

fast. fresh. italian.
www.fazolis.com

PERSONAL

Key accomplishments: My key accomplishment, to date, is having started with one Dunkin' Donuts and building that up to 10 units.

Biggest mistake: Growing and opening franchises too fast early on. Growing too fast may not seem like a problem, but it didn't allow me to have the team in place that I needed to take on extra business. I didn't have the key individuals I needed to help me succeed and grow. As a result, I learned to build systems that allow me to grow when I am ready. Today I build operations first and make sure each location is up and running the way it needs to be for success before opening a second unit.

Smartest mistake: My smartest mistake was letting my partner push me into business with Focus Brands, which I now see is a great opportunity for us.

How do you spend a typical day? I start my day at my home office. Then I meet with key managers, network, and visit the stores.

Work week: Like most franchisees, I do whatever is needed, but generally my work requires 65 to 70 hours a week.

Favorite fun activities: I enjoy reading books and articles by and about multi-unit franchisees and restaurateurs. I find them inspiring.

Exercise/workout: Mostly I am a runner.

Favorite tech toys: My BlackBerry and iPad.

What are you reading? *The 7 Habits of Highly Effective People* by Stephen R. Covey.

Do you have a favorite quote/advice? In the development of others, lies your own.

Best advice you ever got: Start small, build big.

Formative influences/events: My grandfather advised me to take calculated risks and never step backward.

How do you balance life and work? I work hard, but I also give enough time to my family and share equal responsibility with my wife at home.

ington, N.J., and expanded to 10 units in New Jersey, New York, and Pennsylvania. "The key challenges I faced as a new franchisee were starting in a completely different business—franchising wasn't around in India when I was there—and understanding fundamentals such as system development and financial management," he says. "Having family members in the business made the transition go much more smoothly." (All of Patel's family members, with the exception of his parents, are in the U.S. now.)

Having proven himself more than capable as a franchisee, two years ago Patel became CEO of Philadelphia-based Prayosha Philly Group, where he is one of four partners, along with family friends Ashok Patel, Dasharath Patel, and Atul Patel. "My older partner is in charge of finances and has been an important mentor to me, and there are two younger partners who are the eyes and ears of the organization," he says. "We work together every day and we're all responsible for the success of our concepts throughout Philadelphia. We have a full structure in place, and this allows for unity across our group and our franchises."

Last November, the close-knit multi-brand operation expanded its portfolio (Dunkin' Donuts, Moe's Southwest Grill, Comfort Inn, Hampton Inn, and Howard Johnson) by signing a 30-unit area development deal with Schlotzsky's for both traditional and non-traditional locations in the Philadelphia area.

"This is by far the largest franchise deal in our company history," says Kelly Roddy, president of Schlotzsky's. Patel and his partners are excited about their new challenge and are working hard to open the restaurants. They plan to open four locations in 2012, the first this summer.

"As an organization, we could handle opening more than that, but the systems we need to truly succeed would not be in place," he says. "I have learned to take the opening of new locations slower before expanding. This allows me to grow strategically. We'll have one restaurant up and running, making sure it is not only profitable but also systematically sound with employees, managers, day-to-day operations, and everything else that goes into building a successful res-


IN HERE, IT'S ALWAYS FRIDAY
THIRSTY


Schlotzsky's
CINNABON
Carvel
lotz better

taurant before moving on to the rest of the locations."

Despite his busy career, the high-energy CEO still finds time to spend with his wife and their three children, and to read and play cricket. "I like to read in my free time, and I sometimes work from my home office so I can spend quality time with my children."

Patel advises would-be franchisees who want to be successful in the long term to start out with a goal of multi-unit development. "Having one store is not the way to make money," he says.

In the future, Patel says he'd like to grow his business in India. "Today, India is growing at a rapid pace, and because of recent liberalization and globalization it now offers great opportunities for individuals to grow."

MANAGEMENT

Business philosophy: I don't want growth for the sake of growth. I want growth, but I want it to be smart growth.

Are you in the franchising, real estate, or customer service business? I'm in the franchising business and, of course, in customer service, because our first responsibility is to take care of our customers.

What gets you out of bed in the morning? I'm enthusiastic about creating a great experience for our customers.

What's your passion in business? It's most satisfying to give outstanding value to our customers every day.

Management method or style: I try to demonstrate leadership with each key team member, who then leads his people.

Greatest challenge: Like many multi-unit franchisees, I find the greatest challenge to be finding and keeping the right people.

How close are you to operations? Very close. I know the day-to-day operations of each shop, and I visit the stores every other day. I don't just monitor from afar—we receive reports on the stores' operations every day and I hold weekly meetings with managers to learn what is going on from an inside perspective. In the weekly meetings, I receive a comprehensive overview of each unit. I hold myself responsible for the success of each location, and every week I spend three or four hours with each brand. I have found that visiting the different locations on a regular basis helps keep me accountable for the success of the individual unit and allows me to grow the business.

Have you changed your marketing strategy in response to the economy? How? We continue to market the quality and value of our products to our customers.

How is social media affecting your business operations? Social media is part of our business plan. It affects all businesses positively.

Personality: I'm an extrovert for doing business, and an introvert for my listening skills.

How do others describe you? I think they would say I'm quite demanding.

How do you hire and fire? I hire key team members for the long term. I don't hire for the short term and I don't like lazy, so I can fire on that basis.

How do you train and retain? I'm a strong believer in team development, so we're continuously training our people.

How do you deal with problem employees? We try to get to the cause of the problem and go from there.

BOTTOM LINE

Annual revenue: $9 million

2012 goals: $13 million

Growth meter: How do you measure your growth? By bottom-line growth.

Vision meter: Where do you want to be in 5 years? 10 years? In 10 years, I'd like to have 50 units for all our brands.

How has the most recent economic cycle affected you, your employees, your customers? Of course it affects our bottom line, but we're working hard to retain our valued team members. We see our regular customers coming in less often because of the economy.

Are you experiencing economic growth/recovery in your market? The last two quarters have been positive ones.

What did you change or do differently in this economy that you plan to continue doing? We've been buying quality locations and building faster, and we'll continue to do that.

How do you forecast for your business in this economy? It's difficult to forecast, but we are in full growth mode.

Where do you find capital for expansion? Primarily from our bank partners.

Is capital getting easier to access? Why/why not? Not really. The banks are still tightening, so things continue to tighten for franchisees.

Have you used private equity, local banks, national banks, other institutions? Why/why not? We've used local banks because that's what works best for us.

What kind of exit strategy do you have in place? We don't have one in place and don't feel the need for one in the near future.

What are you doing to take care of your employees? Our team members are part of our family, so we do whatever is needed to support them.

How are you handling rising employee costs (payroll, healthcare, etc.)? We're cutting costs and then absorbing the rest.

How do you reward/recognize top-performing employees? We evaluate our employees on a quarterly system, while examining the day-to-day operations and success of each location. As we do this, we put into place benchmarks to help our employees and our shops move to the next level.

Sears
Sears Home Appliance Showroom
Sears Appliance & Hardware

Reconnecting: with Eric Werner

BY KERRY PIPES

Subs, Burgers, and Tans

Lone Star operator continues to add brands

The last time we visited with Eric Werner, he had just signed a deal with the up-and-coming LA Sunset Tan franchise. That was 2008, and he had become one of the brand's first franchisees and an area developer for the Dallas area. He's quite familiar with the Texas market because he's been operating dozens of Subways there for almost 20 years. When we checked back with him recently to see how things were going, his vivacious response was, "Of course everything is going very well!"

He currently operates 56 Subways, with plans to open three more this year. Sales, he says, have been up dramatically the past 3 years thanks to the Any $5 Footlong promo and solid operations.

"I may have owned a few more Subways when you did the last profile, but I had some great offers to buy some of my stores so I sold them," he says. "However, my long-term goal is to own 70 high-volume Subway stores with strong operations and high profitability."

He's also happy with his LA Sunset Tan salon, which he said took some time to reach a revenue goal he was satisfied with. "This last year was an incredible record-breaking year, so now I plan on opening at least one LA Sunset Tan every year in the DFW area for the next 20 years. Within the next 10 years I should have 15 salons open in the DFW area."

He says LA Sunset Tan has in some ways turned out to be his most satisfying endeavor because it's "a fun business that's so easy to operate," he says. "It's totally different in that you have to build your membership up just like a gym, but by the time we entered our third year we were extremely profitable," he says. "I truly can't wait to see what happens in 2012! It's one of the best kept secrets out there in franchising."

As if all of this was not enough, he recently opened a Mooyah Burgers & Fries in his home base of Killeen, Texas. "I like the concept and the food is way better than 5 Guys Burgers and Fries and Smashburger." He's taking a wait-and-see approach to additional Mooyah locations. He wants to see how his Killeen location—home to the Army's Fort Hood—does after all the troops return from deployment.

And that's just the business side of Werner. On the personal side, his wife is pregnant… again. It's their ninth.

NAME: Eric Werner

TITLE: CEO

COMPANY: Texas Subs (Subway); DFW Tanning (LA Sunset Tan); Benchmark Burgers (Mooyah Burgers & Fries)

NO. OF UNITS: 56 Subways, 1 LA Sunset Tan with a second scheduled to open in 2012, 1 Mooyah Burger

AGE: 48

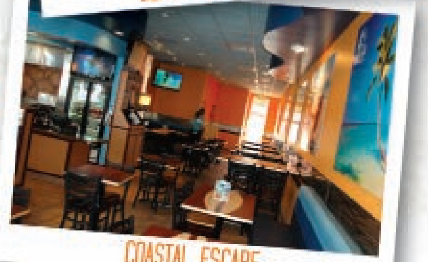
FAMILY: Married 11 years, with 8 children and one more on the way. Wife, Shaelyn, children, Hillary, Preston, Taylor, Tyler, RyLeigh, Blake, Skylor, and Bryce

YEARS IN FRANCHISING: Started with Precision Tune in 1987, moved to Subway in 1991

YEARS IN CURRENT POSITION: CEO of Texas Subs since 1997


74% GROWTH IN 2011


BEACH-INSPIRED CUISINE


COASTAL ESCAPE


Rmgt
HURRICANE GRILL & WINGS
THE TOP 10 FRANCHISE DEALS
A SPECIAL REPORT FROM RESTAURANT MANAGEMENT

PERSONAL

Key accomplishments: Our company has made the Inc. 5000 list of the fastest-growing companies in America for four years now. We have won the Subway worldwide contest for the fastest sandwich maker in the world several times. We have been awarded Subway Franchisee of the Year five times. And we've been recognized as one of the largest QSRs in the country.

Biggest mistake: I opened a unit under the franchise brand Orange Cup Yogurt and it just didn't perform to our expectations. But you learn that not everything you do is successful and you can learn from your mistakes.

How do you spend a typical day? Looking at how we can grow the company, working on strategy to implement ideas to increase sales or decrease operating costs, determining whether we have the right contingency plans in place, and communicating with my upper layer of management. I also analyze financial reports looking at costs and revenue numbers, watching for red flags on a weekly basis. Being the face of the company by providing leadership and vision.

Work week: A typical week is filled with all kinds of activities that pertain to plotting, planning, and strategizing. I meet with my COO and other department heads biweekly. It's my responsibility to maintain a beneficial relationship with our lenders and our landlords. I will look to secure financing for a project or finalize a lease for a new store. And it's likely there will be a board meeting in there somewhere with Subway FAF or other organizations. I do try to balance my work week between work and family, so you might find me coaching football or basketball or meeting my kids for lunch.

Favorite fun activities: Working out with weights, playing adult soccer, coaching kids' sports teams, playing poker, and chess. I like to travel, especially with my wife and kids!

Exercise/workout: I work out with free weights three times a week for 45 minutes to an hour. I will do cardio two to three times a week with the HIIT method on the treadmill. It serves as a great stress reliever and makes me feel good to be taking care of myself. I have been working out for 18 years!

Favorite tech toys: iPhone 4, iPad

What are you reading? I just finished *The Shack* by William P. Young. I use audio books a lot. Business pubs like this one, *Inc.*, and *Franchise Times*.

Do you have a favorite quote/advice? The Golden Rule: Do unto others as you would have them do unto you.

Best advice you ever got? "Sometimes being quiet is better than speaking" and "No decision can be the best decision."

Formative influences/events: When I graduated from Texas Tech University I started working as a manager at Wal-Mart. During this time, I completed their entire training program, which helped shape my style and approach to business. My two years of working for Wal-Mart was like getting another business degree as it helped my success with franchising. I thought that I should work for a very successful company to see what makes them successful and really admired Sam Walton at that time.

How do you balance life and work? It's a juggling act and comes down to prioritizing. Each day I go through what has to be done at work, then what is most important to me in my life that day. It might be more important for me to spend time with my wife than work that day if there are no emergent issues. At work, I am very efficient and always have a plan of action in mind once I am in the office. There are many instances in which I will take "homework" with me. This is work that I can do at my house at my own discretion. My belief is that time and what you do with it is what is most important as you age.

MANAGEMENT

Business philosophy: A couple of key terms here: empowerment, open and candid, honesty, fair, and follow up. First, empowerment is an atmosphere I try to create where employees can make their own decisions and excel. I want them to have an attitude as if they were the owner. The backbone of our management philosophy is centered around being honest, open, up-front, and fair with everyone. You will receive more respect from your peers. Whatever decision you make for one employee you should be willing to make for another employee. Finally, follow up on everything you have delegated to make sure it gets done! This is the weakest link for most managers.

> **"I appreciate life and I love what I do. Life is a blessing for all of us."**

Are you in the franchise, real estate, or customer service business? Why? Definitely all three; however, if you're not operating at a profit then you don't have a business. Even though we are a food franchise, we are in the business of taking care of our customers. More sales solves a lot of problems. As a franchisee I do own some real estate including eight of my Subway locations.

What gets you out of bed in the morning? A love for life. I appreciate life and I love what I do. Life is a blessing for all of us.

What's your passion in business? Developing people and growing the company. Seeing people who are a part of this organization succeed is rewarding. Growing the company, efficiently, is exciting because you never know where you will be in 5 years!

Management method or style: Coaching. I like to empower people to be in the game, but I can help lead and direct them to carry out their tasks. My experience allows me to see the big picture, while sometimes employees may only have a more narrow or myopic view of what's going on. I provide guidance and support.

Greatest challenge: Finding good people who want to make something of themselves. Also, time management.

How close are you to operations? I try to be around so my people know that I am out there and do exist. However, it is virtually impossible to be in all my stores. That's why I have a COO and several area supervisors. They are my eyes out in the field and we connect daily by text, email, or in person. I also schedule biweekly meetings with them to cover manager and store performance as well as to review customer comments.

Have you changed your marketing strategy in response to the economy? How? Subway has promoted the $5 Footlong sandwich, and it has been effective as people search for more value. As for LA Sunset Tan, we've

continued on page 46

welcome to the future!

At Koko FitClub, we envision a happier, healthier future where people no longer struggle to be fit. And for Koko FitClub members and franchise owners, that future is now.

The patented Koko Smartraining System™ is the future of fitness: A simpler, smarter, more effective way for people to become their strongest selves. It's groundbreaking technology, improving lives exclusively at Koko FitClub franchises nationwide.

Want a fit future? Join the club.
Better yet, own one!

learn more at **www.DevelopKokoFitClubs.com**

Entrepreneur MAGAZINE "Top New Franchise" | 2012 Franchise 500

Koko® FitClub
FRANCHISING

THE WORLD'S FIRST AND ONLY
Automated Personal Training Studio

SESAME
ONION
GARLIC HERB
RANCH
BUTTER
CAJUN
BUTTER CHEESE
ORIGINAL

OPEN SESAME

Look no further than Hungry Howie's Flavored Crust Pizza to see why we have an edge over the competition. Mouth watering seasonings are baked into the crust of our pizzas making the last bite of as good as the first. We have Oven Baked Subs, Flavored Breads, Salads and Buffalo Style Chicken Wings, all the perfect complements to our "crustomized" pizzas.

The Hungry Howie's difference = Flavored Crust!

38 Years of Success • Fast Approaching 600 Stores
Top Markets Now Available • Carry Out and Delivery

Hungry Howie's®
FLAVORED CRUST® PIZZA

Scan this QR Code for more information.

Franchise Sales:
Tim Lipka
Brian Ognian
(248) 824-3462

MANAGEMENT, *CONTINUED*

discovered that we can text coupons to our core group of customers and prompt them to come in to the store for products and services.

Personality: Outgoing and like to have fun—work hard, play hard. I am direct and expect a lot from people because I give the same in return.

How do others describe you? Generous, fair, funny, but can be to the point at times.

How do you hire and fire? My people handle this, unless it's a key top position in my company. I can't do everything or I'd go crazy.

How do you find good people? We have a window cling in all of our Subway stores that reads, "10 Reasons to Work for Texas Subs." So we look to our customer base as well as our website, CareerBuilder, and SnagAJob for finding people. Times have changed; the newspaper isn't as effective as the web.

How do you train and retain? We have an employee training workbook that we created, and each new hire sits in on a 1.5-hour new employee orientation to cover the basics and fundamentals of our company and Subway. We also emphasize Subway's online training, so we reward our people financially when they complete these courses. Financial incentives are performance-based on an employee's ability. I try to provide good benefits like a 401(k), health insurance, and employee scholarships.

How do you deal with problem employees? First, we let them know there's a problem and we provide an opportunity for them to correct the problem and a timeline to do it by. If the offense is repeated then the employee is generally suspended, and a third time would be grounds for termination. If an employee is let go we want them to know that we have no other choice after trying everything we can to help them be successful. Always document any incident or counseling as well.

BOTTOM LINE

Annual revenue: $36 million in 2011

2012 goals: Opening our second LA Sunset Tan location, and three more Subway stores. I'd like to see us do a 5 percent increase in same-store sales at our Subways and 25 percent over the previous year at our LA Sunset Tan store. It can be done!

Growth meter: How do you measure your growth? Three ways: sales, customer traffic, and profitability. You have to factor in all of these. And we analyze these numbers weekly instead of waiting for monthly P&Ls. We know exactly whether food or labor is trending in the wrong direction weekly.

Vision meter: Where do you want to be in 5 years? Own and operate 70 Subway stores. Continuing my development agreement for LA Sunset Tan. And now I've added Mooyah Burgers; I hope to have more of those units opened in the next few years.

How has the most recent economic cycle affected you, your employees, your customers? I think it actually helped us as Subway had the $5 Footlong sub and people were trading down and looking for value when eating out. Customers are willing to spend the money if they believe it has value. I think employees are more appreciative to work and to work for a good company.

Are you experiencing economic growth/recovery in your market? Texas has not been hit as hard as other parts of the country. We did see our turnover rate decrease because people were content to have a job. Honestly, I believe the presidential election has the potential to bring about a significant economic recovery.

What did you change or do differently in this economy that you plan to continue doing? We slowed down our unit growth to level out the balance sheet. At our rate of growth we should be debt-free in 4 years.

How do you forecast for your business in this economy? It's difficult but that's why we review our financials weekly and monthly. We try to make adjustments and keep doing what's working. Every year we do a SWOT analysis of our company to know where we stand currently and in the future.

Where do you find capital for expansion? We've used local banks to fund growth. Having liquidity, or cash, is extremely important these days. I don't mind taking on manageable debt if it allows me to keep some liquidity in the business. If I borrow, then each business or store has to be able to make its own loan payments.

Is capital getting easier to access? Why/why not? We haven't had much trouble locally. We have a track record and documented success. The banks know us, they like us, and we provide the kind of information they are looking for whenever they request it. It helps that I have a CFO who can provide any detailed financial information requested. We also provide an annual report to our banks along with current tax returns.

Have you used private equity, local banks, national banks, other institutions? Why/why not? We work exclusively with 10 area banks. It has just been the best solution for us. National banks and SBA loans just wouldn't work for us. With a local bank you can get approval instantly or receive a line of credit.

What kind of exit strategy do you have in place? There is no sense in selling a business for 5 to 6 times EBIDTA if I am already operating it because you could get your money back by staying in business for another 5 or 6 years. I do have a contingency plan in place for my key employees, especially in the event of my death. As my kids age I will help them either buy a business from me or start a business of their own.

What are you doing to take care of your employees? We try to treat every employee with respect and trust and provide an environment where they can excel. Beyond that, we've been known to help employees who are short on cash with advances that they pay back. We offer excellent benefits as a company as well.

How are you handling rising employee costs (payroll, healthcare, etc.)? Good question! Eventually, you have to raise prices to overcome the increasing costs of food and labor. I will focus on sales more than anything, because as sales increase fixed costs usually decrease.

How do you reward/recognize top-performing employees? We have a year-end Christmas party where we recognize the store of the year for each region (four regions), and then we present the President's Award to the top store in the company. During this event, we conduct our "Deal or No Deal" game where an employee has drawn a winning ticket and has the choice to receive money or the wrapped present—prizes like an Xbox, iPad, or a cruise. We also have a midyear company meeting at Winstar Casino providing our managers lunch and a $100 gaming token to do whatever they want with.


WING·STOP
WING·STOP

BY KERRY PIPES

Growth Machine

Anil Yadav shows no signs of slowing down

Anil Yadav has graced the pages (and one cover) of *Multi-Unit Franchisee* magazine twice before. We first interviewed him in 2008 when he had "only" 78 Jack in the Box restaurants and 16 Denny's. Just two years later, when he was named one of the magazine's MVP Award winners, he had expanded to 155 Jack in the Boxes and 26 Denny's.

Today, another couple of years down the line, he's done it again, staking claim to 227 Jack in the Boxes and 30 Denny's. For the record, that makes him the largest Jack in the Box franchisee in the country. He also has become involved with Marco's Pizza as the broker for both the Northern and Southern California markets (so check back with us in 2 more years).

It's all quite amazing when you consider his present-day empire began in 1984 in Northern California, when the teenaged Yadav took a part-time job as a Jack in the Box fry cook to help pay for college. Within 18 months he'd become store manager, and within 5 years he'd purchased his first restaurant—a Jack in the Box.

"From the very beginning with Jack in the Box, there was a desire to grow," says Yadav. "With the availability of corporate restaurants through the refranchising effort, the growth was greater than one could imagine." His growth goals were never driven by total number of restaurants, he says, but whether or not growth made good business sense.

When presented with the opportunity to acquire Denny's in Northern California—his core market—Yadav couldn't resist. Adding Denny's, he says, was a way to diversify in the markets where he was already operating. Today, says Yadav, he's the largest Denny's franchisee in California.

"I believe the company should always be in growth mode. With that mentality it brings the best out of you to stay relevant with current conditions or the current market trend," he says. "Drive to be the best has given me the desire to continue to expand and take the underperforming restaurants and turn them around."

This kind of growth doesn't come without its challenges. Building the back office organization to support his expanding restaurant operations was an early one. And when Yadav acquired restaurants from the franchisor, he also acquired the stores' personnel, and had to learn how to support the restaurants and build the team to achieve his goals.

"Once we had a couple of transactions behind us, we developed a plan on how to conduct a successful transition. The

NAME: Anil Yadav

TITLE: President and CEO

COMPANY: JIB Management Inc., Central Valley Diner Inc.

NO. OF UNITS: 227 Jack in the Box; 30 Denny's; Marco's Pizza (broker for Northern and Southern California)

AGE: 47

FAMILY: Wife, Vandana, sons Akaash, 19, and Aman 15, and daughter Aanchal, 10

YEARS IN FRANCHISING: 22

YEARS IN CURRENT POSITION: 22

PERSONAL

Key accomplishments: Being able to grow and sustain the business for 22 years. Started as a Jack in the Box employee and have grown to the largest Jack in the Box franchisee in the nation and the largest Denny's franchisee in California.

Biggest mistake: Making emotional decisions instead of factual decisions in growing the brand.

Smartest mistake: Growing from 7 to 34 restaurants without the proper infrastructure in place.

How do you spend a typical day? Working on business strategies and dealing with the day-to-day operational issues… always attached to my cell phone!

Work week: I try to work Monday through Friday, but really work 10 to 12 hours per day, 7 days per week.

Favorite fun activities: Spending time with my kids at every opportunity. Play cricket in a league every weekend. Love sports in general.

Exercise/workout: Three to 4 days per week, early morning in my home gym.

Favorite tech toys: The latest cell phone!

What are you reading? Not much of a pleasure reader. I listen to people and enjoy quick information—CNN, MSN, highlights.

Do you have a favorite quote/advice? "Food may be our language, but customers are our lifeline!" An original quote by me.

Best advice you ever got: My wife tells me to always be humble and respectful, and don't forget where I came from.

Formative influences/events: I have always looked at the successes of others as a positive. I am self-motivated to be successful by doing "the right thing."

How do you balance life and work? I work hard and I play hard! I have a large family and circle of friends that keep my life balanced.

THE BUILDING BLOCKS FOR YOUR SUCCESS.

MOOYAH DELIVERS THE GREAT AMERICAN MEAL – IT'S REAL PEOPLE, SELLING A REAL GOOD EXPERIENCE, ONE BURGER, ONE FRENCH FRY AND ONE MILKSHAKE AT A TIME.

VISIT MOOYAH.COM
OR CALL MICHAEL MABRY AT (214) 912-0514
FOR MORE INFORMATION.

MOOYAH
BURGERS · FRIES · SHAKES

©2012 MOOYAH Franchise, LLC.

The pizza and sandwich trend is sizzling!

The demand for takeout and delivery is hotter than ever.

Manny & Olga's™ Pizza presents an outstanding business opportunity in the burgeoning industry of takeout/delivery pizza and sandwiches. We will be selecting qualified individuals to own and operate a select number of franchise units. If you share our dedication to exceptional customer service, have a commitment to delivering top quality food products, and understand the value of providing hands-on ownership in the daily operation of your own business, let's talk!

- ✓ *In Business Since 1983*
- ✓ *A Family Tradition*
- ✓ *Looking for Single & Multi-Unit Operators*
- ✓ *Successful 10 Unit Operation in Washington DC area*

Contact:
1-866-320-OLGA
franchise@mannyandolgas.com ■ *www.mannyandolgas.com*

MANNY & OLGA'S PIZZA ■ 13209 MOONLIGHT TRAIL DR. ■ SILVER SPRING, MD 20906

Manny & Olga's PIZZA™
WINGS • SUBS • SALADS • GYROS

challenge early on made us a better organization that could handle future growth," he says. "Setbacks are there every day, but we use them as a learning tool and try to avoid them in the future." Today, he says, he has created opportunity by growing the business through proper leveraging and by improving the operations of the restaurants he's acquired.

His ability to thrive and expand during the longest recession in U.S. history has required a steady command of the basics: cost control, hard work, strong training, and earning employees' respect while demanding integrity and honesty from everyone on the team. "Today I believe I have one of the strongest teams in the industry. We have experienced operators in each region who possess outstanding character and who work hard and smart on a daily basis," he says.

"Once you get to a certain level, you often change your fundamental values, but I have never done that," says Yadav. He maintains a solid operational structure, takes care of his people, and keeps his eye on the ball.

Of course with Yadav at the helm, you can be certain more growth is on the horizon. "I'm looking specifically to streamline operations and maximize opportunities within each restaurant," he says. "And I'm also looking to grow market share."

Would you expect anything less? Stay tuned for future development.

MANAGEMENT

Business philosophy: Do the right thing. Never cheat. Negotiate hard, but once there is an agreement, honor that agreement.

Are you in the franchising, real estate, or customer service business? All of the above. It takes all three to grow a successful organization.

What gets you out of bed in the morning? Wanting to make a difference in the day by doing better than yesterday. I am always striving to improve myself.

What's your passion in business? To be the best at what I do, and be successful.

Management method or style: Easygoing, but I have high expectations for myself and others; willing to provide others with the tools they need to be successful.

Greatest challenge: Satisfying everyone's needs, and making them understand why they are being told "No."

How close are you to operations? Very close. Since I started as a team member, I know firsthand the details of the operation.

Have you changed your marketing strategy in response to the economy? How? Yes. We are using a more value-driven method. We've increased awareness of guest satisfaction by providing quality food, a clean environment, and quick, friendly service.

How do others describe you? Caring, helpful, supportive, good businessman, charming, and fun.

How do you hire and fire? I'm not too involved in hiring any more, but do use my instinct. I have no tolerance for dishonesty and unethical behavior and will terminate immediately. But for those on the fence, I will spend the time coaching underachievers and give them the opportunity to improve.

How do you train and retain? I provide the tools my employees need to do their job. We use computer-based training, on-the-job training, and lots of coaching. Recertification of our employees keeps their skills fresh.

How do you deal with problem employees? Talk to them and give them clear expectations of their job. If they don't meet those expectations, they will be terminated.

BOTTOM LINE

Annual revenue: Not disclosed.

2012 goals: Streamline the operation and maximize our opportunities within each restaurant. Grow market share.

Growth meter: How do you measure your growth? By how good I feel about what I am doing, how happy I am, and being appreciated by others.

Vision meter: Where do you want to be in 5 years? 10 years? In 5 years, be the largest franchisee and become a brand franchisor. Have my son Akaash join me to run the operations side of the business, so I have more time to continue to grow our organization. In 10 years, expand my real estate portfolio.

How has the most recent economic cycle affected you, your employees, your customers? This cycle has taught all of us to go back to basics. We can't take anything for granted and we need to focus on the P&L, line by line. Be frugal.

Are you experiencing economic growth/recovery in your market? Yes, we are.

What did you change or do differently in this economy that you plan to continue doing? To be frugal and disciplined. Providing the best guest service that exceeds their expectations will allow us to grow market share.

How do you forecast for your business in this economy? Sustain the business and allow it to grow organically. Continue to steal market share from our competition.

Where do you find capital for expansion? We have had great success working with local, regional, as well as national banks and GE Capital.

Is capital getting easier to access? Why/why not? In our case, yes. Historically we have been controlling our debt and have maintained a healthy leverage position.

What kind of exit strategy do you have in place? My son, Akaash, will follow in my footsteps.

What are you doing to take care of your employees? Educating them about the realities of the company by sharing information. Offering incentives at the store level for consistent performance.

How are you handling rising employee costs (payroll, healthcare, etc.)? By teaching the stores the best practices for reducing turnover and improving scheduling. These are the costs of doing business.

How do you reward/recognize top-performing employees? Internal promotions, raises, and bonus programs go along with sincere thank-yous for your hard work.

2012
Multi-Brand 50

1	**NPC INTERNATIONAL INC.**	**1,155**
	PIZZA HUT	1,150
	KFC	3
	TACO BELL	2
2	**TARGET CORP.**	**1,082**
	PIZZA HUT	1,080
	JAMBA JUICE	2
3	**HMSHOST**	**467**
	BURGER KING	79
	SBARRO	52
	QUIZNOS	48
	CINNABON	47
	CHILI'S	42
	PIZZA HUT	28
	NATHAN'S	21
	ROY ROGERS	18
	THE GREAT AMERICAN BAGEL	16
	POPEYES LOUISIANA KITCHEN	14
	FAMOUS FAMIGLIA PIZZERIA	11
	JOHNNY ROCKETS	10
	WOLFGANG PUCK EXPRESS	10
	KFC	9
	GREAT STEAK & POTATO COMPANY	7
	GORDON BIERSCH	6
	COLD STONE CREAMERY	4
	EINSTEIN BROS. BAGELS	4
	MANCHU WOK	4
	DICKEY'S BARBECUE PIT	3
	MAUI TACOS	3
	A&W RESTAURANTS	2
	BRUEGGER'S	2
	DUNN BROTHERS COFFEE	2
	GODFATHER'S PIZZA	2
	HÄAGEN-DAZS	2
	ON THE BORDER	2
	RUBY'S DINER	2
	TONY ROMA'S	2
	WALL STREET DELI	2
	SUBWAY	2
	360 GOURMET BURRITOS	1
	BLIMPIE	1
	PINKBERRY	1
	RANCH1	1
	SALSARITA'S FRESH CANTINA	1
	TACO BELL	1
	T.G.I. FRIDAY'S/FRIDAY'S GRILL	1
	VILLA PIZZA/COZZOLI'S PIZZERIA/VILLA FRESH ITALIAN	1
	QDOBA MEXICAN GRILL	1
	HOWARD JOHNSON PLAZA HOTELS, HOTELS & LODGES	1
	LA QUINTA INN/LA QUINTA INN & SUITES	1
4	**HARMAN MANAGEMENT CORP.**	**431**
	KFC	276
	KFC/A&W	123
	LONG JOHN SILVER'S SEAFOOD	22
	PIZZA HUT	4
	LJS/A&W	3
	TACO BELL	3
5	**ARMY & AIR FORCE EXCHANGE SERVICE (AAFES)**	**430**
	BURGER KING	132
	CHARLEY'S GRILLED SUBS	69
	SUBWAY	39
	TACO BELL	31
	MANCHU WOK	30
	POPEYES LOUISIANA KITCHEN	28
	CINNABON	18
	BLIMPIE	14
	GODFATHER'S PIZZA	13
	CHURCH'S FRIED CHICKEN	12
	EINSTEIN BROS. BAGELS	12
	TACO JOHN'S	12
	PIZZA HUT	9
	CAPTAIN D'S RESTAURANT	6
	A&W RESTAURANTS	3
	CARVEL	1
	BASKIN-ROBBINS	1
6	**ARAMARK**	**358**
	EINSTEIN BROS. BAGELS	60
	QUIZNOS	60
	PIZZA HUT	39
	SUBWAY	37
	TACO BELL	23
	PAPA JOHN'S PIZZA	23
	SBARRO	19
	BLIMPIE	13
	KFC	11
	JAMBA JUICE	9
	CHILI'S	8
	EXTREME PITA	7
	MOE'S SOUTHWEST GRILL	5
	BEN & JERRY'S SCOOP SHOP	4
	BURGER KING	4
	CARIBOU COFFEE	3
	WENDY'S	3
	PIZZA FUSION	3
	A&W RESTAURANTS	2
	BACK YARD BURGERS	2
	COSÌ	2
	MCALISTER'S DELI	2
	TIM HORTONS DONUTS/TIM HORTONS	2
	SEATTLE'S BEST COFFEE	2
	BEEF 'O' BRADY'S FAMILY SPORTS PUB	1
	CAMILLE'S SIDEWALK CAFÉ	1
	CARL'S JR.	1
	CHEEBURGER-CHEEBURGER	1
	COLD STONE CREAMERY	1
	HARDEE'S	1
	IHOP	1
	NATHAN'S	1
	RAISING CANE'S	1
	ROUND TABLE PIZZA	1
	TOGO'S EATERIES	1
	DENNY'S	1
	DUNKIN' DONUTS	1
	LONG JOHN SILVER'S SEAFOOD	1
	NOBLE ROMAN'S/TUSCANO'S ITALIAN STYLE SUBS	1
7	**BODDIE-NOELL ENTERPRISES INC.**	**347**
	HARDEE'S	338
	MOE'S SOUTHWEST GRILL	9
8	**STRATEGIC RESTAURANTS ACQUISITION COMPANY LLC**	**297**
	BURGER KING	279
	T.G.I. FRIDAY'S/FRIDAY'S GRILL	18
9	**KAZI MANAGEMENT**	**281**
	KFC	205
	BURGER KING	24
	TACO BELL	18
	PIZZA HUT	13
	LONG JOHN SILVER'S SEAFOOD	11

2012 Multi-Brand 50

	KFC/A&W	9
	A&W RESTAURANTS	1
10	**UNITED STATES BEEF CORP.**	**279**
	ARBY'S	274
	TACO BUENO	5
11	**PILOT TRAVEL CENTERS LLC**	**272**
	SUBWAY	149
	ARBY'S	46
	WENDY'S	42
	TACO BELL	13
	HOT STUFF FOODS	11
	PIZZA HUT	5
	CHESTER'S	2
	CHURCH'S FRIED CHICKEN	2
	KFC	2
12	**BRIDGEMAN FOODS/ERJ DINING**	**271**
	WENDY'S	151
	CHILI'S	120
13	**FUGATE ENTERPRISES INC.**	**270**
	PIZZA HUT	208
	TACO BELL	62
14	**SODEXO INC.**	**262**
	EINSTEIN BROS. BAGELS	58
	PIZZA HUT	56
	TACO BELL	24
	BURGER KING	16
	QUIZNOS	16
	WOW CAFE & WINGERY	15
	SUBWAY	13
	KFC	8
	BLIMPIE	7
	NRGIZE LIFESTYLE CAFÉ	6
	A&W RESTAURANTS	5
	JAMBA JUICE	5
	SBARRO	5
	GODFATHER'S PIZZA	4
	HOT STUFF FOODS	4
	NATHAN'S	4
	PAPA JOHN'S PIZZA	4
	MANCHU WOK	2
	BLUE COAST BURRITO	1
	CARL'S JR.	1
	DAIRY QUEEN/DQ	1
	DAIRY QUEEN/ORANGE JULIUS TREAT CENTER	1
	MCALISTER'S DELI	1
	MOE'S SOUTHWEST GRILL	1
	PJ'S COFFEE OF NEW ORLEANS	1
	RED MANGO	1
	SURF CITY SQUEEZE	1
	SEATTLE'S BEST COFFEE	1
15	**LOVE'S TRAVEL STOPS & COUNTRY STORES**	**234**
	SUBWAY	112
	ARBY'S	34
	CHESTER'S	24
	GODFATHER'S PIZZA	16
	MCDONALD'S	15
	HARDEE'S	13
	CARL'S JR.	8
	DENNY'S	8
	SONIC DRIVE-IN	1
	TACO BELL	1
	WENDY'S	1
	BASKIN-ROBBINS	1
16	**JRN INC.**	**213**
	KFC	204
	LONG JOHN SILVER'S SEAFOOD	7
	PIZZA HUT	1
	TACO BELL	1
17	**TA OPERATING LLC**	**190**
	POPEYES LOUISIANA KITCHEN	46
	SUBWAY	41
	TACO BELL	36
	PIZZA HUT	31
	BURGER KING	28
	KNIGHTS INN	2
	A&W RESTAURANTS	1
	TACO TIME	1
	TIM HORTONS DONUTS/TIM HORTONS	1
	QUIZNOS	1
	RODEWAY INNS	1
	TRAVELODGE	1
18	**THE PANTRY INC.**	**169**
	SUBWAY	140
	CHURCH'S FRIED CHICKEN	10
	QUIZNOS	9
	DAIRY QUEEN/DQ	4
	MR. PAYROLL	3
	CHESTER'S	2
	BOJANGLES'	1
19	**BR ASSOCIATES INC./SIDAL INC.**	**164**
	LONG JOHN SILVER'S SEAFOOD	104
	WENDY'S	32
	DENNY'S	19
	GRANDY'S	9
20	**QUALITY DINING INC.**	**163**
	BURGER KING	115
	CHILI'S	48
21	**TACALA LLC**	**163**
	TACO BELL	161
	LONG JOHN SILVER'S SEAFOOD	2
22	**BORDER FOODS INC.**	**161**
	PIZZA HUT	80
	TACO BELL	73
	KFC	4
	LONG JOHN SILVER'S SEAFOOD	4
23	**K-MAC ENTERPRISES INC.**	**155**
	TACO BELL	150
	GOLDEN CORRAL	4
	LONG JOHN SILVER'S SEAFOOD	1
24	**CEDAR ENTERPRISES**	**142**
	WENDY'S	141
	SOUTHERN TSUNAMI	1
25	**PALO ALTO INC.**	**142**
	PIZZA HUT	76
	TACO BELL	45
	KFC	18
	LONG JOHN SILVER'S SEAFOOD	3
26	**MUY BRANDS LLC**	**141**
	LONG JOHN SILVER'S SEAFOOD	50
	PIZZA HUT	47
	LJS/A&W	18
	TACO BELL	14
	KFC	12
27	**V & J HOLDING COMPANIES INC.**	**141**
	PIZZA HUT	65
	BURGER KING	36
	AUNTIE ANNE'S	26
	THE COFFEE BEANERY	9
	HÄAGEN-DAZS	5
28	**RESTAURANT MANAGEMENT COMPANY OF WICHITA INC.**	**139**
	PIZZA HUT	132
	KFC	6
	LJS/A&W	1
29	**W2005/FARGO HOTELS (POOL C) REALTY LP**	**134**
	FAIRFIELD INN/INN & SUITES	36
	RESIDENCE INN BY MARRIOTT	26
	COMFORT INN, SUITES, AND HOTELS	23
	COURTYARD BY MARRIOTT	15
	HAMPTON INNS/INNS & SUITES	9
	HOMEWOOD SUITES BY HILTON	8
	COUNTRY INNS & SUITES BY CARLSON	5
	HOLIDAY INN EXPRESS	5
	TOWNEPLACE SUITES BY MARRIOTT	3
	SLEEP INN	2
	SPRINGHILL SUITES	2
30	**CHARTER FOODS INC.**	**130**
	LONG JOHN SILVER'S SEAFOOD	78
	TACO BELL	39
	LJS/A&W	10
	KFC	2
	PIZZA HUT	1
31	**VALENTI MANAGEMENT LLC**	**129**
	WENDY'S	112
	CHILI'S	17
32	**APEX RESTAURANT MANAGEMENT**	**125**
	LONG JOHN SILVER'S SEAFOOD	94
	LJS/A&W	31
33	**WISCONSIN HOSPITALITY GROUP LLC**	**120**
	PIZZA HUT	82
	APPLEBEE'S	38
34	**MJKL ENTERPRISES MIDWEST LLC/LEVECKE AND COMPANY LLC**	**119**
	HARDEE'S	60
	CARL'S JR.	59
35	**JEM RESTAURANT GROUP INC.**	**112**
	PIZZA HUT	90
	TACO BELL	22
36	**LUIHN FOUR INC.**	**111**
	KFC	62
	TACO BELL	40
	LONG JOHN SILVER'S SEAFOOD	7
	KFC/A&W	1
	PIZZA HUT	1
37	**BRIAD RESTAURANT GROUP LLC**	**106**
	T.G.I. FRIDAY'S/FRIDAY'S GRILL	66
	WENDY'S	40
38	**D&D FOODS/WAGSTAFF MANAGEMENT**	**106**
	KFC	78
	KFC/A&W	20
	TACO BELL	4
	LONG JOHN SILVER'S SEAFOOD	4

39	**SUN HOLDINGS LLC**	**103**
	POPEYES LOUISIANA KITCHEN	64
	GOLDEN CORRAL	34
	DENNY'S	5
40	**NATIONAL AMUSEMENTS**	**100**
	BEN & JERRY'S SCOOP SHOP	45
	NATHAN'S	29
	SBARRO	26
41	**COMPASS GROUP USA INC.**	**98**
	PAPA JOHN'S PIZZA	25
	QUIZNOS	22
	SUBWAY	14
	EINSTEIN BROS. BAGELS	13
	SALSARITA'S FRESH CANTINA	7
	JAMBA JUICE	3
	SBARRO	3
	NOBLE ROMAN'S/TUSCANO'S ITALIAN STYLE SUBS	3
	BEN & JERRY'S SCOOP SHOP	2
	GORDON BIERSCH	2
	A&W RESTAURANTS	1
	CHEEBURGER-CHEEBURGER	1
	JERRY'S SUBS & PIZZA	1
	DUNKIN' DONUTS	1
42	**KAIZEN RESTAURANTS INC.**	**96**
	DENNY'S	62
	BURGER KING	34
43	**RAHEEL FOODS INC.**	**96**
	KFC	43
	LONG JOHN SILVER'S SEAFOOD	33
	LJS/A&W	8
	PIZZA HUT	6
	A&W RESTAURANTS	3
	KFC/A&W	2
	TACO BELL	1
44	**THE JAN COMPANIES**	**93**
	BURGER KING	91
	POPEYES LOUISIANA KITCHEN	2
45	**BURGERBUSTERS INC.**	**90**
	TACO BELL	80
	PIZZA HUT	10
46	**THOMAS & KING INC.**	**90**
	APPLEBEE'S	89
	CARINO'S ITALIAN GRILL	1
47	**ZANCANELLI MANAGEMENT CORP.**	**84**
	KFC	69
	TACO BELL	7
	LONG JOHN SILVER'S SEAFOOD	4
	KFC/A&W	3
	PIZZA HUT	1
48	**W2007 EQUITY INNS REALTY LLC**	**83**
	HAMPTON INNS/INNS & SUITES	32
	RESIDENCE INN BY MARRIOTT	23
	COURTYARD BY MARRIOTT	14
	SPRINGHILL SUITES	6
	HILTON GARDEN INN	1
	HOLIDAY INN	1
	EMBASSY SUITES HOTELS	1
	COMFORT INN, SUITES, AND HOTELS	1
	FAIRFIELD INN/INN & SUITES	1
	TOWNEPLACE SUITES BY MARRIOTT	1
	HOLIDAY INN EXPRESS	1
	BAYMONT INN	1
49	**BAGSHAW ENTERPRISES INC.**	**82**
	TACO BELL	43
	KFC	19
	LONG JOHN SILVER'S SEAFOOD	17
	PIZZA HUT	2
	KFC/A&W	1
50	**WEST QUALITY FOOD SERVICE INC.**	**82**
	KFC	67
	TACO BELL	9
	LONG JOHN SILVER'S SEAFOOD	6

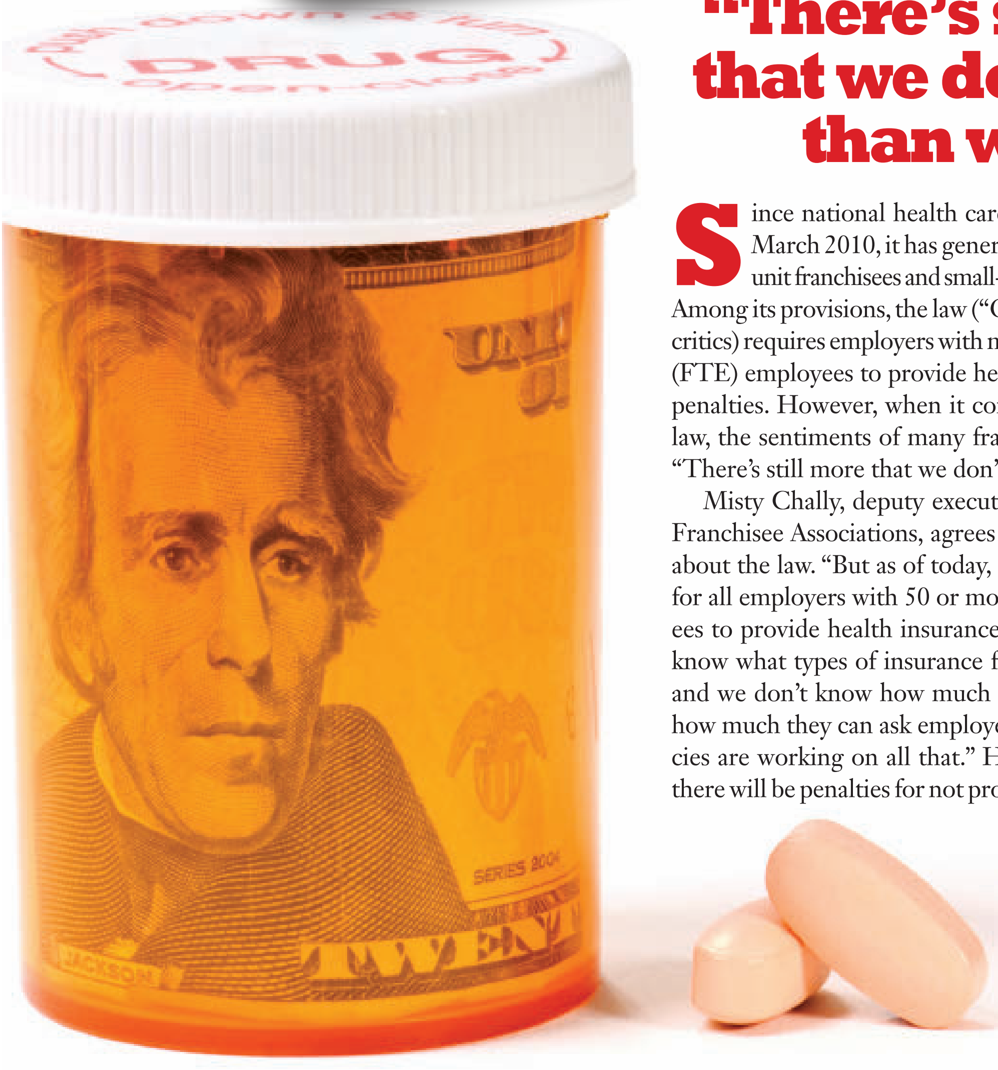
TOP 25 BRANDS OF THE 2012 MULTI-BRAND 50

1	PIZZA HUT*	3,217
2	KFC*	1,098
3	TACO BELL*	903
4	BURGER KING	838
5	SUBWAY	547
6	WENDY'S	522
7	LONG JOHN SILVER'S SEAFOOD*	448
8	HARDEE'S	412
9	ARBY'S	354
10	CHILI'S	235
11	KFC/A&W*	159
12	QUIZNOS	156
13	POPEYES LOUISIANA KITCHEN	154
14	EINSTEIN BROS. BAGELS	147
15	APPLEBEE'S	127
16	SBARRO	105
17	DENNY'S	95
18	TGI FRIDAY'S/FRIDAY'S GRILL	85
19	LJS/A&W*	71
20	CARL'S JR.	69
21	CHARLEY'S GRILLED SUBS	69
22	CINNABON	65
23	NATHAN'S	55
24	PAPA JOHN'S PIZZA	52
25	BEN & JERRY'S SCOOP SHOP	51

*Co-branded concepts from Yum Brands (KFC, Taco Bell, Pizza Hut) may cause totals to be inflated; Yum sold off its A&W and Long John Silver's brands in 2011.

BY DEBBIE SELINSKY

Health-Scare REFORM



"There's still more that we don't know than we do."

Since national health care reform was signed into law in March 2010, it has generated strong reaction from multi-unit franchisees and small-business owners across the nation. Among its provisions, the law ("Obamacare" to its opponents and critics) requires employers with more than 50 full-time-equivalent (FTE) employees to provide healthcare insurance or face harsh penalties. However, when it comes to the actual impact of the law, the sentiments of many franchisees can be summed up as, "There's still more that we don't know than we do."

Misty Chally, deputy executive director of the Coalition of Franchisee Associations, agrees there's still much to be learned about the law. "But as of today, in 2014 there will be a mandate for all employers with 50 or more full-time-equivalent employees to provide health insurance coverage," she says. "We don't know what types of insurance franchisees will have to provide, and we don't know how much employers will have to pay and how much they can ask employees to pay. The regulatory agencies are working on all that." However, she adds, it's clear that there will be penalties for not providing healthcare insurance that


An American Tradition for 70 years.

DQ Grill & Chill®

DQ® Orange Julius®

Like our irresistible treats, mouthwatering eats and refreshing beverages, the opportunity to become a **DQ Grill & Chill® or DQ® Orange Julius®** franchisee might be just too good to pass up.

- 95% consumer brand recognition
- Flexible floor plans and buildings
- World famous DQ® treat and food items
- Award-winning national advertising
- Exceptional support services

Check out our Own a DQ page for more information about purchasing your own franchise.

Visit **www.dq.com** to learn more.

American Dairy Queen Corporation, P.O. Box 390286, Minneapolis, MN 55439 This is not an offer to sell a franchise. An offer can only be made by prospectus. ® and © 2011 Am. D.Q. Corp. DQ0511-5

CAPITALIZE on those with **CAPITAL TO SPEND**

[The Wall Street Journal delivers qualified **FRANCHISE PROSPECTS.**]

The Wall Street Journal is **#1 in delivering the affluent** with an average **HHI of $313,439** and an average value of liquid assets of **2 million+**

Showcase your franchise for sale every **Thursday in Personal Journal** and online every day at **WSJ.com/Franchising**

For more information contact Tamara McHugh 312-750-4053 or tamara.mchugh@wsj.com

THE WALL STREET JOURNAL.
Franchising

Sources: 2010 Mendelsohn Affluent; Head of Household Survey, HHI $100k+

©2011 Dow Jones & Company, Inc. All Rights Reserved. DOW JONES A News Corporation Company

Misty Chally

"This could all be devastating to franchisees because they'd have to include these costs, yet to be defined, in their budgets and be very careful when deciding how many people—part-time and full-time—to hire."

regulators consider "adequate" based on an employee's ability to pay.

"This could all be devastating to franchisees because they'd have to include these costs, yet to be defined, in their budgets and be very careful when deciding how many people—part-time and full-time—to hire," Chally says. Once multi-unit franchisees reach the 50 FTE threshold, they would have to provide health insurance for every employee, likely paying at least 50 percent of the premiums. "These are significant costs, especially in times when franchisees are struggling to make any profits."

Legal, political question marks

Chally suggests multi-unit franchisees follow U.S. Supreme Court hearings slated for the end of March. when the Court will hear a suit filed by 26 states on the legality of requiring individuals to purchase health insurance. This could also affect the employer mandate, says Chally, because the law does not include a severability clause. "If there is no severability clause, if one provision is deemed illegal the rest of it goes down, too. Even if they did sever the two clauses, it would be hard for the entire law to proceed without the individual mandate," she says.

Another opportunity for repeal or revision of the mandate could emerge this November, Chally says. "The elections are key. If the Senate and the White House don't swing to the Republican side, the laws are going to be hard to reverse."

IFA President and CEO Steve Caldeira says the employer mandate in the law will hit multi-unit franchisees and small business hard. "Clearly the new law places undue burdens that really hurt small businesses and franchisees and their employers," he says, pointing to a study the IFA conducted last fall with the Hudson Institute. "The study shows that the new law could result in the loss of up to 3.2 million jobs in franchising, while costing $6.2 billion to implement—and that doesn't even include the cost of compliance," he says (see page 58).

Other fallout identified in the study could be fewer full-time employees and reduced hours that could force employees to find other work to make up for the lost hours. "Multi-unit franchisees will be trying to work around that 50 full-time-equivalent number because of their already slim profit margins. And that doesn't take into account the still-high unemployment rate and a million veterans who will be coming home over the next five years," he says.

Franchisees, says Caldeira, have an important role to play as 2014 approaches. "We're trying to educate our members at the convention and with webinars and prepare them for what will go into effect in 2014—while encouraging them at the same time to be small-business advocates and ambassadors for the franchise community, to let our elected officials know what the employer mandate would mean for net job losses, and to support pro-business candidates in the upcoming elections."

The IFA, he says, continues to work with members of Congress and the administration "to peel back the onerous, costly provisions" that adversely affect franchisees and small business, and to draw attention to other issues such as access to capital, work force policy, and support for veterans. One success came with the repeal of the requirement that would have forced businesses to send out 1099 forms for vendors they've paid as little as $600. And in February, Congress and the administration managed to agree on extending the payroll tax cut through year-end, to continue unemployment benefits, and to avert a serious cut in doctors' Medicare fees. However, in terms of additional favorable developments coming out of Washington, says Caldeira, "I'm not certain how much is going to be accomplished this year."

Paperwork nightmares

Rank and file multi-unit franchisees have

"Clearly the new law places undue burdens that really hurt small businesses and franchisees and their employers."

Steve Caldeira

"I guess I'm like a lot of other people I've spoken with: I'm hoping the law will get repealed or revised before it kicks in."

Greg Cutchall

a lot to consider, says Greg Cutchall, who operates 57 locations spread among 8 brands (including Famous Dave's, Sonic Drive-In, Twin Peaks, and Domino's Pizza) in five states (Nebraska, Iowa, Kansas, Texas, and Utah). He describes the employer mandate as "flawed." "I think it's the right idea but the wrong execution," he says. "Part of me says there's merit to all of us having insurance, because one of the reasons the rates are so high is that only people who need it buy it. But on the other hand, should anyone be forced to do anything?"

Cutchall admits he has nightmares about the volume of paperwork that would be involved in compliance if the mandates go into effect. "That would be especially tough for the restaurant industry, which has higher than normal turnover," he says. "I guess I'm like a lot of other people I've spoken with: I'm hoping the law will get repealed or revised before it kicks in."

Like many multi-unit franchise organizations in recent years, Cutchall's company has been forced to cut back on the portion of insurance premiums it pays for employees. "We hated to do it, but if their portion is even $10, the young people say, 'No thanks.' It makes the group more high-risk and raises everybody's rates if you can't get your young managers to pay," he says.

Currently, the portion Cutchall's company pays depends on the level of the employee. "If it's a partner in a division—and there are only a couple of those—we pay 100 percent. If an employee is administrative, or an office worker, or a GM, we pay 75 percent. Below that, assistant managers get 50 percent, and we allow other employees who work a certain number of hours and have been with us for a while to participate in our plan at their own expense. That's still cheaper than they could get it as an individual," he says.

Tighter margins every year have become a fact of life, he says—something that can be worrisome. "It's all the nickel and diming. The other day when I was signing checks, there were 15 out of 60 that I didn't know who the companies were. I said, 'What are we buying from this company?' Most of them were legitimate line items, but it can be overwhelming," he says. "A restaurant that did $1 million five years ago definitely made more money than a restaurant making $1 million this year." One certainty in the ongoing debate: paying more for employee healthcare insurance certainly won't help the bottom line.

Red tape and red flags

Gary Grace, who operates 37 Supercuts in Southern California, also sees red flags ahead. "What we see as problems are the massive red tape and the highly possible potential for penalties because there are so many different regulations about who qualifies and who doesn't," he says. "Complex compliance combined with severe penalty possibilities if you're not 100 percent compliant is expensive and translates eventually into higher prices and costs for consumers. While the red tape is not easy, we can deal with it. The potential for penalties is a different story."

Grace recently experienced what he sees as an example of the future if the employer mandate goes into effect. "I'm just coming off a class-action lawsuit against me because I mistakenly underpaid 700 employees over a four-year period. The amount I underpaid totaled $8,000, but the lawsuit asked $15 million in penalties. Of course, I paid the employees what I owed them, but was still subject to the suit. I won't be paying $15 million, but it will cost me about $300,000 for that $8,000 mistake. That's the kind of stuff that keeps you awake at night."

Gary Grace

Everyone who works at Grace's Supercuts salons for 30 or more hours a week is eligible for health insurance, he says. A small number who were grandfathered in are covered at 100 percent, while all new employees are covered for 75 percent of their health insurance costs. "Some people don't take it," he says. "The most common reason is that they're already covered under a spouse. Then there are the young people who have no medical bills and don't feel it's necessary to pay the 25 percent. Others just don't want to pay the 25 percent." Grace says his company has "good policies" that run close to $400 a month.

To date, the answer to rising costs for his company hasn't been to reduce benefits or lay people off, Grace says. "We've been reluctant to reduce benefits. We have done that a little over the years. Our co-pay for a doctor's visit is now $30; it was $10 about 10 years ago. When our premiums increase, we look at the coverage and make minor tweaks to keep premiums somewhat in line. We had a big increase for this year. I was surprised at how much."

Compliant *and* penalized

Rob Branca, with 60 Dunkin' Donuts and 5 Baskin-Robbins units in

Rob Branca

> **“Unfortunately, this plan has increased coverage but done zero to address the cost of healthcare. People forget that insurance and healthcare are completely different.”**

New England, lives in Massachusetts, where state healthcare insurance reform was enacted under former Gov. Mitt Romney in 2006. That law (“Romneycare” to its opponents and critics), many say, was the model for the new federal plan. “So I can tell you exactly what this will mean, both personally and professionally,” he says.

“From a personal perspective, it’s been harder to get in to see a doctor. Wait times are longer and service is not as good as it used to be. Prices have gone up. Not only has it not saved money, but cost increases are accelerating more rapidly than before. The most perverse thing I see is how the penalty system works. You can be compliant and still get penalized.”

That happens because the law determining whether a plan is “appropriate” is so subjective, says Branca, who also is an attorney. “Most of our employees are not the primary breadwinners, and their spouse or parent already has them on a plan. So we have a shop of fully insured people on other plans and a few who sign up for our plan, but we still get penalized. We pay thousands of dollars every quarter,” he says. “The problem is that the program is already broke, so it doesn’t want to give up any of the money it gets in penalties by trying to fix the regulations. Companies are following the laws and are still paying penalties.”

The Dunkin’ Donuts Franchise Owners FedPAC, the Coalition of Franchisee Associations, and others are working hard to get these issues addressed in Massachusetts through regulations, says Branca, but it’s tough sledding. “The Supreme Judicial Court of Massachusetts just struck down a regulation that limits the ability of legal immigrants to participate in the plan. That’s unconstitutional, but it saved the state $150 million for a year,” says Branca, whose wife’s family emigrated from Portugal to become major Dunkin’ Donuts franchisees all across New England. (For an in-depth profile, see *Multi-Unit Franchisee* magazine, 4Q11.)

Branca’s company offers health insurance to all full-time employees and pays 50 percent of the premiums. “In Massachusetts, we’re required to pay 30 percent, but we pay 50, and we paid more before this law was passed. We’re not allowed to go across state lines for other plans with better rates. I don’t mind providing insurance as a benefit, because in our industry we want to keep turnover low since that affects our bottom line more than anything. But at some point it becomes ridiculous,” he says. “Unfortunately, this plan has increased coverage but done zero to address the cost of healthcare. People forget that insurance and healthcare are completely different.”

The IFA’s Caldeira says he continues to have confidence in the nation’s franchisees and small businesses. “We’re fighting on the Hill every day, reminding our elected officials that 64 percent of all net jobs in our country started with small business.” Franchising, he says, is poised for modest growth in 2012 that should equate to about 168,000 new jobs and 14,000 new establishments. “But the franchise business could grow so much faster if there were greater long-term certainty on issues such as credit access, healthcare and tax reform, and a less burdensome regulatory climate—one that enables rather than stifles the kind of growth this country so desperately needs,” he says.

Grace of Supercuts has one more suggestion for fellow multi-unit franchisees: “At this point, praying is a good idea.” MUF

Study Shows Reform’s Costs

The following is adapted from the IFA-Hudson Institute report, “The Effects of the Patient Protection and Affordable Care Act on the Franchise Industry,” September 2011. Full copies and summaries can be found on the IFA and Hudson Institute websites.

The report was based in part on employment and insurance data from 15 franchise businesses from a wide range of industries: 6 franchisors, 8 multi-unit franchisees, and 1 single-unit franchisee. Tables show how the law encourages businesses to reduce their number of full-time employees and shift to part-time and temporary employees to gain tax credits, reduce costs, or both; and how the cost per employee increases as the number of full-time employees increases.

For example, a franchisee with several locations and 49 employees who does not offer health insurance for its full-time employees decides to hire a 50th employee. This triggers the $2,000 penalty, as follows: $2,000 per worker multiplied by 50 employees, minus an exemption for the first 30 workers. This results in $2,000 times 20 employees, or $40,000 annually.


BEST BURGER
Voted
No.1
AWARD-WINNING
Jakes UPTOWN®
BURGERS, BEER & ATMOSPHERE
IT'S ALL HERE!
BURGERS, BEER & ATMOSPHERE
Award-winning burgers
Full service
HD sports
Est. 1985
www.jakesburgers.net
Franchise Video

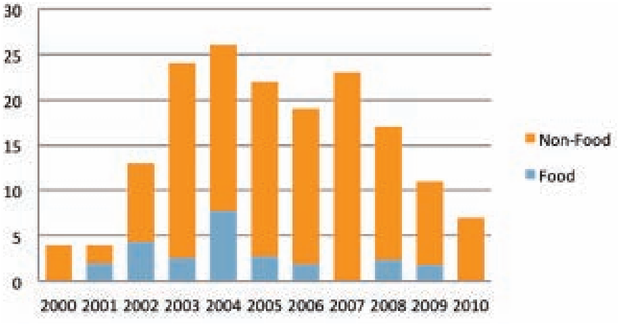
Franchising in the Health Industry

FRANdata reports on growth in franchised health brands

With increased consumer awareness about health, you would expect to see a rise in franchised concepts related to health food. After all, if brands with menus that are less-than-focused on healthy fare are offering more greens, why not build a whole brand and franchise concept around a rising trend?

Yet, between 2000 and 2010, the large majority of brands that started franchising in the health industry remained in non-food categories. And, since peaking in 2004, the number of new franchised food brands in the health industry has declined.

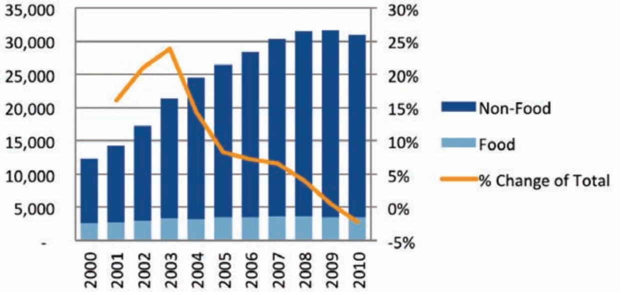
Brands Starting to Franchise in the Health Industry



Number of units

Brands such as Green Leaf's Beyond Great Salads! or Fresh Healthy Café offer healthy food choices, but remain relatively small, with exceptions such as Roly Poly sandwiches, which operates about 100 franchised establishments. Brands operating in the health food retail sector, such as Complete Nutrition or Enzafruit Products, have fewer than 70 units. And while GNC enjoys healthy brand recognition, overall this sector has lost market share in terms of franchised units. In fact, food-related brands in the health industry halved their share of franchised units between 2000 and 2010.

Number of Food and Non-Food Franchised Units in Health-Related Sectors

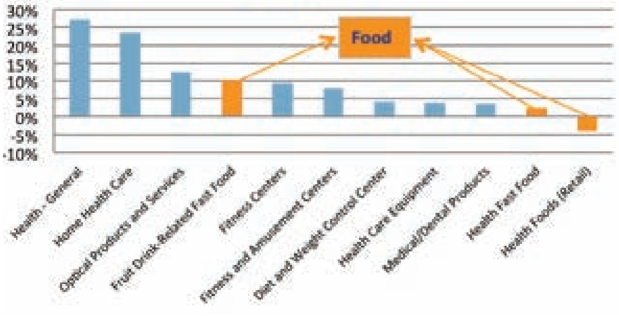


Sectors by unit growth rate

FRANdata tracks 11 sectors in the health industry (see next graph). Overall, brands in these sectors increased their number of franchised units at a CAGR of 10% from 2000 to 2010. However, while non-food concepts grew at 11%, health food–related brands grew at a CAGR of only 3%, dropping their market share from 21% to 11%.

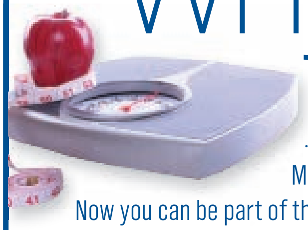
Between 2000 and 2010, the only food sector to show a double-digit increase in its CAGR for franchised units was fruit drink–related fast food. In the fast food sector, concepts in the health fast food sector increased their franchised units at a CAGR of 2%, while franchised units in the health foods retail sector decreased at a CAGR of 4% over the same period.

Health-Related Sectors by Franchised Unit Growth Rate 2000-2010



The Health-General sector showed the largest increase, a CAGR of 27%, driven primarily by brands such as HealthSource Chiropractic (287 units in 2010), Massage Envy (656 units in 2010), and Foot Solutions (219 units in 2010). Home Health Care also grew, mostly thanks to brands such as Comfort Keepers, Home Helpers, Home Instead Senior Care, Right at Home, Senior Helpers, and Visiting Angels—which, combined, operated almost 2,400 franchised units in 2010, accounting for 70% of franchised units in this sector. Still, given the country's demographics, brands in this sector remain unfazed about competition and continue to view the pie as large enough for more growth. MUF

Source: *FRANdata, "Franchising in the Health Industry: A Report on the Growth in Franchised Health Brands," January 2012.*



slimgenics

BY EDDY GOLDBERG

Best in Brand

RECOGNIZING FRANCHISEE OF THE YEAR WINNERS

Franchisors recognize the best performers in their system with a Franchisee of the Year award (or equivalent). For the winning franchisees, outstanding financial performance, adherence to system and operational standards, and a passion for their business, their brand, and their people are a given. What elevates them is their community involvement, their contributions to the system, and, for the more experienced operators, their desire to mentor their younger counterparts, just as they were mentored early in their own careers as franchisees.

STEVEN KEYS
U.S. LAWNS
Sharp as a Blade

In October 1998, Steven Keys converted his residential lawn care business to a U.S. Lawns franchise. He was 25 and had a child on the way. "I wanted to have a sustainable business, be out in the field, and know that if something happened to me the business would go on," he says. Today he operates eight U.S. Lawns franchises: seven in South Carolina, and one in Augusta, Ga.

Keys is the 2011 winner of the company's President's Award, given to an owner-operator who not only "consistently meets or exceeds all U.S. Lawns standards for customer satisfaction and revenue," but who also spends time "mentoring and leading other franchisees in the system to success." Keys also is a U.S. Lawns Hall of Fame member, sits on the company's Franchise Advisory Council, and is a member of the brand's Million Dollar Club.

Steven Keys (left) receiving the President's Award, with Regional Franchise Advisor Bill Turley.

"The reason I believe we've done so well is that while we basically cut grass for a living (that's how the outside world looks at it), for us in the service industry we're basically problem-solvers for people who don't have the time." There's also the small matter of getting your name out there and grabbing market share from the competition—skills Keys had to learn when he started as a franchisee.

"While there are many tools to help you sell, there's nothing more important than the cold call, in asking somebody for their business," he says. "While it can be the most uncomfortable way to sell because of rejection and time consumption, somebody's got to do it. You can send emails, flyers, etc., which works, but nothing is as valuable as a cold call, sales-wise. That's how I got to where I am now."

That's a far cry from when he started. "When I bought the U.S. Lawns franchise, I was not comfortable with sales. A U.S. Lawns guy came here, we went over the spiel during breakfast, and as soon as we were done, we went on a cold call, my first. I sold it and they're still a customer." Today, he says, "It's hard to go anywhere for dinner and not ask the manager who does their lawns."

When he began, however, in many ways he was flying blind. "When I joined U.S. Lawns, I knew nothing. I didn't know what a P&L was, or a balance sheet," he says. "One of the older franchisees, Mike Carlo, made himself available to me." Today Keys is the older (as in veteran) franchisee, thankful for the advice he received on the way up—and glad to dispense tips to the newer kids on the block.

His path toward becoming a U.S. Lawns franchisee started after he came home from college and worked a couple of years for a franchisee in the lawn spray business. "The owner of that franchise wanted to start cutting residential grass and asked me if I was willing to do that. He provided the up-front equipment." The partnership—and business—grew, and Keys took it over as a sole proprietorship.

"Another franchise owner I looked up to owned Taco Bells.

While I was doing residential lawns I worked for him," says Keys. "I found out about U.S. Lawns, got my franchise circular, and took it to him to read over it. At the time, I think U.S. Lawns would finance all but $5,000. He said, 'Five thousand dollars is not a whole lot of money. You might not understand that right now.'"

It's hardly been a one-way street for Keys. "There's no way I'm where I am today without the help of other U.S. Lawns owners," he says. "While the franchisor is very important, what you learn from the other owners is even more important." Beyond learning how to run the business and understand and manage his financials, Keys received plenty of advice from franchisees, including some you might not find in a manual—such as the time, early in his career, when a fellow U.S. Lawns franchisee told him, "You're an owner, you need to dress like an owner."

Says Keys, "That's what's great about the group of people at U.S. Lawns. They'll let you know what you need to be doing, give you a push in the right direction."

It's his time to return the largesse he's benefited from over the years—and he's eager to step into that role even more than he already has. "Now I do that, especially in South Carolina. I've gone through a lot of the trials and tribulations younger franchisees have not. That's my passion. I like helping other guys out." In fact, "We're always on the phone together and take vacations together," he says.

"The award is a validation that you're doing something the right way," he says. "Other franchisees notice that. You're succeeding so they trust you. It's the same thing I did: I watched Mike Carlo win awards. I was lucky he picked up the phone because he's a very busy person. Now I try to do the same thing. There's no way I would be here without the people who've helped me out."

KEVIN HATTON
FIREHOUSE SUBS
Making a Difference

"Who would have thought a pickle bucket could save someone's life?" That's a question Kevin Hatton, Firehouse Subs' Franchisee of the Year, has been asking since late 2009. That's when the Mount Pleasant (S.C.) Fire Department used a piece of equipment donated by the Firehouse Subs Public Safety Foundation to save the life of Francisco Tuttle. Tuttle, only 47 at the time, was at work as an MRI technician when he collapsed from Sudden Cardiac Arrest (SCA).

According to the Heart Rhythm Foundation, SCA is a leading cause of death in the U.S., accounting for about 325,000 deaths each year (nearly 1,000 a day!)—and is *not* a heart attack, but rather an "electrical problem" resulting from a heart rhythm disorder (ventricular fibrillation) that causes the heart to abruptly and unexpectedly stop functioning (cardiac arrest). Without emergency help, SCA leads to death within minutes. An estimated 95 percent of victims of cardiac arrest die before they reach a hospital or other source of emergency help. Tuttle is among the 5 percent who lived, thanks to that piece of donated equipment—and some luck.

The money to buy the equipment comes from a combination of sources: sales of pickle buckets and donations from customers, vendors, and the brand's owners. Each month, the sub shops sell thousands of the five-gallon buckets for $2 apiece. "Otherwise they'd be in a landfill," says Hatton, who operates five Firehouse Sub units in the Charleston, S.C., area. "And for $2 it comes with a nice lid," he quips.

To date, the Foundation has donated more than $3.5 million worth of equipment to 335 different communities in 22 different states. "Who knows how many lives we have touched through those contributions?" says Hatton. "How many Francisco Tuttles are out there?"

Choosing Firehouse was a "no-brainer for me," says Hat-

ton. His father was one of the brand's early franchisees, and Hatton, who came on board to help him run his store in 1998, was already a GM working his way up. "I didn't have to investigate another concept," he says.

Also, he says, "By being an EMT and firefighter I could relate to the founders, Chris and Robin—the same work ethic, the desire to please people and give them an exceptional experience they're not expecting. They may have had a bad day, you don't know," he says. "They don't expect someone to deliver their food and take their empty basket. They're not expecting it, so when they leave they end up thanking us."

For Hatton, now a former EMT and firefighter, the Foundation is just part of what he calls the "DNA" of Firehouse Subs. "We have a lot of great franchisees in the Firehouse community, and all of them are handpicked by the founding brothers and their team. Any one of them could be in my seat right now," he says. "It's a lot of really great people who make Firehouse what it is and create that special DNA we have."

So why was he selected as Franchisee of the Year? "I think it's mostly my dedication to growing my business financially and, just as important, growing it within the community as well," he says. One way he combines the two is through a local store marketing program that has boosted sales for the past 3 years at his five stores. "We go out every week and hit 100 businesses face to face, deliver goodie bags—a cookie, chips, a menu, a little magnet with the store's phone number and information about ordering, all in a brown bag we leave behind. We make a relationship with those businesses, with the receptionists behind the desk, and that builds just as much as radio spots," he says. This also provides him with another chance to talk to people about the Foundation.

"I've been doing it for 3 years religiously every Tuesday," says Hatton. "There's a science to why I do it Tuesdays: Mondays are too hectic, Wednesdays people are getting over the hump, Thursdays they're thinking about the weekend, and Friday they're checked out." There's even a science to what time the team goes out (between 9:30 and 10 a.m.), he says. "It gives people time to get into their office, go through their email, and settle in. We hit them before lunch, give them a goodie bag, and talk about how easy it is to order." This now includes the ability to order—and pay—online.

Hatton says he started this practice out of necessity. "The economy was tanking, business was down. I kind of brainstormed with other franchisees and we developed this little plan. It grew from 20 or 30 businesses, and now has ballooned to maybe 100 a week. I got my GMs in on it. Each week we do an area around a different store. All it takes is your time and your effort and $30, $40, $50 worth of product."

He says it's a lot cheaper than radio or TV, but it takes dedication. "I firmly believe in it. We turned a negative sales trend into a double-digit positive trend," he says. "It has to be an ongoing process, not an overnight success, and you've got to make the time to do it."

If you want to try this yourself, here's a tip from Hatton: "Make it brief. You don't want to take up a lot of their time, but you also want to deliver your message. The leave-behinds also create a good feeling. You're there at 10 a.m. intentionally. You want to be there when they're making their decision where to eat, and not after they've eaten or decided." And it's a technique that doesn't wear out over time. "We will rotate through the stores and areas. After a while you think you've blanketed the whole area, but the people who work there change," he says.

TAMMY IUSO
FIRSTLIGHT HOMECARE
People Are Better!

After 35 years of serving clients' corporate computer needs, Tammy Iuso (pronounced yu-zo) decided she likes serving people better. Don't get her wrong: she doesn't dislike computers, she just likes people more. The love shows: in her first year as a FirstLight HomeCare franchisee, she was named Franchisee of the Year.

The award recognizes Iuso for her "ability to exemplify FirstLight's Culture of Care and its service-oriented operating system, maintain highest measurements of client satisfaction, and achieve highest revenues for the last 12-month period; single territory owner." Iuso, based in Lake Mary, Fla., signed on for that single territory in July 2010 and opened for business in January 2011. She says the change has been huge—and wonderful.

"When I left the computer world I was a project manager professional. I traveled a lot and interfaced with the clients, but we talked software and computers. It's absolutely refreshing to speak with clients now," she says. "It's an extremely rewarding environment, much more than software."

Iuso says she got into her new line of work because of family issues. "I got tired of hearing about the lack of quality caregivers. Coming out of a corporate environment, I knew I could measure the level of quality. So I looked for a franchise that provided the technology platform, infrastructure, and methodology, as well as the experience to meet my needs."

And, in February, as a testament to her commitment to quality, Iuso received the Best of Home Care award from Home Care Pulse, an independent third-party organiza-


Tammy Iuso

B first in line

JOIN BURGER 21

AND TAKE A BITE OF THE $65 BILLION BURGER BUSINESS!

Burger 21®—a new fast casual franchise concept featuring 21 chef-inspired burger creations, hand dipped signature shakes and more—is ready to grow rapidly across the U.S.

- Special financial incentives available through June 2012
- 25+ years of franchising experience with owners of The Melting Pot Restaurants, Inc.

BURGER 21

SINGLE AND MULTI-UNIT FRANCHISING OPPORTUNITIES AVAILABLE!

Dan Stone
VP of Franchise Development
(813) 425-6208 • dstone@burger21.com
burger21franchise.com

Papa Murphy's PIZZA
Join the Take 'N' Bake Revolution™

Revolutionize your life

Ease of Operations

- No cooking, dining or delivery
- Limited operating hours
- Ongoing support staff

A Successful System

- Over 1,280 across the country
- Proven brand with a 30 year history
- Lower initial investment than other restaurants

800-257-7272 or PapaMurphys.com

2011 NATIONAL CHAINS SURVEY
#1 RATED ZAGAT PIZZA CHAIN

#1 Rated Pizza Chain in Zagat 2010 & 2011 National Restaurant Chains Survey®

6409_PM1211_FRNSLES_RSZE

© 2011 Papa Murphy's International LLC

It's not a test kitchen…

It's a 12,000-square-foot cash register with a family-friendly buffet conveniently attached.

- #1 in grill-buffet segment for 14 years by *Nation's Restaurant News*
- #1 franchise in the buffet restaurant category by *Entrepreneur Magazine* (Jan. 2012 issue)
- 177.2 million guests served in 2011
- 15 new entities signed franchise development agreements in 2011
- 482 restaurants in 40 states (387 franchised, 95 company-operated) as of 12/28/11
- 21 new Golden Corrals opened in 2011—one every 12 business days
- 21 Golden Corral restaurants projected to open in 2012
- Third-party financing available from more than 40 of the nation's leading lenders

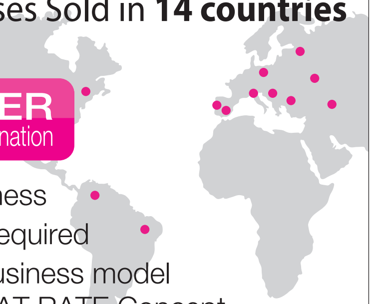
Franchises available nationally
with third-party verification of $2.5 million net worth with $500,000 cash or cash equivalents

golden corral Buffet & Grill

IFA Franchising MEMBER

goldencorralfranchise.com/muf1
800-284-5673 ext. 4479, Annette Bagwell

OVER 1,300 Franchises Sold in **14 countries** in **under 3 years!**



WORLD LEADER
IPL Hair Removal & Skin Rejuvenation

- Easy to operate business
- NO EXPERIENCE is required
- Proven successful business model
- Revolutionary $49 FLAT RATE Concept
- Cutting-edge IPL (intense pulsed light) technology and products

Join the booming, recession-proof, med-spa industry with the Entrepreneur Magazine Franchise500 #1 New Franchise and #1 in Personal Care Category!

no+vello©

www.nomasvellousa.com

VISIT OUR WEBSITE
to explore the No+Vello interactive brochure

866-NMV-1011

tion that measures client and caregiver satisfaction for home care agencies.

The level of personal attention Iuso provides is a key contributor to her first-year success. "I meet all my clients, particularly the first time," she says. "I'm very, very close to most of my clients. They know they can call me and talk to me." Once they're on board, she says, "I make it a point to visit them once or twice a month, free of charge."

Iuso also spends time with the approximately 35 caregivers she employs to provide her clients with companion and personal care. This allows her to build solid relationships with the providers and to get to know them as people. "I make it a point to put somebody in each home who matches the client. Not everybody's going to mingle with everybody," she says. She also takes the extra step of introducing the caregiver or case coordinator to the client, and has an R.N. visit the home, primarily for an assessment.

Iuso appreciates the recognition from FirstLight. She also knows there's more to success than any franchisor can provide. "They give me great support. One of the reasons you buy into a franchise is branding, but they're not building a brand name for you," she says. "A franchisor is only going to give you the information they have. It's up to you to make it happen."

That means marketing. "One thing I've noticed is that even though they had the readymade book for Marketing 101 and guide you in what to say and what not to say, you have to find the marketing methodology and referral sources that work best for you," she says. What works for Iuso is showing up in her marketplace—but in a focused way, and after doing extensive research. "You have to know your market—who's out there," she says. For example, when she started with FirstLight, she "went out to the masses." That didn't work very well. "There's no way it's effective for me to go to a gazillion places a week and get one referral."

Instead, she stays focused on what's going on in the industry, educating herself on the market, and understanding the demographics in her territory. Should she focus on long-term care? Seniors? Disabled adults? "There are a lot of knee surgeries going on, so I looked there," she says. To help her achieve her goals, she's now hired a marketing person.

"The most important thing for me is just putting myself out there and really enjoying what I do," she says. "If you're going to get into a franchise, you have to love what you're going to do." And, she adds, "Get people who love what they're doing under you."

SMASHBURGER
SUNWEST BURGERS
Staying Ahead of the Game

Smashburger is the newest venture for a restaurant group with origins tracing back 50 years to a Yreka, Calif., family franchising Sambo's restaurants. And it's a big venture: 30 Smashburgers in 7 years in the Maricopa County/Greater Phoenix area.

When the agreement was announced in January 2009, SunWest was Smashburger's fourth franchisee, which earned them membership in the brand's "Founders Club" (reserved for the brand's first five large franchisees). In two years, the group has opened eight units: the first in October 2009, the eighth this past February.

Kurt Riske (left) with Scott Hairston of the NY Mets (center) and David Doty (right). Hairston, the "ceremonial smasher" for the grand opening of a Smashburger in Phoenix, is not financially involved.

The franchisee, Sunwest Burgers, is a subsidiary of Phoenix-based SunWest Restaurant Concepts, and has three partners: David Doty (managing partner), Robin Yoshimura, and Chuck Riske. At the parent company, Doty is CEO, Yoshimura president, and Riske vice president of operations.

The parent company operates two other brands in the western U.S.: Jerry's Restaurants, which peaked at 40 locations, but now is down to about half a dozen; and the Black Bear Diner, started in 1995 in Mt. Shasta, Calif. Altogether, the organization operates 23 restaurants.

"We've been shutting down the Jerry's, keeping the profitable ones and converting others to Black Bears," says Kurt Riske, brand manager for the new venture (and son of Chuck Riske, who joined SunWest in 1986). Previously, he was the GM of three different Black Bear diners before being promoted to do training and local marketing. In essence, says the younger Riske, "I'm operations."

According to Smashburger, the award "identifies the franchise group that exemplifies excellence in all areas, demonstrating a drive for success, passion for the brand, extraordinary customer service, and attention to detail." Says Riske, "We're shooting for perfection every day, or close to it."

One big difference that sets his Smashburger group apart, says Riske, is the quality of the people he's hired to operate the restaurants. "Our guys are just so passionate about what they're doing. It separates us from the managers who collect their paycheck and go home. They breathe Smashburger daily," he says.

One interesting twist: he's hired longtime friends to operate the restaurants. "There are plenty of people you can interview, but once you get them started, they might turn out to be lazy, or not have the management style you're looking for," he says. "When you're hiring your friends, you know who they are."

In fact, Riske has hired three of his five "best friends in the world" who, he says, are motivated and doing a great job.

"Several I've known for 15 years. I know their work ethic," he says. "The people I have working for me really go above and beyond to make sure the product's right and the customers are taken care of. They have the same attitude as I do."

In some ways, Riske says working with his best friends is great fun. However, he says, they have it tougher than some of the other managers. "I let them know when they hired on that they were jumping in front of people, and that I would write them up if they're not performing. They haven't let me down so far."

The value—and importance—of teamwork is big for Riske, who played baseball in college and in Europe. "I'm very team-oriented. That's how I run my business." He sent all his GMs to all the other restaurants, before starting in their own, to see the differences at each—and be able to pitch in at other units if needed. "We're a complete team," he says.

Riske says he pays his managers more than other QSR businesses in the area. Managers also can earn a monthly bonus of up to $750, depending on secret shops, cost of labor, sales projections, ticket times, safety audits, etc. Most come close to the full bonus amount each month, he says.

He also likes his GMs to *manage*, not to perform the jobs of the people they're supposed to be managing. "I'm thinking three, four, five pitches ahead," he says, and expects his managers to do the same. In early 2010, he says, "I was frustrated with my team. Managers were running around getting food, not staying ahead of the game."

So he created a guide for them and called it "Staying Ahead of the Game"—his response to the nagging question he'd been asking himself: "How can they know what I know so they don't make the same rookie mistakes I made when I was a manager?" Once he'd learned the ropes, says Riske, "I never walked into a restaurant without a plan. The day will always throw you a curveball—something is likely to hit you that day, someone calling in…" His goal is to have managers complete their morning tasks by 9:30 a.m., leaving them 30 to 45 minutes to help with prep if needed (the restaurants open at 10 a.m.)

Community involvement, of course, also is a big part of winning the award. "I think it's very important," says Riske. That involvement includes golf tournaments, schools, charity nights, and "Percentage Days" where he works with local organizations who receive 25 percent of that day's sales. And he's still involved with the group's two other brands in community fundraising and marketing, though he's shifting away from that as the group's Smashburger count rises. "People want to spend their money where it's helping the community," he says. MUF

BY GARY GLOVER

Are You Leaking?

Securing customers' credit card data

The cost of credit card data compromise has risen nearly 70 percent since 2010 (Cost of Cyber Crime Study, 2011). Often, payment card information found by criminals is electronically just "laying around," waiting to be discovered.

In a recent report released by SecurityMetrics (Merchant Data Security Report, 2011), 71 percent of the 2,700 merchant systems scanned had stored unencrypted card numbers. In all, more than *378 million* card numbers were found on the systems tested. That is more than 12 times the total amount of sensitive records publicly reported compromised during 2011.

The question you must consider is: Do you have unprotected card data on your franchise point-of-sale or back office systems waiting to be harvested and sold for fraudulent purposes?

As a Payment Card Industry (PCI) Qualified Security Assessor (QSA), I conduct many onsite security assessments and continually see problems that result in insecure data storage—even on very sophisticated merchant or service provider systems. Because of this continuing trend, the PCI Security Standards Council has clarified (in version 2.0 of the PCI Data Security Standard, or PCI DSS) that data discovery methodologies should be used at least annually.

The first step to conquering data loss is to know for sure where card data is being used and if (and how) it's being stored. This can be especially important in franchise environments because of the common practice of duplicating POS systems across many merchant locations. If it's bad at one location, it's bad everywhere, which increases the risk of card data loss or exposure.

What should I do?

The first thing is to get a good idea of where card data could be lurking. Just like flotsam in a river gets caught in eddies, card data can potentially be deposited on systems that may or may not be directly involved in POS transactions. During the data discovery phase, knowing where to look for potential data eddies is half the battle.

The other half is finding, implementing, and using a good data discovery tool that can identify card data in its various forms and alert you to its location. Tools inlcuding CardRecon (GroundLabs), Spider (Cornell University), and PANscan (SecurityMetrics), can be used to search computer systems for data. Don't forget to run these search tools on your e-commerce web servers, old systems historically dealing with card data, and in departments such as accounting, sales, and marketing.

Once you find unsecured card data, you need to figure out what process caused it to be stored and determine if that process can be fixed to avoid future problems. You then must securely remove the unencrypted card data using a secure removal or wipe process. (Hint: Don't just use the delete key—it's really not gone after that.)

Now that your processes and your systems are clean, you need a program to keep them that way. Clear text (unencrypted) credit card data has a way of cropping up again where you don't expect it to be. You must define and follow a process of periodic data discovery cycles (at least annually) to recheck systems and make sure they remain free of unprotected card information.

Security tips from a QSA

Good data discovery and secure data flow practices are a very important part of your overall PCI DSS compliance effort. Here are more tips that may help:

- Avoid the temptation to use a single computer for both POS transactions and other office work. This is especially common in smaller franchise locations where there is a desire to reduce cost. It is virtually impossible to be PCI DSS compliant and take POS card transactions on a system with multiple uses (e-mail, browsing, document generation, etc.). Separate these functions and segment the network.
- Be thorough when selecting an IT infrastructure/support partner. I see many cases where support partners are weak in data security experience (PCI DSS compliance) and replicate bad architectures throughout a franchise system. They often attempt to support franchises and single merchants using the same technologies.
- Put someone in charge of overall security and PCI DSS compliance at your franchise, and give them the power to get things done!
- The PCI DSS requirements are a fantastic collection of data security guidelines based on industry best practices. Get familiar with the standards and use them.
- Check out the "The Prioritized Approach to PCI DSS Compliance" on the PCI Security Standards Council website. It is a great way to approach your compliance efforts. (https://www.pcisecuritystandards.org/documents/Prioritized_Approach_V2.0.pdf)
- Keep your stick on the ice, and don't give up! MUF

Gary Glover *is director of security assessment at SecurityMetrics and holds QSA, PA-QSA, CISSP, and CISA certifications. He began his career at McDonnell Douglas developing AI and expert systems for rocket and propulsion systems. He spent nearly 10 years in software engineering and is the author of two U.S. patents.*

IS YOUR FRANCHISE SYSTEM CREDITWORTHY?

You may think so, but do lenders?

When a bank considers your mortgage application, it looks at your credit history. **When a lender considers your franchisee's loan, it looks at your Bank Credit Report.**

BCR

BANK CREDIT REPORT

The Bank Credit Report (BCR)

A Bank Credit Report (BCR) addresses lender's questions about the creditworthiness of your franchise system. In the current conservative lending environment, if you don't provide information about your system's performance history, lenders assume the worst.

Your BCR will provide lenders with an objective, 3rd-party evaluation of the performance of your system in comparison to your immediate peers and your industry. The report also **provides you with an opportunity to explain any risk issues that may be present** by allowing you to include appropriate Management Comments if you choose.

In the words of Shelly Sun, CFE, CPA, and CEO of Brightstar Franchising, "with hundreds of loan requests, the ones who make it easier and show they have nothing to hide, get the loans."

MORE THAN 80%
of loan packages
that include a
Bank Credit Report
ARE SUCCESSFUL.

To request a Bank Credit Report for your franchise system, call FRANdata at 800.485.9570 or visit www.frandata.com/BCR.

FRANdata
Franchise Business Intelligence

BY STEVE LEFEVER

10 Ways to Boost Profits

When raising prices isn't an option

Many of us have done as much cost cutting as possible. (Does the phrase "to the bone" ring a bell?) But based on the evidence we're seeing from around the country in many different types of industries, we believe that opportunities to build profits remain. And profits are more important than ever for your company's day-to-day survival and long-term health, and for laying the foundation for a successful ownership transition.

While many factors affect profitability, we're going to focus on gross profit—that is, what's left after you subtract from your sales the costs of selling your product (called cost of goods sold) or delivering your service (cost of sales). While it is critical to keep an eye on all costs, in almost every business model the largest percentage of costs is tied up in the company's cost of goods sold. Because of this, even small changes in margin can have huge impacts.

Let's say your sales are $1 million and your gross profit is $340,000. Stated as a percentage, you have a gross margin of 34 percent, which means that after you've paid for the goods you sold, 34 cents out of every dollar you made in sales is "left over" to cover all of your other operating expenses. However, your industry peers' gross margin is 35 percent. That 1 percent difference might not seem like a lot, until you realize that if you had achieved that same 35 percent margin in your company, your gross profit would have been $350,000. That's $10,000 more that could have gone straight to your bottom line, assuming none of your other operating costs changed.

Here's my top 10 list for increasing profit and company value when there's downward pressure on prices.

1. Set a gross profit goal. Measure it properly. Watch it like crazy. Start by ensuring that your accounting system is categorizing the right costs in this area. You'll need the ability to compare your company to others in your industry, and to do so you must compare apples to apples. Be sure your cost of goods categories match those of your industry peers. Industry benchmark studies, sometimes available from your trade association or The Risk Management Association (RMA), can provide comparative data so you can learn what type of gross margins the profit leaders in your industry achieve and set appropriate gross margin goals. Get profit and loss statements with columns that show your numbers in both dollars and percentages. That way you can see changes in gross profit in absolute terms, not just changes caused by sales increases or decreases. You should track your gross margin on at least a monthly, if not weekly, basis so you can take quick action.

2. Tune up your product mix. Once you have your costs in the right buckets, you have the "high level" view of gross profits—your company's overall gross profit, which consists of the gross profit of each of the items you sold. This, in turn, adds up to the total gross profit of each of your product lines. This adds up to the gross profit in area, or department, of products or services. While you can measure your historical gross profit this way, ultimately the only way to really manage it going forward is to drill down backwards:

Total gross margin
Gross margin by department
Gross margin by product (or service) line
Gross margin of each SKU (or stock unit) or job

Breaking down your gross margins in this way can help you identify which aspects of your business are helping you meet your goals and which might be getting in the way.

I once coached a jeweler who was a member of an industry performance group. He was distressed about his low gross margin percentage as compared with his group peers. He was proud of his large watch department and the number of watches he carried in each product line. But when we looked at the gross margins of each of his watch lines, we found only a few that generated what he considered an acceptable margin—and, within each watch line, there were even fewer styles that sold on a regular basis and produced a good margin. He trimmed his watch department way back to only the top-selling lines—and in those lines, to only the top margin-producing and selling styles. As an extra bonus, he generated more cash from carrying a lot less inventory.

To do this type of analysis, you'll need a good accounting system that can generate historical data that shows gross margin by department, by product or service line, and by SKU (or job). A capable accounting professional should be able to get you set up to do this.

3. Look at pricing and product strategy. As we noted earlier, economic conditions have resulted in downward price pressures that can make it very difficult to raise prices, especially if you carry goods or deliver services that are identical to everyone else's. Customers can and will shop the competition in town and on the web for cheaper options. When you offer unique products and services, it's a lot harder for them to price compare. You can't be all things to all people.

Find other ways to add value to or customize your product or service. For example, some community pharmacies offer home delivery, a service that automatically coordinates prescription refills, and custom compounded formulations (with higher margins). Some retailers are creating more custom designs and offering first dibs on new products. Others offer other "add-on" products: warranties, cleaning, or "tune-ups" as part of their selling price. Small wineries are selling directly to market though wine clubs, taking back margin that previously went to distributors. All of these strategies have helped businesses, at the very least, hold their prices, retain (or even increase) market share, and, at times, raise prices. The result: higher margins.

4. Discount with purpose, not from habit. If you need to discount to stay alive, by all means do so. But do it strategically by knowing how much more you'll need to sell at the lower price to make up for the discount. Also, don't make it too easy for your sales people to automatically discount to make a sale. If you pay your sales people on commission, base it on gross margin, not top-line sales. This way, if they discount to make the sale, they'll feel the pain as well.

continued on page 72


Home
Join
Advertise
Contact
Log In
IFA
INTERNATIONAL FRANCHISE ASSOCIATION
Franchising
Building local businesses, one opportunity at a time.
Search
About IFA
Franchise Opportunities
Events
Resources
Government Relations
News & Information
Professional Development
International
FIND YOUR FRANCHISE
Check out our franchise opportunities page to start your search for the right franchise for you!
Click Here!
find
Over 1100+ Franchise Opportunities
Find your business here.
SEARCH NOW!
learn
Credit Access »
Health Care »
Franchising 101 »
Join IFA »
Find a Supplier »
News & Issues »
Franchise Your Business »
Economic Impact »

5. Buy better and smarter. Buy products with your target margin and your customers' price points in mind. For example, your target margin is 50 percent, and your research shows that $200 is the average selling price point at which your customers buy. Find products that you can buy for $100 and that your customers will think are a good value at that $200 price point. Also, negotiate discounts for early payments or bulk purchases from your vendors. Look for other sources that are more cost-effective.

One company examined their purchases and found that managers frequently placed last-minute orders without paying attention to price, costing the company money. Once they consistently centralized the purchasing function and required purchase orders for payments (particularly with primary vendors), the problem of extra costs associated with rush orders was eliminated.

6. Introduce counter-cyclical products. If you have a slow season, think about introducing counter-cyclical products or services to your core business to generate incremental profits and cash flow. One company that sells floor-based heating systems (with a traditional slow summer sales season) introduced a de-icing product that could be sold and installed during the summer. They added $80,000 to their bottom line in the first year of the new product.

7. Take action. A very wise person said that hope is not a strategy. Take action when needed. Don't let problems linger. If you made a buying mistake, don't hold on to the product. Take the hit and get it out the door so you can generate cash to buy or produce products that will sell.

8. Look around you. Find out what the leaders in your industry are doing. As long as they are not direct competitors, most are willing to share ideas. Join a peer group that shares numbers, not just war stories. I know many businesses that are alive and flourishing even in today's challenging times because of ideas and insights they gained from such groups.

9. Think outside the box. Look outside your industry for ideas. We all can learn lessons from how other industries and business models are maneuvering through these times. *The New York Times* has an excellent online series called "How I Saved My Company" that features videos of business owners sharing how they got their companies through the recession.

10. Nothing ventured, nothing gained. Ships are safest in harbors, but that's not where they belong. Are you spending too much time idling in your safe harbor? Sometimes you have to make strategic decisions that are outside the prevailing wisdom. While many are cutting back on advertising and marketing, now might be the right time to increase your visibility. Invest in sales training. Look at picking up some of the substantial talent and experience that's currently on the market.

Bottom line to increase your bottom line? Act with the conviction that there are profit opportunities out there, and focus on what's possible. MUF

Steve LeFever *is the founder and chairman of Profit Mastery, a Seattle-based eLearning company that has trained more than half a million people on how to measure and manage financial information to consistently increase business profits. Educational courses are now available as an on-demand, online video program that can be accessed any time. Learn more at www.profitmastery.net or contact him at 800-488-3520 x14 or lefever@brs-seattle.com.*

AdIndex

2012
Annual
FRANCHISE
Development
Report
FranchiseUpdate
MEDIA GROUP

BY CAROL SCHLEIF

Which Way Forward?

3 suggestions for a brighter future

A couple of years ago, I went through an exceedingly challenging period in my personal life, where the path I'd been on for several decades proved flawed, and I had to figure out how to pick up the pieces and move on. The status quo had become unacceptable, even though the way forward was unclear. Just then, a friend reminded me that "Sometimes the only way out is through"… no matter how frightening, frustrating, and confusing that path is.

It strikes me that most developed economies are in that very same spot right now. The path we've been on—debt accumulation, deficit spending, entitlement and instant gratification mentality, and living *way* beyond our means—is faulty, but which way forward? Indeed, the pendulum has swung so far into uncharted territory that there are no equivalent periods in history to give us a hint at how to dig ourselves out of the mess we've created.

The extremely heightened volatility in the markets in 2011 was at least partly caused by an underlying acknowledgment of this conundrum. While investments should be made based on a host of fundamental factors, investors have been preoccupied for many quarters about the seeming intractability of global issues. The frustrating thing is our fate in the near term seems much more tied to political outcomes than corporate, economic, or fundamental ones.

> **Our fate in the near term seems much more tied to political outcomes than corporate, economic, or fundamental ones.**

But all is not lost. Like so many processes in life and in nature, this period of frustration is needed to set the stage for the next act. I'm sure the transition from agricultural societies to industrial ones wasn't angst-free either. I'm entirely convinced that if each one of us does some small part, we can successfully navigate through these times to a brighter future, too. How? For what they're worth, here are a few of my own personal suggestions. I'd love to hear yours.

Suggestion 1: Hide in high-quality, dividend-paying stocks

Amidst all the handwringing about lackluster employment growth, poor consumer spending, and highly leveraged countries is the seldom-reported news that U.S. GDP is back at record (a.k.a. pre-financial meltdown) levels. With unemployment as high as it is, this means corporate America is cranking out solid profits with very productive workers. Markets are still down from their highs, meaning the valuations of many of these profitable companies are more reasonable. In the U.S., overall payout ratios are low, even while cash sitting on balance sheets and flowing through income statements is strong. Companies that pay dividends also tend to raise them periodically—which allows your income stream to stay at least partially ahead of inflation. Focusing on high-quality, dividend-paying entities that do business around the globe seems like a pretty nice place to park any excess funds while the globe sorts itself out.

Suggestion 2: Hold politicians accountable

I strongly suspect the increased volatility we've seen in the markets this past year is at least partly caused by our frustration with the political climate. Stock indexes vacillated wildly in 2011, particularly during the latter half of the year. They were swinging not because fundamentals were changing that markedly, but because investors were forced to grapple with the implications of unknowable outcomes in a host of geopolitical arenas—and, I suspect, as investors expressed their frustrations with politicians. Recall, we had the debt ceiling debate (2 or 3 times, in fact); the run-up to the downgrade of U.S. government debt; and continued worries over debt reduction and austerity deals that were on, off, and on again in Greece and elsewhere.

To me, the failure of the bipartisan committee Congress hand picked to address U.S. debt issues epitomized the ludicrousness of it all. After weeks debating the issues the committee emerged with no agreement, telling the world last November that though they'd failed to reach an agreement, "…we end this process united in our belief that the nation's fiscal crisis must be addressed..."

"Really? You don't say!" is my response. "That's why we picked you—to get it addressed!" Thank heavens 2012 is an election year and we can do something about it if we choose. I'm fully convinced that if the committee had emerged from their deliberations saying something like, "We're cutting $3 trillion. It's going to be rough, and nobody likes this deal because we all had to give on some issues. Taxes are going up, services are going down, younger people can't retire until they're 75, but, by golly, we'll have the budget balanced by 2020," then the markets would have rallied and businesses would have started investing.

Suggestion 3: Dream, vision, and brainstorm on a big scale

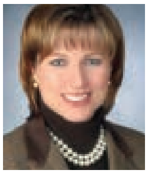
I recently helped one of my daughters move from Minnesota to San Antonio. It's a pretty easy drive from Minneapolis: 23 hours up and down the same slice of I-35. In the process, it dawned on me how much vision, fortitude, and national support it took to build our Interstate Highway System. Why can't we get one or two or three of those types of projects going now?

That is precisely the type of conversation I want my politicians and business leaders to have in the next 10, 20, 30 years. Let's pick a couple of industries we want to "own" and build the incentives and the infrastructure to make it happen. Let's figure out how the biotech corridor in Massachusetts was created, or the vibrant Research Triangle Park in North Carolina, or the technological expertise in and around Silicon Valley.

Southern California used to own the entertainment industry, and the Pacific Northwest owned aerospace. What happened? Let's lure back some of the workers, technology, and ancillary expertise we ceded overseas in the outsourcing mania of the 1980s, 1990s, and beyond. Does it mean we may have to pay a little higher price for some goods? Perhaps, at least initially, but strategically and economically (and morally) it's the right thing to do.

Where's the vision and leadership to accomplish something this grand? There are so many things we could tackle (the smart grid, renewable energy, cloud computing security, etc.) to strengthen industries that would facilitate high-paying, highly skilled jobs and all sorts of ancillary businesses to support them. The best athletes, musicians, speakers, and entertainers visualize perfect performances and positive outcomes. Why can't we collectively identify and start working toward something positive?

Yes, things seem overwhelmingly negative and exceedingly frustrating right now. That's obvious from the headlines, the market volatility, and the people "occupying" public places everywhere. But with a modicum of vision, courage, and heart we could muddle through this fog into a brighter tomorrow. MUF



Carol M. Schleif, *CFA, is a partner and investment principal of Lowry Hill, a Wells Fargo business. Lowry Hill is a private asset management firm that provides proprietary investment management and financial services to families, individuals, and foundations with wealth greater than $10 million. The firm manages approximately $4.7 billion in assets for nearly 300 families and 56 foundations from offices in Minneapolis, Naples, Fla., and Scottsdale, Ariz. Schleif (formerly Clark) welcomes questions and comments at cschleif@lowryhill.com.*

Customers Count

BY JACK MACKEY

What's Next?

Four trends in customer experience management

At the recent Multi-Unit Foodservice Operators Conference, Service Management Group (SMG) conducted interviews with executives on how their customer satisfaction efforts are working. These conversations ended with the question, "*What's next in customer experience management?*" Here are four key trends that emerged from our study.

Trend 1: Executives are looking for more than just scores from their customer satisfaction measurement programs; they want to know how to improve the customer experience.

Multi-unit managers know unit-specific improvement plans are needed. These plans should be based on improving the customer experience where those improvements will have the biggest impact on raising average transaction amount, driving frequency, and stimulating intent to recommend. In other words, improving satisfaction scores is not the real goal; it's a means to an end, which is improving business performance. Your franchisor most likely can provide you with statistically valid service improvement tools for focusing your efforts where they will yield the biggest payoff. Ask!

One especially large improvement opportunity lies in customer service recovery. Mistakes happen—no company can drive mistakes and customer complaints to zero. But losing customers because of mistakes is the real problem, and that can be vastly reduced. With technology today, companies are setting up automatic "alerting" systems based on customer comments. This process drives much faster response to complaints; and a quick, concerned response to an unhappy customer is the key to turning a disappointed customer into a fan of your company.

Takeaway: *Multi-unit operators require customer experience information systems that can 1) prescribe the best proactive service improvement plans, and 2) accelerate reaction time to service recovery.*

Trend 2: Verbatim customer comments add a qualitative element to customer experience scores, but most executives can't seem to tap into the opportunity.

Customer comments can have a huge impact beyond the numbers because they communicate the customer's emotional response to a positive or negative experience. The most advanced franchise organizations are measuring the sentiment of comments—from very positive to neutral to very negative. These comments are also aggregated into performance categories such as cleanliness, speed, and friendliness. This way, operators can see in real time where positive and negative trends are emerging, then drill down to the verbatim comments by day of week and time of day.

But many leaders are still not applying the available text analytics that are crucial for multi-unit operators as the size of their organization grows. If you don't have access to advanced text analytics yet, ask your franchisor executives about their plans in this area.

Takeaway: *By applying text analytics to customer comments, franchise organizations can spot emerging problems in real time and understand the causes quickly.*

Trend 3: Customers are interacting with brands through social media as well as in physical locations, and they expect to be heard beyond the feedback given in surveys.

Measurement of the "in-store" customer experience remains the most important method of gaining customer feedback. However, executives agree customers also give very candid feedback to their employees in the stores, as well as through a brand's customer contact center and when they post comments on review sites like Yelp! and on Facebook and Twitter.

Proactive firms set up methods to relay all the feedback they hear from customers into a central location. With all the data in one spot, franchisees can see, and quickly act upon, customer satisfaction trends.

Takeaway: *To harness the full power of the customer voice, leaders need a dashboard containing all customer experience data in an "at-a-glance" format.*

Trend 4: As customer experience measurement becomes more prominent in franchise organizations, franchisees must get data they can believe in.

Nearly half of the executives we talked to believed their employees try to manipulate the results of their customer survey scores. These attempts at "gaming" the system, by employees or even customers, can give a false picture of the customer experience. Organizations with a "zero-tolerance" policy toward cheating let all employees know that gaming is an integrity issue with serious consequences for violators.

All executives we interviewed pointed to the need for data integrity systems that can detect fraudulent data before it is ever reported. Old methods, such as capturing the IP address of a computer used to take a survey, are simply not enough. What's needed is advanced technology, more akin to computer virus protection, that analyzes incoming data in real time and quarantines suspicious data.

Takeaway: *Customer experience measurement must have advanced data integrity technology to give executives confidence in the results.*

The practice of customer experience measurement is evolving, and so must the attitudes and practices of operators. Multi-unit leaders especially must take their programs to the next level.

SMG Vice President Jack Mackey helps multi-unit operators improve customer loyalty and drive growth. To request "Want Better Insights from Text Analytics? Start by Eliciting Better Comments," contact him at 816-448-4556 or jmackey@smg.com.

BY MEL KLEIMAN

Customer Care

Hiring for outstanding customer service

LET ME GET RIGHT TO THE POINT. The keys to success in any business are: (1) the quality of the products or services you offer, and (2) your employees' ability to deliver outstanding customer service. And I'm not the only one who thinks so.

When 555 CEOs of mid-sized to large firms were asked to name the most important source of competitive advantage, product or service quality and customer service came in neck-and-neck at 45 and 44 percent, respectively.

Ted Levitt, former editor of *Harvard Business Review*, summed it up this way: "The purpose of business is to create and *keep* a customer." And the best way to keep customers is through exceptional customer service. Yet, customer service specialists report the average business loses half of its customers every 5 years and doesn't even realize they lost them, or know why.

On the other hand, organizations that increase customer retention by as little as 5 percent per year report increased profits of 25 to 75 percent because: (1) it costs 10 times more to acquire a new customer than to keep an old one; (2) satisfied, existing customers take less time, effort, and money to serve; (3) existing customers tend to spend more over time; and 4) happy customers bring in referrals.

Being able to deliver outstanding customer service is not an expensive proposition. The key is to hire for the right attitudes. Some people derive great satisfaction from helping others, but how will you know who among your job applicants truly fits the bill? If you're not pre-employment testing job applicants for customer service attitudes, at the very least ask them questions like these to find out if they have what it takes:

"Tell me about a time you got great customer service. What made it great?"

"Tell me about a time you got bad customer service. What did you do?"

"Have you ever sent food back at a restaurant or returned something you bought to a store? How did the server or salesclerk handle it? What would you have done differently?"

"Do your friends or co-workers come to you when they need help? Tell me about the last time you helped someone out."

"When a customer has a complaint, what is your main objective when you try to resolve it?"

People who expect good customer service have a propensity to deliver it. They will be able to describe good and bad service in detail. Good customer service candidates are naturally helpful, and their friends and co-workers often turn to them with their problems. The best applicants will know that, when dealing with a complaint, their goal is to ensure the customer comes back—and keeps coming back.

The best way to keep your customer service staff focused and motivated is to put employees first and customers second. It only makes sense: there are more of them than you. When you take exceptional care of them, they take exceptional care of your customers. In fact, you should treat your employees as if they *are* your customers.

Remind them frequently how important their efforts are to the bottom line. Find out what they need to do their jobs even better and provide it. Give them the authority to make things right when they hear a customer complaint. How big a mistake could they make? Could it cost more than a lost customer?

Just ask—and listen!

Once you have happy employees and happy customers, you still have to do a reality check occasionally. One of the best ways to do this is through customer satisfaction surveys. I've found the most effective tools are usually the simplest ones. That's why I love this survey suggested by Rick Crandall, in his book, *Marketing Your Services: For People Who Hate to Sell.* In part, he writes, "I suggest using three simple questions":

1) What do you like about doing business with us?

2) What do you dislike about doing business with us?

3) Is there anything else you can tell us that would help us do a better job for you?

People must be encouraged to say good *and* bad things. You can use the former as testimonials, but the complaints are more valuable. Criticism gives you the opportunity to find the flaws in your operation and fix them. And, if customers include their names when they return the survey, you have the chance to impress them with what Ken Blanchard calls your "recovery mode." This is where you sweep them off their feet by righting the perceived wrong. It also creates a story they can tell that will impress others. (It's highly likely to earn you referral customers as well.)

Set up a system to solicit customer feedback on a regular basis. (Don't survey any one customer more than twice a year though—they'll be turned off if you intrude on their time and good nature too often.) When you tally your survey results, keep in mind that "being good" just isn't good enough any longer. In order to win the kind of customer loyalty that builds a great business, you need to be exceptional.

Keep your focus on quality and customer service and these two keys will open the doors to your success.

Mel Kleiman *is a consultant, author of five books, and a Certified Speaking Professional on strategies for hiring and retaining the best employees. He is president of Humetrics, a developer of systems, training processes, and tools for recruiting, selecting, and retaining the best. His books include* The 5 Firsts: A Simple System to On-board, Engage, and Retain Top Talent, *and he publishes a regular blog (http://humetrics.com/blog/). Reach him at 713-771-4401 or mkleiman@humetrics.com.*

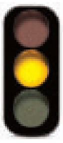
Exit Strategies BY DEAN ZUCCARELLO

Red, Yellow, or Green?

What signals are affecting your business?

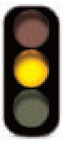
We have made progress digging our way out of the pit of economic meltdown we tumbled into in 2007, but we certainly have a long way to go before we experience the vibrant economy we enjoyed in much of the 1990s and the early to mid-2000s. For many, it seems like we are in a state of purgatory—not knowing if we are heading to heaven or hell. So where does that leave business owners today as many face critical decisions regarding exit strategies? We are finally seeing positive signs that the window of opportunity to sell businesses is open. Will it last? Many owners seem to be at this intersection, but also seem to be having difficulty determining if the signal is red, yellow, or green. Let's take a look at our view of the signals as they relate to various elements affecting the transaction world.

Worldwide economy



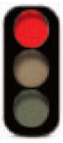
Yellow light, at least for the time being. This could turn to red at any point. There are well-documented troubles around the globe, and no doubt other problems that are less visible. Turmoil in the Middle East and North Africa, coupled with European financial stress in Portugal, Italy, Greece, and Spain is having a significant impact on worldwide markets. China and Brazil are still growing, but at a slower pace. Japan's economy faces major challenges. The list goes on.

Domestic economy



Yellow light. U.S. government spending is out of control. Deficit problems continue to accelerate with no solution in sight. Political gridlock has created an environment where virtually no progress has been or can be made on this issue. Consumer confidence has improved somewhat as the general population is no longer focused on an economic meltdown, but overall conditions are far from rosy. There seems to be more acceptance of today's economy as the new reality. Housing seems to be reaching a bottom and consumers have reduced their overall levels of personal debt, although debt levels ticked up during the holiday season. Technology continues to be stable with some segments doing very well. Retail and restaurants have improved, but consumers are cautious.

Political environment



Red light. The U.S. has become politically dysfunctional. There is strong right-versus-left sentiment, resulting in neither party being able to effectuate the critical decisions necessary to "right the ship." This polarization will play a huge role in the upcoming election. The implications for business owners, such as the cost of doing business, government regulations, personal and business taxes, and incentives to invest, are huge. But because of the political uncertainty, the direction of the impact on business owners is not determinable.

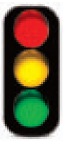
Capital environment

Green light. Capital providers are actively deploying capital. Credit parameters are more conservative (the result of tighter underwriting criteria), but lending is occurring and debt availability is improving. Equity markets are liquid and have relaxed return requirements, resulting in more favorably priced equity alternatives than we have seen in quite some time.

Deal environment

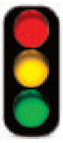
Green light. While the M&A markets have not completely forgotten the recent bottom of the economy, investors have largely moved on and are focused on the future. The marketplace is supporting new deal activity, especially non-distressed, quality companies, which have weathered the recession with positive trends. Single-tenant real estate values are also improving. And cap rates are declining because of the lack of available interest rate investment alternatives providing a reasonable return.

Brand environment



Mixed. Different brands, even in the same space, are flashing different signals. Some top-tier, national franchised brands thrived through the recession on new product offerings, value price points, and trade-down traffic. Others revamped menus with solid price-point menu items and revamped their signature products, along with their image, as the recession drew to a close. Yet others continue to struggle and lose ground. At the same time, many up-and-coming regional brands, mainly fast casual, performed very well throughout the recession, and are showing very strong results at present. And certain second- and third-tier concepts continue to demonstrate excellent resiliency as they chug through thick and thin. How the market views your business is certainly affected by the overall performance of the brand(s) you are associated with.

Personal situation



Mixed. Where you are personally in your business lifecycle is also an important consideration. Some owner/operators have thought about retirement, only to have those thoughts dashed on the rocks of recession. But after surviving the downturn, those thoughts are stronger than ever as they vow "never again" to experience that. Some owners have family or longtime partners who would like to take over the business. Other owners may see that the performance of their business, even if improving, is probably as strong as it's going to be for the foreseeable future. Based on a review of your personal situation, the timing could be ideal to monetize the equity in the business or to diversify your risk with a partial liquidity event, sale of a market, or real estate holdings. Yet others may be new to the business and have a 25-year time horizon to succeed. The signal being flashed in this category depends entirely on your personal situation.

Conclusion

As we cycle out of the highly volatile environment experienced by almost every operator in the past several years, signs are pointed toward an environment in which operators have improving opportunities for deal alternatives. Restaurant entrepreneurs will be well served by taking a fresh look at their individual situation as they contemplate their business opportunities, personal situations, and liquidity alternatives available in today's marketplace. One common theme we've all learned over the past several years is that macroeconomic conditions beyond our control can have a dramatic impact on our business valuations, deal flow, and M&A alternatives. For many operators, it's an opportune time to contemplate the best course for themselves and for their business. MUF

Dean Zuccarello, *CEO and founder of The Cypress Group, has more than 30 years of financial and transactional experience in mergers, acquisitions, divestitures, strategic planning, and financing in the restaurant industry. The Cypress Group is a privately owned investment bank and advisory services firm focused exclusively on the multi-unit and franchise business for more than 22 years. Contact him at 303-680-4141 or dzuccarello@cypressgroup.biz.*

BY DARRELL JOHNSON

Time for Benchmarking

All that's needed is the will

I AM CONVINCED THAT SOMEDAY THE FRANCHISING COMMUNITY will finally get around to unleashing its biggest competitive strength: unit predictability. If a franchisee had the benefit of knowing how every other franchise unit performed over time, could look at what worked and what didn't, and could build their business with that knowledge, the efforts of franchisors would become much more effective. Think how much more powerful this approach would be than being "advised" by training and field support staff rather than shown the results of best practices.

Franchising is uniquely structured to utilize benchmarking capabilities—first, because of the consistency in how the model is applied, and second, because of the size of the unit universe (in excess of 450,000 business format units). Some brands would argue that's what their training and field support programs do now. However, I believe there's a distinction between telling someone how to do something and showing actual cause and effect. Training and field support are a form of consulting: do it this way and you'll have a good outcome. Yet business decisions that must be made in real time with constant change are easier to make when the decision-maker is being given real-time quantitative and qualitative information.

I think we are beginning to see a gradual conversion from advising franchisees to providing them with information that enables them to understand how to make better decisions. The technology has been there for years. What is lacking is the cultural adjustment that encourages it. There are examples of its power, but they have yet to take hold in a substantial way. This surprises me, since the economic argument is powerful. I've worked with a benchmarking company involved with businesses associated with the cooperative business model. It has generated millions of dollars of revenue enhancements and expense savings in disparate industries. And they have forecasting models that guide business decisions.

Some franchising systems have made good progress with unit benchmarking. In the franchise community—where openness to change is there, where sharing ideas is a hallmark, and where success becomes readily apparent to others fairly quickly—I would have thought the benchmarking leaders would gain a lot of attention. So far it hasn't happened, so I've looked at industries where it is integrated into the business fabric.

I've observed with fascination how one part of the franchising community—the hotel industry—has built a participatory benchmarking program that has powerful economic benefits to hotel operators. They have created the capacity to understand pricing and demand changes in real time. This doesn't make being a hotel franchisee easy, but it certainly makes it easier.

The IFA understands the power of benchmarking information in the franchise business model and is trying to gain traction with franchisors to help them run their businesses. That continues to be a challenge. FRANdata has tried several times to design benchmarking programs and will continue to do so because the economic benefits of doing so are so compelling. Yet all these efforts have not produced significant results.

Getting started

That brings me to multi-unit operators. As a stand-alone business group, you have a powerful opportunity to step outside the regulatory and cultural practices of the brands you're associated with and consider new ways to share information. The upcoming Multi-Unit Franchising Conference is a big contributor to information sharing. The question I pose is this: Are multi-unit operators ready to take information sharing to a level that the hotel industry, and some using the cooperative business model, have been benefiting from for years?

There seem to be three main barriers to overcome. The first is cultural—sharing confidential information. Franchisees have long applied a line between information that is required to be shared with the franchisor under the franchise agreement and all other information. Somehow the hotel industry franchisees got over that so it can be done. If multi-unit operators form their own benchmarking program, franchisors wouldn't even be involved.

The second barrier is price in relation to value. Regardless of what a benchmarking program costs, it's hard to show definitively that the value is there until the benchmarking is being used. That means there's an element of faith, regardless of how well expectations can be articulated.

Finally, there's perhaps the biggest impediment—the painful gathering of necessary data and information by the operators. I have yet to have anyone tell me they look forward to starting the actual work of a benchmarking program. Mostly it's perception, but there is some reality to it as well. The perception is that each operator will have to change how they collect data, just to accommodate a benchmarking program. That isn't always the case. I've worked with firms that make translating your data into a common chart of accounts *their* problem and don't force you to change your behavior. Yet the reality is that there is work involved to get the benefits of a good program.

I do think there is a consistent and gradually increasing drumbeat for benchmarking. Perhaps multi-unit operators can take that on. I strongly suggest having those conversations at the upcoming Multi-Unit Franchising Conference. I'd appreciate your thoughts. See you there. MUF

Darrell Johnson *is CEO of FRANdata, an independent research company supplying information and analysis for the franchising sector since 1989. He can be reached at 703-740-4700 or djohnson@frandata.com.*


EdibleArrangements

Carl's Jr. CHARBROILED BURGERS

Hardee's CHARBROILED THICKBURGERS

OUR NEXT SUCCESS STORY IS YOU

> **"At CKE Restaurants, franchisees are our top priority; we run the business so our franchisees can be successful."**

Andrew Puzder
CEO, CKE Restaurants, Inc.

- **CONSISTENT TRACK RECORD OF AUV SALES GROWTH AND SOLID UNIT ECONOMICS**
- **RANKED AMONG THE HIGHEST QUALITY AND BEST-TASTING BRANDS IN THE BURGER SEGMENT**
- **DUAL-BRANDING OPPORTUNITIES WITH RED OR GREEN BURRITO BROADEN MENU APPEAL**

CALL
866-253-7655

VISIT
CKEFRANCHISE.COM