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Multi-Unit Franchisee

ISSUE III 2015

2015 MVPs!

AND THE WINNERS ARE...

Honoring this year's outstanding operators

Farouk Diab, Wienerschnitzel's biggest franchisee, shares his story of immigrant success

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Great employees = great results

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Donnell Thompson
Denny's franchisee, former McDonald's franchisee, 12-year NFL veteran

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Opportunity for Growth

I'm often asked about growth—predicted sales growth, industry growth, and the growth of our company. Growth to me, as it is with most business leaders, is not a "nice to have," it's a necessity.

Even if you didn't get into business to have continual growth, it doesn't take long to figure out that growth can be the limiting factor in most best-case business scenarios. Great marketing plans are funded by revenue growth. Recruiting top talent is easier when you can offer people more opportunities. I believe the franchise model thrives when growth is present.

The hardest part about growth is the starting point. Where do you get the capital? Which concept is right for you? What are the mistakes and "watch-outs" you can learn from those who have already done this?

This is why the Multi-Unit Franchising Conference (MUFC) is on my calendar annually. This conference, to me, is a growth forum. It's about people coming together who have one store and want 5, or who have 15 and want 50. It's also about the person who is in one or two brands and wants to continue to diversify. This is the place where a person can come and see what's in store for their growth plan.

The conference is a place to meet and network with people in every situation, to listen to people who have grown, and to learn from them how they did it. It offers specific answers to many of your questions and helps provide you with the tools to create a strategy for your own growth moving forward.

This is what excites me about the MUFC conference every year—it's the opportunity. I hope you will join us at the 2016 conference, April 27–29, at Caesars Palace in Las Vegas. It's certain to deliver on your desires for finding the next franchise option that will fuel your growth.

Michael Kulp
President/CEO
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*Figures reflect averages for 163 franchised restaurants that were in operation continuously for 3 or more years and that provided us with complete financial information for the full calendar year of 2014, as published in Item 19 of our April 2015 Franchise Disclosure Document. These averages are based on a 52-week annual period from January 1, 2014 through December 31, 2014. Of these 163 restaurants, 71 restaurants (or 44%) attained or exceeded the average total gross sales and 69 Restaurants (or 42%) attained or exceeded the average EBITDA. A new franchisee's results may differ from the represented performance. There is no assurance that you will do as well and you must accept that risk. This offering is made by prospectus only.

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Franchise Update Media's annual Multi-Unit Franchising Conference took Las Vegas by storm earlier this year. Total attendance topped 1,300—and included more than 550 franchisees. Big numbers? You bet! Those 550 franchisees accounted for more than 12,000 operating units, more than $8.5 billion in annual revenue, and provided jobs for more than 100,000 people. Mark your calendar for next year's MUFC, April 27–29, 2016 at Caesars Palace in Las Vegas. Meet your peers, explore new brands, and soak up the educational sessions. Need a further reminder? Take a peek back at the 2015 conference at ***www.multiunitfranchisingconference.com***

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✓ RANKINGS *Check out our annual rankings of top franchisees and their multi-unit brands*

and find out "who's on first." Go to ***www.franchising.com/multiunitfranchisees/mu50.html*** for the Multi-Unit 50 rankings; and ***www.franchising.com/multiunitfranchisees/mega99.html*** for the Mega 99 rankings.

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"Don't just survive, thrive!"

Franchise Update Media's *2015 Annual Franchise Development Report* and the best-selling book *Grow to Greatness* by Steve Olson offer invaluable tips for franchise sales success and unit growth in today's economy. For ordering information visit ***www.franchising.com/franchisors/afdr.html*** and ***www.franchising.com/franchisors/growtogreatness.html***

✓ QUICKLINK

For a one-click link to articles in this magazine and to past issues of *Multi-Unit Franchisee* magazine, visit ***www.franchising.com/multiunitfranchisees***

✓ FAILING FORWARD

"I've been broke two times in my life and I didn't enjoy either one of them. But I didn't hang out and have a pity party. I got out and went to work and tried different things to be successful. I guess you could say I actually 'failed forward.'"

—Eric Holm, CEO of Metro Corral, which operates 31 Golden Corrals, 1 Marriott Fairfield Inn, and 1 Pig Stand BBQ—and 2015 Noble Cause MVP Award winner.

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* Based upon a Consumer Reports reader survey published in August, 2014 rating key attributes of 65 restaurant chains, respondents rated Schlotzsky's with an 8.2 score on a scale of 1-10 on the attribute of Taste, which tied for the second highest within the Sandwiches & Subs category.

BY KERRY PIPES & EDDY GOLDBERG

2015 MVP WINNERS

Recognizing exceptional multi-unit franchisees

Every spring, *Multi-Unit Franchisee* magazine recognizes the winners of its prestigious Most Valuable Performer (MVP) Awards, which honor franchisee excellence and highlight outstanding performance in growing both their organization and their brand(s). This year more than 80 franchisees were nominated, and each was systematically evaluated before the final selections were made. The official announcement came at a general session during this year's Multi-Unit Franchising Conference, where the MVPs took the stage and were presented with a plaque commemorating their achievements. The presentation was sponsored by Church's Chicken. Here's a preview of the 2015 MVP Award winners, whose stories follow.

MULTI-BRAND LEADERSHIP AWARD

Alan and **Tracy Balen** were selected for their significant multi-brand expansion with the Checkers/Rally's and Qdoba brands. The couple, who operate16 Checkers/Rally's restaurants and 4 Qdobas, have been in franchising for 24 years. "Growing multiple brands makes sense to us," he says. "We learn a lot from each brand that helps us with the other brand. It broadens us and makes us better operators."

COMMUNITY INVOLVEMENT LEADERSHIP AWARD

Brandon Boozer has been a role model within the Batteries Plus Bulbs brand and set an example for others to follow, starting on May 20, 2013, when strong tornadoes tore through Moore, Oklahoma. Boozer, owner of six Batteries Plus Bulbs in the Oklahoma City area, kicked into high gear, driving truckloads of batteries and flashlights to people searching the ruins of their homes or who had lost power.

MEGA GROWTH LEADERSHIP AWARD

Amin Dhanani has proven himself to be a leader in expansion and growth with Popeyes Louisiana Kitchen. Dhanani, 38, recently was named the brand's Franchisee of the Year, after growing his organization to 125 Popeyes restaurants in just 5 years (40 of them new builds). His goal for 2015 is to add 10 more Popeyes organically and keep looking for further acquisitions within the brand.

SPIRIT OF FRANCHISING AWARD

Farouk Diab has demonstrated extraordinary performance, achieved stellar growth, and provided valuable community aid while successfully representing the Wienerschnitzel brand. "When I came to the United States in 1975 at the age of 18, I got a job as a janitor at a Wienerschnitzel in San Jose, California," he says. "I learned every job there and worked my way up. Then I was given the opportunity to become a franchisee." Today he has 18 locations and plans to keep adding 2 more every year.

INFLUENCER AWARD FOR A HUSBAND & WIFE TEAM

Mary and **Ferrel Freer** have demonstrated excellence in franchising as a marital team for the Del Taco (7) and Sizzler (8) brands. "It's important to work with a franchisor you trust. We felt that way when we purchased all our franchises, and right now there's never been better rapport with and support for franchisees with our franchisors. To me, that's key," she says.

INNOVATION AWARD

Kevin Herman has brought a new and unique perspective to the Senior Helpers brand. After 10 years of working as a physical therapist providing home care in the Philadelphia area, he signed on with the brand. "I was already working with the exact people who would benefit from what Senior Helpers does. And I was impressed by the ease with which the brand allowed me to start and run my business."

NOBLE CAUSE AWARD

Eric Holm has demonstrated a passionate, unwavering support for those in need, along with an ongoing dedication to the Golden Corral brand. He's a member of the Salvation Army's National Advisory Board and chair of its Finance and Development Committee, which this year began a campaign to raise the $220 million needed to do what he calls "changing the dynamics of intergenerational poverty."

SINGLE BRAND LEADERSHIP AWARD

John Judson, an early franchisee of Two Men and a Truck, has provided guidance, support, and leadership to his fellow franchisees for quite some time. Judson, who bought a single franchise in St. Louis in 1994, now has 15 units, two partners, and locations in St. Louis, Chicago, Salt Lake City, and Boston that brought in $16 million in revenue last year.

AMERICAN DREAM AWARD

Aslam Khan has achieved remarkable success in the United States with the Church's Chicken brand. Khan immigrated to the U.S. in 1987 with $20 in his pocket and started as a dishwasher earning $3 an hour in a Church's restaurant in California. By 1999, he'd bought 97 Church's restaurants and become CEO of his own company, Falcon Holdings. Today he is the largest franchisee in the Church's system and also operates franchises for Long John Silver's, A&W, Hardee's, and Piccadilly Cafeteria—300 in all.

VETERAN ENTREPRENEURSHIP AWARD

Scott Richburg, a Sport Clips franchisee, was honored for displaying outstanding performance and leadership by a veteran. "As an officer in the military, I learned how critical every person on the team is, and that developing the team is what's most important. It takes every person on the team to be successful," says Richburg, whose 15 Sport Clips are located in Little Rock, Ark. "I've always felt like I could sell anything as long as I believed in it. And I believed in Sport Clips." MUF

2015 Multi-Unit 50 Rankings

Looking for a new brand? Don't miss this year's "Multi-Unit 50" lists, ranking brands by the greatest number and percentage of multi-unit franchisees in their system.

BY DEBBIE SELINSKY

Winning Couple

"Restaurant work just gets in your blood"

After working her way through college waiting tables, Tracy Balen told her mother at her graduation from Ohio State University, "I'll never work in another restaurant!"

Sometimes it's nice to be wrong. Balen and her husband, Alan, were named the 2015 winners of the MVP Award for Multi-Brand Leadership. The couple, who live in Michigan with their three sons, own 16 Checkers/Rally's in Michigan and Florida and four Qdobas in Montana and rack up revenues in the millions—all restaurants.

"Restaurant work just gets in your blood," says Alan, a former defensive lineman on the Ohio State Buckeyes football team under famed Coach Woody Hayes. While still in college, he hired Tracy and her friends to work in his campus bar. Today he enjoys retelling the story of how he and his young wife sold their house to help buy their first Checkers/Rally's 24 years ago.

In 2015, Alan is president of their two corporations and Tracy is director of operations and responsible for their second brand, the four successful Qdoba restaurants in Montana. "She handled everything, including construction on the Montana restaurants. We figured she spent about 160 days there last year," he says. "Nobody is better at operations than Tracy."

The couple jokes that they bought their second restaurant because they couldn't get along working in the same one. Now

2015 MVP AWARDS

Multi-Brand Leadership Award

Why do you think you were recognized with this award? We were surprised and honored by the award. We complement each other. Tracy is true ops and I do more of the business end of things. We are just doing what we love and are driven to do.

How have you raised the bar in your own company? It gets difficult because nobody ever runs things the same as you would. But it's important to give people a sense of ownership and family. I have a crew member who was an original hire in December 1991 and still works for us. We have managers who've been with us for 20–23 years. We watched their kids grow up and shared the good and bad with them.

What innovations have you created and used to build your company? We're not trying to reinvent things. We're just ops-driven—that's the key to our success.

What core values do you think helped you win this award? I'm competitive and love to succeed and win. Winning is also seeing the success of the people who work for us.

How important is community involvement to you and your company? We've been very involved in our communities and give back every chance we get. I've volunteered as a high school football coach, and my wife is involved in charities. We sponsor little league teams, bands—anything that has to do with sports and kids, because we believe that's important.

What leadership qualities are important to you and your team? Leadership means being willing to make tough decisions, go in and look at all angles, and listen.

NAME: Alan and Tracy Balen

TITLE: Alan: President of IB Corp. (Checkers/Rally's) and Eaglehead LLC (Qdoba); Tracy: director of operations

NO. OF UNITS: 16 Checkers/Rally's, 4 Qdobas

AGE: Alan 55, Tracy 53

FAMILY: Married with 3 boys: Michael (works at corporate Checkers/Rally's), Matthew, and Ben

YEARS IN FRANCHISING: 24

YEARS IN CURRENT POSITION: 24

they joke they had to get restaurants in different states.

There's nothing magical about the Balens' success managing a multi-unit, multi-brand operation, says Alan, who credits his drive and discipline to his sports background. "We figured that if the burger business had a bad year, maybe the burrito business would be up. And we're in Florida because we have good sales in the winter and are slower in the summer. In Michigan, we get slowed down in the winter by the snow."

"Growing multiple brands makes sense to us, and we continue to look at other brands as well. I'd tell a single-brand franchisee: if you're committed to it and have the infrastructure to do it, do it," he says. "We learn a lot from each brand that helps us with the other brand. It broadens us and makes us better operators." MUF

"We're excited now to help people around us be successful."

PERSONAL

Formative influences/events: I had some good football coaches, including Woody Hayes, who instilled in me a lot of drive and determination to win.

Key accomplishments: As a personal goal that went back to my childhood, I wanted to start at Ohio State in football, and was able to do that. Business-wise, I've received the Legacy Award from Checkers/Rally's, Tracy has been Operator of the Year, and we've been Franchisees of the Year. But being a member of the franchise advisory council means the most because I represent the whole franchise community.

Work week: Seven days a week—it always has been. But I love working for myself because today I'm able to watch my son in a golf tournament. On the other hand, we've gotten the calls when the water line broke on Christmas Eve.

What are you reading? I read a lot of books on the mental aspect of sports and a winning perspective.

Best advice you ever got: A high school football coach said, "Once a quitter, always a quitter. After you quit the first time, it's a lot easier to do it again." I may stop doing something, but I don't quit.

What's your passion in business? We have 20 restaurants so we don't need any more to be financially successful. We're excited now to help people around us be successful and perhaps to become franchisees on their own.

MANAGEMENT

Business philosophy: Do the right thing. If you work hard and strive to do the right thing all the time, you can be successful. People who want shortcuts drive me crazy. Restaurant chains have a proven system—all you have to do is just run the system. Also, never serve anything that you wouldn't serve to your own mom and dad.

Management method or style: I'm hands-on and would much rather be in a restaurant than in an office. Obviously I do both, but I try to get out there as much as possible. I also listen a lot to what people say, which creates a good work environment.

Greatest challenge: Labor force. It's just hard to get quality people. The work ethic is not what it was even 10 or 15 years ago, so we have to be more creative in how we approach the younger generation.

How do others describe you? Most say I'm no-bull, reasonable, easy to get along with, and believe in teamwork.

How do you hire and fire, train and retain? On the hiring side, I'll interview people on upper-level positions. Training is the biggest thing that people lack. We don't just train for a couple of days and throw them into the fire. Our people go through a four- to five-week program where we work with them in our training restaurants. Then there's a two-week integration period when we bring them into one of the restaurants. Each restaurant is different, and they see the good and the bad and have the chance to talk with us about what's happening there. Since we've been doing this, our retention is phenomenal. This is a tough business, and it eases their minds to know that we're here to help and support them.

BOTTOM LINE

Annual revenue: $20 million.

2015 goals: We recently lost a director of operations on the Checkers/Rally's side, so I've taken over the ops of those restaurants. We're really focusing on quality food and are aiming for a 7 percent bump in revenues.

Growth meter: How do you measure your growth? By same-store sales. We've opened four stores in a year, so we've pulled back this year and will probably step up again next year.

Vision meter: Where do you want to be in 5 years? 10 years? In 5 years, we want to have near 20 stores on the Checkers/Rally's side and another 6 or 7 Qdobas. By 10 years, we'll probably stop from an operations point of view and start doing things with our district managers moving in.

What are you doing to take care of your employees? We offer cruises and other incentives and try to be flexible. The restaurant business is known to be a 50- to 60-hour week, so we help them get long weekends off because we want them to have a personal life, too. Financial rewards come as we grow.

What kind of exit strategy do you have in place? I don't know what else I would do, although we don't want to work as much as we have been. I can't see myself ever leaving restaurants. I'm not one who sits back and fishes all day. Skiing is still my passion, but I'm slowing down some. I'm not sure if my kids will join the business. They've been around it all their lives, but they won't have a free ride. My oldest, Michael, is already working at Checkers/Rally's corporate and loves it.

BY DEBBIE SELINSKY

Bright Light

"People love doing business with their friends"

On May 20, 2013, when strong tornadoes tore through Moore, Okla., Brandon Boozer and his family were lucky. Their home wasn't damaged, though some of their closest neighbors lost everything.

Boozer, owner of six Batteries Plus Bulbs in the Oklahoma City area, kicked into high gear, driving truckloads of batteries and flashlights to people searching the ruins of their homes or who had lost power. His church, First Baptist Church of Moore, became headquarters for survivors to pick up water, fruit, clothing, and other necessities.

"While we were trying to figure things out at church, corporate and I discussed what was happening and they sent down a half truckload of work supplies, batteries, flashlights, and even kid flashlights," he says. "That was really thoughtful because the kids were going through a tough time and the flashlights were something for them to play around with and use to look for their things."

Boozer also helped the family of his daughter's best friend, who had lost their home, to find a new place to stay. "Helping the community in such a severe time of need makes sense in every way—from a religious point of view, from a business point of view. There are so many reasons to do it. We didn't advertise or call the media. That's why the MVP award was such a nice surprise."

When he's not working, Boozer spends time with the free karate classes he holds at the church. "We invite the whole family to participate. Karate is good for building confidence and helps you feel good about achieving. Every day we tell them, 'We're not a school that teaches you to fight. We teach you how not to fight, but if you have to, what to do about it.' We like to say, 'The family that kicks together, sticks together.'" MUF

"The family that kicks together, sticks together."

NAME: Brandon Boozer

TITLE: Co-owner/vice president, Batteries Sooner

NO. OF UNITS: 6 Batteries Plus Bulbs

AGE: 41

FAMILY: Wife Gloria; daughters Amanda, 14 and Elisa, 8

YEARS IN FRANCHISING: 13

YEARS IN CURRENT POSITION: 13

2015 MVP AWARDS

Community Involvement Leadership Award

Why do you think you were recognized with this award? Because Oklahoma City and Moore offer an incredible story of destruction, community rebuilding, hope, and perseverance after another devastating tornado. We were blessed to be a part of the recovery efforts.

How have you raised the bar in your own company? We expect the best from our employees and reward them accordingly. They are a crucial part of the team. Also, we look up to franchisees in our system who are the best in particular areas, and then try to emulate them. Fortunately, in our franchise system, the franchisees are very willing to help you grow, and we return the favor whenever possible.

What innovations have you created and used to build your company? We've used some unique marketing approaches.

What core values do you think helped you win this award? We care about our people, our customers, and those in our community. I was thrilled to meet so many others at the MUF conference who shared and demonstrated those values as well.

How important is community involvement to you and your company? Our community is our customer base, so why wouldn't we involve ourselves in the community? This doesn't only involve our products, but other efforts like homeless shelters, our karate ministry, food pantries, or even helping with handyman work for the elderly. These things make your community stronger, and people like doing business with their friends.

What leadership qualities are important to you and your team? Lead by example, clearly outline goals, and encourage them to meet their goals. I have an exceptional management staff who understand this principle. This is why we regularly work in the stores with our staff, as well as at trade shows and on holidays and other special events. Also, know your product and why you are the better option. How can you expect a customer to choose you if you don't know why?

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* Includes Studios with signed Franchise Agreements and Studios committed to be developed under signed Development Agreements as of June 16, 2015.

** As disclosed in Item 19 of the CycleBar Franchise Disclosure Document (FDD) dated January 6, 2015. This figure reflects the actual EBITDA before royalties achieved during the period from January 1, 2014 to December 31, 2014 for a Studio in Wellesley, MA (61.61%) and in Royal Oak, MI (61.64%), which were the only two Studios that were in operation for the entire 12-month period. Some units have achieved these results. Your individual results may differ. There is no assurance that you'll earn as much. See the FDD dated January 6, 2015 for additional details.

This advertisement does not constitute a franchise offering which may be made only after your receipt of our Franchise Disclosure Document, which first must be filed with certain states. Contact CycleBar Franchising, LLC, 7720 Montgomery Road, Suite 200, Cincinnati, Ohio 45236 to request a copy of our FDD.

"There is a solution to every problem, and a right attitude to solve it with."

PERSONAL

Formative influences/events: Martial arts, travel, and languages (I worked in Mexico and lived overseas). I gave up teaching at a local community college so I could teach karate free to children and adults at my church.

Key accomplishments: First would be my incredible family, especially seeing my two daughters accept Christ. I've had a successful international management career, am bilingual, and hold an MBA in international management from Thunderbird School of Global Management at Arizona State University. Another accomplishment would be starting our current franchise with my family after losing everything because of layoffs. I started a martial arts ministry called Karate in Christ's Service (KICS) at First Baptist Church of Moore and am now a 3rd degree Black Belt specializing in breaking, with a dozen Black Belt instructors, over 70 regular students, and two state champions.

Work week: Primarily Monday through Friday but also on weekends as needed, especially for trade shows. Tuesdays and Saturdays are for KICS classes, Sundays and Wednesdays we're at church, and Sundays and Thursdays are workout days. Friday is family day. Oh, and did I forget our daughters' activities?

What are you reading? When traveling, primarily Clive Cussler novels. I love his NUMA Files adventure series with Dirk Pitt and Rudy Gunn. At home, I usually read the Bible, car and technology magazines, or peruse the Internet to learn more about battery and bulb technology.

Best advice you ever got: Do your best and learn from constructive criticism from those who care about you. And if you aren't good at something, find the right person who is. This is one of the reasons that my wife, Gloria, is such an incredible gift from God. We are a strong team.

What's your passion in business? People. We are in a problem-solving business. There can be grumpy people in retail on both sides of the counter. It is our responsibility to make someone's day brighter by taking care of their needs with a healthy and positive attitude. Not only is this good for customers and repeat business, it is also good for employees.

MANAGEMENT

Business philosophy: There is a solution to every problem, and a right attitude to solve it with. Combine this with taking care of your internal or external customer as you would your best friend—with genuine care and respect. People love doing business with their friends.

Management method or style: I really try to look for the right fit. Often we encourage potential employees to spend a day at the store so they can see if this is the right environment for them—and for the existing staff to interact with them and see if they will fit on the team. It has to be good for both parties involved or you get unhappy employees giving poor customer service, which leads to high rotation. Also, I look for the best in people, focus on their strengths, and plug them in where they fit.

Greatest challenge: I'm a big-picture, idea person. I love to create, teach, and motivate, but I wish I was more organized.

How do others describe you? Toughest question asked, and since I am not "others," I got a biased opinion from the family. They say I'm even-tempered, friendly, honest, confident, and fair.

How do you hire and fire, train and retain? For hiring and firing, see above. Training, done properly, is critical to success, but don't forget the nonoperational issues. In the past (overseas with an entry-level workforce), I taught classes about "What *is* work?" or "The differences with U.S. work culture." How can you expect others to know what is expected if they do not understand the environment they are in? Also, I believe that my involvement in teaching is a critical element for us because it sets the tone early on, and my passion about what is necessary to succeed is clear. I love working one-on-one with a new employee in the store, showing them different scenarios and how to handle them so they do not have to learn the hard way. You can see when they understand because their eyes light up.

BOTTOM LINE

Annual revenue: $7 million.

2015 goals: Continued growth in car batteries, LED light bulbs, and cellular and tablet repair services.

Growth meter: How do you measure your growth? Like most places, we look at the bottom line as growth. If we grow sales but shrink in profit, we're growing the wrong way.

Vision meter: Where do you want to be in 5 years? 10 years? We're still trying to decide whether to grow our existing brand or add another brand to our portfolio. Do we stay local or branch out into other markets? That's why this year's Multi-Unit Franchising Conference was so interesting to us.

What are you doing to take care of your employees? We try to have lots of short-term competitions where the winner gets, say, lunch, and the better the result, the better the lunch (the individual winner picks the restaurant). We have also done gift cards, company cookouts in the park for employees and their families, water park admission, Christmas parties, and other surprise awards with creative prizes.

What kind of exit strategy do you have in place? Nothing yet. Like everyone says, if someone offered me a shipload of money, I'd consider selling. Otherwise, I'll be here.

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*Entrepreneur Magazine 2015 Franchise 500

BY DEBBIE SELINSKY

Driving Ambition

38-year-old operates 125 Popeyes in 4 states

Amin Dhanani didn't have to look far for a business role model: his father came from Pakistan 37 years ago with 11 children and $50 in his pocket. Although his father didn't speak English, he became a successful entrepreneur with convenience stores and gas stations. His work ethic still wows his children.

Apparently, the apple didn't fall far from the tree: Dhanani, just 38, recently was named Franchisee of the Year by Popeyes Louisiana Kitchen. He was also recognized with the Mega-Growth Leadership MVP Award for expanding his Popeyes franchise to 125 restaurants (40 of them new builds) in just 5 years.

"I think this kind of drive and ambition is part of our family's way of doing business," says the owner and president of Sugar Land, Tex.-based Z&H Foods. "Everybody's like that. It started with

NAME: Amin Dhanani

TITLE: Owner and president, Z&H Foods

NO. OF UNITS: 125 Popeyes Louisiana Kitchen

AGE: 38

FAMILY: Wife Saeeda, daughter Summer, son Ary

YEARS IN FRANCHISING: 25

YEARS IN CURRENT POSITION: 5

2015 MVP AWARDS

Mega-Growth Leadership Award

Why do you think you were recognized with this award? I think 125 restaurants in 5 years is the answer.

How have you raised the bar in your own company? By telling them I want to be the best franchisee in the brand—in operations, metrics, sales, and development. I'm currently seven stores behind the largest franchisee. I hope to pass that in about six months. That will be a major milestone.

What innovations have you created and used to build your company? I was the first one in the system to put in digital menu boards (Houston) four years ago and the brand started taking off on that two years ago. I was the first franchisee to do a 60-seat prototype (San Antonio) when everybody was doing 48-seaters. Most recently, I did my own prototype in Arizona. It's larger for higher-volume stores and Popeyes is now adopting the prototype.

What core values do you think helped you win this award? I started from the ground up and worked very hard.

How important is community involvement to you and your company? We have a global charity trust that helps where needed inside and outside the United States.

What leadership qualities are important to you and your team? Three things I truly believe, and I live by: You observe, you delegate, and then you follow up. All three need to work together. If you leave one out, the whole system falls.

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"I've learned that people become excited about growth. They love to be part of something new. It's human nature."

my dad, who is 83 but still gets excited about any new deals we come up with. I go to him for advice. His blessing is still important for anything I do."

Dhanani and his siblings grew up working in the family business, which included service stations, convenience stores, and Burger Kings. "I worked my way up from assistant manager to GM to district manager to director of operations, so I brought 10 years of operations experience to the table when I acquired my Popeyes franchise," he says. "Burger King provided a great platform to learn from."

Even while growing at warp speed, the young husband and father of two believes he's been able to maintain the quality of his restaurants, now in four states (Texas, Arizona, Colorado, and Missouri), by being very hands-on.

Nor does Dhanani have any plans to slow down any time soon. He's aiming for another 10 "organic" stores and other new acquisitions in 2015. And he's taking his team along for the ride.

"I've learned that people become excited about growth," he says. "They love to be part of something new. It's human nature." MUF

PERSONAL

Formative influences/events: My father, a great businessman, has been a great influence on me. He's a true American story coming from Pakistan with 11 kids and little money and starting his own business.

Key accomplishments: Getting into the Popeyes system in 2010 and making a large 49-store acquisition in 2012. In 2013, after always doing business in Houston, I branched out into other cities and states. It's been a great year. A few weeks before I received the MVP award, I was named Franchisee of the Year at Popeyes' annual conference in Orlando.

Work week: I'm gone about half the month. Monday through Friday I'm on the road or in the office, and on weekends I'm with my family as much as possible.

What are you reading? *Dare to Serve* by Popeyes CEO Cheryl Bachelder. She's a great motivator.

Best advice you ever got: To always take care of my people and to make them feel part of a team.

What's your passion in business? I love growth. It excites me and keeps me going.

MANAGEMENT

Business philosophy: Work hard, take care of your people, and live a balanced life.

Management method or style: I'm hands-on and very involved in my business. I know almost all my upper store managers and a lot of the GMs.

Greatest challenge: To balance my life between work and family and hobbies (basketball, football, golf).

How do others describe you? As a very aggressive entrepreneur at a young age.

How do you hire and fire, train and retain? I don't do it that much anymore, but we retain by being competitive with pay, offering good compensation packages, and caring for our employees. We have grown a lot in five years and people ask me, "How do you get managers for all those stores?" They just come by word of mouth. When you take care of your people, word gets out because all the managers from different brands in the market know each other.

BOTTOM LINE

Annual revenue: $150 million.

2015 goals: To grow another 10 Popeyes stores organically and to keep looking for more acquisitions in the brand.

Growth meter: How do you measure your growth? By top-line sales. I believe growing top-line sales will fix everything on the P&L to give you a better bottom line.

Vision meter: Where do you want to be in 5 years? 10 years? In 5 years, I'd like to grow with the brand to about 300 restaurants. In 10 years, I'll still be with the brand, hitting maybe 400 stores. Then I'll start looking to focus more on personal goals, such as more charity work, more international travel, and coaching a basketball team.

What are you doing to take care of your employees? We always give them a good compensation package, bonuses, and annual reviews for salary or wage increases. We also give them the tools in the restaurant that require more repair and maintenance, such as fryers, AC, and headsets.

What kind of exit strategy do you have in place? I would love it if my kids became involved in the business as they grow up.

BY DEBBIE SELINSKY

Top Dog

From part-time janitor to largest franchisee

When Farouk Diab walks into one of his 18 Wienerschnitzel restaurants wearing a uniform, same as the other workers there, he's making a statement. The Israeli immigrant—and winner of the 2015 Spirit of Franchising MVP Award—is owner and president of a multi-million dollar business, but he doesn't wear a power suit.

"When I came to the United States in 1975 at the age of 18, I got a job as a janitor at a Wienerschnitzel in San Jose, California," he says. "I learned every job there and worked my way up. Then I was given the opportunity to become a franchisee."

This year, he celebrates 40 years with Wienerschnitzel and 38 years as a franchisee. Wienerschnitzel's leading franchisee for nearly 20 years, Diab operates the most franchised units in the system. Several of his stores have been the most profitable in Wienerschnitzel's system of more than 325 corporate and franchised restaurants.

Diab isn't resting on his laurels, choosing instead to continue to build two other restaurant chains: The Omelet House and Strings Italian Cafe, as well as adding at least two new Wienerschnitzel units each year. He also will be one of the very first to adopt Wienerschnitzel's new restaurant design with a location scheduled to open this fall in Stockton, Calif.

He's also working just as hard to reward his highest-performing managers. In 1990, he designed and implemented an incentive program through which top managers receive a guaranteed salary, 49 percent ownership, and 50 percent of the profits of their store. "Of my 18 stores, 10 of them have part-owners as a result of this incentive program," he says. "They are the future of franchising." MUF

NAME: Farouk Diab

TITLE: President, Diab Enterprises

NO. OF UNITS: 18 Wienerschnitzels (21 by end of 2015), 2 The Omelet House, 2 Strings Italian Cafe

AGE: 59

FAMILY: Wife Sahira, six children and six grandchildren

YEARS IN FRANCHISING: 40

YEARS IN CURRENT POSITION: 38

2015 MVP AWARDS

Spirit of Franchising Award

Why do you think you were recognized with this award? I believe I was honored with this award because of how hard I work and how much I really believe in this company. I started off as a janitor when I was 18 and have grown to become the top franchisee in Wienerschnitzel with several of my 18 stores being the most profitable of all of the brand's 325 locations. It's because of my hard work that I was recognized in the system and was rewarded with the opportunity to open my own store. I am proud to be a longtime member of Wienerschnitzel's Million Dollar Club.

How have you raised the bar in your own company? By continuing to hold the top spot as Wienerschnitzel's leading franchisee for nearly 20 years. Also, Wienerschnitzel recently unveiled a new restaurant prototype with a significantly smaller footprint. I'm excited to be one of the very first adopters of the new restaurant design with a location scheduled to open this fall in Stockton, Calif.

What innovations have you created and used to build your company? In 1990, I designed and implemented an incentive program to reward my highest-performing managers. This program was designed with the idea that my top managers would be rewarded with the possibility of becoming partners and part-owner of my next location. In these cases, general managers receive a guaranteed salary, 49 percent ownership, and profits split 50/50. Of my 18 stores, 10 of them have part-owners as a result of this incentive program.

What core values do you think helped you win this award? Mainly an extremely hard work ethic. I'm not afraid to roll up my sleeves, put in the time, and prove myself from the ground up.

How important is community involvement to you and your company? Very important. Our stores have relationships with local colleges and high schools, offering donations or supporting them with food and gift cards. I also take the "Every 15 Minutes" program to high schools where we encourage students not to drink and drive.

What leadership qualities are important to you and your team? Mutual respect, mentorship, building relationships/friendships with staff. I've enjoyed longstanding working relationships with my employees—some for more than 30 years. On average, my managers remain with me for 10 years.

"Cream rises to the top, and if I present leadership opportunities, hard-working individuals will go the extra mile. I make it a point to promote only from within, so those who excel are rewarded."

PERSONAL

Formative influences/events: A couple of people really helped and encouraged me. George Kreiten, a Wienerschnitzel franchisee in San Jose, gave me a good job and encouraged me, and Wienerschnitzel franchise director Alan Gallup pushed me all the way to where I am today.

Key accomplishments: My first big accomplishment with Wienerschnitzel was when I took the steps to become a limited franchise owner only two years after starting with the company as a part-time janitor. From there I was presented with the highest-performer honor and was rewarded with the opportunity to open my first brand-new store. That was 40 years ago, and today I own the most Wienerschnitzel franchised units. I have also been their leading franchisee for nearly 20 years. My goal was to become the biggest within the company, and I accomplished that.

Work week: Every day that I'm on the job I do my best to make it to as many of my stores as I can. I work 6 days a week and at least 10 hours a day. I check in with all the managers and employees of my stores to make sure everything is running smoothly and to provide them with positive reinforcement. I oversee all operations and do any sort of problem-solving needed with customers and employees.

What are you reading? Trade journals, newspapers. Unfortunately, I have no time to read for pleasure.

Best advice you ever got: Alan Gallup told me, "You need to be on your own." I didn't see that in myself. I was busy busting my tail for the boss. But Alan recognized that in me and told me I'd be somebody someday. I see him now and then—he owns National Franchise Sales. When I won the MVP Award, he heard about it and called to congratulate me. He said, "I knew it from day one."

What's your passion in business? Helping others to achieve their professional goals and being a valued contributor to the overall growth of the brands I represent.

MANAGEMENT

Business philosophy: No. 1 is keeping a positive attitude in everything I do. If sales are down one month, we're not going to be negative, because things will roll back up. I lead by example. I don't go into the stores in my regular clothes. I go in uniform. It's important to be disciplined—messing up is not okay. You reach excellence not by messing up.

Management method or style: When I first began with Wienerschnitzel in 1975, I worked my way through every position in the restaurant. This is also what I expect of my employees. I'm confident that the cream rises to the top, and if I present leadership opportunities, hard-working individuals will go the extra mile. I make it a point to promote only from within, so those who excel are rewarded.

Greatest challenge: There have always been challenges. Back in 1988, I converted a bank building to a Wienerschnitzel and everybody called me crazy for doing it. They were wrong. And another time, a restaurant had failed five times before I took it and made it profitable.

How do others describe you? Generous, patient, reliable, kind, and a family man.

How do you hire and fire, train and retain? Rather than outside hiring, I've made it a point to only promote my employees from within. I'm a firm believer that my team should work from the bottom to the top just as I did.

BOTTOM LINE

Annual revenue: $18 million to $20 million.

2015 goals: I should have 21 Wienerschnitzel units open by the end of the year. I just opened my first Las Vegas location. It's a new market for me and I'm excited.

Growth meter: How do you measure growth? Reaching my goal of successfully opening two (minimum) new Wienerschnitzel locations every year.

Vision meter: Where do you want to be in 5 years? 10 years? Since I plan to open at least two stores every year, in 10 years I will have close to 40 stores.

What are you doing to take care of your employees? As I said, I feel that it is important for employees to work their way up from the bottom, no matter how much outside experience they have. Because of this, I promote from within in my stores. This really gives employees who start off in the kitchen or as a janitor like myself, the opportunity to really work hard and to be properly rewarded for it.

What kind of exit strategy do you have in place? I'm grooming my son to take over the family business. I've gotten him through training and now he's working with one of my best GMs, learning everything from scratch like I did.

BY DEBBIE SELINSKY

Pair of Aces

"It's important to work with a franchisor you trust"

Mary and Ferrel Freer often finish each other's sentences. That's most likely because the Flagstaff, Ariz., couple have been married 49 years—and for most of that time have worked together as franchisees for brands including Sizzler, Del Taco, and Hampton Inn & Suites.

The winners of the 2015 MVP Influencer Award for a Husband & Wife Team say they've learned a lot about franchising over the years. After 43 years together as franchisees, they are ardent supporters of the franchise business model and continue to influence and inspire younger team members working in their 16 units in Arizona and Colorado. Their advice to

NAME: Ferrel and Mary Freer

TITLE: Ferrel, president, CEO, owner; Mary, vice president operations, owner

NO. OF UNITS: 7 Del Taco, 8 Sizzler, 1 Hampton Inn & Suites

AGE: Ferrel 75, Mary 74

FAMILY: Married 49 years with three children and 10 grandchildren

YEARS IN FRANCHISING: 43

YEARS IN CURRENT POSITION: 43

2015 MVP AWARDS

Influencer Award for a Husband & Wife Team

Why do you think you were recognized with this award? There were so many who were as deserving or more deserving than we. We were totally taken by surprise when we received the call about the award. I guess it's related to our different and unique franchising story.

How have you raised the bar in your own company? By not becoming complacent. It takes constant nurturing, being dedicated, being tenacious, believing, being confident, and above all, continued hard work to continue to be successful.

What innovations have you created and used to build your company? We've been strategic in knowing when to involve others and to what extent to grow the business.

What core values do you think helped you win this award? We credit, in a broader sense, our belief in God, love and respect for our country, putting family first, and cultivating relationships that are genuine and values that are not to be compromised.

How important is community involvement to you and your company? We're involved in Boy Scouts, sponsorship of summer softball leagues, local charities, school awards, library awards, Wounded Warriors, NAU events, and national charities.

What leadership qualities are important to you and your team? We recognize that working together as a team is at the heart of realizing the desired accomplishment. Sometimes we need to let go of our pride and empower others to achieve the better result. Personality conflicts need to be put aside to make this happen.

"I think of the words of President Woodrow Wilson: 'We should not only use all the brains we have but all that we can borrow.'"

would-be franchisees is to find a franchise home where they "have a voice."

"It's important to work with a franchisor you trust. We felt that way when we purchased all our franchises, and right now there's never been better rapport with and support for franchisees with our franchisors. To me, that's key," says Mary.

"Potential franchisees also should make sure the franchise they're involved with is reputable and highly regarded," says Ferrel. "We probably just fell into some fortunate circumstances with our franchise (except for Mr. Swiss of America, which went bankrupt), but we couldn't have been so successful if not for our chosen brands."

Their final words of wisdom? "Surround yourself with great people," says Mary. "Find the right location—it can make or break you," says Ferrel. MUF

PERSONAL

Formative influences/events: We were influenced by the care and training of good parents who instilled good principles and virtues in us.

Key accomplishments: After graduating from college, I worked at the Bureau of Labor Statistics and Mary was a teacher before franchising became our passion. We've been fortunate to experience success in each of the franchise endeavors we've involved ourselves in. Most notably, this included Mr. Swiss of America, Sizzler, Del Taco, Hampton Inn & Suites, as well as independent restaurants Big Steer and Ruby Lew's, named after my mother and father as a tribute to them.

Work week: 40 to 60 hours.

What are you reading? *New York Times* best sellers *Standing for Something* by Gordon B. Hinckley, and *The Bank on Yourself Revolution* by Pamela Yellen. Other recent books include *Make Today Count* by John Maxwell and *To My Friend* by Stephen Holland.

Best advice you ever got: A veterinarian friend told me, "You'd better marry that girl," referring to my wife of 49 years. Or maybe it would have been advice from my wife in our first year of marriage, when my confidence was waning and she offered: "I believe you can accomplish anything you set your mind to." More to the point, someone once suggested that if you want to be successful in business, surround yourself with people who are smarter than yourself and remember that attitude is everything.

What's your passion in business? To watch the business grow and become profitable and successful, realizing this is an extension of oneself. Our passion is to show we care about people, place real value on their well-being, and how we make them feel as if they have ownership in our business. Helping others achieve their potential to be successful is our passion.

MANAGEMENT

Business philosophy: To hire (when you can) those with great attitude, perhaps surpassing your own skills and abilities to make your company better, more viable, and more profitable.

Management method or style: We hire employees above the industry standard and pay them accordingly. We treat employees with dignity and respect, never talking down to them. We try to lift them up and make them believe and have confidence in themselves.

Greatest challenge: Our greatest challenge is maintaining the resources to see it through and hiring the right people to accomplish the task. I think of the words of President Woodrow Wilson: "We should not only use all the brains we have but all that we can borrow." Teamwork can be the difference between failure and success.

How do others describe you? Passionate about our work, family-oriented, honest, detail-oriented, thorough, caring, good business sense, fun, and respectful of others.

How do you hire and fire, train and retain? We try to hire from within or by referrals. We show interest in our teams' families, pay enough so they aren't out looking for something else, offer incentives like bonuses, rewards, and recognition, and demonstrate sensitivity to their needs.

BOTTOM LINE

Annual revenue: $15 million to $20 million.

Growth meter: How do you measure your growth? Bottom line.

Vision meter: Where do you want to be in 5 years? 10 years? Our vision is that we may continue to show passion in running and growing the businesses we are presently affiliated with. Because we have been blessed with so much, it is our desire in future years to give back to those who are less fortunate.

What are you doing to take care of your employees? Offering bonus programs, incentives, health insurance, gas allowance, paid vacations, rewards/trips, and hotel stays.

What kind of exit strategy do you have in place? We're looking at upper management and family.

BY DEBBIE SELINSKY

Helping Hands

Dedication, hard work pave the road to success

During the 10 years Kevin Herman worked as a physical therapist providing home care in the Philadelphia area, he heard plenty of stories from patients about the kinds of assistance they needed—and their difficulty in finding those services. So when he heard about Senior Helpers from a friend, he was interested.

"I was already working with the exact people who would benefit from what Se-

"Do not dwell on mistakes. Learn from them. Develop patience, as you will need it."

NAME: Kevin Herman

TITLE: Owner, President, Senior Help Ventures

NO. OF UNITS: 7 Senior Helpers

AGE: 40

FAMILY: Married with 3 kids

YEARS IN FRANCHISING: 8

YEARS IN CURRENT POSITION: 8

2015 MVP AWARDS

Innovation Award

Why do you think you were recognized with this award? For implementing a model of providing our services that was so successful it was rolled out to the entire brand.

How have you raised the bar in your own company? I have shown what one office can accomplish and set this as the bar for the others.

What innovations have you created and used to build your company? If I said that, the competition would be extremely happy. I will remain quiet on this one.

What core values do you think helped you win this award? Dedication and hard work.

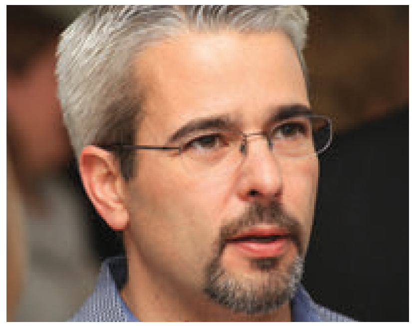
How important is community involvement to you and your company? We give back as much as we can. For example, we supply free services, sometimes medical equipment. We support Alzheimer's/dementia foundations and also honor veterans.

What leadership qualities are important to you and your team? Be direct, but professional. Address issues head-on. Think outside the box and proactively. Do not dwell on mistakes. Learn from them and move on. Develop patience, as you will need it.

"My biggest challenges are the management of underperforming staff, working with personnel who have different personalities and might not see eye-to-eye as a result."

nior Helpers does," he says. "And I was impressed by the ease with which the brand allowed me to start and run my business."

Herman also saw a void in what local assisted living facilities provided, and designed a program that provides additional caregivers to those facilities to support the staff with resident overflow and other needs. That innovation so impressed Senior Helpers President Craig Leonard that the brand is now working to implement it



across the country. That program earned Herman, owner and operator of Greater Philadelphia and Southern/Central New Jersey Senior Helpers locations, the 2015 Innovation MVP Award.

"We are so honored to be recognized with this award," says Herman. "The award is really for our whole team. Every day, our team works to make sure clients and their families have someone to help the person they love, no matter where that is." MUF

PERSONAL

Formative influences/events: I'm a physical therapist. As I was providing care in homes, I continually got requests for the kind of service that Senior Helpers provides.

Key accomplishments: Growing my first Senior Helpers location to #1 in the country quickly and maintaining that position for the past seven years.

Work week: I pretty much work constantly. As an owner, you need to be 100 percent dedicated and available at all times.

What are you reading? I try to stay current on trends in the industry by reading various things on the Internet and informational emails and articles from Senior Helpers franchising.

Best advice you ever got: Work hard. No matter what the situation is, you have to pull your own weight, set goals, and then surpass them.

What's your passion in business? Growth, excellent customer service, and making a difference in people's lives.

MANAGEMENT

Business philosophy: Lead by example and treat employees as you would expect to be treated. Give direct feedback whenever necessary. When you think you have achieved what you set out to accomplish, work even harder to achieve something greater. Don't take "no" for an answer. Sometimes you need to provide additional education to the person you are dealing with, or present the information in a different way to achieve your goal.

Management method or style: Relaxed. I hire personnel who can work with minimal micromanagement.

Greatest challenge: My biggest challenges are the management of underperforming staff, working with personnel who have different personalities and might not see eye-to-eye as a result, and developing personnel who are not giving 100 percent but have the ability to accomplish more.

How do others describe you? Easy, outgoing, supportive, and understanding.

How do you hire and fire, train and retain? Since operations is not my strong suit, I hired an excellent director of operations to handle this.

BOTTOM LINE

Annual revenue: $8 million.

2015 goals: $10 million and the acquisition of additional franchises.

Growth meter: How do you measure your growth? Increased revenue year to year.

Vision meter: Where do you want to be in 5 years? 10 years? Where I am right now: successful, happy, and with a very loving and supportive family. In 5 years, I'd like to be at $20 million in revenue. In 10 years, who knows? Retired?

What are you doing to take care of your employees? Compensating them well and providing bonuses for stellar achievements.

What kind of exit strategy do you have in place? Aggressive.

BY DEBBIE SELINSKY

Up from Poverty

Eric Holm wants to eliminate hunger in the U.S.

Eric Holm may own 31 successful Golden Corral restaurants in Florida and Georgia and run a $150 million business, but his thoughts never stray far from the poverty in which he grew up. That's why he's been found every Thanksgiving for the past 22 years alongside 1,200 volunteers, serving up to 25,000 free meals at the local Salvation Army.

He also is a member of the National Advisory Board of the Salvation Army, serving as chairman of the Finance and Development Committee and aiming this year—the Salvation Army's 150th anniversary year—to start raising the $220 million needed to do what he calls "changing the dynamics of intergenerational poverty."

Holm, who has been Franchisee of the Year for Golden Corral many times, well remembers when the Salvation Army fed his family on Thanksgiving and Christmas when he was growing up, and he continues to pay that kindness forward. "I do it because the need is still so great," he says. "We can fulfill that need, so we continue to do it. I think we all need to do as much

NAME: Eric Holm

TITLE: CEO, Metro Corral

NO. OF UNITS: 31 Golden Corrals, 1 Marriott Fairfield Inn, 1 Pig Stand (original concept)

AGE: 59

FAMILY: Wife Diane and three daughters, Danielle, Erin, and Erica

YEARS IN FRANCHISING: 19

YEARS IN CURRENT POSITION: 19

2015 MVP AWARDS

Noble Cause Award

Why do you think you were recognized with this award? We've spent 22 years feeding the hungry in Orlando on Thanksgiving Day and are active on the National Advisory Board of the Salvation Army.

How have you raised the bar in your own company? First we take care of our co-workers and then they take care of our guests.

What innovations have you created and used to build your company? Providing better opportunities for management to be successful.

What core values do you think helped you win this award? Giving back and helping others be successful.

How important is community involvement to you and your company? It's our responsibility to give back to the community where we live and do business.

What leadership qualities are important to you and your team? Respect and trust.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"I've been broke two times in my life. But I didn't hang out and have a pity party. I got out and went to work and tried different things to be successful."

as we can for as long as we can."

In his fundraising efforts for the Salvation Army's Pathway of Hope program, Holm has thought a lot about poverty in this country. "Fifty years ago, President Johnson declared war on poverty. The government has spent trillions of dollars fighting poverty and it doesn't seem to be working, because we have more people living in poverty than ever. Our goal is, instead of simply serving a meal, we want to be able to solve the problem of people needing a free meal," he says.

"To address poverty, we want to teach people job skills, how to get along in the community, how to have a better life, and be self-sustaining. Welfare has had an adverse effect. It's supposed to help people, but instead it traps them in poverty and it goes from generation to generation. We want to break that cycle," he says.

"I've been broke two times in my life and I didn't enjoy either one of them," says Holm today. "But I didn't hang out and have a pity party. I got out and went to work and tried different things to be successful. I guess you could say I actually 'failed forward.'" Holm, who has been the highest-volume operator in Golden Corral's system for years, urges would-be franchisees (and people in general) to understand that failure is a learning tool. MUF

PERSONAL

Formative influences/events: Growing up poor.

Key accomplishments: My greatest accomplishments are that I have a great family and a good mid-sized business that's profitable, and that I do substantial charity work.

Work week: 60 hours.

What are you reading? *The Bible* and *Toxic Charity: How Churches and Charities Hurt Those They Help (And How to Reverse It)* by Robert Lupton.

Best advice you ever got: Don't worry about the past.

What's your passion in business? Creating opportunity for others.

MANAGEMENT

Business philosophy: I believe you should make money, have fun, and help others.

Management method or style: Firm but fair.

Greatest challenge: Growing sales and controlling costs.

How do others describe you? As a team leader.

How do you hire and fire, train and retain? When it comes to hiring and firing, very carefully! We use best HR practices for both hiring and firing. For hiring, we use a pre-screening service and E-Verify. We have a lot of good tools for training, including computer-based training for all positions, food safety, and orientation. We're pretty good at retaining our people, because we like to reward them with fair pay and some benefits, like time off.

BOTTOM LINE

Annual revenue: $150 million.

2015 goals: To grow sales to $160 million; open two Pig Stand barbecue restaurants and one or two more Golden Corrals.

Growth meter: How do you measure your growth? We measure growth by comparing sales year-to-year and by adding new units.

Vision meter: Where do you want to be in 5 years? 10 years? At $250 million to $300 million in sales.

What are you doing to take care of your employees? We offer very generous and attainable bonus plans and contributions to retirement plans, as well as providing a safe, secure work environment, and a career path instead of just a job.

What kind of exit strategy do you have in place? We have a great team of people who can take over. We've built a team so strong that if I have to step out for one reason or another, the business will survive on its own. The business is not dependent on me showing up, though I like to think it is.

BY DEBBIE SELINSKY

Mover and Shaker

John Judson grows with the brand

John Judson and his partners have grown their Two Men and a Truck franchises in St. Louis, Chicago, Salt Lake City, and Boston into a 15-franchise operation that brought in $16 million in revenue last year.

They could just enjoy the ride as the largest franchisee of the popular moving company, but Judson, who earned this year's Single Brand Leadership MVP Award, says that's not the way they roll.

"The folks at Two Men and a Truck are a really close group of good-hearted people, so we're happy to have them use us as a pre-sale, have us talk to potential franchisees, and get them pumped up by sharing our stories."

Judson bought a single franchise in St. Louis in 1994. In 2001, he brought in his brother Jason, who had been working with him, as a partner. Joel Trost, another partner, operates the Boston and Chicago franchises. And all look for opportunities to develop team members from within.

"There are many opportunities out there, and we have managers who develop within our franchises and eventually become our partners," says Judson. "We bring different personalities to the table, which gives us a wide view on how

NAME: John Judson

TITLE: President, owner, operator, J&C Enterprises

NO. OF UNITS: 15 Two Men and a Truck

AGE: 50

FAMILY: Wife of 23 years Carey; daughters Andie, 18, and Maizy, 13

YEARS IN FRANCHISING: 20

YEARS IN CURRENT POSITION: 20

2015 MVP AWARDS

Single Brand Leadership Award

Why do you think you were recognized with this award? Because we paid the franchisor the most royalties? (laughing)

How have you raised the bar in your own company? Pushing hard every day because we have a short period during the year to make money and we need to take advantage of it. Raising the bar is pushing hard, maintaining superior satisfaction scores, and having fun at the same time.

What innovations have you created and used to build your company? Early on when we first started with Two Men and a Truck, we were key players in the development of the Movers Who Care software. We still use the newest version to book jobs.

What core values do you think helped you win this award? Honesty, integrity, and openness.

How important is community involvement to you and your company? Very important. We donate huge amounts of time to community events as well as to individual charities and fundraisers.

What leadership qualities are important to you and your team? Integrity and the ability to delegate.

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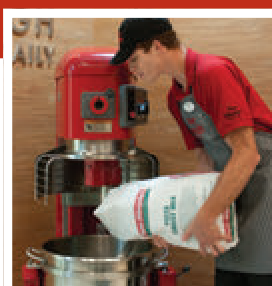

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Judson attributes much of the company's success to the philosophy of being open and sharing news, both good and bad.

to be successful."

He attributes much of the company's success to the philosophy of being open and sharing news, both good and bad. "We all see the numbers, the profits, everything—they're published monthly. If I've got a problem or think we're spending too much on marketing, I've got a group of people to help work it out," he says.

Judson tells some funny stories about his early work as a Two Men and a Truck franchisee. For instance, he'll never forget his first (and last) eviction experience: there was a 500-pound hog in the house. "He was so huge he couldn't walk, and we had to get animal control to come and get him—but not before friends and neighbors brought their kids over to see him."

Despite scrapping for jobs in the beginning, Judson says he's glad he got into the business when the franchise was young and growing. "We wound up with great territories," he says.

"The Judsons have continued to grow, bring on new talent, stay engaged with corporate, evolve, and change with the system," says Jeff Wesley, CFO of Two Men and a Truck International. "I am proud to see new owners coming into the system, but it's also great to see current owners buying additional locations and benefiting from the momentum we have gained. Our system is founded on giving back, and this is another way I see we do. We all win as the system continues to grow to new levels." MUF

PERSONAL

Formative influences/events: The single biggest event happened when I was seven. My father had just been fired from his insurance job, the one and only time I have seen him cry. At that point I had made the decision to never work for someone else. My older brother taught me to use my hands and to have a good work ethic.

Key accomplishments: Getting my first daughter through high school and being able to pay for her college education. Winning Two Men and a Truck's Humanitarian Award several times.

Work week: Variable, 3 to 5 days a week, 6 to 8 hours.

What are you reading? *Killing Lincoln* by Bill O'Reilly and Martin Dugard, and *Fifty Shades Darker* by E.L. James.

Best advice you ever got: My late father-in-law said, "To have a friend, be a friend," and my late mother-in-law telling me that marriage "doesn't get any easier."

What's your passion in business? Mentoring the young managers soon to be partners.

MANAGEMENT

Business philosophy: Our employees are more important than the customer.

Management method or style: Hands-off with a lot of delegation. I prefer to let people make mistakes and learn.

Greatest challenge: Finding, hiring, and retaining qualified managers—and my youngest daughter!

How do others describe you? Not normal (but who wants to be?). A high risk-taker.

How do you hire and fire, train and retain? We usually pull our managers from our driver and mover pool. Occasionally we use a headhunter.

BOTTOM LINE

Annual revenue: $16 million.

2015 goals: $19 million.

Growth meter: How do you measure your growth? By revenue, sales, and by getting our next managers ready to become partners.

Vision meter: Where do you want to be in 5 years? 10 years? Doing the same thing I do today. I love what I do!

What are you doing to take care of your employees? Health care, retirement plans, and consistent office events (happy hours, sporting events, lunches, etc.)

What kind of exit strategy do you have in place? It's more of a succession plan.

BY DEBBIE SELINSKY

American Dreamer

Aslam Khan wants to reach $1 billion by 2020

When Aslam Khan was a youngster growing up in a poor mountain village in Pakistan, his world didn't include knowledge of luxury cars, homes, designer apparel, or the other trappings of money. His dreams at that point were a bit nebulous, but the bright, outgoing Khan knew there was something better in store for him and he began to educate himself and prepare to find it.

Khan immigrated to the United States in 1987 with $20 in his pocket and started as a dishwasher earning $3 an hour in a California Church's Chicken before work-

NAME: Aslam Khan

TITLE: Chairman & CEO, Falcon Holdings

NO. OF UNITS: 300: Church's Chicken, Long John Silver's, A&W, Hardee's, Piccadilly Cafeteria

AGE: 61

FAMILY: Wife Silda and son Abraham, 17

YEARS IN FRANCHISING: 30

YEARS IN CURRENT POSITION: 15

2015 MVP AWARDS

American Dream Award

Why do you think you were recognized with this award? I believe it was because of the circumstances of where I came from and what I had to go through to achieve the success I have. I started with nothing and came from a very poor village across the world and have arrived at this level of the business, which is in the top 5 percent of the world.

How have you raised the bar in your own company? I am always asking questions that create awareness and drive the results of the company to do more and the people to achieve more.

What innovations have you created and used to build your company? We have created an automated dashboard and key performance indicators that have the ability to provide information when you need it and how you need it. I have also created a ranking system that uses competition and awareness to further our success.

What core values do you think helped you win this award? The core values that I have are determination, perseverance, and spirit to succeed against all odds, and the belief that it can be done.

How important is community involvement to you and your company? Each of our units has their sharing programs with their local schools, churches, and other nonprofit groups. In addition, we support the Make-A-Wish Foundation and multiple sclerosis programs.

What leadership qualities are important to you and your team? Lead by example so that the team understands and believes in you. Be honest and forthright so that the trust can be built and focused on. Deliver on what you promise you will do so that the team can count on you.

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"I am in the people business and I truly care for the well-being of other individuals."

ing his way up through the business. By 1999, he'd bought 97 Church's restaurants and become CEO of his own company, Falcon Holdings. Today he is the largest franchisee in the Church's system and also operates franchises for Long John Silver's, A&W, Hardee's, and Piccadilly Cafeteria—300 in all. "I don't want to break them down because I don't want the franchises to think one is more important than the other," he says.

Is Khan living the American Dream? By anyone's standards, the answer is a resounding yes. He lives in a palatial estate in Southlake, Texas, and is one of the most successful franchisees in the world. In 2014 he was named Entrepreneur of the Year by the IFA. And this year he was honored with the American Dream MVP award.

"I live in the most wonderful country in the world," he says with emotion. "There is no other place like the United States, where you can be anything you want to be." In a recent interview, a university president introduced Khan before a speech, asking him if he thought he's "made it."

"I told him probably, but it didn't register in my mind. I still see poverty in front of me. Because of my DNA, I control what I want to be, what I eat, what I wear, what I do. I've been fighting against poverty all my life. I'm a great fighter."

Khan's goal is to have Falcon Holdings become a billion-dollar company by 2020, and to continue to focus his empire on people and their success. "I'm taking senior managers and putting them into business," he says. "When they're ready to be on their own, I give them 25 percent of the business free and clear. We teach them about business so they can live and excel." MUF

PERSONAL

Formative influences/events: I grew up in extreme poverty and I knew that in order to be a decent human being I had to let poverty go, because it can make people do things they wouldn't otherwise do. Thank God I grew up to be 14 and left home. With extreme tenacity, I worked until I could come to the United States, the best country in the world, where you can be anything you want to be.

Key accomplishments: Successfully turned around over a dozen failing companies to provide profitability and created and nurtured over 20 individual entrepreneurs in their own businesses.

Work week: I work in the office daily from 9 to 6 and then do a lot of networking in the evenings and on weekends. I visit stores on the weekends to check how things are going.

What are you reading? I'm always looking to improve myself and my leadership skills, so I read about the direction technology will take in the next 10 years, and also John Maxwell's leadership series.

Best advice you ever got: Be true to yourself and believe it can be done.

What's your passion in business? My passion is driven by my spirit to want to do better and accomplish and help others to succeed. I am in the people business and I truly care for the well-being of other individuals.

MANAGEMENT

Business philosophy: Put people first. If you take care of what is important, then the business will succeed.

Management method or style: My management style is consent-driven and detail-oriented but also visionary. I encourage the entire team to provide ideas and debate concepts.

Greatest challenge: Knowing when to say "no" to a situation and not go beyond the point of no return in a business decision or a relationship.

How do others describe you? As a successful, determined, and passionate individual who is driven to do more and contribute more.

How do you hire and fire, train and retain? We hire for an attitude. If you have the right attitude, we can teach you the skills.

BOTTOM LINE

Annual revenue: $200 million.

2015 goals: Increase the partners in the business by five and add 100 more stores.

Growth meter: How do you measure growth? I don't think success can be measured by numbers. It's about growing people and the number of restaurants we can grow to help bring on more people.

Vision meter: Where do you want to be in 5 years? 10 years? The vision that is the directive going forward is to be a billion-dollar company in 2020.

What are you doing to take care of your employees? I'm taking senior managers and putting them into business. When they're ready to be on their own, I give them 25 percent of the business free and clear. We teach them about business so they can live and excel. We engage and challenge people and reward them with bonuses and incentives.

What kind of exit strategy do you have in place? I have developed a program in which I have taken my junior managers forward and made them independent business owners and entrepreneurs. However, no one, not even from my family, will run my company if they are not qualified.

BY DEBBIE SELINSKY

Right Time, Right Place

Parlaying military experience into franchise success

Scott Richburg, a former U.S. Army National Guard officer and owner of an engineering consulting firm, smiles when he recalls the learning curve he faced when he bought his first Sport Clips franchise in 2003. "Learning to relate to and communicate with hair stylists took some time," he says. Twelve years and 14 additional salons later, he's clearly figured that out.

As with many in the business, his transition into franchising began with a haircut—and a bit of good luck and timing. "When I went into a Sport Clips for a haircut, the experience just blew me away," he says. And he was ready, even eager, for a change.

"I didn't want to do engineering any more and was looking for something else to do. In a twist of fate, I was talking with a banker friend who'd heard from a business broker selling Sport Clips franchises. He wasn't interested, but I told him I knew about it and found it a cool concept. He handed over the broker's card and we went from there. I've always felt like I could sell anything as long as I believed in it. And I believed in Sport Clips."

He also wanted to continue working at his existing job while he grew the business, something the Sport Clips model encourages. "Once the business got going, I didn't want it to be an 80-hour-a-week proposition," he says. "I have kids who are very involved in sports and I like to coach their teams and watch their games. Sport Clips allows me to do that."

Interestingly, he quickly discovered that his time in the military provided a good foundation for his entry into franchising. And the brand, founded by U.S. Air Force veteran Gordon Logan, has long been a strong supporter of the IFA's VetFran initiative to bring veterans

NAME: Scott Richburg

TITLE: President, Sheco LLC; Sport Clips Team Leader

NO. OF UNITS: 15 Sport Clips

AGE: 49

FAMILY: Wife Gina and two kids, Shelby, 21 and Colby, 18

YEARS IN FRANCHISING: 12

YEARS IN CURRENT POSITION: 12

2015 MVP AWARDS

Veteran Entrepreneurship Award

Why do you think you were recognized with this award? I'm not really sure. My military service was in the Army National Guard during peacetime. When I think of veterans and MVPs, I think of those men and women who have made the ultimate sacrifice to keep us free. I am humbled to be considered in the same category with them.

How have you raised the bar in your own company? During the early days when we had only one or two locations, we strove to operate in a way that would be scalable as we added units. We have, of course, made many missteps along the way, but we feel like we now have systems in place that will allow us to add additional units while keeping overhead about the same.

What innovations have you created and used to build your company? I wouldn't call it an innovation, but we realized early on that staffing would be the limiting factor in our growth. To that end, we brought on a team member whose primary responsibility is to keep the pipeline of qualified applicants coming our way.

What core values do you think helped you win this award? I believe that you can only be successful if those making up your team are successful. I think we've made a real difference in the lives of many of our team members and have provided them with a career instead of just a job.

How important is community involvement to you and your company? We are actively involved in most of the schools in the markets where we have stores. We also have several young ladies who volunteer their time and provide haircuts to the students at Easter Seals and various hospitals.

What leadership qualities are important to you and your team? To be a successful manager within our organization, you have to be focused on providing the client with an experience they can get nowhere else, and on providing our team members with a stable work environment where they can practice their craft and grow. Figuring out ways for our team members to grow professionally is always a focus.


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"As an officer in the military, I learned how critical every person on the team is, and that developing the team is what's most important."

into franchising.

"As an officer in the military, I learned how critical every person on the team is, and that developing the team is what's most important. It takes every person on the team to be successful," says Richburg, whose 15 Sport Clips are in Little Rock, Ark. "The other part of that is motivating a team and helping them to understand they shouldn't just be looking out for what's best for them. The whole is better than the sum of the parts. They can all do amazing things."

Because of the discipline required in the military, he understood that growing a business takes perseverance, dedication, and time. "I wasn't looking for quick success. You have to stick with it through the ups and downs, successes and failures. But you can do it. The military has a plan, and franchises have a plan." MUF

PERSONAL

Formative influences/events: The strongest influence in my life has been my father. He would always tell me, "Remember who you are." It was his way of saying that your reputation is something that you must always protect, and to avoid doing anything that would call your character into question.

Key accomplishments: Sport Clips Team Leader of the Year in 2007. Former member of the Team Leader Advisory Council, having developed one system-wide Manager of the Year and a Rookie Manager of the Year.

Work week: I am very fortunate to have excellent store managers in place. This gives me a lot of flexibility and allows me to be out of the office and the stores most weekends.

What are you reading? *Reviving Work Ethic: A Leader's Guide to Ending Entitlement and Restoring Pride in the Emerging Workforce* by Eric Chester.

Best advice you ever got: An old friend who used to own Papa John's and Rally's franchises told me that franchising was an excellent way to go into business for yourself, but to make sure that the brand you select will allow you to completely control your market. That way, you can control the strength of the brand in that market without worrying about other operators doing something to damage it.

What's your passion in business? I love taking young team members with the desire to succeed and placing them in roles where they are challenged. I believe that, when challenged, people can do amazing things. I am most proud of those team members who began with us as coordinators or newly licensed stylists who now lead award-winning stores.

MANAGEMENT

Business philosophy: By nature, I am conservative. I prefer to focus on getting operations right and unit profitability up, more than on growing the number of units.

Management method or style: I believe in providing store managers with the training, tools, and support they need to run their stores and then getting out of their way. I consider my role to be verification that the system is being followed completely.

Greatest challenge: Before getting involved in Sport Clips, I ran a civil engineering, land surveying, and landscape architecture business. Learning to relate to and communicate with hair stylists took some time.

How do others describe you? I think most people describe me as serious and focused.

How do you hire and fire, train and retain? We tend to hire slow and fire fast. We spend a lot of time during the interview and training processes. Retaining staff has a lot to do with hiring right in the first place and then fully preparing them for the job. Also, it's important that team members feel appreciated and know that what they do is actually critical to the success of the business.

BOTTOM LINE

Annual revenue: $4.5 million.

2015 goals: $5.6 million.

Growth meter: How do you measure your growth? By profit and efficiency (all stores are profitable, so not having to work on projects designed to save a store).

Vision meter: Where do you want to be in 5 years? 10 years? In the next 5 years, I'd like to open three to five additional locations in my current markets and identify other markets to move into. In 10 years, I would like to have established a presence in other states where the potential for growth still exists.

What are you doing to take care of your employees? We have offered and contributed to health insurance for our team members for the past 10 years, as well as offering supplemental insurance. Each full-time employee receives 2 weeks of paid vacation every year. I feel it's important for them to get away and recharge their batteries.

What kind of exit strategy do you have in place? I currently do not have an exit strategy, but hope that one or both of our children will join the business and carry on when we decide to give it up.

AdIndex

The 2015 Multi-Unit 50

Ranking the most multi-friendly brands

Top 50 Brands by Number of Multi-Unit Franchisees

RANK	BRAND	MULTI-UNIT FRANCHISEES	SINGLE-UNIT FRANCHISEES	TOTAL FRANCHISEES
1	SUBWAY	4,105	3,702	7,807
2	MCDONALD'S	2,175	492	2,667
3	LIBERTY TAX SERVICE	889	986	1,875
4	DUNKIN' DONUTS	858	472	1,330
5	H&R BLOCK	837	845	1,682
6	AFC FRANCHISE CORP/SOUTHERN TSUNAMI	760	1,147	1,907
7	THE UPS STORE	743	2,461	3,204
8	LITTLE CAESARS PIZZA	657	69	726
9	DOMINO'S PIZZA	589	377	966
10	BURGER KING	569	417	986
11	GREAT CLIPS	559	336	895
12	DAIRY QUEEN/DQ GRILL & CHILL	524	1,775	2,299
13	RE/MAX	486	1,875	2,361
14	ACE HARDWARE	481	2,585	3,066
15	JACKSON HEWITT TAX SERVICE	470	128	598
16	7-ELEVEN	427	1,103	1,530
17	TACO BELL	410	353	763
18	WENDY'S	391	220	611
19	FIREHOUSE SUBS	384	18	402
20	CENTURY 21	375	1,030	1,405
21	HEALTH MART PHARMACIES	364	2,195	2,559
22	KFC	356	259	615
23	VISION SOURCE	337	1,982	2,319
24	JIMMY JOHN'S	328	288	616
25	PAPA JOHN'S PIZZA	287	386	673
26	COUNTRY INNS & SUITES BY CARLSON	283	68	351
27	DUNKIN' DONUTS/BASKIN-ROBBINS COMBO	255	266	521
28	COLDWELL BANKER	253	605	858
29	PAPA MURPHY'S	252	294	546
30	SPORT CLIPS	249	162	411
31	ANYTIME FITNESS	244	1,153	1,397
32	PACIFIC PRIDE SERVICES	243	61	304
33	SONIC DRIVE-IN	232	278	510
34	FANTASTIC SAMS	230	327	557
35	EDIBLE ARRANGEMENTS	226	346	572
36	ARBY'S	221	143	364
37	PIZZA HUT	211	167	378
38	GENERAL NUTRITION CENTERS	205	261	466
39	COLD STONE CREAMERY	197	428	625
40	KUMON CENTER	169	1,120	1,289
41	CHICK-FIL-A	168	1,178	1,346
41	POPEYES LOUISIANA KITCHEN	168	460	628
43	MIDAS	166	291	457
44	BASKIN-ROBBINS	159	509	668
45	ZAXBY'S	158	33	191
46	MIRACLE EAR	151	28	179
47	TIM HORTONS	149	90	239
48	AUNTIE ANNE'S	144	245	389
49	QUIZNOS	142	882	1,024
50	JERSEY MIKE'S	140	185	325
50	SNAP FITNESS	140	567	707

Source: FRANdata


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Top 50 Brands by Percentage of Multi-Unit Franchisees

RANK	BRAND	% MULTI-UNIT FRANCHISEES	MULTI-UNIT FRANCHISEES	SINGLE-UNIT FRANCHISEES	TOTAL FRANCHISEES
1	APPLEBEE'S	100.00%	37	0	37
1	PANCHERO'S	100.00%	29	0	29
1	PANERA BREAD	100.00%	30	0	30
4	HISSHO SUSHI/HISSHO ASIAN GRILL	98.47%	129	2	131
5	FIVE GUYS	97.12%	135	4	139
6	FIREHOUSE SUBS	95.52%	384	18	402
7	CAPTAIN D'S	95.38%	62	3	65
8	GATEWAY NEWSTANDS	95.00%	76	4	80
9	BOJANGLES'	94.94%	75	4	79
10	JACK IN THE BOX	90.72%	88	9	97
11	LITTLE CAESARS PIZZA	90.50%	657	69	726
12	JENNY CRAIG	90.32%	28	3	31
12	SAM'S HOT DOG STAND	90.32%	28	3	31
14	HWY 55 BURGERS SHAKES & FRIES	90.00%	36	4	40
15	A ALL ANIMAL CONTROL	88.46%	23	3	26
16	BRUEGGER'S BAGELS	87.10%	27	4	31
16	SEATTLE'S BEST COFFEE	87.10%	27	4	31
18	THE LITTLE GYM	86.62%	136	21	157
19	NEWK'S EXPRESS CAFE RESTAURANT	85.71%	24	4	28
19	SWEET FACTORY	85.71%	24	4	28
21	MIRACLE EAR	84.36%	151	28	179
22	ZAXBY'S	82.72%	158	33	191
23	MCDONALD'S	81.55%	2,175	492	2,667
24	FRESHII	81.48%	22	5	27
25	HERTZ RENT-A-CAR	80.85%	38	9	47
26	COUNTRY INN & SUITES BY CARLSON	80.63%	283	68	351
27	ZPIZZA	80.00%	44	11	55
28	PACIFIC PRIDE SERVICES	79.93%	243	61	304
29	JIMMY'S PIZZA	79.31%	23	6	29
30	RADISSON HOTELS	79.22%	61	16	77
31	AARON'S	78.90%	86	23	109
32	JACKSON HEWITT TAX SERVICE	78.60%	470	128	598
33	DOLLAR RENT A CAR	78.57%	33	9	42
34	PONDEROSA STEAKHOUSE	78.43%	40	11	51
35	MCALISTER'S DELI	78.26%	36	10	46
36	PALM BEACH TAN	78.13%	25	7	32
37	HUNTINGTON LEARNING CENTER	77.06%	131	39	170
38	GRANDY'S	75.00%	24	8	32
39	KEYSTONE INSURERS GROUP	73.21%	82	30	112
40	BARBERITOS	72.41%	21	8	29
41	CARL'S JR.	71.84%	74	29	103
42	GODFATHER'S PIZZA	71.20%	131	53	184
43	PENN STATION	70.27%	52	22	74
44	COST CUTTERS	67.57%	50	24	74
45	PLANET FITNESS	67.40%	122	59	181
46	PACLEASE	67.21%	41	20	61
47	VALVOLINE INSTANT OIL CHANGE	67.16%	45	22	67
48	BETTER HOMES AND GARDENS REAL ESTATE	66.67%	30	15	45
49	SHONEY'S	65.52%	19	10	29
50	AVIS RENT A CAR	65.31%	32	17	49

Source: FRANdata *Brands with 25 or fewer franchisees were excluded.*


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BY HELEN BOND

RECRUIT, RETAIN, REPEAT

HOW TO FIND, HIRE, AND KEEP THE BEST EMPLOYEES

When it comes to hiring, BrightStar Care franchisees Maureen and Peter Moore count on more than just credentials to get the job done. The Moores, BrightStar's 2014 franchisees of the year, estimate that for every 10 applicants, only half make the cut to interview for a position with their in-home care business that serves Norwalk, Bridgeport, and Southbury, Conn.

"Of those five, three get hired, and of those three at least one is gone within two weeks because they don't show the type of attitude in the field that we expect," says Peter Moore. Their company, with nearly 200 employees, practices a rigorous supervision schedule to oversee staffers in the field that exceeds franchise requirements.

Recruiting and retaining high-quality employees has always been a winning business formula, but these days the right hires—so crucial to the bottom line—are harder to find, despite the growth of job-finding websites. A shrinking labor pool is expected to make it increasingly difficult for franchisees in many industries to lure high-value, long-term employees for management positions and fill open jobs with quality workers.

"We have gotten lazy as employers, accustomed to a large candidate pool," says Adam Robinson, co-founder and chief hireologist at Hireology, a Chicago-based hiring platform company. "That has changed. We are back to the war on talent again."

A shrinking labor pool is expected to make it increasingly difficult for franchisees to fill open jobs with quality workers.


Peter and Maureen Moore

These dramatic labor landscape shifts, along with the uncertainty of potential regulatory threats that could redefine the traditional franchise employer-employee model, come just as the consumer base itself is undergoing a facelift. By 2017, the Millennial generation (those born after 1980) will have more purchasing power than the Baby Boomers, says Robinson, whose company was named to the "2015 Best Places to Work" list by *Crain's Chicago Business*. "Millennials are going to be the biggest customers in two years," says Robinson. "Why worry about this? You have to have the staff that relates to those consumers."

The good news: franchisees who view recruiting as a mindset and a "permanent, always-on business process" can successfully build a team for growth, says Robinson. He recommends managers devote 30 percent of their time to employment recruitment. "You don't need to be building a Fortune 500 recruiting operation to get this right," he says. "You can do this if you have a process and approach you are committed to. But I'll tell you this, it is really expensive to not do it right."

The laws of attraction

For Maureen and Peter Moore, finding quality employees for their caregiver agency is a personal mission. When Maureen couldn't find suitable care for her father when he was diagnosed with a rare form of cancer, she took on the job herself.

After her father's death in 2009, she set out to help others facing the same frustrating dilemma. Her husband, who had retired from a 42-year career in international banking, joined the quest to find a provider of high-quality in-home care. The pair discovered BrightStar Care and a new career and life for themselves. (Coincidentally, BrightStar was founded by a couple confronting a similar problem: finding quality care for an aging grandparent.)

To the Moores, nothing is more important than finding the right people for the job. "We are dealing with human beings, not with cars or hamburgers," says Maureen, whose background is in banking and consumer relations. "When we put a person out in the field with one of our clients, the care has to be the best I believe the industry has to offer, because of the human factor."

The Moores are always looking to hire and largely turn to their existing staff for recommendations. They estimate 85 percent of their caregiver hires come from word-of-mouth employee referrals. "They want their co-workers to be as good as can be, as good as they are," says Maureen. "The better the job we do, the better the word-of-mouth and the more cases they will be invited to participate in."

Finding the right fit

While technology can make finding potential employees easier than ever, what a franchisee does next can make or break their recruiting efforts. "You have to take the time to research and understand what is out there and make decisions about what is applicable to you," says Robinson. "Your recruiting systems are as important as your marketing systems. Until you get to the point of realizing that, you are always going to be behind the curve."

Franchisees looking to bolster their recruitment efforts should start by evaluating every part of the hiring process, including all job application and career sites they may use. Job descriptions should be clear and candidate questions and predictive testing job-specific. Pre-hire assessments and scripted interview guides can also help a company predict whether or not a potential hire will be successful, says Robinson.

Adam Robinson

This begins with defining the ideal employee for the specific job and the culture of your business. "You have to go into the hiring process with a clear picture of what you're looking for," says Tropical Smoothie Café area developer and franchisee Michelle Shriver, who, with husband Kriss, operates six locations in Colorado and Nevada.

Shriver, with 18 years of hospitality experience in the casino/hotel industry, always includes her best employees in the interview process as a way to create a strong team culture and buy-in on the potential hire.

"I think the most important aspect of building a great team is accountability," she says. "You need to care enough about the entire team to ensure only the best employees make the cut—both in joining the team and staying part of it. You can't retain employees who bring others down or don't carry their weight on the team. If you do, you'll lose your best employees and end up not having a team at all."

Hireology's Robinson likewise urges franchisees to rethink how they view hiring based on what they need for their business. For instance, the best employees may not always be the most talented—nor should they be, necessarily. "You might want that superstar manager, but the superstar associate looking for a career path that never gets it is going to quit," he says. "Maybe the job doesn't need exceptionally high-quality talent. Maybe you just need folks who are steady, show up on time, and do good work. They aren't superstars, but they will stay."

Hiring Process Checklist

Technology is making it easier to find employees, but your process may actually slow down recruitment efforts. Consider the following checklist of questions from Hireology co-founder Adam Robinson to determine if your hiring process is up to snuff:

1) Does the career site reflect my brand, and will it attract the people I need to attract?

2) Do I respond to applicants within 24 hours of resume submittal?

3) Is an interview scheduled with a candidate within a week of the applicant's resume submittal?

4) Have I established criteria to evaluate the recruit's suitability for the job, or am I just winging it?

How to keep them

Building the right team for growth also means keeping your top talent. Massage Envy franchisee Rick Davis says doing a better job up front of selecting the right person for the right position has had the greatest impact on employee retention at his five Seattle-area spas.

Davis, a former technology executive with Apple, Claris, and Kinko's, says the

Predictive Index behavioral assessment and pre-employment screening tools also provide valuable insights into who will be the best fit and happiest in the job.

With nearly 200 employees, Davis—CEO of Redmond, Wash.-based Corazon Partners, is a past franchisee of the year recipient and founding chair of Massage Envy's national franchise advisory board—focuses on hiring strong unit managers. The general manager, he says, is the most important job in the company and a key ingredient of his business success. "My advice to multi-unit owners is to make sure you have the best unit managers in every one of your locations. It makes all the difference," he says.

Robinson agrees that retention starts at the top. He estimates that 50 percent of the factors that predict someone's job success is connected to the manager and their working environment. Millennial employees, for instance, are generally career-minded, engaged, and technologically savvy. They don't want a job, he says, they're seeking an experience.

"Good people leave for better opportunities," he says. "If you can't retain them, nothing else matters. You can have the best recruiting funnel in the world, but if your manager can't provide a workplace environment that is somewhere they want to stay, they will leave."


Rick Davis

Accentuate the positive

Franchisees who attract and retain great employees also implement strategies and programs that communicate and promote good performance and company loyalty.


Michelle and Kriss Shriver

And while money still talks, it is not the be-all and end-all. Employees are motivated by human factors such as appreciation, recognition, a sense of purpose, and respect. "Money is a dissatisfier, not a satisfier," says Davis. "We try to take money off the table as a reason someone would want to leave."

Keeping employees is tougher in high-turnover industries such as food service and retail. Nevertheless, there are ways to manage and boost retention rates, such as increasing employee satisfaction through proper onboarding, fair shift schedules, team-building, and recognition.

It is important to catch your employees doing things right, says Shriver. Her employee base at Tropical Smoothie is split about evenly between part- and full-time employees, and she documents everything noteworthy for each, especially their accomplishments. Shriver says many employees stick with the franchise for years, including high school hires who stay on through college. "I can't point to one thing that causes that loyalty," she says. "But to start, we truly care about our employees. There is no faking that, and they can tell if you do or don't care."

When working with younger generations—the mainstay of the restaurant industry—it helps to be "young at heart," says Shriver. The couple hosts pool parties, holiday potlucks, employee contests for prizes and gift cards, and invite their employees to join them in their many charitable works, efforts those employees "seem to get really behind," she says. "What I think employees appreciate the most is thanking them when they do a good job," she says. "We have a lot of high fives, fist bumps, and hugs in our cafes!"

Today's employees also expect and benefit from regular, ongoing feedback. At Massage Envy, for instance, Davis offers each employee a monthly "cadence of conversation," a practice that uncovers problems sooner rather than later, and which helps to recognize and encourage strong employee performance and loyalty.

In the end, Davis has found it pays to put people ahead of profits to create a winning team. "When we have to make a decision between what is going to help people and what is going to help our margin, we tend to come down on the side of our people." MUF

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Franchise Update MEDIA

BY KERRY PIPES & EDDY GOLDBERG

SHAPING THE FUTURE

2015 Multi-Unit Franchising Conference is a big winner

For three days each spring, Las Vegas, the party capital of the galaxy, serves as the backdrop for the annual Multi-Unit Franchising Conference (MUFC). This is the 15th year that the country's leading multi-unit franchisees, franchise brands, and suppliers have come together to share ideas, exchange information and opinions, and do a little business.

2015 was another banner year for the event, which drew more than 1,300 attendees—more than 550 of them franchisees, who cumulatively accounted for more than 12,000 operating units, more than $8.5 billion in annual revenue, and more than 100,000 jobs.

The three-day conference, preceded by a fundraising golfing event, has become a signature event for franchisees of all sizes and stripes. This year's conference theme, "Shaping the Future," featured timely and topical content in session after session in packed rooms brimming with knowledgeable panelists and inquisitive attendees. Caesars Palace in Las Vegas once again played host.


2015 Conference Chairman Rob Branca

CONFERENCE BY THE NUMBERS

A quick summary of some aggregated statistics from the 15th annual Multi-Unit Franchising Conference in Las Vegas this past April:

- Attendees: **1,300+**
- Franchisees: **550+**
- Units: **12,000+**
- Exhibitors: **200**
- Revenues: **$8.5 billion**
- Employees: **100,000+**

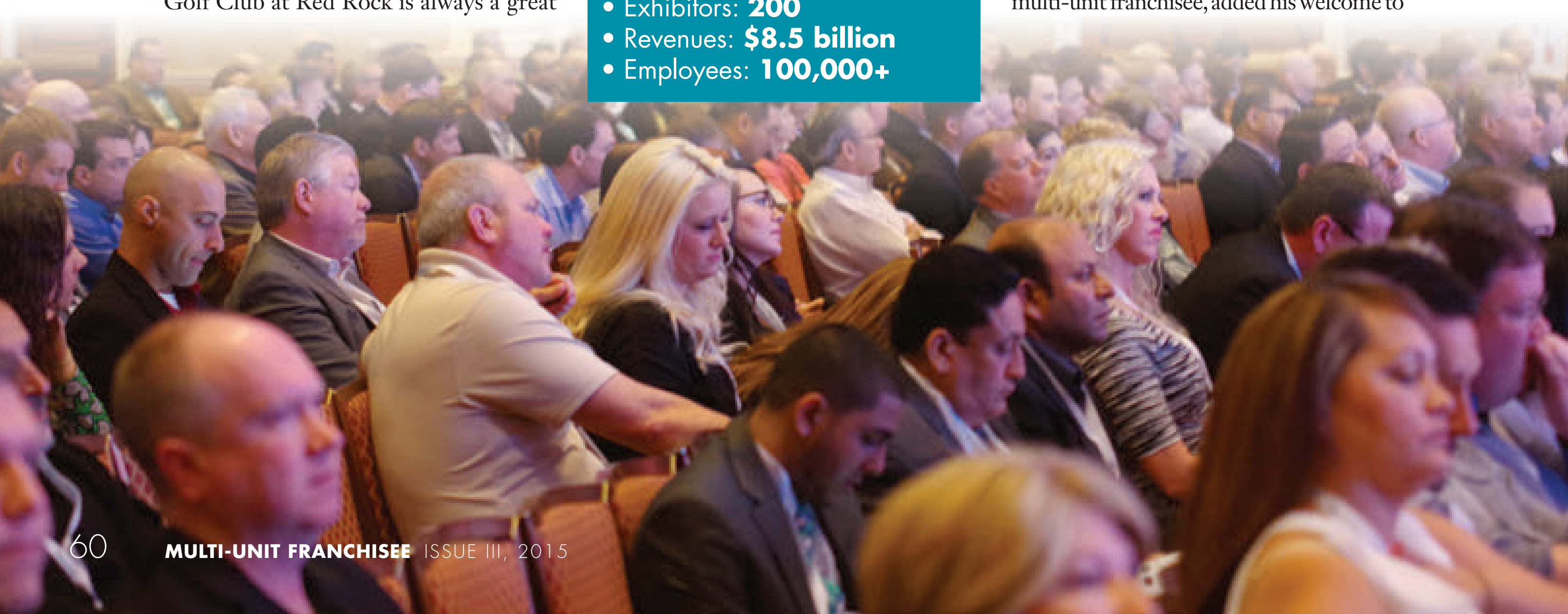
Teeing up for charity

A round of golf at the splendid Arroyo Golf Club at Red Rock is always a great way to swing into the conference and do some good, and this year was no exception. The annual charity golf tournament, which teed off on Tuesday, regularly raises many thousands of dollars. Together with the Silent Auction, held in the Expo Hall throughout the conference, the MUFC raises tens of thousands of dollars for worthy causes, including the Little Rock Foundation, an organization of parents who have children with blindness, visual impairment, and other disabilities.

The evening's welcome reception was held at Carmine's Italian restaurant at the Forum Shops in Caesars Palace. The reception, featuring cocktails, hors d'oeuvres, and lively conversation, is always a great opportunity to reconnect with old friends and make new ones.

Day 1, Let the learning begin!

Early Wednesday morning the registration desk opened and the hallways began to buzz as attendees charged up on coffee and breakfast before filing into the first general session to hear opening remarks from Gary Gardner and Therese Thilgen, Chairman and CEO, respectively, of Franchise Update Media. Rob Branca, conference chair and Dunkin' Donuts multi-unit franchisee, added his welcome to



the roomful of franchisees. "People come to this conference for the great content," Branca told the enthusiastic crowd before introducing the first keynote speaker.

Peter Diamandis, a futurist and author of *Abundance: The Future Is Better than You Think*, wowed the crowd with stories of how technology is changing the world—and how it is going to affect their businesses in the coming years. Technologies he discussed included infinite computing (the cloud), robotics (autonomous cars), the rapid adoption of sensors in everyday life (from refrigerators to clothing), 3D printing (toys to houses), and genomics and healthcare.

While these topics may seem pie-in-the-sky, Diamandis is more than an armchair futurist: he is an entrepreneur who has founded more than 15 companies. As an advocate of "incentivized innovation," he founded and chairs the XPrize Foundation, which famously offered the $10 million Ansari XPrize to the first private team to build and fly a reliable, reusable vehicle 100 kilometers into space twice within two weeks. He also co-founded Singularity University in Silicon Valley and is involved in several additional high-tech ventures.

"In 10 years, 40 percent of all Fortune 500 companies will not exist," he said. "The only constant is change, and the rate of change is increasing." The key to being one of the successful, sustainable companies of tomorrow, he said, is to embrace change and adapt to it—or risk failure. "If you don't disrupt yourself, someone else will—especially if you're making great money." The keynote was sponsored by Popeyes Louisiana Kitchen.

His talk was followed by a general session called "Franchisees & Franchisors Working Together To Build Stronger Brands." Rocco Fiorentino, president and CEO of Benetrends Financial, facilitated a panel composed of a franchisor executive paired with a multi-unit franchisee of that brand. The panelists were Alan Balen, a Checkers and Rally's franchisee and Rick Silva, CEO of Checkers Drive-In Restaurants; Debra Sawyer, a Sport Clips franchisee and Mark Kartarik, president of Sport Clips; and Rob Branca, a Dunkin' Donuts franchisee and Nigel Travis, CEO of Dunkin' Brands Group. The panelists did a thorough job of expressing the critical concerns from both sides of the franchise fence. Fiorentino summed up the discussion by saying, "Franchisors and franchisees need to find ways to reach common goals and prevent toxic culture."

The Oxi-Fresh Carpet Cleaning team

Two separate luncheons followed. The first was a franchisor and supplier lunch where Paul Pickett, vice president of franchise development at Wild Birds Unlimited, facilitated a discussion on building and evaluating a franchise recruitment plan and budget. He led panelists through a discussion of questions such as how well they measured their franchise sales and development success, and what lead sources are driving their recruitment programs. In a separate room, multi-unit franchisees convened for their own luncheon to rekindle old relationships and build new ones.

Breakout sessions

Next up came the first of the afternoon's

Franchisees and franchisors working together

breakout sessions. Based on the size of the attendees' franchisee organizations—and their aspirations—the sessions were divided into three tracks: Growing to 20 Units, Growing from 20 to 50 Units, and Growing Beyond 50 Units. Facilitators and panelists dug into the nuts and bolts, the how-to's, and challenges they experienced as they grew their own companies. Sessions within each track covered the critical components of growth, including building infrastructure, finding financing for acquisitions and new units, and creating a comprehensive strategy for managing that growth over time. Moderators and panelists kept the packed sessions focused and lively and allowed plenty of time for comments and questions.

As a very full day drew to a close, attendees headed to the Expo Hall, where more than 200 exhibitors were on hand to discuss franchise opportunities, products, and services. The Expo Hall is the central gathering place for attendees to not only explore new brands and supplier solutions, but also to meet and mingle with other franchisees to compare notes and evaluate brands and vendors.

Thursday, Day Two

The day began with a continental breakfast as attendees mingled before reconvening in the general session hall. Conference Chair Rob Branca welcomed everyone back to the general session before introducing FRANdata President Darrell Johnson for his annual "State of Franchising" report.

The overall theme of Johnson's presentation could be summed up as navigating the economy's choppy waters, with brands engaging in a battle for market share as they compete for one another's customers in a period of continued slow growth. "If the revenue side is compressed because the economy is not playing nicely, the advantages come on the operations side," he noted, with competitive advantages achievable externally on the marketing side and internally from superior operations.

Other observations and predictions included: a "very vibrant" M&A market that will continue until interest rates rise and banks return to more historically normal lending; the Fed will end quantitative easing this year and interest rates are likely to rise soon after, marking the end of ultra-cheap credit; and while unemployment is down, the size of the U.S. labor pool is declining for the first time in history, creating "a lift in wages for unskilled labor" along with an unskilled labor pool issue, no matter who is president or in Congress.

He also noted that more new brands are franchising and that the marketplace is seeing more specialized, subsector products and services targeting a more defined customer than the broader categories of the past—along with an increase in alternative lenders for borrowers on the low end of the investment spectrum. This, he noted, will create more options for multi-unit operators. Greek fast food, baked goods, donuts, and hot dogs, he said, are presently among the fastest growing categories.

Next came the official announcement of the winners of this year's MVP Awards (Most Valuable Performers), celebrating multi-unit franchisees for their contributions to their brand(s), their community, and their employees. Full profiles of the 10 honorees can be found in the preceding pages.

Keynoter, more sessions

The conference's second keynote speaker, Frank Abagnale, took the stage to tell his fascinating life story, the subject of the 2002 Steven Spielberg film "Catch Me If You Can," starring Leonardo DiCaprio and Tom Hanks. Abagnale gave a riveting, spellbinding account of his life as a con man and fugitive who successfully swindled millions of dollars' worth of checks as a Pan Am pilot, and posed as a doctor in Georgia and a legal prosecutor in Louisiana. He spun a heart-rending tale of love, family, guilt, and redemption: for the past 39 years he has worked for the FBI as an expert on crimes involving forgery, embezzlement, and cybersecurity.

Following the general session and keynote address, it was time for more breakout sessions. Thursday's lineup was divided up into four tracks: marketing, operations, HR & employee relationships,

and growth. Sessions included Customer Engagement: The Best Marketing Tool; Multi-Unit M&A; Getting to the Closing; Labor Laws—Impact on Hiring and Retaining Good Talent; and Lease Negotiations and Re-Negotiations.

The lunch hour brought the reopening of the Expo Hall, where attendees continued their investigation of potential new brands and suppliers. That was followed by another general session dealing with the always-hot topic of financing.

Michael Kulp, president and CEO of KBP Foods, facilitated a panel that consisted of Guillermo Perales, president and CEO of Sun Holdings, Dawn Lafreeda, a Denny's franchisee, and Yaron Goldman, a MOD Pizza franchisee. During the session—Financing 2015: Finding the Edge in Your Capital Strategy—each of the panelists talked about their own financing journeys, the sources of financing they used during their growth, how they learned to negotiate, and how others might learn from their mistakes.

More afternoon breakout sessions followed, with topics including: Local Store Marketing for Optimum Brand Awareness; Take Your Customer Service to the Next Level; Franchising Under Attack: How Recent and Proposed Legislation Affects Your Bottom Line; and How to Evaluate a Franchise Brand.

A special "bonus session" this year—Bridging the Gap: Athletes, Investors, and Operators Roundtable—featured former professional athletes, operators, franchisors, and investment experts discussing the pros and cons of building successful partnerships between athletes and multi-unit franchisees. Michael Stone, a former NFL player who founded the Professional Athlete Franchise Initiative, led the highly interactive session.

The day closed out with a final opportunity to visit the Expo Hall and finish up any conversations or deals that had been in the works during the conference.

Friday, Day 3

As Friday dawned in the desert and attendees began preparing to depart, one last session awaited: a chance for attendees to hear firsthand how other franchisees have developed growth plans for their businesses. The session, Develop Your Executional Plan for Growth, focused on how to build an actionable plan that effectively communicates your vision for growth—a plan you can take to the bank.

Craig Weichmann, managing director at Meyer Metz Capital Partners, facilitated a panel that included John Metz, president of RREMC and a franchisor and franchisee; Brooke Wilson, a Two Men and a Truck franchisee; Lloyd Sugarman, a Johnny Rockets franchisee; and Greg Thomas, a Smoothie King and Great Clips franchisee.

The session left attendees with a better understanding of how to build a plan

Michael Stone, founder of PAFI

that effectively communicates a vision for growth.

Satisfied franchisee plans return

"It was an amazing conference and inspired us all to go back and elevate our franchised businesses to the next level. It also opened my eyes to becoming a multi-brand, multi-unit franchisee, and the overall experience was priceless. I have already marked down the dates for next year," said Saj Rizvi, a Kiddie Academy franchisee.

So mark your own calendar now for next year's must-attend event. Michael Kulp, president and CEO of KBP Foods and multi-unit franchisee of KFC, Pizza Hut, Taco Bell, and Long John Silver's, will be taking on the chairman role for the 2016 Multi-Unit Franchising Conference. The event will return to Caesars Palace in Las Vegas April 26–29. We look forward to seeing you there!

For more information on the conference, photos (you might be in one), or to learn about next year's event, visit multiunitfranchisingconference.com. MUF

2015 MVP Award honorees are recognized for their achievements

Selling an Experience

What business are you *really* in?

Was I wrong when I said you should offer a price match guarantee?

This question was inspired by reading Jeff Shore's article on Entrepreneur.com, "Don't Wage a Price War. Win Sales by Eliminating Your Competition." A paradigm shift is needed from selling a commodity someone can get anywhere to selling an experience customers can enjoy *only* with your company.

Everyone in your organization needs to have this mindset: *We are the ultimate experience provider. We will not be oversold. In fact, if you can find it more expensive somewhere else, we will raise our prices and match it.*

• Don't compete in price wars; compete in experience wars. Sound crazy? Perhaps. However, if this were truly your mindset—if it were *everyone's* mindset in your company—it would change your approach to the experience you provide. It would force you to deliver the ultimate customer experience. Personally, I get upset if I find out someone is charging more for something either of my businesses sell. I start to think, What are they providing that we aren't? Is it quality, consistency, customer service? What is it? We all need to improve our game and be proud of what we charge relative to the experience we deliver.

We all need to improve our game and be proud of what we charge relative to the experience we deliver.

• Employee mindset is wrong. Ask your employees this question: "If customers told you they could get what we sell someplace else for significantly less, what would you do? What would you say to keep them?" You'll probably be disappointed at their answer. Too often when faced with that scenario, employees act almost apologetic and start offering the customer more, or even worse, a discount to justify the price gap. The problem is that your front-line employees may not understand the true value of the services and products they are selling to the customer.

• Expensive cup of coffee or a free living room? About 10 years ago, the first time I worked with Starbucks, I found out that some baristas felt guilty about charging a customer $5 for a cup of coffee. Why? Because that was more than 50 percent of their hourly pay. They couldn't comprehend how someone could pay so much for a cup of coffee. So I started thinking about what they *really* sell. Then I remembered my favorite sitcom of all time, "Friends," with Ross, Rachelle, Chandler, etc. I remembered them hanging out in their favorite coffeehouse, Central Perk, for hours laughing, having a good time, being "friends." Then I thought about all the times I met someone at a Starbucks. It may be an old school friend, a potential client, a neighbor, brother, or one of my kids. Rarely have I ever spent less than 45 minutes, talking, getting caught up, or building a relationship. Then it hit me: What a deal! They aren't selling an expensive cup of coffee, they're selling really inexpensive rent on a living room for people to connect, hang out, and enjoy each other's company.

• It is not just a triple grande, non-fat decaf iced latte. It is the total experience: the warmth of beautiful surroundings, a friendly community of people (customers and staff) who recognize you, a consistent product, and a place to escape to for hours should you choose. When the baristas realized how important that was to their customers' lives, it changed their perspective on what those customers were getting for their money. The baristas went from feeling guilty to feeling proud of what they sold.

What does *your* company sell? I hope you take the time to use this exercise and fully develop something that is so strong that your newest employee runs home to tell their parent, spouse, or neighbor, "Hey, you know what business we are *really* in?" MUF

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What State Is Your Employee Handbook In?

One size does *not* fit all in today's environment

This column looks into the use of employee handbooks by multi-unit franchisees, particularly those originally drafted by the franchisor or by a third party operating in a different state from the franchisee's territory.

I begin by exploring the definition of "employer of record"—and how it can help shape expectations for a multi-unit franchisee, specifically relating to employer liability in an evolving regulatory landscape. Second, I summarize the rationale for why employee handbooks should come directly from the employer of record. Third, I offer a recommendation that could help mitigate potential vicarious employer liability and minimize the risks of future claims that parties acted as joint employers.

First, a definition of employer of record: *the entity responsible for the payment of wages to employees; for all payroll taxes to local, state, and federal governments; for maintaining right of direction and administrative control over employees; and liable for full compliance with all local, state, and federal governments as the source of the wage.* In this context, "right of direction" includes the rules and guidance from the employer over the work site, i.e., the employee handbook.

The franchisor is not the employer of record. The consultant is not the employer of record. Nor is the payroll data processor that may provide potentially helpful HR tools, templates, or guidance. The franchisee is the liable employer of record and must provide the employee handbook specific to their territory, in full compliance with their corresponding local and state government regulations. Based on this understanding, multi-unit franchisees must be careful when managing such responsibilities under their own federal employee identification numbers (FEINs), while rightfully acknowledging that all such facets of these responsibilities (whether in-house or outsourced) are non-revenue generating.

Since the employer of record is the liable party, it should be the source of the employee handbook. A review of more than 12 multi-unit owners in both "employer friendly" and "employee friendly" states found alarming results. Most alarmingly, the majority of multi-unit franchisees were operating with employee handbooks originally drafted by either their franchisor or by a third party operating in a different state from the franchisee's territory, and which contained inapplicable and/or inaccurate statements that complicated attempts to settle grievances with employees or ex-employees. For example, if the multi-unit franchisee was operating in Texas, their employee handbook came from a franchisor based in Canada. If the multi-unit franchisee was in California, their employee handbook came from a payroll data processing service based in Florida.

Many multi-unit franchisees learned late that their employee handbook contained state laws that did not apply to their territory.

Many multi-unit franchisees learned late that their employee handbook contained state laws that did not apply to their territory. Such discrepancies can lead to problems, such as an increased probability of vicarious employer liability claims. Risks to franchisees of vicarious employer liability and misguided claims of being a joint employer with the franchisor can be mitigated when the direct management of human capital is handled properly. Such details are consistent with recent concerns expressed by the NLRB.

Given the evolving political and regulatory landscape, a franchisor that continues to distribute a one-size-fits-all employee handbook, or that provides guidance of any kind on the direct management of human capital involving any facet of the employer-employee relationship, can invite additional scrutiny and arguments, including but not limited to claims they acted as a joint employer and consequently, should be liable.

Times have changed

Our research shows that the one-size-fits-all approach to the employee handbook and to providing guidance on the direct management of human capital from any party other than the employer of record is over. Further, it suggests that the one-size-fits-all approach to any facet regarding the direct management of human capital can harm the franchisee (an independent business entity and employer of record) by mandating that it abide by specific and potentially inapplicable and/or inaccurate labor relations standards from another independent entity (who is not the employer of record.)

Therefore, to best mitigate potential vicarious employer liability and minimize the risk of receiving future claims that such parties acted as joint employers, our research suggests that the employee handbook should not come from anyone other than the employer of record.

For those multi-unit franchisees who are not comfortable with managing this kind of liability on their own under their own FEIN as the employer of record, our recommendation is that they can, and should, outsource part of this responsibility to a professional employer organization (PEO) specializing in franchising. The PEO will then act as the employer of record on behalf of the client (the franchisee) under its own FEIN, thereby providing an arguable shield of employer liability. (This should not be confused with payroll data processing services that may provide potential helpful HR tools, templates, or guidance but that do not take on the responsibility of being the employer of record.)

A final note: HR cases involving multi-unit franchisee labor relations should not be confused with the franchisor's rightful management and enforcement of uniform brand standards. While one size does *not* fit all for human capital management, this should not be confused with maintaining uniform brand standards. MUF

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Here Comes October 1st

EMV reader deadline looms for franchisees

It's October 1, 2015 and a line of hackers is standing outside your store waiting for you to turn on your computer system. Why? So they can steal your customers' credit card data and sell it to the highest bidder, of course.

Okay, it might not be that bad (or at least that literal), but this is a date you can't afford to ignore: it's the deadline for merchants to have EMV-capable devices to read the new, EMV chip–embedded credit and debit cards—or face potentially ruinous consequences in the event of a data breach or hack.

EMV (Europay, Mastercard, and Visa), for years the card format standard in Europe, is now the standard for card issuers here in the U.S. Basically, the long-used magnetic stripe on the back of payment cards is being replaced with a chip that encrypts your data at the point of sale.

Come October 1, if you do *not* have an EMV-capable device and you are hacked, you will automatically be considered liable for the losses incurred as a result of the breach. Conversely, any merchants doing 70 percent or more of their POS transactions with EMV will shift the liability of lost data at that point away from themselves and back to the card issuers.

Why is EMV better?

With traditional mag stripe technology, data is stored on the card itself within the stripe. This allows a POS device to read that data and transmit it to the processor to complete a transaction. There are two problems with this. First, this means your POS system is reading and potentially storing or transmitting that card data in an unsecure way that could be intercepted. Second, all of that card data is stored *unencrypted* within the mag stripe, so if a card is physically lost or stolen it can be read fairly easily with a simple device.

With EMV technology, the card data is encrypted within the chip and is *never* stored or transmitted in a usable format through the POS, and thus is of no value to anyone who acquires your card.

Staying compliant

Most franchisees operate within a system that requires certain POS types. And while all POS distributors are working hard to meet this deadline, the fact is that some will not make it. If you haven't already, engage with your franchisor (who should long ago have held discussions with both their POS vendor and payment processor to ensure they are doing what is necessary to meet the deadline).

Please note that installing the EMV hardware does not make you PCI DSS–compliant. It just takes your POS out of scope (a good thing) and makes your annual certifications easier. You still will need to do your annual Self-Assessment Questionnaire and, if transmitting data through an IP connection, your quarterly network scans as well.

Remember, it might be years before all of the mag stripe cards are out of circulation. It is not just about what happens at your POS that makes you compliant, it is also about all the other places that card data touches.

Okay, how much?

Complying with this deadline is going to require at least a small investment. Most POS companies will be offering options for a peripheral that can be plugged into an existing POS device and allows an EMV card to be dipped into that device. Cost for this will vary, depending on how the POS vendors do this. If they require one of their own devices, expect it to cost quite a bit more. If they have integrated with one of the more common credit card terminal vendors, it shouldn't cost more than around $200 to $300 per workstation.

Franchisees that use a standalone credit card terminal will have to either add a PIN pad–like device that allows this or upgrade the terminal they are using now. In either case they can likely find one from their credit card processor for less than $350.

For table service restaurants, this will prompt the use of more mobile devices, where the server will leave a small tablet at your table to make a payment; or you will see a small kiosk-type device on your table that allows you to order additional food and drink or play games, in addition to the ability to process your payment and track your loyalty programs.

My last piece of advice is that if you have to spend the money anyway for an EMV-capable device, make sure you get one that also has NFC capabilities so you can take advantage of Apple Pay, Google Wallet, and CurrentC. Watch for more on these payment technologies in coming issues. MUF

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Are You Seasonally Adjusted?

Keeping on top of annual cash flow fluctuations

As we enter summer each year, businesses with a seasonal sales cycle can change significantly. If you are lucky, this is your busy season with expanded revenue and, hopefully, expanded profits and cash flow. If you run a business that has diminished summer sales, you are in for the belt-tightening process of reduced revenues and cash flow.

Either way, it's critically important to understand *patterns* of cash flow—and how to best prepare for the seasonality of sales that most businesses experience during the course of a year. Our goal as owners is to determine the pattern of cash flow in our businesses and plan for adequate cash to cover expenses and repay debt. It is also important to clearly understand the difference between "seasonal" cash requirements and your long-term growth capital needs.

1) Planning for cash flow. Planning is critical. Start by looking at what happened in the past in your business, then assess what is going on now. Next, begin to think about what you would like your business to look like over the next 12 months. A lot of things can affect this plan: new competition or summer road construction, for example. However, the more we plan, the more our thinking is refined, and the closer we can get to our cash flow goals. The critical tool to help in this process is your cash budget (which is very different from the other two key financial tools used by every business owner: your income statement and your balance sheet).

2) Accrual accounting. Your income statement is typically based on accrual accounting. Income is recognized when you earn it, not when the money is collected; and expenses are recognized when they are incurred, not when the bills are paid. By matching the income earned against the expense generated to earn it, you always get an accurate picture of the profitability of your business. The critical weakness of this accounting system, however, is that you do not get an accurate picture of the *timing* of inflows and outflows of cash. Cash flow is the weak link of the accrual method of accounting.

3) Cash accounting. In cash accounting you recognize your income when you get the money, and you recognize your expense when you write the checks to pay your bills. The strength of this process is that you always know your cash flow, but you have no idea if you're actually making any profit.

It's critically important to understand patterns of cash flow—and how to best prepare for the seasonality of sales that most businesses experience during the course of a year.

4) Cash budgeting made simple. To truly understand what is happening inside your business, you need a cash budget. To build a cash budget that truly delivers "management intelligence," you need three distinct components.

a) First, across the top, prepare a Profit Plan (which is nothing more than a simplified income statement) month by month for 12 months. Project your sales, cost of goods sold, gross margin, G&A expenses, and net profit, calculated for each month, usually for January through December and totaled for the year.

b) Next, beneath that prepare your cash budget (which is no more complicated than your company checkbook). At the top, begin with the cash from the previous month, add in all the receivables and other income you expect to collect. Then subtract everything you intend to pay (bills, payroll, taxes, and any other expenses due each month) and you will wind up with your ending cash position. Amazingly enough, this could very likely be negative, which leads us to the last component of the three-part cash budget: your loans.

c) To bring your business back to solvency for the month, you must track the short-term borrowing you need from your line of credit with the bank. Whatever is left over in cash is what you will use to begin the cash budget for the next month. If you are in a highly seasonal business, it is very likely that this short-term borrowing could be extensive. The good news is that with careful planning you should be able to track the repayment and, hopefully, have the entire line of credit paid off by the end of the 12-month period.

(This entire process is outlined in our Profit Mastery Module Four: Cash Flow, available through our online Profit Mastery University.)

Know before you go. The typical business owner only guesses as to the amount of borrowing they will need to cover the cash shortfall during the course of the year. If you think you'll need $50,000 to keep your business afloat during its seasonal sales cycle, and it turns out that you actually need $220,000, this can lead to "polite adversity" with your friendly banker, and to great stress on you. A cash budget enables you to "know before you go" and plan for the seasonal cash needs of your business. MUF

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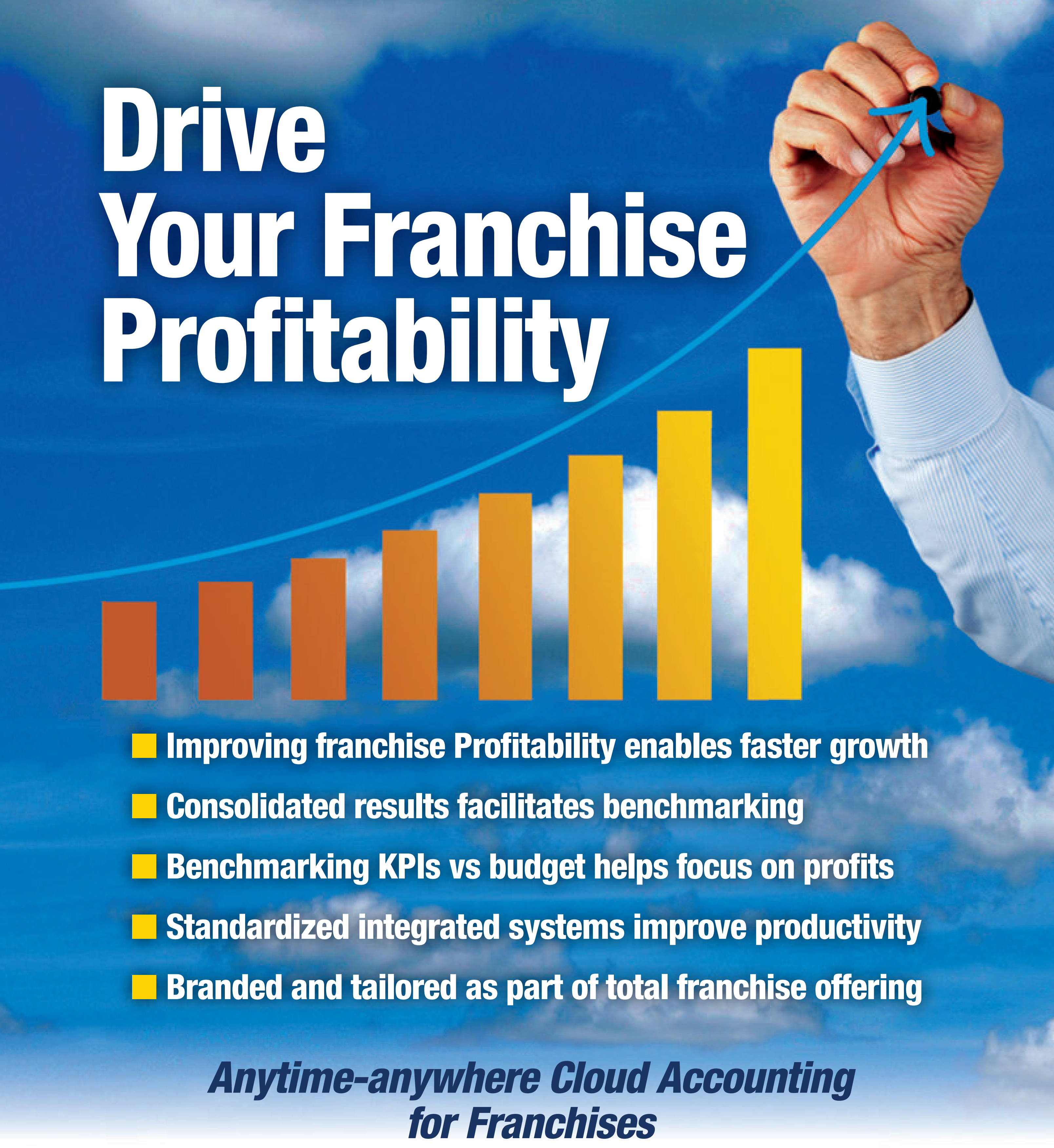
Drive
Your Franchise
Profitability
Improving franchise Profitability enables faster growth
Consolidated results facilitates benchmarking
Benchmarking KPIs vs budget helps focus on profits
Standardized integrated systems improve productivity
Branded and tailored as part of total franchise offering
Anytime-anywhere Cloud Accounting
for Franchises

Seeking Stability

How long can this "surreal state" go on?

Most markets around the globe have performed well following the lows reached during the financial crisis. Investors have anchored to a new status quo, one marked by low interest rates, moderate growth trends, and reasonable returns in most asset classes. This "new normal" has teed up a general aura of investor complacency not seen for years, potentially setting the stage for emotionally driven behavior among the unprepared.

All things considered, markets have proven amazingly resilient to potential concerns for many quarters now, shrugging off a halving of oil prices and the upswing in the relative level of the U.S. dollar. It seems a parallel universe to the bleak days of 2009–2011, when fears of a eurozone breakup and the proximity to the still-recent market downturn had investors nervous and markets depressed. Indeed, it has now been more than 42 months since the U.S. stock market witnessed a pullback of more than 10 percent, and interim daily price swings have narrowed markedly.

While concerns are many, markets continue to shrug them off: the classic definition of "climbing the wall of worry." But key questions remain: 1) How long can such a surreal state go on? 2) What will the landscape look like when conditions change? 3) How should portfolios be positioned to withstand and prosper?

While many attributes of the current environment are worrisome, arguably the thorniest issue is the unsustainable status of today's unusually depressed global interest rates. Just a few years ago, a 10-year U.S. Treasury note yielded more than 5 percent. Today it's below 2 percent which, oddly enough, is a prized yield among developed nations. Since the start of Europe's quantitative easing program, fully half of sovereign debt is priced with a *negative* yield, meaning investors are *paying* issuers to take their cash. While low rates are good for borrowers, they are problematic for investors who need to use portfolio income streams to fund expenses. This is spawning a global search for return, causing many to minimize or ignore potential risks as flows into more exotic debt instruments and global locales increase.

Such trends are being exacerbated by the use of increasingly sophisticated modeling techniques, though investors always seem to forget that models are only as accurate as the assumptions that undergird them. No matter how sophisticated the model, they can't accurately pinpoint how humans will behave under duress.

At present, most global markets are in equilibrium, with the needs of buyers and sellers in relatively good balance. What this state masks, however, is that the underlying dynamics have changed, and that these nuances could become starkly evident if disequilibrium occurs. A geopolitical shock or unexpected default scenario could showcase the dearth of proprietary trading desks, for example.

While concerns are many, markets continue to shrug them off: the classic definition of "climbing the wall of worry."

With some estimates putting the percentage of high-frequency technology-driven trading at near or more than half the daily trading volume, it does not seem unreasonable to presume that a market shock could prompt some unruly near-term trading in specific markets or asset classes. One suspected example is the "flash crash" that hit U.S. Treasury bonds in October 2014, round-tripping the 10-year yield from 2.19 percent to 1.86 percent and back to 2.13 percent in a single day.

Many investors don't realize that the bond prices shown on their statements aren't as "current" as a stock price. While many shares of stock change hands daily, bonds do not trade as often. According to Barclays Research, turnover in the high-yield markets has declined from more than 175 percent in 2005 to less than 100 percent in 2014. Bonds only get re-priced when an actual trade occurs.

A correlated issue is that when a trade does occur, that re-pricing happens on *everyone's* statement, whether or not the bond holder intends to sell. In a rising rate environment this can lead to adjustments within investors' portfolios, which in turn could lead to panicky behavior at best or margin/collateral calls in a worst-case scenario. Given the substantial flows into bond funds over the past decade, you can suspect there are a large number of uninitiated fixed-income investors who don't realize they stand to lose real principal in bond funds (versus owning the individual bonds, which can be held to maturity no matter what the interim price swings) when rates do go up.

While disequilibrium could prove psychologically unsettling in the short run, it's not an issue for those who don't need quick access to that particular asset or fund. Such volatility might create very interesting investment opportunities for some.

Constructing portfolios to withstand potential illiquidity or disruptive markets incorporates several core tenets. First is quantification and provision for adequate resources to fund cash flow needs for some period of time. This liquidity can be through reliable income streams such as dividends, interest that will fund some or all of anticipated cash needs, and/or actual cash. In complacent markets such as those we're in, it can be tempting to minimize potential liquidity risk (as in relying on broadly owned ETFs to form cash positions). Sidelining funds can seem like a drag on overall performance in strongly rising markets, but it may help you sleep at night.

A second tenet is to have a plan to take advantage of structural dislocations that may hit fundamentally sound asset classes. As nice and steady as markets can be, volatility and disruptions can present intensely interesting investment opportunities for those whose psyches and portfolios are positioned to participate.

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BY DEAN ZUCCARELLO

Keep Calm (If You Can)

5 tips for managing emotions in a sale

Many of the topics we address as a firm focus on the technical aspects of a transaction, such as market observations, quantitative measurements, and other deal points, but seldom do we discuss the emotional side. While the financial aspects of a deal are important, the intangible feelings associated with selling a business also have a significant impact on the process.

Corporate sellers generally have the benefit of emotional detachment from the selling process and are typically focused more on price and execution. Entrepreneurial sellers have the added burden of dealing with a multitude of emotional challenges, such as letting go of a business they have created, built up, and managed for a long time. This dynamic should not be ignored.

In our experience, the emotional aspect of selling a business must be discussed and dealt with early in the sale process. We have encountered the full spectrum of emotions from our clients. Some easily isolated their emotions from the process, while others were so emotionally charged that they ultimately prevented a transaction, only to later regret their actions. However, for most sellers it is somewhere in between. Based on our 25 years in the industry, here are five suggestions for anyone contemplating the sale of their business.

1. Know why you are selling. The decision to sell should be part of a well-thought-out process, not an impulsive reaction. Once that decision has been made, physically take note of the reasons behind your decision. As you work through a selling process that can often be tedious, refer back to your rationale periodically. This will help you reinforce why you started down the path to selling your business in the first place, and will ultimately keep you focused on the end goal. It is important to bring a balanced perspective to the table, reminding yourself to be disciplined with your reasoning and to stay committed to the process, all while keeping your eye on the prize.

2. Trust your advisors. Many entrepreneurs have been in charge of their businesses for so long that they have a hard time relying on the advice of others. While this is understandable, the level of trust between seller and advisor is a crucial aspect of a successful sale. You have to trust that your advisor knows what they're doing, so as to not second-guess their every move. This is especially important regarding the valuation process. Advisors take many factors into account when determining an optimal deal price, so you have to trust them to get it right. We have encountered numerous situations in which a seller was presented with an outstanding offer only to push for a higher price. Not only does this seldom work, this also can be dangerous, resulting in the elimination of a strong, viable offer without correctly taking into account all other deal factors. It is important to determine what price you are willing to sell at—and then stay committed to it. It's natural to hope there is a better offer out there, but trusting the advisor you have chosen and remaining realistic are key. As a seller, you must understand the valuation dynamics of your business and be prepared to act when the right deal presents itself.

3. Be the decision-maker. As the seller, you must be direct and decisive. Don't waffle with your decisions. Make up your mind and stick with it. You are not merely a deal participant, you are the chief decision-maker, so it is important that you act as such. This doesn't mean that you need to micromanage the direct day-to-day dealings. In fact, it is best if you stay away from the smaller, menial tasks. If you bring in the right advisory team to manage your sale, daily dealings will not be of any concern. However, there are always important times for you to be personally involved in the process. They just shouldn't be too early or too often.

4. Understand the buyer's process. Selling your business can be a long and complicated process, so you must remember that your deal isn't going to happen overnight. Buyers will want to conduct their own in-depth due diligence to ensure they are making the right investment by purchasing your business. They also have financing issues to consider, the question of real estate control, how to manage potential capital expenditures, and the review of all asset conditions. It is essential to remain patient during this process. It isn't just about getting it done, it's about getting it done right.

5. Take on the buyer's perspective. It is one thing to understand the process the buyer is undertaking, but you also must recognize how your deal looks from the buyer's perspective. To buy a business, one must meet certain capital requirements, which can be easier said than done. As advisors, one of our primary concerns is maximizing the financial return for our seller, but it is also necessary to take into consideration the financial return for the buyer. A good question to ask yourself is, "Would I buy this business at the same price I'm seeking?" It is imperative to maintain objective valuation goals. In this day and age, the market is fairly sophisticated and efficient, so buyers will walk away from a transaction if they feel the deal is one-sided.

Selling your business is an exciting venture, but there always is the chance it will be a long and arduous process. Finding a way to remove yourself from day-to-day trials and tribulations will ultimately go a long way in helping you control your emotional reactions throughout the course of the deal. You hired an advisory firm for a reason, so let these professionals carry the ball for you.

Be one of the sellers who deals with the five factors we addressed above in an open and honest way and you will be far more likely to achieve a successful sale—and avoid a great deal of unnecessary frustration and fatigue. MUF

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FranchiseMarketUpdate

BY PAUL WILBUR

Common Terminology

Franchisors must speak the same language

Franchising is full of creative entrepreneurs and marketers. With creativity, however, comes the desire to explain franchising in terminology that differentiates a brand from its peers.

Take for example a model FRANdata has defined for years as the Area Representative Growth Model. This model uses intermediaries (area reps) to sell and support franchisees in a territory, but those intermediaries do not contract directly with franchisees. We've come across at least 10 different names for this model, including regional director, regional developer, regional manager, regional services, master franchisee, master franchisor, area franchisee, area director, area developer, and area representative. This is a terribly confusing situation for prospective franchisees, lenders, suppliers, and the industry overall.

Last September the North American Securities Administrators Association (NASAA) took steps to address this problem. NASAA released a commentary whose goal was "to provide practical guidance for disclosing certain multi-unit franchising arrangements that have become common in franchising" but for which there were no disclosure guidelines. The commentary addressed specific disclosure questions brought to NASAA's attention by franchise attorneys, its Industry Advisory Committee, and state examiners.

In a nutshell, the NASAA commentary describes three multi-unit franchising structures for which there are no universally accepted terms within franchising. These structures are not mutually exclusive; that is, a franchisor may use just one structure or a combination of two or three.

These structures are described in widely varying ways by different franchise systems and in different laws and regulations. NASAA concluded that a more uniform approach to disclosing multi-unit franchising arrangements would benefit prospective franchise investors, franchisors, state franchise administrators, and franchising in general. Ultimately, the authors of the commentary recommend adopting three common terms regardless of how they are described by any particular franchisor: area development, subfranchise, and area representation.

Taking the recommendation further, NASAA went on to say that "use of these terms will facilitate review of Franchise Disclosure Documents by state franchise administrators. If a franchisor uses terms different from those adopted, the Project Group recommends that the franchisor identify in cover letters sent to state franchise administrators how the terms the franchisor uses correlate to the terms adopted in this Commentary." If some parties opt to use non-standard language, they should provide a glossary corresponding to standard language.

> **It's not enough to meet the letter of the law; franchisors must make sure the information they disclose is easy to understand and useful to prospective buyers.**

In line with this announcement, FRANdata has formally adopted NASAA's names and definitions of franchise programs as part of how we categorize and define certain franchise terms in our database. We have a unique view of the practical impact of this initiative: we see how franchisors organize and present their documents and we struggle constantly to make sense of the information. Inconsistent labeling of franchise programs is a major challenge.

Franchisees today are looking for transparency from their franchisors. It's not enough to meet the letter of the law when creating FDDs; franchisors must make sure the information they disclose is easy to understand and useful to prospective buyers.

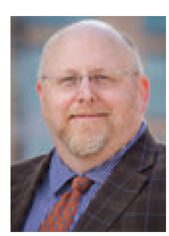
Besides franchisees and state regulatory groups, the lending community also requires a franchisor to properly communicate their information. One of the reasons lenders asked us to create our Bank Credit Report product is that the credit risk evaluations help lenders make sense of franchise information and terms in a way the FDD doesn't. Standardizing definitions is a step in the right direction.

Ultimately, franchisors will help themselves by adopting some basic standards. "When franchisors ask us to benchmark their performance against their peers, it's important that we all agree on the types of franchising programs being used and their relative historical results," says Edith Wiseman, president of FRANdata. "It is crucial that we are able to do apples-to-apples comparisons when gauging the relative success of their efforts."

Based on the NASAA guidelines, FRANdata is now using the following common definitions to classify franchisor offerings:

- **Unit:** the usual offering of a single franchise unit.
- **Area Developer:** the right to open and operate multiple units within a designated geographic area. FDDs also use such terms as multi-unit, area franchisee, or regional developer.
- **Area Representative:** the right to recruit third parties as unit franchisees, and/or provide support to third parties entering into unit agreements. The area representative may or may not have their own unit(s). FDDs also use such terms as regional developer, area developer, or development agent. NASAA has mandated that separate FDDs be created for franchisors offering area representative agreements.
- **Subfranchisor:** grants unit franchises to third parties within a designated territory. Third parties signing the unit agreements are called subfranchisees. FDDs also use such terms as area franchisor, master franchisee, or regional franchisor. (For such offerings outside the U.S. we use the term "Master.")

You can find the NASAA commentary on the organization's website (nasaa.org). MUF



Paul Wilbur, *COO at FRANdata, has run the day-to-day operations and been part of the executive management team for more than 10 years. He has held technology and marketing roles at organizations including IBM, Digex, and Communities in Schools. Contact him at 703-740-4700 or pwilbur@frandata.com.*

JOIN THE MOVEMENT

Franchise Action Network

A Strategic Initiative of the International Franchise Association

Are You a FAN?

Franchise businesses need to come together and speak with one, consistent, strong and collective voice on behalf of our great industry. IFA has launched the Franchise Action Network (FAN), to mobilize the franchise industry to be that voice. By joining the FAN, we will unite all of our voices within franchising with a strong message about the positive impacts of the franchise business model in every community across the country.

Make your voice heard and join in this fight by signing up for the FAN today!

www.FranchiseActionNetwork.com

If you have any questions about this new initiative, please do not hesitate to contact IFA's Senior Director, Political Affairs & Grassroots Advocacy, Erica Farage at efarage@franchise.org or 202-662-0760.

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