Multi-Unit
Franchisee

Q3 | 2021

BIGGEST AND BEST

Jamie Weeks has 102 Orangetheory studios — so far!

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BIGGEST AND BEST

Largest Orangetheory operator takes care of his people

Written By **KERRY PIPES**

In 2014, Jamie Weeks launched Honors Holdings with two primary objectives: to create and sustain rapid growth, and to serve the members and employees of his Orangetheory Fitness studios. He's succeeded at both.

In 7 years, Honors Holdings has become the largest Orangetheory multi-unit operator in the system—and that was before the company acquired 24 more studios across 6 states this past May. Today, the Atlanta-based operator owns and operates 102 studios and employs more than 1,000 people in Georgia, Kansas, Massachusetts, Nevada, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, and Washington state. The company also serves as an area developer for the brand and supports more than 50 subfranchisee locations in other markets.

Beyond all the growth of physical locations, Weeks has been dedicated to taking care of his people, even through the pandemic.

"Our growth can't be achieved without focusing on the health of our members, employees, and local communities," says the 46-year-old founder and CEO. "We were fortunate to weather the pandemic while still paying our employees, and we've remained focused on providing tools to help our team, studio members, and local communities grow."

Weeks offered his employees mental and physical health resources, including free Headspace subscriptions; integrated AIRPHX's proprietary air and surface disinfection technology in all his studios; and committed to providing memberships for 3,600 nurses in Metro Atlanta as a way to recognize essential frontline workers.

You can be certain there's more growth ahead for Honors Holdings. As well there should be: Weeks has the backing of equity partner Prospect Hill Growth Partners, and, more recently, received a preferred equity investment from an affiliate of Denver-based KSL Capital Partners.

That backing will come in handy since his next big goal is to double to 200 locations. Still, he says, "My focus is to continue to grow the business and make sure my employees are happy."

PERSONAL

First job: Golf course cart boy at Smithfields Country Club.

Formative influences/events: At each stage of my career I can point to one person who has had a huge impact on me and taught me almost everything I know: Brent

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JAMIE WEEKS, 46

Founder/CEO

Company: Honors Holdings

Units: 102 Orangetheory Fitness studios

Family: Wife Ragan, children Maggie 14, Charley 12

Years in franchising: 7

Years in current position: 7

Krause, Barry Mandinach, Hunter Hamm, Matt Carey, and Jeff Teschke. As you go through your career holding on to these people and staying in touch with them to continue to mentor you, that will keep you growing.

Key accomplishments: In business, it's keeping employee turnover below 20% annually, including through the pandemic. This has been a tremendous accomplishment and one I'm most proud of.

Biggest current challenge: Keeping a small business culture as we grow to over 1,200 employees.

Next big goal: 200 studios.

First turning point in your career: Making the decision to be an entrepreneur.

Best business decision: Making the decision to be an entrepreneur.

Hardest lesson learned: Giving people the benefit of the doubt will burn you one out of 10 times. While it's the right thing to do, it hurts when it happens.

Work week: I'm so glad I can't answer this. I have no clue what each day or week brings. It's always an adventure, and I think that's why I hope to keep doing it for a long time.

Exercise/workout: Orangetheory Fitness, obviously.

Best advice you ever got: Care more about others than you do for yourself and you won't believe how much others will start caring for you.

What's your passion in business? My employees. I work for them every day. If I keep them happy, we all win.

How do you balance life and work? Adventures with family. We plan amazing adventures and trips. Looking forward to those times keeps me pushing through.

Guilty pleasure: Tequila? (Do I have to be guilty?)

Favorite book: *The Southerner's Cookbook: Recipes, Wisdom, and Stories* by the Editors of Garden and Gun.

Favorite movie: "Almost Famous."

What do most people not know about you? I can quote every episode of The Gilmore Girls. (Actually a lot of people know that.)

Pet peeve: Green text messages.

What did you want to be when you grew up? Stockbroker.

Last vacation: Blackfly Lodge (one of my five places to reset).

Person I'd most like to have lunch with: Jim Shockey, world-class outdoorsman. I have to meet him! I would cry and it would be really embarrassing.

MANAGEMENT

Business philosophy: Everything is a people business and our #1 asset is our people.

Management method or style: Over-communication is the key to growth and shared vision. Then take care of people. It will all work out.

Greatest challenge: Not focusing on me when things are bad. Have to focus on others.

How do others describe you? Passionate, intense, loyal. A lot of confidence.

One thing I'm looking to do better: Create a model for fitness professionals to have a career for decades that allows them the same type of growth that others have in Corporate America or on Wall Street.

How I give my team room to innovate and experiment: Reward people for sharing opinions. When your team feels like they can share opinions, then you experience real growth.

How close are you to operations? Too close at times. Sometimes I need to back off and let my team be the leaders. But there is also a balance to show the teams that I'm not above any task. I've worked the front desk, I've coached classes, I've deep cleaned many studios.

What are the two most important things you rely on from your franchisor? The franchisor has been one of the keys to our success. They have helped with the direction of the business and opportunities we should be considering. The executive team at Orangetheory have been some of the most dedicated professionals I've ever worked with.

What I need from vendors: Innovation.

Have you changed your marketing strategy in response to the economy? How? Less social media and more community involvement. We just recently gave 3,000 memberships to nurses in the Atlanta area for the Summer of More Life. I'd rather give the money to nurses, teachers, and frontline workers than to ads on Facebook.

How is social media affecting your business? We use it to motivate and showcase, but that's about it.

How do you hire and fire? Quickly... for both.

How do you train and retain? Our management training program is something we've had in place for years now. It's proprietary to us and is the #1 reason for our success in retaining the best talent in the fitness industry.

How do you deal with problem employees? I don't. We don't. Remember the previous question. "Quickly."

Fastest way into my doghouse: 1) Act entitled. 2) Care about you only. 3) Lack of appreciation.

COVID-19

What are the biggest impacts of Covid-19 on your business? With owning studios in 7 states (now 11), the challenge of

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state-by-state regulations was difficult. But the pandemic will be the single best thing that has ever happened to the company. The focus will be health and wellness for a long time, and will be more important than ever. That's our business and we are some of the best in the world at it.

How have you responded? We paid our employees through the pandemic, even hourly people. We did their average comp and continued to pay them. We then began acquiring studios over the last 90 days and have grown our portfolio of studios by 40% in 2021 and have no plans to slow down.

What changes do you think will be permanent? I think the focus on fitness is about to be as permanent as any aspect of your life. Cleanliness will be paramount for all fitness studios going forward. Again, this is great news for us as we are known to have the cleanest facilities in the world.

BOTTOM LINE

Annual revenue: I can't answer this, I'll just say well in excess of $100 million.

2021 goals: Have the highest compensated studios managers and head coaches in the industry who are on a career path that puts them and their families in an unbelievable position. This is how we will build Honors for 10-plus years. We have to have employees who never want to leave. That's up to me to continue to put in place.

Growth meter: How do you measure your growth? Depends on who I'm talking to. With my CFO, it's revenue and EBITDA. With my regional managers, it's studios owned. With my executive team, it's all the above. With myself personally, it's how happy I am.

Vision meter: Where do you want to be in 5 years? 10 years? I have no clue. I've learned that life has a plan and you're not allowed to plan it or know it. That comes with age and experience of seeing how my plans always change and never remain the same.

How do changes in the economy affect the way you do business? The economy is still strong, and we hopefully make changes before the economy changes. We have ways to track the local economies to make sure we are always a step or two ahead. Obviously we aren't always ahead, but we are very closely aligned to the local economies.

How do you forecast for your business? Doing this for 7 years now, we've gotten a great feel for the seasonality, which has become less and less.

What are the best sources for capital expansion? I can't answer that as I have an amazing sponsor in Prospect Hill Growth Partners that continues to lead us down the right path at every major decision. Jeff Teschke, a partner at PHGP, has been an amazing mentor the last 3-plus years.

Experience with private equity, local banks, national banks, other institutions? Why/why not? See above.

What are you doing to take care of your employees? We have more than 100 employees who own equity. I can't ask my team to think like an owner if they don't own a piece of the business also.

How are you handling rising employee costs (payroll, minimum wage, healthcare, etc.)? We've always overpaid employees (within reason), so we've been prepared for this.

What laws and regulations are affecting your business and how are you dealing with this? Not seeing any non-pandemic regulations that affect us.

How do you reward/recognize top-performing employees? Compensation, fun trips either for them or with the team, and constantly recognizing personal success within our teams.

What kind of exit strategy do you have in place? Hard to think about this right now. My focus is to continue to grow the business and make sure my employees are happy. If we do that, the exit will be rewarding for all, and that is all I care about right now. ■

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THREE'S COMPANY

Bryan Frnka is building his empire with 3 distinct brands

Written By **KERRY PIPES**

Bryan Frnka didn't know he would become a successful franchisee when he started his own business nearly 20 years ago. In 2002, he opened the first of what would become five tanning studios of his own in Austin, Texas. He did so well that he was approached by Palm Beach Tan in 2007. He liked their pitch and converted three of those tanning studios to Palm Beach Tan franchises and got his first taste of franchising success.

Frnka was doing well with Palm Beach Tan when he went looking for the next big opportunity. This time he found it with Amazing Lash Studio. He liked the business model and thought it would blend well with his organization.

"I opened the brand's first Austin location in 2012," he says about getting in on the ground floor of an emerging brand. "I later sold that location and took on the San Antonio and New Braunfels markets where I have eight locations open today." He's also added Amazing Lash Studios in Las Vegas, Reno, and Denver, and is an area developer for Nevada and Oklahoma.

When Frnka got ready to bring Amazing Lash to the San Antonio market, he turned to a couple of innovative strategies. "Rather than waiting to hire staff just before the studio was ready to open, we hired them as soon as we began construction," he says. He also launched a digital lead-generation campaign more than 2 months before the soft opening. The staff worked the leads and had 1,200 customers ready to be booked on opening day. The result? His first month's revenue was more than four times the average studio's first 30 days.

Following his success with Amazing Lash, Frnka was eager for his next move. That turned out to be Scissors & Scotch. "I learned of the brand through their operators in Omaha," he says. The brand was looking to expand and open a location in Texas when they heard about Frnka, and a partnership was born.

"We opened the first Scissors & Scotch in Austin in February 2020, great timing, huh?" says Frnka. "We had to close 30 days later but even still, we had a successful year there in spite of Covid."

Frnka's franchise success hasn't gone unnoticed, and along the way he has picked up some accolades. He's been recognized as the 2017, 2018, and 2019 Franchisee of the Year at Amazing Lash Studio, won the brand's Trailblazer award in 2019, and was most recently recognized as a Multi-Unit Franchisee MVP by *Multi-Unit Franchisee*

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BRYAN FRNKA, 45

Managing member

Company: HS Ventures

Units: 11 Amazing Lash Studios; 1 Palm Beach Tan; 1 Scissors & Scotch

Family: Tye Frnka, son

Years in franchising: 19

Years in current position: 19

magazine. He also serves as vice president of Amazing Lash Studio's National Regional Developer Advisory Council, and his studios are consistently ranked as some of the highest-performing in the nation.

Frnka says he's not done growing. In addition to always being open to opportunities, he's says he's already working on adding Scissors & Scotch locations to the Austin market and is considering two other Texas markets.

PERSONAL

First job: HVAC technician.

Key accomplishments: 2017, 2018, 2019 Franchisee of the Year Amazing Lash Studio; 2019 Trailblazer Amazing Lash Studio; Multi-Unit MVP Award for Brand Innovation 2020.

Biggest current challenge: Recruitment staffing.

Next big goal: Development of San Antonio and Houston for Scissors & Scotch.

First turning point in your career: In 2013, purchasing Amazing Lash Studio in San Antonio.

Best business decision: Purchasing the entire San Antonio market (10 locations) rather than just one location.

Hardest lesson learned: Rapid expansion while undercapitalized.

Work week: 35 hours.

Exercise/workout: 5 days a week.

What's your passion in business? Building teams.

How do you balance life and work? Not as well as I'd like.

Favorite book: *Simple Numbers, Straight Talk, Big Profits!: 4 Keys to Unlock Your Business Potential* by Greg Crabtree and Beverly Blair Harzog.

Favorite movie: "Forrest Gump."

What do most people not know about you? Generous.

Pet peeve: People who are late.

What did you want to be when you grew up? Firefighter.

Last vacation: Cabo.

Person I'd most like to have lunch with: Richard Branson.

MANAGEMENT

Business philosophy: Hire qualified people and give them the resources they need to be successful.

Management method or style: Coaching, affirmative.

Greatest challenge: Moving too fast.

How do others describe you? Visionary.

One thing I'm looking to do better: Communication.

How I give my team room to innovate and experiment: Require it.

How close are you to operations? Daily.

What are the two most important things you rely on from your franchisor? Success of each franchisee and partnership.

What I need from vendors: Consistency.

Have you changed your marketing strategy in response to the economy? How? No.

How is social media affecting your business? Positive.

How do you train and retain? Training and investment never ends.

Fastest way into my doghouse: Being late on tasks.

COVID-19

What are the biggest impacts of Covid-19 on your business? Staffing.

How have you responded? Constant recruitment to counter attrition.

BOTTOM LINE

Annual revenue: $7.2 million.

2021 goals: $9 million.

Growth meter: How do you measure your growth? Top-line revenue.

Vision meter: Where do you want to be in 5 years? 10 years? I'm always open to opportunities. I'm looking at some acquisition opportunities right now with some other brands. I'm planning to add two more Scissors & Scotch locations in the San Antonio market.

Do you have brands in different segments? Why/why not? No.

How is the economy in your regions affecting you, your employees, your customers? Staffing shortage while demand is up.

Are you experiencing economic growth in your markets? Exponential.

How do changes in the economy affect the way you do business? Training and recruitment expenses will increase.

How do you forecast for your business? For 2021, 18% plus over 2019.

What are the best sources for capital expansion? Conventional.

Experience with private equity, local banks, national banks, other institutions? Why/why not? Local banks. ■

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BIG, BOLD MOVES!

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Written By **KERRY PIPES**

Luis Ibarguengoytia embraces bold moves. The 46-year-old president of Chaac Foods is fresh off the signing of a new mega deal with Bojangles, finalizing an agreement in early May to open 40 new Bojangles over the next 7 years, including 20 in Georgia, 5 in Tennessee, and 15 in the Orlando area. But that was just part of the deal. The company also acquired 40 existing corporate-owned Bojangles locations in Georgia, South Carolina, and Tennessee.

The result is a multi-brand company with more than 160 locations: 118 Pizza Huts, 40 Bojangles, and 8 airport locations in Dallas.

Born and raised in Mexico, Ibarguengoytia learned the ropes of franchising during his time at Sun Holdings, one of the largest franchisees in the U.S. Starting his career as manager of a Golden Corral restaurant in 1998, he quickly worked his way up to COO at Sun Holdings. He spent the next two decades guiding Sun Holdings through dozens of restaurant builds and acquisitions. As COO at Sun Holdings, he oversaw more than 950 stores with more than 14,000 employees.

In 2006, Ibarguengoytia founded Four Leaf Ventures and began operating restaurants in the two main airports in Dallas. He opened a Bennigan's, then followed with Ling & Louie's, CRU Wine Bar, The Salt Lick BBQ, Bruegger's Bagels, GNC, Twisted Root, Cafe Izmir, Panda Express, Applebee's, Rodeo Bar, and Cantina Laredo.

Since 2019 Ibarguengoytia has headed up Irving, Texas-based Chaac Foods and its growing portfolio of QSR and casual dining brands. Chaac Foods (named after the Mayan rain deity) has teamed up with private equity firm Gauge Capital to create a management team with experience, expertise, and a proven track record for success.

What's next for Ibarguengoytia and Chaac Foods? "I have a 200/200 goal for 2021," he says. "That's 200 stores and $200 million."

Sounds like more bold moves are in the works.

PERSONAL

First job: Production engineer at John Deere in Saltillo, Mexico.

Formative influences/events: When I realized how much this business could

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"I was impressed with the COVID-19 response plan that the Another Broken Egg Support Center rolled out and how quickly they did so. They added curbside pickup, online ordering and third-party delivery in record speed, and these initiatives continue to generate incremental sales even after we've reopened our dining rooms. The Support Center's decision to launch these new initiatives makes great business sense for our future."

MIKE CRADDICK - MULTI-UNIT OWNER

"I have been amazed at how quickly our sales are normalizing and a lot of it was because the Another Broken Egg Support Center was ahead of the COVID-19 situation and there for us, working in partnership throughout the crisis to address our concerns and needs. They have been proactive and have made our reopening seamless. We couldn't have asked for more.

JAKE ALLEMAN, MULTI-UNIT OWNER

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*BASED ON CALENDAR YEAR FOR 2019, 15 OF 57, OR 26%, OF CAFES GAINED OR SURPASSED THIS SALES LEVEL. THIS INFORMATION APPEARS IN ITEM 19 OF OUR FRANCHISE DISCLOSURE DOCUMENT ("FDD"). YOUR RESULTS MAY DIFFER. THIS IS NO ASSURANCE THAT YOU WILL DO AS WELL. THIS ADVERTISEMENT IS NOT INTENDED AS AN OFFERING. A FRANCHISE OFFER CAN ONLY BE MADE WHEN WE PROVIDE YOU OUR FDD.

LUIS IBARGUENGOYTIA, 46
CEO

Company: Chaac Foods

Units: 118 Pizza Huts, 40 Bojangles, 8 airport locations (Ling & Louie's, 2 CRU Wine Bar, The Salt Lick BBQ, Bruegger's Bagels, Twisted Root Burgers, Panda Express, Applebee's)

Family: Married 22 years to Lesslie Ibarguengoytia, 2 kids

Years in franchising: 22

Years in current position: 2

change people's lives.

Key accomplishments: Running a $100 million operation before my 29th birthday. Taking my own company to over $200 million in sales.

Biggest current challenge: Influence large groups of people for a positive change in their lives.

Next big goal: Be recognized as a "The" company leader on changing people's lives.

First turning point in your career: Quit my engineering job to get an entry-level job in the restaurant industry.

Best business decision: Sell or get out of businesses that are not working for you. Not everything is made for everybody.

Hardest lesson learned: Get everything in writing.

Work week: Monday to Sunday, start to finish.

Exercise/workout: At least 3 times a week in a cross-training circuit with no rest for about 20 minutes.

Best advice you ever got: You miss 100% of the shots that you don't take. You have to try!

What is your passion in business? To run a business with integrity.

How do you balance life and work? Be present in the moments that you are allowed to be with your family. This business demands a lot of our time, that is just the nature of the business. But when you are with your family you should be present 100%.

Guilty pleasure: Playing golf.

Favorite book: *If It Ain't Broke... Break It!: And Other Unconventional Wisdom for a Changing Business World* by Robert J. Kriegel and Louis Palter.

Favorite movie: "Gladiator."

What do most people not know about you? That I am a sentimentalist.

Pet peeve: Dishonesty.

What did you want to be when you grew up? Loved by my family.

Last vacation: Cabo San Lucas, Mexico.

Person I'd most like to have lunch with: Barack Obama.

MANAGEMENT

Business philosophy: Don't make excuses.

Management method or style: Pacesetting management style.

How do others describe you? Hardworking, energetic, loyal, intelligent, intense, good sense of humor, self-awareness, positive, trustworthy.

One thing I'm looking to do better: I could develop more patience for people who are not used to going at 100 miles an hour 100% of the time.

How I give my team room to innovate and experiment: I adhere to the philosophy that there are many paths that lead to the same destination. I give my team room to succeed and fail (within reason). If a team member's approach to resolving an issue is thought out logically and pursued diligently, I really have no complaints if we do not achieve our goal, as long as we all learn from the experience and improve ourselves personally and as an organization. By the same token, we review our successes critically and learn from them as well.

How close are you to operations? I am extremely close to operations. I cut my professional teeth as COO of more than 900 restaurants operating more than a dozen brand names in more than 8 states. I started as a manager of a single store and advanced rapidly. The good news is that an exceptionally talented group of operating officers work with me, allowing me to focus on my efforts as the CEO.

What are the two most important things you rely on from your franchisor? Consistent brand messaging and brand support.

What I need from vendors: Reliability and a best effort in pricing and product.

Have you changed your marketing strategy in response to the economy? How? Because we are a franchisee, most of the marketing is controlled and/or performed by the franchisor. However, we have used local advertising and person-to-person contact to increase business in our market area. We also use third-party delivery services, which essentially perform marketing services on our behalf.

How is social media affecting your business? Social media is a dual-edged sword. It gives individuals enormous power to help or harm you. Certainly, a strong social media presence can promote the brand and increase business. However, too many individuals use it to hurt the brand unfairly or disproportionately to their perceived injury.

How do you hire and fire? Our hiring process is done through an online portal and job notices. It is fairly simple for our hourly, non-management employees. Our management employees are interviewed and, depending on the position, we conduct background checks and verify previous employment and work experiences. Our termination of employment procedure is more involved. For one thing, we spend valuable resources training our employees because they constitute the most valuable part of the company. Therefore, we use counseling efforts and take a multi-step approach before terminating an employee.

How do you train and retain? We train our hourly employees in-house, giving them significant responsibility and close supervision. We find that when challenged, our employees almost always rise to the challenge and build self-confidence. We have

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This amount reflects the average annual Gross Revenues for the 67 out of 104 franchised Bonchon Restaurants in the system that were in operation from January 1, 2020 through December 31, 2020 '('each a "Mature Restaurant"')', as published in Item 19 of our February 26, 2021 Franchise Disclosure Document. Of these 67 Mature Restaurants, 28 '('41.8%')' met or exceeded the 2020 yearly average Gross Revenues during the reported period, with the highest Gross Revenues earned being $2,938,025.27 and the lowest Gross Revenues earned being $450,053.25. The financial performance representation contained in Item 19 of our February 26, 2021 Franchise Disclosure Document also includes the median annual Gross Revenues for our Mature Restaurants in operation in the United States during the referenced period. A new franchisees results may differ from the represented performance. There is no assurance that you will do as well and you acknowledge that you accept that risk. **5 year growth rate in number of units for the year ended December 31, 2020.

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paid retention bonuses, offered other benefits, and shown flexibility in work schedules and pay and job promotions. Most important, we try to make every employee feel valued and appreciated.

How do you deal with problem employees? No employee is a problem. Some employees may have personal or professional challenges that we seek to resolve through honest conversation and critical feedback. Understand first and then be sure that you are understood.

Fastest way into my doghouse: Breach of trust because of dishonesty, especially lying to me. A lack of ability and general circumstances may prevent you from accomplishing your goals, but they never interfere with your integrity.

COVID-19

What are the biggest impacts of Covid-19 on your business? Elimination of dine-in, the acceleration of the trend in deliveries, and the continuing increase in takeout business.

How have you responded? Developed third-party delivery partnerships and enhanced takeout services such as curbside pickup.

What changes do you think will be permanent? Dine-in will decrease, as will early morning and lunch dayparts because of the changes to office versus work-from-home schedules. For our Pizza Huts, home deliveries through third parties and online ordering where customers can pick up their order within minutes of their arrival.

BOTTOM LINE

Annual revenue: Annualized sales of $185 million.

2021 goals: 200/200: 200 stores and $200 million.

Growth meter: How do you measure your growth? Number of positions created that made a life-changing event for people who believed in me.

Vision meter: Where do you want to be in 5 years? 10 years? 500/500: at least 500 stores and $500 million in sales. In 10 years, helping others achieve their dreams and change their lives.

Do you have brands in different segments? Why/why not? We operate multiple brands and seek to acquire more depending on available opportunities. Ideally, we would want to develop in the geographic areas where we operate currently, but we are capable of operating anywhere in the country.

How is the economy in your regions affecting you, your employees, your customers? The economy is in good shape in our geographic regions. We think the stimulus monies are providing the increase in spending, and the vaccination rates are creating an air of confidence among our customers.

Are you experiencing economic growth in your markets? Our restaurants have experienced extraordinary growth. The last report that I reviewed indicated that Chaac Foods ranks as one of the best Pizza Hut franchisees in terms of year-over-year sales

and operational performance.

How do changes in the economy affect the way you do business? Some of the changes over the past year were temporary as the country tried to address the issues associated with the Covid-19 pandemic. The longer-term changes reflect accelerated industry trends such as ordering using phone apps, third-party delivery partnerships, curbside pickups, and a dynamic change in daypart dining because of the work-from-home movement.

How do you forecast for your business? Using historic numbers and trends to analyze the current situation and comparing them with similar scenarios in our past.

What are the best sources for capital expansion? Internally generated cash flow that gives us the ability to close transactions quickly and negotiate better loan terms because we do not necessarily need the lender's money to acquire a new business.

Experience with private equity, local banks, national banks, other institutions? Why/why not? Chaac Foods consists of a deeply experienced restaurant operator (my group) and a highly respected private equity partner in Gauge Capital. We enjoy strong relationships with both local and national bankers and have not sought out other institutions or alternative financing.

What are you doing to take care of your employees? During the pandemic we insisted all employees and restaurants follow the safety protocols and encouraged them to get tested for the virus and self-quarantine if they had any possible exposure. Later, we gently encouraged our employees to get vaccinated. We still require face masks at all times and provide our employees with clean masks.

How are you handling rising employee costs (payroll, minimum wage, healthcare, etc.)? We address the rising costs as an inevitable fact. Instead of resisting or ignoring it, we actively address it in various ways by paying more and offering more and better employee benefits. By the same token, we find ways to increase our employees' productivity through better workplace policies and increased reliance on technology.

What laws and regulations are affecting your business and how are you dealing with this? The laws and regulations that arose under the Covid pandemic affected our business immediately and significantly, although they have diminished over time. The biggest challenges are the employment and labor laws that seem to be changing weekly at the federal, state, and even local levels: minimum wages, paid time off, enhanced FMLA, constant changes in hiring practices, compliance standards, and so on. We use the resources of our outside experts and in-house professionals to stay abreast of this rapidly changing landscape.

How do you reward/recognize top-performing employees? We conduct regular performance reviews and offer a generous bonus structure for our management team. We also promote the names of our hourly and salaried employees in our company online newsletter, and we keep an eye out for the employees with the desire and ability to deliver outstanding performance and service.

What kind of exit strategy do you have in place? Because we are playing the long game, an exit strategy is not on our radar screen. ■

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COFFEE FOR EVERYONE!

Drive-thrus lead to record sales for this Scooter's franchisee

Written By **KERRY PIPES**

Right now, "We're in a big growth mode," says 42-year-old Jason Metcalf, a multi-unit franchisee of Scooter's Coffee. That's an understatement!

For the past 16 years Metcalf and his partner—his mother Rita—have been building out the Lincoln, Nebraska market for Scooter's Coffee. In fact, their company, Metcalf Coffee, was one of the first Scooter's Coffee franchisees back in 2005.

Earlier this year, the Metcalfs doubled their company's size in one stroke by purchasing 13 Scooter's corporate stores in the Oklahoma City market. Going a big step further, they signed on to build another 26 units in the area in the coming years. The partners currently operate 27 locations and are in the middle of building two more. You could say they're a mother-and-son power team.

Metcalf says his company has come a long way since the early days when the two of them wore every hat. Concerted growth became possible when they started hiring talented people who could take over the day-to-day workload, allowing them to focus more on developing the business. That strategy has evolved and today, he says, they are intent on hiring the right kinds of leaders who can be trusted to make good decisions within the framework he provides.

In fact, one of the ways Metcalf measures the company's success is by the amount of responsibility his people take on. "It tells us how well we've hired and how well they've been able to handle the workload we've thrown on them," he says.

Last year's pandemic took a toll on many businesses, but Metcalf says Scooter's drive-thru model was custom-built to meet the challenges of Covid-19. In fact, "We had another record year in sales last year," he says.

"We have the systems in place and an aggressive development schedule that will keep us focused on our goals," says Metcalf. "We follow the playbook that has allowed us to grow."

Inking that big expansion deal earlier this year was only part of their growth plans. "We expect to grow by 50% in store count in the next 5 years," he says.

PERSONAL

First job: It's actually hard to remember, but I believe my first job was delivering flowers!

First turning point in your career: The biggest turning point was when we started hiring talented people. That took the load off us and allowed us to focus more on developing the business. Reaching that point allowed us to not wear every hat, and things kept growing from there.

Work week: It's a lot of phone calls and responding to a lot of emails. Most of it is coordinating architects, engineers, and contractors. I also spend a lot of time on the phone with other franchisees providing advice on things like site selection and development.

Best advice you ever got: There is a lot, but one really useful piece of advice I got is to create an environment that you would want to work in as an employee. Another quick one is in terms of site selection, which is that you can't fix bad real estate.

How do you balance life and work? Being driven has been a personal blessing. But I think successful people have a hard time shutting it off because they're willing to do what others aren't in order to succeed. So knowing when to shut it off is the big sticking point. You just have to try to find times to be present in a social setting or at home.

Favorite movie: A couple of my favorites are "Tombstone" and "Top Gun," but I have a lot on the list.

What did you want to be when you grew up? Like a lot of people, I wanted to be a professional basketball player. And like a lot of people, I think high school was when it became clear that wasn't happening.

Last vacation: Colorado for fly-fishing.

Person I'd most like to have lunch with: I'd have to say Roy Williams, the UNC basketball coach. He recently retired, so maybe he has a little more time to meet with me.

MANAGEMENT

Management method or style: We want to hire leaders who can take a project and own it, so we give a lot of autonomy to our leadership. We have structure, but don't want to keep them inside a box. Give them the ability to make decisions and learn how they handle that responsibility.

Greatest challenge: We're in a big growth mode right now, so the biggest challenge is keeping our culture the same even when we can't be in every store every day. Our goal is to find talented people who buy into the culture we're trying to create.

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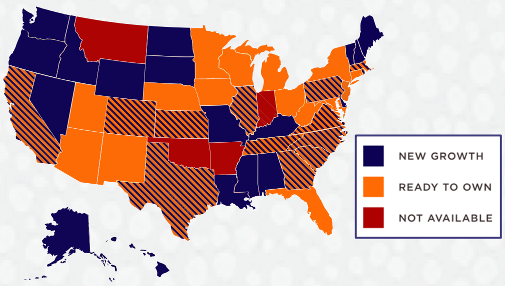

JASON METCALF, 42

President

Company: Metcalf Coffee

Units: 27 Scooter's Coffee open, 2 under construction

Family: In business with my mom Rita

Years in franchising: 16

Years in current position: 16

One thing I'm looking to do better: Identifying who fits the culture and giving more opportunities to those folks, rather than to those who don't fit. Getting the right people in the right seats.

How I give my team room to innovate and experiment: Much like I mentioned before, it's about providing a structure, but not necessarily a strictly defined playbook. We hire leaders we trust to make their best decisions within a certain framework.

How close are you to operations? We're not making day-to-day operational decisions, but we're in stores every day and know what's going on at the management level. We're certainly involved every day in one way or another.

What are the two most important things you rely on from your franchisor? The first is supply chain, because it's so important not only to get your products, but to trust the quality of those products. The second is innovation with new products and keeping up with new trends and demand.

What I need from vendors: Reliability is key, first and foremost. You have to be able to trust that things will happen on time and to your expectations. Along with that, communication is the next step to building those expectations and knowing what to fix.

Have you changed your marketing strategy in response to the economy? How? Our emphasis has simply been less on product and more on people.

How is social media affecting your business? Ultimately, it's what they say about the business and not what we say. It's great for a business to be engaged, but at the end of the day, taking care of customers when they come through and building that relationship where they spread the word is more valuable.

How do you hire and fire? It's pretty simple. We look for personality and culture fit more than experience. We feel we can train people to have the right skills but it's harder to teach personality. That's mostly what we base those decisions on.

Fastest way into my doghouse: Probably three different ways that are mostly related to each other: complacency, defensiveness, and an inability to accept change.

COVID-19

What are the biggest impacts of Covid-19 on your business? We had another record year in 2020, in spite of Covid. I think having our drive-thrus stay open and having consistency endeared us to our customers more than ever. Knowing they could trust the brand solidified our relationship.

How have you responded? We just followed the CDC recommendations to create a safe environment for both customers and employees. Doing that helped us remain confident to stay open and continue building that trust I just mentioned.

What changes do you think will be permanent? I wouldn't necessarily call them changes, because we have always taken sanitation and cleanliness seriously. Going forward, I think it's just continuing that emphasis. The great thing about our model is that there wasn't much that had to be adapted.

BOTTOM LINE

Annual revenue: N/A.

Growth meter: How do you measure your growth? The easy answer would be store count and year-over-year sales, but we also measure success by the amount of responsibility our people take on. We can use that as a measure of how well we've hired and how well they've been able to handle the workload we've thrown on them. Turnover is another side of that same calculation.

Vision meter: Where do you want to be in 5 years? 10 years? We have 5-year expectations to have stable managers and upper-level management in place in our markets. As for growth, we expect to grow by 50% in store count in that period.

Do you have brands in different segments? Why/why not? Just Scooter's. We love the brand and the concept, and we're just looking forward to staying with the playbook that has led to our successful development so far.

How do changes in the economy affect the way you do business? It hasn't affected us at all. We didn't terminate anybody in the early stages of Covid. We held our staff and have actually been continually hiring more. We think of it like a farmer plowing a field: you can't just look 5 feet in front of you, because it's more telling to continue looking down the row. The key is not being reactive.

How do you forecast for your business? We talk every day about trends we see and small tweaks that might be necessary. The development world kind of comes in waves where nothing happens for a while then three or four deals happen at once. So you always have to be looking forward to position yourself to handle the growth.

How do you reward/recognize top-performing employees? I've talked a lot about this here, but advancement is really the biggest reward for us: giving them more opportunities to showcase their leadership and ability to handle greater responsibility.

What kind of exit strategy do you have in place? My mom and I are the only two partners and we have a buy-sell between us, but there is no intention of selling. We're in a really exciting growth period and looking forward to the future. ■

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MENTOR, MOLD, TEACH

Building tomorrow's leaders

Written By **KERRY PIPES**

The business philosophy at Peter Braun's multi-brand company, Orchard Foods, boils down to three words: mentor, mold, teach. Those are more than just words to Braun. They're action statements that affect how he operates his business every day.

"If I take care of my people, that will help ensure the business succeeds, and we can also develop future leaders who will care about people and their community," he says.

For more than three decades, Braun has worked to build a thriving business and develop a strong connection to the places he does business. "We have worked hard to support the communities that make it possible for us to operate," he says.

Braun opened his first Taco Bell in Port Orchard, Washington, in 1989. At one point he had around 40 Taco Bells and KFC locations before scaling back. Today he operates 5 Taco Bells, 5 KFCs, and 2 Jersey Mike's along the Olympic Peninsula in Washington. He's also busy developing 10 Jersey Mike's, 1 KFC, and has a Taco Bell under construction.

He became a Jersey Mike's franchisee earlier this year in part—and not surprisingly—because of the brand's reputation for having a culture that gives back. He was also drawn to the sandwich chain's program that allows store managers to become owners.

Like many multi-unit operators, Braun has weathered good and bad times and says he's done so with good advisors and a strong will to survive. He also points to his strategy of diversification as a key to his success. "Three brands helps even out our overall company performance," he says.

At 61, Braun says he's still going strong and remains active in his business, although his priorities have shifted. "My main focus these days is growing our leadership team. It's one of the best ways to ensure bright futures."

PERSONAL

First job: Running a printing press after school. My grandfather was a printer.

Formative influences/events: Grandparents.

Key accomplishments: Raising five great children. Marrying my best friend. Building a culture that matters. Being a big part of supporting our community.

Biggest current challenge: Building brand leaders/owners.

Next big goal: Make Jersey Mike's a power brand in our market.

First turning point in your career: Surviving two company financial crises, one in each of our first two brands. I considered it a PhD in finance and banking. I learned that with good advisors and a strong will to survive, a great small business can survive anything.

Best business decision: Asking leaders questions and listening. I really do not make any decision without my company stakeholders and some time "noodling" the thoughts they share and how they shape my direction.

Hardest lesson learned: Thinking I had all the answers. As a younger leader, I was more driven by energy and charisma. I have slowed down, and that has let us go farther.

Work week: Five days (I end up doing some weekend work, because I love it), lessening my time in day-to-day. Engaging with our community and my leaders is where I spend my time.

Exercise/workout: Walk, hike, bike, lift, ski (rarely lately). I do something daily.

Best advice you ever got: Take care of your people, the business will take care of itself.

What's your passion in business? Developing future leaders who will care for their people and community.

How do you balance life and work? I integrate life and work. They are both part of the same.

Guilty pleasure: Mountain Dew.

Favorite book: That's tough. I loved Tom Clancy's *Without Remorse*, and for nonfiction I enjoy Patrick Lencioni on leadership parables to share. I am reading *Leading from the Edge of the Inside* by Jim Moats, my Vistage Chair.

Favorite movie: Again tough. "The Godfather" is a classic. I saw "Top Gun" a dozen times.

What do most people not know about you? I am a pretty open book.

Pet peeve: Overexplaining.

What did you want to be when you grew up? Doctor and then journalist.

Last vacation: New Mexico for my mom's memorial.

Person I'd most like to have lunch with: My wife and/or our family.

MANAGEMENT

Business philosophy: Mentor, Mold, Teach. Mentor: Providing the time and space to help people develop their passion and direction. Mold: Providing a workplace that supports the molding of quality and character. Teach: We never stop learning;

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PETER BRAUN, 61

President

Company: Orchard Group

Units: 5 Taco Bell (1 under construction), 5 KFC (1 in development), 2 Jersey Mike's (10 in development)

Family: Wife Marty, 5 children

Years in franchising: 31

Years in current position: 31

this is a lifelong process. We strive to teach our people how to succeed in whatever they want to pursue.

Management method or style: Integrated cooperative.

Greatest challenge: Building brand leaders/owners.

How do others describe you? Energetic, engaging, encouraging.

One thing I'm looking to do better: Listen.

How I give my team room to innovate and experiment: *Slow to react, allow the lesson.* I will not point out a mistake unless they keep making it. I really believe in 1-on-1 meetings and providing our people with leadership development. We are not shy about using outside experts to help and learn from.

How close are you to operations? Broadly, very much, and I leave brand details to brand leaders. I am at a point where my focus is on growing our leadership team. Still, I love being in stores and recognizing our people. Covid has made that tough.

What are the two most important things you rely on from your franchisor? Systems training and technology leading.

What I need from vendors: Reliability.

Have you changed your marketing strategy in response to the economy? How? Yes, very focused on local community giving and support.

How is social media affecting your business? Increased engagement, a new way for customers to talk to us. One thing I love about Jersey Mike's is their community/social scorecard.

How do you hire and fire? Slowly and quickly.

How do you train and retain? With integrity and with genuine interest. We want to personalize the experience from onboarding to the first-day tour with their new leader.

How do you deal with problem employees? *Listen,* make sure we know all the facts. I have always thought the "dynamic discussion" is a great model. Listen, agree on facts, agree on a plan to correct, and follow up. If the employee will not commit, then we have to move to progressive.

Fastest way into my doghouse: Overexplain. Get to the point.

COVID-19

What are the biggest impacts of Covid-19 on your business? Its impact on our employees. Protecting our employees, along with our customers, is our biggest priority. Our employees have fear and fatigue.

How have you responded? Take care of our people and customers. Safety.

What changes do you think will be permanent? Delivery and carryout.

BOTTOM LINE

Annual revenue: N/A.

2021 goals: Building our bench, adding to our leadership classes, brand leader development.

Growth meter: How do you measure your growth? Sales year over year, per store average, and most important, transactions.

Vision meter: Where do you want to be in 5 years? 10 years? A strong, connected team of leaders.

Do you have brands in different segments? Why/why not? Three brands: QSR and fast casual. All brands have cycles, good times and slower times. By having multiple brands we even out our overall company performance.

How is the economy in your region affecting you, your employees, your customers? While lockdowns have been hard, the Seattle economy was so strong and diverse it has been resilient.

Are you experiencing economic growth in your market? Yes, in spite of Covid.

How do changes in the economy affect the way you do business? Really the biggest impact is the ongoing changes to operating in Covid, and government regulations and taxes in our state.

How do you forecast for your business? Consider store-level trends, regional economic trends, and franchisor forecasts.

What are the best sources for capital expansion? Retain cash or a strong industry financial institution.

Experience with private equity, local banks, national banks, other institutions? Why/why not? No interest in PE and what comes with it. We are likely too small. Our local bank is helpful, but for development we rely on institutional.

What are you doing to take care of your employees? Making sure they have protective gear. Disciplined on health checks. We have done several financial "Thank-you's" as well.

How are you handling rising employee costs (payroll, minimum wage, healthcare, etc.)? Pricing, technology, and efficiency. Bottom line, it will curb margins.

What laws and regulations are affecting your business and how are you dealing with this? Wage and hour, as well as taxation. We have always been active in working with our associations and legislators.

How do you reward/recognize top-performing employees? We personalize it. What do they care about? What matters? What will help them?

What kind of exit strategy do you have in place? Brand leader equity. ■

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NEW TEAM!

Michael Smith signs on for 30 Mountain Mike's

Written By **KERRY PIPES**

Michael Smith, the former NBA and European professional basketball player and later television commentator, is now a multi-unit franchisee for Mountain Mike's Pizza. He made news earlier this year when he signed a 30-unit development agreement with the brand. The agreement with his franchise group, Pelican Food Concepts, gives his company exclusive development rights in Utah. They also acquired the single existing location in the state

Smith was a standout player at Brigham Young University in the 1980s. He was the Western Athletic Conference Player of the Year in 1988, leading the team with 679 points and 248 rebounds, and finished his collegiate career as BYU's all-time leader in rebounds (922) and second to only Danny Ainge in career points (2,319).

He was selected by the Boston Celtics in the first round of the 1989 NBA Draft. Smith played 2 years with the Celtics. During the 1990s, he played professionally overseas in Italy and Spain before being picked up by the Los Angeles Clippers for a season in 1995. But stage two of his career was about to begin.

Smith went on to spend nearly two decades as a broadcast basketball analyst and color commentator for teams like the Clippers and, ultimately, his hometown Utah Jazz. He even picked up an Emmy Award along the way!

"After 20 years of broadcasting NBA games, I decided I wanted to build a business and create opportunities on my own," he says. That decision led him to Pelican Food Concepts and Mountain Mike's Pizza.

The pizza segment is growing, demand is high, and Smith says now is the perfect time to bring more family-friendly pizza locations to the people of Utah. As an area developer, Smith and Pelican plan to own and operate many of the Mountain Mike's Pizza locations while building a team of talented franchise partners to open other locations throughout the state.

"We're building a solid team of talented and passionate franchisees who are aligned with our values," he says.

PERSONAL

First job: Professional basketball player.

Formative influences/events: A 6-foot-10 football quarterback isn't typical. But thanks to my high school coach who pushed me to believe that I was capable of anything I put my mind to, I led my team to a championship win, and that has stuck with me to this day.

Key accomplishments: #1 High School Athlete in the nation, 1983; Gold Medal, Team USA U20 World Championships; 1st round draft pick Boston Celtics; Emmy Award winning broadcaster.

Biggest current challenge: As a provider for my large family, sometimes it can be difficult to keep up with a world that's ever-changing at such a fast pace. I am always pushing myself and those around me to pursue every opportunity they can to grow, but it's important to prioritize because there are only so many hours in a day!

Next big goal: To continue growing Mountain Mike's Pizza beyond the initial 30-unit development deal in Utah.

First turning point in your career: After 20 years of broadcasting NBA games, I was not extended an offer to continue. This was a defining moment in my career because it made me realize that I wasn't comfortable leaving my destiny in someone else's hands. I wanted to build a business and create opportunities that I was in control of, which led me to my exciting venture with Pelican Food and Mountain Mike's.

Best business decision: Joining Pelican Food and partnering with Mountain Mike's. Mountain Mike's provides their franchisees with the freedom to run their business, but with the support and comfort of knowing they don't have to go about it alone. The franchisees are backed by decades of experience, big buying power, and a group of very supportive owners who are very much aligned with my values.

Hardest lesson learned: Sometimes, life is not fair. The hardest lesson to learn is that you can do everything right and still fail. With that being said, the important lesson from any obstacle is to stay focused on the goal, and do not let past failures get in your away of achieving that goal!

Work week: There is no such thing as a typical work week for me. I go wherever I need to be to further the success of our business and trusted partners.

Exercise/workout: There are two activities I do every day: lift and swim or yoga and cycle.

What's your passion in business? My main passion in business is having the opportunity to collaborate with talented, hardworking people who inspire me.

How do you balance life and work? I have a "work hard, play hard" mentality. But I firmly believe that you can have fun while working. It's all about finding ways to enjoy the process!

Guilty pleasure: My two guilty pleasures are golf and dark chocolate.

Favorite book: My favorite book of all time is *The Count of Monte Cristo* by Alexandre Dumas.

Favorite movie: I absolutely love movies, so this question is nearly impossible for me to answer. If I must choose, a few of my top picks would be "Shawshank Redemption," "The Fugitive," "Serendipity," "Field of Dreams," and "Notting Hill."

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FOLLOW US ON

MICHAEL JOHN SMITH, 55

Officer/Marketing/ Investor Relations

Company: Pelican Food Concepts

Units: 1 open with development agreement for 30 locations

Family: Married with 10 children

Years in franchising: 1

Years in current position: 1

What do most people not know about you? That I love music. Along with enjoying listening to my favorite artists and hits on the radio, I also enjoy playing music, as well as singing.

Pet peeve: My biggest pet peeve is dishonesty. The truth is always the right choice.

What did you want to be when you grew up? I wanted to be a basketball player when I grew up, and I worked hard to make that dream my reality!

Last vacation: Punta Mita, Mexico.

Person I'd most like to have lunch with: Roger Federer (again). He is an amazing human being!

MANAGEMENT

Business philosophy: To empower people to be great by giving them the confidence and tools they need to be great. When it comes to my parenting skills, I teach my children ethical principles and let them govern themselves. The same principles translate into business. People will surprise you when they feel empowered and supported.

Management method or style: My management style is not cookie-cutter and I always try my best to lead by example. To be an effective leader, you must put in the time to know your employees and tailor your management style to each individual. But when it comes down to it, there are right and wrong ways to do something, and it's my job to make sure my employees understand the difference.

Greatest challenge: When it comes to leading employees, family, or even a basketball team, the greatest challenge is managing so many different personalities. Each person has different needs, wants, motivators, and communication styles. On the flip side, getting to know what makes people tick is fulfilling. I find great satisfaction in learning about people and their journeys. This process has made me a better communicator and has taught me patience, compassion, and the importance of connecting with others on a more personal level.

How do others describe you? As personable, likable, outgoing, fun, and meticulous.

One thing I'm looking to do better: I am always working on being a better listener. It's something I've been focusing on for a while, and although I have come a long way there is always room for improvement when it comes to making sure others feel heard.

How close are you to operations? I am involved in all major decisions regarding our Utah franchises.

What are the two most important things you rely on from your franchisor? To deliver on consistency along with the best formulas and practices to follow, from recipes to operations. I also depend on them to have my best interest in mind and to support the growth and success of my business in every decision they make.

Fastest way into my doghouse: I rely on my team to uphold the high standards we set forth, and that means no cutting corners. The fastest way to get on my bad side is if you do not follow through with what you say you are going to do.

SPORTS & BUSINESS

What skills/experience from sports have carried over to operating a business? The skills that have moved with me from my career in sports to owning a business are discipline, people skills, and playing to people's strengths. Rome wasn't built in a day, nor was I able to become an NBA player overnight. Good things take time, especially when done the right way. Practice makes perfect and taking shortcuts won't do you any favors.

Which do you find more competitive, sports or business? I find business to be more competitive. I have always been good at sports, but if I had been in business for the length of time that I was in sports, I suppose it would be the opposite.

Why did you choose franchising as an investment option? Because it was a way for me to own my own business, but with built-in support and guidance every step of the way. At Mountain Mike's, I believe in the product we offer, the direction of the leadership team, and the year-after-year success speaks for itself!

How did you transition from sports to franchising? Life brings you opportunities when you are ready to make a change for yourself and your family. Becoming a franchise owner with Mountain Mike's was a serendipitous opportunity that I will be forever grateful for!

What was your greatest achievement in sports, and what has been your biggest accomplishment as a franchisee? My greatest achievement in sports was being a first-round draft pick in the NBA while taking 2 years off during college. I was serving a mission; therefore, I wasn't playing or training at that time, and I was still given the opportunity to be drafted. This was not a common occurrence back then in the sports industry. As for my biggest accomplishment in franchising, the best is yet to come. That will make for a great future conversation!

BOTTOM LINE

Vision meter: Where do you want to be in 5 years? 10 years? In 5 years, we will have built a solid team of talented and passionate franchisees who are aligned with our values and family-forward culture. In 10 years, we will have at least 30 locations opened in Utah alone. ■

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2021 MULTI-UNIT 50

TOP 50 BRANDS BY NUMBER OF MULTI-UNIT FRANCHISEES

RANK	BRAND	MULTI-UNIT ZEES	SINGLE-UNIT ZEES	TOTAL	DATA YEAR
1	SUBWAY	3,669	3,491	7,160	2019
2	MCDONALD'S	1,840	318	2,158	2019
3	THE UPS STORE	903	2,312	3,215	2019
4	AFC	841	1,904	2,745	2019
5	DUNKIN'	811	5,115	5,926	2019
6	LITTLE CAESARS	653	66	719	2019
7	HEALTH MART PHARMACY	579	3,238	3,817	2019
8	GREAT CLIPS	574	243	817	2020
9	ACE HARDWARE	571	2,479	3,050	2019
10	H&R BLOCK	554	670	1,224	2019
11	DOMINO'S PIZZA	535	228	763	2020
12	LIBERTY TAX SERVICE	484	675	1,159	2020
13	FIREHOUSE SUBS	467	15	482	2019
14	JIMMY JOHN'S	429	309	738	2019
15	VISION SOURCE	416	2,068	2,484	2019
16	DQ GRILL & CHILL	403	1,095	1,498	2019
17	JACKSON HEWITT TAX SERVICE	370	151	521	2019
18	BURGER KING	369	357	726	2020
19	CENTURY 21	316	639	955	2020
19	CHICK-FIL-A	316	1,503	1,819	2019
19	TACO BELL	316	300	616	2020
22	HISSHO SUSHI	309	472	781	2019
23	JERSEY MIKE'S	295	223	518	2020

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*Based on the Average Unit Volume of the top 50% of our Franchised Stores for fiscal year 2020. Based on fiscal year 2020, 142 of 369 Franchised Stores in the category (38%) met or exceeded this average. This information appears in Item 19 of our 2021 FDD – please refer to our FDD for complete information on financial performance. Your results may differ. There is no assurance that you will do as well. This ad is for informational purposes only and not an offer to sell a franchise. Contact Marco's Franchising, LLC PO Box 23210, Toledo, Ohio 43623 for a copy of our Franchise Disclosure Document. We will not offer or sell you a franchise until we have complied with all applicable regulatory requirements. This offering is made by prospectus only. ©2021 Marco's Franchising, LLC 13849-621

RANK	BRAND	MULTI-UNIT ZEES	SINGLE-UNIT ZEES	TOTAL	DATA YEAR
24	SUPERCUTS	287	125	412	2019
25	SPORT CLIPS	283	115	398	2019
26	ANYTIME FITNESS	266	1,591	1,857	2019
27	PAPA JOHN'S	258	370	628	2020
28	BASKIN-ROBBINS	255	1,600	1,855	2019
29	MASSAGE ENVY	244	213	457	2019
30	KFC	241	352	593	2020
31	SONIC DRIVE-IN	238	173	411	2019
32	SERVPRO	237	772	1,009	2019
33	EDIBLE	227	289	516	2019
34	WENDY'S	216	114	330	2019
35	PAPA MURPHY'S	207	224	431	2019
36	COLDWELL BANKER	206	423	629	2020
37	SMOOTHIE KING	204	233	437	2019
38	HUNTINGTON LEARNING CENTER	198	40	238	2019
39	WINGSTOP	184	91	275	2019
40	FANTASTIC SAMS	183	248	431	2019
41	COLD STONE CREAMERY	174	393	567	2019
42	DQ TREAT	170	760	930	2019
43	CULVER'S	167	293	460	2020
44	EUROPEAN WAX CENTER	165	114	279	2019
45	ARBY'S	162	233	395	2019
45	POPEYES LOUISIANA KITCHEN	162	649	811	2020
47	MIDAS	159	263	422	2019
48	MATHNASIUM	155	408	563	2020
49	CLUB PILATES	152	166	318	2019
50	PIZZA HUT	148	149	297	2020

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2021 MULTI-UNIT 50

TOP 50 BRANDS BY PERCENTAGE OF MULTI-UNIT FRANCHISEES

RANK	BRAND	% MULTI-UNIT ZEES	# MULTI-UNIT ZEES	SINGLE-UNIT ZEES	TOTAL ZEES	DATA YEAR
1	PANCHERO'S	100.00%	26	0	26	2019
2	FIVE GUYS BURGERS AND FRIES	99.02%	101	1	102	2019
3	FIREHOUSE SUBS	96.89%	467	15	482	2019
4	JACK IN THE BOX	94.23%	98	6	104	2020
5	FRESHII	94.20%	65	4	69	2019
6	CAPTAIN D'S	93.24%	69	5	74	2019
7	SMARTSTYLE	92.48%	123	10	133	2019
8	MIRACLE-EAR	91.20%	114	11	125	2020
9	LITTLE CAESARS	90.82%	653	66	719	2019
10	PALM BEACH TAN	89.29%	25	3	28	2019
11	APPLEBEE'S	87.50%	28	4	32	2020
12	MCDONALD'S	85.26%	1,840	318	2,158	2019
13	HUNTINGTON LEARNING CENTER	83.19%	198	40	238	2019
14	FRONTIER ADJUSTERS	79.23%	103	27	130	2019
15	TIDE CLEANERS	78.57%	22	6	28	2019
16	COST CUTTERS FAMILY HAIR SALON	75.00%	60	20	80	2019
16	GODFATHER'S PIZZA	75.00%	129	43	172	2019
18	CARL'S JR.	71.68%	81	32	113	2019
19	SPORT CLIPS	71.11%	283	115	398	2019
20	JACKSON HEWITT TAX SERVICE	71.02%	370	151	521	2019
21	GREAT CLIPS	70.26%	574	243	817	2020
22	DOMINO'S PIZZA	70.12%	535	228	763	2020

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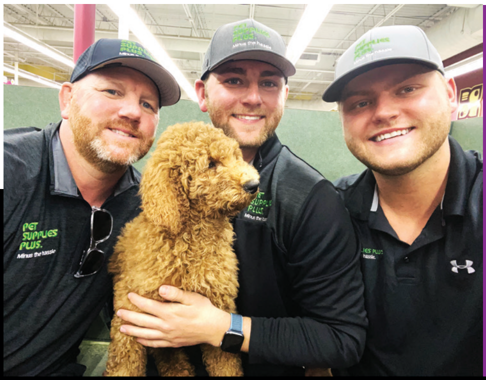

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*This information can be found in Item 19 of the 2021 Franchise Disclosure Document issued by PSP Franchising, LLC. The data reflects the calendar year beginning January 1, 2020, and ending December 31, 2020, and shows the data for 220 Reporting Franchised Stores which were open and operating for 12 months as December 31, 2020. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well. This is not an offer to sell you a franchise. Franchises are offered by prospectus only.

** Pet Industry Market Size, Trends & Ownership Statistics (americanpetproducts.org)

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RANK	BRAND	% MULTI-UNIT ZEES	# MULTI-UNIT ZEES	SINGLE-UNIT ZEES	TOTAL ZEES	DATA YEAR
23	SUPERCUTS	69.66%	287	125	412	2019
24	BOJANGLES	68.18%	45	21	66	2019
25	PACLEASE	67.86%	38	18	56	2020
26	WINGSTOP	66.91%	184	91	275	2019
27	PENN STATION EAST COAST SUBS	66.25%	53	27	80	2019
28	SOLA SALON STUDIOS	66.17%	88	45	133	2019
29	SOTHEBY'S INTERNATIONAL REALTY	65.94%	91	47	138	2020
30	ROSATI'S CHICAGO PIZZA	65.79%	25	13	38	2019
31	BARBERITOS	65.71%	23	12	35	2019
32	PLAYA BOWLS	65.52%	19	10	29	2019
33	WENDY'S	65.45%	216	114	330	2019
34	FREEDOM BOAT CLUB	65.31%	32	17	49	2019
35	MICHELIN COMMERCIAL SERVICE NETWORK	65.00%	26	14	40	2019
36	SUN TAN CITY	64.10%	25	14	39	2019
37	HARDEE'S	63.71%	79	45	124	2019
38	BUDGET	61.90%	26	16	42	2019
38	RALLY'S	61.90%	26	16	42	2020
40	RENT-A-CENTER	61.54%	16	10	26	2019
41	HOMESMART	60.38%	32	21	53	2019
42	THE GOOD FEET STORE	60.00%	18	12	30	2019
43	EUROPEAN WAX CENTER	59.14%	165	114	279	2019
44	FUZZY'S TACO SHOP	58.70%	27	19	46	2019
45	JIMMY JOHN'S	58.13%	429	309	738	2019
46	SONIC DRIVE-IN	57.91%	238	173	411	2019
47	BETTER HOMES AND GARDENS REAL ESTATE	57.02%	69	52	121	2020
48	JERSEY MIKE'S	56.95%	295	223	518	2020
49	TWO MEN AND A TRUCK	56.74%	80	61	141	2019
50	STRETCH ZONE	56.25%	18	14	32	2019

SOURCE: Frandata. Brands with 25 or fewer franchisees were excluded.

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10 TIPS FOR READING AN FDD

Sage advice for potential franchisees

Written By **ROCHELLE SPANDORF**

Part 1 of this special legal series (Reading the FDD: The Argument Against Simplification) appeared in the previous issue.

I offer the following 10 tips for reviewing an FDD—*not* as a do-it-yourself guide for franchise buyers, but to demystify the FDD. My top 10 list (not ranked by relative importance) offers guidance on how to make sense of a handful of specific FDD disclosure items that should help a franchise buyer figure out if pursuing a particular franchise opportunity is worth their time and money to move on to one of the final steps in the due diligence process: hiring franchise legal counsel.

1) Item 19—Financial Performance Representation (FPR)
A franchisor that wishes to share any type of historical or forecasted financial results for its chain must do so in FDD Item 19. Otherwise, a franchisor must say in Item 19 that it does not make an FPR, which the law broadly defines as *"any oral, written, or visual representation, to a prospective franchisee, including a representation in the general media, that states, expressly or by implication, a specific level or range of actual or potential sales, income, gross profits, or net profits."*

A franchisor violates the law by providing FPR data outside of the FDD—even if the data is truthful. A prospective franchisee who receives FPR data outside of the FDD should understand that this is not a sneak peek special advantage; it is a violation of the law and a warning sign that the franchisor may not value conventional standards of fair play in other areas of its business dealings. A franchise buyer should not rely on any statements by a representative of the franchisor about actual or projected sales, income, or profits made outside of the FDD.

FPR disclosures are the most important piece of information for a prospective franchisee to consider in making an investment decision. Yet, under applicable law, these disclosures are optional, not mandatory. Nevertheless, two-thirds of all franchisors today make some form of FPR disclosure because they know that qualified franchise buyers want this information.

There are many valid reasons why a particular franchisor might decline to make an FPR disclosure. It would be hasty to assume that a franchisor that declines to make an FPR disclosure is covering up a failing franchise network. Nevertheless, a recent study confirms that brands that make an FPR disclosure and are transparent about their system's financial performance are overall better-performing systems and sell more franchises than those that decline to make one. Franchisors know, or should know, that their choice not to make an FPR disclosure places them at a competitive disadvantage in vying for qualified franchisee candidates.

The law requires a franchisor that makes an FPR disclosure to include this disclaimer without variation: *"There is no assurance that you'll [sell] [earn] as much."* The plain meaning of this government-mandated statement is not that the franchisee may not rely on the FPR disclosure in Item 19, but that the franchisor may not be held legally responsible if the franchisee's actual results are not as good as those lawfully disclosed.

The law is very open-ended about what level of financial data a franchisor may share about its franchise network if it wishes to make an FPR disclosure, i.e., whether to confine published data to top-line sales or revenue or offer more elaborate information about profitability. The law only requires that a franchisor have a *reasonable basis* for the data that it does share; a legal standard that is not defined, but is understood to mean that the financial data disclosed must be truthful and based on operating conditions comparable to those that a prospective franchisee can reasonably expect to encounter.

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A properly prepared FPR must explain the defining characteristics of the outlets that the FPR profiles so that a franchise buyer may determine what adjustments, if any, they should make in extrapolating the data for the geographic market in which they are considering operating a franchise. Whatever FPR data is disclosed should be regarded by a franchise buyer as a starting point for their own number-crunching. A candidate who is unsure if they can competently decipher the FPR data and prepare their own budget, breakeven, and cash flow analyses should engage a professional accountant for help.

A franchisor without an FPR may disclose the actual operating results of a specific "company-owned" outlet that it is offering for sale, but only to potential purchasers of that particular outlet. Active and former franchisees may also share their own financial results with candidates without implicating the franchisor in making an FPR, and the FDD includes their contact information. (See Tip 4, below).

In my experience, most current and former franchisees consider their financial results to be too competitively sensitive to share with strangers. They may offer franchisee buyers some insight into expense data by explaining expenses as a percentage of their top-line revenue, but existing franchisees are not likely to reveal data points expressed in dollars.

Franchisors may not direct prospects to their top performers and away from poor performers or malcontents. A prospective franchisee should not consider it a favor if a member of the franchisor's management or business broker tells them which franchisees to speak with for FPR answers, claiming to be saving them from having to cull through long franchisee rosters on their own.

2) Item 20 — Franchise Network Statistics

Item 20 has five tables that track the growth of the franchise network over the franchisor's last three fiscal years (or shorter time in business) and reveal if franchisees who sign a franchise agreement actually open and stay in business. Most of the information is self-explanatory with respect to growth trends. Table 3 discloses franchisee turnover rates, which may be a sign of a troubled franchise system. Table 5 discloses the number of franchise agreements signed for outlets not yet opened as of the FDD's disclosure date; a large number may denote a franchisor content with signing new franchise agreements and taking initial fees without helping franchisees actually open for business.

The Item 20 tables will not disclose the number of multi-outlet or area development agreements signed by franchisees, nor the number of outlets that franchisees who sign these contracts pledge to open by specific deadlines. Nevertheless, media sources, franchisors, and business brokers often tout these statistics as evidence of a growing franchise network. It is unlawful for a franchisor to include pledged outlets in any Item 20 table unless the franchisee has signed a specific franchise agreement for the unit. A franchise buyer should judge a system's success not by the number of pledged outlets but by the percentage of pledged outlets that actually opened for business within the time that Item 11 discloses it should take a franchisee to open. A franchise buyer should ask the franchisor about the history and timeline for pledged-to-opened outlets in investigating the franchise opportunity.

Finally, Item 20 discloses contact information about any trademark-specific and independent franchisee association that asks to be identified in the FDD, typically excellent sources of candid feedback about the franchise network.

3) Item 7— Estimated Startup Costs

Item 7 lays out a low/high estimate for the various components of a franchisee's startup costs to open and operate a franchise outlet from the date the franchisee signs the franchise agreement through the end of the outlet's third month in business. A franchise buyer should plan to spend the high estimate. When it comes to interpreting the "Additional Funds" category, buyers must make sure they understand the franchisor's assumptions for the most expensive cost categories like real estate, labor, and cost of goods sold.

A properly written Item 7 should be annotated with footnotes that explain the variables influencing expenses such as market and venue characteristics, the typical square footage of a retail location, and staff size. Franchisors are not required to disclose real estate costs if they cannot realistically estimate them, but then Item 7 must affirmatively state that estimated real estate costs are excluded from Item 7, in which case a franchise buyer must plug in their own numbers to create a proper budget.

A franchise buyer should interview the franchisor about the Item 7 assumptions, especially if Item 7 lacks robust footnotes, as well as factor in other cost categories besides rent that a franchisor may exclude from Item 7 such as continuing fees (disclosed in Item 6), loan costs, vehicle costs to support franchise operations (often overlooked), local wage rates, and money a franchisee needs to live on during the startup period. Validating Item 7 estimates against the actual experience of existing and ex-franchisees is essential. (See Tip 4).

4) FDD Exhibits with Franchisee Contact Information

Franchise disclosure rules require franchisors to include an FDD exhibit with contact information for every active franchisee and ex-franchisee who left the franchise system during the past year. This disclosure offers no benefit to a franchisor's earliest adopters who buy a franchise before any franchised outlets have a few months of operating experience under their belt, but for every other franchise buyer, these rosters facilitate due diligence outside of the FDD and the validation of FDD disclosures.

A franchise buyer should contact a diverse cross-section of active and former franchisees (e.g., single-unit franchisees, multi-unit franchisees, conversion franchisees, franchisees who just recently opened for business, veteran franchisees in business for a while, franchisees in the same state or market as the franchise buyer, franchisees in distant geographies in the U.S., and franchise owners who operate other franchise concepts) to explore if they have common things to say about their experience with the franchisor and brand.

Among the many subjects worthy of discussion, a franchise buyer should ask franchisees about: 1) both the quality of the support they received in getting their outlet opened, and the relevance and quality of initial and ongoing marketing and training—and whether these services match what FDD Item 11 says the franchisor will deliver; 2) the franchisor's commitment to competitive innovation and how the franchisor tests program changes or seeks franchisee feedback before rolling them out; 3) the frequency and quality of the franchisor's engagement with the franchisee community, and if franchisee input is welcomed; 4) validation of Item 7 initial investment estimates; 5) validation of any Item 19 disclosure; and 6) the general temperature of franchise relationships. Interviewing ex-franchisees is important, but a franchise buyer should expect some may have a personal axe to grind. What is important is if there is a pattern of complaint.

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5) Item 12 — Territory

Item 12 discloses if the franchisor assigns a franchisee a territory within which it agrees not to assign a second franchisee. Some franchise programs are site-specific, meaning the franchisor may cluster franchises as close to one another as it wants regardless of whether they cannibalize each other's sales.

If a franchisor awards a territory, the franchisor must disclose if it may: 1) change territorial boundaries unilaterally with or without cause; 2) sell authorized goods and services at certain types of venues in the franchisee's territory (e.g., shopping malls, stadiums, schools, airports, entertainment centers); or 3) sell authorized goods and services through alternative distribution channels that may compete with the franchisee for business (e.g., grocery stores, online) and, if so, whether it will share revenue from these activities with the local franchisee.

Territorial rights are often misunderstood. If they are granted, they typically pertain to the density of branded outlets or franchisee services providers measured by distance or population size. They do not purport to give a franchisee exclusive access to customers within a particular geography nor are they necessarily drawn to approximate a franchised business's market within which it will draw its customers.

Territorial rights typically are punctured by the franchisor's reserved right to operate in nontraditional venues and distribution channels that require centralized management, something that unrelated franchise owners cannot match. A franchise buyer should appreciate that having the franchise brand represented in nontraditional and captive venues such as an airport, stadium, and even a mall, can inure to their benefit by functioning as a billboard for the brand. The franchisee's retail location typically does not compete for the same customers who frequent alternative venues and buy from alternative channels that the franchisor reserves for itself. However, by conducting pre-sale interviews with existing franchisees (Tip 4), a franchise buyer should be able to discern if a franchisor is engaged in opportunistic encroachment practices.

6) Items 5 (Initial Fees) and 6 (Ongoing Fees)

Items 5 and 6 list initial and ongoing fees in a format that facilitates a franchise buyer's comparison shopping among several franchise brands. Even if franchise buyers are not actively considering joining any other franchise system, they still should engage in benchmarking. Since most franchisors do not publish their FDD on their website, one way to benchmark is to check the public databases for FDDs filed by competitors or leading franchisors maintained by a few of the states that regulate franchise sales, specifically California, Minnesota, Washington, and Wisconsin. If a franchisor offers franchises in any of these states, it must register its FDD with the state's franchise agency. (California exempts large franchisors from having to lodge their FDD; the other states offer no comparable exemption.)

7) Item 17 (Term, Termination, Transfer, Competition, Dispute Resolution)

Item 17 summarizes key contract provisions that underscore the temporal rights awarded by a franchise, which are akin to leasing a business for a finite period, not forever. At some point, the franchise contract's term will expire. No law mandates a minimum duration, renewal rights, or conditions that a franchisor must attach to a franchisee's exercise of a renewal option if one is granted. Some franchisors may award a relatively short term (e.g., 5 years) with multiple, successive renewal options, while others may award a very long term (e.g., 20 years) with no renewal option, but the right to apply for a new franchise if the franchisor is still in the business of franchising.

For as long as a franchisor offers to sell franchises, it must disclose in FDD Item 20 if franchisees given a renewal option have opted not to exercise their renewal option, sometimes a sign of unhappy franchisees. A franchise buyer should interview current and former franchisees about the franchisor's practices vis-à-vis franchisee resales.

Item 17 will disclose transfer conditions, which always give a franchisor the right to approve a proposed buyer, and nearly always give a franchisor a right of first refusal. Likewise, Item 17 will disclose other standard franchise agreement provisions: 1) restrictions against owning a competing business during the franchise term and for some period afterward to give a successor franchisee some runway to assume brand operations without competition from a former franchisee, and to prevent a former franchisee from exploiting the franchisor's trade secrets for their own gain; 2) grounds for termination, some of which may not be curable; and 3) how and where contract disputes must be decided.

Some states have "relationship laws" that override conflicting contract provisions, though most states impose no limit on a franchisor's right to terminate a franchise agreement, even without cause, or to reject proposed franchise buyers outright.

What keeps franchisors from engaging in opportunistic practices are two primary forces: market regulation (reputation collateral and competition among franchise firms for the best candidates); and the ability of franchisees to use social media and other outlets effectively to influence public opinion by exposing unfair practices by franchisors.

8) Item 8 (Sourcing Restrictions)

Item 8 discloses sourcing restrictions: goods or services that franchisees must buy from designated or approved suppliers, and any revenue paid to the franchisor or its affiliates on account of their or a third-party supplier's transactions with franchisees. Sourcing restrictions are a perfectly legitimate way to ensure uniformity in the operating standards that the public associates with the brand, even though they can also be a revenue well for franchisors.

For franchisees, a significant benefit of joining a franchise network is gaining the benefits of purchasing power through scale. This is achievable only if all system members must buy authorized goods and services from designated suppliers that offer volume discounts to brand members, even if these suppliers pay the franchisor or its affiliate revenue (or, if the franchisor or an affiliate is the supplier, they recoup a margin over their own cost of goods).

Sourcing restrictions are really suspect only when franchisors use their contract power to compel franchisees to buy goods or services they do not need, or to buy from suppliers (including the franchisor or its affiliate) at higher prices than the same or equivalent goods or services can readily be bought from other available sources.

9) Hire a franchise attorney

Franchise law is an area of legal specialization. A prospective franchisee's attorney who wrote their will or handled their divorce—the common services for which the general public hires attorneys—may be excellent in their field, but also should be the first to say they lack the right experience to digest an FDD. Membership in the American Bar Association's Forum on Franchising (the leading professional organization of attorneys practicing franchise law in the U.S.) is a good starting place for identifying franchise attorneys with

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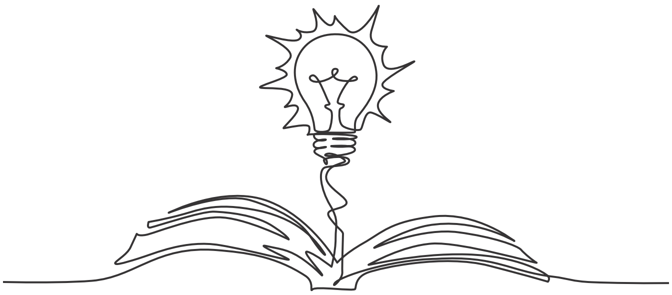

the right expertise. If a franchisee cannot afford legal representation to evaluate the FDD before they cough up a hefty non-refundable franchise fee, they are not ready for business ownership.

10) Spotting other red flags

Since I have limited myself to 10 tips, I consolidate a few other strategies for critically reading the FDD.

Item 2 (Business Experience) requires a franchisor to disclose at least a 5-year work history for all officers, directors, and other members of its franchise management team who lack a director or officer title. Too often, brand owners leap into franchising without appreciating that being a franchisor is a completely different business than successfully operating a branded outlet. A successful franchisor needs different skills to: 1) identify and recruit motivated business owners; 2) champion the brand for the benefit of all licensees; 3) teach others how to replicate a business model; 4) leverage the network's scale to deliver benefits to franchisees that keep franchise owners loyal to the brand; 5) execute an effective support structure to supervise franchisee operations; 6) protect system standards against rogue operators who could damage the brand's reputation for everyone; and 7) sustain all of this for as long as any franchisee has time left on their franchise agreement.

A franchisor's FDD must include the franchisor's audited financial statements for its last 3 years (or shorter time in business). In addition to what these statements reveal about the franchisor's financial health, audits that disclose dwindling royalty income or dwindling revenue from mandatory product sales—despite no significant decline in the franchisee head count—signal that franchisees are making less money.

Item 3 (Litigation) requires disclosure of certain types of litigation filed against the franchisor or members of its management, including claims alleging violation of securities, franchise, or antitrust laws, and fraud. Disclosure of a significant number of lawsuits with similar allegations or a franchisee class action are signs of a troubled franchise network.

A franchise buyer planning to open a branded outlet in a distant market far from the one where the brand enjoys consumer recognition faces extra business risks by being a brand pioneer. While a distant market may offer upside potential, there is no guaranty that a franchisor will sell another franchise in that market or use marketing fund dollars there to promote the brand. A pioneer may end up being a lone ranger, having to invest far more in local marketing than franchisees clustered together, who can spend less to create local consumer brand awareness by pooling their local marketing dollars.

A business broker who sings the virtues of a particular franchise program may have a very different financial incentive in seeing the buyer sign on the dotted line. Brokers are typically compensated by making introductions or franchise sales and are not necessarily invested in a franchise buyer's long-term well-being. Brokers also tend to move through different franchise brands without special allegiance as new franchises launch each year claiming to be the new darling of consumers.

FDDs offer a snapshot of the franchisor and franchise system only as of a specific date. While franchisors must keep their FDD up to date for as long as they offer new franchises to reflect material changes in mandatory disclosures, they have no legal duty to deliver the updated FDD to existing franchisees once they sign on the dotted line.

On the other hand, franchisors typically reserve discretion in the franchise contract to modify the franchise program as long as the changes do not alter the parties' fundamental bargain. In signing on, an existing franchisee agrees to adopt all future program changes at their own cost despite the fact that the FDD cannot describe future changes or costs with any precision, beyond saying that changes may happen. This is the pitfall of signing an *incomplete contract*.

Finally, franchise ownership does not prevent business failure. Contrary to what is published on the Internet, it has never been proven that owning a franchise is less risky than owning an independent business.

Conclusions

Franchisors and business brokers often promote owning a franchise by likening a franchise to a marriage. True, a franchise, like a marriage, is a consensual, private long-term commitment by previously unrelated parties. But no one these days gets married blindfolded, having never spent time getting to know their future life partner. Furthermore, unlike spouses, franchise parties are not partners in any legal or figurative sense. A franchise is a contract. For franchise buyers, it is very much *caveat emptor*. Franchisors never guaranty their franchisees' success, nor a minimum return on their investment.

Franchising can be a better than breakeven, and even a highly lucrative investment for franchisees and an equally successful growth model for brand owners. But it is not for everyone. Franchisors should enlist only those franchisees willing to do their homework beforehand and who appreciate the risks inherent in business ownership; and franchise buyers should consider joining only franchise systems that insist that buyers understand the deal they are signing.

Parsing the FDD to assess the soundness of a franchise opportunity need not be intimidating. But if a franchise buyer is overwhelmed by the FDD, there are many qualified franchise attorneys who can help them understand the fine print. Franchisees are not ready for franchise ownership if they buy a franchise blindfolded, without reading the franchise agreement, or having a knowledgeable franchise attorney read it for them. ■

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DEI: IT'S TIME

Diversity, equity, and inclusion in franchising

Written By **SARA WYKES**

If any franchise has an advantage in applying the principles of diversity, equity, and inclusion (DEI), it is Skyhawks Sports Academy. Since 1979, the franchise system has devoted itself to teaching life lessons, with sports as the platform. Its reach is expansive: the kids it welcomes are 1½ to 14 years old in 25 states and offered a choice of 11 different sports.

And it would be hard to find someone better suited than Brett Rountree to translate DEI ideals into the real world of Skyhawks. She grew up as a Skyhawks camper. "Our company was founded on the idea that every single child should have the opportunity to experience the joy and the benefit of playing sports," she says.

Now Skyhawks' brand development director, Rountree knows the franchise has evolved. "We are talking about creating a truly inclusive environment for every child, coach, family, and community," she says, and has been applying her perspective to the DEI challenge shared by many, if not all, franchise businesses. Her experience so far has much to offer any franchise navigating the difficult path of implementing DEI at their company and throughout their system.

"All our changes started with creating a safe place within the company where we could talk about what was going on," she says. "We had people saying we need a place where we can talk. We saw that need and opened the door."

At first, the DEI team included Skyhawks' President and COO Jason Frazier, Vice President of Franchising Josh Kaiel, and Rountree. Now, a group of seven to 10 who are passionate about this topic have worked away at the how-to's, meeting biweekly, sharing reading of useful books, taking advantage of other relevant programs such as unconscious bias training, and inviting a guest speaker from the Positive Coaching Alliance to learn how they can better approach DEI through sports.

Typically, coaches go through two-part training programs led by franchisees, but starting in October with an anonymous survey to collect questions and concerns, that training has been modified.

"We've had a lot of conversations," says Rountree, which showed the team that a one-sized training would not fit all. Some basics also had to be included, for instance, What is the difference between bullying and intentional discriminatory speech? "It's heavy stuff and we've taken a gentle approach to getting people adjusted to their own biases."

The team is working on next steps, but first want to see how the initial version of their work plays out this summer before they tweak it. They are developing more resources for coaches and families that will aid them in having conversations about DEI, including some of the best books and podcasts available.

"I'm proud of our team and proud to work for a company that sees that what is going on is important and that it's not just a passing something," says Rountree. "It has to be a long-term something, in your DNA. I know we have much further to go, but we are making progress and that's what's important."

It's been an immersion, she says, "but I learned that there is beauty in taking a look at yourself in the mirror and learning where you need to grow."

Noodles & Company

Noodles & Company already has garnered a raft of awards in its 25 years, including 10 appearances on *Inc.* magazine's list of fastest-growing private companies. And while DEI may have been an unspoken part of its culture, the franchise's CEO recognized the value of a formal commitment.

In March, CEO Dave Boennighausen joined the CEOs of nearly 2,000 leading companies and business organizations from around the country in taking CEO Action's pledge to act on supporting more inclusive workplaces. That pledge includes the following:

1. We will continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion.
2. We will implement and expand unconscious bias education.
3. We will share best—and unsuccessful—practices.
4. We will create and share strategic inclusion and diversity plans with our board of directors.

In addition, the brand conducts regular listening forums across the company, has implemented an internal Inclusion & Diversity Advisory Council, and has created an inclusion and diversity resource library. The company also has earned Women in the Lead Certification for its investment in women-empowering initiatives for its female team members, and has partnered with the Multicultural Foodservice & Hospitality Alliance to build cultural intelligence within its teams.

"Inclusion and diversity are a really critical part of our culture at Noodles," says CFO Carl Lukach. "We want our guests to see that we are contributing to that not only in our business, but also externally in the broader society."

Hiring a vice president of inclusion, diversity, and people was important because that position centralizes a thought process, and having that person in place has already had a tremendous impact, says Lukach. Unconscious bias training has been added to the training required of all corporate employees. Other trainings, resources, and discussion boards will also be rolled out to build inclusion and diversity awareness and knowledge into core operating skills, he says.

Tom Shepard was working at a burger chain and headed for college when a new leadership team arrived at the company. "They were all Black men, and a couple of them took me under their wing," he recalls. "That was really my start."

He left his business administration coursework 2 years later to begin what is now more than 20 years in franchising, first as a district manager, then as a project manager. Today he is a vice president with Noodles & Company, and CEO of its Pasta per Trio brand. Shepard's own experience tells him that education is a crucial tool in incorporating DEI into a business culture.

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One step is helping people understand the value of DEI as a driver of growth and, as Shepard puts it, "that diversity creates different ideas, that different people bring different attributes." Another essential, which he realized as a younger man, is offering opportunities to those "who may not see themselves in business based on where they come from."

Shepard also knows that allowing people to find their own way to understanding is also a powerful approach. During Pride Month, for instance, "We allowed team members to create their own ways to celebrate," he says, and the same holds for other months that honor different groups. "We created a recognition board and it really took off."

Shepard is part of a group exploring other DEI training methods and looking to apply ideas from the Inclusion & Diversity Advisory Council at the local level across the system. "We are constantly looking at how to build in DEI," he says.

On the personal level, Shepard has found another way to pay back the leadership team from his college days: he recently took some time off to finish his college degree.

The power of hiring right

For Murad and Crystal Fazal, co-owners of four franchise restaurant brands in Chicago and Albuquerque, DEI has never been far from their thoughts. "The key to success is having people behind the counters who match or equal the people walking through the doors," says Murad Fazal, who serves as president and CEO of their Subway, Bar Louis, and Dunkin' locations. "We see such an increase in customer loyalty when people see someone who looks like them."

To accomplish their vision of DEI, the Fazals make sure they broaden their hiring advertising as much as possible, including letting current employees know they are looking. "We believe in referrals," says Crystal Fazal. "Good people know good people."

Nor can training programs be cookie-cutter alike, she says. "You have to respect differences, to work around people's needs and personalities."

Tide Cleaners

Tide Cleaners began franchising in 2011, providing convenient services through lockers, stores, college campuses, and delivery. With 190 stores open nationwide in more than 25 states, the franchisor is taking a serious look at how to empower its franchisees to meet the brand's DEI goals.

"At Tide Cleaners, our mission is to erase inequality within the walls of our organization and to influence progress toward equality outside the walls of our organization," says Chief Human Resources Director Maura McVey. "We're leaning into the right, tough conversations to solve DEI together, alongside our franchisees."

Among the brand's DEI tactics is being deliberate with the people included in its advertising. "We serve a very diverse group of guests, and our advertising needs to reflect this," she says. Other efforts include "doing the hard work to make Tide Cleaners franchise ownership more accessible to people of all backgrounds."

The corporate team also is focused on sourcing and recruiting diverse talent and seeking new places to engage with a wide range of franchisees. "Our support networks have been a source of camaraderie for employees throughout the past year, including hosting virtual events to educate and celebrate within our Tide Cleaners family," says McVey.

All of this DEI work stands on the shoulders of the corporate citizenship work going on at the brand's parent company, Procter & Gamble, says McVey. "Our internal action plan includes key actions on culture and accountability, including culture teams, support networks, and people processes; education and training; and community outreach, including both local and national activation in communities, advertising materials, and engagement with franchisees."

McVey is hopeful that the combined effort will be effective. "We're fortunate that we have an outstanding network of franchisees who walk the talk with DEI," she says. "They are the front line for our brand and run their business knowing that DEI is a competitive advantage. We're also balancing the fact that this journey for DEI will never end with the need to get better immediately."

Born to the work

Paul M. Booth Jr. has more than a decade of QSR franchise experience, but his awareness of DEI is lifelong. His grandfather was a prominent Baptist pastor who gave early and important support to the Rev. Dr. Martin Luther King Jr., and his father is a former Cincinnati NAACP president. "When Coretta Scott King decided to start the King Center, my father was one of the first people she talked to," says Booth, who recently earned his PhD in values-driven leadership from the College of Business at Benedictine University.

"I was just approached by the Cincinnati Chamber of Commerce to work with them to develop some kind of institute or academy to prepare training and partnerships that will get people into the initial franchise space," he says. "I'm at a place now where I have the skills and expertise to create something like that. It's a next level of leadership."

As Booth began his business education, he earned an internship at Jackmont Hospitality, a minority-owned food service management company in Atlanta. There, he says, "I saw people who looked like me in the franchising space—and a light bulb went on." Today, after a decade in QSR, "I have my own identity and I see business—franchising, specifically—as a catalyst for community impact. It all starts with presence and visibility."

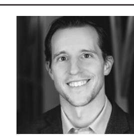
Booth, who is mentoring incoming college students, recently spoke to an African-American group at the University of Cincinnati. "That's a key way to break down some of the barriers and have an impact," he says.

That kind of outreach is important, but Booth also wants others to understand that DEI must be authentic and part of an organization's basic fabric. "You have to take a look at your organization and be intentional," he says. "I think we have to identify and prepare qualified, high-potential minority franchisees, and right now there is nothing systematically in place to do that." ■

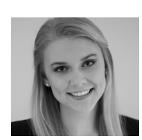
IN THIS ARTICLE


Paul Booth


Murad & Crystal Fazal


Carl Lukach


Maura McVey


Brett Rountree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TECH TOOLS!

Franchisees turn to digital post-Covid

Written By **HELEN BOND**

After a year in which technology saved—or at least salvaged—the day-to-day for many franchises, savvy operators are shifting their attention beyond stopgap measures to optimize innovation and shape their future success. Along with off-premise, the digital marketing space has exploded in franchising with tools, techniques, and strategies now a requirement to meet today's customers in every way they have come to expect during and post-pandemic.

The pandemic has fast-tracked the rollout of technology adoption in franchising at lightning speed. While the dust of recovery is far from settled, multi-unit franchisees in every retail, restaurant, and service sector are embracing technology's power to harness everything from cloud computing and artificial intelligence to many types of automation to create efficiencies and boost profits.

Dog Haus multi-unit franchisee Faizan Khan sees tech-driven possibilities for his gourmet hot dog shops everywhere he looks. "I try to introduce solutions that make it easy for my team to track the pulse of the restaurants," says Khan, who opened the brand's first East Coast location in 2018.

Khan, a process and management specialist with more than 20 years of technology industry experience, has found the perfect franchise fit in Dog Haus, an early adopter of virtual kitchens.

Forced to shift to delivery-only for much of 2020, Khan implemented technologies such as Otter to merge his multiple delivery services into a single hub. He also employed the restaurant management system MarginEdge to keep his business humming. As he readies to open his third location later this year, in Silver Spring, Maryland, Khan is busy capitalizing on the advantages these tools provide. MarginEdge, for example, uses POS integration and invoice data to give him a real-time view of cost of goods sold, distributor pricing, and sales performance over time and against targets.

Khan's current stable of tech tools is impressive. Among them, 1Huddle's gamification to train employees; YouTube for culinary training; SlickText for SMS marketing; and Zenreach's attribution capabilities to build his CRM base and target customers through email. In addition, LevelUp and Linktree are his go-to's for mobile and online ordering. Khan also counts on the insights from Chatmeter to monitor social media sentiment, and has deployed tech-related strategies such as using influencers on Instagram and TikTok. (Got all that?)

Dog Haus franchisees drive the exploration of operational tech and testing new technologies with the blessing of their franchisor, says Khan, who garners many new ideas in group chats with fellow Dog Haus franchisees, who offer solutions and support.

Happy Joe's Pizza

Modernizing operations that preserve the legacy of a brand is essential for operators like Steve Mapes, a multi-unit franchisee and second-generation owner of Happy Joe's Pizza and Ice Cream.

Like most franchisors, Iowa-based Happy Joe's turned to digital marketing and online ordering to survive the past year. Mapes, who started at Happy Joe's in 1996 as a cook in his father's Rock Island, Illinois, restaurant (which he now owns), recently installed a major upgrade to his online ordering system that is already paying off.

"Our new system seamlessly integrates with our existing systems, allowing us to better manage orders coming through both online and in-store," Mapes explains. "We're able to manage our inventory at the click of a button. And if we're sold out of a product, it automatically updates our online menu to let guests know it's unavailable to order."

SpeedLine's online ordering platform, SpeedDine, is part of Happy Joe's new technology strategy for all its stores. The Speedline POS has also improved how Mapes tracks labor, busy times, and the success of limited-time offers. And he eagerly awaits Happy Joe's new app (in development) to further enhance operations and reward the frequent purchase behavior of the Midwest brand's loyal following. Conducting due diligence to ensure his current systems will coexist with any tech-fueled strategies coming down the pike is critical for Mapes, and he advises other franchisees to do the same.

"Ask to see the programs work together in motion, not just singularly functioning on their own, to give you a sense of how they operate in your real-world scenarios," he says. "Also, don't be afraid of change or having to pay the expense for that change. The gain in efficiencies from having a cohesive tech stack will pay for itself in due time."

Ramping up digital advertising and social media has helped Mapes drive online orders and find new avenues to engage with the brand's loyal restaurant guests. He has taken advantage of this digital shift to share historical Happy Joe's photos, upbeat messaging, and deliver updates on changes related to the pandemic and, more recently, dining room renovations under way.

"In my 30-plus years of franchising, I've learned that actively engaging your market or community yourself both digitally and in person is a key contributor to your locations' success," says Mapes.

Mr Brews Taphouse

When Mr Brews Taphouse tapped into off-premise and online ordering to survive the past year, a one-size-fits-all system wouldn't cut it for the brand, known for its gourmet burgers and locally sourced craft beer. Each location features a different selection of 50 or more beers and a site-specific calendar of events.

Rather than overhaul its national site to drive traffic through a single online ordering portal, the full-service Wisconsin-based chain adopted a platform that seamlessly allows guests to order through individual landing sites that embrace individuality and are not dictated by a systemwide setting or campaign, says Gregg Day, owner of Mr Brews Taphouse in Menomonee Falls, Wisconsin.

"Our website is built around the core of our franchise model, 'Freedom within the Framework': the framework we need to deliver

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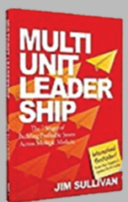

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on the brand promise, and the freedom to embrace our location's personality," he explains.

Recent back-of-house additions for the brand include the adoption of Sysco's food ordering app for inventory management, an online shift scheduling system to track staffing and reduce labor costs, and a direct ordering system for purchasing marketing materials. Training modules also received a facelift, introducing short videos that offer what Day calls "bursts of micro-training" of information for improving retention and execution.

"I think the most important takeaway is that these upgrades built a greater trust within our brand," says Day.

Penn Station

Penn Station's digital marketing has come a long way since franchisee Bob Shingleton began doing the brand's online marketing on the side, following the success of an email marketing campaign he did for his stores was shared across the system.

Consumers can interact with a brand across platforms more than ever before, which means franchisees must be ready to engage, says his son Matt Shingleton, who is part of the ownership group that operates 20 Penn Station East Coast Subs in Kentucky, Missouri, and Tennessee—along with the marketing firm Mobile Exposure.

Mobile Exposure, which has handled Penn Station's email marketing and customer service for more than 15 years, was originally formed to market directly for the Shingletons' restaurants. Today, the firm still leads the digital and social strategy and advertising for Penn Station, in addition to their own investments.

"We believe this is an opportunity to identify problems, opportunities, and have one-on-one conversations with customers," says Matt Shingleton. "The CRM technologies we use allow us to aggregate the data across platforms into a manageable workflow. This allows us to connect directly with a consumer on their preferred platform, and also to share opportunities and trends directly to Penn Station and our businesses."

He calls Penn Station a "hands-on" franchisor that has done a great job helping franchise partners navigate Covid-19 by providing data through a proprietary POS system and focused and profit-centric tools. "Corporately, they believe you can get into information overload if you're not careful. When individuals are bombarded with data they don't understand, they tend to ignore all data, which could cost them in the short and long term."

Push your franchisor

Franchisees who use technology to rethink and improve the ways they run their business also look to their franchisors to commit to resources at scale to ensure both ROI and sustained systemwide success. Adopting new technologies requires planning and training, which can be hard to make time for during the hustle and bustle of everyday operations. But the opportunities delivered by change far outweigh the challenges, says Mapes.

"Don't be afraid to push your franchisor sometimes too," he says. "They can be a great asset but sometimes even they struggle with change. Don't wait for them to come to you all the time. If you want to make a change, don't be afraid to do your own research and look for the new and exciting things that can help make a difference for you. Then work with your franchisor as much as possible to make those new and better things a reality for the entire franchise system. A stronger franchise will make you individually stronger also."

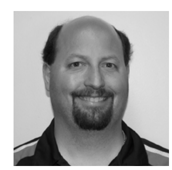
The Dog Haus system practices a hyperlocal marketing strategy designed to preserve brand quality by centrally producing images and videos that franchise owners can use to connect with their customers on the local level.

"It's been a partnership between the franchisor and the franchisee," Khan says. "Allowing franchisees to explore and adopt technology enables agility, while still maintaining consistency around the core tech stack every franchisee needs." ■

IN THIS ARTICLE


Gregg Day


Faizan Khan


Steve Mapes

TRANSFORMING THE FUTURE

If Covid-19 accelerated the use of technology in franchising, the ability to integrate and access innovative digital applications, such as AI, robotics, automation, and advanced analytics, is set to change its face.

Faizan Khan is mulling over a myriad of applications, including surge pricing that relies on machine learning models to optimize for the right price at the right time for his Dog Haus locations. He also is evaluating applications for vision technology, including AI smart cameras that improve service and analyze foot traffic for marketing and scalability, and solutions to automate delivery marketing.

"In the future, I'd like to track the build quality of food," says Khan. "Was a specific dish made correctly every time? If there was a dip in quality, could I correlate that to specific staff for training opportunities?"

For Gregg Day at Mr Brews, the future holds more integration of its CAKE POS system with all third-party delivery and carryout vendors to maximize customers' ordering and loyalty experience and reward both online and dine-in purchase behavior, he says.

"Another franchise operator is also working on developing the brand's first ghost bar to deliver growlers through a third party in their area," he says. "It's exciting to see our brand build on the advanced technology infrastructure we now have in place to support these types of new, forward-thinking restaurant models."

Day, who has worked in the restaurant industry since he was 15, encourages franchisees to choose technology wisely and leverage vendor partners for solutions.

With the outpouring of new and useful technologies and means of gathering data, it's important not to get too caught up with the latest craze, says Matt Shingleton. To maximize the return on any technology investment, his advice is to decide what is most important to your business and make sure your systems target those metrics.

"We must focus on and manage certain key indicators in all of our businesses," he says. "We pay very close attention to those and don't let the technology tail wag the dog, so to speak."

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Pandemic Lows & Market Highs

What lessons can we take from the pandemic?

Written By
CAROL SCHLEIF

"Never let a good crisis go to waste."—Winston Churchill

Does anyone else find it ironic that major market averages were hitting new highs in March 2021, precisely one year after the WHO formally declared Covid-19 a pandemic? In March 2020, markets that had peaked a few weeks earlier moved sharply lower and quickly entered bear market territory with declines of 30% or more. If you'd stated at the time that market slippage was temporary and that key indexes would be *higher* a year later—DJIA up 38%, S&P 500 up 44%, or the Nasdaq up 68%—friends and family would probably have accused you of using mood-altering substances.

But markets exist to confound the consensus. As we emerge from all that the past 18 months have wrought, what lessons can we take with us?

Work and living lessons

Peter Drucker wrote in the 1980s that the advent of knowledge work would cause companies to move work to where people are, rather than people to where the work is. It took a pandemic to make that happen. Employers learned workers not only could work from home for extended periods, but that they were incredibly productive. WFH arrangements, whether full- or part-time, are likely to become standard. Expect tons of new and creative alternatives around pay, travel/relocation stipends, etc. As reopening is occurring, employers who try to mandate strict one-size-fits-all work arrangements are already getting pushback from employees, and a high percentage of workers have changed or are contemplating changing careers.

Fewer ties to big cities may well have impacts on the transportation and utility grids, putting downward pressure on big cities and upward pressure on rural and small and mid-sized locales. Infrastructure must be rethought and rebuilt… which bleeds over into the need to ensure fair, cost-efficient, and equal access to high-speed Internet for all.

Employees, on the other hand, learned that working from home wasn't all it's cracked up to be, and many can't wait to get back to the office. Many companies are busily running the models and determining that having everyone back in the office isn't necessarily cost-efficient. Expect rationalization of real estate values until "clearing prices" (lower in big cities, higher in small/rural areas) find new norms.

Despite dual career and multi-generational households, we learned that child and elder care typically falls disproportionately on one family member. Millions of women have dropped out of the workforce and done irreparable damage to their current and future earnings potential. When do we as a nation decide that raising our young—and adequately preparing and compensating childcare workers, teachers, and other frontline workers—is a shared responsibility, whether or not we have young ourselves? These future citizens and workers are our retirement plans and the ones who will help us as we age out of the workforce.

Education and training, especially post-secondary, must be rethought. As AI, VR, and a host of new technologies advance, new careers emerge as the death throes of others accelerate. It's time to reboot and retool not only the jobs, but the funding and educational systems that provide appropriately skilled workers for a post-pandemic, 21st-century world.

Shifts in key industries (online shopping, food delivery, telemedicine, virtual conferences, etc.) have compressed years of potential growth into weeks and months. While some of this may normalize as we venture back to the office, gym, and stores, some portion will likely remain rooted in newly adopted methods. This pressures providers to support multi-channel touch points and interaction (which can put upward pressure on margins to deploy).

Economic lessons

From a government intervention standpoint, the Great Financial Crisis (GFC) and the Covid-19 pandemic could not be any farther apart. While the Fed moved quickly in both instances to lower rates rapidly, in the GFC fiscal stimulus was nonexistent for months (if not years). The major lesson deployed this time was that rapid intervention was critical in preventing even further economic trauma.

The U.S. economy in particular is amazingly resilient. Companies pivoted harder and faster than at any time in recent memory, drawing cash lines, suspending guidance, shifting business models to suspend and accelerate activities as consumers demanded, and furloughing (versus firing) workers. These moves, aided in select pockets by pandemic aid programs, helped stave off an even steeper or more lasting contraction.

That said, it is worth remembering that we did have the sharpest recession on record. A key difference is that we all knew when it started. And the combination of government aid and business quick-footing helped the recovery start more robustly than any recovery in decades. The stock market anticipated this and recovered its losses much more quickly than pundits expected.

Investing lessons

Markets are forward-looking. They don't like unexpected events such as a pandemic, but they responded quickly, reset, and worked hard to outline future progress. Markets and investors quickly figured out where the spending and activity were and invested accordingly. Staying calm, diversified, and invested in alignment with long-term objectives proved a viable strategy.

"Don't fight the Fed." When the Fed chairman notes essentially that they will "do what it takes" and, more importantly, that they have many tools to help them, investors are wise to truly take those comments to heart.

Market participation has become increasingly democratized with the advent of stock market apps and free trading. While this is good, access to information and an ability to trade does not necessarily imply wisdom. There is ample room for new or old providers to fill this education gap and bring sound long-term investment understanding to the masses.

As vaccination rates climb and social distancing mandates are rescinded, let's not let the lessons learned during the trials of the past year go to waste.

Carol Schleif, CFA, is CEO and founder of Rowan Investment Strategies.

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Alex Melvin, Buddy's Franchisee since 2013

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Jerry Marshall, Buddy's Franchisee since 2016

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Staffing in the Post-Pandemic Economy

How franchisees can gain a competitive edge

Written By
MATHIEU STEVENSON

The summer employment season is in full swing. However, across the U.S., jobs recovery is playing out unevenly. Some states are experiencing a people shortage, with five job openings for every unemployed worker. In other states, there is no shortage of available workers, yet jobless rates remain high, indicating many people do not want to return to work. It's no secret to say that this is the most competitive hourly labor market of this generation.

Hiring in a tight labor market is a big job, and this isn't an ordinary tight labor market. The labor shortage we face is multifaceted. While many believe extended unemployment benefits are disincentivizing workers from coming back, that isn't the whole story. Family obligations, burnout from long-term unemployment, lingering health concerns, waiting for more people to be vaccinated, and the millions of people who reevaluated their work during quarantine are also giant contributors.

Today's workers want more out of their jobs, and savvy employers need to meet them in the middle. With the majority of the workforce expected to return by the end of September, it's critical that employers overhaul their recruiting and hiring processes to target the post-Covid worker. Here are three strategies for success.

1. **Offer creative benefits**
   For employers looking to staff up in the current market, offering a livable wage with benefits is the only way to stay competitive. Franchise leaders must put employees first in an effort to attract and retain talent, with a focus on mental health and professional development. This can include benefits such as flexible scheduling, skills training, and health insurance. In our recent survey, we found that the top three benefits workers want are: flexible hours and scheduling (89%), employee discounts (76%), and job skills development and training (54%).

   Major businesses across the country are paying attention. Waste Management, Chipotle, Bright Horizons, and Starbucks have all invested in professional development—offering access to continued or higher education for many of their hourly employees. Further, companies like Amazon have launched programs that provide employees access to personalized, convenient, and confidential mental health services. Others are providing paid days off after noticing pandemic-related stress building among employees.

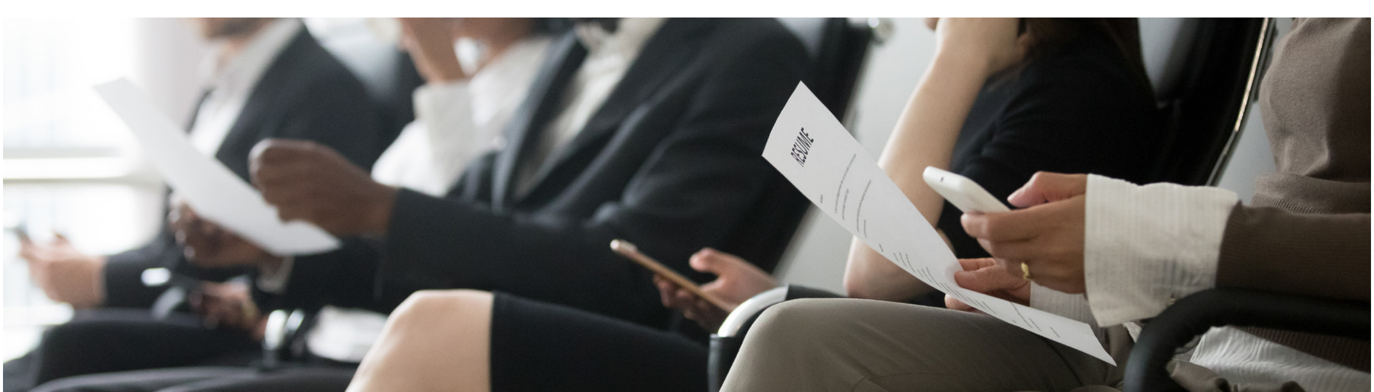
2. **Leverage technology**
   As hiring cycles continue to shorten and become more complex, businesses must move toward more technology-enabled tools for worker staffing, scheduling, backfilling, and hiring. Many employers have started embracing a more agile workforce powered by the gig economy and are now less reliant on the traditional hiring route. By using tech to match workers' lifestyles and by providing flexible schedules, franchise leaders can staff up according to demand.

   By using virtual hiring to pre-screen candidates and immediately send them to interviews, franchisees can reduce their hiring process to just a few days, cut down on hassles, and more quickly onboard qualified workers. In turn, giving your managers intuitive, easy-to-use technology for these processes can measurably increase workplace satisfaction, productivity, and time on task for running operations essential to success.

3. **Think outside the box**
   In the rush to find qualified workers, franchise leaders can sometimes overlook one of their most valuable assets: current employees. Make your team your recruiting engine. Workers recruited from referrals produce 25% more profit for their companies than new hires recruited the old-fashioned way. Offer current employees a referral bonus if they bring in a great candidate. This will help boost retention while also encouraging the addition of qualified team members.

Also, don't be afraid to think outside the box and look for transferable skills. Many great candidates have what it takes to be an excellent employee but not the exact background you're looking for. Get creative with the applicants you do have and consider where they might fit best in your operation. Many workers left their previous positions during Covid-19 and are looking at new industries for work. They could be the perfect match for your operation even if their background isn't 1:1 with the hiring position. ■

Mathieu Stevenson is CEO of Snagajob. For more information, visit snagajob.com.



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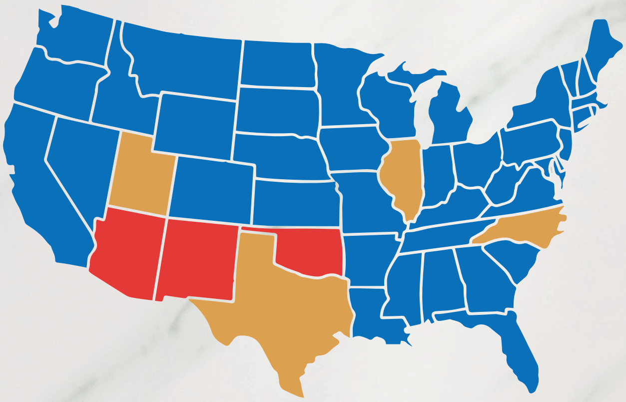

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Blueprint for Growth

Part 1: Grow your core business

Written By
BARBARA NUSS

This is the first of a three-part series called "Blueprint for Growth." In this first column I outline three growth options and then focus on Option 1: Grow Your Core Business. In my next column, I will focus on Option 2: Expand Your Range of Services, and finish with Option 3: Expand Your Territory.

There is no greater loss than opportunity left uncapitalized. Do you have a long-term plan for maximizing your profit potential by taking advantage of every opportunity for growth? Is each growth strategy fully developed with measurable goals for activities that, if achieved, would yield the results you seek? Does the math pencil out?

An actionable blueprint for growth outlines the financial metrics and business milestones required to accelerate profitable growth through some combination of these possible strategies:

1. Growing your core business (organic growth; same services, same territory)
2. Expanding your range (more products and services, same territory)
3. Expanding your territory (add a location to extend geographic reach)

Do the math!

To set actionable goals and measurable milestones for each strategy, you *must* do the math. If you're a numbers person, you are saying, "Yes! This is in my comfort zone." If instead you're saying, "I don't like numbers," learn to use some basic business analysis tools to outline your pathway to success. Here is a snapshot of the financial foundations for your blueprint for growth.

Grow your core business

In this article I share my perspective on the first strategy, Grow Your Core Business. In subsequent columns, you'll find detailed perspectives related to expanding your range of products and services, or expanding your geographic territory.

What is your core business? Caring for seniors at home or fur babies at your facility? Providing tonight's dinner curbside? Whatever it is, your first growth opportunity is to do more of it as efficiently as possible. How much more? Do the math.

What sales are required to reach breakeven (milepost one) and what sales would yield the return required to meet your investment goals (milepost two, which we call Breakeven PLUS)? With a basic understanding of your cost structure, breakeven analysis will reveal the sales goals that serve as your mileposts. Unfortunately, you can't manage sales. You can only manage the activities that drive sales.

To make your sales goal actionable, establish targets for three sales drivers (leading indicators): 1) How many customers? 2) Buying at what frequency? 3) At what average ticket price?

You'll need goals and strategies for all three. Use past customer data for your location or franchise system as benchmarks, and set actionable targets to keep you focused on these leading indicators of growth. If you know your lead conversion rate, you could work backward to determine the number of leads needed to acquire the targeted new customers. You could even use your cost per lead to set a marketing budget. The process provides measurable goals that keep your entire team on track. There are no shortcuts. You must do the math!

How can franchisors help?

Every franchisor should have a strong infrastructure for supporting franchisees to grow their core business. POS or CRM systems should track and report the leading indicators of success. And there's more…

- **Recommend a sensible chart of accounts.** Enable tracking of variable costs separate from fixed costs. This typically requires tracking different types of payroll separately. For example, direct labor is usually a variable cost, while sales and administrative payroll are typically fixed. If the chart of accounts provides only one bucket for payroll, it's difficult to assess the cost structure, i.e., the true variable cost percentage and average monthly fixed costs.
- **Provide financial education.** Provide knowledge, financial skills, and tools. Ensure franchisees have numbers they can trust, and that they know how to use financial information to make better, more profitable decisions. This includes a solid understanding of the many uses of breakeven analysis—an essential skill for every business owner and franchise business consultant. Check out our website for a quick-start, scalable solution to get your team on the right financial track.
- **Benchmark your KPIs.** Collect, analyze, and share information that demonstrates what "good" (and achievable) performance looks like at various phases of unit maturity. Benchmark sales, productivity, and profitability metrics as well as risk, debt service, and cash flow ratios. With these points of reference, franchisees can construct reliable plans and obtain the financing they need to succeed.

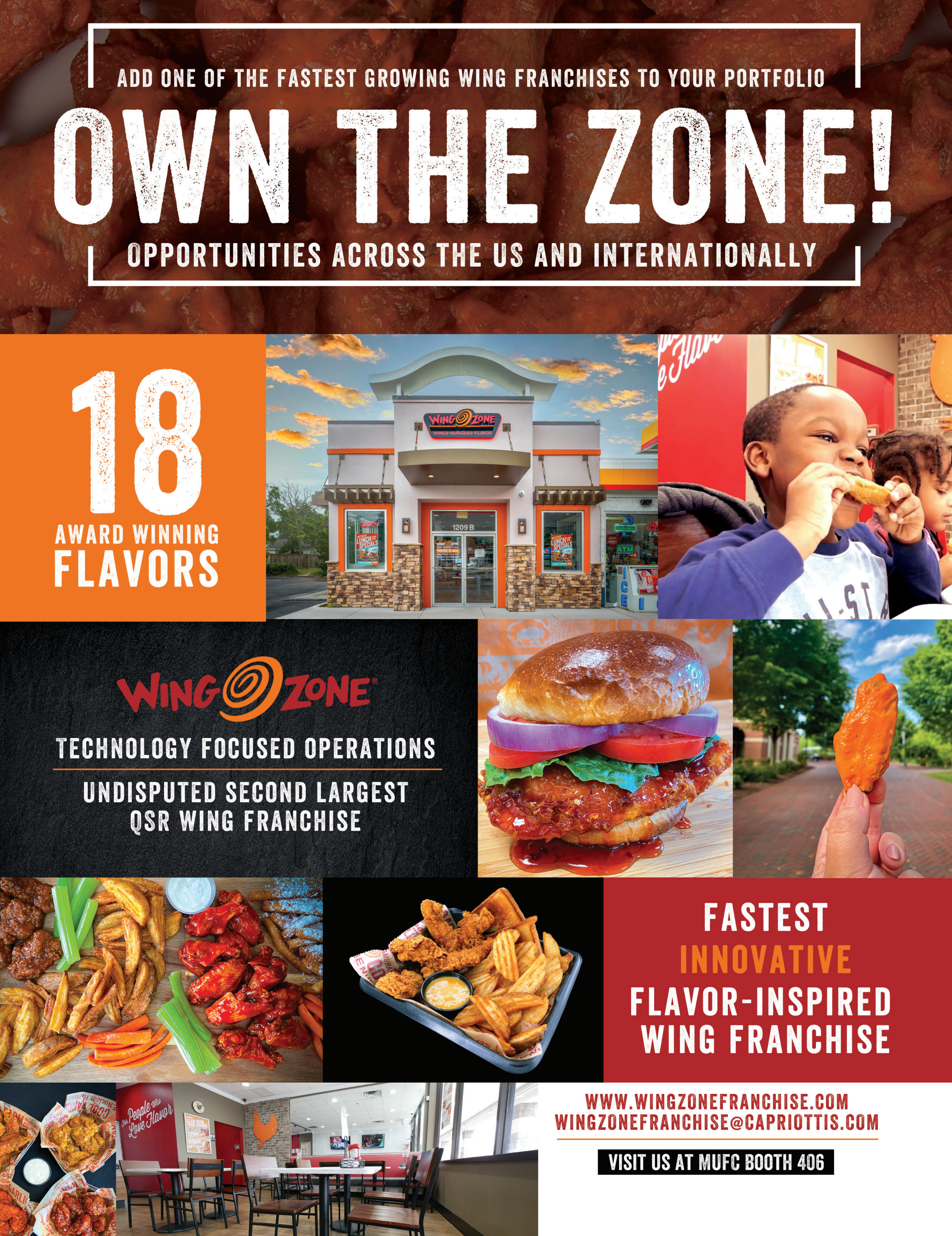
Conclusion

You wouldn't build a house without a blueprint, and you shouldn't attempt to build a business without one either. Be the architect of your future by creating your own blueprint outlining the financial foundations for growing your core business.

Next time I will detail the blueprint for growth when expanding your range of products and services. ■

Barbara Nuss is the president and founder of Profit Soup, a financial education organization specializing in providing services to franchisors and franchisees to enable them to trust their numbers, focus on priorities, make better decisions, and earn more profit. Learn more at www.profitsoup.com or call 206-282-3888.

Growth Pathway	Analysis Tools	Metrics
Grow Your Core Business	Breakeven Analysis	• Breakeven Sales • Breakeven PLUS (Sales to Yield Target Profit) • Average Ticket Price • Target and Actual Purchase Frequency • Target and Actual Average Ticket Price
Expand Your Range	Breakeven Analysis — to Establish Return on Investment Based on Incremental Costs and Revenue	• Investment Costs — All in • Incremental Fixed Costs • Variable Cost %, New Product/Service • Average Ticket, New Product/Service • Targeted ROI% • Transactions Per Month to Earn Target ROI
Expand Your Territory	Breakeven Analysis Cash Flow Forecast	• Monthly Revenue, Costs, and Profit – 2 Years • Accounts Receivable Collection Period • Inventory Turnover • Acccounts Receivable Collection Period • Inventory Turnover • Accounts Payable Average Days to Repay • Debt Coverage Ratio • Owner Distribution • Monthly and Cumulative Cash Surplus/Deficit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From Father to Sons

4 tips on making family succession succeed

Written By
JORDAN WOOD

Do what you love, love what you do, and love who you do it with.

Now, 5 years into running a business with my brother Levi after taking over our father's Re-Bath franchise—expanded in 2019 to take over a neighboring franchise territory—we couldn't picture running things any other way.

All our lives, we watched our father, Mike Wood, run a successful construction company. He started that business in 1977 and would take us with him to jobs, ever so slowly showing us the ins and outs of running a business. When we were around 8 or 9, he would have us help clean up after a job—and quickly became known for having the cleanest job sites.

All nine of us siblings worked in the business at some point. But in the end, it was Levi and myself who were left with a passion for the industry and a desire to learn more.

In 2000, our dad opened a Re-Bath location in Middle Georgia. In the beginning years, I spent time as an installer and in sales, and wore many different hats. Levi followed in my footsteps and started working as an installer and design consultant before helping me manage Re-Bath and grow the business.

Around mid-2014, the succession process began, and our dad officially retired in 2016. From our experience, here are some best practices for a seamless family business succession planning process.

Educate yourselves and seek professional support

Not wanting to become part of the 70 percent of family businesses that don't survive the transition to the second generation, our dad hired a business planner to assist in the transition. The business planner essentially coached him on how to coach us as we were going through this transformative period. Together the three of us spent many hours researching and reading books on the succession process and what it takes for a family business to survive.

Prioritize family relationships

As my brother Levi put it, "It would be very unwise to pass the business down to siblings who don't get along." Over the years, we had proven our ability to work through conflict, which started at a young age. As a couple of kids on a job site, when we'd bicker about little things our dad would always tell us that when we're on the job we need to look at each other as co-workers, not brothers. That advice really hit home with us, as we recognize that we have more to lose. At the end of the day, we're still family, so it's crucial that we maintain our relationship by always prioritizing family over business.

Communicate openly and review regularly

Communication had always been something our father prioritized with us. When we were growing up, he was always showing us the ropes of the business and explaining how things worked. He kept those lines of communication open throughout the succession process, starting with a clearly mapped out timeline. Through the help of our business planner and our own research, we had a clear idea of what we needed to do and how things were going to work out.

While drafting the business agreement, the three of us were active participants, reviewing each draft in depth, making sure we understood the full scope. We weren't afraid to voice opinions or ideas during the process. There was a clear, mutual understanding that transparency would lead to the best result.

We keep communication at the forefront of our partnership today. Once a month, we'll sit down and discuss the business: how it's going, are there any issues, what goals have been reached, what goals need to be set, etc. We find that this helps us maintain both the professional and personal sides of our relationship.

Use your networks

Becoming franchise owners meant that we had the privilege of joining a network of other Re-Bath franchisees across the country. In franchising, an often overlooked part of succession planning is the network of owners you can to turn to for advice on running the business. We call it our "built-in support system." The support from Re-Bath and countless franchisees has been the key to our success. We usually get together with the other franchisees twice a year and discuss best practices, coach, and support each other. It's like its own partnership in itself.

We have seen tremendous growth since taking over, growing 50% last year over the previous year. This year, we will have doubled sales in 2 years' time.

There are times where things get stressful and overwhelming, but when you've set the foundation for a smooth transition, it becomes enjoyable to watch the business grow. ■

Jordan Wood is co-owner of Re-Bath Middle Georgia. For years, he and his brother Levi Wood worked for their father, Mike Wood, who owned a Re-Bath franchise. When their father was ready to retire, they went through the succession planning process as a family, setting the stage for their legacy business.

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* Figure reflects the average annual gross sales for 76 Pollo Campero Restaurants (58 corporate and 18 franchise) in the system that were open in the United States during the measured period from January 1, 2019 through December 31, 2019, as published in Item 19 of our October 27, 2020 Franchise Disclosure Document. Of these 76 restaurants, 28 (36.8%) had higher gross sales during the reported period (11, or 61.1%, of franchise restaurants and 17, or 29.3%, of corporate restaurants). The financial performance representation contained in Item 19 of our October 27, 2020 Franchise Disclosure Document, also includes the average and median annual gross sales information (1) separately for all franchised Pollo Campero Restaurants, and (2) separately for all company-owned Pollo Campero Restaurants as well as median annual gross sales for all Pollo Campero Restaurants, in operation in the United States during the referenced period. 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.

Technology ROI

Creating business value for a post-Covid world

Written By
CARTY DAVIS

Throughout the pandemic, technology has played a significant role in the survival of many small businesses and franchises. Early adopters of digital technologies were able not only to survive, but thrive during the uncertainties of 2020. With widespread government-mandated stay-at-home orders and restaurant owners trying to keep employees safe, digital applications and online capabilities became an essential part of daily operations.

Overnight, the pandemic created demands for a digital platform for ordering, payment, and contactless service. Franchises that had not invested in technology as heavily as some of their competitors were forced to take immediate action. Many groups had to quickly engage third parties for help and invest in off-the-shelf digital solutions to continue operating.

In addition to increased sales and better, more efficient operations, investments in digital technologies and infrastructure will also be essential to positioning and creating value as operators consider an exit from their businesses. Obsolete technology could affect valuation or even cause buyers to avoid certain concepts altogether. Many franchise leaders have made a digital-first culture a priority and credit their investment in technology as a significant contributor to their success in 2020.

Creating value through technology

The uses and applications of technology within franchising are limitless and will continue to evolve, with a focus on convenience, speed, and personalization. Below are some areas where brands and operators are already driving growth and value through technology.

- **Labor.** In addition to creating value through increased sales and an improved customer experience, technology is also being leveraged to help operators manage labor more effectively. Solutions exist that allow employers to offer employees greater flexibility around when and where they work, and in the frequency and method by which they receive their paycheck. Finding better ways of attracting and retaining employees is now cited as the greatest challenge for franchise operators.
- **Data analytics.** Technology is also driving returns and efficiencies in other areas such as inventory management, streamlined order and payment processes, and through back-of-house analytics and dashboards that allow operators to better manage their business. According to a study by the Boston Consulting Group, better analytics programs in franchises can potentially increase revenues by up to 10% and decrease operating costs by up to 15%. Increasing sales and margin improvement are especially important in today's operating environment where wage rate pressures are affecting profitability.
- **Integrated reporting and monitoring.** Multi-unit operators also can leverage technology to better manage their networks. Through digital integrations, operators are able to monitor the performance and KPIs of every location, in real time, from anywhere in the world. With the availability, timeliness, and scope of data, operators can more easily spot trends and anomalies, forecast demand, and test new products efficiently. Operating a franchise business is becoming increasingly complex. Neither franchisors nor franchisees can rely on old, labor-intensive manual Excel models anymore; instead, they must invest in the technologies that will enable them to compete in the future. The goal is not to inundate everyone with information. The goal is to provide everyone with the data they need to manage their businesses in a format that is convenient and easy to quickly understand and digest.
- **Customer data sourcing.** Digital platforms and applications and the data that can be sourced from these tools hold the keys to consumers' ever-changing expectations. The data sourced from digital applications can be incorporated into marketing, new product development, targeted discounting, and personalizing the overall customer experience. When done successfully, the data you've sourced can create synergies between high-tech and high-touch to ensure every customer is satisfied.

Winners in the digital-first culture

2020 highlighted the winners of the technology race. Chipotle, for example, has continued to be a leader in the digital-first mentality. Their strategy through 2020 and beyond has been to leverage their digital capabilities to drive productivity and expand access through convenience and engagement. Chipotle continues to invest significantly to upgrade its digital platform's capabilities as it continues to be a strategic driver of growth, including devoting resources to expand digital makelines in all of its restaurants, expanding partnerships with third-party delivery services, and building "Chipotlanes" (drive-thru lanes that allow for customer pickup of digital orders) at its restaurants. Chipotle's digital sales continue to grow and make up a larger portion of its business: digital sales accounted for 46.2% of 2020 sales, compared with 10.9% of total sales in 2019.

Wingstop, which also surpassed expectations in 2020, is another brand that made focused investments in technology to provide a better, more convenient, and engaging experience to its customers—with the goal of making every transaction digital. To this end, Wingstop developed a custom website and mobile ordering application that positions the brand well for future developments and digital applications. During Q4 2020, Wingstop's digital sales increased to 62.5% of sales, compared with 38.2% of sales the year before. Not coincidentally, over that same period, valuations for exiting Wingstop franchisees increased on average from an approximately 5x EBITDA multiple to more than 6x EBITDA, with some networks trading even above 7x.

Final thoughts

In summary, as franchising continues to adapt in a post-Covid world, franchises will have to keep pace with the ever-changing needs of their customers. A strong digital platform will be essential to driving profitability today and to creating and ensuring value for the future. The most successful concepts and operators will be those that continue to invest in technology and that can successfully leverage the data that comes with it to improve customer experience, operations, and profitability. ■

Carty Davis is a partner with C Squared Advisors, a boutique investment bank that has completed hundreds of transactions in the multi-unit franchise and restaurant space. Since 2004 he's been an area developer for Sport Clips in North Carolina with more than 70 units. Contact him at 910-528-1931 or carty@c2advisorygroup.com.

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Private Equity Operators

How are they changing franchising?

Written By
DARRELL JOHNSON

Whenever we undergo a dramatic economic change, there is a lot of movement of capital. In the past 10 years in franchising, we've seen a lot of outside investment capital (which I'll refer to here as PE) move into brand acquisitions. Initially, and for the most part, this was done as one-off acquisitions. More recently, we've seen PE building a base with one or two brands and from that platform acquiring other brands. We are actively involved in that dynamic, which is interesting in itself and worthy of a future article.

I'll stay focused here on multi-unit operators as we also saw an increase in PE capital investments in franchisee organizations over the past few years. The activity that made headlines was primarily big food industry transactions of 20 to 100-plus units involving mostly QSR brands such as Burger King, Taco Bell, Arby's, Wendy's, and Pizza Hut plus a few fast casual brands such as Applebee's.

However, below the national big food franchisee spotlight a lot more was happening with mostly smaller deals fueled by PE, which itself was fueled by very accommodative monetary policy. For many years it was rare outside of QSR and fast casual to see any PE money flow to operators. Some franchisors even put up barriers to that sort of activity. Yet this started picking up momentum over the past 10 years. We've identified more than 100 such transactions, many in service industries. Each year from 2015 on we have seen increased PE operator activity.

That was pre-pandemic. The question now is whether that trend will continue, slow, or accelerate. By our observations and client work, it's clear that the pandemic has created more PE operator investment interest. We experienced a considerable amount of franchise growth in the past decade. A natural phase of such a growth cycle is consolidation as more efficient operators buy out less efficient ones. And along comes an economic downturn of breathtaking proportions.

Implications

We are just beginning to see the implications for operators that were underperforming before the crisis, many of whom bought time with PPP funding. The effect has been to take natural evolutionary consolidation patterns and accelerate them. Further, consumer behavior has changed, and many brands are changing their offering model to adapt to what they perceive to be permanent consumer preferences. Accelerated consolidation and changed consumer behavior tell PE there's opportunity, and we are seeing the implications.

In addition to backing operators pursuing Darwinian consolidation plays, PE is jumping into significant deals with established brands that were quick to adapt their business model to changed consumer behavior—both by buying existing units and infusing remodeling capital, and by acquiring the rights for new units. Perhaps more surprisingly, PE is also venturing into the emerging brand operator market, which is largely a new phenomenon.

Finally, the pandemic forced some reevaluation of multi-unit operator diversification strategies. A QSR franchisee that bought into a fitness brand was often influenced by diversification factors. Now we have learned that much of retail is influenced by the same macroeconomic factors. This has led to changes in brand interest by multi-unit operators and where they go, and PE has been following, especially in service sectors where PE was rarely seen in the past. And all this isn't just happening in the domestic market. U.S.-based PE has also sought operator investments (mostly through master franchisee opportunities) with international franchisees of U.S. brands.

Franchisors' concerns

All this is happening to such an extent that many franchisors are concerned about how far they should go in allowing PE in their systems. We've getting research assignments from franchisors to address PE operator issues. Having any PE in a system is a concern, as their requirements and conditions can alter the operating agreement. Understanding the ways others have approached it can be important.

Having a really large operator (i.e., How big is too big?) is another issue. Concentration issues have been around for years, but now having that operator backed by PE adds a further dimension to concentration concerns.

We're also being asked to assess alignment. Franchisees and franchisors have a symbiotic relationship with mutual paths to success. When PE enters the franchisee side of the equation, the concern many franchisors have is the effect it may have on the cultural balance, and answers are less clear. PE is generally in the game for 5 to 7 years, not for the long haul, unlike most franchisees. Their decisions about capital deployment, returns, and exits can be inconsistent with franchising's historical symbiotic relationship.

If you have or are considering PE capital in your operator business, you might be well advised to understand the concerns franchisors have about the implications. ■

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

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Leadership Rules for the New Normal

Lessons for forward-looking multi-unit franchisees

Written By
JIM SULLIVAN

We recently got together with Jim Sullivan, author of *Multi-Unit Leadership: The 7 Stages of Building Profitable Stores Across Multiple Markets,* and asked him to share the new lessons in leadership that are emerging for 2022.

What will change most in the next 5 years for multi-unit leaders?
Heightened integration of new technology in the workplace. This includes robotics, AI, delivery drones, VR for training, third-party apps for delivery, systems retooling, and robust new payment processing. Multi-unit leaders will have to up their skill sets, mindsets, and tools sets to stay abreast. I think an even more interesting question for multi-unit leaders is, "What will *not* change in the next 5 years?" Because if you can identify what will remain relatively stable in operations over the next 5 years, you can design and apply creative new leadership strategies to make those things better.

And what are what those things?
What won't change is customer service, sales, hiring, onboarding, training, cost control, and career-pathing. These things will retain their importance in the next 5 years. This is where leaders should put their focus today and tomorrow. If you can help your teams get brilliant at the basics and then rise above that, you'll create and sustain a competitive edge that's hard to challenge.

How can leadership address and affect the staffing challenges we're all facing now?
In a nutshell, the reason we're all having such a hard time with staffing is that our hiring process is rooted in an era that is long past and aimed at an employee who no longer exists. The crew and managers of today and tomorrow are very different from those of yesterday. As a result, above-store leaders must realign how they attract, develop, coach, and engage those teams. And that's doubly true for franchisees. My advice is to look through the right end of the telescope; don't yearn for normal, reach for better. Focus on creating a people-first workplace that aligns with both your brand values and your team members' expectations, lifestyles, and interests.

For example?
Are you still using paper job applications and limiting hiring to a few hours on a weekday afternoon? That says "dinosaur" to today's workforce. Your application process should be 100% accessible 24/7 through smartphones or tablets. We've encouraged our clients to solicit TikTok resumes from managerial applicants, and the creativity and insights have been outstanding. (Compare that with a Word doc CV!) But it's not just leveraging technology to appeal to "Gen Next," it's remembering that a pat on the back is just a few vertebrae up from a kick in the ass. Every company audits their customer experience (CX) feedback, but routinely auditing the employee experience (EX) is just as important. This helps you measure and improve team member engagement, which helps you improve customer service and team member retention. The more good people you can retain, the fewer mediocre ones you have to find and hire.

Where do you recommend multi-unit operators start realigning their thinking around leadership?
It starts with reexamining the culture at your stores. Instead of looking for a roomful of rock stars, look at the room. Workplaces are ecosystems: your people's abilities will expand or contract depending on the people and resources you surround them with. Showing appreciation daily is one of those resources. It's a huge tell if your recognition program occurs every 2 weeks and is called a paycheck. Franchisees and above-store leaders should make a list of all their store managers and crew, review that list twice weekly, and ask, "Did someone on this list do something I should recognize?" Then recognize them with a call, email, text, or social media post. The higher up you go in the leadership ranks, the more you must make other people winners and not make it about just winning yourself.

How can better leadership improve store-level performance?
Most multi-unit leaders ask, "How can I get people to do what I want them to do?" But there's a better question to ask: "Why would my managers and crew do what I want them to do?" Answering that question creates a detailed action plan. A leader's job is not to find the right team, but to get the team right.

How important is training and development as a leadership skill?
The first person you lead is yourself. I'm routinely amazed by how little companies invest in their multi-unit leaders' ongoing learning and development. I suppose they think they already know what they need to know. But just because that knowledge got them to where they are doesn't mean it's enough to get them to where they need to go next. A common misconception is that it's only leaders in trouble who need training and coaching. But leaders in transition need training too. Since the pandemic, business has evolved from episodic change to continuous change. If leaders want to build more business and attract and retain brighter and better teams, strategic clarity, stellar communication, and critical thinking skills are paramount.

What do you recommend to help multi-unit leaders learn the new skill sets, mindsets, and tool sets to succeed in 2022 and beyond?
At the risk of being self-serving, I'd recommend they invest in a brand new e-learning course called Multi-U 2.0 that our team co-developed this past spring. If you're interested, see page 55.

Final thoughts?
Good leadership is about being a better you. And the better leader you are, the better your team will be too.

Jim Sullivan is CEO of Sullivision.com, a bestselling author, keynote speaker, and a consultant whose customers include Walt Disney, Starbucks, Southwest Airlines, Coca-Cola, American Express, Domino's, Marriott, Chipotle, Supercuts, and PetSmart. His company annually researches and compiles the best demonstrated practices of high-performing multi-unit leaders and franchisees.

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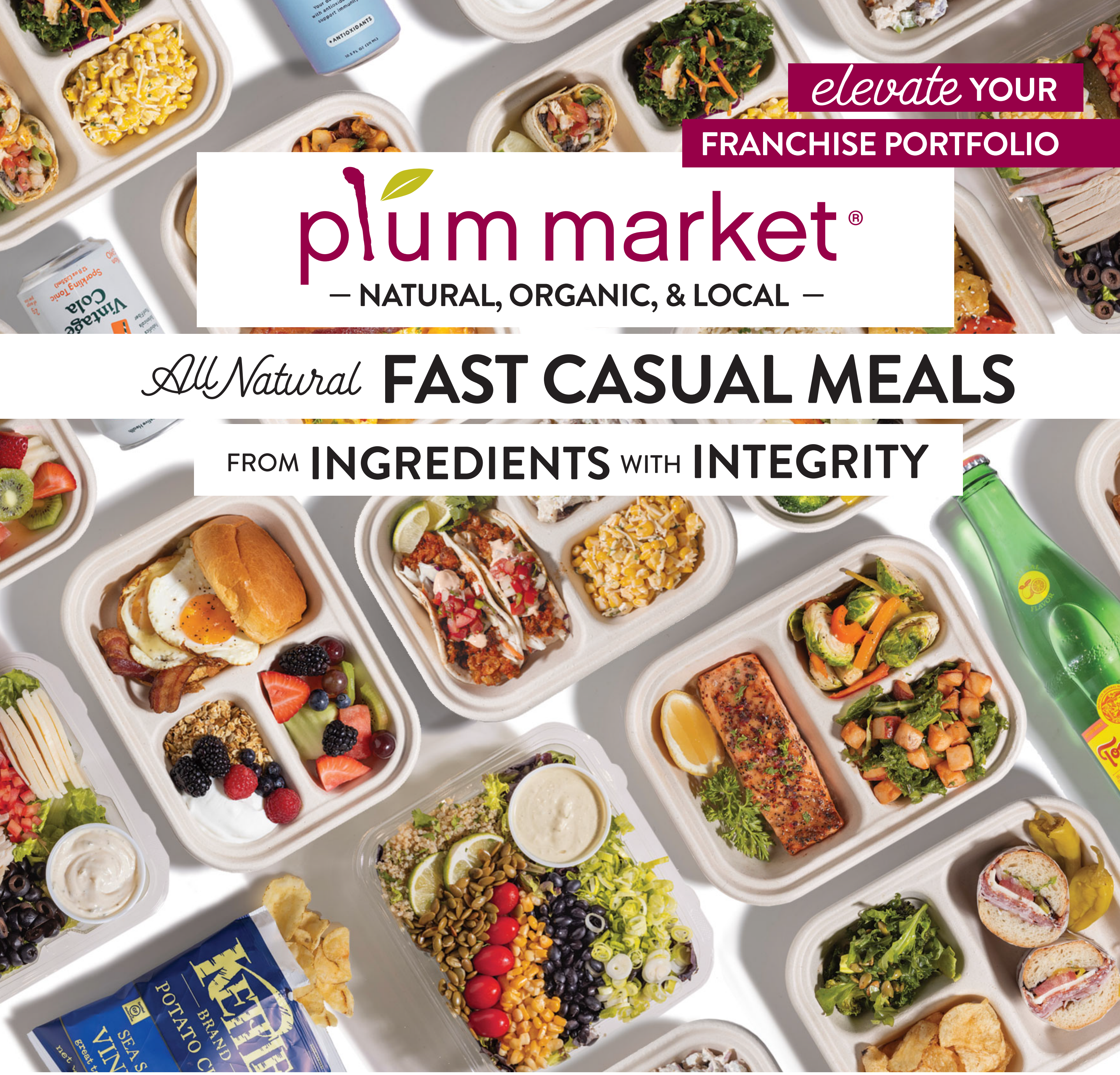

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DADDY'S CHICKEN SHACK™

SERVIN' UP GOOD LIVIN' AND BETTER CHICKEN

Co-founders Chris Georgalas and Chef Pace Webb

OUR STORY

Love and fried chicken go together as well as the two people who built Daddy's Chicken Shack. The classic fried chicken sandwich has been lovingly perfected by Chef Pace over the years, and it was time to find a way to serve accessible, authentic, inspired creations to the chicken-loving public. Starting out with a small stand at Smorgasburg, a weekly food festival in downtown Los Angeles, gave the couple all they needed to know about perfecting the recipes. Opening the first Daddy's in Pasadena California they delivered high quality chicken sandwiches to hungry customers "quickly." Now, through a regional franchise program with existing food service operators, Daddy's Chicken Shack is ready to spread its wings!

OUR FOOD

Daddy's Chicken Shack believes in simple, high-quality ingredients that tastes just like a warm hug! Our menu is inspired by Pace's upbringing in Texas and from her travels abroad. We brine our birds overnight in buttermilk and aromatics then double batter before frying to golden crispy perfection. Our menu features our proprietary method of producing mouthwatering Daddy's fried chicken that delivers a sensation for your mouth in every bite. We also offer chicken 'n waffles, Nashville tenders and sandwiches, fries, salads, a complete breakfast offering with biscuits, burritos and the Waffle Daddy along with vegan options! A full line of in-house, freshly made sauces enhance our entire line-up. We strive to give every guest the best possible experience!

OUR OFFER

As a chef inspired, fast casual concept with QSR speed we are dedicated to the highest quality, a cut above your average chicken place. Featuring a Harrison designed facility that integrates the heritage of our founders and the latest technology, we are ready for customers on foot, by phone, in cars and homes looking for an exceptional culinary experience. Our franchise model is designed for existing multi-unit franchise operators looking for a chicken concept for their portfolio that can take the market head on. We provide a turn-key program with fully designed prototypical drawings, a learning management system to train your teams and keep them current, generous territories with a marketing playbook to build your customer base, and a menu designed for today's consumer. Daddy's Chicken Shack isn't for everyone… just those that want to use the latest tools and technology to provide the best chicken sandwiches and fixin's to an increasingly choosy marketplace. Early adopter incentives in place for qualified developers including reduced territory fees, franchise fees and royalties. Just like our menu at Daddy's this is a franchise where you truly get what you pay for!

Daddy's™ CHICKEN SHACK

To learn more about the Daddy's Chicken Shack franchise program contact Dr. Ben Litalien, CFE at 540.845.2885 or ben.litalien@daddysfranchising.com

www.DaddysChickenShack.com

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Entrepreneur FRANCHISE 500 RANKED 2021

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*This is not intended as an offer to sell or the solicitation of an offer to buy a franchise. Within the U.S.A. and Canada, we offer franchises solely by means of our Franchise Disclosure Document. Certain states in the U.S.A., provinces in Canada, and other countries have laws governing the offer and sale of franchises. If you are a resident of one of these states/provinces, we will not offer you a franchise unless and until we have complied with applicable legal requirements in your state. This information about our franchise opportunity is intended solely for residents of the United States and Canada. Source: *Net Total Revenue for U.S. Investor-Owned EyeCare Centers with Employed Optometrist, Pearle Vision FDD, 2021. Net Total Revenue for U.S. Investor-Owned EyeCare Centers with Sublease Optometrist: $784,000, Pearle Vision FDD, 2021. Net Total Revenue for U.S. Optometrist-Owned EyeCare Centers: $1.1 million, Pearle Vision FDD, 2021. **The Vision Council, 2020.*

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- 3 Years Ranked #1 by Entrepreneur's Franchise 500 in Laundry + Dry Cleaning Category
- Growing Brand in an Industry That's Ready for Consolidation
- Format Flexibility to Meet Your Investment Needs
- Unmatched Training + Support

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TideCleaners.com/en-us/Partnerships/Franchise
937.321.3060 | Franchising@TideDryCleaners.com

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- There is no dominant facial brand
- Recurring revenue from a dedicated customer base
- A scalable business model
- The $7 billion spa services industry is under-developed
- Profitability

Start-up costs range from **$574,000 to $755,500**, and Heyday locations that are currently in operation see about **20%** net earnings.*

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Until Heyday, there has been no national facial-focused brand that specializes in standardization, operational expertise and educational engagement for its Millennial and Gen Z returning customers.

For more information visit

www.heydayskincare.com/pages/franchise

Or Contact

courtney.kane@heydayskincare.com

(757) 692-8111

*To see the full financial earnings, see the Heyday Franchise Disclosure Document Item 19.

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When you own and manage a franchise, it's inevitable that you'll want to buy more, because ambitious entrepreneurs don't like to stand still for long. For over 30 years, Northern Bank has been providing financial solutions to help franchise owners like you, manage and grow their networks as efficiently and cost effectively as possible.

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JAMES MAWN, ESQ.
President & CEO

RAYMOND CLARK
Executive Vice President

BRACKEN GARDNER
Franchise Relationship Manager, Vice President

Get in touch today to learn more about how the team at Northern Bank can help you grow your franchise network.
Just call Bracken Gardner, Franchise Relationship Manager, VP, at 781-569-1575 or email BGardner@NBTC.com.

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Lauren Coulter
Director of Franchise Development
502.519.8010
lauren.coulter@biscuitbelly.com
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- Established in 1987
- More than 125 restaurant franchises across Canada

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SMALL TOWN TERIYAKI SHOP WITH BIG TIME TECHNOLOGY.

#1 FASTEST GROWING BIG RESTAURANT CHAIN

– RESTAURANT NEWS 2021

AUV	EBITDA	PRIME COST	SALES TO INVESTMENT RATIO
$1,079,488*	20%*	55%*	2:1*

WE'RE A BIG MUF-ING DEAL!

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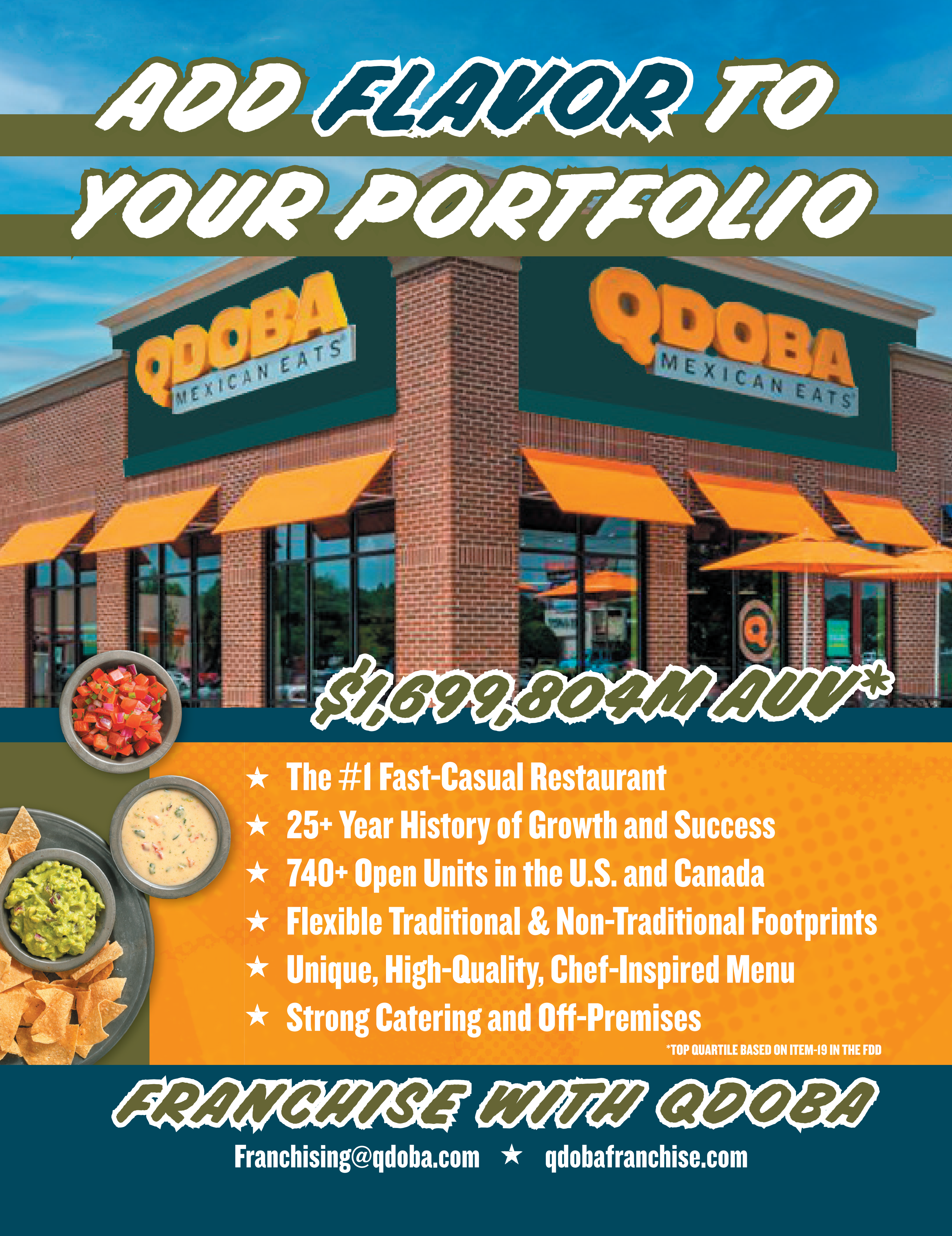
*We'd say, "just trust us," but the lawyers don't like that, so here's the long version. Average Unit Volume (AUV) reflects the gross sales achieved for calendar year 2020 at the 22 franchised Teriyaki Shops that met the following conditions: (a) have been in operation for at least two years; (b) were larger than 1,350 square feet and smaller than 3,000 square feet; (c) were in traditional locations; (d) have had no change of ownership within the two-year period; and (e) is not for sale. We refer you to Item 19 of our 2021 Franchise Disclosure Document (FDD) for additional information. Sales to investment was calculated by dividing the AUV by the average of the low and high Estimated Initial Investment. We refer you to Item 7 of our FDD for additional information. EBITDA and prime cost reflect the average EBITDA and prime cost for our multi-unit franchisees during January 2021. A NEW FRANCHISEE'S RESULTS MAY DIFFER FROM THE REPRESENTED PERFORMANCE. This is not intended as an offer to sell, or the solicitation of an offer to buy, a franchise. Offerings shall be made by prospectus only and in compliance with the applicable pre-sale registration and disclosure requirements in your state.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★ 25+ Year History of Growth and Success
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★ Flexible Traditional & Non-Traditional Footprints
★ Unique, High-Quality, Chef-Inspired Menu
★ Strong Catering and Off-Premises
*TOP QUARTILE BASED ON ITEM-19 IN THE FDD
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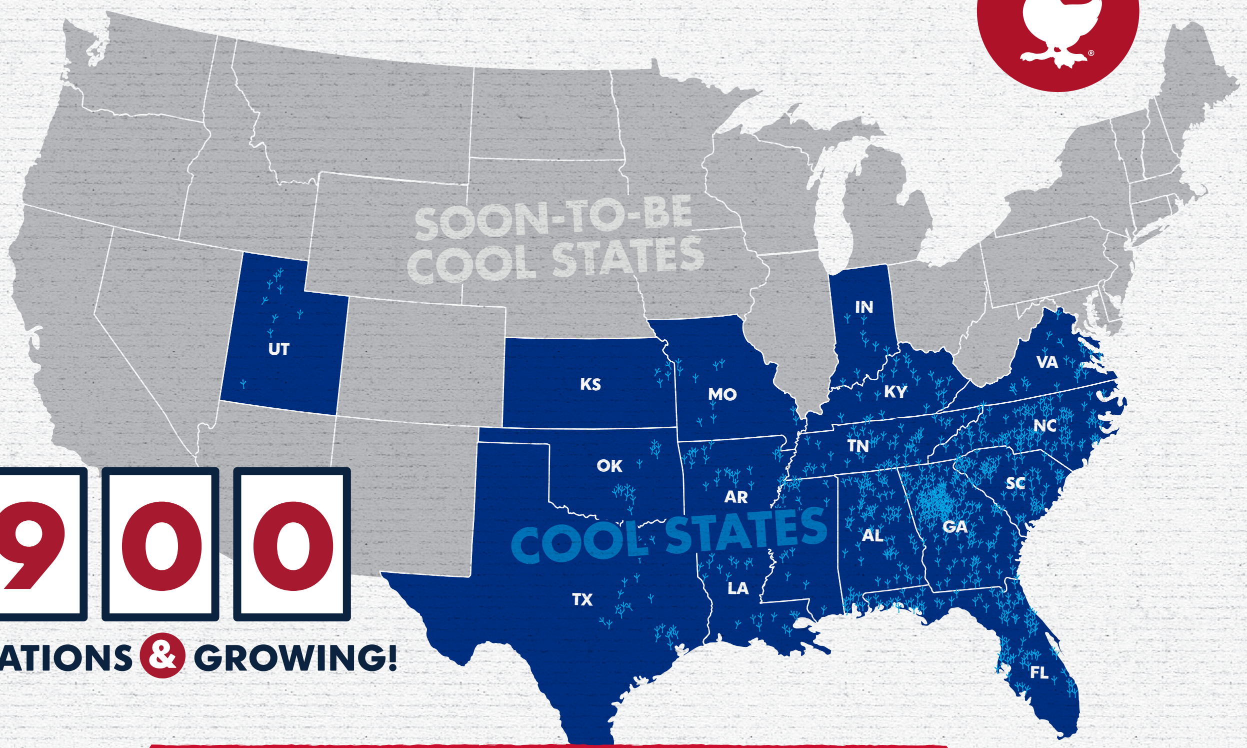

MORE THAN **900**

LOCATIONS & GROWING!

$2,248,862 AUV*

Zaxby's® SIGNATURE SANDWICH

*AUV refers to the Average Gross Revenues for 741 franchised restaurants that operated during at least 51 weeks of our 2020 fiscal year (out of 762 franchised restaurants that were operating as of the end of our 2020 fiscal year). See Item 19 of our 2021 Franchise Disclosure Document for additional details. Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much. ©2021 Zaxby's SPE Franchisor LLC. Zaxby's® is a registered trademark of Zaxby's SPE Franchisor LLC. This information is not intended as an offer to sell a franchise. We will not offer you a franchise until we have complied with disclosure and registration requirements in your jurisdiction. Contact Zaxby's SPE Franchisor LLC, located at 1040 Founder's Boulevard, Suite 100, Athens, Georgia 30606, to request a copy of our FDD. RESIDENTS OF NEW YORK: This advertisement is not an offering. An offering can only be made by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the New York Department of Law.

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....And the Flexibility to Localize Your Stores!

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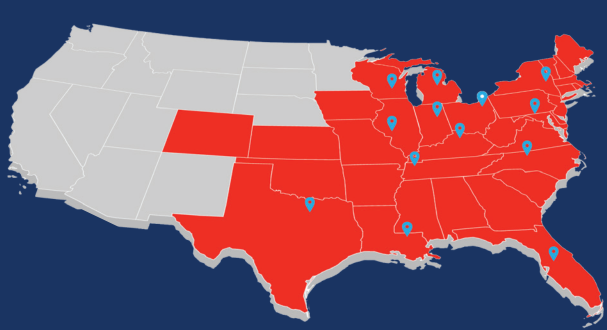
Save A Lot began as a single store in Cahokia, IL in 1977. We now boast approximately 1,000 stores in more than 30 states, with 13 strategically located distribution centers.

The Save A Lot Program stands out from many franchises as our licensing model is free of franchise fees, and is built upon a resilient and efficient business model resistant to economic hardships.



Find out more by visiting: OwnASaveALot.com

There's no better time than now to take your future into your own hands. Join us in person or online to learn about being your own boss. Learn about the leading franchise brands from industries including: Pet Care, Child Education, Automotive, Health Aids, Exercise & Sports, Janitorial Services, Elder Care, Food & Beverage and ***MORE!***

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- Four college courses with a franchise internship that lead to a Concentration in Franchising
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Titus Center for Franchising
at Palm Beach Atlantic University

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TitusCenterforFranchising.com

LEFT: DAVID WILD, DIRECTOR OF FRANCHISING, SLOAN'S ICE CREAM
RIGHT: MICHAEL SCALIA, FRANCHISING INTERN

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For Entrepreneurs

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- Hedge your bets with an essential business – our stock growth says it all.
- Our business model makes quality healthcare accessible for patients while simplifying operations for entrepreneurs.
- Among the highest franchisee satisfaction survey rankings in the industry.

Forbes 2021
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TOP FRANCHISES
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Popeyes Louisiana Kitchen Franchising Manager

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- *UNIQUE RENT TO OWN BUSINESS MODEL*

TOP 20 STORES

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2020 AVERAGE TOTAL REVENUE*

$615,146
2020 AVERAGE OPERATING INCOME*

Entrepreneur FRANCHISE 500 RANKED #1 IN CATEGORY

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IFA INTERNATIONAL FRANCHISE ASSOCIATION

FOR MORE INFORMATION, CONTACT:
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*Please see Item 19 of our May 20, 2021 Franchise Disclosure Document for details. The figures above reflect averages for the 20 top revenue stores (19%) of the 105 Franchised stores reporting that opened in 2018 or prior and have been open at least 24 months. These averages are based on a 52-week annual period from January 1, 2020 through December 31, 2020. Of these 20 stores, 9 (45%) had higher total revenue and 9 (45%) had higher operating income. Of these 20 stores, 10 (50%) surpassed the Median numbers. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much. Entrepreneur - Franchise 500 "Ranked #1 in Category" was for the years 2016-2018. This information is not intended as an offer to sell, or the solicitation of an offer to buy, a franchise. It is for informational purposes only. Currently, the following state regulate the offer and sale of franchises: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. If you are a resident of or want to local a franchise in one of these states, we will not offer you a franchise unless and until we have complied with applicable pre-sale registration and disclosure requirements in your state. Franchise offerings are made by Franchise Disclosure Document only. © RNR Tire Express 2021 All rights reserved.

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AD INDEX

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MAKING A BETTER BURGER STARTS WITH BUILDING A BETTER BUILDING

Innovative Building Design with Contactless Kitchen

Drive-Thru Only with an E-commerce Lane and Walk-Up Window

Outdoor Seating and No Dining Room

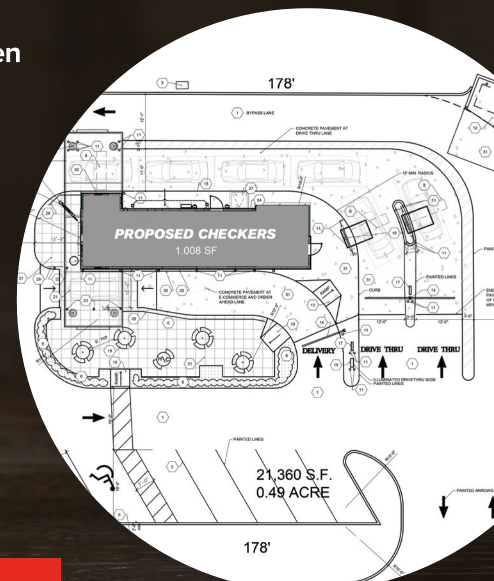
Efficient Labor Saving Kitchen Design

Real Estate, Site Selection and Construction Support From Vested Franchisor

Modular Building Design That Accelerates Construction to Opening

Smaller Building (+/-) 1100 sq. ft. Fitting on 1/2 Acre Lot

Overall Cost to Build Far Less than the Competition



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Entrepreneur FRANCHISE 500 RANKED 2021

Visit CheckersFranchising.com or Call 888-913-9135 Today.

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*As published in Item 19 of our FDD dated May 14, 2020 these figures represent the average total revenue and gross profit (total revenue, minus cost of goods sold) for the top 25 of 271 out of 528 US franchisee-operated UBREAKIFIX stores from Jan. 2014 through Dec. 2019. Average second year total revenue for the top 25 stores was $700,980 (median $671,711). Average second year gross profit for the top 25 stores was $429,282 (median $417,620). Of the stores included for the second year, 8 (or 32%) attained or exceeded the average total revenue and 10 (or 40%) attained or exceeded the average gross profit. Average second year total revenue for the bottom 25 stores was $201,371 (median $209,568). Average second year gross profit for the bottom 25 stores was $131,076 (median $137,304). Of the stores included for the second year, 16 (or 64%) attained or exceeded the average total revenue and 14 (or 56%) attained or exceeded the average gross profit. You should review our FDD for details about these numbers. Your results may differ and there are no assurances you will do as well and must accept that risk.

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