



MVP
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FRANCHISEES & FRANCHISORS

Learning to play better together
pg. 64

LOCAL MARKETING

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are you? pg. 72

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*See Item 19 in Speed Queen's 2022 FDD (dated April 29, 2022) for more detail.

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JOIN US

IN VEGAS IN APRIL FOR THE 2023 MUFC

Greetings my Fellow Franchisees,

I am honored and grateful to serve as the Chairman for the 2023 Multi-Unit Franchising Conference (MUFC) next April 25 through April 28 in Las Vegas at the Caesars Forum. I am excited to be able to give back to the conference that has given me so much personally, professionally, and financially for the more than 20 years I have been attending.

Like many of us, I attend many events during the year. But no other event is like the MUFC. The conference has given me the opportunity to meet, network, and develop relationships with the most successful people in franchising. Many have become close friends over the years and have helped me learn and grow my business even further. The MUFC's educational tracks bring you the latest ideas, innovations, and success strategies to help you navigate the challenges of operating and growing a franchise in today's environment. The educational sessions are unique in that you will hear and learn from the direct experiences of successful franchisees from across many different businesses. For me, I know that many of the ideas and strategies I have implemented in my own business over the years have come from franchisees outside of my industry.

The MUFC brings together more resources in one place than you can find anywhere else: finance, technology, human resources, benefits, marketing, social media, real estate, construction, and dozens of other tools from service providers and suppliers that we need to run our businesses more efficiently and effectively.

And not least of all, there is no other event where you will find as many opportunities for new brands to grow your business for the future. Next year's event promises to bring you hundreds of the most innovative, established, and fastest-growing franchise opportunities available today.

There is simply no other event that can offer you the relationships, ideas, resources, and opportunities that will help you and your business grow toward a bigger future. I look forward to seeing you there!

With gratitude,

Gary Robins

Gary Robins
Multi-unit Supercuts owner

On a sad note, former MUFC Chairman and longtime Advisory Board Member Greg Cutchall passed recently. Friend and peer to many of us, Greg's impact on the conference will be missed, but never forgotten.



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*Average Annual Gross Receipts of 29 company-owned restaurants that were open for the entire period from December 31, 2020 to September 8, 2021. This information appears in Item 19 of our Franchise Disclosure Document (FDD). Your individual results may differ. There is no assurance that you'll earn as much.

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GREG CUTCHALL

FRIEND TO ALL, MENTOR TO MANY



2009, MUQ1



2018, MUQ3

Greg Cutchall was a big man... big dreams, big personality, big motorcycle, big heart.

Born in 1952 in Tucson, Arizona, Greg passed away on May 16, 2022 after a hard-fought battle with cancer.

An Omaha-based restaurateur, Greg was one of the good guys, a great one, say many lucky enough to have known or worked with him. Founder, chairman, and CEO of Cutchall Management Co., Greg built his company into one of the industry's most respected restaurant franchisee organizations. On the way, he built his own reputation as a strong, capable operator able to turn around failing locations—or swap in a new brand and make it work.

Greg was a friend to many at Franchise Update Media, serving as an Advisory Board member and Chair of the 2019 Multi-Unit Franchising Conference. Over the years we knew him, he often joked that while his goal was to operate fewer brands, he always found himself adding—even founding!—new ones. He graced the cover of Multi-Unit Franchising magazine, not once, but twice. (One of those covers remains our only issue with a motorcycle on it.) His influence helped shape and build a community of inclusion where multi-unit franchisees from all industries could share their experiences, challenges, and solutions with their peers.

For Greg, everyone was a peer. He treated people with kindness and respect. A true leader, honest, open, and humble, he had the ability to help others see their path to success both personally and professionally. In a 2009 interview for this magazine, he said:

“Nothing is more rewarding than being in a restaurant you helped create and see engaged employees, happy guests, the music just right, the lights just right, and a fun, enjoyable environment with a great product that makes employees proud and keeps guests coming back again and again.”

In addition to supporting local communities and causes in the Omaha area, he and his wife Molly were among the co-founders of the Omaha Design Center. Opened in spring 2016, the facility serves as a permanent home for Omaha Fashion Week and as a flexible venue for events throughout the year.

In 2018, following in the footsteps of both his father and uncle, Greg was inducted into the Omaha Hospitality Hall of Fame. In the 22-minute video of his acceptance speech, he began: “It’s a small world... we’re all interconnected in this business.” (See the video on the Omaha World-Herald website. Search for Cutchall and register free.)

Greg could light up a room with his presence. Asked how other people described him, he said, “My friends tell me I’m fun to hang with and keep them laughing. The people who work for me describe me as a tornado that usually creates good things at the end of the storm.”

One of those good things—and a shining example of his generosity to others—is that he created a pathway to ownership for the people who worked for him. “Whenever possible, I try to find ways for my long-term managers and supervisors to buy restaurants from me. I have done this several times in the past, and all but one succeeded. It’s very rewarding for me and for them. It requires some financial help from me, but I am okay with that if they also have skin in the game.”

Above all else, Greg loved spending time with his family—his wife Molly, children Cory, Cydney, and Chase, and five grandchildren—and was quick to share stories and pictures of them. Again from 2009, asked about his favorite fun activities, he said: “Golf, motorcycles [Harleys], and I used to race Corvettes. I love to travel to Aspen, Scottsdale, and any beach with my wife. I play Guitar Hero with my youngest son, Chase, golf with my older son, Cory, and watch my daughter, Cydney, show and train horses. She is amazing.”

Through his big-hearted, irrepressible presence and full-throttle approach to life, Greg continually showed everyone he met that each day is an opportunity to grow, learn, and give. And he put ketchup on his eggs.

In 2013, he said, “I will own restaurants until they bury me.” To the end, he was true to his word. And for all we know, is still opening restaurants... somewhere.

He will be missed. He already is. Rest in peace, dude. ■



MVP 2022 WINNERS

Celebrating the Best of the Best

Multi-Unit Franchisee magazine is once again proud to honor excellence in franchising with its annual MVP (Most Valuable Performer) Awards. The winners were celebrated on stage at this year's Multi-Unit Franchising Conference in Las Vegas.

Selected from a lengthy list of nominees, this year's MVPs represent the country's best and brightest multi-unit franchisees, large operators, innovators, and original thinkers. Beyond excelling at growing their businesses and their brands, these operators support their communities and national charities and causes, exemplifying all that's good—and great!—about franchising on so many levels.

Each of this year's eight winners has a unique story to tell about their journey to success in franchising and in life—stories of years of hard work, dedication, sacrifice, and eventual success.

From the books they read to their management philosophies, from their hiring and training practices to how they've weathered the pandemic, learn where they've come from, how they got where they are today, and where they're going tomorrow.

These 2022 MVPs are an inspiration to all and highlight all that's most valuable about franchising.



**Single-Brand
Leadership Award**
David Blackburn
CEO

Southern Rock Restaurants
97 McAlister's Deli



**Multi-Brand
Leadership Award**
Shamsu Charania
CEO

The Falcons Group
57 Checkers & Rally's,
22 Dunkin' & Baskin-
Robbins, 11 TGI Fridays



Spirit of Franchising Award
Toya L. Evans
Co-owner

Healthy Living Ventures
2 Tropical Smoothie Cafe
(plus 1 in development),
2 Hand & Stone Massage
and Facial Spa



Noble Cause Award
Jhonny Mercado
CEO

Wen JAI Restaurant Group
73 Wendy's



**Influencer Award
for Husband & Wife Team**
Roma and Suresh Patel
Co-owners

14 Tropical Smoothie Cafe
(with 10 in the pipeline)



**Veteran
Entrepreneurship Award**
Doug Porter
Team Leader (Owner)

5 Sport Clips



American Dream Award
Baryalay Razi
Owner

MSR Restaurants
5 Bojangles, 3 Aloha Poke
(plus a 10-store deal
for Houston)



**Mega Growth
Leadership Award**
Luis San Miguel
President/CEO

40 Auntie Anne's, 2 Cinnabon,
6 co-branded Auntie Anne's/
Cinnabon, 2 co-branded
Auntie Anne's

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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. Franchises are not currently offered in HI, MD, MN, ND, SD, VA and WA.

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PART OF **FRG** FRANCHISE
GROUP, INC.



DAVID BLACKBURN

Title: CEO
Company: Southern Rock Restaurants
Units: 97
Age: 58
Family: Married 37 years, 2 children
Years in franchising: 25
Years in current position: 10

DAVID BLACKBURN LOVES HIS BRAND!

2022 MVP Single-Brand Leadership Award

Written by **KERRY PIPES**

Selecting for achieving brand leadership with one brand, his Southern Rock Restaurants operates 97 McAlister's Deli locations, making him the largest franchisee in the fast-casual brand's system.

In his more than four decades in the restaurant industry, the 58-year-old has been everything from a busboy at Bonanza to a CEO at a fine-dining establishment.

His Tennessee-based organization operates McAlister's Deli shops in eight states: Tennessee, Mississippi, Missouri, Kentucky, Ohio, Illinois, Virginia, and Indiana. And if that weren't enough for this single-brand rock star, he's on the grow again with a 50-unit development agreement with McAlister's.

PERSONAL

Formative influences/events: When I was in 9th grade, I had an older brother who was a football star. I played tennis instead, became a top-tier player in Nashville, and was being watched by colleges. I had a friend who was working at Bonanza and encouraged me to apply. The manager, Jimmy Conklin, interviewed me and I started working a couple of days a week, ultimately giving up tennis to work in the restaurant. The tennis coach from Belmont College helped me get a scholarship for academics, and I went to Belmont for a year before dropping out to work in restaurants full-time. I also worked in an accounting firm for 2 years during high school and during that college year. Today, I own my own restaurants and an accounting firm focused on franchise accounting.

Key accomplishments: I have a fantastic family. I have been married for 37 years. My wife and I actually worked at Bonanza together. We have two kids and two grandchildren, and both of our kids are part of the organization. My daughter is the director of HR and my son is the integration manager for the accounting business. We have 97 successful McAlister's locations and more coming online soon, including a 50-unit development agreement.

Next big goal: We are posturing to become a portfolio company and want to bring on other brands in the next couple of years.

Hardest lesson learned: People in the organization do not always react the same way that I do. My posture to start with was that what I do is successful, so I'll make other people do it the same way. And



Trouble in
Paradise

Slick Marketers Turns Pandemic Problem Into Prosperity

WRITTEN BY JOSH DAVIS

Before the pandemic, Slick Marketers started working alongside Sola Salons Palm Desert with three main goals: build brand awareness, increase demand, and boost business before the slow season. During the height of the pandemic, Slick Marketers' success resulted in 100% occupancy, customer retention, and a growing waitlist within six months.

Established in Lakewood, Colorado in 2004, Sola Salons is the largest salon suite concept in North America, offering 600+ locations with 18,000+ salon professionals. Slick Marketers is a Sola Salons preferred, full-service marketing vendor, which specializes in local franchise marketing and works with 300+ Sola Salons locations.

The Desert's Disadvantages: A Unique Market Complicated by COVID-19

Multi-unit franchisee, David McKinnon, hired Slick Marketers to market his Sola Salons locations spanning from Orange County, CA to Fort Lauderdale, FL. Sola Salons Palm Desert in particular, presented two unique challenges: a lack of brand awareness regarding salon suite concepts and seasonal shifts in population. In order to contend with these unique issues, it was important to quickly identify and educate the target market, while also leasing as many studios as possible before the slow season. Just as marketing efforts were implemented, COVID-19 further complicated marketing efforts by causing all non-essential businesses to close their doors in March 2020.



"I felt it was my obligation to support my beauty pros when they had no other source of income, because they deserve every bit of help to keep a roof over their head and food on the table."

Daniel Zech

Teamwork Triumphs in Troubling Times

During the mandated closure, leasing manager Daniel Zech worked with the bank and property landlord to waive rent for his beauty professionals, allowing them to stay in business. Josh Davis, account manager, did his part by formulating a multi-channel, hyper-local marketing program, focused on social network ads, competitive analysis, engagement, and outreach on social media. Davis began by curating a custom social media campaign that addressed salon ownership fears, as well as helping grow brand awareness and building relationships with ideal beauty professionals. He also adopted a pandemic-sensitive marketing tone that emphasized built-in social distancing and strict sanitation standards, in addition to financial and educational resources. Overall, the adjustments made to Slick Marketers' marketing tone and campaigns were essential to the survival of Sola Salons Palm Desert's business during the pandemic.



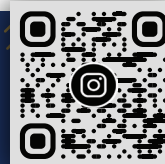
Success Never Felt So Slick



Sola Salons Palm Desert reached full capacity just before the second government-mandated lockdown in October 2020. At this time, Slick Marketers increased their revenue by 155%, leads by 250%, and web traffic by 500%. As their revenue, leads, and traffic increased, so did their scheduled tours, eventually resulting in 100% occupancy. Today, Sola Salons Palm Desert maintains a strong waitlist of beauty professionals patiently awaiting availability.

Slick Marketers serves all industries and is now taking on new franchisee clients!

As the company celebrates their 10th Anniversary with a \$50,000 offer, Slick Marketers is proud to provide a limited-time, \$10K money-back guarantee to 5 qualified franchisees. Learn how Slick Marketers can boost your business through custom, local marketing.



(714) 496-4499
www.SlickMarketers.com

I learned that didn't work. I started to understand the path was less of a straight line and more of a guardrail. People have unique skills; some have stronger people skills, some have stronger business skills. However, they all have great skills to move our business forward. So I keep guardrails in place to do just that, to use those individual strengths to benefit our goals and protect the weaknesses. Forward is good. That is an important word in our business.

Best advice you ever got: I was truly a product of trial and error and spent time watching people fail as well as succeed, learning from them both. I worked with Phil Hickey, former NRA president, and he noticed that I took lots of notes on scratch paper. He gave me a Day-Timer to make sure I was keeping my notes organized and insisted I show him how I was using it for months. This really taught me the power of organization. I used a Day-Timer for 35 years till my smartphone caught up with me. That Day-Timer still sits on my desk as a reminder. Steve Hislop, who was my president at O'Charley's, helped me understand that not everyone will behave like I do, and to find the strength in each person and protect the rest. This is how I developed the idea of the guardrails.

Favorite book: *The One Minute Manager* by Ken Blanchard.

MANAGEMENT

Business philosophy: I appreciate analogies and use mottos to help deliver our messages. One important motto is: "Must be present to win." Leaders need to be there to challenge, uphold, and manage the stores. If they aren't doing this, it will reveal a gradual slide into mediocrity. Leadership must be present to win. I also like to look through the lens of "effective and efficient." We put everything through this filter to grow our business at an accelerated rate—effective at all the standards that will protect and grow our future business, then how efficient can we be at being effective. This varies by store.

Management method or style: We have an inclusive environment. This doesn't mean it is a democracy. We must make hard decisions and I am the one who does that. However, I have trusted advisors on the executive team and other leaders in the company who drive the best results.

Greatest challenge: Like all restaurant operators, we struggle with applicant flow, people who don't show up, or who don't really want the job. This is an exercise in futility and is wasted energy for our management's time.

How close are you to operations? I turned over day-to-day operations to AJ Baird about 3 years ago. He has been in the McAlister's system for 23 years. He runs operations and manages weekly calls with our area directors. I visit stores regularly. When a new store opens, I spend 3 or 4 days in the restaurant every time. New openings are so much fun and a great investment, not only for the location but also for our leadership and training teams.

How do you hire and fire, train and retain? We use several hiring sites, like Indeed and Facebook, and now manage the flow with a product called Paradox. Our in-store managers decide on the proper fit for their individual needs, as well as discipline, and terminate employees who can't meet the expectations of our business. We have both an online training module and in-store training with our Certified Training Rock Stars. The fun environment with the proper standards, balanced with meeting the financial needs of the employees, has always been the best outcome for our retention.

“
WHERE WE ARE TODAY
IS A TESTAMENT TO HOW
OUR TEAMS WORKED
TO DO MORE WITH
LESS AND HONOR THE
BRAND PROMISE.”

How do you deal with problem employees? Lots and lots of coaching.

Fastest way into my doghouse: Being disrespectful to a guest or fellow team member.

COVID-19

What have been the biggest impacts of Covid-19 on your business? This scared us to death. Did the end come and we didn't even see it coming? The response from our government was overwhelming and daunting: shutting down dining rooms, having to lay off staff, and figuring out how to respond. We had to make changes in our operations and hope that the overall plan would be productive in the future. We are proud to see how our business recovered. Where we are today is a testament to how our teams worked to do more with less and honor the brand promise.

MVP QUESTIONS

Why do you think you were recognized with this award? It's an honor to be recognized for the Single-Brand Leadership award. We've been committed to growing the Southern Rock Restaurants portfolio with new McAlister's Deli locations since 2011, and we are excited to expand the brand's presence further in the coming years. I believe we were selected because of our many company contributions to the brand—and to Focus Brands—since becoming a partner 11 years ago. In 2021, we opened the chain's 500th location, helping accelerate McAlister's closer to becoming Focus Brands' first billion-dollar brand. Last year we also signed development agreements for an additional 36 Deli locations, bringing our total development to 65 more locations.

How have you raised the bar in your own company? From day one, our team has striven to be effective and efficient. To accomplish this, we've prioritized and executed the fundamentals. We ensure that all our restaurants are clean, welcoming, and approachable, while also providing our staff with training and resources to set them up for success. As we've continued to expand, we've had to optimize our processes to ensure operations remain efficient across our portfolio. Our collective team works hard every day to help our restaurants meet the needs of our guests.

What innovations have you created and used to build your company? To support our goal to optimize operations at all our locations, we've developed scheduling and labor tools to help guide our team throughout the day and provide the necessary amount



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of coverage for each daypart. Furthermore, we are continuing to pay close attention to the evolving needs of today's customer. And because of the increased demand for contactless dining experiences, we've recently been testing self-serve beverages. Through these tests, we've not only observed a speedier operation, but our beloved Sweet Tea has become the hero of the dining experience. To make our restaurants more accessible for our guests, we also leaned into McAlister's updated capabilities, encouraging customers to download and use the revamped mobile app to take advantage of curbside pickup and delivery options. When restrictions began to lift, we implemented the brand's new tableside dine-in ordering, where guests can take a seat at an open table and use the app to place an order and pay.

What core values do you think helped you win this award? In a recent interview I said, "If you're not serving a guest, serve someone who is." This motto has been ingrained into our core values. We believe that we are all support for the store-level operators who give it their all each day. At times, our locations may have fewer staff than we would prefer, but this commitment and support have created a devoted operations team with a lot of tenure and experience that helps deliver on our promise to the guest.

How important is community involvement to you and your company? We have been a longtime supporter of St. Jude Children's Research Hospital and have conducted more than 25 fundraisers for the organization over the past 15 years. Although St. Jude's has been our primary donor recipient, we also look for ways to give back to local schools, churches, sports teams, and organizations assisting in the recovery of tragedies that occur in the community. Additionally, we are a national partner with the American Red Cross to help feed those in need during crises in the cities and towns we serve, as well as in surrounding areas.

What leadership qualities are most important to you and your team? To be successful in the hospitality industry, I believe it's critical to provide hospitality back to those who work for your company. We are organizing a convention in Las Vegas for our store and office staff, and I'm excited to see 152 smiling faces enjoying the entertainment we have in store for them. I also plan to share a few fundamental messages to show how much their work is valued, and to keep them motivated to continue to perform.

“
TO BE SUCCESSFUL
IN THE HOSPITALITY
INDUSTRY, I BELIEVE IT'S
CRITICAL TO PROVIDE
HOSPITALITY BACK TO
THOSE WHO WORK
FOR YOUR COMPANY.”



BOTTOM LINE

Annual revenue: We are eclipsing the \$2 million per location mark in revenue.

2022 goals: To finally breach \$200 million in revenue and attain a 12% EBITDA.

Growth meter: How do you measure your growth? We hope to grow guest counts annually as well as have the appropriate menu price increases for inflation. We have always judged being *effective* as growing sales at an accelerated rate, not just inflation rates.

Vision meter: Where do you want to be in 5 years? 10 years? I think in 5 years we will have 250 locations or more and be wondering how to get to 500. If we can do that while maintaining our culture and having fun, wouldn't that be awesome!

What are you doing to take care of your employees? Listen, listen, and listen. Let's make sure we meet the financial needs of each person, not only with total compensation, but also with enough hours. We offer vacation pay, insurance, even 401(k), but nothing is more important than a flexible work schedule to help our team balance their needs with family, childcare, and school.

How are you handling rising employee costs (payroll, minimum wage, healthcare, etc.)? Labor inflation began to be way above average in 2018 and accelerated even more in 2021. We have kept up with rising wage demands in each community and implemented sign-on bonuses for many of our locations. When you find a good formula that works for your location, you must advertise and spend enough to get to the front page for the exposure you need. Many job seekers will not spend the energy to search pages of ads. Get to the first page and make sure your offer is compelling.

What kind of exit strategy do you have in place? Well, since they are cracking down on the Grand Caymans and South Dakota, I will continue to invest in our leadership so they can take more and more of the reins and continue to invest in our business and my trust, so that when I do step aside someday the great work will continue. I look forward to hearing reports of Southern Rock Restaurants' growth and dominance in the industry 20 years from now. Maybe I will ask for a royalty. That would be great! ■



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SHAMSU CHARANIA

Title: CEO

Company: The Falcons Group

Units: 57 Checkers & Rally's, 22 Dunkin' and Baskin-Robbins, 11 TGI Fridays

Age: 41

Family: Wife and daughter, 6

Years in franchising: 15

Years in current position: 4

SHAMSU CHARANIA KEEPS ADDING BRANDS

2022 Multi-Brand Leadership MVP Award

Written by **KERRY PIPES**

Selected for achieving brand leadership in multi-brand expansion, he is CEO of The Falcons Group, which operates 90 units for Checkers & Rally's, Dunkin' & Baskin-Robbins, and TGI Fridays.

After finding initial franchising success with TGI Fridays, he purchased a group of Checkers locations out of bankruptcy. Then, thanks to a 30-unit deal at the end of 2021, he became the largest Checkers & Rally's franchisee, operating 57 units, along with his 22 Dunkin' and Baskin-Robbins stores and 11 TGI Fridays. Looking ahead, Charania says he'd like to own 150 stores and 50 real estate properties by 2025.

PERSONAL

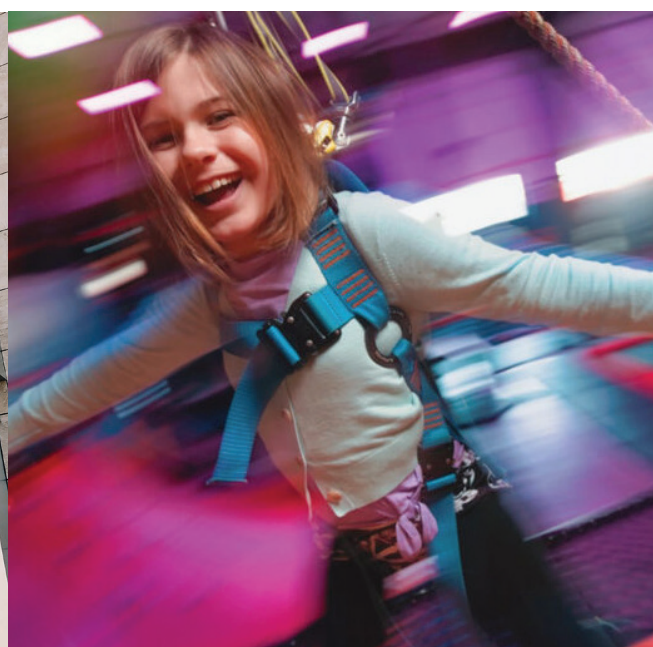
Formative influences/events: The most important influence in my life has been my former boss, current partner, and lifelong friend, Ali Chunara. I started working at one of his locations as a cashier in my teens, where I developed the skills and mindset required to run a successful business. Over the years, our partnership prepared me for the growth our company has experienced.

Key accomplishments: First, with no previous casual dining experience, we acquired and successfully operated a network of TGI Fridays restaurants. Then we purchased a network of Checkers out of bankruptcy and turned them around without closing a single location. Most recently, we became the largest Checkers & Rally's franchisee through the purchase of another 30 units at the end of 2021.

Next big goal: Own 150 stores and 50 real estate properties by 2025.

Hardest lesson learned: Do not make business/financial decisions based on personal relations.

Best advice you ever got: Upgrade your advisors (attorney, CPA, coach, and others) as you move to different levels. The same people will not necessarily work at various stages of your business/life.



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\$2.8M (2.0 PARK) AUV*

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Favorite book: *The Power of Your Subconscious Mind* by Joseph Murphy.

What's your passion in business? To grow our company to a level I can be proud of—not only in terms of stores or assets owned, but also measured through the development, growth, and promotion of talent within the organization.

MANAGEMENT

Business philosophy: To win every day by improving at least 1% each day in everything we do. Business is a marathon, not a sprint. Hence, continuous small improvements compound. By learning and pushing ourselves each and every day we prove we can accomplish big goals together as a team.

Management method or style: Very hands-on and involved. I like understanding every aspect of my business while simultaneously empowering my management team to own the decisions inside their area of responsibility. I love coaching members of my team and watching them develop skills and knowledge that help them in all areas of their life, not only at our company, but wherever their career path may take them.

Greatest challenge: Building a team of like-minded individuals to grow our business.

How close are you to operations? I stay very involved. I double as a CEO and COO of our company, so every director of operations of our respective brands reports directly to me. I grew up in operations, so that aspect of the business is very important to me.

How do you hire and fire, train and retain? We have worked to establish a culture where like-minded people stay and thrive. We have found that when others feel they don't fit, they tend to simply move on to other opportunities. Believe it or not, I have had to fire very few people in my lifetime. I grew up with high standards, which have persisted into my professional life and now our business. Mediocre performers don't generally fit in well. As a result, I have been very fortunate to work with the most talented, hardworking, and dedicated individuals.

COVID-19

What have been the biggest impacts of Covid-19 on your business? Covid pushed our industry quickly into the digital revolution. Initiatives to reduce customer contact, coupled with labor shortages, pushed our business to adopt technology that will be beneficial for years to come.

MVP QUESTIONS

Why do you think you were recognized with this award? Because of the track record I have shown with various brands, especially at Checkers & Rally's—specifically, becoming the largest franchisee in their system in less than 2 years after entering the brand.

How have you raised the bar in your own company? People who work with me understand that I expect excellence and solutions, not excuses. I expect honest commitment with 100% dedication and I do my best to lead by example.

What innovations have you created and used to build your company? Since I have my undergrad degree in computer science, I have always leveraged technology and systems to build my company. We have been paperless for a long time, with all our data stored in the cloud. Plus, a lot of our processes for onboarding, hiring, accounting, and payroll have been automated to make efficient

use of labor. Further, we are testing a drive-thru AI order-taking system that we hope to bring to our other brands. Last, I find people get excited about investments in innovations (ordering kiosks, curbside pickup tools, and others), which makes them motivated to come to work every day.

What core values do you think helped you win this award? Dedication, persistence, and hard work. I truly believe that with these qualities one can achieve anything your heart desires in business or personally.

How important is community involvement to you and your company? We are fortunate to have received more than most and we are thankful each and every single day. With that privilege comes a responsibility to give back to our community. We support our local food banks, children's hospitals, and health clinics, which provide much-needed care and support for the underprivileged members of our community.

What leadership qualities are most important to you and your company? People say "Showing up is 90% of what it takes to be successful." A lot of people misunderstand this concept. Showing up isn't clocking in and out, but rather being engaged, motivated, and focused while you are at work. The leaders who really excel in our company (and everywhere else for that matter) do that every day.

BOTTOM LINE

Annual revenue: \$125 million.

2022 goals: Open at least 6 new restaurants and do one or two strategic acquisitions, either in existing or new brands. Hire a CFO for the company.

Growth meter: How do you measure your growth? We measure growth in 3 key metrics, each of which can't come at the cost of any of the others: 1) increasing store count; 2) improved EBITDA percentage at each brand; and 3) maintained or improved quality, measured by executing on each brand's standard KPIs.

Vision meter: Where do you want to be in 5 years? 10 years? As I mentioned, the 5-year goal is to get to 150 stores and 50 real estate properties. In 10 years, we would like to have more than 500 stores across five different complementary brands to maximize our real estate strategy as we approach new markets.

What are you doing to take care of your employees? We provide a full benefits package for all of our full-time employees, which includes medical, dental, vision, PTO, 401(k), flexible scheduling wherever we can accommodate, plus a bonus structure for our store managers and above-restaurant leaders. In addition, we have started daily pay for all our employees, which gives them the option of withdrawing their salary earlier than their scheduled payday.

What kind of exit strategy do you have in place? I am very ROI-focused when driving strategy, so we consider our ultimate valuation in every decision we make. However, right now we are really focused on growth so an exit isn't on the immediate horizon. ■

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Challenge

Investment Information

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Inflation Reducing Profit Margins

Average merchandise margin of 52.84%*

Supply Chain Difficulties

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TOP 10% OF
FRANCHISED STORES

\$1,893,562*



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The \$1,005,700 in average net revenue is based on net sales information of 423 Batteries Plus stores in the top 75% of the 564 Batteries Plus stores in operation during the entire 2021 calendar year. Of the 423 stores, 157 stores (37%) met or exceeded the average net revenue. The average net revenue of the 423 Batteries Plus stores in the bottom 75% of the 564 Batteries Plus stores in operation during the entire 2021 calendar year was \$663,482. Of these 423 stores, 202 (48%) met or exceeded the average net revenue. The \$1,893,562 in average net revenue is based on net sales information of 58 Batteries Plus stores in the top 10% of the 564 Batteries Plus stores in operation during the entire 2021 calendar year. Of the 58 stores, 17 stores (30%) met or exceeded the average net revenue. The \$1,893,562 in average net revenue is based on net sales information of 58 Batteries Plus stores in the top 10% of the 564 Batteries Plus stores in operation during the entire 2021 calendar year. The 13% average wages and compensation percentage is based on the average wages and compensation percentage for the top third of the 564 Batteries Plus stores in operation during the entire 2021 calendar year. The 52.84% average merchandise margin is based on the average merchandise margin for all 564 Batteries Plus stores in operation during the entire 2021 calendar year. The 50% average cost of goods is based on the average cost of goods for the top third of the 564 Batteries Plus stores in operation during the entire 2021 calendar year. There is no assurance, however, that you will do as well. See Item 19 of our 2022 FDD for further details.



TOYA L. EVANS

Title: Co-owner

Company: Healthy Living Ventures

Units: 2 Tropical Smoothie Cafe
(1 in development), 2 Hand & Stone
Massage and Facial Spa

Age: 58

Family: My daughters Lauren, 36 and
Chanel, 31

Years in franchising: 7

Years in current position: 7

MVP TOYA EVANS GIVES AND GROWS

2022 Spirit of Franchising MVP Award

Written by **KERRY PIPES**

Selected for extraordinary and enduring performance, growth, and community giving, Evans is co-owner, along with her two daughters, of Healthy Living Ventures, which operates multiple Tropical Smoothie Cafe and Hand & Stone Massage locations.

She founded her business 7 years ago with the purpose of operating businesses that focus on healthier lifestyles and giving back to her community. Evans says she's faced a lot of challenges, including access to capital, building a team, and running into people who didn't believe a woman could do what she has done. She has been persistent and has overcome numerous challenges to become a successful multi-unit franchisee.

Today her company operates two Tropical Smoothie Cafes, with another in development, and two Hand & Stone Massage & Facial Spa locations. And she's on the lookout for additional brands that fit her healthy lifestyle business, as well as looking to expand into non-traditional locations such as military bases, airports, and schools.

PERSONAL

Formative influences/events: Watching my two daughters turn into the businesswomen they are today.

Key accomplishments: I've had many corporate accomplishments, such as hitting \$1 million in sales and being nominated as both an emerging leader and franchisee of the year in the Tropical Smoothie Cafe franchise system. But my biggest accomplishments are my daughters Lauren and Chanel. They are amazing, strong, and talented women. They are not only my daughters, they also are my business partners in Healthy Living Ventures for the past 7 years. I've been able to see their growth as individuals, women, and businesswomen. I'm proud and lucky to have them working alongside me and building a lasting legacy together for our family.

Next big goal: To build our portfolio and aggressively add to our healthy lifestyle brand while also being mindful and thoughtful about the process. We started franchising just 7 years ago. With four Tropical Smoothie Cafes plus one in development, and two Hand & Stone Massage and Facial Spas, we are in high-growth mode. We want to ensure any business we take on fits within our business focus on healthier lifestyles and enables us to give back to our community.

90% Franchisee Satisfaction¹

Enough said.

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opened my property just as
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revenue and loyalty.

Miraj S. Patel

Red Roof Franchisee, Galveston & Houston, TX



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¹ 2019 Franchise Survey. ² Average STR RevPAR index for all franchised Red Roof Inns open and operation for at least one year and for all of calendar 2020 with temporary closures being less than 90 days. 492 properties. ³ Medallia, Inc. Online Reviews 2020. This is not an offer. No offer or sale of a franchise will be made except by a Franchise Disclosure Document first filed and registered with the applicable authorities. For New York: An offering can only be made by a prospectus filed first with the Department of Law for the State of New York. Such filing does not constitute approval by the Department of Law. For Minnesota: #F-5824. Red Roof Franchising, LLC, 7815 Walton Pkwy, New Albany, Ohio 43054. © 2022 Red Roof Franchising, LLC



Hardest lesson learned: The word “hard” is relative to each person, but I truly believe that every day provides us with an opportunity to learn several lessons, and that an individual’s response to a problem is what really matters, no matter if the problem is big or small. When I worked at Microsoft, we used to have a saying, “We reserve the right to wake up smarter tomorrow.” This saying has always kept me focused. I emphasize that saying every time an issue arises.

Best advice you ever got: Never be too big for the small jobs.

What’s your passion in business? Management, specifically, focusing on our people, who are our most valued assets. I enjoy helping our crew members grow, develop, and reach their goals, both personally and professionally.

MANAGEMENT

Business philosophy: 1) Put People First: We invest time and resources to help our most valued assets grow, develop, and reach their goals personally and within their career. 2) Play To Win: We never settle and always look for better ways to manage our business and serve our customers. 3) Act with Integrity: We are honest and hold ourselves to a high moral compass. 4) Believe It Is Possible: We work hard, focus, and believe we can get it done. 5) Give Back: We love giving back to the communities we serve.

Management method or style: I try to strike the right balance between being a servant and a coach.

Greatest challenge: I’ve had to face a lot of challenges, including access to capital, building a team, and running into people who didn’t believe a woman could build what I am building. However,

I’m persistent and I never back down from any challenge or roadblock. Ultimately, with every setback, I’ve learned that you have to be patient, be nice, and treat others like you want to be treated.

How close are you to operations? I’m engaged with my leaders daily and try to stop in at each location regularly to check in on the team and guests. This business is my family’s legacy, so I stay close to all operations on a daily basis to ensure things are running as smoothly as possible.

How do you hire and fire, train and retain? My daughter Lauren moonlights from her tech sales job to serve as our head of HR and does the hiring and benefits administration. We leverage the brands’ web recruiting, post on our channels, and source job sites for candidates. We try to operate like a big business, and we do whatever it takes to find a great and lasting team.

COVID-19

What have been the biggest impacts of Covid-19 on your business? As we all know, Covid affected businesses in immeasurable ways, and we are beyond thankful that all our businesses survived and that we didn’t have to close any of our locations. In addition to experiencing friction with guests who didn’t want to follow local mask ordinances, we also saw higher operating expenses because of having to purchase PPE supplies. But this was a necessary step to keep both our team and guests feeling safe and protected. And, of course, there were and still are higher prices because of supply chain issues and labor shortages, which I don’t think will be slowing any time soon, but we’re managing!



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*based on top 25% free-standing stores. In 2021, 41.1% of the locations falling in the top quartile of traditional restaurants with drive-thru met or exceeded this AUV. For complete information, see Item 19 in our 2022 FDD. A franchisee's results may differ from the represented performance.

\$1,697,169 AUV*

INCENTIVE PROGRAM**

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year 1 – 2%

year 2 – 3%

year 3 – 4%

year 4 – 5%

**developer must remain in compliance with all terms of the ADA to remain qualified for incentives. Free-standing units only. Only applies to stores opened in first 4 years of the ADA.

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“ULTIMATELY, WITH EVERY SETBACK, I’VE LEARNED THAT YOU HAVE TO BE PATIENT, BE NICE, AND TREAT OTHERS LIKE YOU WANT TO BE TREATED.”

MVP QUESTIONS

Why do you think you were recognized with this award? I’d say it’s our dedication to growing our business and serving our community, and also encouraging others to consider franchising as a career option. During Covid-19, we created an online course, “So You Want To Buy a Franchise,” through our website. It’s an overview of what it takes to open a franchise and helps people understand the general franchising business, what it takes to get off the ground, and what we wished we knew when we first started. We were getting these questions on an ongoing basis as people saw how successful we were becoming, so we decided to compile them all together and release this course. We’re proud to say that some of our “graduates” have even gone on to buy a Tropical Smoothie Cafe franchise themselves!

How have you raised the bar in your own company? My daughters and I have built a foundation for multi-unit management, identified and established relationships with more financing sources, and established benefits for our team.

What innovations have you created and used to build your company? Normally when people say the word “innovations,” our minds immediately go to technology and new products. But my innovation is thinking outside of the box when I hear “No.” For example, I get creative when I need to find alternative financing sources or grow my business when a territory is sold out.

What core values do you think helped you win this award? Definitely perseverance and bringing our A game every day. My daughters and I never take no for an answer. And when we are met with roadblocks, we face the issue head-on and find creative ways to get things accomplished, even when it looks like it won’t happen. We like to say, “Jump and the net will appear.”

How important is community involvement to you and your company? It’s everything! Our community is the main reason we were able to come out of the pandemic strong. Besides providing our community with healthy products, we’ve become an integral part of our community by hiring community members and giving back to local schools, PTAs, and community groups through fundraising efforts and donations when possible. Being involved in our community is in our DNA.

What leadership qualities are most important to you? I believe a leader must be able to lead by example, treat people the way you’d

want to be treated, and incorporate core business values into our daily interactions with our teams and customers.

BOTTOM LINE

Annual revenue: Just over \$3 million.

2022 goals: Grow revenue and EBITDA at our existing locations, find new development opportunities to expand our portfolio, and identify and hire leadership talent to strengthen our teams.

Growth meter: We measure growth in the typical way including YOY revenue, EBITDA, and number of locations, but we also measure it by people. We invest in our employees and want to see them grow and progress within our company. We see retention and employee satisfaction as a success metric beyond just the numbers.

Vision meter: Where do you want to be in 5 years? 10 years? I’d like to see portfolio growth with additional brands that fit for our healthy lifestyle business, and I’d like to see our business expand into nontraditional locations such as military bases, airports, and schools.

What are you doing to take care of your employees? Besides the traditional benefits, including health insurance and 401(k), we also give shout-outs and recognition for service, host holiday parties for our team and crew members, and go on leadership outings.

What kind of exit strategy do you have in place? I plan to retire within the next 4 to 5 years and have Lauren and Chanel take over and grow our business even further. After having a high-pressure corporate job in tech and product management, and then starting Healthy Living Ventures with my daughters, I’m ready to help from the sidelines. ■



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*Please see the Baskin-Robbins Franchise Disclosure Document for details.



JHONNY MERCADO

Title: CEO

Company: Wen JAI Restaurant Group

No. of units: 73

Age: 47

Family: Married with 3 daughters
and 1 son

Years in franchising: Part of Wendy's
U.S. system since 2007

MVP JHONNY MERCADO IS ON A MISSION

2022 Noble Cause MVP Award

Written by **KERRY PIPES**

Selected for passionate, unwavering support of those in need, the CEO of Wen JAI Restaurant Group is a multi-unit operator with Wendy's. With a long history of supporting charitable causes (see below), Mercado says he is on a mission to help and support the less fortunate—"especially kids, who are the most defenseless, sometimes dealt difficult cards, and remain our future. It is amazing to be able to help change their lives."

His company operates 73 Wendy's and plans to open another 6 before year-end. Looking ahead, he'd like to grow the organization to 200 restaurants over the next 5 years and reach 300 restaurants over the next decade.

PERSONAL

Formative influences/events: For years I have been supporting different foundations, including San Juan de Dios Hospital in Venezuela, St. Jude's Children's Research Hospital, The Leukemia & Lymphoma Society (LLS), the Dave Thomas Foundation for Adoption (DTFA), and Baptist Hospital in the U.S. Six years ago, my friend Fuad Fadel (Dito) was suffering from leukemia. I have been involved with LLS, raising more than \$343,000 for their foundation. Dito was a person who affected my life with his teachings, but above all by the way he lived. He was an excellent friend and partner, who, sadly, died fighting this disease. My commitment to him is to help people who need it because I'm sure if he was here, he would be doing the same thing.

After I started with Wendy's and saw what Dave Thomas started with the DTFA, I knew I wanted to play a major role in helping children through adoption. Each year, we drive donations and support for this great foundation, and I'm proud of my organization for being able to raise \$1.5 million since 2018. I am currently on the board of DTFA and actively try to do more for this great cause.

I am convinced life has blessed us all, and we have the mission to help and support the less fortunate—especially kids, who are the most defenseless, sometimes dealt difficult cards, and remain our future. It is amazing to be able to help change their lives.

Key accomplishments: 2021 ADP Culture at Work Award; 2021 Wendy's Best Operator Award; 2020 South Florida Largest Private Companies listing; Wendy's Golden Shovel Award; Wendy's

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*This information reflects the Average Gross Sales and Average Net Income for American Freight company-owned retail businesses which were open for more than a year as of fiscal year end 2021 and had annual gross sales of at least \$4,500,00.00. Of these 20 retail businesses, 9 attained or surpassed the Average Gross Sales and 9 attained or surpassed the Average Net Income described above. We refer you to Item 19 of our 2022 Franchise Disclosure Document for additional information. 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 made by prospectus only and in compliance with the applicable pre-sale registration and disclosure requirements in your state.

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Freestyle Leadership Award; Business Monitor 200 top 30 the past 4 years; 2017 Highest Transaction Growth (Wendy's Panama, presented to Wen Holding); 2017 Mega Growth Leadership MVP Award (Multi-Unit Franchising Conference, presented to JAE); 2017 Business of the Year Award (South Florida Business Journal, presented to JAE); 2013 Corner Bakery Cafe Franchise Partner of the Year Award (presented to CB Holdings); 2013 Exceptional Employer Award, Governor Rick Scott, State of Florida (presented to JAA Restaurant Holdings).

Next big goal: Growing an organization where team members feel happy, proud, and can grow their careers for themselves and their families. Also, continuing to build, acquire new markets, and grow in numbers to create more jobs and new opportunities in many different communities.

Hardest lesson learned: Adapting and learning how to build the right team at both the corporate and store level is sometimes difficult. It's critical to learn from mistakes and hone your skills on how to read people who help you run your business.

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

Favorite book: *Shoe Dog: A Memoir by the Creator of Nike* by Phil Knight.

What's your passion in business? Working with people and working as hard as I can to build a legacy for the next generation.

MANAGEMENT

Business philosophy: Do everything in life with passion and commitment and your results will be magical. Without magic, there is no success.

Management method or style: Great teamwork and a 24/7 focus on the business.

Greatest challenge: The transition coming to the United States from Venezuela. It was a challenge to learn a different culture, new traditions, social stances, and changes from a business and economic standpoint—all while learning a new language, adjusting as a family, and completely starting over. We all had to maintain focus, stay true to where we came from and what we stand for. Pursuing the American Dream has been difficult, yet rewarding.

How close are you to operations? On a daily basis, 365 days of the year.

How do you hire and fire, train and retain? Initially, we take the time to analyze each applicant to make sure they are the right fit for the position. We try to find individuals with a lot of passion and good knowledge for that particular position. If they are young, I focus on finding someone who is eager to learn and will work hard to accomplish what he or she is trying to achieve. Then, we begin an in-depth training process where we have them work shoulder-to-shoulder with a training manager or someone who is very knowledgeable in each department. Before we let them spread their wings and take over, we want to make sure they understand the job description and have all the tools they need to succeed.

Retention is the most critical after development. In this line of work, it is difficult to retain employees, especially at the store level. Our team focuses on an internal marketing strategy to make sure we listen to our staff and make Wen JAI a fun place to work. It's important to hear from everyone what we can change to be

“
DO EVERYTHING IN
LIFE WITH PASSION
AND COMMITMENT
AND YOUR RESULTS
WILL BE MAGICAL.
WITHOUT MAGIC,
THERE IS NO SUCCESS.”

better and then adapt to create a positive environment. At the store level we try to have fun on a daily basis. We celebrate success on a weekly basis as an entire organization. To call out those who have gone above and beyond, we have an Employee Appreciation Day monthly.

If for some reason someone isn't performing well, we have them on a timeline program for improvement. We clearly map out everything he or she must improve on and monitor their changes. Rarely do we have to fire an individual, but if we must do so we do it face-to-face in a professional manner.

COVID-19

What have been the biggest impacts of Covid-19 on your business? Despite the difficulties of Covid, for me, the balance is positive. This situation forced us to review and improve productivity, quality, service times, and restaurant maintenance and cleanliness. It has also forced us to pay closer attention to a retention strategy and come up with more ways to improve internal marketing.

MVP QUESTIONS

Why do you think you were recognized with this award? It's in my blood to always give back to the community and to my people. I would say it's due to all the dedication and emphasis I put on for all of the different causes and communities that we support.

How have you raised the bar in your own company? I constantly share my expectations with my team and try to help them as best I can to reach their full potential as individuals. I strive to invest in the right people and coach them as best I can.

What innovations have you created and used to build your company? We created a system that we call the Balanced Score Card. This tool provides our company with detailed daily, weekly, and monthly tracking results on all of the key metrics we focus on as an organization. With this information, we can take appropriate action and coach accordingly, really diving into the back end of the business.

What core values do you think helped you win this award? We all feel truly blessed and strive to honor Dave Thomas' legacy in our community. We actively support the Dave Thomas Foundation

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FOCUS ON DEVELOPING
OTHERS. ENCOURAGE
STRATEGIC THINKING,
INNOVATION, AND
ACTION. RECOGNIZE,
CELEBRATE, AND BOOST
THEIR COLLEAGUES.”

for Adoption and strongly believe in his culture of giving back. The DTFA is our #1 focus to give back to our communities. We fully support Dave's belief that every child deserves a loving and caring home.

How important is community involvement to you and your company? 100%. Giving back is part of our culture and every employee stands together.

What leadership qualities are most important to you and your company? Focus on developing others. Encourage strategic

thinking, innovation, and action. Recognize, celebrate, and boost their colleagues. Being ethical and honest. Effective cross-cultural communication.

BOTTOM LINE

2022 goals: Open six new restaurants. Improve turnover by implementing more retention strategies. Keep looking for more acquisitions. Grow community outreach now that the pandemic has slowed down. Continue to give back and exceed the previous year's results.

Growth meter: How do you measure your growth? Growing in numbers of individuals employed. We want our workforce to grow to more than 10,000 employees. The more jobs we create, the more families we can support in both rural and urban communities.

Vision meter: Where do you want to be in 5 years? 10 years? Growing our organization to 200 restaurants in 5 years and 300 restaurants in 10 years.

What are you doing to take care of your employees? Reviewing and implementing policies so that the people who work with us have joy at work. Improving our work environment. Providing opportunities to grow within the organization. Improving our retention strategy and ensuring that everyone's voice is heard no matter the position.

What kind of exit strategy do you have in place? Building a great organization that my children can work hard in, grow as leaders, and prepare themselves in many different areas so they can one day take over. ■



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ROMA & SURESH PATEL

Title: Co-owners

Units: 14 Tropical Smoothie Cafes with 10 in the pipeline

Age: Roma Patel, 45; Suresh Patel, 52

Family: 2 sons, Mihir, 24 and Abhi, 20

Years in franchising: 7

Years in current position: 7

ROMA AND SURESH PATEL TEAM UP FOR SUCCESS

2022 MVP Influencer Award for Husband & Wife Team

Written by **KERRY PIPES**

Co-owners of their company, the couple operates 14 Tropical Smoothie Cafes, with more on the way. In operating their business, they say that they soon learned that they couldn't do everything themselves and quickly figured out how to delegate effectively. As a husband-and-wife team, they have established separate roles that allow each to focus on their individual strengths.

The Patels, whose Tropical Smoothie Cafes are located in the Cincinnati area, are planning to open 10 more, at least 3 of them before year-end.

PERSONAL

Formative influences/events: We've had many formative influences during our career including Roma's father and other franchisees, but the support and guidance we've received firsthand from the Tropical Smoothie Cafe executive team has been so influential. They've been so involved with their franchisees, and it's shaped our management style. They are always hands-on and fully transparent with their franchisees regardless of how busy they are, and we've applied that style of management when onboarding new crew members and opening new cafes.

Key accomplishments: Our continued expansion in Cincinnati has been a key accomplishment for us. We currently have 14 cafes open with more in the pipeline for this year.

Next big goal: We want to continue to push our cafe expansion and open more than three cafes this year.

Hardest lesson learned: One of the most difficult lessons we've accepted is that we can't do everything ourselves. It's impossible to run a business by yourself, which is why we've learned to delegate effectively. We have established separate roles for one another that allow us to stay focused on our individual strengths and what's important.

Best advice you ever got: The best advice we've received was from Roma's father. He told her when she was young, "You can't work



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hard just for one day, you must be persistent in your efforts every day to reach your goals.”

Favorite book: *Think Big, Act Small* by Jason Jennings. The book shares the building blocks of thinking big and acting small in business management. We found it very informative.

What’s your passion in business? I’m passionate about the restaurant space and developing new relationships with our team and community members for every cafe opening and beyond. Another one of our passions is inspiring better and giving back to our local communities. This year we donated free smoothies to healthcare workers and local schools in Cincinnati to show our appreciation and support for them after such a hard 2 years.

MANAGEMENT

Business philosophy: Our business philosophy mirrors the values of Tropical Smoothie Cafe, which is why we decided to franchise with the brand. If you aim to inspire better in communities and provide a differentiated guest experience and a frictionless experience for crew members, the business will thrive.

Management method or style: We like to maintain a coaching management style. We personally train and travel from cafe to cafe to ensure each crew member knows who we are and that they are fully supported.

Greatest challenge: Like many other companies, staffing has been the biggest challenge for our cafes, especially recently. We are grateful for all our crew members who have stuck with us through the pandemic.

How close are you to operations? We try to stay as close as possible, and because we manage different aspects of the business we’re involved on every level of operations.

How do you hire and fire, train and retain? We primarily use Indeed to hire new crew members, and we thoroughly train our managers so they know how to appropriately address any employee or guest issue that arises. For every new cafe opening, Roma visits and helps train crew members and managers in every position. We ensure these trainings are comprehensive because the managers handle training after opening. Our hands-on approach to training is a large factor in helping us retain our crew members.

COVID-19

What have been the biggest impacts of Covid-19 on your business? Like almost every business during Covid-19, staffing was an issue for our cafes. We are grateful for all of our crew members who stuck through that difficult time with us.

MVP QUESTIONS

Why do you think you were recognized for this award? Our strong work ethic and joint business management. Without that, we wouldn’t have been able to grow our business as we have.

How have you raised the bar in your own company? By staying involved with all aspects of the business and working with the mentality that no one is too big for any task. We can make smoothies, we clean up, we know the operations inside and out, and always step up if a cafe needs additional hands.

What innovations have you created and used to build your company? We have formed a core group of individuals between all of our cafes that has implemented new training tactics based on

“
YOU MUST BE
PERSISTENT IN YOUR
EFFORTS EVERY DAY TO
REACH YOUR GOALS.”

the ever-changing industry to increase efficiency and productivity throughout each cafe.

What core values do you think helped you win this award? Determination, respect, servant leadership, and focusing on the growth and well-being of our cafes and team members. We value their contributions and wouldn’t be winning this award today without a strong and determined team behind us.

How important is community involvement to you and your company? Very important! We give back to local schools and fundraise any chance we can. Our community is a huge reason we’re here today and why we have the opportunity to open even more cafes.

What leadership qualities are most important to you and your company? Accountability in leadership. As leaders, we find it crucial for our teams to align on the goals of our business and to focus our team on those. We have set clear expectations for ourselves and our cafes to uphold our mission and values. We acknowledge our mistakes and learn from them so we can continue to move forward and lead our cafes effectively.

BOTTOM LINE

Annual revenue: \$1 million-plus.

2022 goals: We hope to open the three Tropical Smoothie Cafes in Cincinnati we have in the pipeline, and plan for additional expansion in that market, among others, going into 2023.

Growth meter: How do you measure your growth? Based on the number of cafes we open per year, and the number of cafes we have in the pipeline for the next year.

Vision meter: Where do you want to be in 5 years? 10 years? Retired! Just kidding. We can’t imagine stepping away from the business in 5, 10, or 15 years. It’s something we love waking up to do. Somewhere in that timeline, we hope to be one of the top developers in the Cincinnati market. Our goal is to open more than 25 cafes.

What are you doing to take care of your employees? We have worked to develop a culture where people feel like family, and that extends to our team members. We make sure each team member feels like they belong, and we really aim to build mutual trust. We often host team outings and treat them to lunch several times a week just to get to know them outside of work. We also have some generous perks, like holiday bonuses.

What kind of exit strategy do you have in place? Our nephew has been helping us with the operations and training sides of the business for the last few years. We hope at some point down the road he’ll be able to take on a bigger chunk of the business for us. ■



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DOUG PORTER

Title: Team Leader (Owner)

Company: Sport Clips

Units: 5

Age: 65

Family: Wife Ann, daughter Alison, 32, son Scott, 30

Years in franchising: 5

Years in current position: 5

MVP DOUG PORTER IS A HIGH FLYER

2022 Veteran Entrepreneurship MVP Award

Written by **KERRY PIPES**

Selected for outstanding performance, leadership, and innovation by a veteran, Porter earned a degree in hotel administration from Cornell University before joining the Navy and flying more than 2,000 hours in carrier-based jets. He then worked in advertising before serving as CEO of the Chicagoland Ronald McDonald House Charities. The 65-year-old has been a Sport Clips franchisee for the past 5 years and currently operates 5 locations.

PERSONAL

Formative influences/events: 1) Athletics in high school and college: teamwork, goal-setting, and “play to win.” 2) BS from the Cornell School of Hotel Administration: really learned a “customer service” focus and the impact that can have on a business. 3) U.S. Navy pilot: evolved leadership approach and teamwork under challenging conditions on North Arabian Sea cruises (also what is important and what isn’t).

Key accomplishments: Family growth and the adults the kids have turned out to be. CEO of Ronald McDonald House Charities in Chicago, building four Ronald McDonald Houses in 10 years to serve 150 families a night who are facing the most difficult times of their lives with a seriously ill child.

Next big goal: Rebuilding the Sport Clips business to what it was before Covid, under very different circumstances.

Hardest lessons learned: Control what you can control, don’t sweat the rest. An optimistic, “can-do” attitude does make a difference. A leader can’t have a bad day.

Best advice you ever got: Life isn’t fair, get over it and move forward.

Favorite books: *In Love and War: The Story of a Family’s Ordeal and Sacrifice During the Vietnam Years* by Jim and Sybil Stockdale, and *Call Sign Chaos: Learning to Lead* by Jim Mattis.

What’s your passion in business? Customer service and helping each team member become the best stylist/person they can be.

MANAGEMENT

Business philosophy: Work on the business, not in the business, and ensure everything I do is adding value that someone else can’t.

Management method or style: Spend time with your people, listen, and show sincere interest. Show them that you care about them. That is how you get their respect and loyalty.



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*The 2021 average gross revenue per franchisee entity was \$956,703 and 45% of the franchisees met or exceeded the average gross revenue in 2021. This information is based on the data provided by 29 company owned centers. 22.4% is the Adjusted EBITDA% of the 49 company-owned locations. 59% of the company-owned locations met or exceeded the Adjusted EBITDA in 2021. Request a copy of our FDD, see Item 19 for more information.





Greatest challenge: The past 2 years with Covid, the number of new skill sets, closures, and financial pressures beyond our control.

How close are you to operations? I dove in at the start of my ownership to understand how to interpret all the numbers we have access to, how they relate to each other, and the drivers of the key metrics. Then I backed off a bit so I don't interfere with the managers and stylists (after all, I have no skill in hairstyling). At the current time I visit each store at least once a week (unannounced) to make sure I have a relationship with all the employees, build trust, answer questions, and then move on to the next store.

How do you hire and fire, train and retain? First, I believe in having the hiring managers all aligned on our philosophy/principles for hiring (e.g., hire for attitude, train for skill, etc.). Then the area manager (responsible for my five stores) will do the bulk of the hiring (with me as a backup), with the specific store managers assisting. The managers and I work on the training program framework and specific goals we have. I'm really involved at the management level (assistant store managers and above) and focus on role playing, not so much the functional skills like scheduling, ordering, etc. I make sure they understand my intent since you can't possibly cover every situation that could arise. I'm very involved in terminations to ensure we are following all the (crazy) California laws and that all employees are treated fairly.

COVID-19

What have been the biggest impacts of Covid-19 on your business? The unpredictability of government-forced shutdown (3+ times). I couldn't give employees all the answers they wanted. The mental health of team members. Divisive issues in society creeping into the business (vaccines, masks, etc.).

MVP QUESTIONS

Why do you think you were recognized with this award? No one thing. My overall approach to business, clients, and team members.

How have you raised the bar in your own company? Being present and offering benefits that are probably unexpected during these Covid times.

What innovations have you created and used to build your company? Marketing (free neck trims and massages at community

events) to demonstrate the brand and recognize that the world doesn't need another barbershop and just hand out coupons! Don't just "sponsor"—implement an innovative strategy with organizations to build the business; help them and get an ROI.

What core values do you think helped you win this award? Consistency, frequency of communication. A leader (owner) can never have a bad day. Having a positive vision.

How important is community involvement to you and your company? Very important. Be seen, be present. In a B2C operation, that is where our clients come from. As a national franchise, Sport Clips is a strong supporter of community involvement, both on the national level and the local franchise level.

What leadership qualities are most important to you and your company? Absolute trust, integrity, truthfulness. Bring clarity to chaos. Clear any obstacles for the team so they can excel at their job.

BOTTOM LINE

Annual revenue: \$1.75 million.

2022 goals: Stabilize the business and gain a good handle on where the industry is headed.

Growth meter: How do you measure your growth? Client count and other internal metrics to measure specific components of the business (e.g., product sales). Decrease turnover to below pre-Covid levels.

Vision meter: Where do you want to be in 5 years? 10 years? "Comfortably" in business. Have a succession plan in place. Promote and support team growth, personally and professionally.

What are you doing to take care of your employees? Sincerely listening to them with interest. Taking decisive action to show I have their best interests at heart. Actively promoting Sport Clips' "Cut It Out" program to address any domestic violence issues. And I've added a mental health counseling benefit to our list of available resources.

What kind of exit strategy do you have in place? Build the business to increase its value. That gives you the most options down the road. ■



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BARYALAY RAZI

Title: Owner

Company: MSR Restaurants

Units: 5 Bojangles, 3 Aloha Poke
and a deal for 10 more

Age: 58

Family: Married 30 years,
2 daughters and a son

Years in franchising: 5

Years in current position: 5

MVP BARYALAY RAZI BUILT A NEW LIFE IN THE U.S.

2022 American Dream MVP Award

Written by **KERRY PIPES**

Selected for achieving remarkable success in his new country, his MSR Restaurants operates Bojangles and Aloha Poke locations in Texas and Maryland.

Razi's journey to the U.S. began as a United Nations delegate from Afghanistan. When ordered back to his country, fearing for his safety if he returned, Razi sought political asylum in the U.S. Asylum was granted and he settled in Texas with his family to start a new life. Unable to remain in international foreign relations, to support his family he found a job working as a manager at a Dallas-Fort Worth Whataburger. From there, he worked his way up to director of operations for two of the largest markets in Texas.

Today, with more than two decades of restaurant operations and management under his belt, he owns 5 Bojangles and 3 Aloha Poke locations in Maryland and has a new 10-store deal for Aloha Poke in Houston.

PERSONAL

Key accomplishments: I started my restaurant career as a shift manager. In 5 years, I worked my way up to director of operations for one of the largest Texas fast-food companies. I managed and led two of the largest markets in Texas (Houston and Dallas). Today, I am a multi-unit franchise owner of Bojangles and Aloha Poke.

Next big goal: To have a diversified business portfolio.

Hardest lesson learned: Be capable of stepping back and trusting your team to do their job. When I started my first franchise, I was taking on too much and trying to do everything myself. Now I spend more time on the training and development of my management team. Having a team that's able to problem-solve, accomplish goals, and lead initiatives means I can focus more on improving the business.

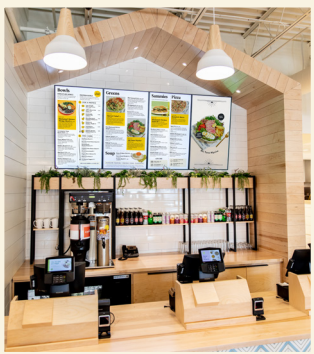
Best advice you ever got: Whatever you do, give it 100%.

Favorite book: *The 7 Habits of Highly Effective People* by Stephen Covey.

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*Median Gross Sales for the Mature Company Owned Restaurants covered in the Item 19 of our 2021 Franchise Disclosure Document (FDD) is \$1,769,959. Your results may differ. This is not an offer or solicitation of an offer to buy a franchise. The offer of a Modern Market Eatery Franchise can only take place through the delivery of our current FDD.

What's your passion in business? Developing highly productive teams and building community with our employees.

MANAGEMENT

Business philosophy: Believe in providing exceptional customer service.

Management method or style: Focus on developing others.

Greatest challenge: Finding the right employees can be challenging in a small business. Small businesses need qualified, hardworking employees who can handle multiple tasks and adapt to change. To find great employees, it's important to invest time in the hiring process.

How close are you to operations? I am an owner-operator. I am involved in operations daily.

How do you hire and fire, train and retain? We use Snagajob and Indeed to hire. Every employee is given a copy of the employee handbook and is required to read and sign it before employment begins. Disciplinary actions are taken based on handbook violations. Our employees use training software (LearnUpon) to earn certifications on each station. Employees can cross-train, revisit previous modules, and learn new procedures. We have employee incentive programs that include performance-based bonuses, holiday gift cards, vacation for full-time and part-time employees, sick pay, birthday pay, and health insurance. We also offer professional development opportunities within our organization.

COVID-19

What have been the biggest impacts of Covid-19 on your business? More so than before Covid-19, drive-thru and delivery are an essential component of revenue. Finding workers is more difficult now. The supply chain has been interrupted on every level. Almost all products needed to serve our customers are constantly delayed or unavailable.

MVP QUESTIONS

Why do you think you were recognized with this award? I attribute this award to my hardworking and resilient team. We've worked tirelessly together to make this business successful.

How have you raised the bar in your own company? I have stayed focused on food. No shortcuts. Improved operations efficiencies on a consistent basis.

What innovations have you created and used to build your company? We used delivery services to improve the company revenue. We also stay current on new technologies.

What core values do you think helped you win this award? A positive spirit based on supporting each other and investing in people. I always push myself and my team to make a difference every day, to focus on finding solutions, and to always do your best.

How important is community involvement to you and your company? We can't survive without supporting our community. It's the most important part of each business to support and be involved in the community.

What leadership qualities are most important to you and your team? Team-building, resilience, and employee development.

BOTTOM LINE

Annual revenue: \$7.9 million.

2022 goals: \$8.2 million.

Growth meter: How do you measure your growth? 1) One important measurement we use is customer satisfaction. I communicate the satisfaction rates with the team on a consistent basis to look for the root causes of any decline. 2) Know how many new and repeat customers you are getting and use these metrics to predict growth and measure success. 3) Stay current with the market technology and new efficiencies such as order ahead, online orders, deliveries, etc.

Vision meter: Where do you want to be in 5 years? 10 years? To open 10 new locations and from there to develop a diverse business portfolio.

What are you doing to take care of your employees? I focus on building strong relationships and trust with our employees. I ask about their families, hobbies, and take the time to get to know them. Our company celebrates achievements and acknowledges employees who excel. We also offer a competitive benefits package and encourage open communication.

What kind of exit strategy do you have in place? I have plans to transition the company to my three kids. ■

“
A POSITIVE SPIRIT BASED
ON SUPPORTING EACH
OTHER AND INVESTING
IN PEOPLE. I ALWAYS
PUSH MYSELF AND
MY TEAM TO MAKE A
DIFFERENCE EVERY DAY,
TO FOCUS ON FINDING
SOLUTIONS, AND TO
ALWAYS DO YOUR BEST.”

Entrepreneur

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500
TOP
NEW & EMERGING
FRANCHISE
2022

A FRANCHISE THAT PACKS A PUNCH

Diversify your portfolio with a scalable, proven business model in a \$30+ Billion industry.¹

89.36%

Member Retention
During Q4 of 2021*

\$56,642.04

Avg Monthly Net Revenue
Generated by Top 20% of
Franchised Studios in 2021*

52.18%

Avg Percentage
Increase in Total Net
Revenue Generated
from 2020 to 2021*

1. Published through CultureBanx by Majella Mark "2022 New Workout Plan As Gym Industry Hits \$33 Billion" January 3, 2022
*See 2022 FDD for Details

Zac Celaya

VP of Franchise Development

Phone: (704) 946-5591

Email: zcelaya@rockboxfitness.com

www.rockboxfitness.com/franchise-opportunities

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LUIS SAN MIGUEL

Title: President, CEO
Company: Fresh Dining Concepts
Units: 40 Auntie Anne's, 2 Cinnabon,
6 co-branded Auntie Anne's/Cinnabon,
2 co-branded Auntie Anne's/Carvel
Age: 62
Family: Wife, 2 sons, 1 granddaughter
Years in franchising: 10
Years in current position: 5

LUIS SAN MIGUEL CO-BRANDS HIS WAY TO GROWTH

**2022 Mega Growth Leadership
MVP Award**

Written by **KERRY PIPES**

Selectd for achieving excellence in the growth and expansion of his brands, he is the president and CEO of Fresh Dining Concepts, which operates multiple locations of Auntie Anne's, Cinnabon, and Carvel. The 62-year-old has a diverse business background and a track record of success in franchising. He has been a financial manager and CFO, and he's worked at Burger King as both a corporate employee and as a franchisee. Today, with 40 units, his company is the third-largest Auntie Anne's operator in the U.S.

PERSONAL

Formative influences/events: I was born in Cuba and emigrated to the United States with my family when I was 9 years old. I still remember the challenge of learning a new language, which created struggles in school. I am grateful for the warm welcome my family and I received from the United States, in particular the community in Miami. I'm also grateful for the educational and professional opportunities made available to me. I received my college degree from Fordham University in New York. Living on my own in New York exposed me to multiple cultures and ethnicities and helped me develop my leadership and communication skills.

Key accomplishments: Becoming a father, completing an IPO on the Nasdaq.

Next big goal: Reaching 100 units (doubling our current unit count).

First turning point in your career: Leaving KPMG was not a decision I initiated. It helped me realize that I needed to take charge of my career and not just rely on corporate processes for progression.

Hardest lesson learned: My first franchise transaction was much greater in value than I anticipated. As a result, I partnered with a capital source I was unfamiliar with just to be able to complete the deal. That decision turned out to be a mistake as my partner and I did not have similar goals or perspectives and had to sever the

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 **24%** YOY
Same-Store
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(2019-2020)*

 **\$1,179,980**
Drive-Thru Kiosk Average Unit Volume**

 **\$310,231**
Average EBITDA**

 **26%**
Net Profit Margin**



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*This is historical representation of what some of our franchisees have earned as described further in Item 19 of the FDD. Same-store sales growth compares net sales (gross sales minus discounts and refunds) in calendar year 2020 to net sales in calendar year 2021. This information is based upon 217 locations that were open during the entire 2021 calendar year and provided complete information. Of these 217 locations, 112 (or 51.61%) of them had Same-Store Net Sales Growth Over Prior Year that met or exceeded 24.32%. Your results may differ. There is no assurance that you will sell or earn as much. See Item 19 of the FDD for more information.

**This is historical representation of what some of our franchisees have earned as described further in Item 19 of the FDD. This information is based upon the top 43 of 172 Drive-Thru Kiosks that were open during the entire 2021 calendar year and provided complete information. Of these 31 Drive-Thru Kiosks that compile the top quartile: (1) 17 of them (or 40%) had an AUV that met or exceeded \$1,179,980, (2) 19 of them (or 44%) had a Net Profit Margin and EBITDA that met or exceeded the average. Your results may differ. There is no assurance that you will sell or earn as much. See Item 19 of the FDD for more information.

partnership after little more than a year. Lesson learned: Take the time to know your prospective partners and don't be afraid to ask hard questions up front to ensure there is real common ground.

Best advice you ever got: "God grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference."

MANAGEMENT

Business philosophy: Assume responsibility and be accountable for your actions and inactions.

Management method or style: "Benevolent dictator." I am strong-willed, but I also value my team's opinions and seek to get their buy-in on conclusions I reach or decisions I make.

Greatest challenge: Delegating important decisions. I realize that delegating authority is an important part of developing my subordinates, but my tendency is to assume the lead on important matters.

How close are you to operations? We have an excellent operations team. Our COO and directors have long tenure with the brands, and I rely on them for day-to-day operating decisions. As it relates to operations, my focus is on strategic matters such as building sales or long-term labor cost management.

How do you train and retain? The bulk of our training is hands-on with direct supervision. This is true at the store level as well as for the administrative staff. At the store level, we also leverage operational e-learning modules developed by Auntie Anne's and Cinnabon to ensure we are executing brand standards and making delicious products our guests know and love and have come to expect from our brands.

COVID-19

What have been the biggest impacts of Covid-19 on your business? All mall-based businesses are obviously struggling with decreased foot traffic, but I see this issue as one that will be overcome with the development of new drugs and treatments in the near future. I believe our biggest long-term issue is on the labor side. We are having a very difficult time attracting and retaining crew members. This probably is due to a number of factors, including the virus and the negative impact the government's stimulus and unemployment subsidies have had on our ability to compete for people.

MVP QUESTIONS

Why do you think you were recognized with this award? We are excited to be awarded the Mega Growth Leadership Award and believe that our ability to quickly reopen all our locations after the initial Covid shutdown in March 2020 played a big role. Our team also completed new store developments and acquisitions that effectively tripled the size of our entity within 18 months of the onset of the pandemic. This demonstrated our high-quality operational capabilities, strong financial backing, and bullish outlook for the foodservice sector and overall economy—despite the many challenges that have been presented over the past 2 years.

How have you raised the bar in your own company? Over the years, I have brought greater discipline to all aspects of the business. Operationally, we have instituted formal metrics to help assess labor and waste efficiencies and to measure the effectiveness of each staff member. Additionally, we have created a timely financial reporting structure that is relevant to the assessment of our

operating results, helping us to properly deploy capital. At the end of the day, each of these measures adds up to greater accountability for all our management team members.

What innovations have you created and used to build your company? As a large multi-unit franchisee, we rely on a combination of our own expertise and our franchisor's innovative capabilities. We are an active participant in the marketing and operational tests at Focus Brands and provide a great deal of feedback and input when requested. For example, one of our proposed solutions for creating bundled sales is being rolled out by the franchisor as a national test later this year.

What core values do you think helped you win this award? First and foremost, we treat all our employees with respect. We want everyone to express their opinions on topics they are knowledgeable about, and everyone is encouraged to question and challenge decisions in a respectful manner. We want our employees to be involved in our decisions and to have an understanding of why these decisions are made. Second, we hold everyone accountable for the quality of their work and financial results for their areas of responsibility. I firmly believe that respect and accountability are the two core values that have allowed us to succeed.

“
ASSUME RESPONSIBILITY
AND BE ACCOUNTABLE
FOR YOUR ACTIONS
AND INACTIONS.”

How important is community involvement to you and your company? We believe it is important to give back to the communities we serve daily. We encourage our store managers and district managers to seek out opportunities to partner with a variety of local organizations. For example, in one of our communities we have partnered with an organization that serves disabled youth, providing a limited work experience for one or two young people to help them learn work skills and develop interactional skills.

What leadership qualities are most important to you and your team? As mentioned, we value accountability heavily in our company and believe that it is an essential characteristic for any leader. Last, to be a great leader, it's important to develop positive and productive working relationships with your employees and to become a trusted resource for them as they grow within the company.

BOTTOM LINE

Annual revenue: \$40 million-plus.

What kind of exit strategy do you have in place? For me personally, the best exit strategy is to have an effective and competent management team that makes me expendable, and I think we already have that in place. Having said that, I enjoy what I do and don't have any near-term exit plans. ■



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AVERAGE CASH FLOW FOR TOP 25% OF STORES*

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— 2022 —

*This information reflects the Average Gross Sales and Average Free Cash Flow for the Top 25% of Buddy's Home Furnishings company-owned retail businesses which were in operation for the entirety of the 2021 fiscal year. Of the 37 retail businesses that were in operation for all of 2021, 9 were included in the Top 25% sample set and 3 attained or surpassed the Average Gross Sales and 4 attained or surpassed the Average Free Cash Flow as described above. We refer you to Item 19 of our 2022 Franchise Disclosure Document for additional information. A NEW FRANCHISEE'S RESULTS MAY DIFFER FROM THE REPRESENTED PERFORMANCE. This advertisement is not intended as an offer to sell, or the solicitation of an offer to buy, a franchise. Offerings made by prospectus only and in compliance with the applicable pre-sale registration and disclosure requirements in your state. **Per 2021 APRO Annual Industry Health Survey ©2022 Buddy's Home Furnishings®. All rights reserved.

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TOP 50 BRANDS BY NUMBER OF MULTI-UNIT FRANCHISEES

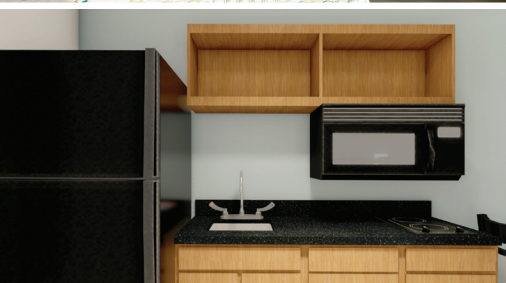
RANK	BRAND	MULTI-UNIT ZEEES	SINGLE-UNIT ZEEES	TOTAL	DATA YEAR
1	SUBWAY	3,472	3,313	6,785	2020
2	MCDONALD'S	1,792	333	2,125	2020
3	THE UPS STORE	924	2,306	3,230	2020
4	AFC	837	1,929	2,766	2020
5	DUNKIN'	797	4,918	5,715	2020
6	ACE HARDWARE	601	2,411	3,012	2020
7	RE/MAX	580	764	1,344	2020
8	GREAT CLIPS	574	243	817	2020
9	HEALTH MART PHARMACY	556	3,190	3,746	2020
10	DOMINO'S PIZZA	535	229	764	2020
11	H&R BLOCK	522	624	1,146	2020
12	LIBERTY TAX SERVICE	484	675	1,159	2020
12	LITTLE CAESARS	484	264	748	2020
14	FIREHOUSE SUBS	465	22	487	2020
15	VISION SOURCE	416	2,068	2,484	2019
16	DQ GRILL & CHILL	407	1,080	1,487	2020
17	HISSHO SUSHI	375	494	869	2020
18	BURGER KING	368	353	721	2020

RANK	BRAND	MULTI-UNIT ZEEES	SINGLE-UNIT ZEEES	TOTAL	DATA YEAR
19	JACKSON HEWITT TAX SERVICE	351	164	515	2020
20	JIMMY JOHN'S	347	770	1,117	2020
21	CHICK-FIL-A	336	1,555	1,891	2020
22	TACO BELL	333	278	611	2020
23	ANYTIME FITNESS	331	1,502	1,833	2020
24	CENTURY 21	316	639	955	2020
25	JERSEY MIKE'S	296	222	518	2020
26	KELLER WILLIAMS	293	474	767	2020
27	BASKIN-ROBBINS	292	1,421	1,713	2020
28	SPORT CLIPS	280	112	392	2020
29	SERVPRO	262	694	956	2020
30	PAPA JOHN'S	261	367	628	2020
31	SUPERCUTS	259	103	362	2020
32	KFC	250	339	589	2020
33	SONIC DRIVE-IN	237	174	411	2019
34	MASSAGE ENVY	230	213	443	2020
35	EDIBLE	214	279	493	2020
36	COLDWELL BANKER	206	423	629	2020



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*Average Occupancy and Revenue per Available Room Index based performance for all Affiliate-Owned Hotels open and operating for at least one year and for all of January 1, 2020 through December 31, 2020 with any temporary closures being less than 90 days, 51 hotels. STR RevPAR Index. This is not an offer. No offer or sale of franchise will be made except by a Franchise Disclosure Document first filed and registered with the applicable authorities. For New York: An offering can only be made by a prospectus filed first with the Department of Law for the State of New York. Such filing does not constitute approval by the Department of Law. For Minnesota #F- 9524. HomeTowne Studios by Red Roof, 7815 Walton Pkwy New Albany, Ohio 43054. © 2022 HomeTowne Studios by Red Roof

RANK	BRAND	MULTI-UNIT ZEEES	SINGLE-UNIT ZEEES	TOTAL	DATA YEAR
37	SMOOTHIE KING	204	239	443	2020
37	WENDY'S	204	113	317	2020
39	PAPA MURPHY'S TAKE 'N' BAKE PIZZA	192	207	399	2020
40	HUNTINGTON LEARNING CENTER	185	41	226	2020
41	DQ TREAT	183	725	908	2020
42	WINGSTOP	181	77	258	2020
43	COLD STONE CREAMERY	175	384	559	2020
44	PIZZA HUT	173	123	296	2020
45	EUROPEAN WAX CENTER	172	97	269	2020
45	CLUB PILATES	172	126	298	2020
47	TROPICAL SMOOTHIE CAFE	168	289	457	2020
48	CULVER'S BUTTERBURGERS & FROZEN CUSTARD	167	293	460	2020
49	POPEYES LOUISIANA KITCHEN	164	647	811	2020
50	ARBY'S	156	250	406	2020

TOP 50 BRANDS BY PERCENTAGE OF MULTI-UNIT FRANCHISEES

RANK	BRANDS	% MULTI-UNIT ZEEES	MULTI-UNIT ZEEES	SINGLE-UNIT ZEEES	TOTAL	DATA YEAR
1	PANERA BREAD	100.00%	28	0	28	2020
2	FRESHII	98.15%	53	1	54	2020
3	FIVE GUYS	97.96%	96	2	98	2020
4	DUTCH BROS.	96.15%	50	2	52	2019
5	FIREHOUSE SUBS	95.48%	465	22	487	2020
6	JACK IN THE BOX	94.23%	98	6	104	2020
7	PALM BEACH TAN	93.10%	27	2	29	2020
8	SMARTSTYLE	92.31%	108	9	117	2020
9	MIRACLE-EAR	91.20%	114	11	125	2020
10	APPLEBEE'S	87.50%	28	4	32	2020
11	MCDONALD'S	84.33%	1,792	333	2,125	2020
12	HUNTINGTON LEARNING CENTER	81.86%	185	41	226	2020
13	FRONTIER ADJUSTERS	79.07%	102	27	129	2020
14	VALVOLINE INSTANT OIL CHANGE	76.47%	52	16	68	2020
15	CARL'S JR.	75.70%	81	26	107	2020



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*This is an average of unaudited gross sales shared from the top 50% of open Wiener Schnitzel restaurants for the entire calendar year of 2021. Your estimated sales and operating costs can and will vary. This information is not an offer to sell you a franchise. Please read our Franchise Disclosure Document for more information.

RANK	BRANDS	% MULTI-UNIT ZEEs	MULTI-UNIT ZEEs	SINGLE-UNIT ZEEs	TOTAL	DATA YEAR
16	GODFATHER'S PIZZA	75.53%	142	46	188	2020
17	COST CUTTERS FAMILY HAIR SALON	75.28%	67	22	89	2020
18	FREDDY'S FROZEN CUSTARD & STEAKBURGERS	75.00%	36	12	48	2020
19	SIMPLE SIMON'S PIZZA	73.13%	98	36	134	2020
20	BLAZE PIZZA	73.02%	46	17	63	2020
21	MICHELIN COMMERCIAL SERVICE NETWORK	72.73%	24	9	33	2020
22	SUPERCUTS	71.55%	259	103	362	2020
23	SPORT CLIPS	71.43%	280	112	392	2020
24	BOJANGLES	70.31%	45	19	64	2020
25	GREAT CLIPS	70.26%	574	243	817	2020
26	WINGSTOP	70.16%	181	77	258	2020
27	DOMINO'S PIZZA	70.03%	535	229	764	2020
28	SOLA SALON STUDIOS	69.77%	90	39	129	2020
29	CAPTAIN D'S	69.57%	64	28	92	2020
30	HARDEE'S	69.31%	70	31	101	2020
31	JACKSON HEWITT TAX SERVICE	68.16%	351	164	515	2020
32	PACLEASE	67.86%	38	18	56	2020
33	PLAYA BOWLS	66.67%	20	10	30	2020
34	PENN STATION EAST COAST SUBS	66.23%	51	26	77	2020

35	SOTHEBY'S INTERNATIONAL REALTY	65.94%	91	47	138	2020
36	ROSATI'S CHICAGO PIZZA	65.79%	25	13	38	2019
37	LITTLE CAESARS	64.71%	484	264	748	2020
38	WENDY'S	64.35%	204	113	317	2020
39	EUROPEAN WAX CENTER	63.94%	172	97	269	2020
40	AVIS	63.89%	23	13	36	2020
41	BUDGET	62.86%	22	13	35	2020
42	HOMESMART	62.71%	37	22	59	2020
43	PANDORA	62.22%	28	17	45	2020
44	RALLY'S	61.90%	26	16	42	2020
45	FREEDOM BOAT CLUB	61.22%	30	19	49	2020
46	BARBERITOS	60.53%	23	15	38	2020
47	SMASHBURGER	59.52%	25	17	42	2020
48	TWO MEN AND A TRUCK	59.29%	83	57	140	2020
49	PIZZA HUT	58.45%	173	123	296	2020
50	FUZZY'S TACO SHOP	58.33%	28	20	48	2020

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



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Average revenue per store for
top 25% of stores*

\$1,959,404

Average contribution per store for
top 25% of stores*

\$379,671

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*This information reflects the Average Revenue and Average Contribution for the Top 25% of The Vitamin Shoppe company-owned stores which were open for more than a year as of fiscal year end 2021 and were operating in at least 3,000 sq ft of space. Of these 134 stores, 51 attained or surpassed the Average Revenue and 62 attained or surpassed the Average Contribution described above. We refer you to Item 19 of our 2022 Franchise Disclosure Document for additional information. 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 made by prospectus only and in compliance with the applicable pre-sale registration and disclosure requirements in your state. ©2022 The Vitamin Shoppe®. All rights reserved.

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22

FRANCHISE INNOVATION AWARDS

Celebrating Franchising's Most Innovative Brands

Four years ago, Franchise Update Media launched its annual Franchise Innovation Awards to celebrate the best and brightest innovation by franchise brands. This year's winners were revealed at the new Franchise Customer Experience Conference (FCXC) in Atlanta in June.

The annual awards recognize the most creative and successful strategies and tactics introduced by franchise brands seeking ways to gain competitive advantage in their markets. More than 100 entrants from dozens of franchise brands entered this year. A select few rose to the top to earn coveted awards in each of the 22 subcategories, as well as in two overall categories.

An expert panel of judges reviewed entrants in four major categories: Marketing & Branding, Products & Services, Operations & Technology, and Human Resources. Scores were based on several criteria, including each entrant's vision and goals, evidence-based impact and results, and uniqueness.

And the winners are...

For this year's 22 categories, judges evaluated each entry's objective, the problem it sought to solve, and how they created an innovative solution that achieved measurable improvement.

Second, two overall winners were selected, with four finalists for each award: 1) the Franchise Marketing Leadership Award to the brand that entered the most innovative and successful marketing campaign; and 2) the Operations & Technology Leadership Award to the brand deemed to have employed the best use of technology in operations.

Wild Birds Unlimited received the 2022 Franchise Marketing Leadership Award for its innovative use of a programmatic CTV campaign. The other three finalists were Handyman Connection, Kiddie Academy, and Goldfish Swim School.

Checkers & Rally's won the Operations & Technology Leadership Award for its innovative use of AI in its drive-thrus. The other three finalists were Hand & Stone Massage and Facial Spa, Inspire Brands, and Smoothie King.

- **Marketing & Branding:** This category asked brands what innovative solutions they employed to grow consumer awareness, engagement, and loyalty—everything from traditional advertising and PR campaigns to social media, rewards programs, new product launches, and local store marketing campaigns.

- **Products & Services:** To meet the changed needs of today's consumers, franchise systems must evolve along with them—not only in determining what customers want in products and services, but also in how they want them delivered. For many entrants, technology played a huge role in adapting to how customers preferred to order, pay for, and receive a brand's products or services in this post-Covid environment.

- **Operations & Technology:** Systems and processes, along with replicability and scalability, are essential for franchising success. Judges reviewed how franchising's most forward-thinking operations teams improved and streamlined their brands' processes and practices through innovation in the face of the ongoing pandemic.

- **Human Resources:** Growing a great brand requires the best people at every level of the system, from the fry cook to the CEO. This category examined how brands employed unique, innovative strategies and tactics to attract, hire, train, and retain the employees who best suited their vision and culture.

Marketing & Branding (8)

Best Big Budget Campaign	Uberrito Fresh Mex
Best Digital Campaign	Wild Birds Unlimited
Best Limited Budget Campaign (under \$1 million)	Wild Birds Unlimited
Best Loyalty App	Blaze Pizza
Best PR Campaign	Goldfish Swim School Franchising
Best Social Media Campaign	Camp Bow Wow
Cause Marketing Champion	Kiddie Academy
Local Marketing Leadership	Handyman Connection

Operations & Technology (7)

Most Innovative Building Design, Remodel, or Prototype	Inspire Brands
Most Innovative Consumer Self-Service Tools	Pillar To Post Home Inspectors
Most Innovative Franchisee Support	Wild Birds Unlimited
Most Innovative Operations Team	Smoothie King
Most Innovative Supply Chain Improvements	Shawarma Press

Operations & Technology (7) (con't)

Most Innovative Use of Data	Blaze Pizza
Most Innovative Use of Technology	Checkers & Rally's
Products & Services (5)	
Most Innovative Product Introduction	Hand & Stone Massage and Facial Spa
Most Innovative Service Introduction	Plumbing Paramedics and Heating + Air Paramedics
Most Innovative Use of Customer-Facing Digital Tools	School of Rock
Most Innovative Use of Technology: Products	Xponential Fitness

Most Innovative Use of Technology: Services	Checkers & Rally's
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Human Resources (2)

Most Innovative Employee Hiring	Goldfish Swim School
Most Innovative Employee Retention	Handyman Connection



NEW VENUE, MORE CONTENT!

MUFC draws the industry's best multi-unit operators

Written by **KERRY PIPES & EDDY GOLDBERG**

The annual Multi-Unit Franchising Conference returned to its regular spring schedule this year in Las Vegas, dealing multi-unit franchisees hand after winning hand of top-quality educational opportunities, brands, suppliers, and hours of peer-to-peer networking opportunities.

The annual event, held March 29 through April 1 at the new Caesars Forum—a spacious, state-of-the-art, 550,000 s.f. venue—provided a fresh look and feel for franchising's premier multi-unit event.

The conference hosted several world-class keynote speakers, including NFL Hall of Fame running back Emmitt Smith and entrepreneur and author Jesse Itzler. The agenda was packed with general sessions and breakouts led by some of franchising's top movers and shakers.

As always, the focus remained on providing a forum for franchisees, franchisors, and suppliers to gather, talk shop, and do some business. At the sessions, attendees soaked up fresh takeaways for improving and operating their businesses, and in the Exhibit Hall met with franchise brands and suppliers from across the board.

Despite Covid and spotty airline schedules, attendance held firm with more than 1,800 registrations and a sold-out Exhibit Hall. Breakout sessions were packed, as were the hallways, all abuzz with high-energy conversations. And, of course, the casinos and bars were hot spots in the evening.

This year's numbers included hundreds of exhibitors from franchise brands and suppliers, along with more than 600 franchisees operating 16,500 units with more than \$11 billion in systemwide revenue—and with plans to open more than 2,000 new units in the next 12 months.



WELCOME

For golfers, the conference teed off on Tuesday with the MUFC's annual charity scramble-style tournament at the Arroyo Golf Club in Red Rock Canyon, high above downtown with a panoramic view of the strip. Back in town, the evening featured a franchisee-only get-together at Brooklyn Bowl on the Linq Promenade, offering franchisees a chance to throw a strike down the lane or to strike up conversations with new and old friends.

DAY 1, LET THE GAMES BEGIN!

Franchise Update Media Chairman and co-founder Gary Gardner welcomed the packed ballroom crowd to the first full day of the conference. He was followed by presentations from three past MUFC chairs: Michael Kulp, Guillermo Perales, and Cheryl Robinson. Each described the value of the conference to them over the years, and why they continue to attend each year.

Next up was the event's first keynote speaker, Jesse Itzler, co-founder of Marquis Jet, author of New York Times bestseller *Living with a SEAL*, and one of the owners of the NBA's Atlanta Hawks. Itzler is a passionate entrepreneur and motivational speaker who drew on his own life experiences to encourage attendees to pursue their desires and prioritize the things that matter most in their lives.

"The limitations we put on ourselves are self-imposed," he said. "Pain and discomfort make our brains say 'Stop.'" However, he said, with dedication, determination, and hard work—even failure—you can accomplish what you want to, he encouraged the crowd in the packed room. He wrapped up his presentation saying, "We didn't come this far to only come this far. Go do what you've always wanted to do." The keynote sponsor was Inspire Brands.

Following a short break, a general session panel entitled "Strategies To Attract, Recruit, Retain, and Grow Top Talent" took the stage. Multi-unit franchisees Gary Robins (Supercuts), and Michael Kulp (KFC, Taco Bell, Arby's), along with Aziz Hashim (managing partner of NRD Capital) and Ashley Hollweg (CEO of Hollweg Assessment Partners), discussed today's hottest HR issues.

The conversation ranged from how post-Covid technology is affecting recruitment to how to provide better opportunities for employees so they'll stay. "You'd better be using gamification as a way to train your employees because that's what they want," said Hashim. Robins added, "Before you implement any new technologies, you must have good processes in place."



A working lunch keynote session followed with Jim Sullivan, CEO and founder of Sullivision.com, who walked franchisees through his proven processes for multi-unit leadership. Drawing on his 20 years in the hospitality and retail industries, he blended in the impacts of Covid to outline what he called "The 5 New Rules of Leadership." He provided attendees with specific strategies and tactics to find, build, and retain high-performing teams by keeping them engaged.

The remainder of the day's educational offerings came in the form of breakout sessions that included "Build Your Infrastructure for Growth," "Changing Consumer Behaviors," and "Advancements in Operational Service Systems."

The grand opening of the Exhibit Hall with plenty of food and drink soon saw the room abuzz with lively conversations to cap off a day of powerful content.

DAY 2, SESSIONS AND INSPIRATION

Breakout sessions were the order of the morning. Attendees chose from topics that included "Due Diligence for Choosing a New Brand, Segment, or Service System," "Create Your Playbook To Grow Internationally," "Strategies and Tools To Build Customer Loyalty," and "Adapt to Current Market Changes."

Attendees reconvened in the general session for an inspiring keynote from NFL Hall of Fame running back and three-time Super Bowl champion Emmitt Smith. In his easygoing storytelling style, he told the packed room how playing football taught him important life lessons, many coming from his coaches, others from his teammates, and shared them with the rapt audience. In a dream-come-true, real life fairy tale, he recounted how, as a young boy in Florida, he'd seen the Dallas Cowboys on TV and told his father he was going to play for the Cowboys one day. In high school, he actually did attend a Super Bowl in person at the Rose Bowl, where he told a friend that he was going to play in a Super Bowl there someday. As the rest of the story goes, he *did* go on to play for the Cowboys—in a Super Bowl—at the Rose Bowl.

"Success can be achieved by setting goals," he said. "Write your dreams down and they turn into goals. Face the fears you have. Be aware of the people helping you along the way, and prepare for challenges and opportunities. That's how you achieve success." The keynote sponsor was Smoothie King.

Following Smith (a tough act for anyone to follow!), customer service guru John DiJulius took the stage to deliver a session called

“Elevate the Guest Experience.” Addressing today’s labor shortage, he said, “Customer satisfaction is sinking like the Titanic. It’s at a 15-year low.”

Despite the Great Resignation, he encouraged attendees to maintain their hiring standards to keep up their levels of customer service. “Don’t fill positions with just anyone,” he advised. “Don’t keep poor performers.” He emphasized the importance of creating a healthy culture, being transparent with customers, and creating a “signature customer experience,” despite all.

Next up came the much-anticipated presentation of Multi-Unit Franchisee magazine’s MVP Awards. Winners were revealed and recognized with plaques presented to them on stage before a packed, and appreciative, general session audience. Read their individual stories in the pages of this magazine.



THE ECONOMIC OUTLOOK

FRANdata CEO Darrell Johnson took the stage next to deliver his annual State of the Economy presentation. “The global economy in 2022 is weaker than expected and inflation will stay longer than we thought,” he said. “Franchise growth should continue, but it will be at a slower pace.”

Citing research from the IFA/FRANdata Economic Outlook report, he noted:

- In 2021 total revenue generated by franchised businesses improved by 16.3% to \$787.7 billion.
- Unit growth this year is projected at 2.2%, reaching 792,014 domestic franchise units, an increase of 17,000 from 2021.
- Franchise employment is forecasted to grow at a rate of 3.1% and recover to pre-pandemic levels, representing a net gain of 257,000 jobs over 2021.

On the labor front, he said there was “labor pain” across all of franchising, putting a considerable constraint on system growth. The biggest labor issue reported was the *quality* of today’s labor pool.

Private equity involvement in franchising continues to increase, he noted, with a record number of M&A deals in the franchise space in 2021: a total of 141 brands changed ownership, nearly doubling the previous high of 74 in 2017. PE firms, he said, are expected to be “hyper” active in 2022 as they continue to grow trust in the franchise business model and seek deals with franchise brands and larger multi-unit operators.

In addition, buoyed by firm consumer spending, government stimuli, and cheap credit, franchisors backed larger deal sizes. The average deal size hit a 3-year record in just the first few months of 2022, rising from 8 units in 2019, 7 units in 2020, and 10 units in 2021 to 19 units so far this year. MUMBOs (multi-unit, multi-brand operators) will become ever larger, driven by brand diversification, consolidation, and retirements in a tumultuous global economy.

On the financing front, so critical for brand growth, Johnson said underwriting challenges are slowing lending, as are high borrowing costs and increasing interest rates. Lenders are being more cautious than they have been in recent years, unsure how much government assistance is responsible for positive numbers from both brands and franchisees. They are adopting a wait-and-see attitude until more of the dust from PPP, EIDL, and other government assistance programs settles. He recommended brands—and lenders—use the FUND credit scoring model to gain greater clarity in their decision-making process.

THE GROWTH OUTLOOK

Another general session panel took the stage with a panel called “Growth in 2022 and Beyond—Offense or Defense.” David Paris (Rent-A-Center, Rim Time, Popeyes) moderated a panel consisting of Dawn LaFreed (Denny’s), Eric Danver (Hand & Stone Massage), Nate Garn (Sizzler, Little Caesars, Dunkin’, Red Robin, Wingstop, Jersey Mike’s), and Roland Sponberg (El Pollo Loco, Wendy’s, Denny’s, Krispy Kreme, Blaze Pizza). Their conversational Q&A approach included engaging discussions on the strategy of new development versus acquisitions and the pros and cons of each. Other topics ranged from access to capital and labor market challenges to inflation and supply chain shortages.

The day once again concluded with drinks, hors d’oeuvres, and more buzzworthy conversations in the Exhibit Hall and beyond.



DAY 3, CLOSING WORKSHOP

The conference wrapped up with a well-attended morning closing session entitled “M&A Workshop: Prepare Your Business for the Next Step.” With the increase in M&A activity (see above), the workshop focused on the fundamentals of preparing your multi-unit organization for both sales and acquisitions in the coming months and years. The panel of M&A pros consisted of attorney Kevin Hein, co-chair of the Franchise and Licensing Practice Group at Akerman; John Goldasich, managing director at Arlington Capital Advisors; Eric Schnyder, managing director of

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MUFG's Restaurant Finance Group; and Adam McKean, director at Levine Leichtman Capital Partners.

The panelists laid out some basic strategies and tactics for business sales and acquisitions, noting the critical importance of rigorous due diligence, transparency regarding any past errors in company financials, and how to develop the key relationships necessary for buying and selling units.

SATISFIED CUSTOMERS!

Franchisees liked what they saw and heard at the conference. "I've been coming to this show since 2006. I realized how forthcoming everyone was, how much they share, and this even changed my life," said Greg Thomas, a Great Clips multi-unit franchisee.

"This is one of my favorite conferences to come to," said Dawn LaFreeda, a multi-unit Denny's operator and general session panelist. "I especially love the trade show, and I love the speakers and the panels. I think it's just a great show."

The 2023 Multi-Unit Franchising Conference will return to Caesars Forum in Las Vegas next April 25 to 28. For more information, visit www.multiunitfranchisingconference.com in the coming months. ■

CONFERENCE BY THE NUMBERS

Aggregated statistics from the 2022 MUFC

- **1,800+** Total attendees registered
- **600+** Franchisees registered
- **200** Brands represented
- **16,500** Operating units
- **50% +2** or more brands
- **16%** 4 or more brands
- **80%** 3 or more units
- **60%** 10 or more units
- **20%** 40 or more units
- **\$11 billion+** Total annual revenue
- **75%** Franchisees seeking new brands
- **2,000** Units opening in the next 12 months



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BALANCING ACT

Harmonizing the
franchisee-franchisor relationship

Written By
COLLEEN MCMILLAR

Early in the coronavirus pandemic, as U.S. cities locked down and restaurant dining rooms temporarily closed, Tropical Smoothie Cafe presented its franchisees with a plan to shift the company's digital sales strategy.

Given the rapid changes in consumer behavior brought on by Covid-19, the leadership team proposed that third-party delivery should be quickly enabled in all its cafes—and that the best way to drive sales on those platforms was to offer discounts.

Franchisees weren't so sure. Many had already taken hard hits because of the shutdowns. "As franchisees, we thought, 'We don't want to do delivery with a discount,'" says Rylan Miller, who owns 36 Tropical Smoothie Cafes in Georgia, South Carolina, North Carolina, Virginia, and West Virginia. "At the time, we all felt we would rather have a higher net income versus driving transactions to a third party."

It could have become a real bone of contention. But neither the franchisees nor the franchisor was willing to let that happen. The two sides kept talking and, more importantly, kept listening to each other. "It was a good, healthy discussion," says Miller.

The back and forth led to an agreement that satisfied both the brand and its franchisees: The cafes would make a push to increase digital sales by offering discounts, but not for a prolonged period. "At a certain point, it was right to make a pivot because third party is so big right now," Miller says. "We were all really reluctant to do that."

The company's guidance paid off. Digital sales exploded. "The discount worked, and we didn't do it forever," he says. "It was a good push from them, and it was a good push from us."

Open communication, a cornerstone in the trusting bond between Tropical Smoothie and its franchisees, was key to the successful outcome, he says. "Now we do see a large transaction amount in third party."

Playing well together

When it comes to disagreements between franchisees and franchisors, it doesn't always work out that well. Some franchisors would not have handled the pushback well. "There are a lot of other brands that discount and the franchisee does not have a say," says Miller. "There are certain brands that just don't care—they drive the bus and they don't care what franchisees think. They look at it as their business, not the franchisee's business, and they make the decisions."

To build happy, successful franchisee-franchisor unions, experts say, both sides should adhere to some tried-and-true business practices and must possess certain areas of know-how: how to effectively deal with conflict, how to be transparent, how to set and meet expectations, and how to be open to change. But to Miller, who sits on Tropical Smoothies' franchisee advisory council, perhaps nothing is more important than honest dialogue and feedback.

Constant communication

He's far from alone in his thinking. Collins Cogan and his partners in the Millennial Restaurant Group own 25 Blaze Pizza locations in Kentucky, Tennessee, and Florida. "The beauty of working with Blaze corporate is that they're very open to suggestions and collaboration," says Cogan.

Blaze Pizza has more than 340 restaurants across 38 states and 6 countries, and the binding agent in their relationship is clear—and frequent—communication. Corporate leaders hold biweekly calls with franchisees and make themselves available whenever needed.

"I think Blaze does a good job of constantly communicating and is in touch with the franchise community on customer and employee feedback," he says, "I'd say they emphasize listening and adapting. It's a two-way street, and that's what we appreciate about the relationship."

After all, he says, both are working toward the same goals: to be successful and to drive sales, profitability, and customer satisfaction. "It's critical that both franchisee and franchisor are constantly communicating to achieve that—and that's what we really like about Blaze."

Cogan and his partners also are thankful for the franchisor's proactive approach. "Blaze is two steps ahead of any issues the industry is experiencing, and corporate has done a really good job of providing franchisees with solutions to any problems and staying ahead of them."

As for horror stories, he doesn't have any. He and his partners say no initiative has been forced down their collective throat, and that they've seen no signs of incompetence in any area from the franchisor. Importantly, to ensure they were a good fit, they did their homework in the beginning before signing on the dotted line. "In doing due diligence on which franchise to become a part of, we were secure in our decision," Cogan says, "based on the experience of the Blaze corporate team and feeling a part of the whole rather than just a piece of the pie."

Listen, listen, listen

No franchisee wants to feel steamrolled by its more powerful ally and partner. That's one of the many reasons Raj Patel, who owns 70 Dunkin' restaurants, deeply values the constructive way he and the corporate office interact. Patel, who is based in Chicago and also owns several other franchise concepts, says it's all about showing mutual respect. "They aren't the brand that comes to you and says, 'This is how it is. We're doing it, and that's it.'"

Patel's father started out in the franchise business 30 years ago. He saw opportunity in the company and operated eight Dunkin' locations. "Dunkin' has a great give and take on both ends," the younger Patel says.

That's critical to the success of any franchising venture. "Franchisors have to understand that franchisees are on the ground level and talking to consumers every day," says Patel. "They have to be able to bend and be flexible." It also helps that Dunkin' has excellent company leadership, marketing, and can relate to its franchisees, he adds. "When you look at the brands that don't have good relationships, it's because they don't understand each other's point of view."

Yet, even when everyone knows that talking with each other is important, it's not always easy to do. "Ironically, it is when we feel most strongly about something that we seem to communicate most poorly," business psychologist and franchise relationship expert Greg Nathan writes in his book, *Profitable Partnerships*. "In particular, feelings such as impatience, frustration, intolerance, or resentment tend to create barriers to good communication." Communicating well, he says, requires "relentless practice and commitment. More specifically, we need to master the skills of listening, empathy, and assertiveness."

Making it work

Marco Acevedo, the Texas market director for Bojangles, agrees, adding that franchisors must have clear processes set up to facilitate communication with franchisees. "Things go wrong when things



Ryan Miller

are not communicated. Whenever they have a concern, listen. Listen, listen, listen, and keep listening. I think that's important," he says. "They are business people. They have been very successful in different businesses, and we have to pay attention to what they say. We don't have all the answers. We need to hear what the franchisees have to say about different topics."

A franchisor's representatives also have to spend time in the trenches, says Acevedo, speaking with franchise owners, employees, and customers. Acevedo also offers some advice for franchisees. "If we have a problem, let's talk about it. Don't hide it. Don't procrastinate. Gather your information, ask questions." The need for transparency cannot be overemphasized, he says.

Nathan, founder of the Franchise Relationships Institute, writes that his research indicates that, at any given time, roughly 10% of franchisees feel they have issues with franchisors they'd like to see resolved. He compares the franchisee-franchisor pact to a marriage. Forging a successful union in love or business, he writes, requires similar skills.

And it's fairly predictable which relationships are going to develop serious problems. They tend to share some of the same weaknesses:

- poor conflict management, which often is rooted in not listening well, not showing interest in what the other party is going through, or not showing respect for the other's point of view;
- poor communication, which often comes down to the other side interpreting what was said differently from what was meant, a tendency to send double messages, or one side either being pushy or too eager to please; and
- not having someone to speak with who can offer sound advice, such as other franchisees who have good intentions and can provide support.

"It's a give and take"

Christopher Severo owns 60 Wireless Zone retail stores in

Connecticut, New York, New Jersey, Pennsylvania, Massachusetts, and Rhode Island. Wireless Zone is the largest Verizon franchisor in the U.S.

Severo says it's important for franchisees to be fully committed and to stay responsive to franchisors. And franchisors must know that they can rely on their business partners. "Integrity is huge. So is consistency," he says. "When the franchisor needs something from my group, we get it to them right away, within 30 minutes to an hour, so they are never left wondering what we're up to, what we're doing, if there are ever any issues that come up, or questions or concerns."



Marco Acevedo

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Collins Cogan

"It's a give and a take," he agrees. "From our side, it's being fully committed to the business, getting information back to them as quickly as possible, and operating with integrity. Those are the big pieces."

Franchisors also have a responsibility to franchisees, he adds. "If I were to put myself in the franchisor's shoes, you don't want to let a franchisee, regardless of their financials, grow too fast or grow in a way that could be detrimental to the business," he says. "From our perspective, our growth has taken a long time, but it's been good growth. It's been solid growth, and I think that gives the franchisor a lot of confidence in our group."

This mutual confidence shared between franchisor and franchisee leads to business opportunities both sides will profit from. "On our side, it's running a good organization and also putting the pieces in place so that, if and when there are growth opportunities, they know they can rely on our group to do a consistently good job and drive consistent results."

Sooner or later, challenging issues will crop up, as they will any meaningful relationship. How those are handled is key to maintaining a good relationship. It's crucial, he says, "when problems do arise, to face those, not as a blame thing, but more collaboratively and say, 'How do we find the solutions together quickly and move on?'" Wireless Zone, he says, has "done a really good job

problem-solving with us when problems arise, and they've done a good job giving us opportunities."

Both sides must recognize they are working toward the same goals. "At the end of the day, we sell phones and technology for a living, and we have to make sure we take care of our customers and provide a great experience. And I think with those two things, everyone is on the same page," he says.

"We're representing a huge brand, and we want to do that on a high level. We want Verizon to look at our group and say, 'These guys are providing a top-notch professional service to our customers, their stores are clean, their people are knowledgeable about the products and current promotions, and they're driving sales.' So in that respect, the franchisee and franchisor are 100% on the same page."

For Severo and Wireless Zone, it's been a good marriage, even through the rough patches. "We have our moments. We come across challenges. Like in a marriage, if you can work through it and communicate through those bumps in the road, I think you get stronger from it, and I think the relationship deepens," he says.

Overall, he says, "I think we know where we stand on each side. We respect each other. We have confidence in each other. And that is what has led to the success. So do we have a successful relationship? Absolutely. Would I trade it for a different relationship? No. Is it always going to be perfect? No. But for the most part, it works, and it works because both sides understand the goals, both sides are more or less working for the same goals all the time, and both sides have the ability to work through our challenges together." ■



Chris Severo

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**LOCAL MARKETING
PAYS OFF!**

Written By
SARA WYKES

No one has to convince Patrick Shannon, a Hungry Howie's Pizza multi-unit franchisee, that local marketing is worth his time and money. Since opening his first store in 1996 with wife and business partner Carole, Shannon has seen local marketing prove its value time and again. That's not to say that he ignores the national marketing materials or campaigns from Hungry Howie's and is quick to take advantage of what the franchisor has to offer.

Rob Elliott, Hungry Howie's executive vice president of marketing, says the brand, with 533 stores in 20 states, is keenly aware of the power of local. And although print once was the most direct way to advertise, today the method is almost entirely digital, making it easier to customize a marketing plan for each store, he says. Modern data science makes it possible to know more than ever about customers, another enabling element for localizing marketing campaigns. "We have robust data," says Elliott, making marketing much more personal than it ever was with a direct mail flyer or generic display ad.

However, science only goes so far. There also is the *art* of marketing to all the different kinds of customers franchisees know best through direct contact with them and their frontline employees. The six communities that are home to Shannon's locations are all located in small towns in Michigan's Ann Arbor area, with populations ranging from around 4,300 to 25,000—numbers that are ideal for local marketing efforts. Throw in Shannon's long-term knowledge of the area and it's a perfect setup for making local logic.

"It's about getting to know the customers on a daily basis, and that's the greatest thing," he says. "In a smaller town, you may have fewer people, but you see them more often." He might run into one of his customers as he's pumping gas. Or he may be interviewing a high-school student for her first job, who tells him that she had her first pizza at one of his restaurants.

For Shannon, understanding his customers and supporting their communities are essential ingredients in how he does business. That's one reason his Hungry Howie's stores regularly host fundraisers for schools and community events. "It might cost me money today, but next month people will remember and say, 'Hey, we want to go to Hungry Howie's!'" Shannon also urges his employees to work at getting to know each customer so that when they come in they're known by name. This is a culture supported by the brand's marketing team, says Elliott. "It's one of our core values: Treat everybody like family."

SOCIAL MEDIA MATTERS

Of course, social media is key for local marketing today, but for Shannon it's not only about pushing out information about the brand and his stores. In keeping with his focus on community building, Shannon follows all his locations' surrounding schools on Twitter, "so I can see what's happening," he says. Then he retweets school tweets, as well as Hungry Howie's national tweets.

In addition, Shannon's wife Carole manages a Facebook page for the couple's stores. Hungry Howie's national also posts on Instagram, but also customizes digital marketing plans for every store in the country. Some national fundraisers also are very popular locally, says Elliott, such as the brand's pink pizza boxes to raise funds to support the campaign against breast cancer.

Local recognition and reputation, Shannon has learned, are just as powerful, if not more so, than social media. He recently opened a new location not far from his others and did nothing more than

standard social media posts. "The first week we were open blew our doors off," he says. "It turns out people from that town were already customers of ours in our other stores in other towns."

That approach could seem less aggressive than it might be, but it works well for Shannon and fits neatly with the brand's ideals of community involvement. "We were getting ready to celebrate our family's 25th anniversary as Hungry Howie's franchise owners," he says. "Instead of advertising, 'Come in and get pizza,' we put up a billboard, with the help of corporate, that read, 'Thank you, Milan, for 25 years.'" (Milan is the town where Shannon's first store is situated.) That wasn't all. Shannon decided to offer 25¢ pizza and donate the difference between that price and the actual price to local charities. "It wasn't about making money," he says. "A little dough goes a long way to keep our customers happy."

SINK OR SWIM

Shannon has the advantage of deep roots in his area, along with a locally popular product backed by a franchise brand that's been around since 1973. Not so for Nikki Taylor, who moved from Missouri, where she grew up, to Boulder, Colorado, just a few years ago.

Taylor, whose professional background is in marketing and sales, signed with British Swim School, a franchise without much name recognition in her area. The brand has been around since 1981 and has 215 locations across the U.S. and Canada, but hers would be its first location in Colorado. This made it "as hard as it could possibly be" to make marketing headway, she says. "Nobody knew us."

Now, in her fifth year and with a fifth location recently opened, she has purchased a second territory, expanding southward toward Denver.

Taylor's road to success has not been easy. As a beginner franchisee, she's had to endure the pandemic, but has called upon all her professional marketing skills to survive, starting with understanding her local customers. First, she says, the parents of the 2- to 6-year-olds who are her primary students don't like to drive more than about 10 minutes. That means she could target her social media on Facebook, for instance, to capture that geographic audience. She could also use pay-per-click Google Ads in combination with a website strong in SEO, she says, "to find people looking for us."

Taylor says her spend on marketing was high at first, but still within the 3% to 5% range, with the majority of its cost on Google and social media. "We've really targeted the area within a 10-mile range, and the word's finally out now," she says. Today her enrollment stands at 800 children.

She also took time to be part of community events, especially those with an area for kids. For example, "We would do a little fish game and talk to parents," she says. Some of those events might draw as many as 10,000 visitors. She also showed up at hotels and 24-hour fitness center events. All of that aligned with why she chose the brand she did. "I wanted to do something that would allow me to give back to the community," she says. "To provide life skills to a community is huge."

The franchisor, she says, supplies her with good marketing resources and support, managing her website and providing email templates and material to post on social media sites, as well as materials for special events such as water safety months.

While Taylor's learning curve has been intense, she has been supported by other British Swim School owners sharing their



Nikki Taylor

knowledge and experience. Coupons, for example, don't work well in the swim school world. Having agreements with big hotels to hold classes gives her schools greater visibility. Hiring a reputation management company boosted that visibility, too, as Taylor learned how powerful word of mouth is as a marketing tool. Her community involvement also includes scholarships for children in need of financial assistance for swim lessons. Called Hope Floats, the lessons are a corporate program that has been well promoted by the franchisor.

Survival school lessons are another marketing tool Taylor uses to build business, as well as support the community. "Five times a year," she says, "we host a survival week, teaching kids how to get in and out of the water safely. You don't fall in the water with your swimsuit on."

More subtle, but undoubtedly appreciated by her students, is the marketing value of British Swim School's teaching philosophy. "Some schools are sink or swim," says Taylor. "We are a gentle method because it's a way of helping more kids to the life skill of swimming."

HIRE AN EXPERT

Sometimes it makes sense to seek help for local marketing, as expertise can be well worth the expense. California Fish Grill, for example, recently hired Mobivity to assist with the franchise's Fin Crowd Text Club. People who text a certain keyword will receive regular menu and location updates—and a free fish taco when they



Patrick Shannon

sign up. Mobivity's SmartMessage allows the brand to customize text messages for each of its nearly 50 locations in California, Arizona, and Nevada.

"With consumers so connected to their mobile devices, text messaging was the next logical media channel for us to develop stronger connections with our customers," says Joanna Kan, the brand's director of marketing. "We selected Mobivity for its personalization capabilities so we can connect with guests through regionalized messaging and send promotional updates specific to each location."

Jersey Mike's Subs, with more than 2,000 locations nationwide, is consolidating its local marketing efforts to build a mobile app and online presence as more of its customers opt for pickup or delivery. In March, the brand announced it had named SOCi as its global platform of record for localized marketing to help simplify and streamline its localized marketing strategy, including local listings, social and reputation management, and social advertising across platforms like Facebook, Instagram, Google Business Profile, and Yelp.

"We're passionate about providing a great customer experience and giving back to the communities where we work and live," says Rich Hope, chief marketing officer of Jersey Mike's. "This partnership with SOCi will bolster our local presence, providing our franchise owners with critical first-party data and leading reputation management capabilities to design marketing strategies that help them go 'A Sub Above' every single day." ■

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Staffing Up for Summer

3 tips to help you hire

Written By

MATHIEU STEVENSON

This promises to be a spectacular summer for U.S. businesses as the pandemic gradually eases and consumers get out and about in record numbers.

However, despite the optimism, franchisees are well-advised to reevaluate their hiring strategy now for the upcoming seasonal surge. Why? Given today's tight labor market, where open jobs outnumber available workers by two-to-one, it's going to take fresh thinking to fill these many open roles—especially as job seekers reconsider what's important to them in the workplace, and what it will take for them to consider open positions.

To help you understand the dynamics of our evolving job market, Snagajob recently surveyed more than 3,000 hourly workers and employers. The resulting report, *The Impact of Today's Job Market on Summer Hiring*, provides valuable insights into the changing landscape of work. Here are some highlights of what we learned.

- **Businesses that evolve will get the workers.** When searching for seasonal workers in 2022, business as usual isn't going to work. Workers today have a new outlook, now fully understanding their value to companies and asking more of employers. With this new mindset, businesses must rethink what they offer or risk losing ground to more-savvy competitors.

Where possible, higher pay, greater flexibility, and increased benefits are great initial steps in changing your strategy for hiring. Among employers who reported success in hiring this summer, 66% confirmed that they're offering higher wages or paid time off.

- **Have some faith in soft-skilled candidates.** A common thread to franchisees' summer hiring difficulties is that teams are seeing fewer candidates come through the door. In fact, a low volume of applications is why 53% of employers reported that they can't hire enough workers to fill their open positions.

If this is the case for you, consider expanding your hiring criteria to reach more potential job seekers. Look for workers who might not have the exact skills you're looking for, but can grow into the position. Remember that technical skills such as learning a POS system can be taught.

However, soft skills, such as communication, organization, and teamwork are unique to each applicant. Look for strength in these areas, regardless of a candidate's previous job experience. These skills are

paramount for a successful hire, yet are often overlooked in the staffing process.

- **Invest in your company culture.** With so many job opportunities available to workers, simply raising wages and benefits may not be enough to attract workers. This is particularly true with younger workers who are reevaluating what's important to them after sitting out during the pandemic.

More than 70% of Gen Z job seekers (workers up to 25 years old) are looking for work this summer. Sixty percent of surveyed workers rated "sharing social values" as one of their top three factors in choosing a job.

Teenagers and Gen Z workers are looking to support the causes they stand behind. You can stand out by aligning with their needs and wants. Reevaluate how to make your business attractive to these young workers. This includes investing in ways to enhance your company culture and improve the overall employee experience.

With 51% of employees in our survey reporting that they're willing to change industries this year, any investment you make in this area could pay large dividends in your summer hiring success.

Small steps, positive progress

While many of these suggestions may require some effort, even small steps in the right direction can have a positive impact on your hiring success this summer.

As our Summer 2022 Hourly Hiring Report shows, working is changing quickly and will never be the same. The pandemic has dramatically altered how hourly workers look at jobs. They now realize their value in the workforce and are looking for new opportunities that match their worth, values, and interests.

Also keep in mind that many industries will be affected more than others, particularly those with low pay and minimal flexibility.

Bottom line, a new hiring playbook is essential for standing out and attracting these qualified but elusive workers. Even when the economy fully recovers and a healthy balance of jobs returns to workers it's still going to take a fresh approach to attract employees. By offering more and respecting the goals of workers, the result will be a success for everyone. ■

Mathieu Stevenson is CEO of Snagajob, the country's largest platform for hourly work, with 100 million registered job seekers and job opportunities at 700,000 employer locations in the U.S. and Canada.





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(all stores... not just
the top quartile)

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3pm**



*average of all stores open full year 2021

Is Your Brand “Zero Risk”?

Creating lifetime customers

Written By
JOHN DIJULIUS

One of the key characteristics of the world’s top customer experience brands is that they are “Zero Risk” to do business with. A Zero Risk business isn’t one that never makes mistakes. Every excellent customer service company drops the ball from time to time. The secret to what makes these top brands Zero Risk lies in their customer service training—specifically, how well they have trained their employees to make it right when things do go wrong. In other words, Zero Risk means peace of mind for the customer.

A lot of organizations force their customer-facing employees to hide behind company policy. “Policy” is a word that tends to create a negative experience. During interactions, whether online or in-store, customers hate hearing the words, “Our policy is....” They understand that “policy” was created to protect the organization from being taken advantage of by customers.

Take an objective look at your rules of customer engagement and stop punishing 98% of your customers for what only 2% do. Instead, train your employees to have more charitable assumptions about customers, which means giving them the benefit of the doubt. In addition to this being the right thing to do, it is a fantastic business strategy for building customer loyalty and enhancing customer lifetime.

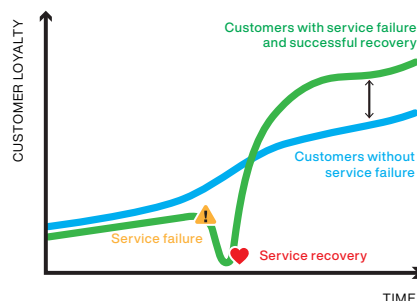
The service recovery paradox

Brand loyalty often results from screw-ups, from how well a company handled a situation that initially went wrong. It is a fact that a high percentage of customers will do *more* business with a brand after a positive resolution to a problem is made. This is known as the Service Recovery Paradox, which is where the customer actually

becomes more loyal to the brand than if the initial mistake had never occurred.

It may sound counterintuitive, but the effective handling of problems can, and should, be part of your customer retention strategy. An unhappy customer quickly moves on. A happy customer is a loyal customer. And with acquisition five times more costly than simply keeping customers coming back, a healthy customer retention rate is very good for your bottom line.

Again, when a problem arises with a customer, it provides an opportunity to own that customer for life. The accompanying graph shows customer loyalty over time. When things go wrong, you can see that line taking a big dip as a problem occurs and that loyalty starts to disappear. If your business deals with it well, you can clearly see the effect of customer satisfaction on loyalty growth.



New research from Stella Connect supports this, showing that 97% of consumers across the U.S. and U.K. say that if a brand turned a poor customer service experience into a positive one by solving their problems immediately, they would do business with that brand again.

How it's done

Being Zero Risk also tends to create heroic, legendary stories about your business that get shared among employees, customers, and on social media. I have worked with The Ritz-Carlton Hotel Company and have heard numerous epic tales of service recovery. One stellar example: A guest arriving at check-in learned their room wasn't available and that the hotel was fully booked. A Ritz-Carlton team member *booked and paid for* that guest's hotel room at their nearest competitor.

This clearly went far beyond the average customer experience. No company can make customers happy 100% of the time. (There is no mobile app for that!) But greatly exceeding customer expectations can be part of every company's marketing

strategy and business model. Putting guests' needs first—always—is a sure way not only to build a strong customer base, but also to greatly reduce churn rates.

Another great example of brilliant service recovery is found in the Starbucks customer service experience, which also goes the extra mile. Baristas are trained to give a card to inconvenienced customers saying: *We apologize if your Starbucks experience was anything but wonderful. The next time we see you, please enjoy a beverage, on us.*

With every complimentary beverage, customer relationships are strengthened in real time. Such personalized experience—a reflection of the company's customer service vision statement—leads to the right kind of customer feedback and enriches the customer lifecycle.

Becoming Zero Risk

To build a Zero Risk brand, you have to realize where you drop the ball the most and implement systems that reduce occurrences of those service defects. Then create corrective protocols and train your employees on those protocols, which they can then use to make things right.

Organizations can achieve greatness when their employees are allowed to do unexpected things, to show initiative and creativity, and to step outside the scripted path. That is when the most delightful, interesting, and amazing results occur. ■

John R. DiJulius III, author of *The Customer Service Revolution*, is president of The DiJulius Group, a customer service consulting firm that works with companies including Starbucks, Chick-fil-A, Ritz-Carlton, Nestle, PwC, Lexus, and many more. Contact him at 216-839-1430 or info@thedijuliugroup.com.



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Family First

How Chris Carpenter and his dad teamed up for success

Written By
CHRIS CARPENTER



When it comes to running a business, the best way to set yourself up for success is to have a strong, supportive team in place. I could not imagine a better backing than asking my own father to become my business partner.

Ever since I can remember, my dad and I would talk about how great it would be to own a business. It was in the middle of the pandemic when I convinced him to combine his decades of engineering and business experience with my love for electronics.

When it comes to family businesses, it's usually the parents that start a business that their kids join later. But I knew that my father's technical expertise, combined with my fresh perspective and innovative ideas, was a recipe for success. Last year, we opened our restoration franchise, Prism Specialties of Jacksonville, Daytona Beach, Gainesville, & Ocala. Here's how we did it.

Opening to new perspectives

Throughout my life, I was eager to gain as much knowledge as possible. I've always traveled as much as I could, living in places like St. Louis, New York, Orlando, and even internationally in China and Germany. My dad was the same way. Looking back, learning more about different cultures and perspectives helped us become successful entrepreneurs.

My love for knowledge only continued as I grew older. I got undergraduate degrees in electrical engineering and Chinese. I later went on to get my master's in finance. I remember how many hours my dad would work, hearing him answer the phone no matter what time it was, and waiting for the day he'd have a healthier work/life balance.

At 26, I decided it was time to move on

from my career as an asset management professional. My generation has a particular interest when it comes to being your own boss, and I am no different. I began searching for opportunities with more autonomy and flexibility—and I wanted nothing more than to bring my dad along for the ride.

Choosing the right business

Once we decided to open a business, we considered all kinds of industries—mobile dog grooming, a backup generator business, and even pet crematoriums. We knew that the formula for a successful business is one that you're passionate about, that is truly unique, and that's always in demand.

Franchising also offered us the support we needed. Even with plenty of corporate experience and scientific knowledge, we needed a franchisor with a solid business model that we could lean on through thick and thin.

When we came across Prism Specialties, it just felt right. It had the electrical component we were looking for; the business provided an essential service that would be in demand all year around; and our backgrounds were the perfect fit for the applied science techniques that go into restoration projects.

Creating a positive work environment

If there was one takeaway my dad and I had from working in the corporate world, it's how important it is to treat employees with respect and flexibility. When starting our business, we set out to provide a supportive and positive work environment to our hardworking employees who were the backbone of our business.

Not only do we run our business as a

family, we treat our employees as an extension of it. Safety is especially important in our line of work, and there's more to it than just meeting local codes. We've come up with an incentive system to help prevent work-related accidents and make employees feel comfortable at work.

With our fondest memories tied to traveling, we encourage employees to take time off for themselves. Thanks to our experience working and living in Europe, we've come up with realistic policies for time off, including sick days, vacation, and bereavement leave. We've found that our company functions better and more efficiently when our people are able to take care of themselves and their families.

A shared, rewarding experience

At the end of the day, we wanted to use our business to make a difference in our community. By helping businesses and homeowners get back on track after they are hit by disasters like hurricanes, floods, or fires, we are confident that we are using our passion, knowledge, and experience for good.

As a young entrepreneur, I had the dream and vision. My father, with his MBA and more than 30 years of engineering experience, proved to be the perfect business partner. Restoration is a very niche industry, and our combined expertise has allowed us to navigate it successfully.

Still, the most rewarding part of this entrepreneurial journey has been taking it together as father and son. For most people, Father's Day is about what their dads taught them growing up. For me, I am thankful for everything he teaches me every day, in our family and in our business. ■

Chris Carpenter is a franchisee of Prism Specialties. (So's his dad!)

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Fighting the Inflation Blues

Tip, tactics, and strategies for coping

Written By
BARBARA NUSS

Stay-at-home orders during the pandemic removed workers from production. But those absences in the spring of 2020 were nothing compared with the subsequent Covid fears, need to care for children, accelerated retirements, the Great Resignation, and a lack of immigration. Labor shortages caused supply chain issues that now make everyday goods harder to find, which increases demand and prices.

There are many other inflationary factors as well: low unemployment, high wages, rising energy costs, rising fuel costs (the result of sanctions against Russia for the war in Ukraine), interest rate hikes, and escalating housing costs. And for everyday Americans and businesses, the latest inflationary blow: *Gasoline prices increased 48% in the 12 months ended this past March.*

Rising fuel costs increase the cost of both manufacturing and receiving the merchandise many franchise businesses sell. It also affects the cost of shipping and delivering merchandise to customers, particularly as online sales grow and customers want everything delivered!

Unless you increase prices to offset rising costs, a smaller percentage of each dollar falls to the bottom line. How do rising fuel prices affect your business? What's your plan for minimizing the impact? Every business owner must think this through.

Responding to inflation

How do businesses respond to inflation? Raising prices is a common approach and one that is almost always necessary in inflationary times. But there are additional actions to consider. Here are some common business strategies for combating inflation.

- **Sell more**—a smaller profit percentage on higher revenues can still yield higher profit dollars overall.
- **Watch your numbers closely**—understand where the money goes and use breakeven analysis to track how your cost structure is changing.
- **Cut unnecessary costs**—but don't compromise the customer experience.
- **Raise prices**—nobody wants to do it, but perhaps you must.
- **Improve efficiency to offset cost increases**—reduce wasted labor and materials and eliminate unnecessary processes.
- **Revisit salesmanship skills and training**—focus on activities that lift average ticket.
- **Stay focused**—know your “why” and use cascading SMART goals to keep your team on track.
- **Delegate to make your team more valuable**—you can't do it all yourself.
- **Buy better**—take full advantage of preferred suppliers with negotiated discounts.
- **Invest in inventory**—if cash flow permits, bulk up on fast-turning inventory in advance of price hikes.
- **Shift the sales mix**—identify the products and services that carry a higher margin and focus purchasing, sales, and marketing efforts to sell more of them.
- **Shrinkflation**—change the packaging so price changes aren't so obvious (fewer chips in the bag).
- **Make less profit**—it's what happens if you don't get in front of changes.

Anticipate and prepare

Inflation is a part of our expected economic cycles. To successfully navigate your pathway to profit during inflationary times, you must be on the lookout for early signs of changes and confront them.

Good financial habits such as monthly review routines to check in on SMART goals, financial skill-building for managers and team leaders, and continual cultivation of vendor and lender relationships should already be in place. If not, now is the time. When change is inevitable, follow these tips:

- Accept the change and find your comeback.
- If growth is your comeback, build scale in your enterprise.
- Bigger can be better, but don't sacrifice efficiency or customer service just for the sake of volume.
- Invest in your team; build skills and keep learning.
- Be flexible.
- Embrace technology.
- Be a fixer, not a blamer or a victim.
- Have SMART goals and plans aimed at your business priorities.
- Watch the numbers and learn from the data.

As has been the trend in business for decades—and still is true today—you must *do more to do well*. Your challenge is to grow sales, improve productivity, and control costs without sacrificing customer service, convenience, and connections. Not an easy task, but a necessary endeavor that will require combining action with intention. ■

Barbara Nuss is 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. She can be reached at barbara.nuss@profitsoup.com or 206-282-3888.



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72 Hours To Save Franchising

Weil defeated, it's time to save the Franchise Rule

Written By
MATT HALLER

Earlier this year, following a lengthy and hard-fought campaign led by the IFA, Labor Studies Professor David Weil failed in his pursuit of the top job at the U.S. Department of Labor's Wage and Hour Division. This was the first time since 1989 a federal appointee's confirmation was defeated on the floor of the U.S. Senate. The Wage and Hour Division has incredible regulatory authority over the franchise business model and Weil's appointment would have spelled significant challenges to franchising.

Weil previously held the same position in the Obama administration, during which he led the charge on an unlawful overtime rule, sweeping restrictions on the use of independent contractors, and new joint employment rules that imposed crushing operational and legal costs on franchise brands.

Saving the Franchise Rule

The success of the campaign to defeat Weil's nomination provides perspective for the next battle: the 10-year review of the FTC's Franchise Rule. As we learned with the Weil campaign, comments and engagement from local franchise owners and franchisor executives help connect policymakers with the impact of the laws, rules, and appointments they make on franchise owners' ability to do business.

In early June, the IFA led a group of 16 national business organizations urging Congress and the FTC to work together to preserve the Franchise Rule, currently under its 10-year review. The Franchise Rule, the primary federal regulation governing the franchise sector since 1978, requires franchisors to provide essential information to prospective franchisees.

In letters to the U.S. House and Senate Commerce Committees, the industry groups detailed how the Franchise Rule

helps promote business ownership and support economic growth. The letters were signed by 16 groups representing business and industries involved in franchising: the American Hotel & Lodging Association, American Staffing Association, Home Care Association of America, IFA, International Health Racquet and Sportsclub Association, International Sign Association, National Association of Convenience Stores, National Association of Realtors, National Association of Women Business Owners, National Council of Chain Restaurants, National Restaurant Association, National Retail Federation, Small Business & Entrepreneurship Council, U.S. Black Chambers, U.S. Chamber of Commerce, and Workplace Policy Institute.

(Read the full letters to the House and Senate on the IFA website.)

"During the economic recovery, there has never been a better time for entrepreneurs and workers to be in franchising," said IFA Senior Vice President of Government Relations and Public Affairs Michael Layman. "The franchise sector is growing faster than the rest of the economy, franchisee satisfaction has never been higher, and franchise workers enjoy greater advancement opportunities and higher wages than nonfranchise small-business workers."

The letter continued, "The Rule affords current and prospective franchise owners information they need to weigh the risks and benefits of a business investment.... This has led to successfully creating pathways to entrepreneurship for business owners of all backgrounds and enabled these owners to create wealth in communities across the nation."

You did it, now let's do it again!

The outcome of Weil's recent nomination could have been very different if not for franchising "FANs" like you. In the 72 hours before the Senate vote, thousands of franchise owners and dozens of brand CEOs—all members of the Franchise Action Network (FAN)—called their elected representatives in opposition to his nomination.

The Weil campaign and others like it in recent years, including the IFA's defeat of the PRO Act or the inclusion of special language making franchisees eligible for Covid-era PPP funds, are successful only when decision-makers hear from the full breadth of the franchising community.

In its ongoing efforts to protect, enhance, and promote franchising, the IFA hosts

industry-leading events and offers professional development, certification, and networking. We are your representatives in the halls of government, working daily to create a stable and predictable business environment that clears the way for your franchising success.

Regardless of whether you own hundreds of franchise locations or just one, never underestimate the power you hold as a voter, constituent, or employer of people in a legislator's district. You represent the American Dream and offer the promise of opportunity to each and every one of your team members. In a very real way, your local business ownership is the embodiment of American free enterprise—the opportunity to go into business for yourself.

When legislators hear from you, they think differently about how onerous regulations might affect their district and the people they represent. Outreach like yours was the key in persuading Senators Manchin (D-WV), Sinema (D-AZ), and Kelly (D-AZ) to vote against their party and president's pick to regulate how and whom we employ.

Your investment in building relationships over the long term will pay the highest dividend. It may seem counterintuitive, but taking time away from your business to build your individual influence with opinion leaders and decision-makers is one of the best investments you can make to grow your business.

In terms of public policy and the regulations that govern the franchise business model, the way forward is challenging. A decade ago, the IFA worked on legislative issues related to tax policy and healthcare. Today the issues we follow are existential to your ability to be in the business of franchising—issues like the California FAST Act and the Franchise Rule.

Franchising has been the opportunity of your lifetime, and right now *franchising needs you to share your voice*. Become a FAN in your state (it's free). Or come to Washington, D.C. this September 19–21 for the IFA's Franchise Action Network Annual Meeting and join upwards of 400 other franchise owners to share your American Dream story with the members of Congress who hold your future in the balance.

Will you give 72 hours to the industry and business model that gave you everything? To join the Franchise Action Network, visit franchiseactionnetwork.org. ■

Matt Haller is president and CEO of the International Franchise Association.



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History Lessons

Investing for the long haul

Written By
CAROL SCHLEIF

There is the oft-repeated notion that history repeats itself. In market terms, the equivalent is watching participants' moods swing from greed to fear and back again as they anchor to the recent past and rapidly move on from various traumas. Witness how the meme, crypto, and SPAC crazes of early 2021 quickly followed the bear market of 2020.

As a 40-year observer of markets, I've watched it happen time and again: both in broad markets (1987 crash, 1995–2000 tech boom, 2001–02 crash, 2006–08 housing bubble, 2008–09 crash, 2009–2019 bull market, 2020 crash and subsequent bull market); and in industries and asset classes (biotechnology three times, energy twice, technology three times so far, emerging markets, currency, IPOs, leveraged buyouts, SPACs, meme stocks, and a host of other things great and small). You get the picture.

Basically, when the good times are rolling, we seek news and economic tidbits that support that theory. When the prevailing mood changes, we find anecdotes to support the new theory. When enough investors are new and/or inexperienced, the current environment seems as if it will go on forever. A unique combination of momentum ("go with what's working") and inertia ("don't fight the trend") rule the day... that is, until some sort of exogenous shock causes a rewrite in thinking. Markets hate vacuums and regime change periods—which is precisely what we're in the midst of, as detailed in my previous column.

Market participants like to convince themselves that markets are predictable based on economic performance or prospects, but therein lies part of the problem. The ability to predict is underwritten by being able to outline a pattern for underlying behavior, as asset markets consist of a compendium of aggregate *human decisions*.

As such, influenced by fear, greed,

demographics, and, increasingly, by social media, trends take shape and morph quickly, even if fundamentals don't move that rapidly. Look at all the 1,000-point swings in April and May trading, or the swings in market cap that wiped trillions in value off key stocks whose quarterly margins disappointed a little.

Unlike predicting the weather, which uses increasingly sophisticated models based on jet streams, ocean flows, temperature observations, and the like, stock market modeling at its core is based on human behavior—a notoriously unpredictable variable in the short term. So what is a long-term investor to do?



- **Keep the long-term in focus.** Despite all the interim wiggles and confounding moves, markets over the long haul trend upward, reflecting the growth of the U.S. economy. In any given year, there are major events to obsess over, yet the Dow has progressed from just over 1,000 to around 33,000, just during the span of my career. The Nasdaq has risen from 1,000 to 11,000 since just the early 2000s. Staying the course through interim volatility (or better yet, using that volatility to help periodically reapportion your assets) can aid your long-term net worth by putting the magic of compounding to work.
- **Ensure that cash needed for important things in the next few years is *not* in the market.** Your kids' college tuition or the down payment for your second home should be parked in places that don't move based on the latest Instagram or Twitter feed.
- **Diversification matters.** Keeping assets in a myriad of places/investments gives you a toehold in a variety of potential market outcomes. The classic definition of a market bottom is when an asset or

asset class stops going down and begins to rise even as the headlines remain dour. If you're not already invested you could easily miss much of the upmove, as those tend to happen explosively and when least expected.

- **A bird's-eye view matters.** As you are making financial decisions, be sure to factor in all your assets: your 401(k) or ESOP, your share of the business, the accounts you have spread around among your college roommates-turned-financial-advisors, etc. Understanding what you own where and assessing over- or underexposure, as well as tax impacts, can have a noticeable impact on your long-term progress.
- **Understand the difference between investing and trading.** Keep your eyes tuned to the long pull and ignore the siren song of following the latest fad. This can be difficult as you will also be naturally drawn to wanting in early on the next big technology. Traditional and social media frequently get the idea or direction right, but often for the wrong reasons. Take the cryptocurrency craze. Rather than pick a specific early winner, dig deeper and figure out how to play the trend (in this case, the buildout of block chain infrastructure), taking the time to research the technology itself, how it might be used, and what components will be necessary to make it run.
- **Acknowledge that investing wisely for the long pull is often a nerve-racking process.** You often need to buy or buy more when prices go "on sale" (as long as the long-term fundamentals remain intact), and sell when everyone else wants to buy and the headlines are the most glowing.

The bottom line is that investing for the long haul has tended to work, even when history does repeat itself. Folks often point to the 1970s or early 2000s as being an awful period to invest in. While certain asset classes underperformed, others did quite well and economic progress continued. Whether or not history repeats, you can make your own future by having and executing your own plan. ■

Carol Schleif is deputy chief investment officer at BMO Family Office, a wealth management advisory firm delivering investment management services, trust, deposit, and loan products and services through BMO Harris Bank. To learn more visit www.bmofamilyoffice.com.



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Strategic Alliances

Embrace the new norms of franchisor-franchisee relations

Written By
CARTY DAVIS

As the post-pandemic operating environment continues to evolve, both franchisors and franchisees are having to continually adapt their business models to manage through the changes that have affected all multi-unit businesses over the past several years.

Franchise brands and operators today are facing new challenges related to inflation and increases in commodity costs, staffing issues, strained supply chains limiting the availability of certain products, and construction challenges related to the price of raw materials and the availability of labor and equipment needed to meet new development and remodel goals.

Given these challenges, franchisor and franchisee relations have also continued to evolve. Brands have become more selective in approving new franchisees and are more involved in franchisee-to-franchisee transfers and acquisitions. To continue to grow in the franchise space, it is important for franchisees to review their growth plans and strategies to ensure alignment with franchisor goals and objectives.

Successful growth within brands depends on a strong and healthy relationship between franchisors and franchisees. As more franchisees expand and diversify into multiple concepts, franchisor-franchisee relationships become more complicated. To foster a working relationship that is a win-win for all parties, it is important for franchisees to understand each franchisor's goals, priorities, and concerns.

The performance of specific brands has deviated significantly throughout the pandemic. Different brands have different focuses, and franchisee growth strategies should be tailored to best align with the current objectives of each franchisor. Alignment between each brand's priorities and goals and franchisee support for those goals is critical to a successful relationship.

As an example, many top-performing brands would likely respond more favorably to a franchisee looking to consolidate and acquire more units if that franchisee was also committed to future growth and development and reinvestment in their current portfolio. On the other hand, a challenged brand may be more supportive of a franchisee willing to acquire and turn around underperforming locations, putting that franchisee first in line for additional acquisition opportunities that arise. Brands are more willing to support franchisees who are willing to assist them in solving problems or are willing to become early adopters of brand initiatives, including remodeling and other key projects.

Franchisees should...

- Be transparent in their communication with franchisors on their growth plans, accomplishments, and financial strength. Many franchisees assume the franchisor is aware of everything transpiring in their businesses. As brands have streamlined internal support and G&A budgets have been cut, franchisors simply do not have the resources to track the activity of individual franchisees at the same level as in years past.
- Provide periodic updates on new development, remodeling, and their progress on other initiatives. This will ensure the brand is aware of a franchisee's accomplishments, as well as any challenges they may come across.
- Plan a periodic face-to-face meeting with brand leadership to reinforce their financial capabilities, capital resources, and growth plans. These meetings can also serve as an opportunity for franchisees to position themselves as a resource and steward for the brand.
- Get involved with brand committees, advisory boards, and other groups focused on various aspects of the franchise business. Franchisee advisory committees often have more exposure to high-level executives and key

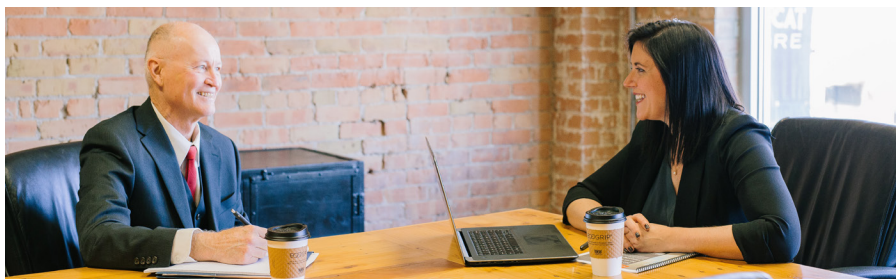
members of a brand's management team. Additionally, these committees allow franchisees to share best practices and learn from other high-profile and influential franchisees on how to better run and manage their businesses. The more visible a franchisee is to a brand and its leadership team, the more opportunities that operator will have to showcase their strengths and accomplishments to improve and gain additional support and favor with the brand.

In closing

The relationship between franchisors and franchisees is continuously changing. The days of growing your franchise business without support and involvement from the franchisor are over. The most successful growth-oriented franchisees today are embracing interaction with the brand and supporting brand initiatives relating to discounting and promotions, new marketing campaigns, product tests, and reinvestment. Those most successful at increasing their respective profiles are able to gain easier brand support and approval on future acquisitions, and may even see additional acquisition opportunities steered their way.

Our advice for growth-oriented franchisees is to develop a strong working relationship with your franchisors, and to come up with a plan to continue to enhance and improve those relationships. Let your franchisor know your goals and objectives, because without brand support, growth can be infinitely more difficult and unpredictable. As franchisors continue to exert increasing influence on the direction and growth of their franchise systems, it has never been more important to embrace the new norms of franchisor-franchisee relations. ■

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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When Will Inflation Subside?

Signs indicate pressure may ease by 2023

Written By
DARRELL JOHNSON



We clearly are seeing the impact of inflation as it increases operating costs across supply and labor inputs in 2022. Is there relief coming from this profit-eroding upward pressure? Small-business owners began signaling inflation concerns in the summer of 2021 and now it's become a major concern. The most recent NFIB Small Business Economic Trends survey showed a substantial percentage (77%) of small-business owners reporting "inflation" as their single most important problem.

An inflation challenge is a new experience for most small-business owners. Only those who were in business in the 1970s or early 1980s have any experience with a similar problem. In my previous (Q2) column, I discussed the labor issues confronting U.S. businesses. Globally, however, the inflation issue is about business inputs (supplies, inventory, and materials). Until supply and distribution catch up and start to exceed demand, price pressures will remain elevated worldwide.

A shortage of supplies not only drives prices higher, it also tends to affect business psychology. A poll of more than 600 small businesses commissioned by the Wall Street Journal in Q2 found that 57% expect worsening economic conditions this year, a significant rise from the 42% recorded in Q1. At the same time, expectations of higher revenue in the year ahead fell to 61%, down from 79% last May, despite price increases across the board.

Looking ahead to 2023

What should we expect next year? As I see it, there are two forces at work, one global and one domestic, that provide solid clues. Holding aside the international actions taken purely for political reasons (Russia in

particular), most of the global supply input flows were a consequence of Covid, and we are starting to see economic forces bringing stability back to those flows.

Sure, it takes time to convert raw materials into finished goods and ship them across continents, but that balance is coming, albeit slowly. Absent more political or health shocks, 2023 should see a significant rebalancing of most supply flows. But that doesn't mean inflation will just go away. There also are domestic factors to consider.

In the U.S., we have both labor and government policy influences to deal with as well. Clearly, low unemployment is driving wages higher as labor demand has been robust. And supply is affected by a multitude of factors. Will wage pressures continue? There is pretty good evidence that lower-skilled labor supply/demand will start to rebalance in the coming months as workforce participation rates rise. Skilled labor is likely to experience continued upward wage pressure. It takes time to build those skills and experiences, and we haven't done a good job of expanding the skilled labor force. (I discussed this at more length in my Q2 column.)

Government policy

In 2020, both monetary policy and fiscal policy were coordinated to get the economy going again. While coordinated in a crisis, general opinion holds that monetary and fiscal policymakers often tend to act at cross purposes in the aftermath. The Fed may tighten, as it is doing now, but what about fiscal programs? Aren't fiscal programs that stimulate in a downturn hard to reverse when the economy is facing an inflation threat?

This time around, it appears fiscal programs are not going to become part of the

inflation problem. The various emergency spending plans put into place in 2020 and 2021 have expired for the most part. Further, taxes are countercyclical because tax revenues increase automatically as the economy grows.

Meanwhile, the GDP drag from this natural fiscal tightening is expected to persist for some time, and at deeper levels than anything we saw after the Great Financial Crisis. It just kind of happens automatically, unless we have some fast-moving discretionary policy changes. Perhaps when confronted with the risk of inflation/stagflation, this time government can get out of the way—if for no other reason than it is having a hard time deciding the best way to get into the way.

It does appear that we will start to see inflation easing in 2023, which is fortunate. Small businesses have few tools available to help them mitigate inflation pressures. The main tool to try to preserve operating margins is to raise prices for goods or services, which, of course, exacerbates inflationary pressures and has limits. Relying on continually raising prices is not a strategy that ends well most of the time.

Alternatives mostly focus on efficiencies such as accelerating capital for labor substitutions. These take time, and many businesses have already been emphasizing efficiencies for the past few years out of necessity. I think we can anticipate less margin pressure from inflation as we roll into the next year or two. (I'll save for another article a discussion of the Fed overshooting and triggering a recession.) ■

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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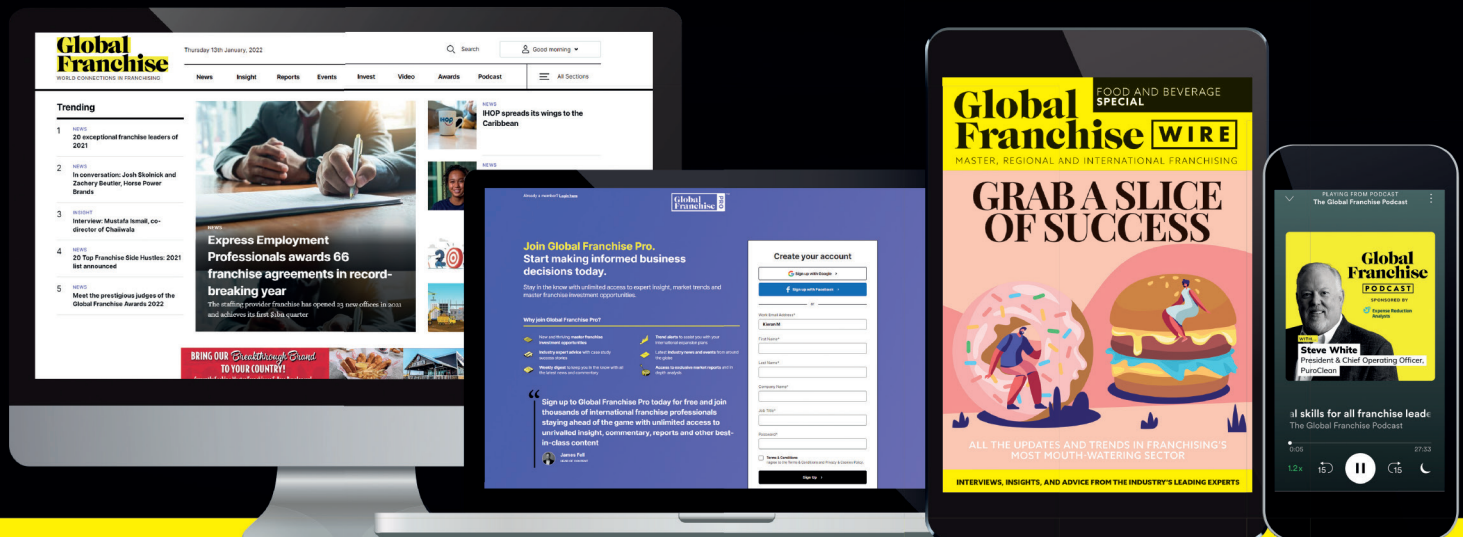
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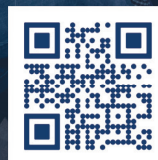
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