McCombs Career Webinar

Thursday, June 21
Is Franchising Right for Me?

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Franchise Consultant
Agenda

- The Big 3
- Franchising overview
- Employment choices/6 paths to find a franchise
- Keys to choosing the right franchise
- Quadrants of franchising + Industry examples
- 6 industries and 6 concepts
- FranChoice process
- Financing
The Big 3

- **HIGH** investment
- **LOW** Margin
- **SLOW** breakeven
How did The Big 3 get so big?

• High demand
• All languages welcome
• Easy to involve family members
• Logical to gravitate to these 3
• But guess what…..!
There is GREAT NEWS!

- Market trend shift!
- Let’s have some **fun** today and talk about industries/concepts that you may never have considered before (in addition to some other cool stuff)!
Industry/Concept Common Links

• LOW investment!
• HIGH margins!
• FAST breakeven!

Differentiated position!
What is Franchising?

- Method of distributing product or service
- Franchisor owns right to name/trademark
- Franchisee purchases the right to use the trademark and system

A Model for Doing Business
What are Advantages of Franchising?

- Unlimited income potential
- Proven system = fewer mistakes
- Business partnership
- Tax ramifications
- Wealth generation
- Operating system/training and support
How Important is Franchising?

• Franchised businesses generate $1.5 trillion in economic activity*

• Franchised businesses account for over 11% of US payrolls ($507 billion)*

• Franchised businesses provide 14% of private sector employment (18 million jobs)*

* 2001 Study of Economic Impact of Franchised Businesses – PricewaterhouseCoopers 2004
Why is Franchising Growing?

- Uncertainty of corporate America
- Uncertainty of stock market
- Quick start, accelerated learning
- Creation of an asset
- Exit strategy
What is a Franchise Disclosure Document?

- 1978 – FTC issues guidelines requiring every franchisor publish and share with prospects
- Education tool
  - 14 day review prior to executing a Franchise Agreement
- Content – Items 1 through 23
Employment Choices

Work for someone – Job

Partner with success – Franchising

Go it alone – Entrepreneurship
How do I find the right franchise?

• Passion
• Scarcity
• Security
• Track Record
• Lemming
• The Right Way...
PASSION

- I love the taste of a Subway sandwich!
- so....
- I should open a Subway!
SCARCITY

• My area lacks a good sandwich shop!

• so....

• I should open a Subway!
SECURITY

• I want a known brand name!

• so….

• I should open a Subway!
• My friend opened a sandwich shop and he says he is doing great!

• so….

• I should open a Subway!
• Everyone is doing it!

• so….

• I should open a Subway!
EDUCATION!

• I want a business that fits my skills, lifestyle & financial goals!

• so….

• I should **explore** investing in a Subway!
Keys to Choosing the **Right** Franchise

- Motivations
- Characteristics
- Business Model
- Business Size
4 Quadrants of Franchising

Simple Retail

Sophisticated Retail

Service (B to C) (Business to Consumer)

Service (B to B) (Business to Business)
## Retail & Service Industries

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<thead>
<tr>
<th>Retail</th>
<th>Service</th>
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<tbody>
<tr>
<td>Food</td>
<td>Education</td>
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<tr>
<td>Fitness</td>
<td>Home Improvement</td>
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<td>Automotive</td>
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<td>Health and Wellness</td>
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<td>Hair care</td>
<td>Drug Testing</td>
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<td>Medical</td>
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Industry/Concept #1

- Recession proof + Residual income
- $55 billion industry (service)
- Who does not want to ensure that Mom and Dad are taken care of as they age?!
- **SENIOR CARE**!
- “We have advantages for faster ramp up and growth than any senior company in the country!”
Industry/Concept #2

- Multiple target audiences + FUN!
- $20 billion industry (retail)
- Who in the world does not like to eat?!
- FOOD!
- “Our mission statement is WE MAKE YOU SMILE and since we are the world’s largest self serve frozen yogurt concept, we must be doing something right”!
Industry/Concept #3

- High retention + Residual income
- $25 billion industry (retail)
- We all want our kids to be respectful and to be able to protect themselves!
- **CHILDREN’S FITNESS/EDUCATION!**

“If I could show you a business that you could spend 5 hours a week on that would result in an income matching or exceeding what you are already accomplishing, where you could make a huge difference in children's' lives, would you have an interest”?
Industry/Concept #4

- Recurring revenue + recession proof!
- $100 billion industry (service)
- We all have to have our office cleaned!
- COMMERCIAL CLEANING!
- “We are the best in the business and our 2,500 franchisees will validate it”!
Industry/Concept #5

- Flourishing in the recession!
- $275 billion industry (retail)
- Everybody has to have their car running!
- AUTOMOTIVE REPAIR & MAINT.!
- “We are the dominant player in our industry as recognized by our 95% national brand recognition”!
Industry/Concept #6

• Recession proof + used 6 times/year
• $65 billion industry (retail)
• What grows on your head?! 
• HAIR CARE (NOPE – REAL ESTATE)!
• “I challenge you to find a higher ROI in franchising”
The FranChoice Process

• Identify the right candidate
• Confidential Questionnaire
• Consultation/Model
• Company Intros/Validating with Franchisees

FREE SERVICE!
FranChoice Franchisors

• Low capital investment
• Stunning unit economics
• New (pioneer) and established (mature) industries

ASSISTANCE with FINANCING
I can help you find your perfect franchise... FOR FREE!
Contact Information

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The recording of today’s presentation, along with the PowerPoint slides, will be available on our Career Resources web page by early next week:

http://www.mccombs.utexas.edu/Alumni/Career.aspx