

FRANNET[®]

LOCAL. TRUSTED. FRANCHISE EXPERTS.

Veterans & Franchising: A Perfect Match





Pat Deering

Franchise Consultant with FranNet



- Owner of FranNet of Greater Tampa Bay and FranNet of Central Florida
- FranNet has been in business for over 28 years
- We have worked with SBA, SCORE, and the ASBDC. Only consulting firm with those relationships.
- **FREE TO YOU**



Topics for Discussion

- Franchise Industry Overview
- Benefits for Veterans
- Things to consider
- Simplifying the search.



How Important is the Franchise Industry in the U.S.?

Franchising is forecasted for the **6th consecutive year** to grow at a rate that exceeds the economy-wide growth in industries where franchises are concentrated.

The Gross Domestic Product of the franchise business segment is projected to rise **5.6% in 2016 to \$552 billion**.

Franchise business will have a **3.1% growth** in jobs in 2016, adding **278,000** direct jobs to the economy for a total of 9.1 million jobs

For the past 5 years the average annual growth in this sector was **2.6%**, nearly **20%** higher than all businesses economy-wide.



VetFran Program

- Founded in 1991 to support veterans transitioning back into civilian life after the Gulf War.
- More than 650 IFA member companies participate
 - Offer financial incentives, training, and mentoring for Vets interested in starting their own franchise business
- “Operation Enduring Opportunity”
 - Campaign to recruit and hire as franchise owners 75,000 Veterans and their spouses and 5,000 Wounded Warriors
 - The IFA partnered with the White House Joining Forces Initiative, the SBA, and The US Chamber of Commerce in this unprecedented recruitment effort



Veterans & Franchising

- Veterans hire Veterans
- 70% of franchisors indicated they have either hired a veteran/spouse as an employee or Recruited as a franchisee in the past 12 months
- 1 in 7 franchises is owned by a Veteran



Military vs. Franchise

Military

- Leadership
- Master Your Craft
- Constantly Improve Performance
- Be a part of a team
- Always follow Rules

Franchise Owner

- Leadership/Management
- Master Your Business
- Constantly Improve Performance
- Be a part of a team
- Always follow Rules



Advantages/Disadvantages of a Franchise

Advantages

- A proven, time-tested business model that works
- Predictable future results
- Very attractive to lenders
- Transparent due diligence process with the franchisor and existing franchisees
- Recognized brand name and turn-key operating systems

Disadvantages

- An seemingly endless and overwhelming number of concepts to choose from
- Paying a franchise fee
- Royalties
- Reporting, compliance, and mandatory attendance for training, annual conferences, etc



The Benefits of Franchising

Proven, systematic approach to starting and staying in business

- Experience
- Simplicity
- Initial Training & Ongoing Support
- Name Recognition
- Sales, Marketing & Operational Systems
- Culture of Teamwork



Franchising Benefits

You're in business for yourself,
but not by yourself.



Franchising Fact

- Over 3,100 different franchise companies
- In more than 80 industries
- With over 900,000 operating units

Popular Categories

- Education
- Retail
- Pet Care
- Cleaning
- Real Estate
- Senior Care
- Home Repair
- IT Services



Veterans & Franchising

- Most popular brands for Veterans:
 - Automotive (16%)
 - General Services (17%)
 - Food (14%)
 - Residential/Home Services (14%)
 - Business Services (9%)



Government Disclosure: FDD

- **Franchisor Info**
 - Time in business
 - Business experience
 - Bankruptcies
 - Litigation
- **Costs**
 - Total Investment
 - Franchise fee
 - Other fees
(Adv, Equip, Supplies, Insurance, etc.)
 - Working capital
 - Royalties
- **Franchise Contract**



Government Disclosure: FDD

- **Obligations for Franchisor & Franchisees**
- **Territory**
- **Listing and Contact Info For:**
 - Current franchisees
 - Past franchisees
- **Earnings Claims**
- **Financial Statements**
- **Manager Policy**
- **Renewal, Termination & Transfer Policies**



Why Pay Royalties?

- **Good franchisors lose money in the short term on almost every franchisee**
 - Small royalty payments
 - Support costs are high
- **They make money in the long term**
 - Bigger royalty payments
 - Support costs are low



Franchising Fact

There is no automatic correlation between the cost of the franchise and the potential return.



Franchising Fact

FACT:

Average Initial Investment Range	Percentage
Under \$50,000	13%
\$50,001 to \$100,000	17%
\$100,001 to \$250,000	28%
\$250,001 to \$500,000	23%
Over \$500,000	18%



Financing Fact

How Much Do I Need?

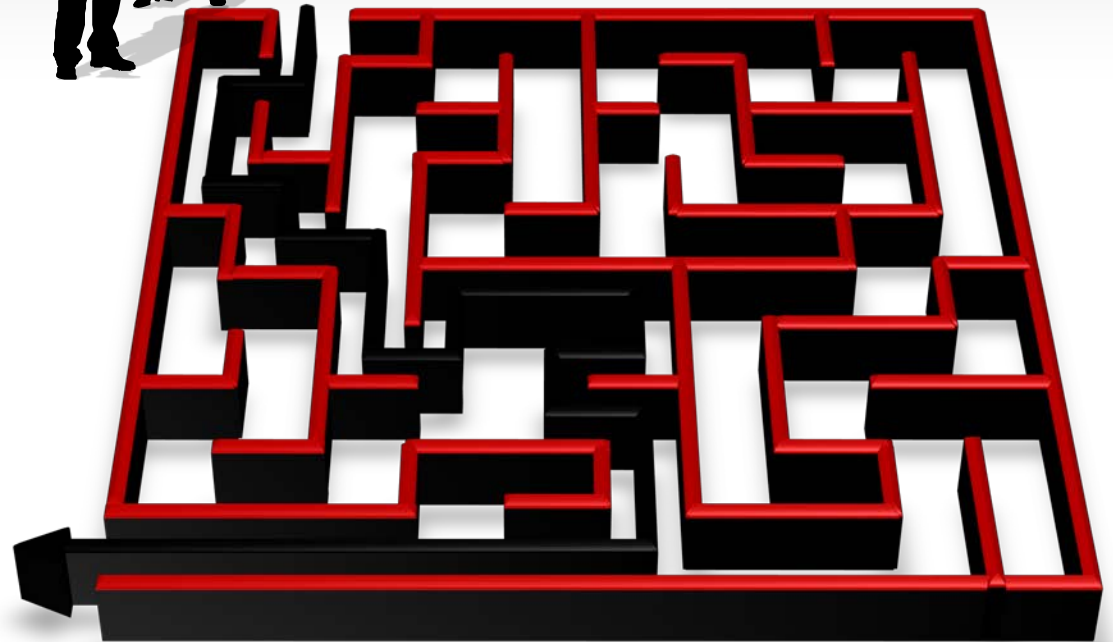
Typically, 25-30% of the total investment will be your money.

Financing is relatively easy to get for 70-75% of the total investment including working capital.



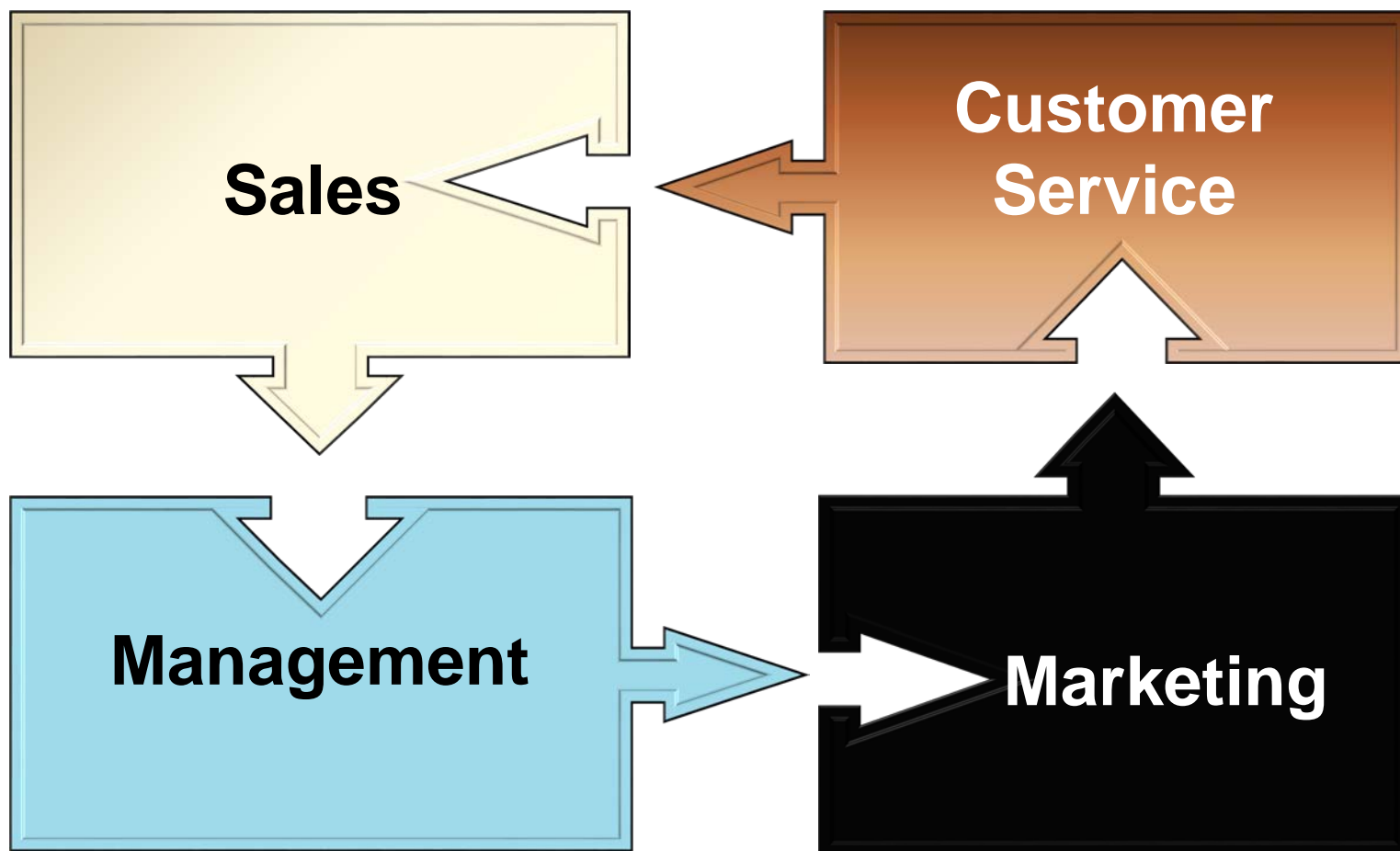
How Do You Find a Business That is a Great Fit?

Separate the function of the business, from the function of the business owner!



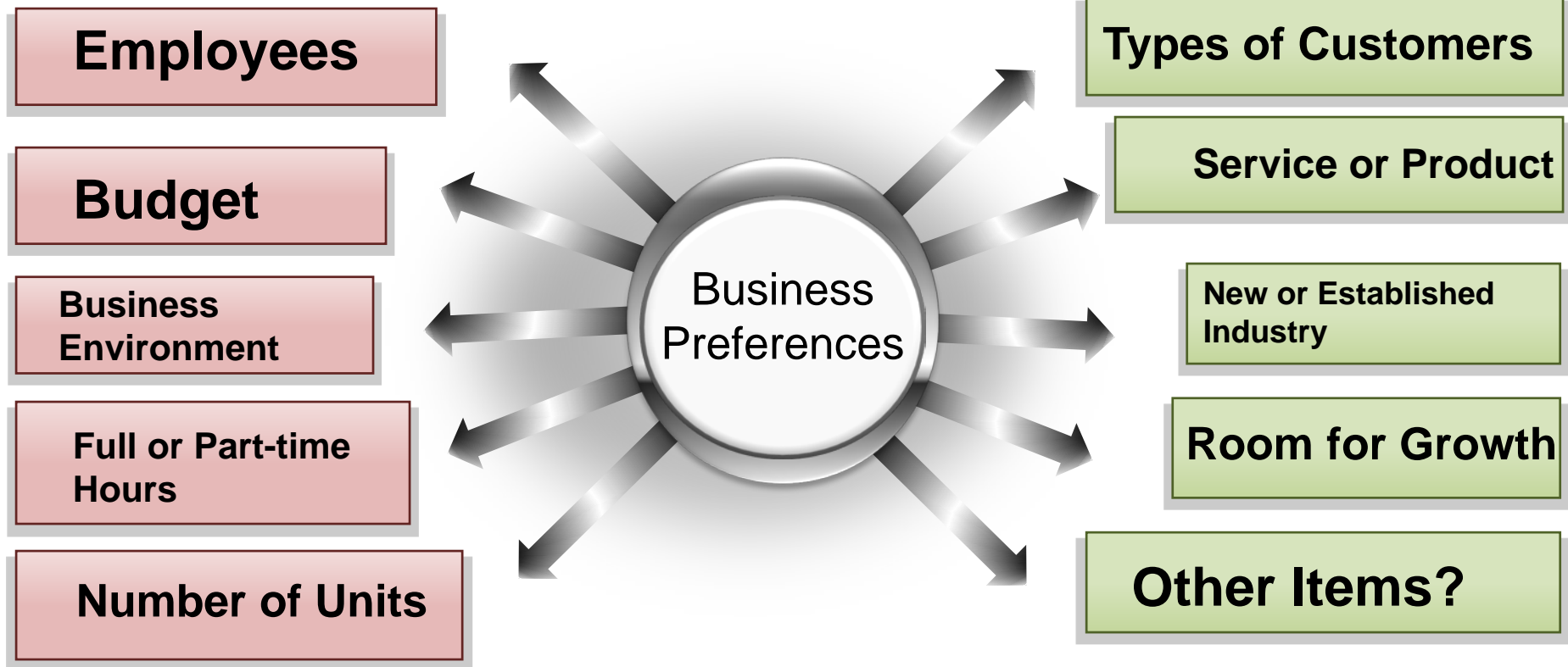


What Are Your Transferable Business Skills?





Your Business Model





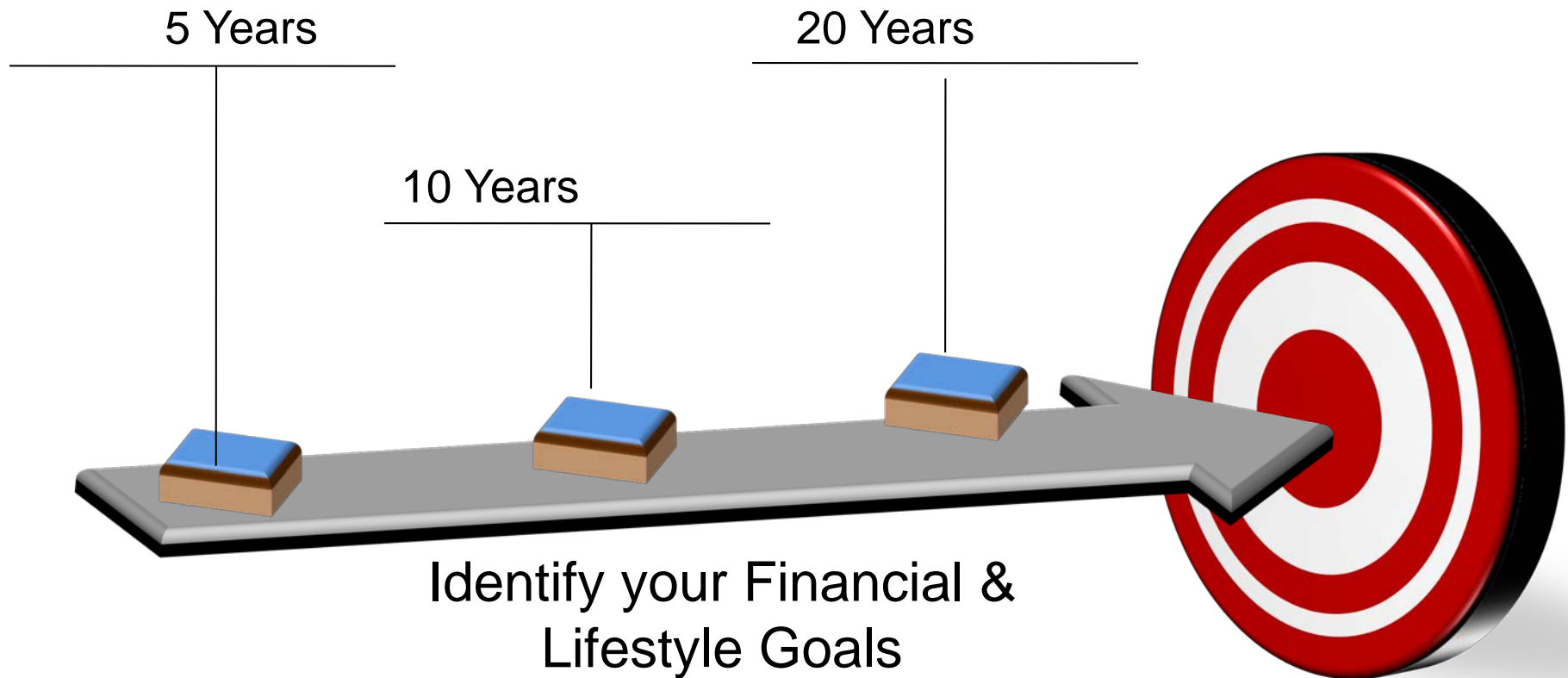
Plan Your Strategy

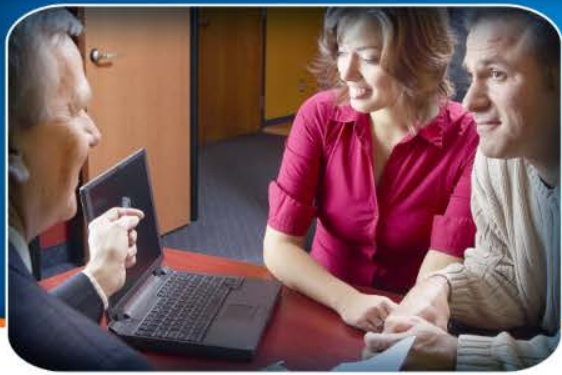
When you are thinking about being a business owner, you should develop:

- Short-term strategy
- Long-term strategy
- Exit (Destination) strategy



Determine Your Business Model





Finding a Great Fit

Match your personal business model with franchisors who are looking for people with your characteristics, attributes, goals and business preferences.



Why Own a Franchise?

If you pick a franchise that is a great fit for you, it is:

- Vehicle that can get you to your destination while meeting your lifestyle and financial goals
- Way to reduce risk



Professional Advisors

Franchise Attorney



Accountant





Tips for Using A Consultant

- Look for Experience
- Do they know the types of businesses that will work in your area
- How do they screen the franchises they work with
- What tools/resources do they offer to help you make an informed decision
- Are they willing to meet with you in person



FranNet Means Business



**Thank you for your
service to our country.**

**Allow us to be of service
to you.**

Questions?