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MULTI-UNIT MONTH
SPECIAL

MASTER, REGIONAL AND INTERNATIONAL FRANCHISING

YOUR 2022 GUIDE TO MULTI-UNIT FRANCHISE GROWTH

THE LATEST STATS AND TRENDS *YOU NEED TO KNOW*

THE IDEAL PROFILE OF A *MULTI-UNIT OPERATOR*

UNIFYING CULTURE ACROSS YOUR *MULTI-UNIT NETWORK*

POWERED BY MULTI-UNIT MONTH

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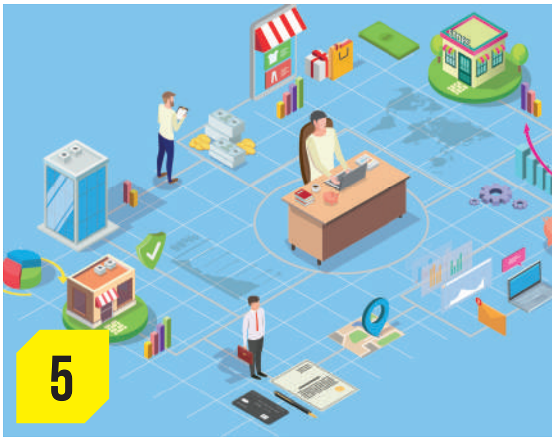

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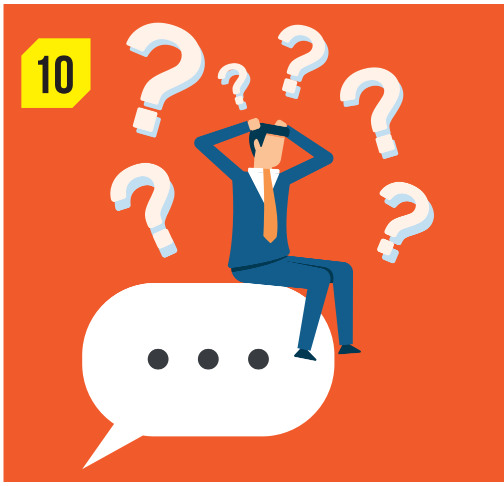

Welcome to our second exclusive whitepaper dedicated entirely to multi-unit franchising! Coinciding with Multi-Unit Month, this publication brings together invaluable insight and guidance for franchisors, franchisees, and entrepreneurs looking to build their own portfolio of successful franchise concepts.

As part of this essential guide, we're taking a look at everything you'd need to know about multi-unit franchising in 2022. On page five, our very own Raghav Patel poses the question: why do franchisors want multi-unit franchisees? Find out this, and much more, as he speaks with experts from across the globe.

We've also got unmissable insight from Michael Cullom of Moss Adams on what entrepreneurs need to ask themselves before taking the leap, as well as Döner Shack co-founder Sanjeev Sanghera sharing the benefits of building a multi-brand portfolio – especially in our sometimes precarious post-pandemic world. And finally, Dr. John P. Hayes, CFE shares six characteristics found in all successful multi-unit operators – and how you can acquire these yourself.

To keep up with all of the free content coming this month, make sure to visit global-franchise.com/multi-unit-month and register your information!

Kieran McLoone
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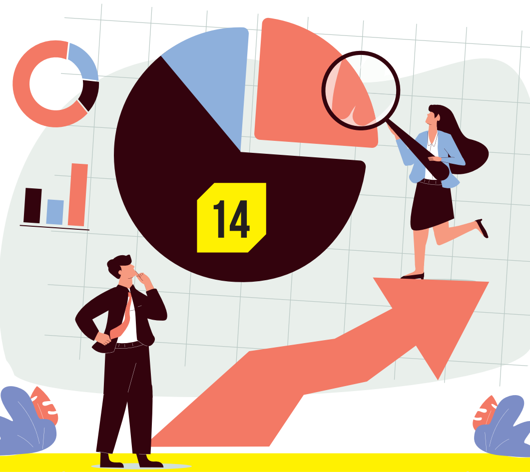

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PUBLISHER D.C. Thomson & Co. Ltd.

Published by D.C. Thomson & Co. Ltd, 185 Fleet St, Holborn, London EC4A 2HS.
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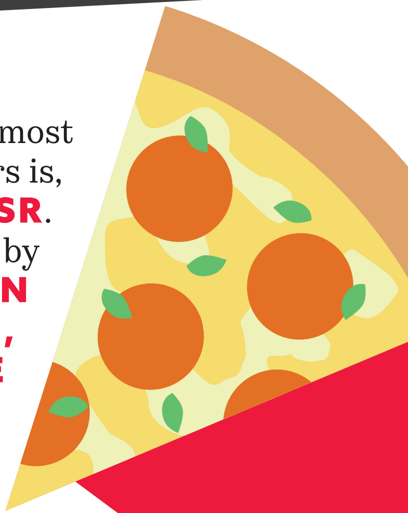
THE MULTI-UNIT FRANCHISE *STATS YOU NEED TO KNOW*

As of 2019, multi-unit operators controlled ***54% of all franchise units*** in the U.S.

Multi-unit franchisees own around ***228,000 locations*** throughout the U.S.



The sector with the most multi-unit operators is, unsurprisingly, **QSR**. This is followed by **BEAUTY, SIT-DOWN RESTAURANTS, AND AUTOMOTIVE**

11% OF MULTI-UNIT OWNERS operate their units **ACROSS MULTIPLE BRANDS**

Over the past decade, the average ***number of units*** owned by multi-unit operators has ***increased*** from ***4.8 to 5.1***

ALMOST ONE-FIFTH OF MULTI-UNIT OPERATORS CONTROL 50 UNITS OR MORE

Why do franchisors want multi-unit franchisees?

Growth is the name of the game in franchising, and why grow one unit at a time when you can expand with multiple locations at once?

WORDS BY RAGHAV PATEL

THE AUTHOR
Raghav Patel is a digital content writer for *Global Franchise*

Franchising, like all business models, is one that focuses heavily on growth. This growth can take many forms, and while profitability is usually the holiest indicator that guides strategy in many businesses, it's not so simple in franchising.

Franchising relies on outsiders who have a desire to open their own business, and believe they can succeed with a specific brand. While there are many who are considering open their own single unit, there are far fewer franchisees who can sign a deal for multiple units.

Multi-unit operators are picky people; they know they're in demand and don't just opt for the first brand they speak to and receive a glossy brochure from. They conduct painstaking research and many expect a more VIP process from the franchisor than single-unit developers. However, successful multi-unit franchisees will bring more success and profit.

"Speaking on behalf of PuroClean and our growth year over year, franchise owners with multiple locations have the ability to generate more cash flow in the home service category if managed and scaled appropriately," said Tim Courtney, vice president of franchise development at PuroClean.

"We've seen tremendous success with multi-unit owners who follow our system and utilize our full support team that we have available."

Approaching multi-unit franchisees should involve some sense of planning to put a brand's best foot forward. Many franchisors have cited the importance of trade shows to make those strong in-person connections with multi-unit operators searching for their next brand, as well as trade publications. Multi-unit franchisees tend to be strongly plugged into the world of franchising.

Some brands turn to franchise consultants to secure those multi-unit franchisees as they simply promise more sustainable growth.

Why are multi-unit operators in such great demand?

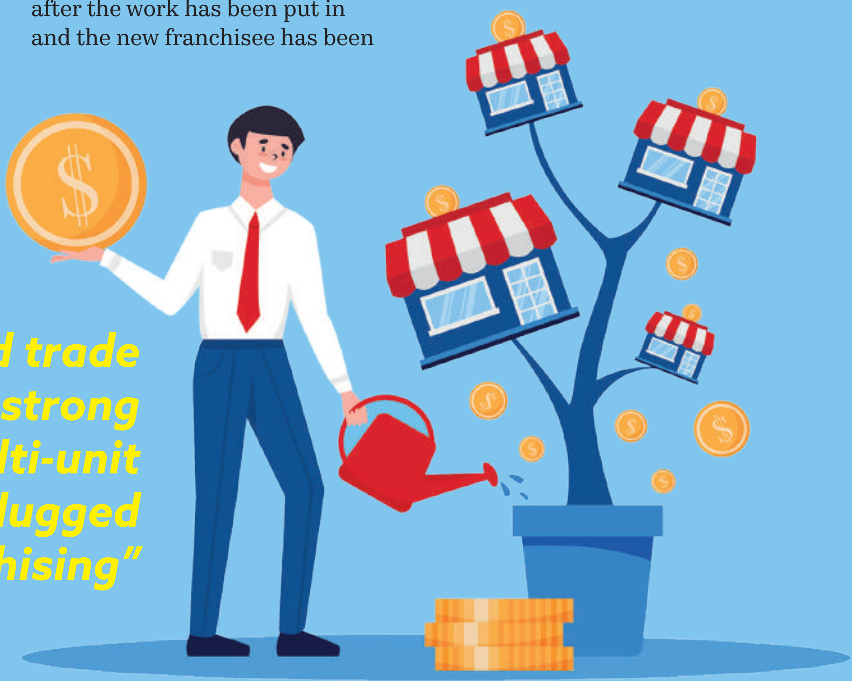
Single-unit operators can take a lot of work. Many are inexperienced and are just venturing into the world of business for the first time. Even after the work has been put in and the new franchisee has been educated in their new role, it can still all end in failure. There is often a gulf in difficulty between what the brochure promises, and how things work out in reality.

It's for this reason, among others, that franchisors are always searching for multi-unit franchisees. While nothing is guaranteed in franchising, multi-unit operators are more likely to get their units successfully off the ground. Their experience means they already have the connections to run a site, whether that's staff or securing funding from a lender.

"Multi-unit franchisees tend to be more experienced in the sector, they tend to have some sort of organization they can rely on," said Matteo Frigeri, founder and director of Seeds Consulting.

"There already may be layers of management and a significant level of staff available.

"Trade shows and trade publications represent strong opportunities to reach multi-unit operators, who are often plugged into the world of franchising"



Also, because they are multi-unit franchisees, they will have already some connections for the funding and most of them will have relationships with banks."

Franchisors also need to consider managements costs when the system begins to grow. It might have been fine at an early point, but consistent recruitment of single-site franchisees will result in the growth of the management team. Franchisors would prefer to keep their own teams nimbler, and speak with a single franchisee who owns 20 units, as opposed to 20 individual owners and operators.

"Franchisors prefer them because, obviously, to deal with 20 franchisees, it's different than dealing with one franchisee," said Frigeri.

"Multi-unit franchise owners that have experience in business, sales, finance or other related backgrounds are very attractive to brands because franchisors see the determination and current business acumen"

"And brands like Domino's Pizza versus Pizza Hut, for example, has shown exactly that in the U.K., where Domino's has a much smaller number of franchisees."

Experience counts for a lot, and multi-unit franchisors are replete with it. From funding to staffing, they will require less maintenance than single-unit owners, and will expand the brand that much faster, and probably with more success.

"Multi-unit franchise owners that have experience in business, sales, finance or other related backgrounds are very attractive to brands because franchisors see the determination and current business acumen within that individual to set him or her up for immediate success," said Courtney.

How do brands attract multi-unit franchisees and what do they expect?

Multi-unit operators know their value when they begin making enquiries with a brand, and to some extent, expect the brand to be cognizant of that value.

Prospective multi-unit franchisees ask a lot of questions and want a lot of information before diving in head-first and investing potentially millions of dollars. The type of forecasted and projected information that is provided to single-unit franchisees is often not good enough for multi-unit operators; they want to see how an actual site is working, more often than not.

"Prospective franchise owners in the home service category normally ask to connect with current franchise owners in the system to get a feel for PuroClean, which offers a wealth of knowledge from current owners who have completed the start-up process," said Courtney.

"We host "Meet the Team" days, where we conduct virtual and/or in-person sessions at our home office in South Florida with each department for prospective franchise owners. These sessions touch on a multitude of aspects of our franchise owner support, from growth and financing to marketing."

Multi-unit operators are not new to the business – they know what success looks like. By spending time at a store and looking at its numbers, they won't be convinced by persuasive sales talk or a glossy brochure. The best brands will happily give franchisees that access, as they want prospective multi-unit franchisees to see the success and open their units.

Competitor analysis is important, operators want to know that they can turn a profit without too much competition in the area or sector.

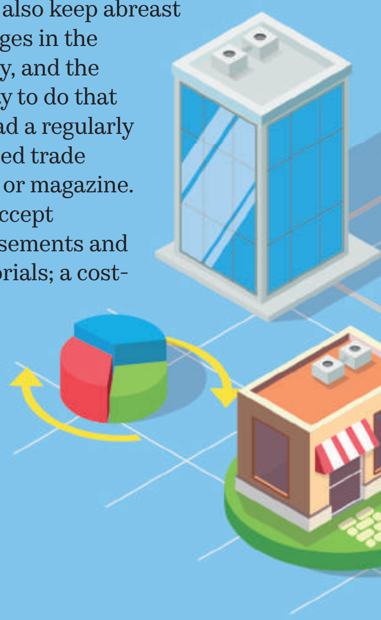
"If they are investing for example, in an established, competitive category, which could be coffee, for example, they will want to know how that coffee brand trades against their direct competitors," said Frigeri.

Where can multi-unit operators be found?

Trade shows and trade publications represent strong opportunities to reach multi-unit operators, who are often plugged into the world of franchising. Franchisors can bring franchisees along to trade shows for multi-unit operators to speak to. Having franchisees to speak to can allay fears and tell multi-unit operators that franchisors are confident in the model, and are happy for prospective franchisees to pick the brains of current franchisees and learn about the good and bad.

The Multi-Unit Franchising Conference represents one of the best trade shows, if not the best for multi-unit franchisees and franchisors. Motivated and eager franchisees attend these events, not just to network, but to learn. There are numerous education tracks that present intimate and interesting ways to connect with possible multi-unit operators on their level, as opposed to an advert.

They also keep abreast of changes in the industry, and the best way to do that is to read a regularly published trade journal or magazine. Many accept advertisements and advertorials; a cost-



effective method of reaching the brand's target audience.

Networking is essential in this echelon of franchising. Prospective multi-unit operators tend not to send queries through contact forms; they can likely source a phone number or email address of the head of franchise development to get a direct line. Facetime with such candidates is essential to gaining their trust, and initial contact is always easier to make in the conducive environment of a trade show, and gives them an opportunity to meet with members of the executive leadership team.

"Prospective owners also ask to hear from the executive leadership team on the corporate side of the company to better understand how the organization is run at a national level and to know the vision and growth plans for the brand as a whole," said Courtney.

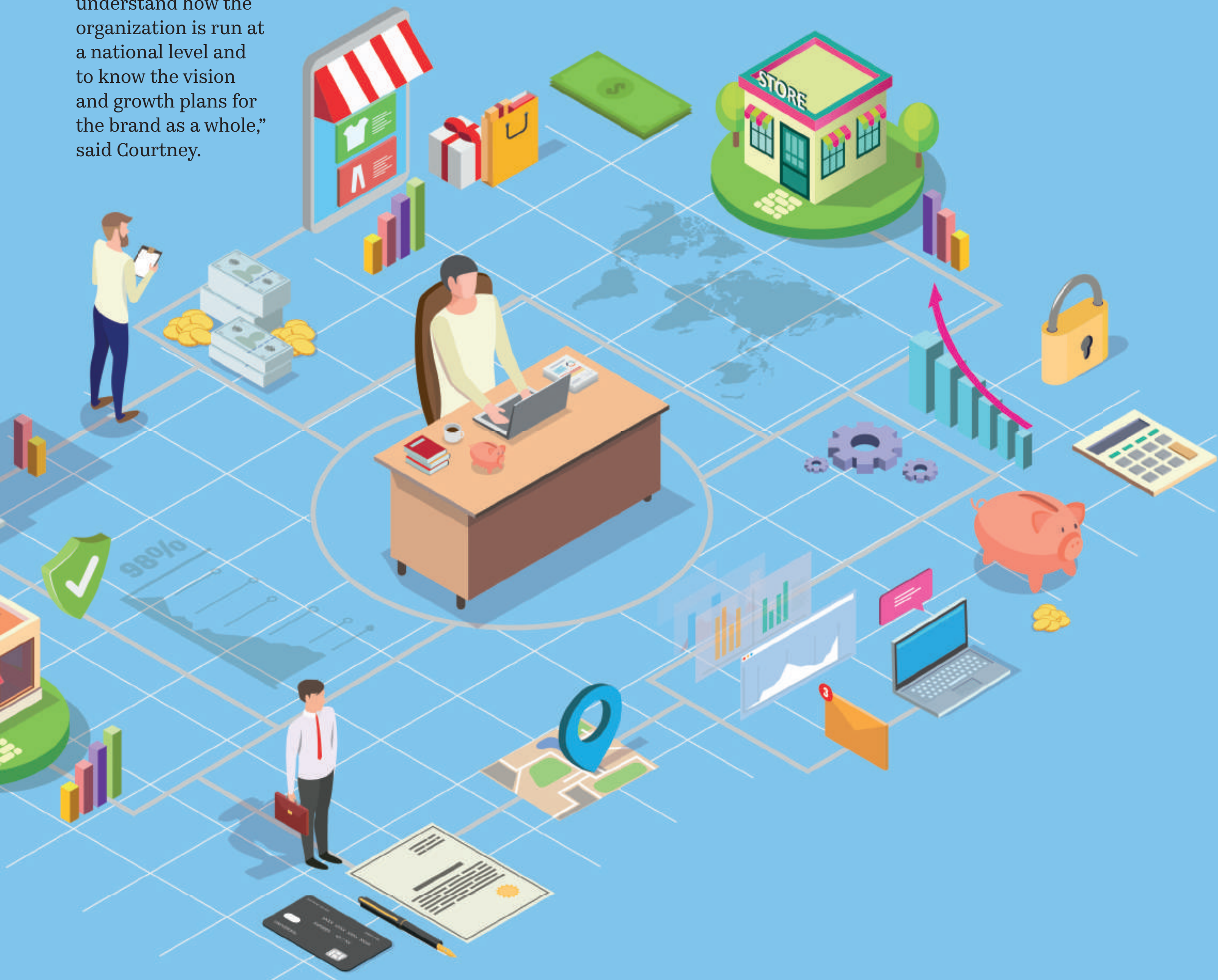
The VIPs of franchising

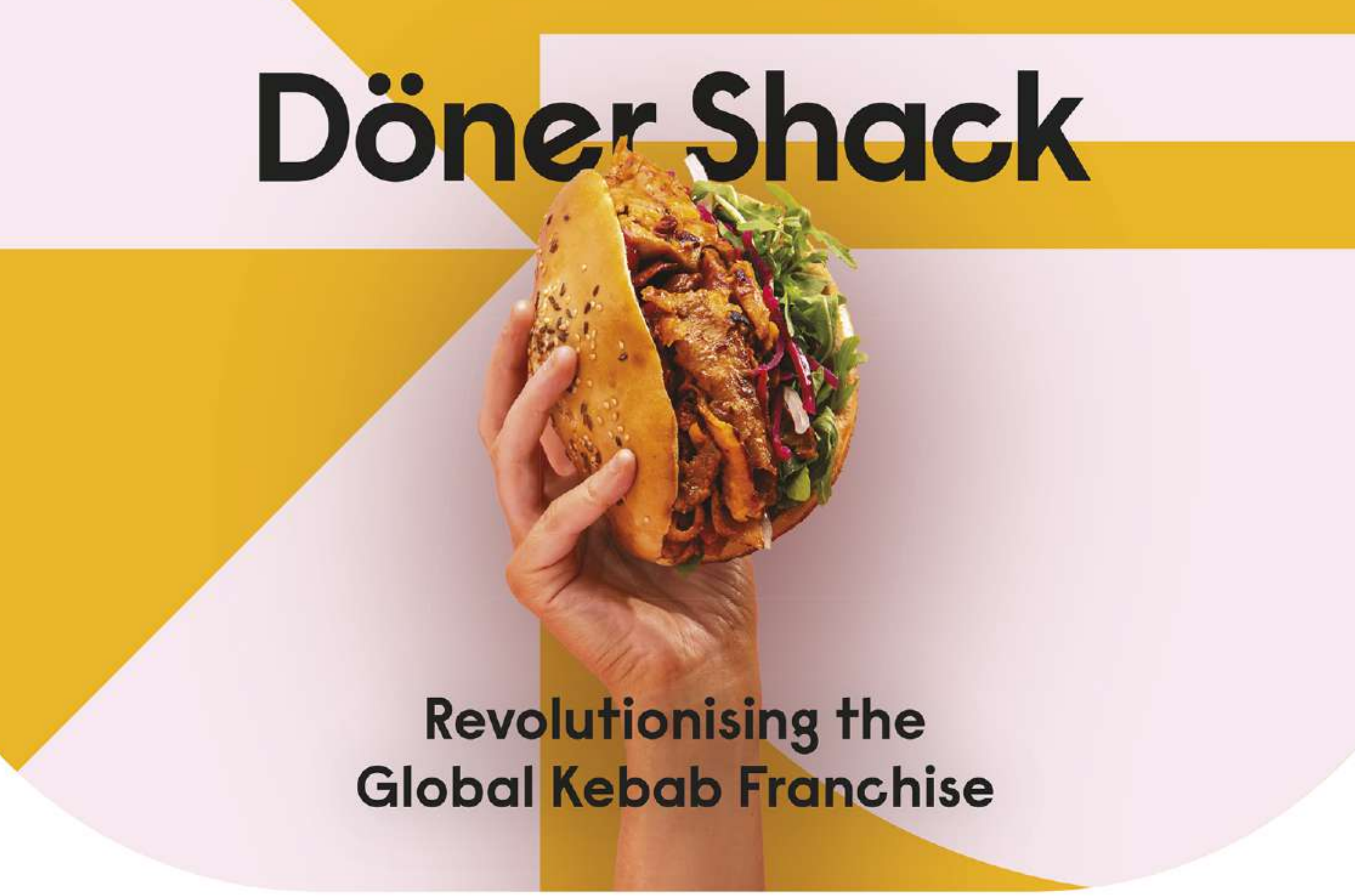
While franchisors can create amazing brands, streamlined operations and world-beating marketing campaigns, it's the franchisees who actually perform and do the work of the franchise. Multi-unit franchisees amplify this effect by opening multiple locations at once with more success and normally, fewer costs.

Franchisors recognize this and have always courted potential franchisees and spent lots of time with them to win them over. This is doubly true for multi-unit franchisees, who can often be the object of desire for multiple franchisors at any one time. Multi-unit operators require a more personalized touch through the process, and will ask more invasive and probing questions than single-unit franchisees.

"Multi-unit operators are picky people; they know they're in demand and don't just opt for the first brand they speak to and receive a glossy brochure from"

Any established brand that seeks to grow rapidly will have to use multi-unit franchisees eventually. Perpetual single-unit growth cannot work for every brand and category.

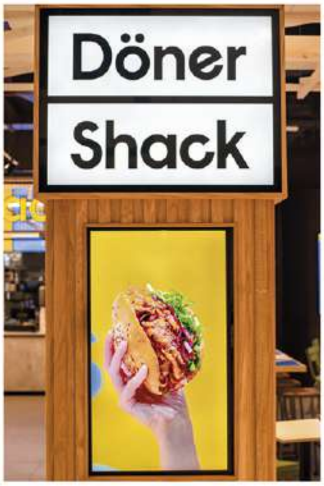




Döner Shack is an exciting and groundbreaking fast casual concept with a vision to become the number one kebab franchise brand worldwide.

"In creating this new fast-casual concept and delivering the high service levels and support for our customers, we have created a unique offering in the food industry with the perfect formula for success."

Sanjeev Sanghera, Co-Founder & MD



Our values and what we offer...

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- We Live And Breathe Innovation
- We Win When Our Franchisees Win
- Millenials Want Unique Food Experinces
- Tremendous Unit-Level Economics
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Key considerations before becoming a multi-unit or multi-brand operator

A lot of introspection is needed to ensure that this kind of venture is beneficial

WORDS BY MICHAEL CULLOM

THE AUTHOR
Michael Cullom leads the Restaurant and Hospitality Consulting Practices for Moss Adams. Michael has served in these industries in financial, operational, and board leadership roles for concepts ranging from early-stage to large, multi-national organizations. He can be reached at (303) 226-7002 or michael.cullom@mossadams.com

It's a natural evolution. A one-location franchisee gains traction with customers and its franchisor and aspires to grow. There are many considerations around expanding in a way and pace that fits a franchisee's situation without running the business into trouble.

This is a high-level look at expanding within the same franchise system as well as becoming a multi-concept franchise operator.

Why Do You Want to Become a Multi-Unit Operator?

Besides the hope of financial success, there are other considerations. You'll need confidence in yourself, your team, systems, processes, and procedures, and excitement around the brand, its momentum, and what it stands for.

Think of insights and experience you have that can set you apart. You'll need solid financial results from your existing unit and a vision for where you see yourself in one, three, or 10 years. You'll also need access to financing sources, internal or external, that will support growth.

Ask yourself these questions:
- Are you happy with the brand, franchisor, and the system?
- Are you receiving the support and interaction you envisioned when you started?
- Are you aligned with the franchisor around brand positioning, operational rules, and expectations?
- Do participants in the franchise system – the franchisor and individual franchisees – work together or against each other?

Gauge the ability to grow and how that fits your current situation. Consider geography, number of units, and methods you can use to expand your number of units.

Do you have the team and access to financing necessary to build and grow? Can you build, develop, and work with people on a continuous basis?

Becoming a multi-unit operator should include writing a development plan with your franchisor. This is a legal agreement spelling out how many units you should open and when. Be warned: missing your goals could result in a loss of your development rights and a sale of your development territory by your franchisor.

"Gauge the ability to grow and how that fits your current situation. Consider geography, number of units, and methods you can use to expand your number of units"

Research Cash and Operational Needs

Many operators fail when expanding quickly without proper financial support. Research the working capital needs of supporting multiple locations, site managers, landlords, payrolls, and taxing authorities.

Work with your business partners and lenders to gauge whether you have enough cash to survive in down times. Have more cash in the bank than you think you need. Keeping a minimum of three months' total payroll cash costs in reserve can be beneficial. Understand all the costs and timelines associated with building and operating a new site until it's cash self-sufficient.

Consider what it means to you personally to run two, five, or 20 units day to day. Ask other multi-unit operators in your system about things they did well and what they would have approached differently.

Do you have the right people at all levels to manage multiple units? You won't be able to do everything yourself, so what do you need to add or change? What do your best people need to grow? What do they need to learn and what will you need to pay them? Would you ever consider giving your best people an equity stake in the business?

Assess yourself. Are you the right person to maintain many locations under your leadership? Can you delegate without worrying about how business is handled? Can you give managers latitude in applying their decisions and creativity? Does your family understand how your lifestyle could change?

How to Expand Number of Units

There are numerous ways to grow with your existing franchise system. You can open new locations if your franchisor includes that in a development agreement.

If the decision is based on geography, ensure your territory is clearly defined. Understand how other franchisees can and can't develop around you.

Units can be acquired from company-operated locations or other franchisees. Find out the seller's motivation for selling, and the market rate for acquiring locations.

Some financial and operational records should be made available to you prior to committing to a purchase. Detailed financial results should be inspected carefully to ascertain what's in the numbers. Often, franchisees might include other expenses in their profit and loss statement that you might not.

Gauge whether employees are happy and effective, and whether they might leave if you buy. It's important to work with the seller to protect the confidentiality of an impending transaction, because employees could become fearful and depart prematurely when a sale becomes public knowledge. When it is disclosed, manage the message carefully.

Reasons to become a multi-brand operator

Franchisee growth can come through enhancing performance of existing units, expansion of existing brand operations, and adding new brands.

Owning and operating multiple brands can generate more complexity and leverage efficiencies and synergies between concepts.

The approach to adding a brand can be similar to choosing your first brand. You should consider excitement around the brand, track record of the franchisor and system, willingness of existing operators to provide positive references, fit with your experience and knowledge, and potential for positive financial outcomes.

Check the terms of your existing franchise disclosure documents (FDD) carefully. Not all brands permit franchisees to operate additional brands.

There can be well-founded concern that franchisees will become competitors, or lose focus. However, some franchisees more recently have become large, equity-backed entities with many brands.

Have a solid business plan. Lenders and prospective equity partners will be looking for cogent business reasoning to add more brands to your portfolio of businesses.

Identify synergies between the existing brand or brands and a new one. Look for a trajectory in the new brand that makes combined businesses financially positive. Consider how the operational elements – people, purchasing power, systems, administration – will work together.

Overall Recommendations

Grow your infrastructure and capabilities ahead of your unit growth. If not, you can fall behind, which can drag down morale and performance.

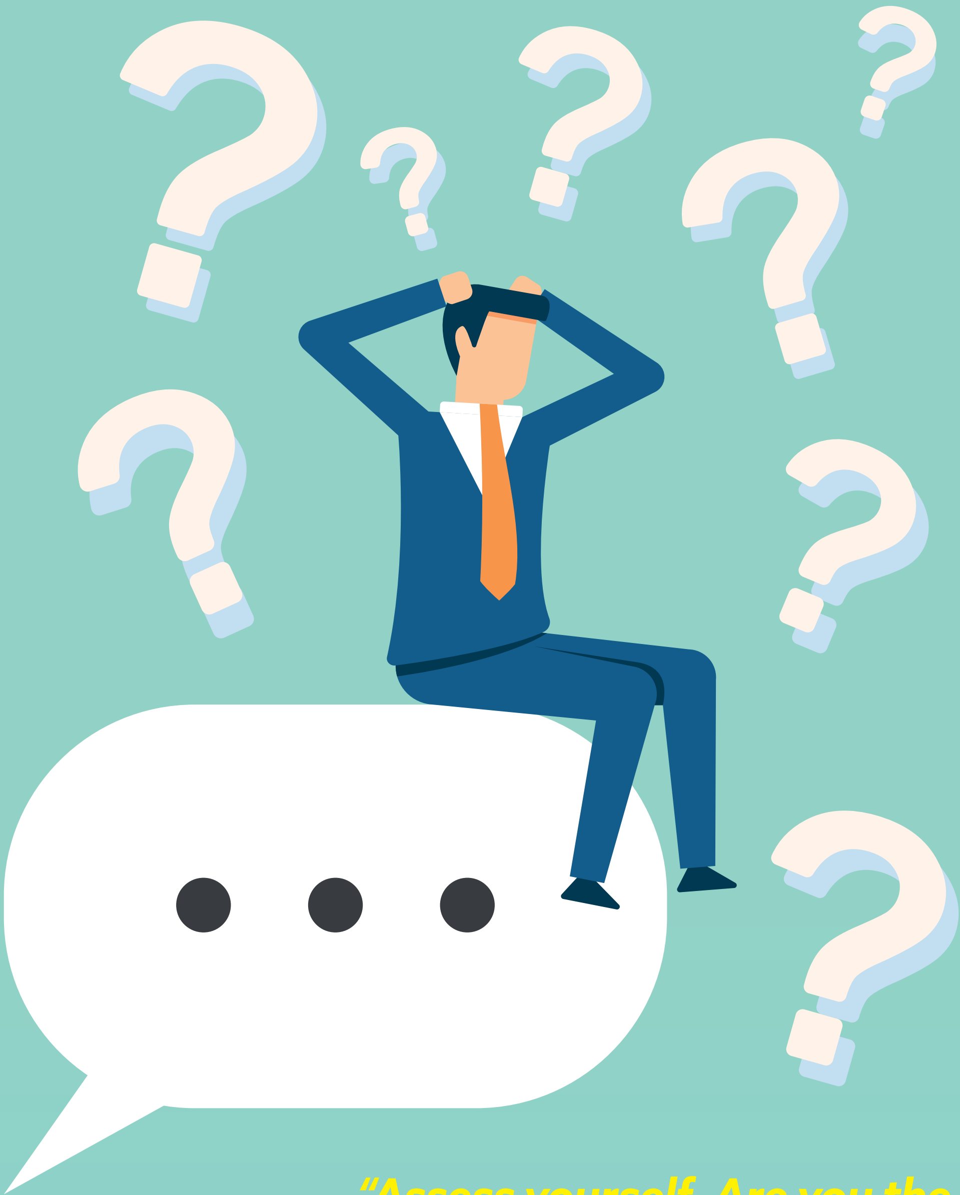
Choose outside advisors who can grow with you for your systems, insurance, legal, finance and banking, accounting, and real estate needs.

Consider your staffing. Hire and train ahead of growth. Anticipate turnover before it happens. Promote leaders. Support underperforming people with extra attention. If they don't meet the needs of the business, consider making changes.

Assess whether your systems will support your needs as your business expands.

For some period of time, don't focus on your exit – the sale of the business. Focusing on an exit in the near term can lead to running the business with a short-timer's mentality, impacting the quality and nature of the performance of the business, as well as the attitudes of employees. Work to generate a great business with great people and outcomes. At some point, your exit could take care of itself with great performance.

Desire to expand and improve is natural for ambitious and effective franchise operators. Do your homework, ask a lot of questions, and don't be afraid to ask for help. Support gained through a franchise system is a key benefit of that business model.



> *"Assess yourself. Are you the right person to maintain many locations under your leadership"*

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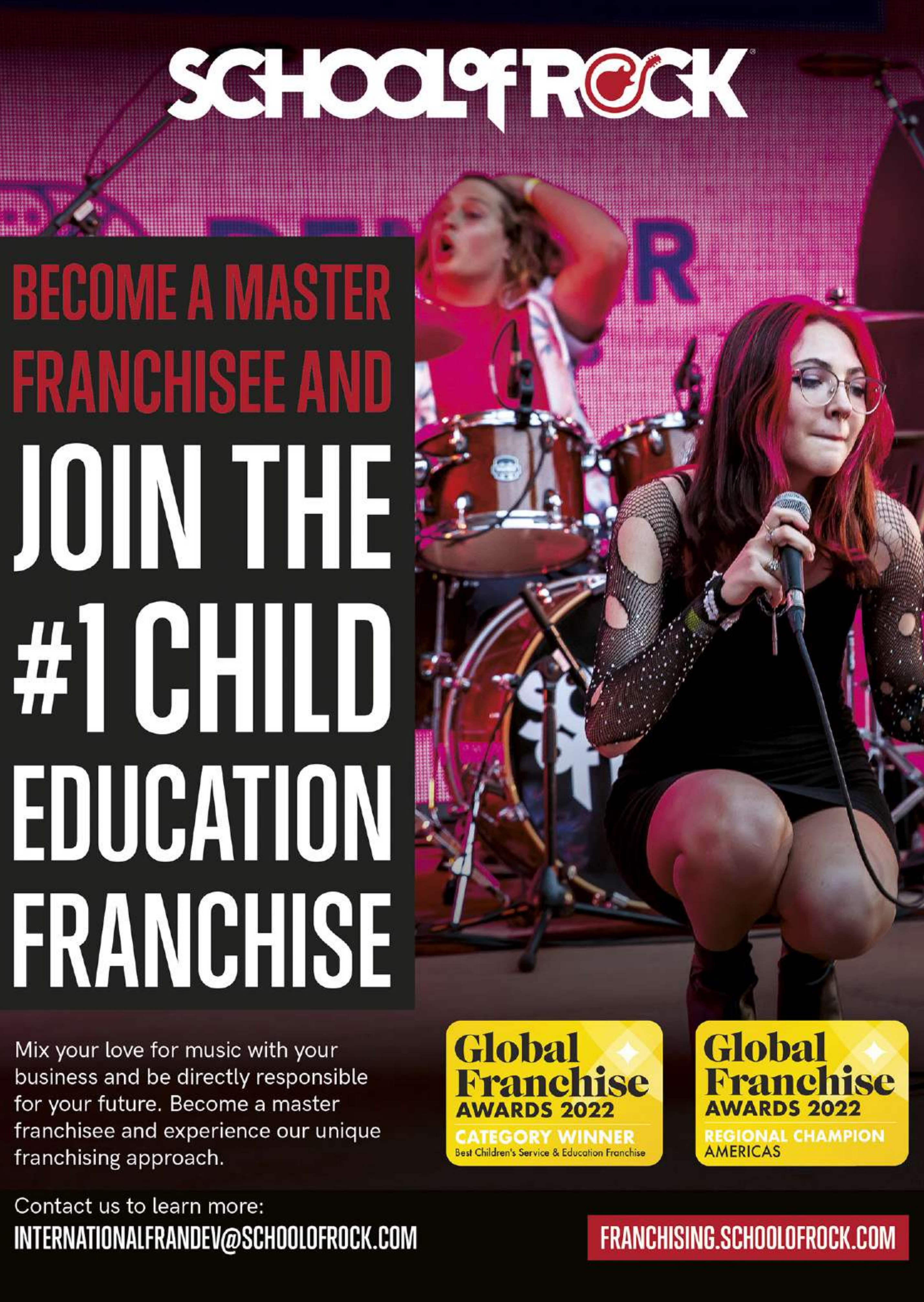
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The benefits of building a diverse multi-brand franchise portfolio

In this post-pandemic world, putting all of your eggs in one basket can be setting yourself up for failure

WORDS BY SANJEEV SANGHERA

THE AUTHOR
Sanjeev Sanghera is the co-founder and managing director of Döner Haus and Döner Shack. With over 25 years' experience, Sanjeev is a leading restaurant entrepreneur with a business that is growing internationally, including in North America, Europe and the Middle East.
donershack.uk

Diversification is key to a successful business portfolio. Similar to you keeping a portfolio of different stocks to diversify your investments, as a franchisee, you would profit from owning several franchises.

By spreading your investments across a range of assets in several sectors, you can protect yourself from serious loss if one business faces unforeseen challenges. It is for this reason that it is so important to vary your franchise portfolio and avoid putting all of your eggs in one basket.

To grow your franchising portfolio, you do need to be strategic when choosing your concepts. By following your passion rather than randomly selecting franchise brands, you will achieve long-term success and be a more engaged franchisee. Having seen the disruption brought on by the pandemic, many people are cautious to start a new business right now. But for those with an entrepreneurial mindset, this is the ideal time to diversify and grow your portfolio.

Adding concepts in different industries will not only add further income and stabilize your portfolio, but it will reduce volatility and risk. It will also provide you with the opportunity to apply your business acumen, market knowledge and creative energy to another brand.

Here's how to diversify your franchise portfolio and the key areas you need to consider to ensure long-term success.

Protecting your investments

Business ownership can be unpredictable, so by having all your investments tied up in one brand you are exposing yourself to greater risk, particularly if that brand loses some of its value.

With a larger portfolio, however, you will experience far less of a hit and be able to recover your losses through your other ventures. Diversification can help you remain competitive in more than one market, increasing the opportunities for greater return.

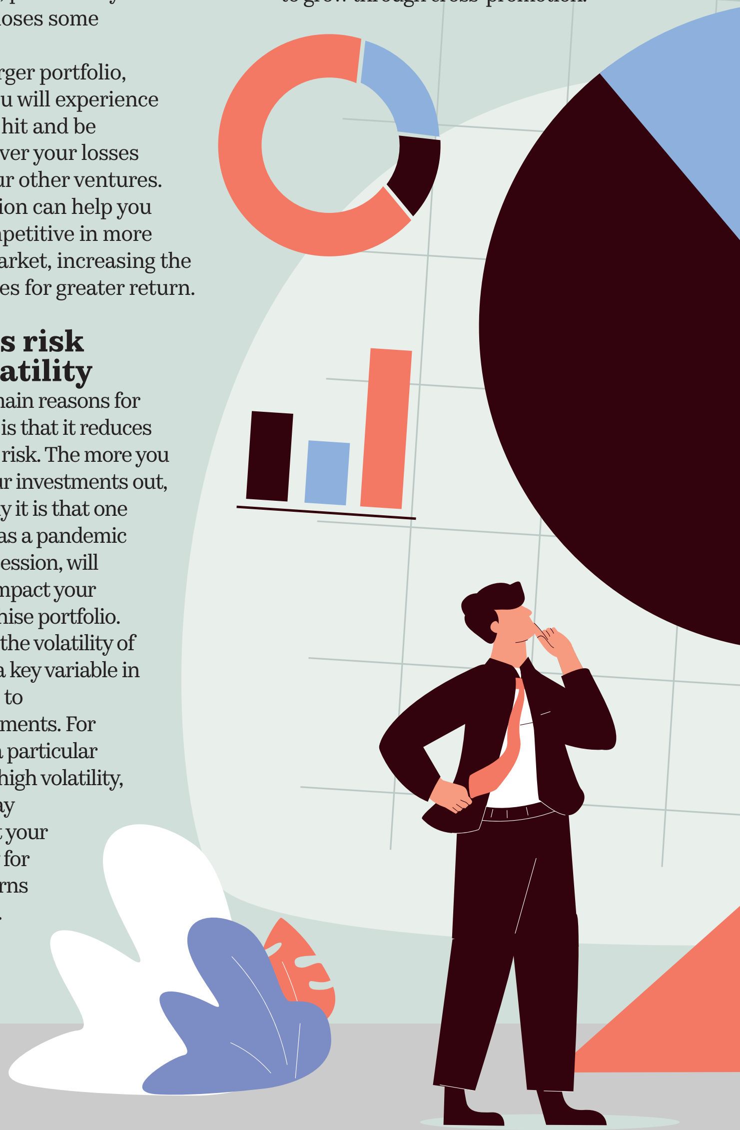
Reduces risk and volatility

One of the main reasons for diversifying is that it reduces your overall risk. The more you broaden your investments out, the less likely it is that one event, such as a pandemic or global recession, will negatively impact your whole franchise portfolio.

Likewise, the volatility of a market is a key variable in the decision to make investments. For example, if a particular market has high volatility, your risk may increase but your opportunity for greater returns is increased.

Cross-promotion with complementary concepts

There are some franchise brands that naturally complement each other and provide an opportunity for owners to grow through cross-promotion.



Within the food and beverage sector, for example, it would seem right for a coffee shop owner to diversify with a fast-casual restaurant business, developing crossover sales and building relationships with customers through two different businesses.

Though it might be alluring to invest in a number of similar concepts, it is, however, important to make sure they are suitably differentiated, and not direct competitors.

Multi-units or multi-brands?

When diversifying your portfolio, one of the biggest decisions to make when expanding your franchise portfolio is whether to buy multiple units of the same franchise or invest in another or several more brands.

There are obvious benefits to buying multiple units within the same brand as you already know the system, have a relationship with the franchisor and know the product or service you are selling.

Investing in different franchise brands, however, may take more work in the initial stages as you have to learn new systems, but it may offer opportunities where your portfolio could be lacking, and at low risk to you.

Dynamic brands

Experienced franchisees are attracted to concepts that are both forward-thinking and profitable. As proven by the pandemic, brands that can adapt with the times have more staying power and will continue to be dependable revenue streams in the future.

This is a mark of a good investment, so you should bear this in mind while researching concepts to add to your portfolio. For example, fast food concepts have been gaining traction for years, but with consumers

"Put your eggs into different baskets and this will help reduce some of the risks"

now leaning into brands that are socially and environmentally friendly, fast-casual restaurants are able to meet this demand and become a more appealing choice for many – these concepts are not passing fads, so look for franchise brands with products or services that are agile and will be long-lasting.

"The key to intelligent investing is diversification – it's all about minimizing risk when investing capital," says multi-brand and multi-unit franchisee and CEO of Döner Shack, Suj Legha. "Having been involved in franchising for 20-plus years, I know the industry well and believe there are plenty of benefits of diversification in franchise ownership. It allows for a certain amount of high-return investments by offsetting possible risks through more stable alternatives.

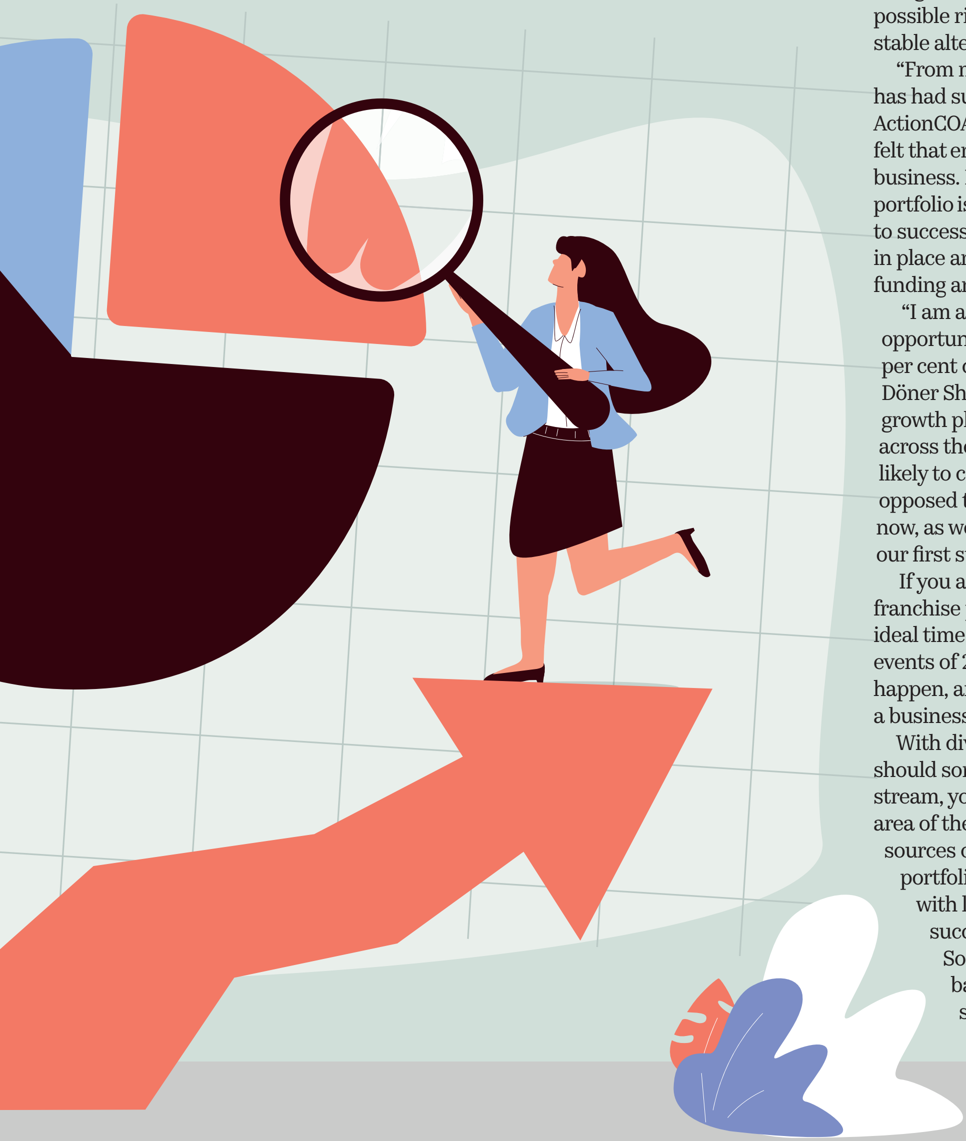
"From my experience as a franchisee who has had successful businesses, including ActionCOACH and Papa Johns, I've always felt that entrepreneurial pull to open another business. Having a diversified franchise portfolio is an attractive option that can lead to success if you have solid foundations in place and a good track record to secure funding and approvals by franchises.

"I am always looking for new opportunities, but for the moment I'm 100 per cent committed and focused on scaling Döner Shack as we have an aggressive growth plan this year to open new sites across the U.K. The diversification is more likely to come from different markets as opposed to different franchise brands for now, as we grow in the U.K. and take our first steps into the U.S.A.," added Suj.

If you are looking to diversify your franchise portfolio, now might be the ideal time to make the leap. As the events of 2020 showed us, anything can happen, and sometimes that can impact a business's source of income.

With diversification already in place, should something happen to one revenue stream, you are able to pivot to another area of the business to shore up your sources of income. A franchising portfolio that combines your aspirations with long-term concepts is central to successful diversification.

So put your eggs into different baskets and this will help reduce some of the risks.



Six characteristics of successful multi-unit owners

Multi-unit franchising may be a huge trend in the industry, but not everybody is cut out for this degree of responsibility. Are you?

WORDS BY DR. JOHN P. HAYES, CFE

THE AUTHOR
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Multi-unit franchise ownership – owning multiple units of the same brand – has gained popularity in recent years and for good reasons. Many franchisors now seek franchise candidates who desire a "package" of franchise units rather than just one unit, and many franchise prospects are only interested in franchising if they can buy multiple units or units of multiple brands.

According to FRANdata, which tracks franchise development in the United States, 54 per cent of all franchises are multi-unit operations, with 43,212 multi-unit operators controlling most units. It's a trend that FRANdata has observed for more than 30 years. Between 2010 to 2018, FRANdata reported that entry-level multi-unit ownership increased by 23 percent.

The benefits of the model

What created the trend? If owning one unit of a popular brand is a good idea, owning multiple units is a better idea in the minds of many owners. Overall, the benefits of multi-unit ownership satisfy thousands of owners. These benefits include multiple revenue streams, economy of scale resulting in lower operating costs, staff flexibility, and less hands-on commitment by owners providing a more satisfying work-life balance.

A franchisee who successfully opens one unit may find it easier to open the second unit, and so on. Why build infrastructure for just one unit? With one unit, a franchisee needs accounting, HR, a CRM, and other services, and in most cases the same services, perhaps with expanded capacity, can serve multiple units and even multiple brands.

Many franchisees, especially if they have business experience and capital, won't consider a single-unit franchise because it won't return the results they desire. What's more, nowadays an experienced multi-unit operator of one brand is likely to buy a "package" for a second brand. Successful multi-unit operators not only learn how to operate a specific model, but they also learn how to operate successfully in a specific market.

With market knowledge comes the opportunity to introduce multiple brands in that market. Consequently, multi-brand operators are on the rise in the U.S.A.

> ***"Using the right technology boosts productivity and enhances a franchisee's quality of life"***

Meanwhile, franchisors increasingly prefer multi-unit and multi-brand operators. Who wants 1,000 franchisees each operating a unit when 200 franchisees could each own five units? (On average in the U.S., multi-unit operators own five units).

Working with the same franchisees, and a smaller number of franchisees, makes life easier and more profitable for franchisors. Consequently, franchisors will discount their franchise fees to attract multi-unit investors.

How do you know if you're a good candidate for multi-unit franchising? First comes the desire and capacity to own more than one unit – it's not for everyone – and then you will need to prove your value to a franchisor. It's not just about your financial capabilities although if you can't meet the investment requirements, i.e., the ability to open a store every year to 18 months, you won't qualify. Here are six characteristics of leading multi-unit operators. Use these to measure your value:

1) Business expertise

"The most important quality characteristic that I seek in a multi-unit franchisee is they are already a proven successful business operator and even better a proven operator of successful franchised units," says Peter D. Holt, president and CEO of The Joint. "No franchisor has the time to teach an unsuccessful businessperson how to be successful."

If you haven't successfully operated a business, you may not meet the franchisor's expectations. If you haven't operated a franchise business, again you may not get the franchisor's approval. Without operational success, you may be invited to buy one unit with a promise of additional units after hitting prescribed benchmarks.

2) Leadership qualities

When franchisors qualify multi-unit candidates, they look for leaders. They measure for integrity, honesty, active listening, self-confidence, communication skills, delegation skills and much more.

"We seek great leaders for multi-unit ownership," explains

"If you don't know how your business makes money, you cannot replicate that success across multiple franchise units"

Jeff Thompson, international sales director for United Franchise Group. "They must be visionaries and convey how they'll implement their vision. They also must be able to organize and delegate responsibilities."

Many franchise specialists emphasize the importance of delegation skills. "Multi-unit operators must be masters at delegating," says Monica Feid, COO, BizCom Associates. "They don't look at investing in a franchise to buy themselves a job. They look to create jobs for others and work on the business rather than in it."

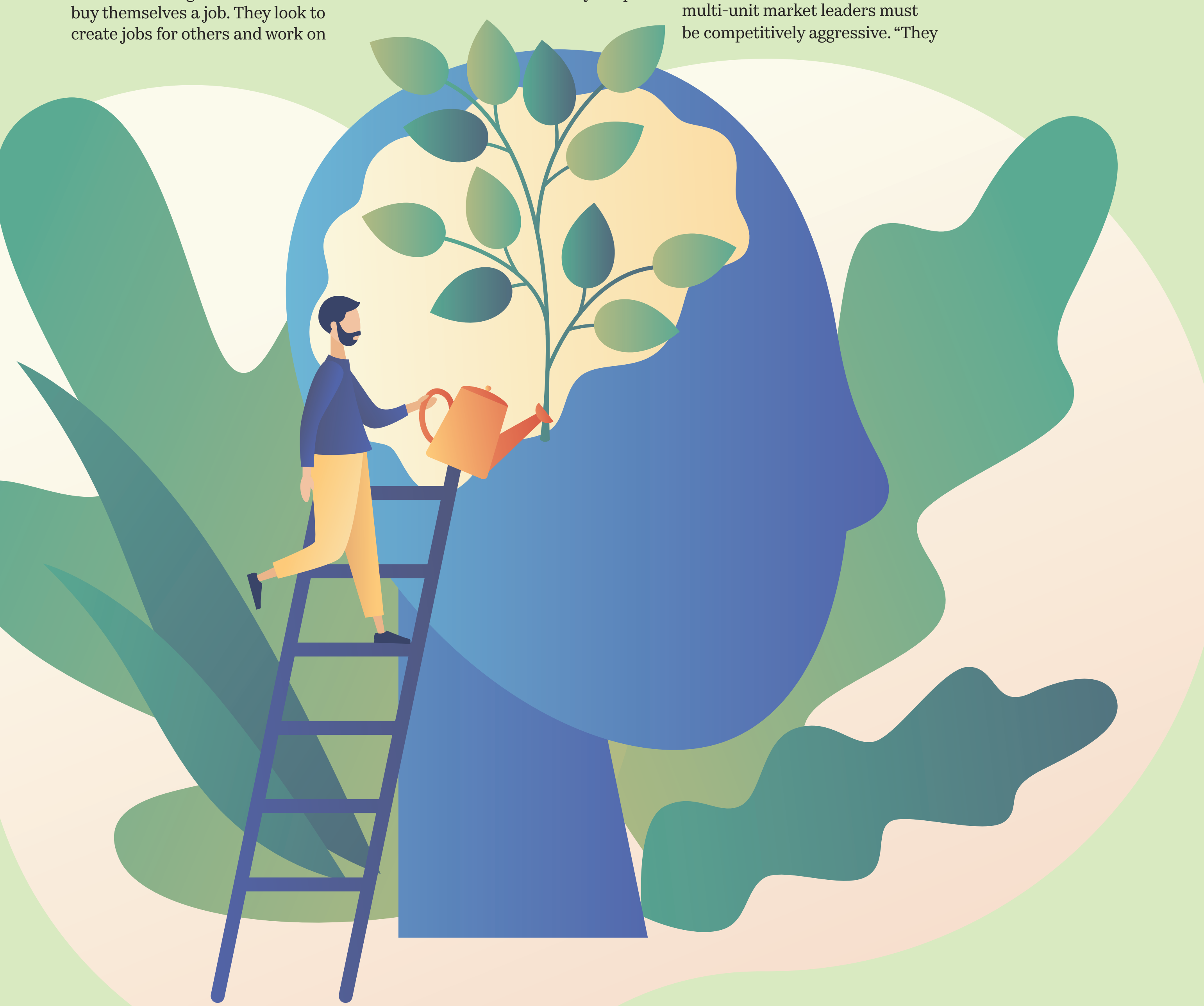
Feid says that's the mindset that's necessary to "grow and lead great teams across multiple units" because multi-unit operators cannot physically be present at every unit.

When it comes to multi-unit, multi-brand and multi-state franchisees, John P. Clancy says it's important not to be a "control freak." He oversees 50 units of Planet Fitness, 30 units of Smoothie King, and several units of Buff City Soap and does it all from Jupiter, Florida.

"You must do many things right as a multi-unit franchisee. If you cannot delegate some of those disciplines to either trusted, incentivized employees or partners you cannot operate at peak efficiency."

3) Competitive qualities

"If you choose your brand wisely, you will have competitors," explains Clancy. "That's capitalism." He says multi-unit market leaders must be competitively aggressive. "They



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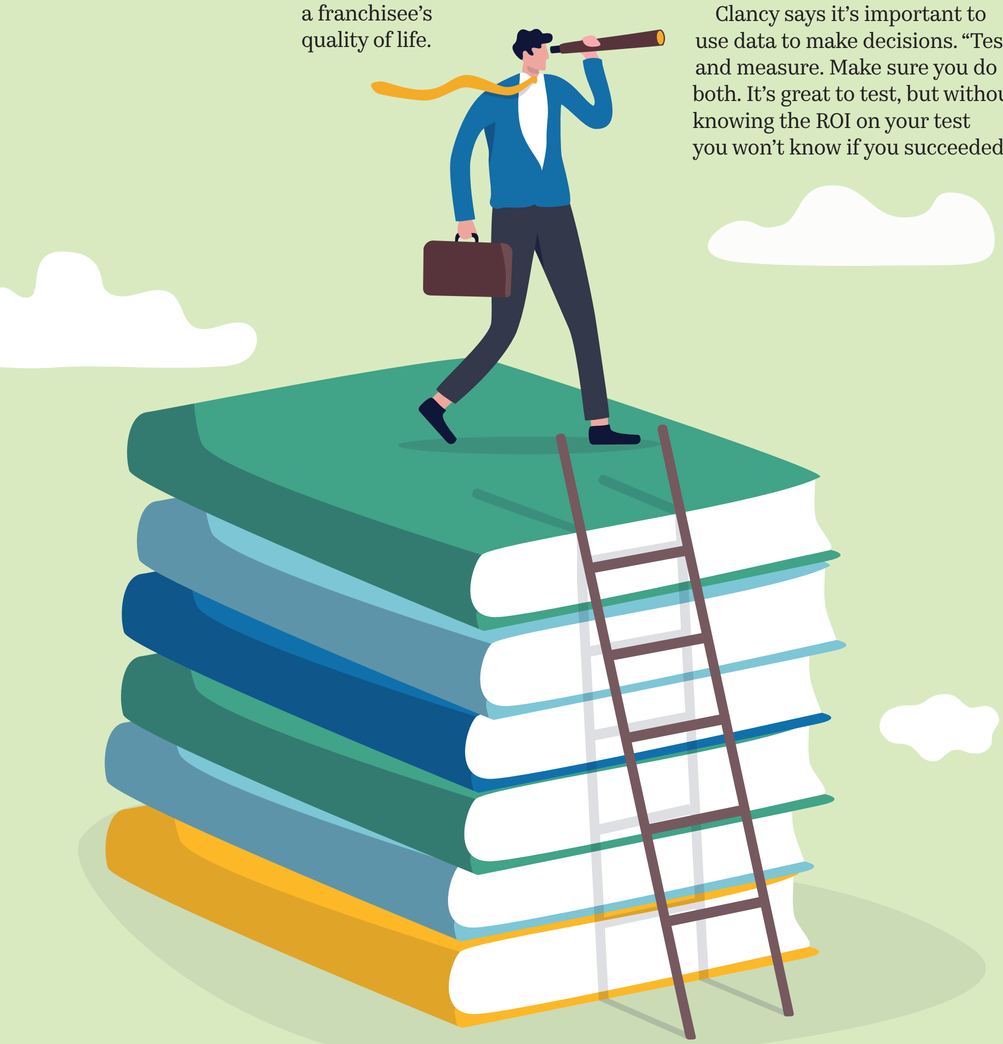
can't be afraid to surround their competitors when they open in a territory. They have access to more capital and they use it to out-market the competition. They choose better sites, build better stores, and support better operations. They are aggressive in being the best."

4) Tech savvy

Multi-unit, multi-state Dunkin Donuts franchisee, Damon Dunn, has accelerated his franchise portfolio by using technology. Whether it comes to a decision about buying an existing unit, or where to locate a new unit, Dunn depends on technology to help make decisions.

Using the right technology boosts productivity and enhances a franchisee's quality of life.



Franchisors are more likely today to implement technology and they want multi-unit operators to be comfortable using it. In Dunn's case, he spends time investigating technology that he can adapt to his operations.

5) Know the numbers

"Single-unit operators may be new to knowing and understanding a P&L," says Feid, "but great multi-unit operators are vigilant about unit economics. If they aren't personally experts at math, they hire for it on their teams. Because if you don't know how your business makes money, you cannot replicate that success across multiple franchise units."

Clancy says it's important to use data to make decisions. "Test and measure. Make sure you do both. It's great to test, but without knowing the ROI on your test you won't know if you succeeded. Measuring is usually nuanced and involves multiple layered technology, POS and franchisor integration. It's not easy but it's critical. Testing and measuring is wisdom in franchise operations."

6) Engage in the work

Holt says he wants multi-unit operators who are engaged in the concept. "They may have competing interests that vie for their time," he explains, "but if my concept is not at the top of their list it's hard to imagine how they will be successful. Engagement is the foundation for success."

Multi-unit operator Eddie J. Rodriguez agrees. His portfolio has included as many as 260 Wendy's restaurants in seven states. He's also a multi-unit operator for Wingstop. Rodriguez attributes much of his success to his engagement as a franchisee. First, he supports all the brand's operating systems.

"This is important," he says, "because reinventing the wheel in a franchise system creates confusion for the consumer" which results in lowered customer loyalty.

He also believes it's important to engage outside of the store. "Most franchise organizations do business within three miles of their location," he explains. "Local involvement is the best sales building technique in most businesses." Rodriguez thinks a franchisor should consider a prospective franchisee's involvement in networking events, civic clubs, schools, and other businesses.

Finally, engagement must extend to the franchisor's organization. Rodriguez says, "It's important to serve on the franchise advisory council, on local marketing councils and in other meaningful ways. This type of leadership creates future growth and opportunities to represent the brand."

Depending on the industry, a franchisor may have other qualifying characteristics for selecting multi-unit operators. Nowadays, with the prevalence of multi-unit operations, it's easy to find top multi-unit franchisees for a specific brand and interview them.

Successful franchising is never a one-way road; it depends on the agreement, cooperation and skill sets of both franchisor and franchisee. If you want to capitalize on what may be the "hottest trend" in franchising in decades, then consider multi-unit ownership, but be prepared to meet the franchisor's expectations.