



## Many ways to be boss

### Doggie day care? How about meals to go? Franchise expo has a steer-your-own-path dream for every taste

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LOS ANGELES—There was doggie day care and fast-food fondue. There was something called Monkey Joe's play centers and Maggie Moo's treateries, whose ice cream claims to be so fresh, it moos.

If you want to own a piece of it, chances are someone had it here at the West Coast Franchise Expo, a buyer's bazaar of everything franchiseable. The three-day trade show ended Sunday, drawing about 9,000 would-be franchise owners to the Los Angeles Convention Center in search of their ticket to small-business ownership.

"You have the opportunity to take a close look at something that could change your life," said Richard Rennick, the expo's opening-day speaker, who recently sold his nationwide franchise chain, Palm Springs-based American Leak Detection.

Rennick's story is a familiar one in franchising. In 1974, he left a career in Southern California law enforcement to found American Leak and never looked back.

"It changed my life because I was in charge of my destiny. That was the whole thing behind it," Rennick said, a self-described "old plumber" who's now a consultant to new franchise buyers.

More than 200 exhibitors -- touting everything from familiar names like Fantastic Sam's hair salons to new-idea eateries like Showcolate, a "fondue express" from Brazil -- showed off their concepts to investors looking to break into the franchising game.

The convention floor resembled a giant grocery store where the aisles were stocked with businesses lined up for perusal by eager buyers.

Take The Dinner A'fare, the Atlanta-based "make-and-take gourmet" dinner outlets, which are the brainchild of Pollock Pines native Ken Wright and his wife, Stephanie. Unlike most franchisers, the couple are young -- he's 28 and she's 31 -- but already are on a fast track with one of the franchise industry's hottest concepts -- gourmet meals-to-go prepared by the customer. Since 2004, they have opened 23 stores across the country, and have plans for five more in Southern California.

"We've got quite a few leads for Sacramento," she said, but no firm commitments.

For franchisers, eyeballs are the name of the game here. Get seen. Get investors. Grow your business.

This year's expo was targeted at military veterans looking to start a second career, ethnic minorities seeking entree into entrepreneurship and women taking the reins of their own livelihood. Among the incentives are discounted franchise fees and other training programs offered through the show's sponsor, the International Franchise Association, a Washington, D.C.-based industry trade group.

Most franchise buyers are in their 40s or early 50s, said Greg Roquet, a Sacramento-based regional president at the Franchise Network, a brokerage that works with both franchise companies and individual franchisees.

It's not a frivolous undertaking. Franchise fees for new buyers can range from \$30,000 for a small company, like a Cartridge World outlet, to \$500,000 and up for a brand-name, big-ticket business like a car dealership. That doesn't include the cost of insurance, training, staff or inventory.

The motivations for considering franchising are equally all over the map. Some franchise shoppers have been shown the door by corporate America or are tired of working for someone else. Some are belatedly realizing their retirement nest egg doesn't seem quite so golden.

Shelley Davis of Inglewood fits that bill. At age 57, he was laid off after 25 years as an accountant and operations analyst for TRW, the aerospace firm. On Friday, he was shopping for a fresh start -- in franchising.

"Before I was laid off, I was not even thinking about franchising," Davis said. "I thought everything was secure -- another nine or 10 years and I could retire." Instead, the unemployed white-collar worker is now considering investing in his own Subway sandwich shop. "Now that the umbilical cord's been cut," he said, "I'm looking forward to the challenge."

Davis is not alone. In California, nearly 2 million people are employed in one of more than 80,000 franchises in the state, according to the IFA. It pegs the state's franchise payroll at \$27.2 billion, according to the latest data in 2001.

Nationally, the number of Americans working in a franchise business is more than 18 million, nearly 14 percent of the country's private-sector employment, according to the IFA.

In greater Sacramento, franchised businesses are particularly prevalent in Folsom, Rocklin and Elk Grove, said Roquet, who said his Sacramento office is one of the busiest among the franchise consulting firm's 90 offices nationwide.

"If you look at (businesses in) the suburbs nationally, one in 10 is a franchise," Roquet said. "Here, it's not one in 10. It seems every other (new business) is a franchise."

One of those is Oklahoma City-based Express Personnel Services, a temporary employment agency that's got one outlet in Roseville and two more on the way next year. "Sacramento is one of the fastest-growing areas in the country," said company spokeswoman Nikki Sells. "We're really excited about coming into that market."

Sells, who worked her way up from employee to franchise owner to her current role as the chain's vice president of franchising, says women are taking a more prominent role in the industry.

"Franchising had a reputation of being a good old boys' club," Sells said. "That's not true anymore."

Although there are few women in franchising's executive ranks, she says more women are getting into franchise ownership. "The newer concepts ... a lot of women are backing them with brainpower and money," either as franchise owners or investors, Sells said.

Efforts by franchise companies to recruit more minority owners are just good business sense, said Stan Friedman, an executive with gourmet ice cream chain MaggieMoo's. He's one of the architects of the IFA's MinorityFran program, which offers reduced startup fees and other incentives to minority franchisees.

"If franchisers don't look to the inner cities, we're leaving vital markets underserved," Friedman said. "No one wakes up saying, 'I wish I had more African American females (as franchisees). They say, 'I wish I had more business.' " He feels MinorityFran will serve two purposes: getting more minority-owned franchises into more underserved neighborhoods.

But stepping into a franchise isn't a walk in the park. "People ask us for the easy answers," said Rich Leivenberg, executive vice president of Jody Maroni's Sausage Kingdom, a Venice-based gourmet sausage and hot dog franchise. "We tell them to go to the franchisees. They're working the business, living the business."

Many franchise shoppers, he said, expect success to come easily. "But it still takes hard work," said Leivenberg. "The reality is, you still have to work."

## **Avoiding franchising pitfalls**

Whether it's Krispy Kreme doughnuts or Matco tools, running a franchise business is more than liking the product. Before you invest in a franchise business, here are some tips from the experts:

Do your homework: Ask the right questions. What kind of training programs are offered? What's the minimum initial investment? How does the company support its franchisees once a business is up and running?

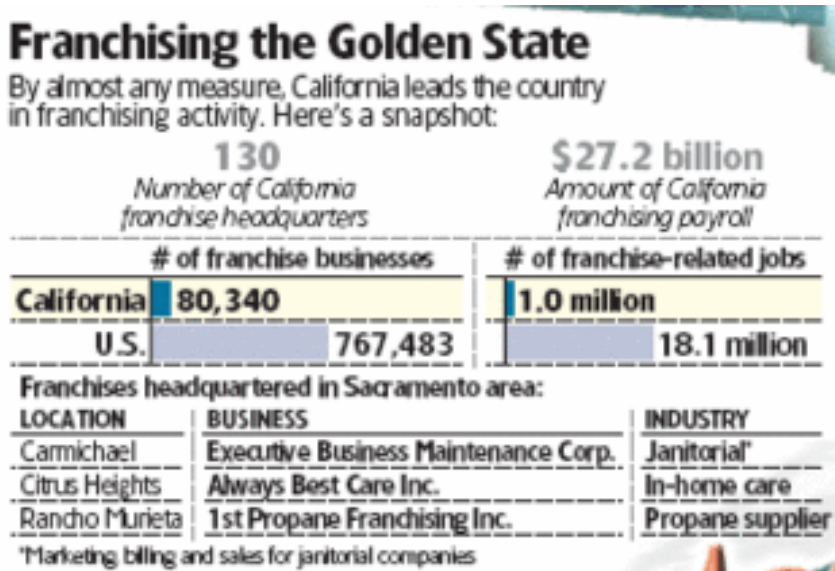
Understand what ownership entails: If you're a tech genius but hate to pound the pavement, think twice. If you're a people person, but dislike the paperwork necessary to run a business, be wary. Running a small business is far more complicated than being an employee.

Read the fine print: Before a buyer puts up any cash, federal law requires franchise companies to provide a Uniform Franchise Offering Circular, or UFOC, a thick document that contains detailed financial information. Take the financial statements to an accountant. Any weaknesses could indicate a risky investment.

Look at turnover: How many franchisees have bailed from the business? If the turnover rate (and it should be listed in the UFOC) seems high, it's a red flag.

Get feedback from fellow franchisees: Visit as many franchise businesses as possible to talk with the owners about their experiences. They know better than anyone.

Sources: The Franchise Network; Entrepreneur Magazine's Ultimate Book of Franchises



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