



# FRANCHISE FORCE

NaVOBA and VetFran provide vetrepreneurs with business opportunity.

*by Joshua Hudson*



From pumping gas, ordering food, getting plumbing fixed or having taxes prepared, Americans can expect to use the services of a franchise at least once a day. It is a part of the American culture that goes back to the founding of our nation, starting with Benjamin Franklin.

Franklin, a famed newspaper printer, revolutionary statesman and inventor, franchised his rights to print his “Poor Richard’s Almanack” and other products. The profits from his franchise financed Franklin’s diplomacy in France, which secured the support the American colonies needed to win the Revolutionary War.

Veterans looking into starting their own business may be uncertain about the benefits and opportunities that franchising offers. This is mostly due to a lack of knowledge about franchising. >>

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## What is a Franchise?

A franchise is a business like any other. When a business develops a successful model that can be replicated, the company may decide to franchise and offer others use of the company brand and operating strategy – for a fee. The company also provides its expertise, reputation and support. This franchise process can be applied to any business, and today more than 120 industries participate in franchising.

“One advantage to starting a franchise is that the investment is much more affordable than what would be required to start your own business from scratch,” said Dina Dwyer-Owens, CEO of the Dwyer Group Inc., whose concepts include Mr. Rooter, Mr. Electric, Mr. Appliance, Glass Doctor and others. Dwyer-Owens this month began a one-year term as chairwoman of the International Franchise Association (IFA).

“Another advantage is the backing of a larger corporation.” Dwyer-Owens said, “You have access to a peer network of franchisees and the collective buying power of a big organization. To own a franchise is to be in business for yourself but not by yourself.”

While franchisees receive invaluable support, knowledge, marketing and step-by-step instructions on how to operate their businesses, they still get the pride that comes from being independent business owners growing their own enterprises.

“Franchising gives them the brand systems and support to achieve their dream of business ownership,” said Michael Seid, managing director of the consulting firm Michael H. Seid & Associates and chairman of the IFA’s Veterans Transition Franchise Initiative, known as VetFran.

While some brands are nationally known, they are owned and operated by franchisees as small businesses. According to the Department of State, 99 percent of American businesses employ fewer than 500 people. The Small Business Administration (SBA) reports that small businesses account for more than half of the U.S. work force.

As the media report on

the woes of large corporations in a downturned economy, small businesses remain the lifeblood that keeps this country alive and vibrant. The overall contribution of franchising to the U.S. economy was \$2.3 trillion in 2005, according to a study prepared for the IFA’s Educational Foundation by PricewaterhouseCoopers. That year there were more than 900,000 franchises operating in the United States, providing jobs for more than 11 million people.

According to Seid, the franchise system trains and supports independent businessmen with resources unavailable otherwise. Franchises are supported by franchisors as needed, including market research, continual training and group purchase pricing.

## Why Do Franchisors Want Veterans?

While there are more than 3 million small businesses owned and operated by veterans, few identify themselves as veteran-owned businesses (VOBs).

“One in seven small businesses is owned by a veteran. And yet, very few recognize the significance of that fact,” said Rocky Bleier, national spokesman of the National Veteran-Owned Business Association (NaVOBA). “The military teaches people how to lead, work hard and execute a plan. These just happen to be the most important ingredients for owning a franchise.”

Military training and experience has armed veterans with the tools to succeed where many business owners give up. Veteran business owners use their “can-do” attitude, innovation skills, “mission first” outlook, as well as their military leadership and communication skills to dramatically increase their chances at success. That is why VetFran is actively seeking veterans and has developed a partnership with veteran organizations like NaVOBA, which joined IFA’s VetFran committee in September.

“We are excited to be a part of this successful and historic program assisting our military veterans,” said Marcea Weiss, corporate membership director for NaVOBA. “The VetFran program is one of the early supporters of the military veteran community and we look forward to helping them in their effort to reach their goals.”

Veterans, having been trained by one of the world’s greatest institutions, return to civilian life with a positive attitude, are comfortable working within established management systems and adapt easily to mission-focused operations.

“Service members understand systems,” Seid said. “They know when they need to lead and they understand when to

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## Program Partners

In 2002, the International Franchise Association and the U.S. Department of Veterans Affairs signed a memorandum of understanding to jointly promote the VetFran program. IFA’s work also has been recognized by VA’s Center for Veterans Enterprise ([www.vetbiz.gov](http://www.vetbiz.gov)), which honored the association by naming it a “Support Sector Champion.” IFA also works with the U.S. Small Business Administration, Congress, NaVOBA, military organizations and other entities to promote VetFran via additional government channels and news media outlets. (The association receives no government funding; the program is entirely voluntary and supported by IFA members as a benefit of membership.)



## Veteran Benefits

Another benefit the IFA provides to veterans is free entry to its trade shows in Washington, D.C., Los Angeles and Miami, where they can view many business options, meet with company representatives and attend the “Franchising 101 for Veterans” seminar free of charge.



**COMPANY NAME:**

Mr. Appliance Corporation

Name: Bob Tuck

Title: Franchisee

Location of Store:

Punta Gorda, Fla.

Number of Employees: 6

Description of Franchise:

Mr. Appliance Corporation is one of the largest and fastest-growing full service appliance repair companies in the world. It services all types and brands of appliances. Mr. Appliance technicians are clean and professional, and they get it fixed right the first time. The company guarantees its workmanship and parts.

Store Opened: 2004

Highest Rank Held in the Military: E-4 Specialist

Military Service: U.S. Army, 1985-87

Former Army Specialist Bob Tuck owns a Mr. Appliance franchise in Punta Gorda, Fla., where he has six employees and five service vans on the road. Tuck served in the Army from 1985 to 1987, when a disability ended his military career. He and his wife owned a Maytag appliance store for 18 years before becoming a Mr. Appliance franchise owner. Tuck said the discount that VetFran offers to veterans was “part of the driving force of our decision.”

Tuck said he likes being in control of his daily routine with Mr. Appliance and he appreciates the company's code of values, which is similar to what he learned in the military. “I love franchising because it helps the everyday person who wouldn't be able to do it on their own,” Tuck said. “It gives the common person the opportunity to succeed.” ●

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follow also. These make them perfect franchising candidates.”

All VetFran members offer veterans reduced fees. “These benefits make the transition from successful Soldier to successful entrepreneur easier,” Seid said.

**FA, Dwyer Group, VetFran**

The IFA is a nonprofit association established in 1960 to build and maintain a favorable economic and regulatory climate for franchising. The Washington, D.C.-based trade group serves as a voice for franchises in the United States and around the world. Today, more than 120 industries operate within the franchising format, and the IFA includes more than 1,300 franchise systems, 10,000 franchisees and more than 500 suppliers.

The IFA was formed to address a threat to the business model in the late 1950s caused by a handful of unscrupulous dealmakers who would create businesses that appeared to be reputable franchises but in reality were operations that took investors' money and gave them little in return. To help fulfill its mission of protecting, enhancing and promoting franchising, the IFA adopted a Code of Ethics – a set of core values that continues to evolve to reflect the most current developments in maintaining franchise relationships.

When the United States launched its military involvement in the Gulf War in 1990, IFA leaders were concerned about post-war opportunities for those who had served. One leader, entrepreneur Don Dwyer, founder of The Dwyer Group, initiated the idea of offering veterans financial incentives for purchasing a franchise.

“He had the original idea,” said Scott Denniston, director of the Center for Veterans Enterprise (CVE) at the Department of Veteran Affairs (VA) at the time. “He went to the SBA and tried to get a special loan program for veterans and it didn't work. So he came to us.”

Although the CVE couldn't offer special loans, the agency lent its support in other ways, including the use of its network of Small Business Development Centers.

Dwyer passed away in 1994 and the program stalled somewhat until in 2001, when Leo McKay, VA deputy secretary at the time, urged the CVE to create opportunities for vetrepreneurs outside of the government. The CVE contacted the IFA and Jim Amos, president and CEO of Mail Boxes Etc. and IFA president at that time, was excited about the program.

“He thought it was a great idea, and he's the one who challenged the IFA members to join,” Denniston said.

After the Gulf War, VetFran remained largely dormant until 2003 when Dina Dwyer-Owens revitalized the organization her father founded and built upon his vision of offering veterans a relatively safe way to financially re-enter civilian life.

According to Dwyer-Owens, the purpose of her father's dream for VetFran was to “aid veterans' return to civilian life by helping them realize the American dream of small-business ownership.” But there is a practical aspect of the program: The success of veteran franchisees has come to the growing attention of franchisors in their search for future partners. To date, more than 350 franchise companies participate in the program.

“Franchise companies eagerly seek veterans as potential owners,” said IFA President and CEO Matthew Shay. “Veterans understand

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the importance of teamwork and constant communication with headquarters. And, they know that training, can-do attitudes and mission focus are crucial to any operation. All these are key aspects of successful franchises.”

Although the IFA does not set a minimum for the financial incentives that VetFran participants must offer, franchises are strongly encouraged to reduce the up-front costs of purchasing a franchise since veterans typically do not have excess cash to invest initially.

## Key to Franchising

Every Sailor, Soldier, Airman and Marine has worked with a standard operating procedure (SOP). With a good SOP, any service member should be able to get the job done. In case that military member leaves, a replacement can come in and pick up the job quickly. Franchises are similar.

A franchise is a business that is based on a successful model of the original. To ensure consistency in quality, product and service, franchises must follow the SOPs of the franchise. When a customer enters a franchise restaurant, they want to know they will get the same menu and service as they did at the same franchise in a different state.

The SOPs also make it possible for new franchisees to “hit the ground running” with their business. Everything from how to pay staff to how to greet customers is outlined in the SOP. The franchisees still have to make the business a success, but they have a game plan in their hand to follow.

“Franchisors often say that good franchisees know how to ‘follow the system,’” said Dwyer-Owens. “Military experience following standard operating procedures certainly gives veterans an advantage in franchising successfully. However, some of the best ideas have come from franchisees who are also extremely innovative.”

And knowing how to follow a plan is an advantage a veteran has over most others. A good military member knows how to lead, listen AND follow, depending on the need.

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**COMPANY NAME:**  
MAX MUSCLE  
SPORTS NUTRITION

Franchisee: Bill Porter

Location of Store:

Fayetteville, N.C.

Number of Employees: 2

Description of Franchise:

Max Muscle is the nation's premier franchise in weight loss, nutrition and fitness.

The company offers a diverse but integrated product mix of innovative nutritional supplements and fashionable athletic apparel that targets a broad consumer base with a true passion for fitness and health.

Store Opened: September 2008

Highest Rank Held in the Military:

First Sergeant (E-8)

Military Branch: U.S. Army

Years of Service: 1968 - 1993;

Vietnam Veteran



Retired Army 1st Sgt. Bill Porter owns Max Muscle Sports Nutrition, a franchise in Fayetteville, N.C. He talked to *Vetpreneur* about owning a franchise.

**What are the advantages of starting a franchise?** A huge advantage of starting a franchise is the ability to be in control of your own destiny. I took orders in the Army for so long that I wanted to find a business which allowed me to be in control of myself and my future.

**Why are franchisors interested in veterans? What are the advantages?** Veterans bring a lot of experience and maturity to a franchise system. We have lots of self-discipline. While we are the owners of our individual franchises, the franchise system still has rules we are expected to follow and veterans do that very well.

**What are the intangibles that make veterans good franchisees?** I would have to say the best trait that makes veterans good franchisees is our ability to respond quickly to unexpected situations.

**How are franchises similar to military organizations?** With a good franchise, you have guidelines and operational standards to adhere to, just like the military.

**Does military experience following SOP procedures make veterans excellent franchise candidates? Can you be a good franchisee if you want to change the process and be “independently innovative”?** It is important that you adhere to the procedures that have worked in the past, but in a good franchise system they are willing to listen to innovative ideas. It's kind of a double-edged sword - you need to be able to adhere to the procedures that are working well but still think of new ideas that will improve your business.

**Are there any other benefits to starting a franchise in today's market?** Starting a franchise in today's market is a much better idea than trying to start a business from scratch for many reasons. A big benefit is that a franchise provides procedures that have been proven. There is definitely not as much of a risk when opening a franchise as going into business for yourself. You receive support from a corporate team as well as other franchisees that have been in the system longer than you. That support is something you will never find when opening a business from scratch. ●



Bruce Treadway is president of Caring Transitions in Northern Illinois. He spoke to *Vetpreneur* about owning a franchise.



**COMPANY NAME:**  
CARING TRANSITIONS  
**Franchisee's Name:**  
Bruce Treadway  
**Title:** President  
**Location:** Northern Illinois  
**Number of Employees:** 14  
**Description of Franchise:**  
Estate Liquidation  
**2007 Annual Revenue:**  
\$100,000+  
**Highest Rank Held in the Military:** E-5 (Navy); Master (U.S. Merchant Marine)  
**Military Service:** U.S. Navy 1987-1991, including Operation Desert Storm

**What are the advantages of starting a franchise?** A franchise has several advantages over a stand alone business. First, the operational procedures are proven. Second, a franchise team exists to help continuously improve those processes. Third, marketing materials are provided - no development on the part of the franchisee is needed. Fourth, national name recognition is achieved much more quickly via a franchise than the alternatives. Finally, you aren't in it alone - the franchisor has a vested interest in your success.

**Why are franchisors interested in veterans? What are their advantages?** Veterans have demonstrated the ability to follow and improve upon well-defined operational procedures. We are a natural fit for franchises.

**What are the intangibles that make veterans good franchisees?** A very strong process orientation coupled with the understanding that a team effort dramatically improves the probability of success in a competitive environment.

**How are franchises similar to military organizations?** A franchise business, if well run, begins with practically all processes for each business function defined. Execution of those processes will determine success or failure.

**Does military experience following SOP procedures make veterans excellent franchise candidates?** Absolutely, for the aforementioned reasons.

**Can you be a good franchisee if you want to change the process and be "independently innovative?"** It depends upon the franchisee and the franchisor. This will depend heavily upon their relationship. As the first Caring Transitions franchisee, I have had significant latitude with defining, redefining and refining our processes.

**Are there any other benefits to starting a franchise in today's market?** In any market, there are winners and losers in every industry. The question is, can the individual franchisee succeed? Does he or she have the tools needed for success? ●

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## Why Franchise Now?

The worsening economic news has many potential entrepreneurs thinking twice about starting a new business. Stocks are in flux, unemployment reports are on the rise and the housing market is still struggling. However, this may be the best time to look for a new business opportunity.

Jerry Wilkerson, former IFA president and executive director, recently authored an industry forecast for 2009. While acknowledging that the franchise industry faces multiple challenges this year, Wilkerson also noted the advantages it wields.

"Franchising is still in command with a staggering 41 to 43 percent of our nation's total retail sales and service dollars pouring through the system, according to IFA figures. It's an employment engine on fire and it produces wealth right through economic hard times. You don't need an MBA to succeed. One and all are in it together to win. Franchising is the profitable wonder machine that plows through challenges and persistently produces success," wrote Wilkerson, who is founder of Franchise Recruiters Ltd., an international franchise management executive search corporation.

Veterans have many financing advantages that are unique to them. VetFran offers deep discounts, and the program works with IFA members to create financial incentives available only to honorably discharged veterans.

"Franchises offer a higher rate of success than regular businesses if it is a franchise that the public will need no matter what happens in the economy," said Dwyer-Owens. "Franchises provide the know-how when it comes to starting a business."

Because franchises have the backing of their franchisor and are considered stable brands, franchises are also considered good credit risks. Banks are well aware that franchises have good success records, which makes an approval for a loan more likely. The state of the economy has driven down loan rates, which means financing a franchise is less expensive.

Another advantage of the current mar-

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ket is the cost of property. While the real estate market is poor for sellers, it is a buyer's market. Lower real estate prices and low-interest loans can significantly reduce the start-up costs associated with a franchise.


Even the rising unemployment rate can turn into a positive opportunity for a new franchisee. Those without jobs – many of them established and proven workers – are seeking new opportunities. Starting over at a new company will provide them with steady work and advancement opportunities.

## **F** ranchising, Veterans, the Economy and Opportunity

Franchises are unique business opportunities in America. They allow any American to start a business on their own, and still have the security of a bigger business to support them. The most unique aspect of franchising is that it can thrive in almost any economy. In fact, many franchises tend to excel in downturn economies.

What franchisors need to keep their franchises successful are leaders. Identifying and marketing directly to veterans, the IFA hopes that it can bring more veteran franchisees into the VetFran network. These franchises need those self-starters, disciplined thinkers who can take the standard operating procedures and turn them into money-making procedures.

As a member of the IFA's VetFran program, NaVOBA aids the group's efforts to bring together franchise systems and veterans. This will be an especially important joint effort in the days ahead as the global economy struggles to normalize.

Success, like luck, is found when opportunity meets preparation. Veterans have prepared themselves for success their entire military careers. Franchisors are offering opportunities for those willing to take them. 

## Tools For Veteran Franchisees

### VETFRAN BUSINESS GRANT FUND

The IFA Educational Foundation and the PepsiCo Foundation have established the VetFran Business Grant Fund. The purpose of the fund is to assist veterans who have been awarded a franchise through the IFA VetFran program by providing financial grants for business development, education, training and/or technical assistance. The fund will provide financial grants (up to \$10,000 per grant) to qualified VetFran franchisees/candidates.

### VETERANS SCHOLARSHIP PROGRAM

The IFA Educational Foundation, with the support of Michael Seid & Associates, Figaro's Italian Pizza, Luce Smith and Scott, Valpak Direct Marketing Systems and The Dwyer Group, has created a Veterans Scholarship Fund. The fund provides \$2,500 annual scholarships to a qualified veteran of the U.S. military to encourage his or her pursuit of continuing education focused on entrepreneurial studies.

### FINANCING

To speed and improve the process, the International Franchise Association serves as a conduit between veterans and the participating franchise systems. IFA does not engage in negotiations, nor does IFA provide financing or financial guidance. Many franchise systems offer financing; others help prospective franchisees locate the necessary capital to acquire a franchise.

*Details of the VetFran Business Grant Fund and the Veterans Scholarship Program can be found at [www.franchise.org](http://www.franchise.org).*