Owning A Side Business: A Great Career Alternative

Pete Gilfillan
Entrepreneur and FranChoice Franchise Consultant, International Bestselling author of HIRE YOURSELF, and Proud Corporate Escapee
MY STORY
WHY I WROTE HIRE YOURSELF

My Mission is...
To help executives take control of their destiny, build wealth, and live life on their terms
MY PROMISE TO YOU

- Encourage you to set up a franchise side business
- Teach you about the Executive Semi-Absentee Franchise Ownership Model
- Answer common questions about franchising
- Offer great resources at the end of this webinar
QUESTIONS WE WILL COVER TODAY

- Are you a 50+ Year-Old Corporate Executive?
- Why are More Corporate Executives Taking the Path of Franchise Ownership?
- What is Franchising?
- What's Trending with Franchise Businesses?
- Is Franchise Ownership Right for Me?
- What is the Best Level of Franchise Engagement for Me?
- What are the Minimum Investment Levels for Franchises?
- What are the Capital Requirements for Franchises?
- What are Good Sources of Capital?
- Can I Replace My Corporate Income Through Franchising?
- How Do You Find the Right Franchise?
- What are the Advantages and Disadvantages of Franchise Ownership?
- Want to Hear About Some ExecuNet Members’ Franchise Success Stories?
ARE YOU A 50+ YEAR-OLD CORPORATE EXECUTIVE?

WHY ARE MORE CORPORATE EXECUTIVES TAKING THE PATH OF FRANCHISE OWNERSHIP?
THE FUTURE FOR CORPORATE EXECS

- Future layoffs and downsizing
- Under-employed consulting and contract work — a new reality
- Employees now change jobs every four years versus 30-year career
- Increasing age and unemployment discrimination

% of 50+ Corporate Executives Forced Into Retirement 50% → 10% % That Earn The Same or Higher Salary at a New Job

“Control your own destiny or someone else will.” - Jack Welch
WHY MORE CORPORATE EXECUTIVES ARE INVESTING IN A FRANCHISE?
REASONS TO START A FRANCHISE BUSINESS ON THE SIDE

• Leverage Corporate Income while Starting a Side Franchise Business

• Diversity Your Assets and Income

• Create a Supplemental Income Stream to Build Wealth and Protect Yourself from a Future Layoff

• Build a Bridge to Escape the Corporate World – Start Living Life on Own Terms

Jobs are no longer income security!

As a business owner you will not be laid off, given a separation package or be furloughed!

You will have income security!
WHY CORPORATE EXECUTIVES ARE TAKING THE PATH OF FRANCHISE OWNERSHIP

- Control their destiny
- Create income
- Build an asset
- Be their own boss
- Make a difference
- Be engaged
- Create career and income security

- Be rewarded for hard work
- Build and lead team
- Be happy, satisfied, and proud
- Create a family business
- Leverage personal capital
- Beat ageism
WHAT IS FRANCHISING?

WHAT’S TRENDING WITH FRANCHISE BUSINESSES?
WHAT IS A FRANCHISE?

A franchise is a type of license that grants a franchisee access to a franchisor's proprietary business knowledge, processes and trademarks, thus allowing the franchisee to sell a product or service under the franchisor’s business name. In exchange for acquiring a franchise, the franchisee usually pays the franchisor an initial start-up fee and annual licensing fees.
FRANCHISING IS BOOMING

- Franchising is more than Subway, Dunkin’ Donuts and McDonald’s

- According to IFA there are over 3,000 franchise companies in 75 different industries - *touching almost every aspect of our daily life*

- Franchise businesses make a significant contribution to the U.S. economy (*sales and jobs*)
TWO FRANCHISE MODELS

Service-based (B2C or B2B):
- Home Improvement: painting, flooring, closets, garages, window treatments, kitchen, and handyman services
- Professional Services: window cleaning, residential/commercial cleaning, restoration, plumbing, lawn maintenance, HVAC, and business coaching
- Personal Services: In-home care, senior living location, and estate sales

Facility Based (Strip Mall):
- Health and Wellness: fitness, massage, medi-spas, and weight loss
- Beauty: haircare, nails, facials, lash extensions, and hair removal
- Children: tutoring, pre-schools, martial arts, and sports training
IS FRANCHISE OWNERSHIP RIGHT FOR ME?
DETERMINE WHAT CHARACTERISTICS ARE IMPORTANT TO YOU

- Level of engagement/involvement
- Desired income/cash flow
- Manage and lead employees
- Growth/scale
- Location
- Status
- Comfort level with sales
- Family
- Schedule
- Risk tolerance
- Duration
KNOW YOUR SKILLS AND STRENGTHS...

- Sales and business development
- Managing and leading people
- Ability to follow processes
- Satisfy customers
- Process change and evolve over time
DO YOU HAVE THE FIVE C’S?

CRITICAL CHARACTERISTICS:

CAPACITY

CHARACTER

CAPITAL

CUSTOMER SATISFACTION

COOPERATION
DO YOU HAVE THE TRAITS OF A SUCCESSFUL BUSINESS OWNER

- Disciplined
- Confident
- Open-minded
- Self-starter
- Competitive
- Creative
- Determined
- Passionate
- Strong people skills
- Solid work ethic
DOES OWNING A FRANCHISE MEAN MAKING SUBS OR DRIVING AROUND SPRAYING LAWNS?

WHAT IS THE BEST LEVEL OF FRANCHISE ENGAGEMENT FOR ME?
GROWING MOVEMENT

Franchise ownership where you work “ON” the business versus work “IN” the business.

You set the overall direction and make the key decisions while overseeing a manager that manages the business.
FRANCHISEE ENGAGEMENT

Levels of Engagement:

- **Artisan Franchisee**
  - Works “IN” the Business

- **Executive Franchisee**
  - Works “ON” the business and scaling it over time

- **Full-Time Franchisee**
  - engaged full-time, but not artisan

- **Semi-Absentee Franchisee**
  - manager operated/part-time 15-20 hours week

- **Area Developer/Multi-Unit**
  - multiple territories/locations in larger geographic area
KEEP YOUR CORPORATION POSITION WHILE STARTING A FRANCHISE ON THE SIDE

- Leverage executive-semi absentee business model to create a side business
- Keep your corporate executive position while starting a franchise business
- After business has been established, manager operated with owner oversight 15–20 hours per week
WHAT YOU NEED TO KNOW ABOUT EXECUTIVE SEMI-ABSENTEE OWNERSHIP

- It takes a lot of extra time and effort to launch the business
- Finding and leading an Operating Manager will be critical to the success of the business
- You must always mind your business: expect 15 – 20 hours per week
- Your leadership and time management skills will have a major impact on performance of the business
WHAT ARE THE MINIMUM INVESTMENT LEVELS FOR FRANCHISES?
TOTAL INVESTMENTS – SIGNIFICANT RANGE

- **Service Based:** Minimum $100k+
  - *depends on size and number of territories, equipment needs, and working capital*

- **Facility Based:** Minimum $200k+
  - *depends on facility size and buildout, equipment, furnishings and working capital*
WHAT ARE THE CAPITAL REQUIREMENTS FOR FRANCHISES?

WHAT ARE GOOD SOURCES OF CAPITAL?
TWO PRIMARY CAPITAL REQUIREMENTS

- Liquid Capital: Need a minimum of $75K - $100K
  - Liquid capital may be: cash, stocks, bonds, equity in your home (HEL) and retirement savings (ROBS)
- Personal Net Worth: Need a minimum of $100K
  - Net worth = Assets - Liabilities
LEVERAGE FINANCIAL RESOURCES – TO SCALE YOUR BUSINESS

Location 1
Cash: $90,000
SBA Loan: $210,000
Total Invest: $300,000

Location 2
HEL: $90,000
ROBS: $210,000
Total Invest: $300,000

Location 3
ROBS: $90,000
Convent Loan: $210,000
Total Invest: $300,000

All Numbers Provided Are Fictitious And NOT For Investment Decisions
CAN I REPLACE MY CORPORATE INCOME THROUGH FRANCHISING?
The Financial Performance Of The Franchise Business Depends 100% On You.....
## IT TAKES TIME AND SCALE TO REPLACE A CORPORATE INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate Executive Salary</th>
<th>Pay Yourself Salary and Build Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$200,000 Salary</td>
<td>Unit 1 = $0 Salary</td>
</tr>
<tr>
<td>Year 2</td>
<td>$210,000 Salary</td>
<td>Unit 1 = $50,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>$220,000 Salary</td>
<td>Unit 1 = $75,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>$230,000 Salary</td>
<td>Unit 1 = $100,000</td>
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<tr>
<td>Year 5+</td>
<td>$240,000 Salary</td>
<td>Unit 1 = $125,000</td>
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### 5-Year Asset Check:
- $0 asset value of job
- $300,000 + Potential Asset (3 Franchise Units)

*You Must Complete Your Own Validation. All Investments Have Risks, Including Failure. All Numbers Provided Are Fictitious And NOT For Investment Decisions.*
HOW DO YOU FIND THE RIGHT FRANCHISE?
FINDING A FRANCHISE THAT FITS YOU

1. Know the characteristics of what you are looking for in a business
2. Know what you want to accomplish with the business
3. Leverage an investigation process for your validation
4. Keep an open mind
5. Have FUN with your investigations
6. Remember, don’t turn your hobby into your business
YOUR FRANCHISE SEARCH PROCESS: GOOD, BETTER, AND BEST

GOOD
Utilize franchise inquiry websites
Example: www.franchisegator.com

BETTER
Contact franchise companies directly
Example: www.supercuts.com

BEST
Leverage franchise consultant (free service)
Connect to potential franchise matches
Example: www.HIREYOURSELF.com/gilfillan
HOW WE ASSIST YOU ON YOUR JOURNEY

Support Decision Making Process (Fear)

Candidate Completes Questionnaire

Conduct Consultation Call and Create Model (summary)

Provide Resources

Screen Franchise Concepts (FranChoice) – Match Key Model Characteristics

Provide Weekly Education and Coaching

Connect To Franchise Companies and Candidate Starts Their Investigations
CANDIDATE’S INVESTIGATION PROCESS

Four Core Steps : Over Six-Week Period

Candidate Validation and Due Diligence Process (Completed On Their Own)

- Introduction Call
- Franchise Disclosure Document
- Franchisee Validation
- Discovery / Meet Team Day

Other Steps: Marketing Overview, Training Overview and Funding Plan
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<thead>
<tr>
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<th>Things Candidates May Consider When Investigating Franchises</th>
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<tbody>
<tr>
<td>1</td>
<td>Experience of leadership team</td>
</tr>
<tr>
<td>2</td>
<td>Launch support and training</td>
</tr>
<tr>
<td>3</td>
<td>Franchisee satisfaction</td>
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<tr>
<td>4</td>
<td>Image and reputation</td>
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<tr>
<td>5</td>
<td>Size of franchise system</td>
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<tr>
<td>6</td>
<td>Upcoming concept or established</td>
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<tr>
<td>7</td>
<td>Culture/Feel</td>
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<tr>
<td>8</td>
<td>Marketing model</td>
</tr>
<tr>
<td>9</td>
<td>Ongoing support</td>
</tr>
<tr>
<td>10</td>
<td>Level assistance with site selection and build out</td>
</tr>
<tr>
<td>11</td>
<td>Financial strength of franchise company</td>
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REMEMBER: FRANCHISE OWNERSHIP IS A BUSINESS PARTNERSHIP

- Mutual approval process between you and the franchiser
- Committing to a long-term partnership
- You are joining a peer group of other franchisees
THESE ARE CRAZY TIMES! IS NOW THE RIGHT TIME TO INVEST?
### 8 Reasons Why Right Now is the Time to Become a Franchisee

<table>
<thead>
<tr>
<th>Reason</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Create Income Security</strong></td>
<td>Protect yourself from future corporate layoffs</td>
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<tr>
<td><strong>Diversify Your Assets and Income</strong></td>
<td>With a business, you are in control of your income and assets</td>
</tr>
<tr>
<td><strong>Flexible Schedule and On Your Terms</strong></td>
<td>Live life on your terms. Work from home. Eliminate business travel. Have flexible hours so can be present in Your Life</td>
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<tr>
<td><strong>Potential Softening of the Real Estate Market</strong></td>
<td>Landlords maybe hunting for new tenants</td>
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<td><strong>Capitalize on Pent-up Demand</strong></td>
<td>People are going to want to get back to living their lives and make purchases</td>
</tr>
<tr>
<td><strong>Franchise Validation Opportunities</strong></td>
<td>You can see how franchisors deal with turbulent times in real-time</td>
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<tr>
<td><strong>Business Resale Options</strong></td>
<td>There may be more business owners interested in selling</td>
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<tr>
<td><strong>Leverage Economic Resources</strong></td>
<td>Federal, State and Local</td>
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COVID-19 HAS CREATED CHALLENGES

- Finding Employees and Contract Labors
- Getting Products and Commodities
- Incorporating Health and Safety Protocols
WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF FRANCHISE OWNERSHIP?
FRANCHISING = ENTREPRENEUR LITE

Provide Operating System
Business In A Box - Turnkey

Provide Training and On-going Support
Value of Being Part of Network Franchisees

Improve Success Ratio
Saves You The Time
Capital Associated with Developing
Proving Out and Refining Your Own Business Concept/Model
DISADVANTAGES OF FRANCHISES

Pros:
- Start-up Cost/Franchise Fee

Cons:
- Long-term Commitments (Agreements)
- Risk of Failure
- Wrong Match Painful
- Franchise Company Restrictions
- Ongoing Royalty Payments
- Must Follow System
WHY PEOPLE GO THROUGH THEIR INVESTIGATION PROCESS AND CHOOSE NOT TO INVEST

- Decide franchise ownership isn’t for them
- It is A LOT of work evaluating franchises
- FEAR and ANXIETY stops many people from following their dreams
- Lack of capital
- Still believe a job = income security
- Maverick mentality
- Family and friends kill person’s dream
- Not capable of making a decision
WANT TO HEAR ABOUT SOME EXECUNET MEMBERS’ FRANCHISE SUCCESS STORIES?
EXECUNET MEMBER SUCCESS STORIES

Jim Griffin
Jim’s story can be found here

Bill Welsh
Bill’s story can be found here

John Weiss
John’s story can be found here

Mike Furniss
Mike’s story can be found here
HAVE MORE QUESTIONS?

REQUEST CONSULTATION CALL

✔ Request a free quick consultation call
✔ Discuss how you can explore franchise ownership – your franchise investigations
✔ Receive your free copy of the HIRE YOURSELF book

Go to HIREYOURSELF.com/execunetoffer
THANK YOU
To connect with Pete Gilfillan for more information, please submit your name and email through the following link:

HIREYOURSELF.com/execunetoffer

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