

FDD Summary: Stats Guide

1 & 2 Opened locations per year					
	5 is low <i>Ask: What are your plans for growth?</i>		12 is a good pace		30 high volume <i>Ask: How are you managing your growth? Check staff to franchisee ratio</i>
3 Multi-Unit					
	Take the percentage of the total		Normal is 10% of total. <i>Ask: What is your multi-unit strategy?</i>		
4 Corporate Owned					
	<p>Many corporate-owned units could mean they are buying back failing locations or that they are starting their own locations. Both can be a risk to the franchisee.</p> <ul style="list-style-type: none"> • <i>Ask: What is the reason for so many company owned units?</i> <p>Too few locations are common but carry concern.</p> <ul style="list-style-type: none"> • <i>Ask: How are you testing new products, marketing and research and development?</i> 				
5 Units					
	12 break into franchising - first hurdle for a franchisor	25 starting to get some momentum	50 stabilizing - moving from emerging brand status	100 robust support in the best position to grow and get the support for franchisees	500+ May have saturation and growth challenges
6 Retention Rate					
	Above 80% - <i>Ask: What are you doing to increase retention of franchisees?</i>				
7 Financial Performance Statement					
	Yes - If No, then <i>Ask: Why don't you list a Financial Performance Statement?</i>				
8 Years in Operation					
	10 years or more shows longevity of operations.				
9 Years in Franchising					
	10 years or more shows longevity of the brand.				
10 Bankruptcies					
	2 or less - <i>Check the FDD: Who on the team had the bankruptcies?</i>				
11 Litigation					
	Less than 2% of the total franchisee unit count. <i>Check the FDD: What types of litigation are they having?</i>				
12 Financial Trend					
	<p>Check for solvency. Are they going in the right direction for revenue? If not, check their balance sheet to see their assets compared to liabilities.</p> <p><i>Ask: How is the company funding its growth and current support of franchisees?</i></p>				