



COMPILATION REPORT

February 2017

THIS IS A SAMPLE OF A COMPILATION
REPORT. FOR A FULL REPORT CONTACT THE
FRANCHISE RESEARCH INSTITUTE:
(402) 489-5205

The Metrics of Excellence

February 23, 2017

RE: Metrics of Excellence

For fifteen years, we at the Franchise Research Institute have studied franchise excellence. In 2002, we began surveying for franchisee satisfaction, and in the following years, we have continually refined our focus.

Specifically, we measure how successful a brand is at the business of franchising their concept: recruiting, licensing, training, and supporting individual franchisees so that they succeed. There is no science-based “average;” no such franchise performance metrics exist. However, we do know what excellence looks like, and that data is contained in this report.

The scores in this report are compiled using statistically valid research methodology. The research is **comprehensive**; every franchisee from each franchise system is included (the universe) and encouraged to participate. A 70% (or greater) response is mandatory (in order to reduce bias and minimize error range). **Confidentiality** is assured, so respondents are not tempted to give false positive answers (in order to gain favor) or withhold negative responses (out of fear of retaliation).

After over 30 years in franchising, I am certain of one thing: every extraordinary franchise system has the enthusiastic support of their franchisee community!

I must once again thank Professor Dwayne Ball for providing the methodological foundation for our research.



Jeff Johnson
Founder and CEO
Franchise Research Institute



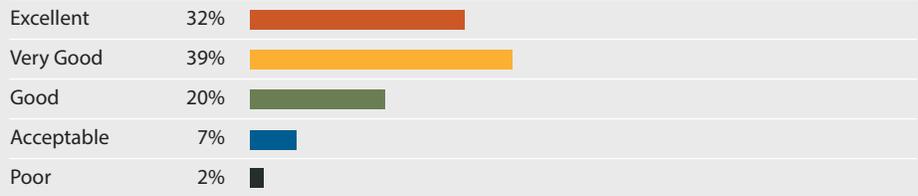
Validation

Overall Quality

98%¹

In one all-encompassing question we ask the franchisee to rate the quality of the franchisor. This question provides insight (without any specifics or qualifiers) about their overall impression of the franchise.

Q: In general, how would you rate the overall quality of your franchisor?

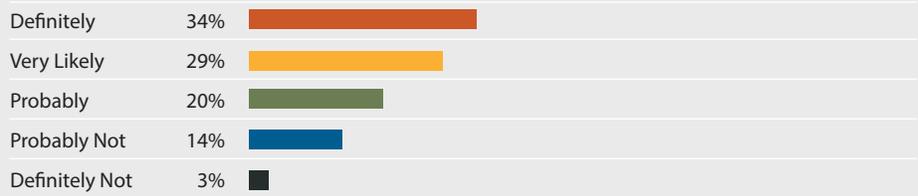


Invest Again

83%²

This question is extremely important when evaluating a franchise. However, occasionally a franchisee will rate this question low because the concept has changed significantly since they purchased the franchise, or because of personal issues.

Q: Knowing what you know now, and if you had to do it all over again, would you invest in this franchise?

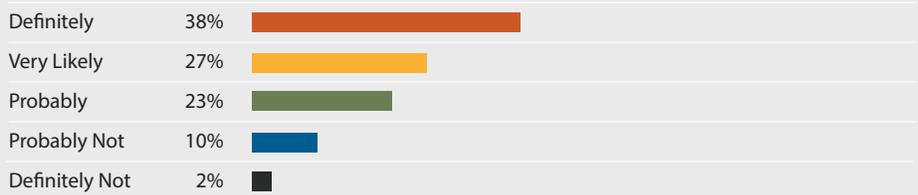


Recommend to Others

88%²

When evaluating franchise investments, it is extremely important that existing franchisees (when asked confidentially) will recommend the franchise to prospective franchisees.

Q: Would you recommend this franchise to a prospective franchisee?



¹ Combined scores of *Excellent*, *Very Good*, *Good*, and *Acceptable* responses.

² Combined scores of *Definitely*, *Very Likely*, and *Probably* responses.



Start-up Quality

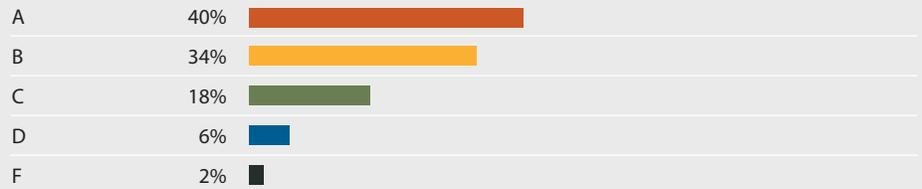
Initial Training

92%¹

The initial training provided by the franchisor is crucial to

the success of new franchisees. Every franchise provides some form of initial training, and the quality of this training is of tremendous importance to high-quality franchise companies.

Q: How would you grade the initial training supplied by the franchisor?



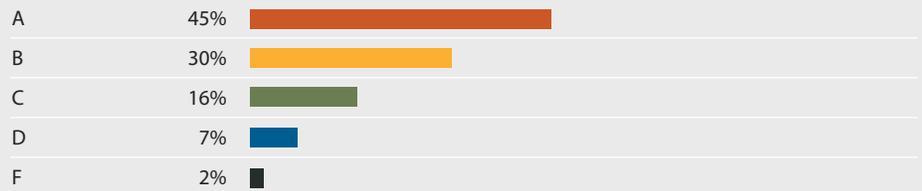
Opening Support

91%¹

Opening support can be incredibly important in creating

a customer's positive first impression of your business. However, this depends on the franchisee category and product or service offered. In many cases, the franchisor may be required to offer little or no opening support.

Q: How would you grade the initial opening support supplied by the franchisor?



¹ Combined scores of A, B, and C responses.



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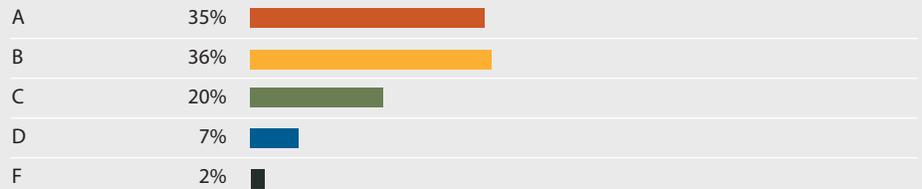
Ongoing Training and Support

Ongoing Training and Support

91%¹

While the importance of opening support can vary with the franchise category, the post-opening training and support provided by the franchisor is extremely important to franchisees' long-term success.

Q: How would you grade the ongoing training and support supplied by the franchisor?

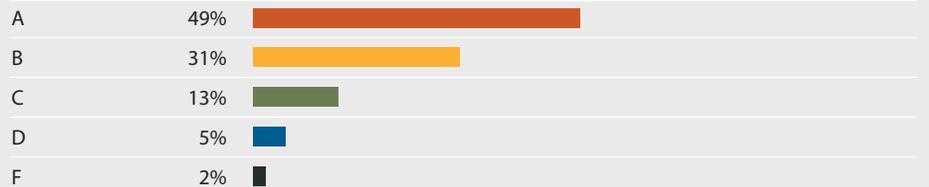


Field Representatives

93%¹

Almost every franchise system has individuals that are responsible for assisting franchisees when they have questions and/or problems. This question is designed to measure the helpfulness of these individuals.

Q: How would you grade the helpfulness of the franchisor's field representatives?

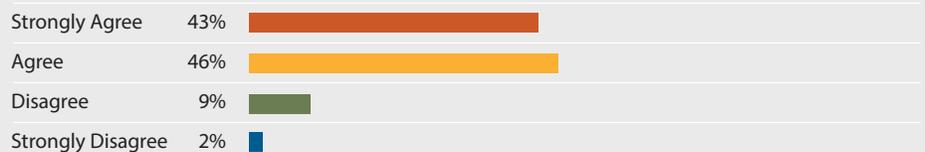


Problem Solving

89%²

This question measures the franchisee's perception of the effectiveness of the franchisor's ability to solve questions and problems in a timely manner.

Q: My franchisor responds in a timely way to my questions and minor problems.



¹ Combined scores of A, B, and C responses.

² Combined scores of *Strongly Agree* and *Agree* responses.



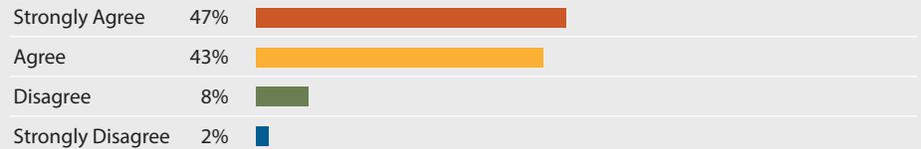
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Franchisor/Franchisee Relationship

Franchisee Success

90%¹ Does the franchisee believe that their success is a major concern on the part of the franchisor?

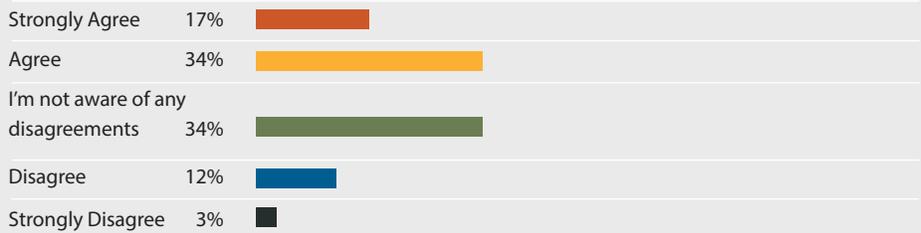
Q: My franchisor cares about franchisee profitability and success.



Conflict Resolution

85%² Disagreements between franchisors and franchisees are not uncommon; the most effective franchisors resolve these conflicts quickly.

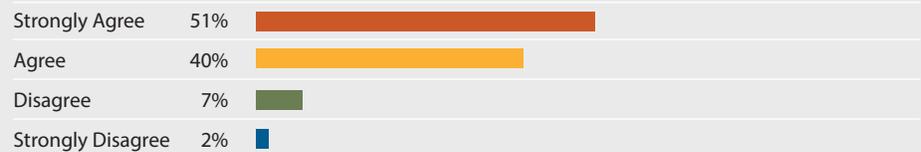
Q: My franchisor is effective in resolving disagreements with franchisees.



Long-Term Commitment

91%¹ From the point of view of the franchisee; is there a commitment on the part of the franchisee and the franchisor for a "positive, long-term" franchise relationship?

Q: My franchisor and I are committed to a positive, long-term relationship.



¹ Combined scores of *Strongly Agree* and *Agree* responses.

² Combined scores of *Strongly Agree*, *Agree*, and *I'm not aware of any disagreements* responses.



For each survey compiled in this report, the Franchise Research Institute® sent out a study solicitation notification to every franchise owner from each World-Class Franchise® company. World-Class Certification for 2017 is based on the results from each company's most recent confidential franchisee opinion survey.

Each company gave their franchisee contact information to the Franchise Research Institute®. The notification to the franchisees included the URL (web address) of the Franchise Research Institute franchisee opinion/satisfaction online survey, as well as a numeric "pass code" (to insure no duplication of responses).

Franchisees were encouraged by the company and by the Franchise Research Institute to complete the survey, and were assured that their individual responses to the questionnaire would not be revealed to anyone outside of the Franchise Research Institute (including the franchise company's management). Franchisees logged onto the online survey questionnaire, entered their individual "pass code," completed and submitted the survey. Non-respondent follow-up was conducted by members of the Franchise Research Institute team (electronically and by phone), until a satisfactory completion rate was reached. Respondents who preferred to complete the survey by phone (with a FRI team member) were allowed to do so.

A completion rate of 70% or greater (of a pool including EVERY franchisee in each system) is mandatory in order to reduce survey bias. In every case, the Franchise Research Institute had no reason to believe that non-respondents answers would vary substantially from those of respondents.

Because of our passion for using academically strong research methodology and sampling protocol, we are able to publish a maximum error range for each survey at the ninety-five percent confidence level.

The survey results are reported using the arithmetic mean (average), which is defined as the central tendency of a collection of numbers taken as the sum of the numbers, divided by the size of the collection. For the purpose of this compilation report, each franchise system is considered a singular unit for each question (regardless of the number of franchisees within the system).

The Franchise Research Institute is the original auditor of franchise validation, founded in 2002 to study and promote excellence in franchising. FRI performs franchisee opinion research throughout the U.S. and internationally. Existing franchisees (as consumers of the franchise system) are in the optimal position to evaluate their franchise as a business opportunity. World-Class Franchise® opportunities must demonstrate that they are endorsed by their franchise owners through scientific, confidential, third-party surveys.