

Top Takeaways from IFA 2024



Jerry Akers



Larisa Walega



Aaron Harper



Madeleine Zook

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Major Theme

Responsible Franchising

Culture Shift: as franchisors, are we living up to our promises? Frankly, no and people are starting to realize it.

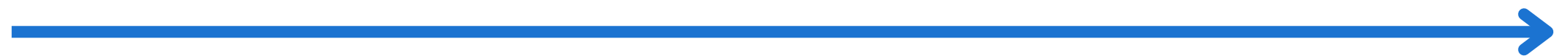
Massive FSO: Turned the focus from support to selling units. Example: False semi-absentee model, over-expansion, undercapitalized franchisees, no item 19's, rose-colored glasses for a “turn-key” business.

Sold units vs. Open Units: Overselling territories and franchisees are unable to open the majority of them.



Aaron Harper:

“People will still buy your franchise even if you tell them it's hard to run the business.”



How to Franchise Responsibly

- Sustainable Growth
- Set the right expectations
- Bring in the right people
- Be accountable
- Have real, trustworthy conversations
- Identify strengths & weaknesses

LARISA WALEGA

“Often, the most challenges happen from lack of communication.”

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The IFA's Role

Can/should the IFA help support franchise education? Yes. It needs to be unbiased, unpaid, and unfiltered.

& It is on the roadmap.

AARON HARPER

“Most brands should not become a franchise; not because they don’t know the business but because they don’t know how or have the skillset to become a franchisor.”



How Can Emerging Franchisors Succeed Today?

- Building Process & Systems
- Right People, Right Information, Right Time
- Transparency & Education
- Have the Capital

FRANCHISORS

- Get financially vetted before becoming a franchisor. Understand the financial requirements it takes **AFTER** your FDD is created.
- 600 new franchisors come in every year and 600 leave. The success rate is low for a reason. Franchising is hard and expensive.

FRANCHISEES:

- Only great brands are the ones that can scale. You will always need support.
- Make sure you have the money to buy and continuously fund your locations.
- You will need a full year before revenue sustainability kicks in (on average)



Find Examples of Success

- Look at the FBR surveys
- Look at the breakdown of what they are surveying and what you, as a franchisor, are going to need to structure a successful franchisee
- Find the experts but be wary of the companies that can do the work. Is it a big shark eating a smaller shark or is it a nurturing relationship?

DAVID BARR

“Does the world really need
100-300 more of what you’re
selling?”

- Marianne Murphy Takeaway

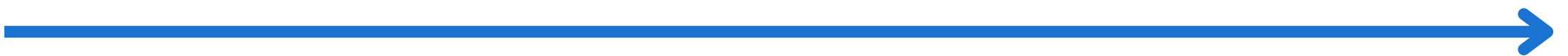
There are **zero requirements** for someone who wants to **become a franchisor. Any business can pay to get an FDD.**

There is no set amount of time or business model that you must in order to become a franchise.



JOE MALMUTH

“Not everyone should be a franchisor.”



**Item 19's are
NOT the
enemy.**



How do you set yourself up from the start to have a successful item 19 and process?

Not every franchisee is going to send in their annual franchise financial reports.

Sometimes the data is not all there.

You need to have a grasp of ALL the data and how you are going to get it before you can tell your story in an accurate manner.

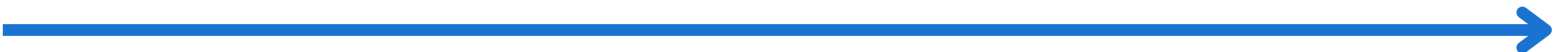


Time claims are the new earnings claims.

We need to get rid of pushing/predicting how many hours franchisees will need to work.

**Part time
effort = part
time revenue**

Shannon Wilburn



Franchisee education is becoming one of the most talked-about topics.

It needs to continue to be a focus inside of your brand and out.



- **It starts with us.**
- **We need to be hungry to make change.**
- **Bring the hard and hot topics to the table.**

Larisa Walega



We need more representation from emerging brands in franchise leadership positions.