



# GETTING TO YES! A CHECKLIST FOR SUCCESS

A quick guide to getting lenders to say YES

*(with the help of our award-winning Franchise Experience)*

After working with thousands of franchise brands and the largest franchise lenders in the US we have compiled a best practice checklist for growth-focused Franchisors looking to jumpstart their franchisees' access to capital.

If any of these guidelines don't make sense or if you need a deeper dive into any of the sections in this document our advisors will happily meet with you to go through your questions and needs.



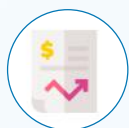
## EDUCATE YOURSELF ON THE FRANCHISE ENVIRONMENT

- Look into CFE courses that could be useful to you
- Subscribe to industry expert newsletters
- Follow relevant issues or regulations that affect the franchise industry
  - FASB (Financial Accounting Standards Board)
  - SBA (Small Business Administration)
  - AB 5 (Joint Employer)



## YOUR ITEM 19 DISCLOSURE MUST

- Use company store metrics
- Be as detailed as possible
- Break down to cash flow if possible
- Understand the rules regarding supplemental disclosure



## COLLECT MONTHLY FINANCIAL STATEMENTS FROM ALL OPERATING UNITS

- Use a common chart of accounts
- Report company stores as if they are franchised



## CREATE BENCHMARKING STANDARDS FOR KEY PERFORMANCE INDICATORS (KPI) AND PUBLISH

- Benchmarking/KPIs have consistent measures
- Franchisees understand your KPI's and how they perform against those KPI's



## HAVE YOUR COMPANY LISTED ON THE \*FRANCHISE REGISTRY (WWW.FRANCHISEREGISTRY.COM)

- ➔ The Franchise Registry will issue you a FRUNS ID which uniquely identifies your brand to lenders. Having a FRUNS ID also publicly verifies your brand as an active franchise system.
- ➔ Once you are part of the Franchise Registry, become Franchise Registry Verified to ensure that your franchisees can efficiently apply for loans and get the best loan terms.
- ➔ After becoming a Verified Franchise Registry member, use the emblem on your franchise recruitment website or materials to communicate that you are a current Verified Franchise Registry member to prospective franchisees
- ➔ Understand your franchise credit score/assessment.



MORE THAN  
**9000**  
LENDERS

use the site to search for loans and brands to lend to; the Franchise Registry puts you on their radar.



## ASSIGN A BRAND CHAMPION TO HANDLE LENDER RELATIONS

This is the person who can speak to lenders and address their concerns/questions as they come up. Your brand champion will be listed on the Franchise Registry as a contact lenders can approach with questions.



## BUILD RELATIONSHIPS WITH LENDERS

- ➔ For Franchisors with less than 10 units, create a pitch which is “franchisee prospect” friendly and contains only publicly available information. Also include any relevant marketing collateral
- ➔ For Franchisors who have 10 or more operating units, talk to FRANdata about A BANK CREDIT REPORT (BCR), which can provide better loan terms for your franchisees and put more money into the business
- ➔ Ask your FRANdata representative for lender recommendations
- ➔ Visit local lenders: If you are scouting locations within a market, carve out some time to visit with local lenders yourself and make a presentation with your franchisees or prospects



## DO YOUR DUE DILIGENCE EARLIER TO ELIMINATE CANDIDATES WHO DO NOT QUALIFY

- ➔ Run credit checks
- ➔ Run background checks
- ➔ Verify cash balances for equity early



## HAVE YOUR DEVELOPMENT SCHEDULE WORK IN CONCERT WITH BANKING PRACTICES

- ➔ Be transparent and clear with your expectations with both candidates and lenders
- ➔ Do not allow underperformers to continue developing, if franchisees cannot borrow, they will not develop anyway

### ABOUT FRANDATA:

FRANdata is a leader in the strategic analysis, forecasting and measuring of franchise performance. Our deep industry expertise and breadth of historical and predictive capabilities allows us to effectively measure risk while enabling sustainable portfolio growth. FRANdata harnesses facts and figures into targeted business development strategies and actionable solutions that transform mediocre outcomes into highly successful business results.

FRANdata also runs the Franchise Registry ([www.franchiseregistry.com](http://www.franchiseregistry.com)) where some 9000+ lender members, representing more than 3000 lending institutions obtain credit risk information that helps them get to “yes” quickly, structure franchise loans properly, and document their loan files fully. Used by some of the most active franchise lenders in the industry, the Franchise Registry is dedicated to supporting lenders and franchisors alike with their franchise financing needs .

FRANdata is headquartered in Arlington, Va., and is often cited as franchise experts in media publications such as The New York Times, The Wall Street Journal, Forbes Magazine, the Franchise Times, and Nation’s Restaurant News. For more information go to [www.frandata.com](http://www.frandata.com).