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It took about one year for Joe, left, and Jack Ruegsegger to turn their Squeegee Squad business into a franchise. The company has since gone national, with one franchisee opening a shop in Atlanta.

BY JONATHAN EISENTHAL
CONTRIBUTING WRITER

The choice to take one's own successful business and offer it to the world of entrepreneurs as their ticket to success — in other words to sell the concept as a franchise — comes down to three things: money, people and time. That's what franchise guru Mark Siebert advises prospective franchisors.

"Companies franchise for one of three reasons, plus a fourth that's always there," said Siebert, CEO

Editor's note

This week's special Ventures section includes expanded coverage featuring franchise-related business issues.

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Cleaning up

Companies finding success, growth opportunities when franchising their business concepts

In 2003, Squeegee Squad founders Jack and Joe Ruegsegger were four years into the residential window-cleaning business when they made their decision to franchise.

"We had 30-plus window cleaners servicing the Twin Cities area," said Jack. "My brother Joe came to me and said, 'We are working really hard, managing a lot of guys, covering a lot of territory — why don't we start franchising?'"

Taking the plunge

The Ruegseggers hired Siebert's iFranchise, who helped Squeegee Squad set up its structure, determine a royalty and fees structure and decide other practical matters.

"We got a crash course on how to franchise," said Jack Ruegsegger. "We started in 2004, hired a franchise attorney, filed a uniform franchise offering circular (that took about a year for lawyers to write) and so by November 2005, we were legal. By January, we sold our first territory, south Minneapolis, to one of our customers. He liked the concept, and wanted to get his son and daughter involved in a business and felt this was the perfect opportunity."

The Ruegseggers sold their third territory, in Atlanta, to a former employee this August. The franchise comes with truck decals, hats, shirts and jackets with the Squeegee Squad logo; custom

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CLEANING UP: Not every business is ripe for franchising; source recommends asking key questions

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software, called "Squadware," to help the franchisee manage the business; and training. The Ruegseggers provide a thick manual, and then have franchisees come to their headquarters in Blaine for two weeks of intensive training that begins with how to clean windows, and goes through every phase of launching and developing the franchise. Jack then visits new territories to offer a final four days of training.

"We really jump-start their business through our proprietary, cutting-edge marketing tactics," Ruegsegger said. "For instance, we worked in Atlanta four days at the beginning of September, and the next week our franchisee was cleaning windows all week, doing \$400 and \$600 jobs, booking a job for \$1,600. It was just the second week of being in business, and already he is doing great work for the customer. And what's exciting for us is he is getting the brand name out there in the market."

Selling franchises can be a real challenge, Siebert and Ruegsegger said. Some businesses trying to move beyond that first handful of franchises into a major network will hire a veteran franchise salesperson. The Ruegseggers turned to Franchise Dynamics, a spinoff sales arm of iFranchise.

Jack Ruegsegger said using the firm amounts to cost sharing with other developing franchisors, to get that experienced hand in sales without paying the \$100,000-plus annual salary and commissions of an in-house salesperson.

STEPS TO CREATING A FRANCHISE CONCEPT

What you need to start:

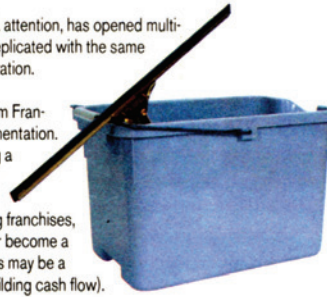
A business that has a loyal customer base, attracts media attention, has opened multiple successful, company-owned locations and can be replicated with the same quality of products and/or services as your flagship operation.

Initial steps:

Hire an experienced franchise lawyer to write your Uniform Franchise Offering Circular and other necessary legal documentation.

Work with a mentor or consultant experienced in creating a franchise system to advise you on structure, royalties, fees and preparing your brand for its franchise launch.

Be prepared to spend a majority of the next period selling franchises, or hire either a full-time veteran franchise salesperson, or become a client of a firm that provides franchise sales services (this may be a good choice for the developing franchisor who is still building cash flow).



Ruegsegger said there have been two other decisions that have proven key to Squeegee Squad's growth and success. The Blaine-based business plans to keep its north metro territory as a company-owned operation and continue to develop it as a source of revenue and a ready test-market where it can develop products and services to sell to its franchisees. Also, the brothers have hired a CEO with 20 years of corporate experience to administer their territory and help with the franchise business.

Planning for rapid growth

Jason and Lisa Hake made the jump to franchising more quickly. They launched their first gourmet make-and-take kitchen and retail

store, Sociale, in March 2004. By November 2005, they set themselves up to franchise the concept.

At Sociale, not only do experienced chefs choose ingredients and guide customers in the preparation of dishes they can finish by grilling or baking at home, but many clients have told the Hakes that they save on monthly food bills by buying only the food they need and spending less in restaurants. Each store also sells ready-made meals, prepares meals-to-order and sells kitchen supplies.

The business has proven growth-friendly: Sociale started in an Eagan strip mall and has since grown to four company-owned locations and three franchises. The latest

franchise is due to open in November in Highland Park. One franchisee found Sociale while conducting research over the Internet and now plans to open a location in Winston-Salem, N.C.

Gaining critical market share means expanding as quickly as possible, the Hakes said. Jason and Lisa are working with potential franchisees in Virginia to open as many as 20 stores within the next three to five years. Their vision is to take the enterprise national, hoping to see 200 Sociale franchises open across the country in that same time frame.

"Since we opened, we've had an outpouring of people saying, 'This business is really cool. We want to do it, too.' They would ask, 'Is this a franchise?'" Hake said.

That question is a key prompter for knowing whether yours is a business ready for "franchise prime time," said Siebert. Your business also should be attracting media attention and developing a loyal customer base, and it should have opened multiple, successful locations.

Said Siebert, "We give a 12-point questionnaire, or test, to see if you have a franchisable business. It can be broken down to three main points: Can you sell franchises? Can you duplicate the success that you have already achieved in your company-owned operations? Can you provide [the franchisee] an adequate return on investment after taking out royalties or fees from the franchisee?"

Jonathan Eisenthal is based in St. Paul.

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