

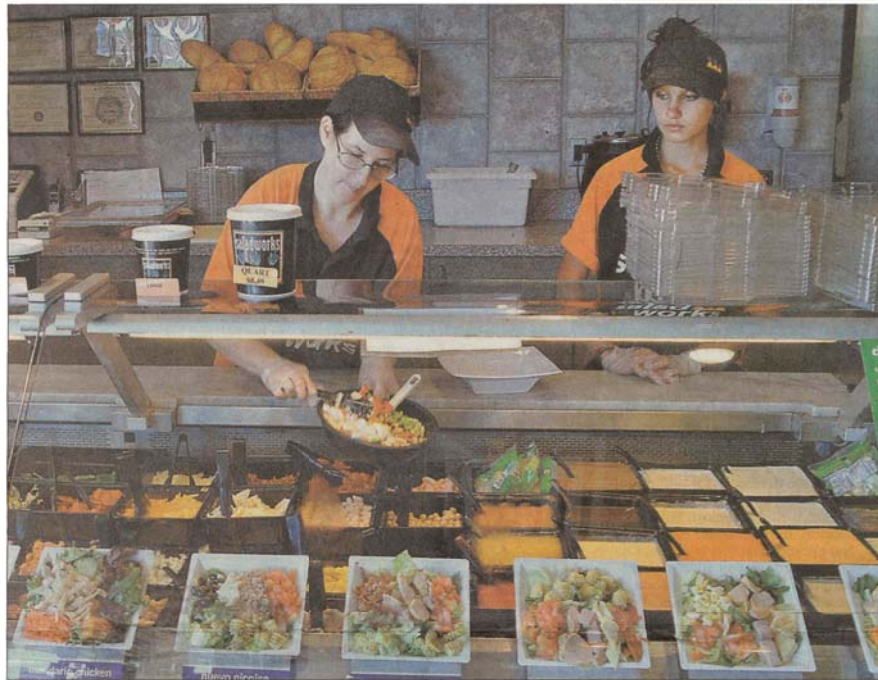
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Felice Cline and Kristen Branca, both of Bensalem, work together on a salad at the Salad Works in Bensalem. With the economy still in a slump and credit markets still tight, franchise companies are offering special deals to prospective owners.

Programs lure franchisees

Companies like Saladworks and the Wireless Zone are taking new steps to help people get into the business.

By **CRISSA SHOEMAKER DEBREE**
STAFF WRITER

Owning a franchise has gotten a little bit easier, thanks to the still-slumping economy and tightened credit markets.

Franchise companies across the country are reducing their fees, crafting financing plans and, in some cases, temporarily eliminating royalty payments, all to help prospective owners open their own locations or expand with more franchise units.

Alisa Harrison, a spokeswoman for the International Franchise Association, said the industry typically sees rapid growth during economic downturns, as laid-off employees decide to go into business for themselves. But the difficulty of obtaining credit is holding some people back and spurring franchise companies to be more creative.

"What we've seen is franchise members trying to find ways for good, solid prospects to get into franchising," Harrison said. "We're seeing everything from A to Z that our members are trying to do."

Saladworks, the Conshohocken-based salad franchise with a dozen locations in Bucks and Montgomery counties, has introduced a new leasing program that will allow qualified candidates to make only a \$75,000 initial investment. The balance — a franchise typically costs between \$400,000 and \$500,000 — will be

financed by a leasing company formed and financed by Saladworks CEO John Scardapane and former Commerce Bank CEO Vernon Hill.

"We saw the opportunity for entrepreneurs that had some cash on hand but didn't have the ability to finance the rest of the start-up costs," Scardapane said. "With their house values or their 401Ks declining, and with the difficulty of the banking industry right now, we decided to utilize this program to spur growth of Saladworks."

Scardapane said the company plans to finance 10 new Saladworks this year through the leasing company, and an undetermined number next year.

The Wireless Zone, a retail store that sells Verizon Wireless phones and accessories, is also offering financing deals. At the same time, Verizon is offering \$25,000 to pay for signage and store fixtures, which are among the biggest investments a franchisee has to make, said Sean Fitzgerald, the Wireless Zone's vice president of franchise development.

"What we noticed is that we have a lot of very good candidates who traditionally could have done this, but who are falling a little bit short," Fitzgerald said. "So, for those people, we came up with a program to bridge the gap."

The total investment for a Wireless Zone franchise is typically \$125,000 to \$150,000, Fitzgerald said. The company will finance up to 50 percent of its \$30,000 franchise fee and up to \$20,000 for store fixtures and signage. That means a franchisee could get up to \$60,000 toward opening a store.

Despite the economy and difficulty obtain-

ing financing for some franchisees, Fitzgerald said Wireless Zone is enjoying some of its strongest years. It opened nearly 100 stores last year and expects to do the same in 2010; prior to 2008, it was opening just 30 to 40 franchises a year.

The Huddle House, a Georgia-based restaurant franchise, is also experiencing growth and plans to open its first franchise in Doylestown this year.

To attract prospective franchisees, the chain has lowered its initial franchise fee from \$25,000 to \$5,000, and has eliminated royalty payments for the first five months, said franchising director Jim Bullock. The total investment needed typically starts around \$300,000, Bullock said.

"When everything kind of hit with the economy, we tried to look at ways to help us grow, as well as help people get into this easier," he said. "If we lower this fee, we might have a better chance at getting some good people in, and getting people to have multiple units."

The Pia Pit, a quick-casual restaurant chain with a location in Center Valley, is also looking for Bucks County franchisees and franchisees. To help, it's offering a 40-percent discount on its \$25,000 franchise fee to new owners, and discounted royalty payments for the first two years.

"We want to incentivize people to get in," said Corey Bowman, vice president of franchise development. "The credit markets are tight. People are using more cash to build their locations. Any help we can give them helps."

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