

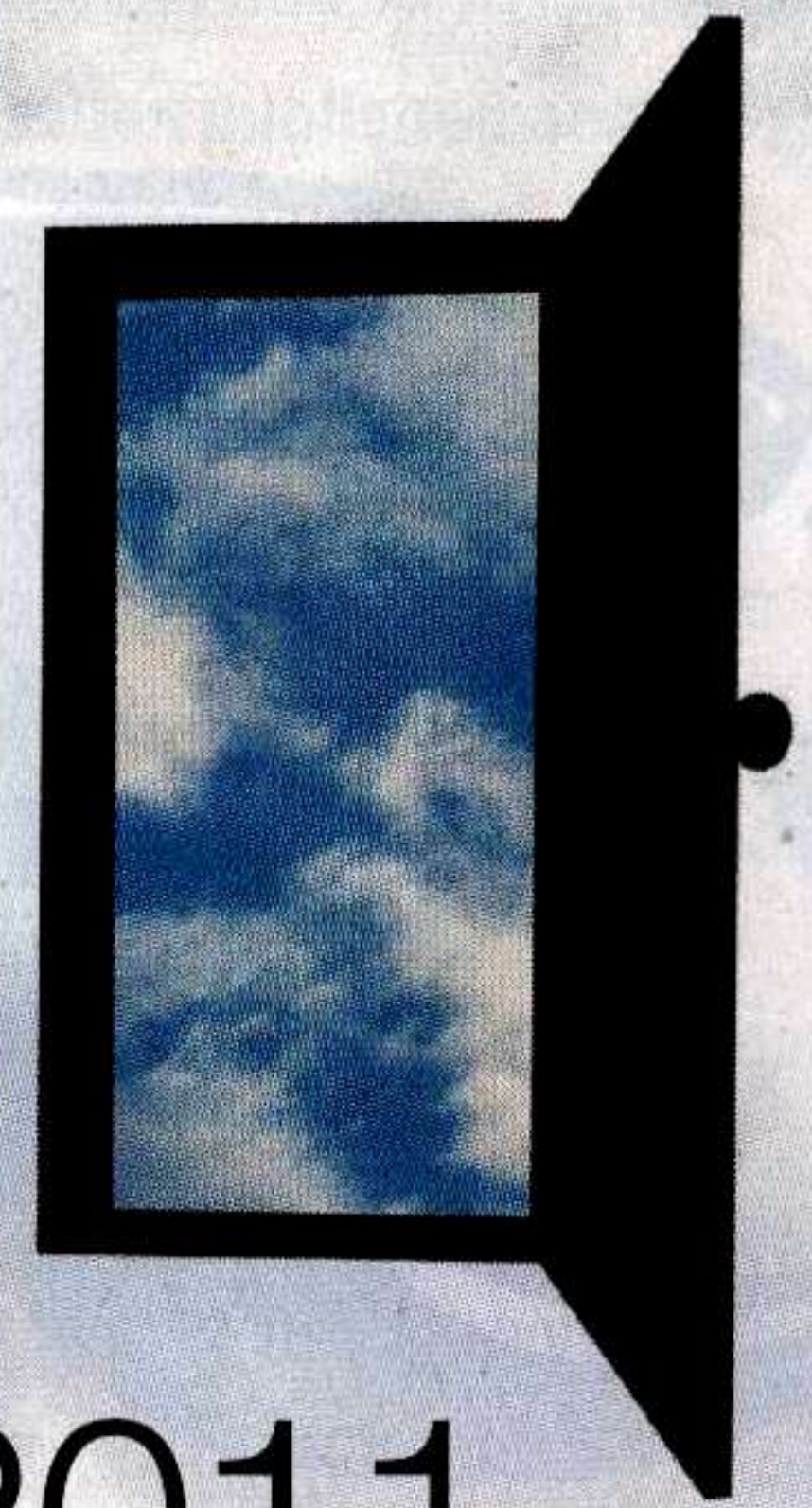


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# OPPORTUNITY OUTLOOK



## The Shape of Franchising in 2011

by Mark Henricks

Many franchising organizations report strong growth in 2010, and expect more of the same in the coming year. The quality of candidates interested in becoming franchisees is higher than ever. And, although financing remains challenging, savvy franchisers are finding ways to help individuals get the money they need to become franchisees.

One of the most striking changes is in the candidates for franchise ownership, says franchising veteran Frank Steed, president of The Steed Consultancy in Kerens, Texas. "There is interest from a whole new level of people who in the past would not have looked at franchising," he says.

The new wave tends to be made up of mid-level managers whose corporate jobs have been eliminated, Steed says, which is good in his mind, because they know how to work within a system. But financing remains an issue, especially for new franchisees. Existing franchisees who are already financially strong may have little trouble arranging loans, but start-up franchisees get a frosty welcome, Steed says. "If you need interim financing or a construction loan, it's either not available or they are putting you through so many hoops that it's a lengthy process."

Tossed, a Fort Lauderdale chain of salad restaurants, offers franchisees a system to achieve high sales volumes in flexible spaces and healthy alternatives for consumers. "Currently many restaurants in the quick service industry are trying to expand their menu options to accommodate the health trend, but not many concepts are really dedicated to providing consumers with what they are looking for -- truly healthy fast food," CEO Eric Schmitt says.

Tossed has five locations in Boston; New York City; Houston; Morrisville, N.C.; and Franklin, Tenn. "In 2011," Schmitt says, "we look to add 12 new locations, focusing on Boston, Washington, D.C., New York, and Southern California."