

Top 20 Franchises To Start

Maureen Farrell, 08.22.09

Want to be an instant entrepreneur? These names will give you the best bang for your start-up buck.



Why start a company from scratch when someone's already figured out the business model? That's the lure of franchising.

"Many people don't have the stomach to be an entrepreneur," says Robert Bond, publisher of Bond's Franchising Guides and chief executive of the World Franchising Network (WFN), a franchise database. "Franchising isn't doing it completely on your own. It's buying initial training and ongoing support to stay abreast of what's going on."

Sounds nice, but not all franchise concepts are created equal--and many cost an arm and a leg to get up and running. Sifting through 3,500 operators to figure out which deliver the best bang for your investment buck is tedious and tricky.

That's where Forbes comes in. With Bond's help, we stacked up 400 operators that require less than \$100,000 to open a new location, have been in business for at least five years and are opening new units now. Then we plucked the top 20 by applying a weighted formula based on comparable metrics. If you're thinking about being your own boss, this list is a great place to start.

Our methodology took into account four variables: initial franchise fee; total locations (we wanted at least 50, and more was better); survival rates (measured as the percentage of closings during the previous five-year period to the total number of existing locations--the lower the percentage, the better); and the ratio of the number of corporate support staffers to the total number of locations (the more support, the more comfortable we felt). We tallied each franchise's performance on each of those variables (the franchise footprint and initial fees carried the most weight) and summed the figures to arrive at our rank-ordered list. WFN supplied fee and support data; Forbes tallied locations and closures.

Clearly, there are other variables to consider before plunking down the cash for your own franchise. Equipment costs are a big one, as are royalty fees, though these are hard to compare as some operators charge a percentage of revenues while others snag a flat monthly fee. (We included royalty rates for each of the 20 franchises in our [slide show](#). See Table at the end)

Potential profitability is another, but you won't find any estimates hiding in the 300-page franchise disclosure document (formerly called a "uniform franchise offering circular"), which franchisers must publish by law. While the documents lay out lots of information about the financial health of the franchiser, individual franchisees' performances are anybody's guess. (Hint: Call a few before making any decisions.)

Franchisers provide varying levels of training, too. Some fly new owners to company headquarters for weeks of instruction, while others essentially throw you into the deep end and see if you swim.

The franchises on our list hail from various industries, and many have a service bent. At No. 1: Kumon North America, based in Teaneck, N.J., in business for 50 years. Kumon's 1,282 franchisees deliver after-school math and reading tutelage for children in kindergarten through 12th grade, based on the methods of Japanese teacher Toru Kumon. New franchisees pay just \$1,000 in initial fees, but more than a few can't make the grade: 299 units have closed over the last five years.

Like to shoot stick? Check out No. 2: the American Poolplayers Association, headquartered in Lake St. Louis, Mo., with 287 locations and just 15 closures since 2004. These billiard halls feature local leagues where players vie for national events. The initial franchise fee is a wee \$2,900, though the 20% royalty rate is stiffer than a pool cue.

The home of the Slurpee came in at No. 3. New 7-Eleven franchisees have to pay a \$31,000 initial fee, but that's a relatively small nut compared with other national brands. (McDonald's, for example, demands a \$45,000 fee and requires new franchisees have \$300,000 in cash or liquid securities as a cushion.) These stores are resilient, too: The Dallas-based chain boasts 4,330 current locations and only 175 closures over the last five years. Franchisees also have a 1,000-strong support staff behind them.

Perhaps the oddest member of the Top 20 is Christmas Décor (No. 15), out of Lubbock, Texas. The franchise's 281 outlets set up and dismantle Christmas lights and other holiday decorations for homeowners and corporations--though with a \$13,000 initial franchise fee, you might need a little extra help from Santa to get started.

* Start-up costs and average corporate support staff numbers are based on World Franchising Network's figures as of Aug. 21, 2009. World Franchising Network updates its figures several times per year to reflect the most up-to-date information from franchisors. For its most recent data, search for the franchise at www.worldfranchising.com or call the franchises directly.

Top 20 Franchises to Start
 Forbes.com (click on the company below to see its online profile)

No.	COMPANY
1	Kumon North America
2	American Poolplayers Association
3	7-Eleven
4	BONUS Building Care
5	Roto-Rooter
6	Criterium Engineers
7	ProForma
8	Home Instead Senior Services
9	Heaven's Best Carpet/Upholstery Cleaning
10	Jazzercise
11	Rescuecom Corp.
12	CruiseOne
13	Vanguard Cleaning Systems
14	U.S. Lawns
15	Christmas Décor
16	Stretch-n-Grow International
17	Merry Maids
18	Coffee News
19	AmeriSpec Home Inspection Service
20	Jackson Hewitt Tax Services