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# Get Wealthy!™

Learn the

## Area Representative Advantage

(Excerpts from the book "Get Wealthy – The Master Franchising Advantage" by Drew Paras)

[www.MasterFranchise.com](http://www.MasterFranchise.com) | [www.AreaRepresentative.com](http://www.AreaRepresentative.com)



**IMAGINE** sharing in the royalty income generated by every Subway Sandwich, Domino's Pizza, Planet Fitness or Sports Clips operating within your city. As a Master Franchisee (or Area Representative) YOU can share in the total franchise fees and royalty income generated from every location operating within your market.

An Area Representative is someone in the unique position of aiding in the growth of franchised locations within a given market. This territory market can be a metro area, an entire city, or in some cases an entire state. The Area Representative rarely works in the day-to-day operations of a store/location, their job is primarily a business coach or consultant to the location operators in their market.

### How Does This Work?

An Area Representative buys the rights to a market and aids in the development of new franchise locations in the territory with the franchisor and therefore, financially benefits alongside the brand. Not every franchisor offers Area Representative opportunities however, those that do are utilizing this strategy to encourage more rapid growth. This can mean substantial, semi-passive income and upside equity for you.

### Prestigious

In addition to assisting in franchise growth, the Area Representative assumes the rewarding role of business coach/consultant to other franchise owners to help them succeed. This is usually in the form of providing opening assistance, business coaching, training or marketing support and other best business practices the brand recommends. Many Area Representatives find this to be the most satisfying part of the role.

### Financial Freedom

Unlike other business models, Area Representatives truly have the ability of turning their dreams of financial freedom into reality...

## HERE IS AN EXAMPLE OF HOW:

You purchase the rights for a territorial area from the franchisor for a certain amount of money (your investment). These territory fees vary greatly based on numerous factors including area size, brand demand and recognition, ease of operations, and unit level success etc., with fees typically ranging from between \$100,000 and \$300,000. Your agreement with the company **will stipulate the revenue split that you will receive of the initial franchise fees and royalties.** As an example, it may state that you will receive 40% of any initial franchise fees and 50% of any ongoing monthly royalties received from each store/location sold and operating within your territory. So, let's suppose that an initial franchise fee for a location is \$45,000 (common today) and that there is a 6% ongoing monthly royalty. That means that for each unit opened in your territory, you will receive \$18,000 (40% of the \$45,000 initial fee). Now, let's go one step further and assume that each business operating within the area generates \$500,000 in annual sales. Each location is required to pay an ongoing monthly royalty of 6%, totaling \$30,000 per year. You, as the Area Representative, would then receive 50% of this amount, or \$15,000 per unit, per year!  
*With this example, you have already received  $\$18,000 + \$15,000 = \$33,000$  with only 1 location opened in your market.*





01

Initial Franchise Fee \$45,000  
Annual Royalty on Sales: \$500,000

5 Opened  
\$225,000  
\$150,000

Your Income  
\$90,000 (initial fees)  
\$75,000 (annually)  
\$165,000

02

Initial Franchise Fee \$45,000  
Annual Royalty on Sales: \$500,000

10 Opened  
\$450,000  
\$300,000

Your Income  
\$180,000 (initial fees)  
\$150,000 (annually)  
\$330,000

03

Initial Franchise Fee \$45,000  
Annual Royalty on Sales: \$500,000

20 Opened  
\$900,000  
\$600,000

Your Income  
\$360,000 (initial fees)  
\$300,000 (annually)  
\$660,000

With 50 locations opened in your territory, your ongoing annually royalty income would be \$750,000 per year.

In addition, you would have earned \$900,000 in initial franchise fees (50 x \$45,000 x 40% = \$900,000)

And the best part, with any of the examples shown above, you have created very significant “equity” and a highly saleable asset. Typically, Area Representative (Master) franchises sell for much higher asset values (multiples on cash flow) – usually the highest in franchising. Why? Because buyers are willing to pay more for a predictable, recurring revenue stream that is generated by other people’s efforts (the franchisees in the territory) which, is also less prone to disruptions due to multiple locations of operations.

However, it is rare that you will find existing AR (Master) franchises listed for sale. Why? Because these types of opportunities offer substantial semi-passive income potential, an attractive work/lifestyle balance, and the real potential to create generational wealth that can be passed down. In addition, it is common for other AR’s already in the system to buy available AR resales to expand their own territorial areas, or for the franchisor to buy these areas back at full-market value and assume the role and responsibilities.

The income and equity potential of owning a successful territorial area is tremendous and can offer extremely attractive ROI and Cash-on-Cash returns. This, coupled with the desirable nature of the role, are reasons why Area Representative opportunities are highly sought after and prized.

# Sounds Incredible – But Is It Real?

Many of the world’s most recognizable franchised names have used this method to grow their business and brand. By using this model, franchisors are able to have Area Representatives located throughout the country all working together on opening and supporting locations. Without this Area Representative/ Master Franchising concept, most emerging franchisors would find it impossible to have a dedicated national development team on staff.

To grow more rapidly and expand their concept, many franchisors figured out that sharing a portion of the franchise and royalty fees would entice high-level Master/ Area Representative partners to their brand. The big question is this; would you have invested in becoming an Area Representative of a new and yet-unknown proven concept called Anytime Fitness, Liberty Tax, or The Joint Chiropractic before they became a national brand?



Below is a list of companies which have used the Area Representative / Master Franchising approach to help develop their brands into household names.

Domino's Pizza  
Supercuts  
Century 21 Realty  
Jani-King Cleaning

Subway Sandwiches  
Five Guy's Burgers  
The Joint Chiropractic  
Sports Clips

Meineke Auto Care  
Liberty Tax  
Massage Envy  
Anytime Fitness

and many, many more....

More than likely you recognize some of these brand names. But, would you personally invested in a territorial area of a yet unproven, franchisor concepts called Five Guy's Burgers with only five locations in 2003, on a start-up company called Jiffy Lube with only seven locations? Both in highly competitive, and what many naysayers felt as over-saturated markets. Or how about this, would you have accepted the offer to purchase territorial rights of the entire state for a low-cost, membership-based fitness business? Those entrepreneurs who took the risk and captured markets early for successful brands, not only enjoyed the pride of success, but also created legacy revenues for their families.

Getting in on the ground floor is the challenge for Area Representatives. After a system has started to mature and/or has become a recognizable brand, the opportunity to invest in a territory either becomes extremely expensive or completely nonexistent.



### Additional Benefits of Becoming an Area Representative / Master Franchisee

As you have seen, the potential revenue from being an Area Representative can be very substantial. Your income and equity can grow quickly, but there are other benefits as well.

### Reduced Risk

As a franchisee you own your business, and often own multiple locations. But as an Area Representative, you eliminate the risks associated with location ownership and operations while benefiting financially from other people's efforts and capital.

### Help Others Succeed

You serve as a business coach / consultant to the franchisees in your market. Your main responsibility is to nurture those business owners and provide them with the guidance needed to run successful locations. You received specialized training from the franchisor on unit level best practices and KPI's, so you can assist these business owners in following the franchisor's recommended guidelines and procedures.



## LOW OVERHEAD

After you fund the territorial area, there are little to no ongoing overhead costs of; equipment debt, location lease, employees, insurance, utilities, product theft, spoilage, dead inventory etc...



### More positive benefits:

**Few Customers:** Your customers are the franchise owners in your territory. Therefore, you support a limited number of customers but, all of these customers have a “vested interest” in their own, personal success.

**Few Employees:** Initially, most Area Representatives launch as semi-absentee owners. Only to add staff as territorial growth requires additional support. It is not unusual for Area Representatives to continue working in a part-time capacity while maintaining other business interests.

**Little to No Office Requirements:** Many Area Representatives start with a home office or leased shared / flex office and conference room space as needed.

**Build Equity:** As the franchise brand grows, so does the intrinsic value of your territorial rights. Not only does the business model offer the potential for substantial recurring monthly income, this type of semi-passive revenue attracts a higher exit valuation multiple.

**More Freedom:** Unlike a normal business, an Area Representative is not tied to a location, or any unit level operational headaches, allowing for much greater freedom and flexibility providing a very attractive work/lifestyle.

**No Experience Needed:** Industry specific knowledge is often not required or requested. Franchisors look for entrepreneurs, successful business owners or corporate executives with the business acumen and ability to be their area partners.

## WEALTH CREATION

According to most franchise development experts, a Master Franchise or Area Representative license offers you much greater earning potential than a normal business opportunity. While a business owner makes money and builds equity operating their unit(s), an Area Representative generates value several ways, including:

**Operating Units:** As an Area Representative, you can open your own unit(s) if desired, and these units can offer higher returns due to your reduction in initial and ongoing franchise fees.

**Franchise Fees:** You can earn a portion, typically between 40%–50%, of the initial franchise fees collected from each unit opened within your territory.

**Royalties:** You receive a portion of the ongoing royalties paid directly to you monthly by the franchisor from each location operating from within your market.

**Turnkey Unit Development:** There may be opportunities to resell or flip locations which can create substantial financial benefits.

**Additional Revenue:** With many brands there are additional revenue streams available through real estate, equipment and product sales or leasing.

**Exit Value:** Area Representative and Master Franchise opportunities regularly command higher valuation multiples plus; the semi-passive nature of the business model is attractive to potential buyers.

As you can see, the income and equity potential from an Area Representative market can be extremely lucrative.



# LEVERAGE OTHER PEOPLE'S EFFORTS & CAPITAL TO BUILD WEALTH AND EQUITY

## “The Master Franchising Advantage”

### Question #1:

“Would you rather earn 1% off of 100 people's efforts, or 100% from your own efforts?”



## Could You Be a Successful Area Representative / Master Franchisee?

Franchisors seek out top level business executives, successful multi-unit managers, or those individuals with business development and coaching experience to be their area partners. In all practicality, you become their area partner within a given territory so, franchisors look for the following types of qualifications:

**Business Experience:** Proven success in operations, sales, or business growth are key talents companies look for.

**Communication Skills:** Individuals with strong relationship building skills and those who enjoy working with and helping others succeed.

**Right Attitude:** A "do-what-it-takes" or "can-do" attitude.

**Win-Win Attitude:** To be successful, you must be willing to help the franchisees in your area become successful – their success is your success.

**Follow a Proven System:** The franchisor provides a proven method for success when followed. Although suggestions are always welcomed to improve the overall brand, it is not wise to become part of a franchise, unless you believe you can follow their system and share in the vision for the brand.

**Financially Qualified:** Every brand sets their own minimum financial requirements for liquid capital, net worth, and credit score. Typically, the initial out-of-pocket investment ranges from between \$125,000 to \$300,000.

**Note:** That some brands may like or even require that you open a showcase unit within your market. This will require additional investment capital but, with the location level cash flow, ROI and equity building advantages available to you, opening your own location(s) is often desirable as part of a wealth building strategy.



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# By virtue of their value and rarity, quality Area Representative licenses sell quickly

Quality Area Representative/Master Franchise opportunities are very difficult to find. Few established brands offer them (as they don't wish to share the ongoing royalty). When they are offered, they are rarely advertised and are usually acquired by industry insiders, current Master / Area Representatives within their system, or presented to business intermediaries who specialize in these types opportunities.

Because of our specialty and industry experience, we often get insider information early about these opportunities and can share that with you.

If you feel that an Area Representative or Master Franchise license may be a good for your business skills and financial goals, please visit us at: [www.MasterFranchise.com](http://www.MasterFranchise.com) or contact us directly at: [info@MasterFranchise.com](mailto:info@MasterFranchise.com)



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