



Comparison Chart for Three Franchisee Recruitment Methods

In House—Broker/ Lead Referral Networks (LRN) — 3rd Party Franchisee Recruitment Teams™

<u>Responsibilities:</u>	<u>In House</u>	<u>LRNs/Brokers</u>	<u>3rd Party Franchisee Recruitment Teams™ (TPFRT™)</u>
Primary function	Total Process	Provide Qualified Leads	Take potential franchisee through entire process until franchise agreement signed
Number of Concepts Represented	1	60 – 200 or more	Generally 20 or less
Number of concepts individual salesperson or broker would represent.	1	60 – 200 or more	1 – 4
Exclusivity	Yes	Generally non-exclusive. Often franchisors will have relationships with multiple LRNs.	Generally exclusive
Reporting obligations	As required	None	Monthly
Contractual obligations	Yes	None	Negotiated levels of annual franchisee recruitment activity specified in contract
Required marketing	Yes	None, although franchisors often “encouraged” to attend and sponsor regional/annual conventions	Budgeted marketing expenditure on the part of the franchisor determined prior to entering into TPFRT™ agreement.
Fees/Salaries/Commissions	An experienced passionate franchise sales executive can command a salary of \$125,000+ and with bonuses compensation can exceed \$200,000. Top producers with operations experience can command double that. There are also administrative support staff salaries and expenses	Success fees only, up to 50% of franchise fee with minimums of \$12,000 and up. Some LRNs try to take a percentage of royalty revenue also (Do not agree to this)	Fee structure combines results based commissions that are much lower than broker network commissions, with monthly recruitment management fees that are far less costly than the salary of a top franchise sales executive. Synergy Franchise Group, LLC is unique in that its works to make the franchisor more self sufficient and less dependent on any one recruiting method.
Responsible for data entry	Franchisor	Franchisor	TPFRT™
Responsible for sending material	Franchisor	Franchisor/Broker	TPFRT™
Responsible for pre-qualification	Franchisor	Broker	TPFRT™
Responsible for follow-up	Franchisor	Franchisor	TPFRT™
Responsible for Discovery Day	Franchisor	Franchisor	TPFRT™
Responsible for UFOC Disclosure	Franchisor	Franchisor	TPFRT™
Responsible for document management	Franchisor	Franchisor	TPFRT™
Responsible for final qualification and the actual decision on the award of a franchise	Franchisor	Franchisor	Franchisor
Length of contract	Constant/Multiple	12 months or longer	Negotiated length of contract
Lead belongs to	Franchisor	LRN/Broker	Franchisor
Commission paid for period of time after contract ends or expires	Constant/Multiple	18 – 36 months	Negotiated commission paid for period of time after contract ends or expires