

30th Annual Franchise 500[®]

Entrepreneur[®]

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FRANCHISE

500[®]



Huntington
LEARNING CENTER[®]

RANKED #3
Tutoring Category
RANKED #107
The Franchise 500

FRANCHISE 500®

UNDERSTANDING THE RANKINGS

After dedicating the past several months to painstakingly calling, e-mailing, researching and analyzing hundreds of franchise companies—not to mention the three decades we've spent perfecting our ranking procedure and top-secret formula—we're proud to present *Entrepreneur's* 30th Annual Franchise 500®, the world's first, best and most comprehensive franchise ranking.

Only franchise companies that submit full Franchise Disclosure Documents, or FDDs, or Canadian Disclosure Documents and whose information is verified by *Entrepreneur* can receive a listing in this issue. To be eligible for the Franchise 500® ranking, a franchise company must have a minimum of 10 units with at least one being a U.S.-based franchise, it must be seeking new franchisees in the U.S., and it cannot be in Chapter 11 at the time the ranking is compiled. (The exception to these rules is Canada-based companies that are only expanding in Canada.)

All companies, regardless of size, are judged by the same criteria: objective, quantifiable measures of a franchise operation. The most important factors include financial strength and stability, growth rate and size of the system. We also consider the number of years a company has been in business and the length of time it's been franchising, startup costs, litigation, percentage of terminations, and whether the company provides financing. Financial data are analyzed by an independent CPA. We do not measure subjective elements such as franchisee satisfaction or management style, since these are judgments only you can make

based on your own needs and experiences. The objective factors are plugged into our exclusive Franchise 500® formula, with each eligible company receiving a cumulative score. The 500 franchises with the highest cumulative scores become the Franchise 500®.

Franchise companies are listed according to their industry categories. Ranked companies are shown under the purple headings with their rank listed to the left of their names. As an additional research tool, we also list franchise companies that are not ranked in the Franchise 500®. These companies are listed in alphabetical order under the "Not Ranked" heading within each category.

Remember that the Franchise 500® is not intended to endorse, advertise or recommend any particular franchise. It is solely a research tool you can use to compare franchise operations. *Entrepreneur* stresses that you should always conduct your own independent investigation before investing money in a franchise. Read the FDD and related materials carefully, get help from an attorney and a CPA in reviewing any legal or financial documents, and talk to as many existing and former franchisees as possible and visit their outlets. The best way to protect yourself is to do your homework.

Research compiled by Tracy Stapp and Emily Weisburg with assistance from Allison Gergley; financial analysis by David R. Juedes, CPA; graphic design by Megan Roy and Astrid Solis; additional assistance from Cheryl Asico, Varun Gurunath, Jake Kilroy, Kevin Manahan, Eyvette Min and James Park.

- **Year began/franchising since:** We reveal how long a company has been in business and how long it has been franchising. This is essential information for deciding whether you should go with an established system or be one of the first franchisees in a newer system.
- **Available U.S. regions and seeking foreign?** Find out if a franchise system is expanding in your area. We also tell you if a company requires its franchisees to buy master franchises or multiple units.
- **No. of franchises/company-owned:** It's important to know a franchise company's size and how quickly it's growing. We provide you with the number of franchise and company-owned units for 2006, 2007 and 2008.
- **Startup costs/franchising fee:** Here we list the total startup costs (excluding any financial costs) necessary to open a franchise. This figure is affected by real estate and construction costs (if applicable), inventory, location, type of business and many other variables. Startup costs include the initial franchise fee; however, for easy reference, we also list the franchise fee separately in parentheses.
- **Royalty:** Most franchise companies require you to pay an ongoing royalty fee. We present the specific fees here, typically expressed as a percentage of monthly gross sales.
- **Financing offered?** More than two-thirds of the franchisors in our listing offer either in-house or third-party financing of their costs to qualified franchisees.
- **Homebased opportunity:** We tell you which franchise companies offer you the flexibility of running your business from home.
- **Kiosk/express unit available:** Some franchise companies offer kiosk opportunities, while others offer smaller express units that typically cost less than a full-size unit.

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