

**EPISODE 15**

[INTRODUCTION]

**[0:00:07.8] TF:** Welcome to Job Search Strategies with Tiffany Franklin, where I help you market yourself into a better job. Today, we are here with Leslie Kuban. I am so excited, we were actually in the same class at Vanderbilt but we did not meet until virtually about a month ago prior to Vanderbilt's networking night. It's really cool when you can meet somebody from your own class, even if it's years later.

Leslie is the franchise owner of Mailboxes Etc. which is now UPS and FranNet for over two decades, so she knows what it's like to own a franchise. She is a nationally recognized franchise advisor, midwestern born in southern grown and her causes closest to her heart are Literacy Action and the Humane Society and I really want to now go ahead and turn it over to Leslie.

[INTERVIEW]

**[0:00:58.4] TF:** Please tell me more about yourself and what your career journey has been?

**[0:01:02.3] LK:** Well, hey, Tiffany. I'm so glad to be here on your podcast, thank you so much for having me and would love to just share a little bit about how I guess, got to where I am and I really have to thank my father for that. He, like a lot of the people who are now my clients, worked in a corporate career for a very long time for a big company, a 3M Corporation and division mergers and changes were happening in his career which gave him the opportunity to explore what else might he want to do besides working in a large corporate environment.

That inspired him to think about maybe I want to own my own business and that led him to do some research, which led him to learning about the world of franchising, which he then learned was the pathway for him to be able to leave having worked for somebody else in a corporate environment to get into his own business and support our family and do that in a way that made sense for us.

That's how I learned about the world of small business and franchising in particular, it was just growing up around it. Over my younger years, our family was involved in several different small business industries, mostly in franchising and photo finishing and sign production in kid's tutoring and then as you mentioned, in Mailboxes Etc.

That was the first business that I was an owner of, it went really well. After a few years of running that business and ultimately I did sell it by the way and then moved on to the consulting side of things, which is when I joined the FranNet organization and here I am almost 22 years later, a franchise owner of FranNet and helping other people learn about business ownership and doing so through one of them any franchise systems out there and helping them figure out if it's right for them.

**[0:02:50.1] TF:** That's so exciting, way to become your own boss and I love how, it sounds like there were a lot of pivot points along the way and as we go through our conversation, I can't wait to see how it sounds like continual reinvention with this so that way, no matter what's happening in various industry or with economy, you're able to pivot and still be successful.

**[0:03:11.1] LK:** Absolutely. That's really, you know, these points of transition, I've certainly experienced them and something in today's day and age, regardless of what you're doing. If you're working in a small business, working for a large company, you're in your own business, things change so quickly that the name of the game is being adaptable and being open to changing the way we think about things, the change, the way that we do things. That just is critical to setting ourselves up for opportunity no matter what we're doing.

**[0:03:44.2] TF:** That's amazing and I'm really excited as you give us advice for people maybe wanting to become their own boss and who have never really thought about franchising before, who haven't known where to begin what they can do.

One question though, before we really dive in I always ask every guest is, what's the best piece of career advice you've ever been given?

**[0:04:04.2] LK:** I mentioned my dad already and there's a phrase that I kind of grew up with and he taught it to me and he learned it actually while he worked at 3M, back when he was

young in his new career, he had the pleasure of seeing Peter Drucker speak, the management consultant and thought leader and one of the phrases that Peter is famous for is the best way to predict the future is to create it.

I actually have that on my LinkedIn profile, that's the cover slide of my LinkedIn profile and it's always really stuck with me and kind of along the lines of, what people tend to enjoy about owning their own business one way or another is the ability to have more control in one's day to day life, their income, many things. That's always something that has really stuck with me and it's something I pass along to folks I interact with along the way.

**[0:04:57.1] TF:** That's so funny Leslie, when I was an assistant director of Vanderbilt Career Center, I had that quote on my wall.

**[0:05:05.3] LK:** That's great.

**[0:05:06.5] TF:** Tell me, for people who are in a job search right now, why should they consider starting a business, you know? They may feel it's too risky or scary. How is that something that they should consider?

**[0:05:18.7] LK:** I would first like to say on that, business ownership is not for everybody. There are definitely some people in this world who aren't wired for it, wouldn't enjoy it but I have to tell you, my experience in interacting with so many people, looking at this at different stages is I think it's a minority of people who really wouldn't be able to thrive in their own business in some version of it.

I think it's a lot more doable, it's a lot more accessible, there's just so many resources out there to help people successfully learn how to be a successful business owner, many ways in which they can do it. The information is available. I really do believe in some form or fashion, it is an opportunity for most people and I think it's important for people to at least take some time to consider it, to learn about it because the job world has changed. It has changed tremendously just in the last 10 years.

Most of the folks that I work with considering business ownership have been, or are in a career crossroads of some kind and what I'm consistently seeing from folks is that job tenures are getting shorter and shorter. I think a lot of – and Tiffany, you may see this that if someone is working somewhere for five years, that's a long time these days.

**[0:06:36.1] TF:** Very true.

**[0:06:37.5] LK:** Yes. I mean, I'm seeing people frequently go through three-year job cycles. Meaning, that work somewhere for three years and then there's another change and then they find themselves in – once again, networking to look for a new job and depending on who they are and what industry they're in, those job search and income gaps can be three months, six months, nine months, 12 months. I mean, I've seen all of that and that can be extremely disruptive to one's family and one's ability to prepare for their own future.

I think that there's many reasons, not just financial but that does tend to be a big one that if someone could get into their own business in the right way, they really do put themselves in the position to be in more control of their income stability and their income growth. Again, many other reasons but just from a stability and security standpoint, I think that's a big one and one alone that is why I encourage people to at least take the time to learn about it.

**[0:07:37.6] TF:** Great. Well, it seems like too with the pandemic, everything, all those trends as far as shorter tenure in a job, it's just accelerating that with everything being so uncertain these days too. This may be a better time than ever. You mentioned resources, I'll be sure to put a link to all those in the show notes and of course as we go through and talk about those. The first thing though, before getting into that, what are the obstacles that you feel like stop people from starting a franchise and how can you overcome those?

**[0:08:09.8] LK:** I think there are several common ones and the first one is just I think, a person's own – their just, their lack of understanding that this really is an option and you mentioned before that people may think that this is just too risky. "There's no way I could ever look at getting into my own business, there's too much risk" and I'm certainly not going to say that it's risk-free but again, with information that is available and the opportunity to really be

able to do some real due diligence, there's definitely a way for people to significantly decrease their risk of starting a business and we look at people who are entrepreneurs.

They're not risky people, I think that's a big misperception that's, "Well, I can't be an entrepreneur because I'm not a risk taker." Entrepreneurs are not risk takers, they want to squeeze every ounce of risk out of whatever they're going to put their time and effort and capital into.

That's just a matter of making the unknowns out there more known by knowing how to go about doing proper due diligence. I think it's just people's lack of understanding that there really is that opportunity out there for due diligence and de-risking their opportunities that they may be interested in.

And furthermore on the subject of franchising specifically, I find that franchising is a very misunderstood and often overlooked form of business ownership. The big reason is because most people tend to think that the world of franchising is dominantly food, and because that's very visible.

It's very visible, it's very obvious and certainly there are many strong opportunities in the food world but gosh, there's so many other industries where people will find thriving businesses that are part of franchise brands. That could be in the senior care market, it could be in education or children's related activities, there's all kinds of home service and home improvement franchises out there and my goodness, are they booming even during COVID.

That's been an interesting that there are – yes, of course, certain industries, dine in restaurants, hair care have definitely been impacted by COVID but on the other side of the spectrum, people who are in home services and home improvement, they may be having a banner year. Many of our clients in those industries are, because people aren't going on vacations and they're taking that disposable income and putting it into their home.

I know that was a little bit of side bar from your question but I do get that a lot about the impact of COVID but just thinking that there aren't as many options as there are in the world of franchising does tend to be a big obstacle that stops people from even looking.

**[0:10:52.8] TF:** Yeah, that makes sense. I think one of the things that may scare people a lot would be that you have to be rich to become a franchise owner. What are the cost and funding strategies for new business owners who have never done anything like this before?

**[0:11:07.9] LK:** Yeah, that's another common perception obstacle that I hear from people. It's like, "Well, I could never afford to get into a Chick-Fil-A or a McDonald's so why would I ever look?" There are certain franchises that are a lot more capital intensive than others but going back to the larger world of options that are really out there, many of these service businesses are very affordable to get into.

That's where we're actually seeing the biggest segments of growth and expansion is in a lot of these service industries, some of them I mentioned a few minutes ago where they can be very affordable where the investment is relatively low, the ongoing overhead is relatively low. They can get up and running quite quickly.

You don't have to be a millionaire, you do have to have some capital and then there's also a large variety of funding avenues and people are often times putting together two or even three different funding solutions. There are several types of business loans that are out there, small business administration loans, they're called SBA loans and they're different programs out there and I find another misperception is that, "Oh my goodness, in COVID, banks aren't willing or interested in lending" and that is definitely not true.

There is money out there and the banking system and private individuals are looking for good avenues of investments, so lending is happening for sure. I will say that it's taking several weeks longer than we've seen last year but it is still happening. Everyone I've worked with this year who has applied for a small business loan has received it.

**[0:12:45.1] TF:** What's the typical time to receive that loan in a normal sense and then with COVID?

**[0:12:51.8] LK:** It takes a couple of months in normal times and it really does depend on what type of loan. There is a smaller loan called an express loan where at the loan amount is

150,000 or less and if there's not real estate involved, then that loan can close within a couple of months, even during COVID. If you need a bricks-and-mortar location, that immediately puts you in a different form of an SBA loan called a 7A loan and that loan is going to take many months to come to fruition because you have to have a signed lease before the disbursement of funds takes place.

It could be anywhere from a couple of months, almost up to a year, depending on the type of business and the type of loan that would go along with it.

**[0:13:41.0] TF:** Okay, that makes sense. Now, how could you get a bank to give you any money if you have never done this before? How can you show them that you're a worthy risk?

**[0:13:50.9] LK:** Here's the beauty of where franchising comes in. If you look at the majority of people who own franchise businesses, they do not have any prior industry experience. Now, if you're going to go and start your own business, you're going to hang up your own shingle or you're going to start your own hair salon or your own restaurant or your own fitness center and it is your independent gig, the bank is going to look at that through a bit of a different lens in the sense of having direct industry experience most of the time.

With franchising systems, part of what someone is walking into and what you're paying for with the fees of a franchise is training and systems that allow someone who doesn't have direct industry experience to quickly learn that business, get it up and running quickly with minimal mistakes. That really is the value of franchising if I can sum it up in one phrase right there, is the ability to learn a new business with much less risk but it's not quite that easy. A person does have to have the appropriate transferrable skills and that is something that the franchising companies would be looking for as well as a lending institution.

For example, if a – like a business services franchise and that could be a staffing company or that could be an IT services company that's part of a franchising system. The people who are good candidates for that don't necessarily have a human resources background or they don't have an IT background because the role of the owner is really going to be business development and sales, going out and getting the clients.

Gosh, I have a wonderful example of that. I have a client and he is the number one very large franchisee of an IT manage services franchise and back when he began, he would tell you, “I knew enough about IT to talk myself through a cocktail party” but he came in as drawing sales background and he immediately applied those sales skills to his new business and he spent his time in his business going out and getting the clients and then hiring the IT specialist who did have that technical know-how to be the employees of his business.

There is a big difference between a person’s experience and their skillsets and for the franchisors qualification as well as for the bank’s qualifications, they want to see that a person has the right transferable skills but again, that is why someone will rely on a franchise system is to be imparted with the actual industry knowledge to be successful in that business.

**[0:16:31.5] TF:** That makes sense. Now Leslie, I know I didn’t do franchise. I just did slowly a side business on my own consulting and then I went full-time to that recently. Do you have to be completely all-in where you quit your day job to do this or can somebody be in those two worlds at once? What is the day in the life of somebody who owns a franchise and how all-consuming is it?

**[0:16:54.0] LK:** Sure.

**[0:16:54.2] TF:** I know it will depend by industry of course.

**[0:16:56.3] LK:** Yeah and you know Tiffany, it really is a 50-50 split in the work that I do with people. For some people, they want to and they are in a position where getting into their own business and their franchise is their plan A. They really want to do something different, they want to be in their own business, they have the family support, they have the financial wherewithal to just make a clean break from whatever they’re doing and they choose a business that works for their situation and they go all in and go in at full-time.

Then the other half of the folks that I work with, their business or their franchise is their plan B for various reasons. Some people love their work or career or they have another business and their reason for looking to this is not to give that up and do something different, they just want



to expand their success. They want to continue to build their wealth and diversify their income, so they may look to what's called a semi-passively modeled franchise.

You know, they are hiring some employees to help them run the business day one. You usually have a storefront or an office of some kind where your employees are working from but in those cases, the owner needs to put forth 15, 20 hours a week at least that first year and once they have a good team in place and it's humming along, they may be able to step back their time commitment even a little bit further.

This is a really an eye-opener for a lot of people that if you want to or need to maintain whatever you're doing presently for your income, that does not exclude you from successfully being able to be a good candidate for a franchise business. It will just be a different type of franchise business. You know, some are definitely able to be started and grown semi-passively, others do need the owner to be involved in full-time and this is one of the first questions that I ask someone I'm beginning to work with as we're mapping out what they need the business to provide for them in order for it to be a good fit. Their interest or ability to step into it full-time or not is definitely one of the first things we talk about.

**[0:19:06.8] TF:** Okay, that makes a lot of sense. What types of franchises do you think are the best for the business ownership newbies to consider?

**[0:19:15.1] LK:** Yeah, I'm really bullish about the service industry and I always have been. It is definitely proving itself out even during COVID but things like senior services. You know, the population is aging that is an enduring demand. We are service-oriented economy, so things like home services or home improvement are businesses that can fairly easily be learned. We value education in this culture so education services, kid's enrichment services, things that cater to families are always great businesses with a not so unovercomable learning curve for a lot of people.

Things that are service-based versus retail or product-based are ones that tend to be a bit less risky, meaning you don't have as much capital tied up and product or inventory. It is more service oriented so the investment can be lower, the margins can be really good, they're

learnable. For the person who is interested in getting into their own business for the first time, we do tend to look at businesses that inherently have less risk in those ways.

**[0:20:25.4] TF:** That's great. Now, what are some of the first steps Leslie for people who are considering exploring franchising further?

**[0:20:33.4] LK:** I think there are some personal housekeeping things to do first and I think this would be true of any business not just franchising. I think, if you are interested, thinking about starting a business, buying a business, one of the first things to do is to sit down with your family, particularly if you're married. If you have a spouse or a significant other and whether or not he or she would have anything to do with your business, they do typically have a voice and a vote in this sort of a thing.

You want them to be your cheerleader. You want them to be onboard, you want them to be behind you and supporting you. Beginning this conversations and beginning this sort of exploration effort in conjunction with your spouse or your partner I think is something to handle first and foremost, make sure they're onboard. Make sure they're onboard with you even exploring this and secondly, there is a financial piece to this no matter what kind of business you might go into.

I think starting to really understand what is your cost of living, where are your assets, brushing off your personal balance sheet and understanding what you have and understanding what your debts are, really just creating an up to date personal balance sheet would be something that you want to take care of first because no matter what, there is going to be some financial piece to this and you want to know what you are working from.

**[0:21:56.3] TF:** What's the minimum you would say that for somebody to think about exploring this further? Do they need \$10,000, do they need 20 and obviously, it's going to depend on what particular way they go but for the point of entry I guess?

**[0:22:10.6] LK:** Yeah, in my world franchising specifically, I think someone needs to have 20 or \$30,000 as a minimum. That will get them started on being able to look at some lower investment service businesses. You would have more cost than that and you would need to

have good credit to be able to qualify for a small business loan beyond that but if someone is 20 or 30 or 40 that they're able to commit to the business and the ability to fund their living expenses for the first several months of getting their business started, they would be in the ballpark of being able to consider some options.

On the funding side, actually something I didn't mention earlier Tiffany and this is a very popular funding mechanism, I'd say at least a third maybe closer to a half of the folks I work with deploy a funding strategy called a rollover for business startups and this is a tool that enables a new business owner to utilize dollars that are in a retirement plan that might be a 401(k). It might be an IRA but there is a way to utilize those assets without triggering an early withdrawal penalty and without triggering taxes that you have to pay right away.

I think another positive feature of that is that it's not alone that has to be repaid, so it is a way that people can start their business with minimal or no debt and that means they're only going to start making money faster if they don't have debt against their business. That is a very common and popular way that people may just come up with that 20 or 30 or \$40,000 or whatever the amount is that the bank is going to require for an equity injection into the business.

There is always going to be an equity injection that the bank would require. It is never going to be a 100% financed, so typically it depends on the kind of business but a bank is going to look for 10 to 30% of the total cost of getting the business up and running. 10 to 30% is what a bank is going to look for the borrower to inject and sometimes that comes from that rollover that 10 to 30% I just mentioned there.

**[0:24:23.5] TF:** Leslie, how can people – what resources are there for them if they are really interested in this research the various options and assess their risk, at what percentage of other franchise owners in this particular area have done well? How long does it take before they start making money so they can make an informed decision about which direction to go?

**[0:24:47.1] LK:** Tiffany, I am not bashful about promoting my own services, so that's a great softball as to how I help people. Thank you for that.

**[0:24:54.1] TF:** Sure.

**[0:24:54.5] LK:** That's really what my service is all about and I'm very upfront with people that I actually help more people decide not to go into their own business through franchising than those that I do. In fact, it's about 70% of folks who I begin having a conversation with. We realize the timing is not right, this just isn't the best avenue for them so I'm a straight shooter and I'm proud of the advice that I give folks around if this is something that really would be viable for them, that is doable for them.

For the 30% whom we realize this could really be a strong opportunity, I've got a process that begins with a – it is a scientific tool called the personal franchise assessment and it is an online questionnaire. It takes a person about 30 to 40 minutes to complete and this assessment tool is sort of like a Myers–Briggs or maybe even a DISC assessment for small business ownership and it just gives us a lot of important insights about what type of business that person would be wired to likely be a high-performing franchise owner within.

The data pool for the assessment is several thousand high-performing franchise owners and it scientifically compares the taker to those high-performing franchisees and again, gives some insights as to what characteristics we should look for in a business in which you would be successful.

**[0:26:22.1] TF:** I see, and you mentioned when we were talking about this before that this is an offer, this free franchise readiness assessment that you're offering to the listeners so in the shownotes, we can have a link to that.

**[0:26:33.8] LK:** Perfect, exactly and there is no cost and actually, there is no cost at any point to take advantage of the tools that we offer or consulting services at FranNet. The opportunity to walk through the assessment and discussed some potential franchises that would fit, there is never a cost for any of those services. It's a free service.

**[0:26:53.1] TF:** What's that website?

**[0:26:54.8] LK:** It's frannet.com.

**[0:26:56.9] TF:** Oh, easy enough. Great and then so say that they are one of the 30% and it seems like they could be a good fit for people that you take on as clients what are next steps and resources that you go over for the journey?

**[0:27:10.3] LK:** I would like for someone to start with that franchise readiness assessment, the personal franchise assessment that we just mentioned. Typically, I spend about 30 minutes or so on the phone with someone first. I just want to get to know them and what's important to them. We start discussing what would a business need to provide for you in order for it to be a good fit and if we decide to move forward from there, then the readiness assessment really is the best next step.

We'll go through it together. It does require some interpretation and I go through that with the individual and their family and then we move to the next phase of starting to identify some specific franchise brands that that person is really well-suited for. It's a step-by-step process in that way but I like to begin by just a quick conversation to get to know people first.

**[0:27:56.5] TF:** Great and then you had mentioned earlier in the show about resources, what you think are very helpful besides that assessment that you just talked about, what are some other resources either for your paid that people can look into?

**[0:28:10.0] LK:** There are two wonderful organizations and they are present in all 50 states and the first one, the website is score.org and that is spelled score.org and the second one is the Small Business Development Center and Tiffany, I'll have to get you that website for that because each [inaudible 0:28:31.5] has its own organization of small business development centers but there is a national website and I'll get that to you after our podcast wraps up here.

These are both business consulting organizations. They are both funded by the small business administration. It is our tax dollars going to great work in my opinion and these organizations have mentors and consultants that provide low cost and most of the time free business consulting to people who are just starting their business, trying to vet out their business idea, do some financial projections for their business or for their franchise, help them with the business plan to go seek financing. I think these organizations are really the best kept secret.

**[0:29:17.5] TF:** Yeah, that's what I remember people telling me about that too when I started and I connected with Score and it was really great to have kind of a mentor.

**[0:29:24.5] LK:** Exactly and the best part, it's our tax dollars paying for these services and in both cases, they're all about helping to generate employment in our economy through small business and they do a wonderful job.

**[0:29:38.2] TF:** Well, this is great. I really appreciate your time with this Leslie. What are some final thoughts you would like to leave the audience with?

**[0:29:46.3] LK:** It kind of goes back to that career advice and the quote that you and I both have had on our walls Tiffany, the best way to predict the future is to create it, and I think a wonderful way to do that is in your own business and whether that's a side consulting gig that one might get started or buying an existing business or looking into the world of franchising, there is just so much good opportunity out there and the resources to make it happen really are at our fingertips. I just encourage people to take that next step.

**[0:30:17.0] TF:** Wonderful. Well, thank you again Leslie for coming on. Again, this has been Leslie Kuban and we are excited to have learned more about your experience and success with it and be sure to take advantage of her free franchise readiness assessment.

**[0:30:31.9] LK:** Thanks for having me Tiffany.

[END OF INTERVIEW]

**[0:30:34.6] TF:** Thank you so much for listening to Job Search Strategies with Tiffany Franklin. I really appreciate you and hope you will subscribe and join me for additional episodes through Apple Podcasts, Google Podcasts, iHeartRadio, Spotify or wherever you get your podcasts.

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