



IFA ANNUAL CONVENTION



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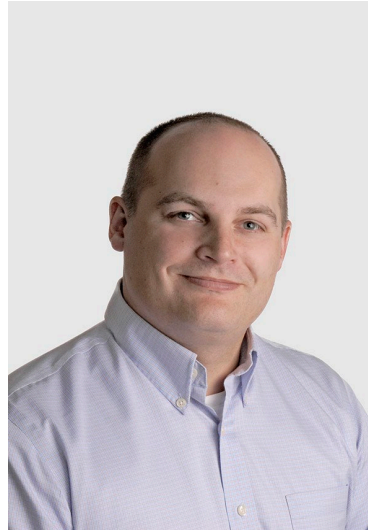
How Much Capital Do I need ... & How Do I Get It?

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MEET THE TEAM!



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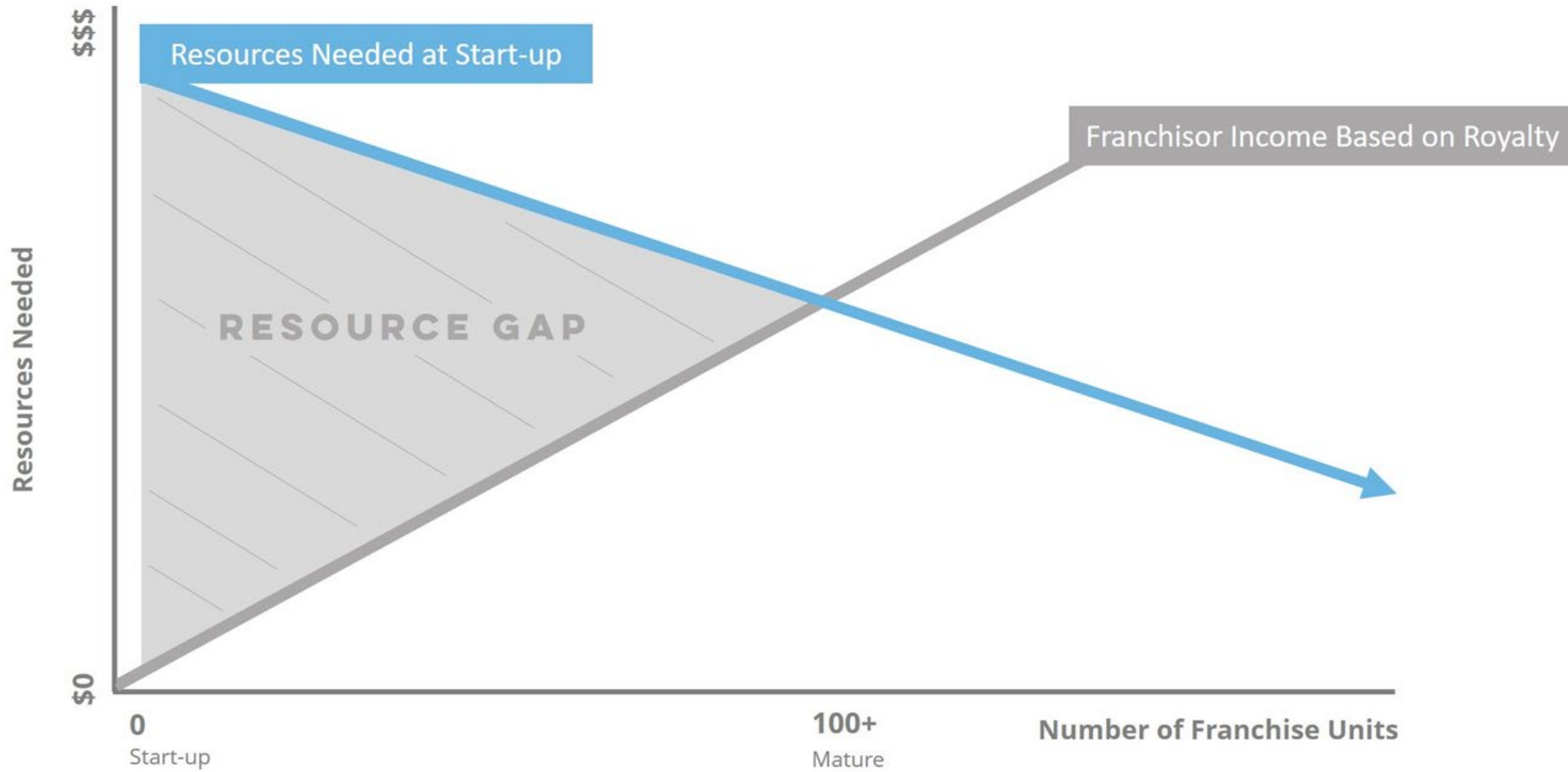
AGENDA

- What Is Your Stage of Growth?
- Vision, Concept & Strategy?
- How Much Capital Do I Need?
- Where Do I Get It?
- What If I Am Not Ready Yet?
- Q & A

VISION, CONCEPT & STRATEGY?

- What is your **vision & your personal goals**?
- Do you want a partner?
- What is your **concept** niche?
 - Competitive environment?
 - Unit Economics?
- What type of strategy fits your vision and concept?
 - **Grow fast, first to market or steady strategic growth?**
- What is your **stage of growth**?
- Determines how much capital you need

STAGE OF GROWTH?

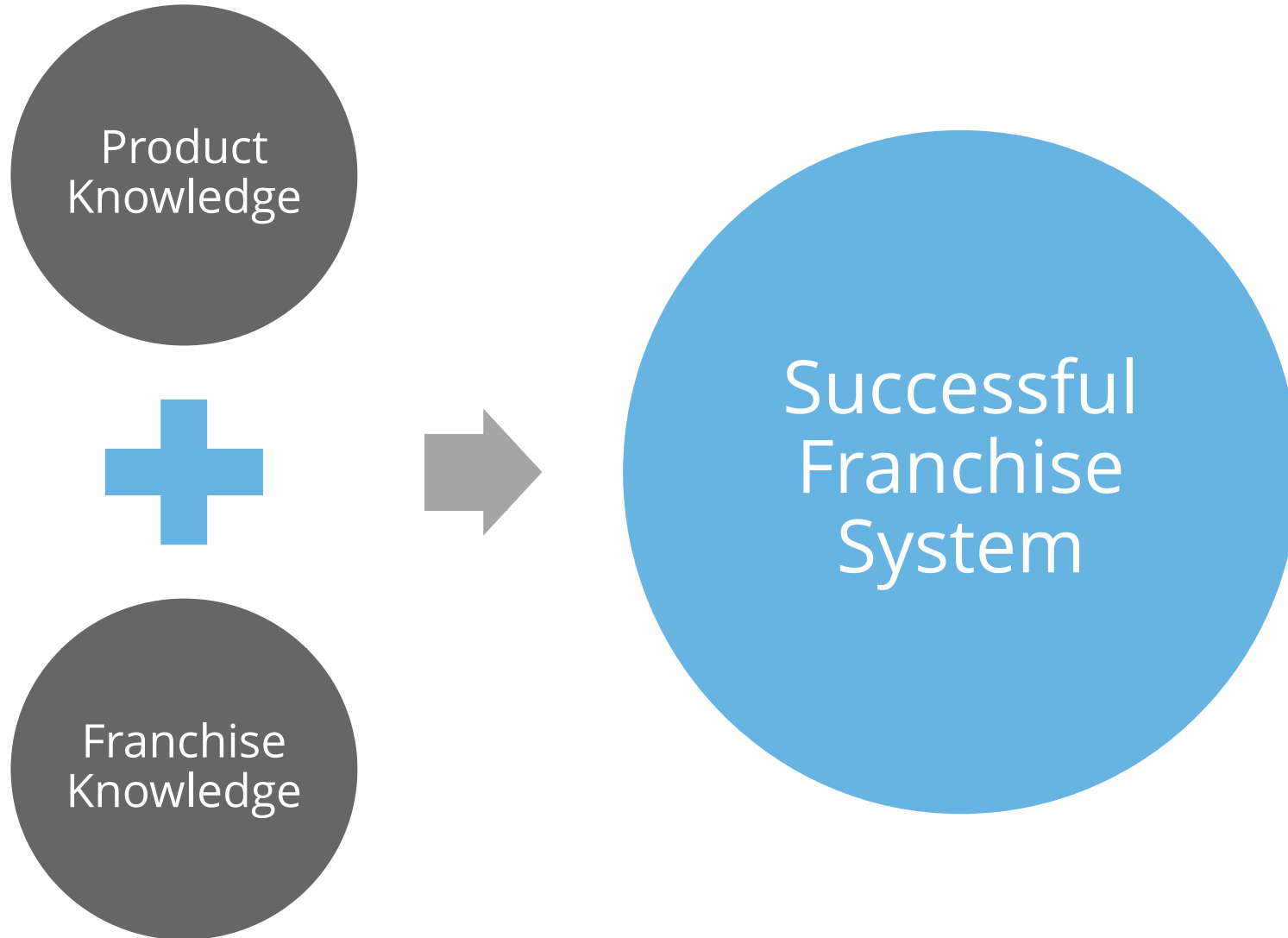


HOW MUCH CAPITAL DO I NEED?

... IT DEPENDS

- Do you have **team** in place?
- Need expertise in all **functional areas** to be successful:
Fran Dev, Real Estate, Construction, Marketing,
Operations, Data, Legal, Finance, Supply Chain
- Do you have a **Pro Forma**?
 - What resources do you need to grow?
 - How will the concept scale revenue and expenses over the next few years?

Franchise Systems need intellectual and human capital



HOW MUCH CAPITAL DO I NEED?

... IT DEPENDS

- Typically a franchisor needs \$1M+ to get to royalty sufficiency
- Reinvest from \$1M royalty to \$4M royalty, so not much profit
- Hire up = increase burn
- Do it alone = missing intellectual capital

WHERE DO I GET IT?

- Just money or strategic partner?
- Do you want to raise debt or equity?
- Debt or Debt/Equity Hybrid
- Equity
 - Family, Friends & Fools
 - Angel Investor ... or Saint?
 - Family Office
 - Strategic Partner
 - Private Equity

STRUCTURES

- Equity considerations:
 - Who your partner is
 - Valuation
 - Structure / Liquidation Preference: who gets money first
 - Governance: how are decisions made
 - Minority or majority stake sold
 - Intellectual property
 - Maintain some corp owned operations

WHAT IF I AM NOT READY YET?

- What criteria attracts you to invest in an emerging brand?
 - Founder, unit level economics, category dynamics
 - How much EBITDA?
- Who to talk to:
 - Attorney, Accountants, Lenders, Equity Investors
- How to prepare:
 - Get data and documentation in order!
 - Successful Franchisees!

Q & A

