



54TH ANNUAL IFA LEGAL SYMPOSIUM



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INTERNATIONAL FRANCHISE ASSOCIATION



New and Recurring Issues in Franchise Brand Acquisitions

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Current state of transactions – buying and selling franchise systems

- Seller's Market
- Changes in economic environment and markets
- Strategic buyers
- Private equity buyers (and sellers)

New and Emergent Issues

- COVID-19, Variants, Subvariants....
- Inflation, rising interest rates, volatile public markets
- Russia and Ukraine War
- #MeToo
- Joint Employer Concerns and Uncertainty Continue
- Cybersecurity
- Rep and Warranty Insurance

Recurring Issues

- Equity Deal vs. Asset Deal
- Disclosure regarding pending acquisition of franchise system
- Logistics of acquiring multiple (sometimes competing) brands
 - Assessing and seeking “buy-in” from existing franchisees
 - Post-closing integration issues for multi-brand systems
 - Territorial issues
 - Contractual alignment and system changes
 - Co-branding and Re-branding
 - Relationship management
 - Resource allocation issues
 - Sharing proprietary information across brands

Higher Level Questions in Brand Acquisitions

WHY?

- Sellers: Why put yourself out for sale?
- Buyers: Why might you want to acquire this particular brand?
- What are your goals? Does this deal further those goals?
- Are the people a good fit?
- Does the price make sense for all parties?
- Does the time frame required make sense?

Higher Level Questions in Brand Acquisitions

HOW?

- As a potential seller, how to put a brand on the market to sell?
- How to find the right partner to assist?
- How to position a brand?
- Due diligence
- How to finance an acquisition?
- How to prepare well for integration challenges – leadership team; change management; shared services; strategy; processes; culture; FDD updates; etc.

Higher Level Questions in Franchise Brand Acquisitions

Final decision: YES or NO

- Ability to say “no” to a deal, not let mere inertia pull it forward.
- Ability to step back and assess: Is this the deal you thought?
- Franchise lawyer as not just legal advisor – also strategic advisor.
- Advice based on seeing many deals across sectors of franchising.
- Not just raising issues – helping find the solutions if possible.
- Some risk is inevitable. Are remaining risks acceptable or not?

Questions and Discussion

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