



IFA26 evolve.



iFA INTERNATIONAL
FRANCHISE
ASSOCIATION

Resales, Transfers, Buy-Backs

WHEN AND WHY

**STARK
& STARK** PC

Experience You Can Trust

Resales, Transfers, Buy-Backs

**STARK
& STARK** PC

Experience You Can Trust



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Setting the Stage

- Resales Peaking - FranData
- Population Aging – Silver Tsunami
- Brands Must Prepare
- Exit Strategy as a Topic



LIVE POLLING

Let's See What You Think





Buy Backs and Brand Protection

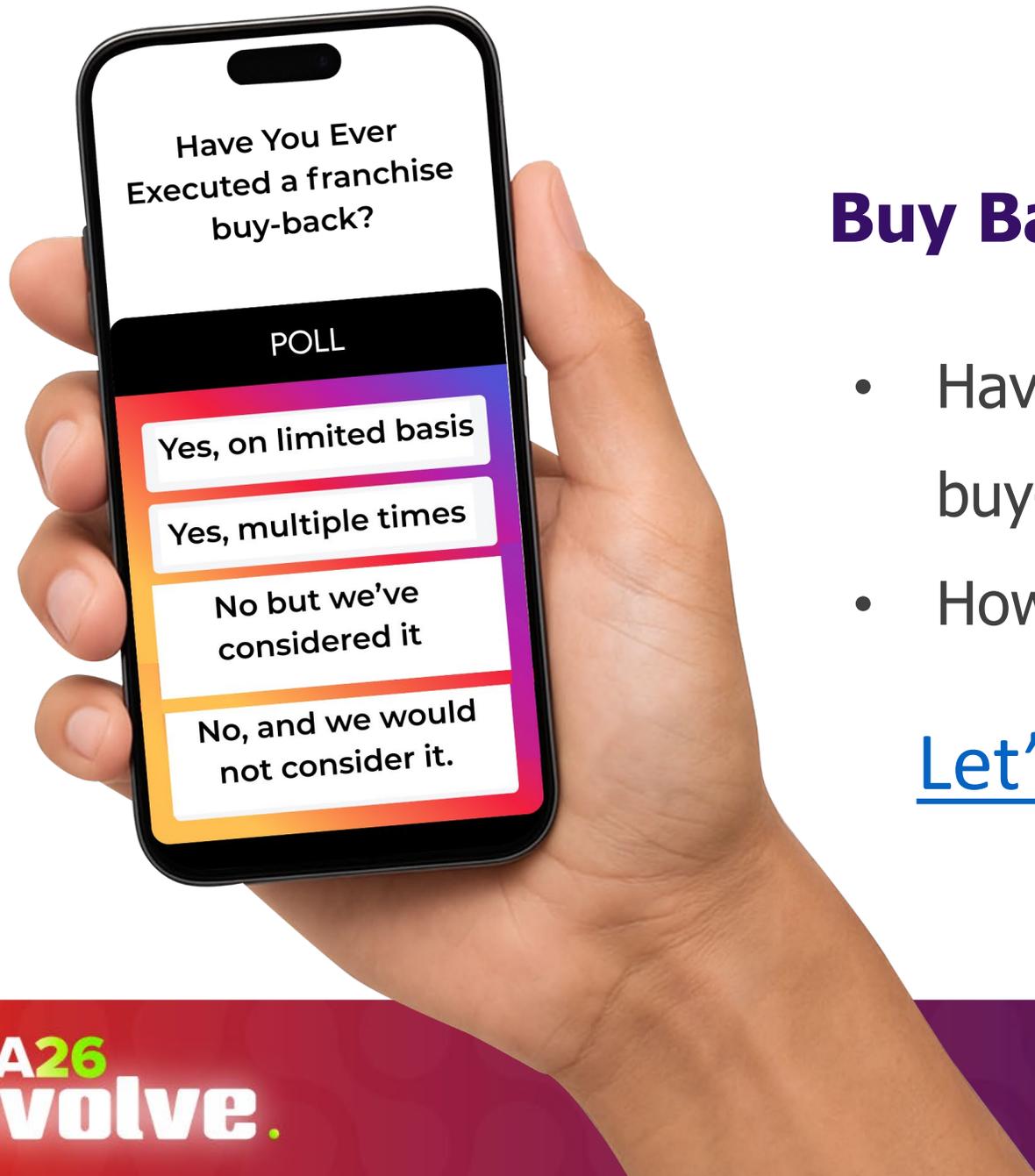
A Legal Strategy Conversation

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Have You Ever
Executed a franchise
buy-back?

POLL

Yes, on limited basis

Yes, multiple times

No but we've
considered it

No, and we would
not consider it.

Buy Backs and Brand Protection

- Have you ever executed a franchise buy-back?
- How do you view buy-backs?

[Let's See What You Think](#)



Mapping the Franchise Lifecycle

Small Group Exercise

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MAPPING THE FRANCHISE LIFECYCLE

Entry

Glee
Stage

Fee
Stage

Me
Stage

Free
Stage

See
Stage

We
Stage





Case Study Exercise

3 Mini Case Studies

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The Family Factor



CASE STUDY 1

The Family Factor

"The real risk in family succession is not that the family says no, it's that...."

CASE STUDY 1: The Family Factor

THE SCENARIO
A 20-year franchisee with multiple profitable locations has a health scare and initiates succession planning. NONE of the three adult children want to take over the business. No formal succession plan exists. Decisions are stalled, staff is uncertain, and brand risk is emerging.

What's Happening Now

- Child 1: Has separate career, lives out of state
- Child 2: Doesn't want operational responsibility
- Child 3: Wants financial benefit, not day-to-day involvement
- Franchisee: Emotionally unprepared, distracted, no exit plan
- Staff: Sensing uncertainty, vendors asking questions
- Family: Growing tension, no consensus on next steps

Critical Risks

FOR THE FRANCHISEE	FOR THE FRANCHISOR
<ul style="list-style-type: none">• Value erosion during delay• Emotional decisions vs. strategic ones• Family relationships at risk• No resale preparation	<ul style="list-style-type: none">• Brand continuity uncertainty• Performance decline during transition• Market perception in key territory• Transfer standard enforcement

10-Minute Table Discussion
Choose 2-3 questions to explore:

- What are the biggest risks of waiting too long to act? (Franchisee perspective)

- Where does brand protection start and family autonomy end? (Franchisor perspective)



The Plateaued Performer



CASE STUDY 2

The Plateaued Performer

"The real risk with a plateaued franchisee is not flat performance, it's that..."

CASE STUDY 2: The Plateaued Performer

THE SCENARIO
A 10-year franchisee isn't failing but isn't growing either. Flat sales, delayed remodels, constant staffing issues, and average customer scores. The franchisee keeps saying "I might just sell," but takes no action. Performance is now declining.

PAST (Stable)	PRESENT (Stagnant)	TRENDING (Declining)
<ul style="list-style-type: none">• Meets standards• Royalties current• No violations	<ul style="list-style-type: none">• No growth• Delayed remodels• Says "might sell"	<ul style="list-style-type: none">• Key staff leaving• Reviews declining• Sales softening

The Slow Decline

The Resale Dilemma
Resale WAS a reasonable option. But the franchisee hasn't prepared:

- Financials inconsistent
- Systems outdated
- Little reinvestment in people or facility
- Deferred maintenance visible to customers

Result: Buyer interest weakens • Valuation drops • Qualified buyer pool shrinks

Emerging Risks

- Declining unit value before resale
- Reduced buyer quality or financing challenges
- Brand perception risk in local market
- Friction between franchisor and franchisee
- Loss of control over timing

10-Minute Table Discussion
Choose 2-3 questions to explore:

At what point does a plateaued performer become a brand risk?



The Buy-Back Balancing Act



CASE STUDY 3

The Buy-Back Balancing Act

"A buy-back protects the brand only when..."

CASE STUDY 3: The Buy-Back Balancing Act

THE SCENARIO
An underperforming franchisee in a strategic market wants out. They ask the franchisor to buy back the location instead of listing it for resale. The location has high visibility and is critical for regional brand perception. Decision: strategic move or emotional rescue?

Why This Location Matters	
STRATEGIC VALUE <ul style="list-style-type: none">• High visibility location• Strong demographics• Critical trade area• Regional brand anchor	CURRENT REALITY <ul style="list-style-type: none">• Declining sales• Slipping standards• Losing market share• Not in default (yet)

The Buy-Back Debate

✓ WHY IT'S APPEALING	⚠ CONCERNS
<ul style="list-style-type: none">Stabilize quicklyReset operationsProtect market presenceResell to stronger operator	<ul style="list-style-type: none">What price is fair?Who carries operational risk?How long will we own it?What precedent does this set?

Critical Questions Before Acting

- Will this drain resources needed elsewhere?
- Are we becoming operators instead of franchisors?
- Will other struggling franchisees expect the same option?
- What's our exit strategy post buy-back?
- What ROI do we need to justify this?

10-Minute Table Discussion
Choose 2-3 questions to explore:

- In what situations does a buy-back truly make strategic sense?





Building Your Brand Playbook

Guided Worksheet Session

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TRANSITION READINESS MAP

Transition Reality
Readiness Snapshot
Timing Awareness
Risk Exposure check
Brand Guardrails
90-Day Commitment



TAKE THIS FURTHER

One Final Question

[Let's See What You Think](#)



Resources for Resales