

Master Franchise Investments



THE KEY TO WEALTH IN FRANCHISING

Within the world of franchising, there exists a little-known opportunity that can create a franchise fortune, known as a Master Franchise or Area Representative Franchise. It is simply the owning of the rights to develop a franchise system within a territory. This territory can be a metropolitan area, an entire state, several states or even a country. The Master Franchisee assists the franchise company in developing the territory in exchange for a share in the royalty revenues and franchise fees that are generated from operations within that territory.

The Master Franchisee pays the franchisor a fee for these rights and must provide certain services to existing franchisees within the defined territory. In building that territory, the Master Franchisee does not enter into agreements with the franchisees but rather facilitates the coming together of the franchisor and the franchisee. Once the franchisee has entered into the franchise agreement, the Master Franchisee may aid the franchisee in site selection, build-out, equipment acquisition, training coordination and in opening, operating and insuring quality control. For this ongoing service the franchisor pays the Master Franchisee a split in the royalties and franchise fees earned within the territory. This typically represents one-half of the revenue stream earned by the franchisor within the territory.

With owning a Master Franchise one can enjoy all the benefits of being a franchisor without the burden of having to develop a concept from scratch. They have a proven track record, brand name, and a successful operating system. A Master Franchisee basically becomes their partner in a territory. The franchisor provides the Master Franchisee with valuable support, latest innovations and business experience.

HOW FORTUNES ARE MADE

Owning a Master Franchise is the ultimate franchise opportunity. It provides numerous advantages over a standard franchise and yields multiple streams of income.

RECEIVING ROYALTIES AND FRANCHISE FEES

Assume you purchased a territory from a franchise company at a pre-determined amount.

Your agreement with the franchisor is that you would receive **50% of each franchise fee and 50% of the royalty income**. Let's assume that the franchise fee is \$30,000 per unit and the royalty each unit pays is 6% of their gross sales. That means for each unit opened in your territory you would receive \$15,000 (50% of the \$30,000 franchise fee).

Let's also assume that each unit opened in your territory has an average yearly gross sales volume of \$1,000,000. Each unit would pay a royalty of 6% of their gross sales, which is \$60,000 per year. You as the Master Franchisee would receive 50% of this amount which is \$30,000 per unit per year.

If 10 to 100 units opened in your territory, your royalty income would be \$300,000 to \$3,000,000 per year for as long as the Master Franchise is in existence. In addition you would have received an additional franchise fee income of \$150,000 to \$1,500,000.

(This example is for explanation purposes only and not a guarantee)

Additionally, besides receiving franchise fees and royalties, there are numerous other ways to generate income as a Master Franchisee.

OTHER SOURCES OF INCOME

Building Equity. Once a Master Franchisee sells a few franchises or opens their own stores, they significantly increase the value of their Master Franchise business. Also as other units open in other territories and the Franchisor grows, their territory may become very valuable.

Turnkey Unit Development. Develop turnkey units and sell them for a considerable profit to build additional units and royalty income.

Financial leverage. Leverage the royalty stream to develop additional units and increase the royalty income and value of the Master Franchise territory.

Acquire Under Performing Units. Master Franchisees will have first hand knowledge of under performing units which they can acquire and turn around for a considerable profit.

Rental or Sale of Real Estate. Obtain a commission or profit on the rental or sale of properties to franchisees.

Financing Franchisees. Finance franchisees or receive compensation from third party lenders.

Sale of Products. Distribution of specific products and supplies.

Sale of Additional Services. Master Franchisees may be able to offer other resources to the franchise network such as accounting, bookkeeping, insurance, training, and/or consulting in return for additional fees.

OTHER ADVANTAGES

Prestige. The prestige of owning a Master Franchise and controlling an entire area can provide tremendous satisfaction and financial leverage.

Very Few Employees. Typically a Master Franchisee will operate a Master Franchise by themselves and then expand to have an administrative assistant, a trainer or other support staff or sales person. As their business grows larger they may need to add more staff. It is not unusual for Master Franchisees after having developed their area to semi-retire and spend minimal time with their business while enjoying a large substantial income.

More Freedom. Unlike an individual unit franchise, a Master Franchise allows the investor much more freedom. Their primary function is as a business consultant or coach to their franchisees. They usually don't have to deal with the burden of running a unit or multiple units, but they still receive a portion of their franchisee's gross sales.

Build a Nest Egg For Their Heirs. Pass on a substantial monthly income to their heirs.

Very Few Customers. A Master Franchisee's clients are their franchisees. They help support them.

Low Overhead. Start small and expand as they go.

Minimal Office Space Required. They can usually start with a home office before expanding to an outside office.

Obtain Prime Locations. As a Master Franchisee landlords may offer them choice locations.

No Experience Needed. In most Master Franchise opportunities they will receive specific industry training and ongoing support.

As you can determine, a Master Franchise has many benefits and advantages over a standard franchise.

BUYING A MASTER FRANCHISE WITH RETIREMENT ACCOUNTS

Finding the right Master Franchise is important. Finding the most effective way to purchase it is equally important.

The tax laws in the United States prevent savers from dipping into their 401K, IRA, profit-sharing, or annuity plans. In fact, in many states, you'll lose up to 50% of your funds in taxes and penalties, just for accessing the savings you've worked so hard to accumulate. But they can be used to purchase a Master Franchise.

We will assist you by explaining how you can utilize your retirement plans such as an IRA or 401K plan to obtain a Master Franchise. Professionals are ready to help you setup this IRS approved structure to allow you to release the money in your retirement funds and use it for a fresh start in business – without penalty, without taxes, and without debt.

Aside from cash in savings or money market accounts, it is an effective and proven method to fund a Master Franchise investment.

BUILD WEALTH AND A SUBSTANTIAL LIFETIME INCOME FOR YOU AND YOUR HEIRS INVESTING IN A MASTER FRANCHISE

According to Olvian Manz, a leading expert on the franchise industry and President of International Franchise Center, “Franchising provides one of the safest vehicles to employ investment dollars. Government statistics report that 95% of individual franchises started in this country are still in business. The normal maladies for most business startups are overcome in franchising because they follow proven business plans and are supported by experienced business experts.”

He goes on to say, “Most investors we work with are looking for a way to build wealth without daily involvement. They have their plates full, seeing to the needs of their own business.”

The appeal of the franchising industry’s \$2.3 trillion annual sales output, which accounts for approximately 50% of all retail sales in the U.S., is restricted from many investors because of their single most precious commodity – Time. This creates what is usually an insurmountable obstacle. **But there is a solution...**

The International Franchise Center highly recommends getting involved in a Master Franchise LLC partnership to solve the time commitment dilemma and satisfy the experience requirements of the franchisor. This is the ultimate franchise investment opportunity. **It is a high return, solid, low risk, absentee investment that can provide a substantial lifetime income for the investor and their heirs.**

Through a limited liability company the members acquire a Master Franchise and own the rights to a large territory. The LLC receives 50% of the franchise fees and 50% of the royalty income. The royalty income is a percentage of the gross sales generated from each franchise unit within the territory. Annual royalties equaling tens of thousands of dollars from each franchise unit are not uncommon and in certain industries are expected. With average royalties of \$10,000 to \$40,000 annually per unit and territories able to support anywhere from 20 to 100 units, ***Master Franchises have the potential to generate hundreds of thousands or even millions of dollars of income per year.*** Revenue distributions and equity continue to grow as franchise locations are added. The problem is qualifying as a Master Franchisee.

This innovative approach solves that problem by partnering the investment-minded with a franchisor-approved, full-time sales and development agency. This agency also provides the necessary support that the franchisees require within the territory.

Manz admits that without this approach most investors who would be interested in these exceptional returns and the lucrative investment opportunity of a Master Franchise could never qualify with the franchisor regarding the sales, development and support requirements. A Master Franchise LLC partnership now makes this possible.