The Franchise Boom

You, Too, Can Be Your Own Boss

Some 400 new business operations offer you independence and a five-figure income—all for a small down payment and a large amount of work

By HARRY KURSH

IN THE SPRING of 1956, Peter Krosunger, father of two children and a milkman in Albertson, N. Y., went to a flower and garden show. He went out of curiosity, but the visit changed his life.

While at the exhibition, Pete had seen the "Agi-Sprayer," a unique truck designed to spray lawns and shrubbery with chemicals automatically. General Spray Service, Inc., owners of the truck, were starting a chain of franchised businesses throughout the United States and were looking for men who wanted to be their own boss.

The truck, with patented equipment, was worth more than $9,000. When Pete inquired about the meaning of the franchise, however, he was told that for a down payment of a few hundred dollars the company would give him the "Agi-Sprayer" to operate as his own business in an exclusive territory.

The idea appealed to Pete, but he had some misgivings. At 36, he had no business experience. Forced to quit high school after two years, he had worked at odd jobs until he became a milkman 18 years ago. But the company explained that education and experience didn't matter as long as Pete was willing to learn and was determined to make good. Besides, the company would train him to run the business.

Convinced, Pete tapped his entire savings, $500, borrowed a bit from friends and relatives, and signed for an "Agi-Sprayer" franchise. Now owner and operator of three such franchised businesses, Pete lives in a $32,000, seven-room house and has seen his earnings grow to more than $40,000 a year, a far cry from his former milkman's wages of $140 a week.

The Pete Krosunger story is not unique. Today, tens of thousands of families are enjoying five-figure incomes through businesses of their own, thanks to franchising, the booming marketing technique that has invaded every state.

ESSENTIALLY, a franchise is a contract under which a parent company puts you in business with its name and trademark, provided you sell certain of its products or services exclusively. In return, you may also be required to pay the parent company a franchise fee, a percentage of your receipts, or both. Otherwise, the business and all the profits are yours, except that you enjoy the valuable benefits of continuing chain-style promotion and assistance from the parent company.

Franchising is not a new phenomenon. Many franchised businesses, such as Ben Franklin variety stores, Western Auto Supply centers, and Howard Johnsons have been familiar landmarks in thousands of communities for decades. Almost every new-car dealer is actually a franchised businessman.

Franchising really started to mushroom in the '50s when several major corporations made it possible to obtain business franchises for small or moderate cash investments, ranging from a few hundred to a few thousand dollars. Today, there are at least 400 small business franchises in a great variety of products and services—ice-cream roadside stands and mobile vendors; doughnut shops; brake and muffler shops; precooked, take-home dinner stores; in-the-home rug and carpet cleaning services; paperback bookstores; coin-operated laundries and dry cleaners; custom recording services; swimming-pool sales; and bookkeeping-acounting services.

The cash required for nearly all small business franchises usually represents only a down payment on the real value of the business. The balance is paid from operating profits.

When the "Mister Donut" chain was launched a few years ago, for instance, one of the first to obtain a franchise for a few thousand dollars was Ira Inkeles, then a young married man just out of the Army and earning about $75 a week as a paper-products salesman. He was orphaned at an early age, and his small legacy was his investment. But his business in Alexandria, Va., was in a new building located at a choice supermarket corner. Together with land and equipment it was worth about $100,000.

WITHIN THREE YEARS, Ira paid the balance from profits and was outright owner of everything. What's more, now only 28 and father of four children, Ira is carving a little corporate empire of his own. In May, 1962, he purchased his fourth "Mister Donut" franchise in Richmond, Va., and runs his enterprise from an office and an air-conditioned limousine.

The be-your-own-boss lure has attracted men and women from all walks of life to franchising. Among the 15,000 licensed owners of Westinghouse Laundromats are three Cleveland secretaries, all single, who pooled their savings to open a coin-operated combination laundry and dry cleaner. Many franchised businesses are operated by husband-wife teams, and a surprising number of retired armed-forces officers have gone into franchising.

Franchising is no get-rich scheme. It takes hard work to get started and to succeed. Many franchisees work longer and harder as bosses than when they had to punch a clock. "One of the secrets of the franchising success," says A. L.

Werner Maahs went from franchisee of a "Chicken Delight" store to vice president of parent firm.