

Corporate Refugees Are Turning To Franchises

By WARREN STRUGATCH

MOHAN GUPTA circled the basement room of the Holiday Inn Express in Hauppauge, scanning brochures put out by companies like Molly Maid, a housekeeping service, and Chock Express, a small but growing chain of coffee shops that compete in the niche between Starbucks and Dunkin' Donuts.

Mr. Gupta, an engineer at Symbol Technologies for seven years until his job was eliminated in February, had come to shop for a franchise, strolling past tables laden with brochures and other promotional materials. The experience left him feeling a bit confused, he said, not so much by the surplus of choices — about a dozen companies had set up displays — but rather by the challenge of choosing the best deal from the bunch. Although he holds a master's degree in business administration earned through Symbol's employee education program, Mr. Gupta said that figuring out how much money he might make from any of these franchise opportunities seemed daunting.

Still, in Mr. Gupta's view, it seemed a good time to buy into a business someone else had set up and had made to work profitably. He was doubtful that another company would hire him as an engineer at anywhere near his Symbol salary, given his age — he would not give it but appeared to be in his 40's. "You spend years getting professional experience, and instead of its being valued, your age and experience are held against you," he said.

He was looking forward to being his own boss and was not especially concerned about what kind of service or product he would be selling. What was important to him was instant visibility. As a franchisee, he expected to buy the name recognition that would take years to build on his own.

He could have been voicing the mantra of the day, as offered up by the event's organizer, Frank Mitchell Corso Jr. Mr. Corso, whose Jericho company provides consulting services to aspiring franchisees, including help in obtaining loans from the Small Business Administration, was busy giving advice and encouragement all afternoon, including a talk on financing a franchise.

Mr. Corso finds that these days much of the interest in franchises is coming from corporate refugees. "These are uncertain economic times, and people are looking to take control of their own futures, which is why people came here today," Mr. Corso said. "People are being downsized left and right from corporate America. They're taking their severance checks, and they're buying franchises with them."

Most franchise opportunities offered at



Tom Schnaidt, left, demonstrating Gum Buster's equipment for removing chewing gum to Ulrick Cyrique at the franchising fair earlier this month in Hauppauge.

The March 5 expo could be had for \$20,000 to \$30,000, a fee that entitles the buyer to certain rights, including full use of the company's name and logo. In addition, the parent company provides some help getting started. For example, it usually provides a few days of intensive training at its headquarters and supplies a guidebook that lays out how to do everything from greeting customers to firing inept workers.

"The handholding is what franchisees need the most," Mr. Corso said. "Most of them have never run a business before, and they need a partner to show them the way. What the franchise fee really buys you is a partner."

Job counselors and small-business advisers have been encouraging people to consider the franchise route for years, of course, but since Sept. 11, they have encouraged people affected economically by the terrorist attacks to look into buying a franchise rather than waiting to be rehired. In fact, the expo was subtitled, rather tersely, "9/11 Self-Employment/Displaced Workers."

There was no shortage of expert help that day from franchise specialists. Harold Kestenbaum, a franchise lawyer in Garden City, was on hand to answer questions, and he followed Mr. Corso's talk with a presentation of his own on how to evaluate a franchise. Like Mr. Corso, Mr. Kestenbaum said there

had been a boom in the number of people buying franchises with severance pay.

"People in general are disillusioned with the corporate world, and all its drudgery and repetition," he said. "Franchising offers them a new start."

Tom Schnaidt, Gum Busters' director of franchise sales in Falls Church, Va., was on hand to help any interested parties do exactly that. Gum Busters, which started in the Netherlands, specializes in removing chewing gum from sidewalks, walls, tables, rugs and upholstery, and it pitches its services to theaters, museums, restaurants and building-management companies.

"Of course, nobody wants to scrape off gum by hand," Mr. Schnaidt said. "The Gum Buster system uses eight to 10 gallons of water, steam and chemicals a day to do the actual removal."

One advantage for the prospective Gum Busters franchisee, Mr. Schnaidt said, is that it's a home-based business. "You save money by not having to rent office space," he said.

Alan R. Silberman had come from Tenafly, N.J., to try to interest prospective franchisees in his company, Custard Beach, which sells old-fashioned frozen custard. Currently, there are two Custard Beach locations, one in Grand Central Terminal, the other in Hicksville.

While touting the quality of his product — and what entrepreneur doesn't? — Mr. Silberman contends that service is also an important component of any Custard Beach franchise. "We offer customers a taste before they buy," he said. "In New York they throw food at you over the counter. We don't do that."

In contrast to Mr. Schnaidt and Mr. Silberman, who represented individual brands, Jerry Beagelman represents 90. Mr. Beagelman's company, FranNet in Jericho, helps match prospective franchisees and parent companies. To make the match, he relies on psychological tests and a bit of common sense.

"For instance, say someone wants to open a pet shop franchise, and they score well on the profile in this regard," Mr. Beagelman said. "But let's say that the spouse hates pets. We would use diplomacy and suggest another possible franchise."

David Stein, who works with Mr. Beagelman, said that franchising had become much more diversified in recent years, breaking away from the fast-food stereotype that grew with McDonald's success. Franchise opportunities are available in just about any service or specialty imaginable, Mr. Stein said, rattling off business coaching, hair replacement, medical services and corporate consulting.

You can even buy a franchise to sell franchises. "That's what I did with FranNet," Mr. Beagelman said with a grin. ■