



EDITORIALLY SPEAKING

By Wade Swormstedt

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MatchMaker: Sign Franchise Style

The Signs Now franchise pairs new owners with existing sign companies.

Matchmaker, matchmaker

Make me a match

Find me a find

Catch me a catch

— Fiddler on the Roof, 1971 (the movie)

Dave Pearson had no thoughts of selling his nearly 20-year-old, three-employee sign company in Hendersonville (greater Nashville), TN. He ignored an initial letter from the Signs Now franchise's acquisitions department.

Brian Thomas worked as a grocery-store manager, but he was friends with some Signs Now franchise owners, and he liked the models of the lobbies and marketing materials Signs Now offered.

To make a long story short, in early 2007, this business triangle culminated with Brian buying Dave's sign company as a key component of acquiring a Signs Now franchise. Meanwhile, Dave has stayed onboard past the one-year agreement and now happily spends most of his four-day weeks as a graphic designer. And within six months, the franchise signshop's monthly revenue had roughly doubled from \$20,000 to \$40,000.

This less-than-two-year-old Signs Now MatchMaker™ program now includes five success stories, but its parent company, Allegra Network, provided the template with more than 40 such collaborations among its instant-print franchises, explained Steve White, Signs Now's president.

"Nobody loses in this deal," he said.

The independent sign company gets a free valuation (primarily through a Signs Now program called Profit Mastery), with no obligation. The prospective franchise owner, instead of buying a true startup business, can hit the ground running.

Phil LeBlanc, Signs Now's director of franchise development, said new owners typically retain 92% of the independent sign company's client base in the first year. The parent franchise also seeks its own client base, and now has identified roughly 250 independent sign companies that might be willing to sell, with concentrations in Orlando and Boca Raton, FL; Atlanta and Toronto.

That's how Signs Now found Dave. A second letter, six months after the first, piqued Dave's curiosity enough for him to call Signs Now, but not enough to really interest him. The third time was the charm, especially with Brian on the other end of the phone line. A meeting occurred, but that clinching thought remained elusive.

"I finally realized I wanted the opportunity to simplify my life," Dave said. Happier now? Brief pause, then a quietly emphatic "yes."

"The day the deal went through, I was second guessing myself," Dave recalled. "And I felt a void.

Did I give away my firstborn? Now I have no regrets."

Brian is similarly pleased. He looked at five independent sign companies before he settled on Dave's, although he believes he would have purchased a Signs Now franchise without the MatchMaker component. His research told him startups typically needed five years to recoup their investment. But with MatchMaker, he had instant cash flow, the existing client base, an existing facility and the counsel of the former owner.

The only sore spot? One of Dave's two former employees left and started another sign company, with a portion of the client base in tow.

Brian believes he might have recouped his investment, but he instead bought a 54-in. digital printer (which now accounts for 30-40% of his business) and moved to a new, 2,000-sq.-ft.-bigger facility three months ago. Although Signs Now recommends (and trains prospects on) two brands of printers, Brian opted for a third brand.

Which, indirectly, was part of the appeal. Despite Signs Now's standardized procedures, "they're not so stringent that you can't do anything on your own," Brian said. The franchise sign company still utilizes Dave's sandblaster and CNC router, which don't appear on Signs Now's traditional equipment list. Plus, the franchise sign company remains in a light-industrial area, whereas most franchise signshops reside in business districts.

In the MatchMaker program, prospective franchise owners pay half the franchise fee when they sign an agreement. They don't pay the other half until they're ready to buy the independent sign company. (Then, of course, there is also the payment for the independent sign company.) Steve White said the interim is typically six months, although for Brian, it lasted more than a year.

"We want them to go at their own pace," Steve said.

Phil added, "Most importantly, we want to manage expectations and not overpromise."

In a two-page flier that promotes and explains the MatchMaker program, 40 U.S. and nine Canadian cities (plus 14 greater-Toronto entities) are identified as "available markets." Steve explained these cities offer a growing market, are relatively untapped by a Signs Now presence, or both. In addition to the 250 independent sign companies Signs Now has identified, approximately 20 other independent sign companies have approached Signs Now on their own, primarily through brokers, Phil said. Many of these people are "tired of being owners, but not tired of being in the sign business."

For some, it may be the best of both worlds. ■

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