

TRG 47 Transcript

Nichole Stohler

What if you could be doing something smarter with your money that creates income right now? If you're an IT professional who's wanting to get ahead financially and enjoy greater freedom of choice, and if you wonder who else in tech is creating ways to make their money work for them? You want actionable ideas with honest pros and cons and no fluff. Welcome to The Richer Geek Podcast. We're helping IT professionals find creative ways to build wealth and financial freedom. I'm your host, Nicole Stohler and in this podcast, you'll hear from others who are already doing these things and learn how you can too.

Hey, everyone, welcome back to The Richer Geek Podcast. In Episode Seven, Kenny Rose joined us to talk about franchising in general. And he shared some of the industries and areas that he's focused on. What Kenny really does is he helps people who work full time purchase franchises that fit the Semi-absentee model. And I just really like this because, you know, franchises provide processes and systems. Mike and I own franchise hotels, there's a lot of benefit. There's training, there's people that are supportive. There's a community, there's a lot of things around a franchise business that I think are really appealing. And what Kenny does is he really helps to connect people with the right business that fits their lifestyle situation where they live, etc, etc. So I invited Kenny to come back on the show because he just put out an E book, and it's basically around seven hot franchises for 2020 and actually goes into each of the different industry. He has a specific franchise that he's recommending and why. Just a quick little refresher bio, Kenny is one of the world's experts when it comes to franchise investing. He's been featured on ABC, in an Amazon bestseller, and he's the top writer on franchising on Quora. His company Semfia is a franchise brokerage, educating investors on the franchise industry and he really does work to match you up with the greatest and fastest growing brands available. With that, I'm going to welcome Kenny back to the show. Kenny, it is so great to have you back on the show today.

Kenny Rose

Ah Nichole, it's great to be back. Thanks for having me on. Again. I had a great time on the first recording we did, I had a lot of great feedback from people. So when you asked me to come back on it was a really great experience. So happy to be here.

Nichole Stohler

Let's start with a refresher for folks who maybe didn't hear that episode or it's been a while and talk a little bit about when you say semi absentee franchises. What does that actually mean?

Kenny Rose

All right. Well, the world of franchising is a very big one people don't really seem to know they only think about fast food normally. There's actually more franchises out there than there are stocks on the NASDAQ. So a lot of wide range there can be and I really focus on what is semi absentee. So that is ones they're designed to be manager run. The owner is not required in the day to day operations, especially when you think of something like a haircare place, you never

walk in owners going to be their their managing manager, they really focus on a few key parts of running the business. So that's really making sure that For one, the identity is in place. So how do we find where the location is going to be, even though the franchise will help you find the real estate, someone's still got to be there to do the project management side of that to make sure we get in there and get the build out go through after that is the marketing aspect. So following their marketing campaigns, and then finally reviewing the KPIs every week, and making sure that everything's going as according to plan. So these are typically 10 to 15 hours a week to manage a manager. And I think another part that people really find exciting about this as the really ability to make this an addition to your 401K, there's a remember you had Henry Yoshida on here before who talked about logical ways you can invest different assets within your 401k. And so franchising is another way that's eligible to do a tax free and penalty free rollover for it.

Nichole Stohler

I really like this whole concept because I like the structure and the processes and the training and all those things that come with franchising. I do think when you are happy in your job, and you're, you're in a great industry, you should continue doing that. And then you bring some of your skills and knowledge plus you learn more about a different industry, and then you treat this as an additional investment. And then you get all the benefits which I talked about on the show of owning a business. There's a lot of things you can do once you own and it should be a profitable business. So just a side note, I'm not saying own a business, it doesn't make money for tax purposes, but it makes money and so I just, I love that you have that niche, and that you help advise people knowing about their situation, how many hours they work, what's going to be appropriate for them.

Kenny Rose

Mm-hmm. And I see a lot of people coming in, especially from the tech field where there's a lot more mobility and a lot of people are working from home more often they have a lot more freedom of time on their hands. And so they see this as a way of how can I leverage my time the best because you can't work? General unless you're in sales, you can't work more hours at your job and make a better income. So it's what do I do with these additional hours to add on and kind of do a portfolio with dividing my income there?

Nichole Stohler

Love it. Okay, so you put together this ebook, and there are seven, I'm going to say quote unquote, hot franchises in different industries. And and I know maybe you would caution people to not just chase the hottest thing. This is a big benefit of working with you, you help assess the situation. But still people want to know about what's hot!

Kenny Rose

They always want to know what's hot.

Nichole Stohler

So let's go through the list.

Kenny Rose

All right, perfect. Well, um, you know to start off, it's one of my favorite industries to get involved with, because it's the one that I see as - I hate using the term recession proof, but it's the most recession resistant. And that's haircare despite how any stock is going to go. Hair's always going to grow. And especially if there's a downturn in the economy, and people unfortunately get displaced from their jobs, they need to be looking good for that next one there. And specifically within haircare we've seen franchising happen within it over the years. And that was more on the budget cutting side, you saw the rise of super cuts, Great Clips and sport clips, all companies I work within they're great ones. But I also like to be a little more forward thinking in the future, what's really trending in a positive way for both unit growth, income and everything that really comes to good long term business. And that's really where the barber industry came up. So are you familiar with the Floyd's barber shop is a good example? Yes. Yeah. So a lot of people know, Floyd. They're only in 115. Cities as of right now, which a lot of people are surprised that they think there's a lot more of them out there. But what Floyd's basically did was they proved that the market can be franchised. And they have a bit of a different growth strategy. They want to have one owner for basically a major Metro market. And you have to have a few million dollars to come in and build up five to 10 locations. But we're this company came in called Diesel Barber Shop basically said, Hey, we can franchise the barber industry and the founder and CEO actually comes from as grew up in the barber shops and learned it from the inside out. But Diesel Barber Shops really the modern day version of that vintage corner barber shop so you can go in have really great experience from when you meet the first person that comes in. So even while you're waiting for a haircut, you can enjoy a free arcade and a free beer and really just enjoyed the time that you're there instead of just kind of a transactional Get in, get a haircut get out. So it's a great business that appeals to what a lot of people want today. They've a very wide range in demographic, it's traditionally male but you're looking at everything from 18 to 55 a lot. You see a wide variation of people coming in there. From a client ownership perspective, average tickets, almost double the value change, which is still pretty much in line with a lot of people who don't go to those chains are expecting to pay. And one thing that really blew my mind about this is that they boarded over 100 patients in the first year of franchising, which to give some context, about 16% of all franchises ever hit that hundred location mark. Okay, wow, a couple of things here. So you were talking about fluids, and they basically assign more of a market soon like a couple million dollars, because you're gonna maybe tie up, for example, the entire metro Phoenix area. And then in the case of Diesel, is it not that way? Do you? Is it more that someone could come in and start with like one or two locations? How does that part work? Yes, so they're like a lot of the franchise they work with where you can come in and go for a single location if you'd like. They definitely allow that. But more and more often. I see a lot of people planning for that long term. It's a what is the next five to 10 years look like. I see especially a lot of people coming in who are Hey, I'm four to six years out from retirement, but also going into retirement mode I don't want to drastically decrease the amount of spending I do they want to build up and replace that income. So usually they're looking at three to five locations and typically develop them one every year so that you can scale those up over time. Diesel is also a bit of a rarity where for certain markets, they have what's called an area representative. And you could actually own

the entire market and either develop them on your own or be really the franchise or for the region and be the one that supports everyone there so it's a great way for like an Empire strategy builder down the road.

Nichole Stohler

I love that you know, after you talked about barber shops, back in Episode Seven, and then I actually had someone on episode 40 Adolphus Gwynn -

Kenny Rose

Yeah Adolphus Gwynn! Great, I loved that episode. He was a great guy I loved - He's actually, I want to talk to him just being a prime example of you don't need to be deeply experienced the industry you just need to learn the processes and keep the project management in place.

Nichole Stohler

Yeah I mean he was amazing and then so I've just been obsessed with barber shops and and I really like a barber shops too because I don't I think like a traditional salon there's all many different kinds of services and it seems to me like a simplified menu there's only you know, you're not getting all of like facials and all the other things that would happen it well maybe you are I don't know maybe men are getting. So Okay, so I love it I also like the name and the fact you get a beer like that is so awesome. Yeah, you gotta make it should be a good experience getting a haircut you should know your barber he should enjoy when you're going there. You should be able to refer people to I love getting my haircut there. Alright, so diesel in the haircare space. Okay, what's up next?

Kenny Rose

Well up next. Another one of my favorite and she's talking about is the fitness industry. And it's funny when I talk to you about this because only a few names typically come to mind. And a lot of them really stick to, I'd say what was the older model franchise and you could have Planet Fitness or 24 Hour Fitness. And that model is basically let's build a giant center, make it dirt cheap, and make sure 95% of the people are show up. Most of these things, they need thousands of members. And if they have more than 5% of their membership show up, they will be totally maxed out, they cannot handle them, and you're gonna get really a downturn and quality, but they kind of designed it this way. It's like cheeping forget to go and you'll just keep paying it. But since then, we've really come across different times where people care a lot more about their physical appearance, they care about being healthy, they care about these long term aspects that fitness gives to you. So they're the ones that actually are going to be showing up and they really want to experience catered to them. And so that really brought up the rise to boutique fitness and boutique fitness really being things like corepower yoga, Orange theory, ones that focus on a certain type of workout in their class space to keep you motivated, keep you on schedule, and then your busy professional get out the door. So in thinking with that, I love the boutique fitness space. And one that is especially been really blowing up right now is one called Row House. Have you ever done any rowing before?

Nichole Stohler

Yes, and it's very hard. It's incredibly difficult.

Kenny Rose

It can be very difficult. And so that's part of it is that most people haven't done it too much or it's difficult and it's a lot like cycling. That's kind of what soulcycle did for cycling. Once upon a time. It wasn't a everyone did it, but it wasn't a viral sensation. It wasn't something that you bring your friends to go do really so rowhouse was actually part of a parent company called exponential brands. They have eight different brands and in total are developing about 3000 locations between them. It is the ultimate juggernaut when it comes to boutique fitness and it's actually started by the guy Anthony Geisler started LA Boxing once upon a time that was eventually acquired by UFC gym. So, first thing he did after being acquired by UFC gym went out and bought a company called club politics, which eventually grew to over 800 locations, you can't really find availability to be an owner anywhere in the US anymore. So since then they've acquired a few brands, one of them being row house and rowing has been one of those like pillar exercise that everyone knows is really healthy for you on a complete total body workout professional athletes, Olympians, everyone does rowing, but it's not one that's been brought to the mainstream yet. So row house makes these coach lads a 45 minute classes. They do different levels of energy intensity. And what's really great about it, you mentioned that rowing can be difficult. They have top of the line rowers that are adjustable. So if it's even your first time, you can go and have very little resistance with you, but you still roll with the entire class. So unlike the cycling classes that a lot of them have, you could be dying out there, and it's get a little too crazy for you. But you see these people who go every day and they're out of control, makes feel a little bad, rowhouse, everyone's going at the same motion every stride to make sure it's a truly class environment there. So since they started doing this, this one's also just started franchising about two years ago, they've over 275 locations awarded. Now currently, there's about 75 of those open because a lot of people again, are looking at this multi unit multi year growth that they're going to develop over time. And from an average unit location average location does to sales of over 750,000 with your total revenue, less certain operating expenses of just shy of 30%. And so it's been a great business to watch grow. And I know one that people been really enjoying for that those reasons.

Nichole Stohler

Those are strong margins and strong revenue at least Well, I haven't compared in the fitness space, but that's, it's super interesting. And all I can think about is like the torture of CrossFit, and doing like two minutes of growing as fast as you can, which just is painful. So what you're describing, changing the resistance so that you're still kind of moving through the music with everyone else not feeling not feeling like you didn't hit your time, like the competition in CrossFit. So I love that.

Kenny Rose

Yeah, exactly, exactly. And I like that you mentioned the the margin side of things. So, you know, I throw out things like the unit economics and investment levels. This is all stuff that you actually go through in the research process. So franchising is regulated by the Federal Trade Commission. So all this is stuff that's been put into what they call Franchise Disclosure

documents, which is part of where I help out in helping people assess different franchises. How do you go through all this and make sure it's a good investment. So these things are included there and you get to understand where they come with the numbers, disclosures. So definitely things to be really certain about when you're going through that research process there.

Nichole Stohler

Yeah, that's a huge benefit proven business model. Now, obviously you have to hire the right team members. And you have to put the right structure in place that you talked about. And you have to take the information that you've been given, but you know, proven metrics, numbers, data, what's worked elsewhere. So your job is to replicate that. Alright, what's next?

Kenny Rose

So next, automotive, one of those ones where people are still driving every day. And there's a lot of reckless drivers out there. Actually, every year in the US, there are 6 million accidents. And when it comes to those accidents, there are a lot of different things that have to happen to make you whole again at the end of the day, and part of that is really why like makeup, which everyone knows Maaco, they've been around for almost 40 years, actually, I think almost 50 years now remember, oh, better get Maaco it's one of those class names people know and But what they don't know about them is how they make money. A lot of people think of, Oh, you know, I need that cheap paint job. I'm going to go down the street and get a you know, lower cost one, but a lot of where they make money is on the insurance side. So they're really a three legged stool, they have this retail side of getting paint jobs for your cars that just want a fresh coat of paint. But then there's also the insurance side, and that your insurance company says, All right, we've approved your claim, you have to get new paint job, here's our list of approved places and make those always going to be near the top of that was for him. And then the last one is that they actually have a fleet sales side of things. So we think about use car dealerships, car rentals, anything like this, someone has to make sure those cars look good and either increase the sales value or make sure a client is going to be happy when they pick them up. So by making these large fleet deals, you give the renter of those services a big per unit discount. And then for being an owner side, you get multiple sources of income there. So definitely one that's really nice for combined technology is extremely project management driven. So I see a lot of people in it especially coming to this because it's you don't need to know anything about automotive, but you need to know that project management side. And again, something that Adolphus Gwynn was saying was, how to be able to follow those steps with the process and being able to put a project together.

Nichole Stohler

Now if Maaco's been around for 40 plus years, is there still room? Is there still room to open?

Kenny Rose

They have over 500 locations open right now. And I believe they still have room for another 300 or so across the US if not a little more. So it's a really nice business model where you have people think, Oh, I have to have the best real estate possible. It's gotta be right in front of people. But this isn't a driven now by what you see. First, it's not an oil change the oil goes on,

you have to go to first make us something where it's a need based or they're willing to drive a little bit further. And so this gives them availability to enter a lot of different markets in different especially more rural areas, too. So a lot of availability left there.

Nichole Stohler

I like the aspect that you mentioned where there is a b2c component, but there's a strong b2b that you talked about. I love that you can develop relationships with with the insurance brokers and you know, you're all states and I don't know who else I'm joining, but your insurance people that you would know and then you can also go out and work on fleet deals. So I think that's kind of cool. There's an opportunity versus just purely b2c and like you said, it's, it's not an impulse driven. It is a need driven and people's love to seek out that approved list of vendors.

Kenny Rose

Yeah, definitely a great company and they're actually owned by a company called work capital, which is invested in everything from Massage Envy the Arby's so it's one where they have extremely great financial backing behind them and part of a parent company called driven brands that has about eight different brands underneath them, and everything from one 800 radiator to Meineke. So you get a lot of that cross brand promotion in there too.

Nichole Stohler

All right, number four, which I know is industry This is on your list because I know you're kind of anti this well, not anti, but this is not your focus area. So let's talk about food.

Kenny Rose

Oh, yeah, this is the first thing that comes up. Everyone asked about food franchises, I may have even trashed on it a few minutes ago here. But so I did want to bring an option. That is what people are looking for in the food, especially if they come from an ownership experience. It's not required for food. I always like to see it if possible, but it's definitely an area where people absolutely need to be involved in something food related with franchising, I got to have one in my arsenal that really comes to mind here. And what I love about this is that it's part of the Asian food industry, which has grown by nearly 500% since 1999. So fastest growth of any fast food segment within it. And what's funny about it is that people can only typically think of one or two competitors, but it's in the Asian food business. And so when you're thinking fast, casual fast food less you'll think about Panda Express. Okay, where's our healthy option? People love Asian food, but there's no healthy option. And so that's really the void that teriyaki madness came in to fill. So teriyaki madness was actually started or run by Michael Hayes, who's the CEO was the CEO of dark popcorn and Maui wowie, both franchise brands that grew to a few hundred locations that were eventually acquired. And so basically, they found that karaoke shops were so popular, especially in the Pacific Northwest, because of where a lot of these karaoke shops originally came from. We said, Okay, well, we know that there's a market here that works. Let's try and take it somewhere totally different. And so they actually started franchising this in Las Vegas, and they wanted to see if it would work there. And so since then, it's actually in 2003, is when they started there. But they decided, Okay, how do we bring this

healthy Asian cuisine to the masses. And when they started doing that, you can see by the results themselves, they have almost 70 shops open right now but with another 215 development. So again, looking at something that's going to be when they have that fast of growth and it's gonna be very big long term. And people are typically looking at opening their second location A year and a half or two years after that first one. And what's great about is that this is one of the rare ones that can be run semi absentee. And so there are a lot of food ones that are owner operator only, which is honestly when you're working my clientele, not what they want to be doing. This one's also a rarity where they also have an absentee run option. And you know, I hate using that term absentee but they have their own restaurant management company in there called restaurant Sherpas that if you want to be a completely hands off owner, just like property management, you can hire property managers, they want to be that for these locations, too. So they just started doing that absentee option but their unit economics have been fascinating to see they give you a full line by line p&l sheet within their item 19 of that earnings claim within the Franchise Disclosure Document. Average store does 1.13 million sales and the same store sales have increased 12% every year versus the industry averages. somewhere under 1%.

Nichole Stohler

You brought up so many great points too about, first of all there hasn't been a healthy, fast, casual option. So and I haven't seen any of the teriyaki madness. I haven't seen any in Phoenix, but maybe they're just in other areas, but it seems like there's definitely room for growth whereas there's a Panda Express, I can tell you within like a 10 mile radius, I know exactly where where they are. And what's interesting is this idea of the restaurant Sherpas. That is fascinating. You know, you could use that strategy if you maybe just did like a one year contract and you observed then that basis and if you wanted to continue because you were busy traveling with your job or whatever or you could maybe then take on more of that semi absentee owner side of things.

Kenny Rose

Exactly. There's been a lot he will do and that because they'll even handle literally from when you sign the contract to opening the doors. Do you want to hire The Sherpas for that process, they will take care of absolutely everything for you. And then yeah, same thing like you said to get that year in where you could come and step in semi Have some tea after. And a lot of that's getting the initial crew on boarded and trained and really develop that core team there. So that's something that they figure some people are just too busy to even manager manager for that. And they want that option. So they were brought to the market. So again, I'm not usually a food franchise guy, but between the market the ability to run absentee, the growth and the leadership, it chiseled away in my heart I had to.

Nichole Stohler

Well, you convinced me It belongs in the ebook. So I'm glad it's there that you did mention a lot of very interesting and cool things. All right, number five.

Kenny Rose

Number five. So this is one I get a absolutely puzzled look every time I bring it up. But this is in clothing recycling. Now, do you know anything about clothing recycling?

Nichole Stohler

No, although I cheated because I've seen the ebook so I know what you're talking about.

Kenny Rose

Oh, you cheated okay. Well, some statistics I thought were absolutely fascinating, whereas the average person throws away 81 pounds of clothing every year. And 95% of that can be recycled, but only 15% ever is. So 85% of those clothes just end up in landfills all the time. And if you think about the same recycling market, both for recycled cans, everyone knows you can bring those to a recycling plant and get money for them. Well, similar strategy with the closed one, most people think about the closed bin as something where it's going to be behind the back of a grocery store, maybe the side of an alley, it's very hard to find these things and you also have to be very mindful of Alright, this is when I'm going to go drop clothes off. So like with the clothes bin did was they developed this proven process for how do we collect clothes, how we manage clothes, and then how do we recycle clothes? And so what they do is instead of going to where will I find someone that doesn't care if I put this bin in the back alley, they actually decided why don't I pay rent to be in a high traffic area. So something like a 711 people go by them all the time they know where they are. And the clothes bin actually will pay them a few hundred dollars a month in rent to have that prime location there. So it'd be more top of mind for people to be able to find them and to donate clothes. And also what they love to say is the been your hardest working employee because it's working every single hour of every single day of the year. And what's also great about this is that it's a very low employee business, they actually say you can have zero to two part time employees because it's that simple to run. All you do, you start off with an initial investment that has 40 bins spread out throughout the city. And as they fill up, you actually have an app on your phone that will tell you how full all the different bins are and the best route to go and collect all those clothes. So whether it's your part time employee or if you want to do some on the weekends and go pick those up. It'll show you the quickest way to do it and then they make money by selling clothes by the pound. They do it to both recycling plants just like you do for other textiles, but then they also do to thrift stores because thrift stores are one of the biggest booming industries right now. And they have a supply problem is that people want this secondhand or enclosed and they want it for cheap, but they don't just magically come in because you can't produce it, you have to collect it. And so this becomes a supplier distributorship for those types of places.

Nichole Stohler

Okay, all kinds of questions, and I may not have a new obsession other than the barber shop, because you kind of had me at the mobile app and not having to have employees and or at least part time employees. So let's a couple of things. So actually, let me just start with placement. Does the company help you negotiate those terms? Let's say you're going to be in you know, the nice parking lot or do you just you need to go out and figure out your space.

Kenny Rose

So they're going to be able to help you with that. And on top of that, they actually give you a list of top locations where they suggest putting the bins and obviously they've got years of experience in developing these different relationships, so they can basically show them case studies that, hey, we want to pay you a certain amount in rent per month to be in this unoccupied space. And we're going to be able to make sure it's another way for people to come by the business who may not already be coming. And on top of that, the close button is very big on making sure that they're a good quote unquote, tenant. They take pictures of the bin, every time clothes are picked up to show the owner that it's clean. There's nothing trash around the side. And yeah, so it's about being a good tenant. And also they help you with those good idea locations to be in there.

Nichole Stohler

Okay, and then when the bin is full and you get the notification, are you as the owner responsible for collecting or is there some kind of process that the company is doing?

Kenny Rose

So it's really that one or two part time employees that you can have if you're doing absolutely nothing and you really want to be around collecting clothes, by all means go for it, but in general, they're gonna have this part time employees that are going to be set up on a schedule. And then when they basically start the shift, they'll get a map read out and said, Here's your route for the day, pick everything up and deliver it to these couple places for be sold. Okay, and then the where you should deliver it, whether it's a thrift store or recycling, is that negotiated by you locally or is that negotiated by the company? It is both actually because the husband actually has National Partnerships in order to help make sure that you have certain vendors that you can sell to. But obviously you can find other places where you would want to be able to sell by the pound more than welcome to but kind of those things. They have national campaigns with these other partners that they've negotiated good payments by the pound for if you're typically going to want to go with their partners if they're in the area there.

Nichole Stohler

This is really, I love it because it does seem as you like to say recession resistant, not prove there. Yeah. But I can't see any downside at all. And, wow, I mean, the only downside is that you, you have to hurry up so that you can make sure your bin is in the most the best traffic places and that you're most effective at collecting clothing. So yeah, I was gonna say we may need to talk about that one offline. I love it.

Kenny Rose

I have someone looking in Phoenix, you're gonna have to be quick! It's actually really funny because the only problem I have with this business is that they give pretty large territories. And so there's really only one or two franchisees per major Metro market. And because they basically will get these massive areas, they start with 40 bins, and then when you're ready to scale up, you don't pay an additional franchise fee, but you're basically buying the additional pins that are you know, come at the lowest cost because they have the manufacturing partnerships. And so if you say hey, you know, I'm ready to expand, say 20 more bins, they'll

send me 20 more bins, and franchises have hundreds of bins. So the most of the effort is done up front to get the big place.

Nichole Stohler

Yeah. Oh, I love that one. Okay, number six.

Kenny Rose

All right. So, beauty. Yeah, we talked about the barber shops. But then it really came to the women's beauty market. And an area that we've seen come up more and more, I'd say the rise, the Kardashians maybe gave a rise to this, but the lash industry has been one that has just been explosive. And I think already it's about a \$1.5 billion market in just product. And so with false eyelashes, a lot of people think about the ones that stick on the outside of your eyelid and give you a new thing there. But what they've got a lot more of is that people can really do this on a more semi permanent basis, and also one that looks more realistic. And so the company I love for this called amazing lash. Now amazing lash basically does a very contemporary studio environment. And they really know that women want to have longer four eyelashes that are going to be able to be easily maintained. And so this is actually a membership based model. So instead of you do one kind of stick on and then it comes off or they wear out and you want to do something else, they actually implant the eyelashes for you. And then as you come in with your membership, you basically get eyelashes restored almost the way they fall out at so because everyone knows you lose a few of eyelashes a day. And so they're able to provide recurring revenue for the owner, but also providing these business systems and technology in place that help get customers and keep them happy. And then again, coming back in a couple times a month.

Nichole Stohler

Can I just say something here that it is so interesting to chat with you because you've just covered everything from rowing machines auto and recycling and then now you're talking about eyelashes, like you personally understand -

Kenny Rose

Oh I'm all over the place.

Nichole Stohler

No, I mean, it's it's so great because you're describing what happens and exactly what people are looking for and why they would come in that's, that is fantastic.

Kenny Rose

Well, because a lot of you will do the franchise, search backwards. They think it might be interesting to be tone of franchise that's not even usually that comes up, but that they see one business, they drive past it and they see a line out the door and they say, Wow, must be great to own one of those. But then there's two problems that usually come up with that. One is, well, you saw it because someone else opened it first and the area's sold out. Or on the other side, it's that maybe only the that's the only location or the first couple locations and so you

don't really have a really grander idea of is this a good franchise is one that's going to be replicable. So that's part of why I do a lot of research and figuring out what are going to be good businesses for years to come. And, frankly, I have to quote Adolphus again because one of the books he mentioned was Millionaire Next Door. And a lot of what they talked about in there is kind of more mundane businesses that may not be the sexiest or flashiest but they're ones that generate revenue for you.

Nichole Stohler

So the Amazing Lash. Alright, I love that. And that brings us to number seven

Kenny Rose

Ah yes, so number seven. Now this is one where I actually have a funny story about this. I told a client who's based in Texas about this one. And the first thing he said to me was no, we were looking at three different businesses. I told him about this, he just straight up said no. And part of when you're working with someone to make sure they find the right fit is that they do the right research. And you can have your own head trash truck business at first, her kind of lack of knowledge. And so he kind of just heard about, he said, Now I said, Have one call with them. And then about six weeks of research later, he's looking at buying out five different locations from the scale up over the next five years. But this one is actually focused on children's fitness, and the company's called premier martial arts. So really, what they do is they are all about positively impacting communities by enriching and empowering lives. martial arts in general is a lot about self discipline, self worth. And at the end of the day, yes, there's a physical aspect of it. But when you're looking at things that are children's programs, you want things that both yes burn off a lot of energy because they can run you ragged, but you also want one that's going to teach them to be a good person of focus, discipline, respect, confidence. And so that's what premier martial arts has done. And I really equate this one to what Supercuts was 20 years ago is that a lot of barber shops, or I guess, budget hair carriers didn't make money if you charge 10 or \$15, a haircut to bring home an income was very tough. And a lot of people who have owned martial arts in the past, they could get people in, they could train them, but they don't really know how to put a full business together because they were more of the martial artists. And so what premier martial arts has done is that they've brought the business systems that come into place with franchising, and their founder, who's actually got over 40 years in the industry. And they combined all of this how we bring something that is marketable to the masses, and also from an owner perspective brings a good income. So it's actually one where he has one of the lowest amount of hours you could have generally open four days a week three pm to eight or 9pm, because you're looking at when children are out of school, average ages are five to 12 years old. And so you're only going to have about two employees that can handle these two days a week each. You occasionally have weekends for children's birthday parties and other outside events, which is just more upside revenue for you. But with a simple 60 day build out, they're only taking up a 1200 to a 1600 square feet location. And when you think about gyms and kids things in general for fitness, one of the biggest expenses is equipment. And martial arts does not really require equipment, it's very low maintenance there. And so total cost for school like this, you're actually looking at about 150 to 200,000 out the door, including three months of working capital. And they actually dispersed school was started in 1989. They've over 75

locations now with I believe another 15 development here. And so by having this long background and they provide a belt ranking system. So it's great for client retention, you don't just come in for one class and leave is that you want to keep building and go to the next belt. Also, it's very inclusive, because you have children who may not be the best at other sports, but there's no sitting on the bench in martial arts, it's everyone's a part of the class everyone is trying. And everyone's able to get those basic fundamentals there. We have from that load investment, they see the average location does about 150,000 in net, so it's one of those low investment, great reward ones. And I think people especially love the multi unit capability here to be able to do that.

Nichole Stohler

And then if you did multi units in a area, then maybe you would have tournaments to I don't know if you would do something like that or how that works.

Kenny Rose

You know, that's a great question. I don't believe they do.

Nichole Stohler

Okay. So I love everything you described about the lower hours especially because my husband and I are in hotels, so that's like 24 seven, so the lower our sounds awesome, and also just the simplicity that because it you just you just gonna have mats right or some kind of nice surface on the floor but you don't have the equipment needs.

Kenny Rose

Yeah, no machines, it makes it a whole world of difference.

Nichole Stohler

Love that one. Okay, well, I'm glad I'm glad your client changed his mind sounds like he has -

Kenny Rose

Yeah we had a laugh, he was booking his flight to go out to the headquarters for what they call a discovery day, which is one of the last steps you do. We were talking about it, e was very excited. And he's like, I just gotta say, Thanks for pushing me Remember when I told you no. And I was like, Yeah, I do. I literally tell everyone about that. And I'm going to tell more people about that. Because this is what happens that you got to really take a step back, because it's, it's really about what the business does for you. You're looking to generate additional income stream. And then a lot of people might think, oh, I don't like this that until you pop up the hood and see what's underneath. It's just kind of your own initial stuff from not doing research and it's kind of like the gourmet chef, he would never own a McDonald's. she'd want to change everything but what he likes to own one on the side to get additional income? Absolutely. So it's a big thing to think about and taking a step back there.

Nichole Stohler

I think it's also just a testimonial to why someone would want to work with you. And because you provide that consultative approach, and you've just talked about seven different businesses and different industries, and you went into detail of you know why they make sense why you pick them. And I know, you just mentioned that there's more franchises than there are stocks on NASDAQ. So there's a lot more to choose from. But I think it's fantastic that you're really working to match your client with the right franchise because there's, there's just a ton of options versus to your point, hey, I like that store. Why don't I just contact them directly? And I don't look at anything else. If you're going to spend the money you should take the time. do your due diligence research options.

Kenny Rose
Exactly.

Nichole Stohler
So where can people get this ebook?

Kenny Rose
So you can actually go to our website, Semfia.com, and you'll be able to download it right from there. I also always encourage people to connect with me on LinkedIn. Because, you know might be interesting for some, but it may not be the right time. So I'm very good about like develop long term relationships when the time is right. We'll talk then but also a special offer for all listeners on the Richard geek for being the second show I've been on, we're actually going to be doing \$1,000 off any franchise fee for anything that they end up investing after speaking with us. And thing that I always forget to mention is that it's actually a no cost service I do. We're almost like an executive recruiter or like a real cheer for the franchise world. So it's a no cost service, but now it's even cheaper to talk to us than it is if you went directly to the franchise.

Nichole Stohler
Fantastic. Well, thank you so much is great to have you back on. It's great to take everyone through these options, and I know there's gonna be more hot one, so you should connect with Kenny and figure out there was only so much that we could cover today and check out the E book for sure as well.

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