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## Don't Go West, Young Man. Buy Yourself a Franchise Instead.

By EVE TAHMINCIOGLU

Clay McGee was soon to graduate from [Arizona State University](#) with a degree in marketing when he realized that the corporate world wasn't for him. He wanted to be his own boss and run a business, though he had little experience or cash.

Then it hit him: franchising.

"I pretty much knew I didn't want to go and apply for jobs and fight against the rest of the working class and try to stand out above it," Mr. McGee, 24, said. "So I started shopping for a franchise because I figured it would be a good opportunity for someone to hold my hand through the whole thing."

Today he owns a 1-800-gotjunk? franchise in Springfield, Mo., that brought in about \$120,000 last year and has four employees. And he plans to buy a second one in Branson.

It is hard to say if Mr. McGee signifies a growing group of graduates bypassing regular employment to become franchisees. The numbers are still a small piece of the overall franchising pie — only about half a percent, according to Eric Stites, founder and president of Franchise Business Review, a franchise market research firm in Kittery, Me.

Many college graduates who enter the franchising world do it with their parents' money, specialists say, or at least use their parents as backups to secure bank loans.

But many franchise companies see these recent diploma recipients as a new frontier for their businesses and are aggressively marketing to this population, especially those companies with products and services that cater to a younger demographic, and employ young people, said Robert Justis, director of the International Franchise Forum and chairman of the Rucks Department of Management of the Louisiana State University in Baton Rouge.

Driving interest among the college set, Mr. Justis added, is a growing disenchantment with corporate America. In addition, an increasing number of entrepreneurship courses at colleges is igniting interest among students to start their own businesses. He estimated franchising is now being taught on about 200 campuses in the United States.

Brian C. Scudamore, chief executive of the Vancouver-based 1-800-gotjunk?, says recent college graduates are "more malleable" than people in their 40s and 50s.

Franchisors want franchisees they can mold because the system has a structure of rules and concepts in place that franchisees usually must follow without deviation.

For Wing Zone, a chain of 100 Buffalo wing delivery stores, the college educated are franchisee candidates

because they are typical wing customers, said Matt Friedman, who co-founded the company when he was at the [University of Florida](#), Gainesville, in the early 1990s. He cooked wings with homemade sauces in his fraternity house kitchen with his partner, Adam Scott. “College markets have been our bread and butter,” Mr. Friedman said.

To pull in more franchisees, Wing Zone started a college tour this year.

Many late-night wing deliveries from Wing Zone were made to the dorm room of Adam Wyatt, a former student from the [University of Kentucky](#) who became a franchisee.

Mr. Wyatt said he loved the wings store concept so much he decided to leave 30 hours short of earning a degree in business management and bought a franchise in January 2006.

“I was watching my older friends come out of school and get an entry-level job — the job market is competitive,” he said. “I thought to myself, ‘I don’t want to start out in an entry-level sales job. I wanted to have more control.’ ”

He looked at a variety of options, including hair-cutting and liquor store chains, but decided on Wing Zone because he was familiar with the brand as a devoted customer.

The idea of entrepreneurship was captivating to Mr. Wyatt, whose mother (a teacher) and father (a vice president for a manufacturing company) had never owned a business. “It was a big step for all of us,” said Mr. Wyatt, seeing the venture as one he has embarked on for the whole family. Indeed, his parents helped him finance part of the \$300,000 venture using savings and also vouching for a loan.

He now has 20 employees and \$600,000 in annual revenue, and this year he turned a profit.

An allure for college graduates with little everyday business experience is that franchise companies offer a lot of hand-holding. As soon as Mr. Wyatt signed the franchise agreement, he went to the company’s headquarters in Atlanta and spent 14 days there working in a corporate store and taking classes. When he opened his store, Wing Zone sent two representatives to help him.

“I also have a guy up there I can call if I need to run anything by him,” he added.

While franchising may look like the perfect plan for young graduates who want to bypass the rough and tumble job market, it’s not for everyone. Steven A. Rosen, the chief executive of FranNet, a franchise consulting firm in Louisville, Ky., for one, believes college graduates should first get meaningful work experience before investing thousands in a franchise.

The profile of a successful franchisee, Mr. Rosen said, “is someone that can manage of crew of kids making \$8 an hour.” While college graduates have good classroom experience, “that doesn’t prepare them to run a business.”

The biggest hurdle for younger franchisees is money, said Adam J. Siegelheim, a franchise lawyer based in Lawrenceville, N.J. “They need money to sustain losses during the first few months, or even years,” he said, adding that the most common group of new franchisees remains middle-aged workers who have been laid off and have severance packages to finance the effort.

Mr. McGee said he needed about \$150,000 upfront to pay for the 1-800-gotjunk? franchise start-up fees and the trucks to run the hauling business. But at his age he had little credit history; he approached 11 banks before he was able to secure the loan he needed.

Even with the loan, he ended up having to sell his car the first year because he was not bringing in enough money. “I pictured myself having employees and playing golf, but I basically hauled junk for two years,” he said, adding, “if you don’t put in 90-hour weeks, you’re not going to succeed.”

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