Franchising:
An Established Way to Establish a Business
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Important!
It is very important that everyone log into and use the CORE reporting system inputting for all follow-on, follow-up mentoring/counseling activities.

EXECUTIVE COMMITTEE
SCHEDULE OF MEETINGS:
February 10
March 9
April 13
May 11

Sue Melamud, Chapter Chair
Don Rogers, Chapter Co-Chair and Recording Secretary
Dennis Newnham, Vice Chair, Community Outreach
Richard Bekr, Vice Chair, College Outreach
Barry Marks, Marketing Chair
Peter Fleischmann, Chair, Library Seminar Program
Kern Bosland, Spanish Outreach
Mitch Layne, IT Leader
Paul Dzera, Treasurer
David Cortese, Corresponding Secretary

SERVING THOSE WHO HAVE SERVED US
The SBA has been increasingly focusing on veterans and their desire to start businesses. For New Jersey, the SBA has dedicated Gene Spillane as the point person for veterans affairs. He is available to assist SCORE mentors and can be reached at 973-645-2427, or by e-mail, at eugene.spillane@sba.gov

GENERAL MEMBERSHIP
SCHEDULE OF MEETINGS:
March 23
May 25

Staring at 9:30 a.m., at our Newark headquarters

All members are strongly encouraged to attend.

If you are unable to attend a meeting, please arrange to participate via a phone conference.

Topics to be announced

QUOTES WORTH QUOTING
Success usually comes to those who are too busy to be looking for it.

Henry David Thoreau

Keep on going, and the chances are that you will stumble on something, perhaps when you are least expecting it. I never heard of someone ever stumbling on something sitting down.

Charles Kettering
For most of us, franchises have been part of our lives for longer than we can remember. Many a toddler in the family car will point out with delight golden arches or that orange and pink sign behind which donuts are sold. Yet, the history of franchising goes way back before Ray Kroc opened his first McDonald’s in 1955 or the first Kentucky Fried Chicken, of 1930. We need to go further back than the first A&W Root Beer and White Castle hamburger stops in the early 1920s. The word franchise as a noun traces its roots back to the early 1300s, denoting a special right or privilege granted by the king or Church. Later that century, franchise would also mean “freedom, not being in servitude,” the verb meaning “to make free.” For many people seeking the independence owning a business represents, franchising can be an excellent option.

Boynton Weekes, Franchise Specialist, at FranNet, presented “Franchising 101,” an informative introduction to this business model during the November 18 general membership meeting. According to Boynton, franchising is primarily a license to use the name and trademarks, products and services, and business systems of an established company, in exchange for an initial franchise fee and ongoing royalties. In other words, he said, it’s about branding.

For the consumer, a franchise is all about convenience and consistency. A franchise restaurant may not offer a gourmet meal, but patrons know what they are getting. The same may be said regarding the entrepreneur: a reputable franchise company has done its homework, such as demographic market research as to locations likely to be profitable, and has most likely acquired all local zoning and building permits. While KFC, McDonald’s, and IHOP are highly recognizable examples, most franchises are home-based businesses; they are, according to Boynton, also the most successful.

What should one look for in selecting a franchise? Aside from finding a business that is a good match for one’s interests, business style, expertise, and values, Boynton pointed out the following ten decision criteria:

- **Training.** What type of training will the franchisor provide?
- **Expectations.** What revenue and profits does the franchisor expect within the first year?
- **Advertising.** What local and national advertising does the franchisor provide, and what does the franchisee need to underwrite?
- **Experience.** What level of experience is required to operate the franchise? What types of experience are required?
- **Marketing.** What marketing expertise does the franchisor offer? To what extent is the franchisee expected to follow the franchisor’s marketing formulae and how much leeway is there for individual creativity?
- **Risk.** What support does the franchisor offer to reduce risk?
- **Reputation.** What is the reputation of the franchisor, both in the industry and among consumers?
- **Compliance.** What are the standards and expectations of the franchisor, and to what extent must the franchisee follow these dictates?
- **Competition.** What territory restrictions does the franchisor have in place to protect the franchisee?
- **Mentoring.** What assistance will the franchisor provide to help the franchisee set up the business and succeed?

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Fortuna Alcocer
Applies Life & Professional Philosophies to Counseling as Our Newest Mentor

In her own life coach and counseling practice, Fortuna Alcocer, applies the philosophy of Neuro-Linguistic Programming (NLP) to help her clients at her business, School of Prosperity Shri Sama. “I love to inspire and educated entrepreneurs, to increase productivity,” says Fortuna, who goes by the name Tula. Practitioners of NLP believe there is a connection among the neurological processes (the “neuro”), language patterns (the “linguistic”), and learned behavioral strategies learned through experience (the “programming”), all of which can be changed and applied to achieve personal and professional goals in life. Though financial well-being is important, money is not her sole focus. Rather, Tula asks herself, “How many people will I serve?”

A native of Peru, Tula is fluent in both Spanish and English and will counsel and present seminars in both languages. “She’s got it all. We’re so happy to have her join us,” says Sue Melamud. Adds Tula, “I love mentoring, to help people achieve eir dreams, but also to achieve a balance in life, freedom.”

SCORE, Chapter 15, Holiday Party: A “Great Success”

Among the 39 counselors and other volunteers of SCORE, Chapter 15, the holiday spirit was high last December 5. “The holiday party was a great success, and every seemed to enjoy it,” said Sue Melamud, Chapter Chair. So much so, she suggested that we have another Saturdayunch in the spring. Paul Dzera suggested McLoones Boathouse, West Orange. At the December 9, 2015, Executive Committee meeting, he said he would discuss the possibility with the owner, Tim McLoone.

Partnerships with Newark CEDC
Under Way
Discussed at EC Meetings

The big news at the December 9, 2015, Executive Committee meeting was the participation of Paul Dzera, Treasurer, at a meeting of the Newark Community Economic Development Corporation (CEDC), held on December 4.

Working with the CEDC

This meeting turned out to be a very interesting one. The Newark CEDC was formed by Ras Baraka, Mayor of Newark, early this year. Paul estimated that 40 people from some 20 organizations attended this meeting, which was hosted at the Rutgers Business School. The intent was to get the participants to collaborate better and to understand what resources are available to them. One action item addressed at this meeting is the Newark CEDC will be developing a Newark Business Resource Guide, which will be available in print form and on their Web site. They asked each group participating in the meeting to prepare an overview about their organization. Specifically, they have asked us to provide our logo, mission statement, a description of services we provide, and contact information. CEDC Executive Director, Scott Blow, or one of his colleagues may present at a forthcoming General Membership meeting.
SCORE, Chapter 15, Library Seminars

Date and Time | Course and Presenter | Course Location
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February 9, 2016 Thursday 6:30–8:30 p.m. | Starting and Managing a Successful Business | Elizabeth Public Library 11 South Broad St. Elizabeth, NJ 07202
February 9, 2016 Thursday 7:00–9:00 p.m. | Three Steps to Engage Your Customers and Grow Your Business | Union Public Library 1980 Morris Ave. Union, NJ 07083
February 18, 2016 Thursday 6:00–8:00 p.m. | Introduction to Government Contracting Sue Melamud | Rahway Public Library 2 City Hall Plaza Rahway, NJ 07065
February 23, 2016 Tuesday 10:00 a.m.–12:00 p.m. | Small-Business Opportunities | Summit Free Public Library 75 Maple St. Summit, NJ 07901
February 23, 2016 Tuesday 7:00–9:00 p.m. | Internet Marketing and Social Media John Tully | Union Public Library 1980 Morris Ave. Union, NJ 07083
March 1, 2016 Tuesday 6:00–8:00 p.m. | Introduction to Government Contracting | Rahway Public Library 2 City Hall Plaza Rahway, NJ 07065
March 10, 2016 Thursday 6:00–8:00 p.m. | Women in Their Own Business Laura Tilden | Plainfield Public Library 800 Park Ave. Plainfield, NJ 07060
March 14, 2016 Monday 6:00–8:00 p.m. | Starting a Home-Based Business | East Orange Public Library 21 S. Arlington Ave. East Orange, NJ 07018
March 15, 2016 Tuesday 8:30 a.m.–2:30 p.m. | Starting and Managing Your Own Business Walter Veit | SCORE, Chapter 15

—Sue Melamud

“Peter Fleischmann will be taking the reins for our library seminar program as Emil Hartleb retires from this effort, and we are confident that the program will continue to be in good hands, as it has been under Emil’s diligent watch.”

Date and Time | Course and Presenter | Course Location
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March 17, 2016 Thursday 7:00–9:00 p.m. | Business Law for the Small-Business Owner | West Orange Public Library 46 Mount Pleasant Ave. West Orange, NJ 07052
March 21, 2016 Monday 6:00–8:00 p.m. | Business Law for the Small-Business Owner | East Orange Public Library 21 S. Arlington Ave. East Orange, NJ 07018
March 22, 2016 Tuesday 6:45–8:45 p.m. | Three Steps to Engage Your Customers and Grow Your Business | Summit Free Public Library 75 Maple St. Summit, NJ 07901
March 23, 2016 Wednesday 10:00 a.m.–12:00 p.m. | Starting and Managing a Successful Business | East Orange Public Library 21 S. Arlington Ave. East Orange, NJ 07018
March 31, 2016 Thursday 6:00–8:00 p.m. | Women in Their Own Business Laura Tilden | Rahway Public Library 2 City Hall Plaza Rahway, NJ 07065
March 31, 2016 Thursday 7:30–9:30 p.m. | Cash Management for Your Small Business: Be Prepared for Hard Times & Opportunities | Scotch Plains Public Library 2 City Hall Plaza Rahway, NJ 07065
April 4, 2016 Monday 6:00–8:00 p.m. | Starting a Home-Based Business | Hoboken Public Library 500 Park Ave. Hoboken, NJ 07030
April 18, 2016 Monday 6:30–8:30 p.m. | Starting a Home-Based Business | Elizabeth Public Library 11 South Broad St. Elizabeth, NJ 07202
April 20, 2016 Wednesday 6:30–8:30 p.m. | Three Steps to Engage Your Customers and Grow Your Business | Clifton Public Library 229 Piaget Ave. Clifton, NJ 07011
April 28, 2016 Thursday 6:00–8:00 p.m. | Internet Marketing and Social Media John Tully | Rahway Public Library 2 City Hall Plaza Rahway, NJ 07065

SCORE, Chapter 15, Library Seminars

(Continued)

Full information on the library seminars is disseminated on the SCORE, Chapter 15, Web site, which is continuously updated. In addition, information on each seminar is disseminated via ConstantContact e-mail blasts.
The Third BEST Event Is Coming!

The third BEST Seminar at Essex County College, West Essex Campus, has been rescheduled. The new date is Saturday, April 16, 2016. The seminar, initiated by Richard Berek, has been featured in the college’s Spring 2016 course brochure. A heartfelt thanks is due to Paul Dzera, Mitch Layne, and Dave Cortese, who have worked tirelessly while Richard is recovering from an injury sustained last year. We look forward to another highly successful event!

So You Want to be an Entrepreneur - BUSN 705
This course provides information and resources for business development, personal assessment for start-up and financial aspects of starting a business.
WE01A: Sat., Feb. 6
9:00am – 12:30pm • 1 session
Tuition: Free

SCORE and FranNet
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Advantages Franchises Offer
A good franchise match offers a person seeking to start a business several advantages:

• Easy access to marketing an established product or service

• A proven method of operating a business, with much of the market research already done

• Reduced risk in operating a business.

Both the SBA and U.S. Department of Commerce offer statistical proof that franchised businesses have a much lower rate than do other business startups. However, according to a May 2015 article in Entrepreneur, even though the failure rate of franchises is 17 percent, some franchises have much higher rates of failure than even independent startups. Careful research is critical.

How FranNet Works and Can Help Clients
FranNet has been providing consulting services since 1987; now, more than 55 offices nationwide, with additional offices in Canada and worldwide, offer entrepreneurs interested in franchising opportunities with the knowledge they need to make an informed choice on acquiring a franchise that would offer the greatest likelihood of success and least risk. The services of FranNet are free to entrepreneurs; these are paid for by the franchisors (which must meet the standards of FranNet) which, likewise, know the value of obtaining a good match. FranNet is a SCORE business partner; both have collaborated on an informative 24-page booklet, Road Map to Success.
Reaching Out: Spanish Outreach Moves Forward

Kenn Bosland will produce 30 or so posters and place them in locations Spanish-speaking clients are likely to frequent, such as bodegas and local restaurants. In addition, Paul will contact Net10, a cell phone service provider, about providing cell phone service for Spanish Outreach. This service will enable SCORE, Chapter 15, to keep track of what calls received. The new phone number will be provided in the Spanish section of the SCORE, Chapter 15, Web site.

At the December 9, 2015, Executive Committee meeting, Kenn Bosland outlined his plans to produce 30 or so posters and place them in locations Spanish-speaking clients are likely to frequent, such as bodegas and local restaurants. In addition, Paul contacted Net10, a cell phone service provider, about providing cell phone service for Spanish Outreach. This service will enable SCORE, Chapter 15, to keep track of what calls received. The new phone number is 201 463-7288 and will be promoted in the Spanish section of the SCORE, Chapter 15, Web site.

During the January 13, 2016, Executive Committee meeting, Kenn mentioned that he brought Fabian Araujo on board. Fabian will follow up with Spanish-speaking clients who call in on the new cell phone; both Kenn and Fabian will keep a log of the calls. As a follow-up, Kenn mentioned that he will obtain published material about the phone we can use to promote it. Spanish Outreach is the effort of SCORE, Chapter 15, to meet the needs of the ever-growing number of Latino and Latina citizens who seek to start their own businesses, a growing trend nationally (please see the July 2015 edition of 15SUES) and particularly in the three-county area we serve.

A Refresher Course for Our Newark-Based Marketing Workshop

The “Starting and Managing Your Own Business” workshop, given at SCORE, Chapter 15 headquarters, has long been an important fixture in Newark. However, attendance has been decreasing. As such, Mitch Layne and Paul Dzera discussed ways to better promote the seminar. The Executive Committee agreed that the chapter’s social media initiative should be an important part of publicizing the seminar. Topics of previous workshops covered the following:

- Personal considerations
- How to prepare a business plan
- How to register or license a business
- Record keeping and tax obligations
- How to reach the market
- Insurance considerations
- Financing a business
- Legal considerations.

In addition, the Executive Committee discussed revitalizing and updating the workshop. As for content, Paul said that among the topics covered in the workshop, marketing is key; obtaining financing is also important. Mitch suggested having each member run the seminar on a rotational basis. One way, he said, would be to rotate the day on which the workshop is given, allowing for the Newark office counselors working on that day to handle the workshop. Sue agreed that could well be a good approach. Mitch added he would be willing to drive in any day the workshop is given, to continue handling the marketing section.

January Follow-Up

Dave Cortese, Recording Secretary, during the January 2016 Executive Committee meeting, said that in December, Mitch spoke to Walter Veit about transitioning to an alternative lead for this activity. Walter was interested; he said he would like prepare a package, “a ’cook book’ that would be of value to the next leader on what the contents and approach to the Newark Workshop Program should be.” Mitch said we need a formalized workshop from a Q&A perspective, one that is standardized; Sue Melamud, Chapter Chair, agreed. She favored such a workshop, one with diverse

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Score and FranNet

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The mission of FranNet is comprised the following:

- **Understanding the client’s goals and objectives**: Exactly how does the client wish to gain or change his or her personal, financial, and professional circumstances by starting a business? What will the client’s business model, created with the help of the FranNet consultant, be and with which franchise opportunities is it compatible?

- **Pre-screening applicants** to ensure they meet the standards of franchisors

- **Matching prospective entrepreneurs with suitable franchisors**

- **Providing coaching** to help entrepreneurs determine what kind of franchise would be the best match.

The services of FranNet are free to entrepreneurs; franchisors pay to be listed at FranNet. That said, FranNet does not sell franchises; it merely offers advice on which franchises are a good match for anyone interested in adopting that business model. The arrangement works well, as it is to the mutual benefit of both the franchisee and franchisor. FranNet lists more than 3,500 franchise concepts in 90 industry groups.

For the entrepreneur, either referred by a SCORE counselor or researching independently, the FranNet process involves four primary steps:

1. **Setting up an initial consultation;** this takes about 30 minutes.

2. **Filling out the Personal Franchise Assessment (PFA) questionnaire,** which takes about 30 to 40 minutes to complete. Two sections collect personal information, four sections assess personal preference and personality, and a final section examines financial information.

3. **Following up with a PFA review call,** during which the FranNet counselor and entrepreneur review the detailed analysis of the questionnaire.

4. **Arranging a 90-minute franchise recommendation meeting** to begin building a business plan. This step is followed up with weekly calls to monitor and adjust, or plan or abandon the plan entirely.

As for the last step, even if the entrepreneur decides not to go ahead, Boynton pointed out, FranNet has provided a valuable service, having told the prospect what he or she would need to do or having come to the conclusion that franchising is not the most suitable option. However, in some cases, people who have said “no” initially have returned to FranNet two or three years later to revisit the idea of a franchise.

**Franchise Disclosure Document**

Because any business venture carries inherent risks, transparency is critical. In fact, the U.S. Federal Trade Commission requires every franchisor to produce a 75- to 150-page documentation known as the Franchise Disclosure Document (FDD) and make it available when a prospective franchisee meets with a franchise representative. The entrepreneur has 14 days to review the terms of the FDD, with no pressure or obligation to buy. The FDD comprises the following 13 parts:

- **The identity of the franchisor,** as well as its predecessors and affiliates, along with the officers and their business experience.

- **Any litigation** or pending bankruptcy

- **An estimate of the initial investment,** including the initial franchise fee, ongoing royalties, advertising costs, and site and transfer fees

- **Restrictions on the sale of the franchisor’s products and services,** as well as their sources

- **The obligations** of both franchisee and franchisor

- **Available financing and territory rights**

- **The franchisee’s obligation to participate** in the operation of the business

- **Policies concerning franchise renewal, termination, and transfer,** as well as dispute resolution

- **Earnings and sales claims** of the franchisor

- **A compendium of outlets and franchisees,** including who left over the past year, along with three years of data on open and closed units

- **The audited financial statements** of the franchisor

- **The franchise agreement,** along with leases and other documents

- **A receipt of the Circular** to be signed by the prospective entrepreneur.

With thorough research, self-examination, and due diligence, the person seeking a franchise as a path to the dream of business ownership can make the best choice to minimize risk and ensure success. And SCORE and FranNet can help in the process.
Newark-Based Marketing Workshop
(Continued from page 13)

add-ons to accommodate the expertise of the particular counselor available that day. “Sue also agreed we could have different people teach the workshop at different times,” said Dave. Mitch added that Walter believes he has much important experience to share as to what is effective, that is, what works and what does not.

Paul that marketing these workshops as effectively as possible is paramount. Mitch suggested publicizing the workshop in the press. Walter concurred

that workshop attendance depends on how well it is published in the press. In addition, at least four weeks before each workshop is scheduled, counselors should encourage their clients to attend it.

We are pleased to offer this, the ninth edition of 15SUES.

We would like to take this opportunity to wish everyone a very happy New Year!

We welcome your suggestions and contributions you deem important. The major objective is to make 15SUES our newsletter.