



WEALTH PLANNING FOR THE MODERN PHYSICIAN

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PHYSICIANS & FRANCHISING: WHAT DOCTORS NEED TO KNOW, WITH MATT STEVENS

David Mandell:

Hello folks. It's Dave Mandell, host of the program. Thanks for joining us. For those of you who can see us on YouTube, that's great. I know most of you are listening and from the docs I talk to, there's a lot of people driving when they're listening to us, so we'll try not to upset you or you're on a treadmill and working out and we don't want to get your heart rate up any more than you need to. So, we're going to not do anything shocking, but we have a good topic today. It's actually a topic that I've been interested in having on because I've had a couple physicians ask me about this just in advising them in wealth planning. And I can even remember back prior to Earn, prior to OJM when I was practicing law full time, and I had a couple docs ask me about this from a legal perspective, and that's franchising.

They've been interested in adding that as an entrepreneur, as a source of income as part of their wealth plan. And Matt Stevens showed up in my field division, who's a franchise expert. So let me tell you about him and then we'll welcome him in here. So, the Franchise Guy, Matt Stevens, is among the more experienced franchise consultants in the country with more than 30 years in the industry. He has owned four businesses, turned around struggling divisions, and served as a board member and partnered inside a \$2 billion franchise group. He's the author of Franchising 101, an introductory course to franchising that many of you may be interested in who find this topic

to be of interest. He holds three business degrees from Florida Southern College and Wake Forest University. And with that, Matt, welcome to the program.

Matt Stevens:

David, it's great to be here. Thanks so much for having me. I look forward to this.

David Mandell:

Yeah, me too. So, I'm going to learn a lot because I don't know much about franchising other than occasionally being a customer of a franchise. So, let's start with the basics, the ground rules. What's the definition of a franchise? I don't know that. Are there different types? Can you categorize the world in any way? And why, just high level, then we'll talk about doctors, et cetera, but why in general would someone want to be a franchisee? What are the reasons people get attracted to it? Tell us about it.

Matt Stevens:

Sure. Yeah, I appreciate it, David. Basically, a franchise is an authorization to carry out specific commercial activities. And in this case, with franchising as we know it, usually involves a brand, which frankly is far less important, even though there are dozens of brands we've probably all heard of. And what it really more so equates to is a great system support and a team of individuals who support your back. But the definition is the authorization to carry out commercial activities.

It's not all hotels and food. We can divide franchising up into so many different categories. We can divide them into high leverage, low leverage, less expensive, high expensive storefront, non-storefront, sales, management. There's so many ways to break this down. And I do that with my candidates, but of the 4,300 or so franchise brands that are out there, there's 80 different industries. You can probably break those down. Well, I looked with my

candidates, 30 different ownership criteria, and that helps us divide them into different stacks, basically.

David Mandell:

That's interesting. So, a couple numbers that you threw in there. So, 4,300 franchise, I'm sure obviously some go out, some come in, but ballpark, we're talking a three to 5,000 in terms of opportunities that people could explore.

Matt Stevens:

Literally. And in the aughts, 2000 to 2009, there were roughly 900 different brands who went from founding unit to entering the franchise fray. And respectfully, most of them don't exist anymore. They didn't get to their second or third franchise owner.

David Mandell:

Right. So I could see it as if you've got a good business, whatever that is, but especially if it is, my guess is if it is, I'm going to say mass market, but it can't be just a complete niche where a super high-end restaurant that it'd be very hard to expand. But that's sort of an exit for people who do that. I mean, and I'm saying exit like retire, but a way to really monetize. "Hey, I've got something that really works if I want to, probably the Ray Kroc story, like, how do I'm going to grow this thing?" Well, one of the ways is to go that route. Would that be accurate?

Matt Stevens:

It can be. Usually a franchise begins because someone has built a business X and they're good at it, they're very comfortable with it, but they might be bored with their own growth pattern, frankly, that can happen, or they might look to national growth and just not have the relationships with bankers or other individuals who can get them to grow on a national basis. So, they might consider franchising to expand that brand and create a legacy.

David Mandell:

That's right. So, the third part of the foundation, and we can relate it to docs so we can keep moving because we do want to be around 30 minutes, which is the question was, why would someone be interested in being a franchisee, but let's just talk about docs. Have you worked with docs, dentists, medical professionals? And if so, and I know you have because we had a conversation, what is attracting people to becoming a franchisee? And for those, this is just a legal thing that I know. When you put that EE on the end, franchisee like lessee, that means someone who's coming into it and purchasing or lending or what have you. So, franchisee means someone who's going to invest in it. What's the attraction for docs and others?

Matt Stevens:

Yeah, correct. I've worked with a lot of doctors, a lot of physicians of all kinds around the country. And frankly, if we boil it all down, what franchising does is it allows someone... Well, let me step back.

We all live finite lives. Physicians certainly understand that. And so if someone is 40 or 47 or 52 or 58 years old, the question is, do you want to invest the first three to seven years of any business if that's the direction you want to go, making mistakes, learning expensive, untimely lessons that you can't predict, or would you rather spend a franchise fee and literally buy down that learning curve significantly? That's what franchising does. It buys down the learning curve significantly so that you might be able to be in years one, two, or three, where you would've been on your own in year five, seven, or nine.

It also surrounds you with a lot of people who are endeavoring to do the same task as you, but they are not competing against you because they have their own explicit territories or their own explicit coverage areas. So, when you ask your neighbor for advice or you ask other people in your training session or other people at your current level of productivity for advice, it only helps all of you. They're not competing against you because they have their own territories to concern themselves with. That makes for a huge advantage. You don't have to go out and hire coaches. You don't have to go out and make a

hundred mistakes. You still might make two or three, but a lot of those mistakes are handled during the training process and by following basically the playbook that the franchisor has already designed for you. And that's the big reason why.

David Mandell:

So I guess the underlying issue, which it goes unsaid in this conversation, but I think we want to make it explicit, which is they're interested in another way to make money, another way to build wealth in addition to what we might be doing and earn for them, which is a portfolio. It could even have private investments, private equity, private debt, et cetera, but maybe they want to be more hands-on in some way. And we'll get to that in a second because that's a big issue, time and the ability to do that. Maybe they have some family member, son, daughter, et cetera, or someone else who has an interest in a business area, and this is a way to get them started, but not take on all that risk. I really liked your point of buying into the learning curve. I never would've thought of that, but it makes total sense to me, learn from others' mistakes, but you pay for that.

So, they're coming in for a wealth reason. Maybe there's some tax benefits too that can be leveraged, et cetera. We'll talk about that for a second. But how does a doctor especially, but any of your clients who has very limited time, but they still have an interest in this. "I want to do it. Can't be me. I got to be in the OR, but if I could invest in something, how do I find the people to do it if I don't have a son or a daughter or somebody related to me? How can I get involved in this if I physically don't have much time to do it, even though I might have the capital and the interest?"

Matt Stevens:

Right, right. Mind you, David, that's a big concern for a lot of people, anyone I work with really. I placed over 900 people into franchising and every single one of those people did not need a franchise to do what they were doing. They chose to do it because of that buydown on the learning curve. When I've worked with people who are extremely busy, maybe they have five other

businesses, maybe they're a C-suite executive or maybe they're a physician or a surgeon, and their expertise cannot be disrupted in the focus area that they have in front of them right now. There are a few different areas in franchising that can help them.

It's either going to be for those physicians and surgeons or what have you, the medical professionals I might work with, it's going to be an area of interest and expertise. That can be one. They will have access to people in those areas of interest that they may not have in another field. So, there may be people looking to transition or what have you. It makes things a little easier for them to speak the language and so forth. That's one area.

A second area would be an interest that fits what we call their ownership criteria. In the case of a busy professional, the ownership criteria is certainly going to be limited time involvement and something that does not create for them a massive sense of urgency while they're in their other occupation or other income producing endeavors. So, there are some that suit that far better than others, and we would focus on those.

Another situation might be, as you alluded to before, it might be a son or daughter who's just looking for a better opportunity than they have in the workforce. It could be a spouse. I have a situation in New Jersey right now where it's a brother, a sibling, a 52-year-old sibling who's going this route with his physician brother. And so, there's a number of ways to take advantage of franchising, even if it may not be directly for you. By and large, there's no free lunch. A franchise needs someone to drive that train. And there are some systems out there that show the operator, the franchisee, how do you get a managing operator in place, and they won't even open up their business until they have that person in place to make it happen.

David Mandell:

Yeah. So, it may be a combination of, like you're saying, an interest, capital, and then some either connection to the industry so that you'll know people. Or again, and you've got this 30 or 40 criteria, we can't get into all that. And there may be a doc listening to this who happens to have a real connection to, I

don't know, aviation. He flies planes on the weekends, et cetera. And so maybe there's some things around that. They know people. Oh, there's a couple of different franchise opportunities in aviation and I know enough people that that could work. Or the family situation, I think that's going to be actually more and more popular just given AI, job markets, kids like, "Hey, I want to help them." Well, they can't come be a radiologist like my dad. He wasn't going to be like, "Hey, Dave, why don't you just come into the radiology office from time to time and read some X-rays?" That's not going to happen. So, something where there could be a good return on capital, but also make some career opportunities happen for family members, that could be something that becomes more popular.

Let me ask you about structure, tax, that kind of thing, being a lawyer, and obviously a lot of our clients and people listen are pretty tax motivated. So, when it comes to those things, the tax structure, the legal structures, is it going to be an LLC or a corporation? Is it going to be S or C? Are there some other things as we start to make money, qualified retirement plans, defined benefit plans, all the things that I've been helping clients for 30 years, is that typically something that is part of the franchise playbook or they say, "Hey, we know how to run the business, but for these other wealth elements, you need to bring or your existing advisors are the ones who are going to help you bring that level of expertise into the deal"?

Matt Stevens:

Great point. There's a few ways to look at that in franchising. One is the model itself. There are some, again, it's not everyone by far. However, there are a limited subset of franchise systems where by design they can use Section 179 or another aspect of property deductions or otherwise where I've placed a franchisee who had four locations, two near the Canadian border and two in Florida, where he claimed to me that his taxes the first three and a half years of his operation pretty much helped wipe away any profit he made because of special deductions because of his business model that he jumped into. So, one is on me helping them identify that right situation. When it comes down to the human assets and the personnel assets, the franchisor typically won't

have the resources to help every single individual in all of their specific needs, but there certainly may be other surgeons or medical professionals as franchisees in that system who can aid.

And in the end, even the franchisor, if they can't help you with that, they'll have you and coach you to work with your trusted financial professional to help you get where you want to go and even speak with them about it. So, they might be able to bring up some things that can help the franchisee take the best advantage of those situations.

David Mandell:

And that's kind of what I figured. I mean, because people's legal tax, the retirement plan is going to involve the rest of their financial life, it would be hard for the franchise or in the system to really give great advice on that. They might say, "Hey, here's other people have done it." Maybe in the mastermind sections where you're talking to other owners in the same thing. I thought that was a great point too, that you have community there because people aren't competing against each other and they're trying to learn and get best practices. We've done that in our world in wealth planning, working with other owners of businesses when we were OJM who didn't compete with us in different parts of the world, and it really is valuable.

But I just want folks to hear that in that I think the best practice there, if you got involved in a franchise would be to be letting your existing advisors understand and know from the get go, because there may be some flexibility, "Hey, I'm coming into this, but should I come into this as an LLC? Should I come into this as a Florida entity or a Nevada entity or a tax-wise? Should it be an S or tax as a partnership?" Some decisions to be made and you don't want to, I think, and I think you'd probably agree with this, tell your accountant, "Oh, this is what I did last year. I got involved in this franchise and oh, this is what it is." And he's going to say, "God, I really could have helped you before if you let me get in on the ground floor." Is that... You can clear it up.

Matt Stevens:

It is. I'll add a significant point to that. Franchisors want their franchisees to be successful. They want them to go through the entire arc of effective training, problem solving, success, solutions, growth, and exit. And the best way to do that is if they're on the page of the franchisee. If the franchisee has a trusted professional who's been with them for years or who knows their specific industry best or knows the franchising industry best, they want to pool those resources and make sure that everyone spills information to the benefit of the franchisee.

David Mandell:

Yeah, that makes sense. So, give me some red flags. Say a doc is, let's just say as an example, they're looking at something right now as they're listening to us and they're not working with you, Matt, and you're saying to them, "Okay, here's some things you want to avoid. This is probably some things that where there's smoke, there's fire. This may not make sense for you." What are some brand flags?

Matt Stevens:

Yeah, very well. There's a few places you really get to learn if the opportunity is best for you. When I coach my candidates, it clearly is this. We have them, those two parts are validation with franchise owners and also, I do have them go through what we call item 20 of the franchise disclosure document. Item 20 of the disclosure document shares how many franchisees have gone forward with success or have shut down in the last three years. Now, that can look unsatisfactory and there can be a very good explanation for that. Obviously, the numbers would suggest it's better if that doesn't look bad, if that looks great. So that's one area.

When it comes down to franchisee success, I would have any candidate, whether they made 42,000 last year or they made 4.2 million last year, follow what I call the very best deliberate path. It's the research of the franchise system. It's all of that validation with the franchisor themselves to best

understand the model and then speak directly with franchise owners. And they can do that in a group setting, they can do it on recorded calls, they can do it one-on-one. But what that allows them to do is after three, six, nine of those conversations, they've asked a wonderful series of intelligent questions. They've collected a ton of information from actual franchisees in the field, and now you can ask yourself, of the top producers where I want to be, what they're doing to succeed, am I willing, ready, and able to replicate that either through me or someone else, an employee I have, or am I not? If they're willing, ready, and able, then they might become a franchise owner. If they're not willing, ready, and able, then they probably won't be.

David Mandell:

Yeah. So, two points there. So first of all, you said Article 20 or... What was that?

Matt Stevens:

Sure. It's called item 20. The FDD has 23 items, and this one's item 20.

David Mandell:

So, this is standard in every franchise contract that there's going to have this section that basically is a disclosure of how many franchises out there and how many, I guess, either got returned or went under or the contract ran out versus ones that are successfully in operation? Is that the-

Matt Stevens:

Correct. The franchise disclosure document is shortened to the FDD. It has 23 items in it. Item 20 shows the three-year history of the franchisee base. And again, I tell my candidates, "Take notes, do not turn assumptions into conclusions, ask questions and go from there." But preferably you want that to look positive rather than negative.

David Mandell:

FDD? Define that for us.

Matt Stevens:

Sure. It's called the franchise disclosure document, and every franchisor has one. All of them have 23 items. It's a standard fair. It's just some of those are thicker than others.

David Mandell:

Right. Interesting. Okay, that's helpful. I didn't realize that. I assume the Federal Trade Commission or something, somewhere down the line, there was some legislation or case law that said, "Hey, we need to put some regimented approach to this," which is actually helpful, I think, for people buying into it to be able to carry apples to apples. Hey, you're looking at two and you have two prospectuses, I guess is the idea.

Matt Stevens:

It is. Fair enough. That's a fair equivalent. It's to prevent any quick purchases. It's to promote question and answer knowledge and competency. And the franchisors appreciate that too. What they don't want people to do is make assumptions. What they do want people to do is look through that thing and ask questions. So, everything that's in there, whether it looks too good or not good enough, can be expressed fairly and the person can make their own conclusion afterwards.

David Mandell:

And I totally agree with your point about, in this due diligence process, having conversations with other owners. My guess is, if you go to a franchise or and you're looking at something and they give you a list of 10 people, there's going to be 10 very successful, their best 10. I mean, that's just the nature of it, whether it's a surgeon putting up before or after or any client, our company, "Hey, we have great relationships with these clients. Obviously, they like us, we like them, et cetera." Is it part of your process to go beyond that and be able to speak to owners who weren't introduced by the franchisor, meaning do some due diligence. And again, I'm just using a name. Let's just say it was

McDonald's. Go into the McDonald's locally and see if we can track down the owner and have a one-on-one conversation where it's not introduced by headquarters? Is that part of the process or something that is doable?

Matt Stevens:

Yeah, fair enough, David. That's a great question, and I'm glad you brought that up. So, the franchisor cannot compel franchisees to speak with anyone about their business. So, it has to be a volunteer effort. I've worked with a lot of franchisees who are top producers who simply have said, "I'm out of time to do that. There's a bunch of other franchisees who you can point people to who will probably lend their time to educating a new candidate." The other piece of that is there are some people who might be struggling or low performing who simply don't want to admit it regardless of whether or not they would look in the mirror and say, "I've contributed entirely to this," or they would point the finger entirely at the franchisor. So again, what I do there with my candidates is this, I do two things and I think everyone can use this practically.

If the franchisor will afford it, you want to speak with franchise owners who are engaging in the concerns in which you have the greatest. So, if you want to know what a rookie year is like, talk to several rookies. If you want to know what year five is like, talk to several people in year five. Usually if someone gets past their 18th or 20th month, they're probably on the way to success. If they're not hitting it by then, they're struggling, I don't know how long they're going to stay around. If the franchisor might help them exit by sell or a neighbor might pick it up or something like that. So, a franchisor has to find ambassadors who are willing to invest their time and spill their guts about the good, bad, and different about the franchise.

But also, I tell my candidates, let's find those people who are producing at the level and manner that you want to, or let's find other physicians who are producing or let's find other single women who are producing in that business. Let's talk to them first. If they're achieving goals you want to hit and you're not up to that time commitment, money commitment, intellectual

commitment in that business, then it's probably not for you. And we have those follow-up conversations on a regular basis.

David Mandell:

So, we talked about red flags. What about success factors, the other side of it? Meaning what do you see common to different types of businesses? And obviously you place people on a lot of different kinds. What do you see as a, this is the kind of thing you want to come in with if you want to be successful?

Matt Stevens:

Yeah, adults are interesting, David. They want to signature a lot of things in their own way. Even if Logic says, "Here's the path, follow it." So, the franchisor trains the path. They train the playbook, if you will, or the franchise success path. And some people will make minor mistakes trying to signature that in their own way. "Oh, I got a buddy who just has this great marketing plan." They throw seven grand into it. It doesn't get them anywhere, even though the franchisor could have told them, "Oh yeah, we had seven franchise owners try that in the last two years, and they all threw money away." So, my big word for the day is engagement in that if you come in, if you buy into the playbook, you have to engage. You have to engage with successful franchisees, people who are achieving your goals, people who are in your geographic region, and the franchise success model, you have to do Q&A with the franchisor.

If they have a flight path or a flight group that you can be a part of, be part of it. If they have a regional meeting, be part of it. If they have Q&A sessions or they have... Some franchisees have private online discussion tabs on their website programs, and there's always constant dialogue on that, and the franchisor chimes in and other franchisees chime in. You have to engage. Engagement is critical. If you want to go out and be on your own island, you can do that, but you're missing out on a lot of that learning curve buydown I talked about earlier, and it's not going to be to your advantage to have paid the franchise fee if you don't use it.

David Mandell:

Yeah. So, two points, I get the engagement 100%. And then it also sounds like a commitment, meaning if you're going to eventually sign on the dotted line and go forward, you're committing to these guys know better than me because this is the thing they know better and they have, and it makes sense that they would, have a vested interest in franchises doing well on two levels. I'm sure there's some kind of economics where they're getting a... And maybe you can confirm this. In a typical deal, the franchisor has some skin in the game beyond just the fee they get upfront, meaning they want to see you do well because they're getting a piece of revenue or earnings or something along the future. You're nodding your head, he's nodding his head yes, so that's a yes. And of course, for it really to take off, they want to have a lot of success and have people be successful so that others will come in. That makes sense also.

But that means, to your point, coming in, you have to then commit to working the plan. Okay? I'm sort of coming in, I'm going to take advantage of that buydown and not try to do things myself. And I think that makes sense to me that that would be a success factor.

Matt Stevens:

Correct. Franchisors will charge a royalty. That's typically a percentage of received top line revenue by the franchise owner, and they charge that, some of them pull it weekly, some monthly, but that's their gain on that. The franchise fee, which is the one-time payment made early on, that is rarely a breakeven point for the franchisor. So, they want a bunch of producers producing high levels and paying royalty. So, the best thing a franchisor sees when they see a candidate is someone who's going to come on, they're going to buy onto the program knowledgeably. They're going to know the ins and outs of the system. They're going to follow what works. They're going to avoid what doesn't. They're going to grow through the years. They're going to share their successes and their failures with other franchisees and with the home

office. They're going to keep growing. They're going to sell the thing successfully sometime between year seven and year 45.

And that is the dream of the franchisor. If that can happen, they're going to have a great system. They're going to have a wonderful arc with every single franchise owner, and that's the goal.

David Mandell:

Yeah, that all tracks with me. So, we're getting to the time, so let's talk about two things. Let's talk about the exit and let's talk about how you work with docs and other clients and what your role is. So, let's talk exits. It sounds like you mentioned a couple things that those who don't... If they're not successful in the first 18, 20 months, then they may not, and maybe they'll be exiting because it's just not working for them. But you also mentioned seven to 45 years, so that's probably the... It is working, it's successful, and it's just how long they can do it, how long they can grow it, how many different locations or what have it is that they can build onto. So just let's talk the world of exiting franchises from sort of forced because you're not doing it well, it's just not working to the more ideal.

Matt Stevens:

Sure. On the short side, David, I got to use 18 months as a generic term to simply say not a whole lot of adults will get involved in something for much longer than 18 months if it's just not working out for them or they don't like the culture or they don't like what they're doing. I have even seen successful franchise owners who one day just woke up seemingly out of nowhere and said, "I just don't love what I do," and they sold it off to one of their key people in month 26 or something like that.

For the folks who are succeeding and growing, they have a decision to make because they're humans just like you and I, which some people will get bored with what they're doing. Some people will see that golden tower at the end or that golden parachute and they'll aim for it. There's a Lawn Doctor. I don't mention much franchise names. There's not much territory left over and I

probably wouldn't introduce it to a lot of physicians, but Lawn Doctor is a 50 to 60-year-old brand. Their oldest franchisees in their fifth franchise agreement. They are now beyond year 50 because it was a legacy brand. They just kept handing it down to the next child in line. I've placed people myself. I've been around so long where I've had people do that.

So, what franchise owners do are they are encouraged to plan their exit. The best ones will plan it literally while they're in training or before. They'll picture what it's going to look like, even though they'll be nowhere near it. And for some people, they intend to do it in year five or six or seven. In others, they want to drive this thing forward and create a long legacy for their children and possibly their grandchildren.

Franchisors are cooperative with that, and funding agents that are franchise familiar are very comfortable with that as well. So, the franchisor, when it comes time to sell, I do have my candidates, whether I worked with them or not, give me a call. I have a 30-minute discussion to share with them the ins and outs of what a resale looks like. We take a lot of skeleton notes on that, and I leave my line open for them in the future. I also have them speak with the franchisor for the purpose of valuating the business. What's the proper resale number? And also, how the franchisor might help them market it. I won't get into it today, it's for another call, but the franchisor can help you market. The franchisee can market to their constituents, clients, or neighbors or other people in business groups, or people like me can help them market it. So, they have to pick which one is best for them.

But I've worked with a lot of people who built, built, built, and then sold it with a wonderful exit strategy. I'll bring up one example just to show. A friend of mine who does what I do as a consultant placed a person in a business in Portland, Maine. That person built that business for 14 years and was ready to retire. He was making a solid six-figure net income in a part-time role at that time because he'd hired people and trained them to take over the business as he grew. I placed the buyer into that business who paid a high six figures for this franchise from a seller who originally got into it for under 200 grand. So, the seller made out very nicely.

My buyer is now in year five or six, and he has tripled the revenue of that business in just a short period of time. He will have to break up his territory likely in order to sell it to have enough people in the buying pool that he can sell it in the timeframe he might want to, or he might find a big buyer and sell it all in one. Franchisors help you with that. Funding agents get involved and people like me get involved as well. It really is the best thing to the franchisor to see that arc come full circle and have someone leave the day they got paid and say, "Hey, I walked out successful with a big check, and I enjoyed my experience and I have no regrets."

David Mandell:

Oh, it sounds like there's a whole ecosystem around this in terms of-

Matt Stevens:

It is.

David Mandell:

... advisors and the franchisor and how robust that is may be one of the factors you're looking at when asked when someone's coming in to say, "I want to buy into something. I want to invest in something," meaning that have the exit in mind. We hear about that. You sort of mentioned that originally, that a lot of people do that. And being able to come into something that you know you'll have a lot of resources to help you figure out how to exit is important. And I think that may be a valuable factor in evaluating even going in.

Matt Stevens:

Correct. I'll emphasize that too, David. I didn't mention it earlier, but one, I mentioned engagement. Alongside with that, I would say best franchisees, they appreciate their success and their skillsets. They set their pride aside, they pick up the phone, and they ask a ton of questions of people who know the answer.

David Mandell:

Yeah, yeah, that's right. So, let's end with your role. It sounds like you are helping people figure out if this makes sense for them. You're helping people, if it does make sense, help them find which opportunities make the most sense. And I didn't know this either, but it sounds like you're also helping people figure out exits and how to downsize or even sell the business in the future. So, it sounds like all things franchising, and that's why you're the franchise guy. That kind of makes sense. That's your title. But give us a little bit of if docs are listening, if this is something they may be interested in, how you work with people.

Matt Stevens:

Correct. I talked to two or three of my own placements. I placed over 900 people in 42 states, and I talk with them two or three a month who are looking to exit for purpose. So yeah, it just takes a phone call. What I am is a consultant, and what that means is when I work with someone regardless of their history or situation, we just do a fact find together, figure out what works for them. I measure them on dozens of ownership criteria from the important to the less so. We measure the value of each one as well. Once I get that figured out with them, I make them the center post of the search, and I reverse engineer the process around them. And that helps us figure out if a franchise can help them, we speak about it in their backyard. If the franchise can't, we ignore it because thousands of franchises will not fit them. But typically, two, three, four, or five strongly might.

And so, then what I do is once I make that introduction, I walk with them down the research path with a huge spotlight shining forward so they're not shooting themselves in the foot or not letting anyone else cut them off at the knees and some nice surgical references there. So, I do that until they're done and they're done means, "Yes, I'm in this one," or "No, I'm in all of it," or "Matt, I don't like you," or "I found something else." Whatever is an outcome you can imagine is possible. And I just work with them until that happens and my services are free and without obligation.

David Mandell:

Interesting. So then how do you make money if you're not charging them? How does that work?

Matt Stevens:

Sure. If someone becomes a franchise owner, they'll write a check to the franchisor for their published and public franchise fee, and the franchisor takes a chunk of that and sends me a thank you note. So, the franchise fee is the same whether you invest a little or a lot. I don't care the direction you go. I want you to be happy with the experience. I tell everyone, David, I want you to brag to everyone you know about me until I'm dead. That's what works for me.

David Mandell:

Yeah, so that makes sense. It's similar to some other areas in finance where the price doesn't change. So, it's not like they're getting a better deal if they don't like you. Meaning if they didn't use someone like you... Let's just say I used you; you educated me, you carved out different things. I felt really confident about what I'm doing because we went through this whole process. Or Dr. Smith next to me just chose that out of a phone book. We're paying the same. So, it seems like I should take the advantage of somebody like you because I'm going to pay the same if I end up going forward anyway. And if I don't go forward, well, at least I know why or I've gone through the whole due diligence process and made an educated decision. Is that accurate, what I'm saying?

Matt Stevens:

It is. We've always parted as friends. It's interesting. I've been doing this a long time. Last year, third quarter last year, I placed a gentleman in Long Island. He first reached out to me 13 years ago. It's the longest time of all my placements from start to inevitable purchase. And we worked together three times. It just now was the right time for him and he's very happy with his decision.

David Mandell:

Yeah, that happens to us too. People have had our book for years and years, and then they finally say, "Hey, I got to talk to these guys." So Matt, thank you so much for being on. I really appreciate it. I learned a lot. So, I feel like I went from 101, now I'm ready for 201, and maybe we'll have you back on again in the future. So, thanks for being on. Appreciate it.

Matt Stevens:

I appreciate it, David. Thanks so much. This has really been a joy. Thank you.

David Mandell:

To all of our listeners and the few viewers, thank you for tuning in. If you feel so inclined, leave us a review on the platforms, give us a five-star review, all that good stuff and tell your colleagues about us in another two weeks, we'll have another episode. Thanks for tuning in.