

Franchising Ventures Group

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Venture Group Formed To Help Businesses Franchise

DALLAS - Franchising Ventures Group, a new firm dedicated to providing funding and management to franchise established businesses, has been formed in Dallas. Entrepreneur and investor Steven Bergenholtz will serve as president of the firm, with Cole Patterson, a venture capitalist and financial manager, serving as chief operating officer. The new company's motto is, "We take the risk and struggle out of franchising your business. This makes the explosive possibilities of franchising available to many small enterprises that otherwise could not afford it."

"We have developed an approach that is designed to take the pain – and the financial risk – out of franchising a business," Mr. Bergenholtz stated. "We bear all of the costs of developing and marketing the franchise program and also manage the entire process of building the franchise network. This allows the owner of the original business to stay focused on his business and not risk what it often took years to build up." Revenues from the program will be shared between Franchising Ventures Group and the business being franchised.

"Everybody knows about the success of legendary franchising giants like Subway, McDonald's, Curve's, Century 21, and Holiday Inn – but our job is to identify and help launch the franchising giants of the future, that will be household words in 5 or 10 years."

"We are aggressively seeking companies that have a proven, successful business that can be cloned regionally or nationally," Bergenholtz added. "The benefits of franchising to such businesses can be very significant in terms of increased market penetration and profit growth."

"For the right business, we will make a commitment of up to \$1 million for franchising plus a full management commitment to see that the program is successful." Bergenholtz said that the firm is particularly interested in considering retail, light manufacturing or service businesses.

The firm also utilizes the services of its specialized advisory group whenever the need arises to inject such capabilities into the process. One of the key advisors is Nathan Morton, who rapidly expanded computer superstore retailer CompUSA from \$60 million in sales to a multi-billion company as its chairman and chief executive officer. He has been involved with a number of retailing and technology companies over the years.

“I believe that the approach being undertaken by Steve and Cole should prove to be a winning concept, and I look forward to working with them on projects as they are identified,” Morton said.

Another key advisory member is Marvin Migdol, a nationally known franchise consultant who has 30 years experience in franchise development and has assisted in the creation of dozens of franchise programs and advised numerous franchisees.

Franchising Ventures Group can be contacted at 972-517-2666. The company web site is located at <http://www.franchisingventures.com>

MANAGEMENT COMMENT

Franchising has enjoyed phenomenal success as a means of business expansion. Why? Because franchising is a highly effective method whereby a business can expand to multiple locations across the nation as well as internationally. The franchisor – who may start with only one or a handful of locations – can grow to hundreds or thousands of locations by franchising, and enjoy revenue from those franchised locations on an ongoing basis. And this can be accomplished while continuing to manage the company-owned units and even expand the number of such units. And it is a win/win approach for both the companies that provide the franchise program and the business people who buy the franchises. Industry statistics indicate that about 95% of all independent new businesses fail, while with franchises, the number is the reverse – about 5% fail and 95% succeed.

ABOUT FRANCHISING VENTURES GROUP

Franchising Ventures Group was formed by a group of executives with business building, marketing, franchising and financial skills. They formed the company to provide business resources – capital, expertise and manpower – to companies with high growth potential that are also candidates for franchising.

They took this step when they realized that most companies that have achieved success with one or a handful of business locations or outlets faces major challenges when considering franchising.

First there is the financial cost and the associated risk involved in franchising. Depending upon the franchise offering, it can take upwards of \$250,000 to launch an effective franchise program. That's more than most small businesses want to risk, even if they have

access to it. Further, the manpower commitment is substantial. You have to create, market and manage the franchise program. This involves an aggressive selling, teaching and handholding effort – and you have to do all this while still managing your own business and hopefully developing new products/services and promotional or marketing methods. All this can be done, but it's a tall order.

The founders of Franchising Ventures Group developed a business model to take the risk and headaches out of the franchising process. By way of example, let's say that Sue's Emporium, a proven and profitable business, wishes to franchise and Franchising Ventures Group believes that it is a highly franchisable business. Franchising Ventures Group would then form, by contractual agreement with Sue's Emporium, a separate entity that would be capitalized, managed by Franchising Ventures Group for the purpose of franchising Sue's business format across America and perhaps beyond, with both Sue and Franchising Ventures Group sharing in the stream of royalties paid by the franchisees.

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FRANCHISING FACTS

The franchising industry began in the 19th and early 20th centuries, but it really took off beginning in the 1950's. In that decade, names like McDonald's, Holiday Inn, Howard Johnson, and many more became well known across America because they offered the same quality products and services at every location. The number of U. S. companies choosing to franchise has grown from about 100 in 1950 to over 2,500 today, with hundreds of thousands of franchised outlets (figures vary, but the number is somewhere more than 500,000 such outlets) and its believed to account for about 40% of all retail sales in the United States.

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