FRANCHISE 500

HOW TO MAKE GIANT LEAPS

A handful of brands jumped more than 150 spots on this year's list. How'd they do it? We reached out to ask—and learned what it takes to transform a franchise.

by CLINT CARTER

Illustration / NICOLÁS ORTEGA


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When a franchise has a successful year, we expect to see it climb in our Franchise 500 ranking. Maybe it'll move up 20 or 30 spots. That's normal.

But every year, there are a few outliers that somehow rocket-blast themselves hundreds of spots up the list. Growth like that doesn't come easy, and there must be a story behind it. That's why, every year, we reach out to the companies with some of the biggest growth stories to ask one question: "How'd you do it?"

This year, we learned about the power of patience, the value of tapping into a national conversation, and the progress you can make by punching through a bottleneck. Hopefully, you'll find something useful in the stories—a new way to frame a problem, perhaps, or even a specific strategy you'd like to try.

If nothing else, you'll find inspiration. The companies here demonstrate how a strong culture, strategic thinking, and healthy franchisee relationships can build an incredible growth engine that powers serious momentum. Buckle up: Here are 2024's Big Movers.

How Ellie Mental Health Jumped 194 Spots

The U.S. is facing a growing mental health crisis. Ellie wants to be the solution.

Ellie wasn't on our list last year. Now it's **No. 307.**

Shortly after Ellie Mental Health started franchising in 2021, the company hosted its first discovery day at its very first clinic in Saint Paul, Minnesota. Four potential franchisees showed up. The next month, it was five people. And by month three—in October 2021—40 people and 17 groups came in looking to buy a territory.

Chris Pash, Ellie's senior vice president of growth and development, was floored—not just by how many people were interested in opening a therapy-based franchise business, but by how vulnerable they were with their personal stories.

"I would ask them, 'Why Ellie? Why mental health?'" says Pash. "And they all would share these stories that were emotional and deep. They were really going deep in the first five minutes of meeting me." They mentioned children who were unable to find anxiety support or cousins who'd attempted suicide. Those personal connections, says Pash, are how he knew Ellie was onto something big.

As you've surely noticed, it's been a rough few years. There's an opioid crisis, political and economic instability, and by-the-minute war updates. Take your pick. Nine in 10 people say they believe the U.S. is suffering from a mental health crisis, according to a survey from KFF/CNN. And Ellie gives entrepreneurs a chance to help.

Pash doesn't deny the good fortune of having the right product at the right time. But it takes more than that to make a sale, he says. One of Ellie's major strengths is that it offers a third option for clinicians who've traditionally had to choose between opening a private practice or working in a big healthcare system.

As Pash explains it, with a private practice, clinicians must run the entire business on their own. And in healthcare systems, they're basically paid labor with no say in how things operate. "Ellie sits in the middle, with the safety and security of a big organization and the freedom and flexibility of a small organization," he says.

The pitch seems to be working. The company opened its first franchise location in July 2022. By the end of the year, it had 37, and the growth shows no sign of slowing. To date, Ellie has awarded more than 600 franchise units. It went from not even appearing on the Franchise 500 list to topping more than 193 other brands. "It'll be a busy couple of years for us," Pash says. It turns out, there are a lot of people who want to help.

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How Zoom Room Jumped 189 Spots

After a rough patch, this dog-training franchise put itself in time-out—and emerged as a well-behaving business.

Zoom Room was **No. 464** on our list last year. Now it's **No. 275**.

Zoom Room expected to have 45 total locations open by the end of 2023. It hit more than 60. That growth caps an incredible turnaround story.

Zoom Room's past troubles are notorious. Shortly after it started franchising in 2009, the company made some bad deals. It was "picking the wrong franchisees and growing without a plan," says Mark Van Wye, who was the company's COO at the time.

In 2016, the year Van Wye took over as CEO, the franchise had just 10 locations–down from 14 the year prior. So his first act was to implement a two-year moratorium on sales of new franchised locations. He used the hiatus to build out the support team, bring on a VC partner, and improve unit economics.

Eventually, the company started growing again. And Van Wye's ambitions kept pace. "We really want to jump to 500 [locations] and then 2,000," he says. "Our goal is to make Zoom Rooms synonymous with dog training."

To accomplish that, he looked at what slows a new franchise down. The big one was real estate negotiations. Landlords, permits, and contractors can frustrate franchisees and cause them to bleed money just as their business is getting off the ground. So in November 2022, Zoom Room signed a deal with real estate firm MSC to help new franchisees quickly find buildings and negotiate terms. A few months later, it brought on Herb Heiserman, an architect who's worked with Whole Foods, Panera, and Starbucks, to manage architects, contractors, and supply chains.

The new team will help Zoom Room open sites faster, and it will also likely improve the franchisees' balance sheets. "Our business model is so profitable partly because it's so lean," says Van Wye. "You've got a little bit of payroll, two staff members working, and rent–that's kind of it. So it's really important to get that rent part right, since that's your biggest part of your nut."

If Van Wye's plan pans out, the company's footprint will expand rapidly over the coming years. The signs are pointing in the right direction: It has more than 70 locations in development, and the company's own CFO just signed on to open a dozen Zoom Rooms himself.

"Everything is going according to plan," says Van Wye. "This is what we built Zoom Room to do."

How Superior Fence & Rail Jumped 167 Spots

Challenges can be opportunities in disguise. By recognizing that, this franchise nearly doubled its sales in one year.

Superior was **No. 346** on our list last year. Now it's **No. 179**.

Early in the pandemic, Zach Peyton, president of Superior Fence & Rail, met with Franchise FastLane, a firm that helps increase franchise sales.

Peyton wanted to recruit new franchisees, but Franchise FastLane posed a roadblock by asking: Could Superior Fence & Rail handle the growth?

Peyton wanted to say yes, but he couldn't. Pandemic-related supply-chain disruptions all but guaranteed any new franchisees he signed would end up sitting in an empty warehouse that should be full of fencing.

He could have tried waiting out the supply-chain problems. Instead, he put his energy where it would have the most impact: Although he couldn't recruit franchisees, he *could* build a bigger support team to ensure his future recruits would hit their numbers at record pace.

So that's what he did. In its early years, Superior Fence & Rail operated with a support team of three. But in recent years, it's grown to 12. "And I've recruited some rock stars," he says.

When the time came to get back in the room with Franchise FastLane, that rock-star support team was ready. This time, Peyton said he could handle the growth. So in 2022, Superior Fence & Rail added 45 new franchise locations and nearly doubled its systemwide sales, finishing the year at $107 million. Last year, it added another 30 locations, and sales jumped again, this time to $185 million.

Rapid growth can be hard to manage, but by building an A-list support team ahead of time, Peyton was able to increase the odds that every new franchisee had all the corporate support they needed. And with everything now in place, Peyton can think about the company's next phase.

There aren't many franchise territories left to sell, so the coming years will be about increasing sales among existing franchisees. "It's all going to come from our team helping our franchisees succeed," he says.

For 2024, Superior Fence & Rail is planning more aggressive national advertising, and will build out new growth tools and efficiency solutions. Its support team has already begun to pivot from onboarding to what Peyton calls "proactive support."

He explains, "We're helping the franchisees run through their business from end to end and saying, 'Hey, here's your scorecard. You're struggling here, here, here, and here. Now how can we help you?'"

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How These 3 Brands Jumped a Collective 548 Spots

Here's a happy story of acquisition: The brands were bought and optimized together, and now they're all growing.

Mister Sparky went from **No. 475** last year to **No. 315**.
One Hour Heating & Air Conditioning went from **No. 455** to **No. 282**.
Benjamin Franklin Plumbing went from not ranking to **No. 286**.

Trade companies are hot, and if you need proof, just follow the trail of trade students. In spring 2022, enrollment for "construction trades" at two-year institutions jumped 19.3%, according to a report from the National Student Clearinghouse Research Center.

That excitement has put a glossy sheen on Benjamin Franklin Plumbing, One Hour Heating & Air Conditioning, and Mister Sparky (an electrical company). Between September 2022 and September 2023, these brands collectively added 43 new locations and had an average unit volume of $1.1 million.

But their growth story really begins in 2019. That's when all three brands, which operated under the umbrella of Clockwork, Inc., were acquired by Authority Brands—a change that brought fresh energy. "Our goal was to help them become laser-focused and add an element of discipline on how they make decisions," says Mark Dawson, CEO of all three brands.

After a monthslong listening tour, where he met with groups of franchisees to learn about their businesses, Dawson outlined a "5-10-15" plan: over the next five years, franchisees would grow their revenues by at least 10%, and they'd earn a 15% equity of the profit at the end of that period.

To accomplish this, Authority Brands ramped up training for franchisees, consolidated services like marketing and IT, and started hosting live town halls monthly. "It was about having a true partnership between the franchise and the franchisee, where we are both aligned on what we're trying to do," says Dawson.

In 2020, the plan started clicking: Each of the three brands exceeded their goals. The numbers say it all: "I believe in 2019, we were tracking in about the lower $500 million total revenue range," says Dawson. By the end of 2023, that figure was $940 million.

This year, Authority Brands' five-year plan will be complete. So what's next? "There's definitely going to be a big party," says Dawson. And then...a new five-year plan?

Dawson isn't saying just yet. He has ideas, but he needs to iron them out with his franchisees first.

How DonutNV Jumped 203 Spots

To grow, DonutNV needed a steady supply of delivery trailers. So last year, it started making them itself.

DonutNV didn't rank last year. Now it's **No. 298**.

DonutNV is known for its hot mini doughnuts. It is *not* especially known for the trailers it produces at its 31,000-square-foot factory in Georgia. But those trailers have become the key to its business.

Here's why. DonutNV is a mobile operation, with franchisees selling doughnuts out of trailers at corporate events, graduations, and so on. The brand once relied on trailers purchased from third-party vendors—but in February 2023, shortly after it ramped up its sales operations, it foresaw a problem: What if the brand recruited franchisees faster than trailers were available? "It was kind of a necessity," says Alex Gingold, DonutNV's cofounder.

So now, DonutNV can assemble custom-made trailers on its own schedule and have them delivered—which is both useful for newcomers and helps existing franchisees scale.

But this isn't *just* about speed. For instance, the manufacturing allowed DonutNV to back its trailers up with in-house warranties and test out small changes that improve the delivery time. (DonutNV's typical transaction occurs in about 45 seconds, says Gingold—or faster if it's serving at a prepaid catering event.)

Ultimately, the company wants to build a culture of innovation that grabs every opportunity for improvement. "We're really proud of our product, but we're constantly looking to make it better," says Gingold. "I think that's the general nature of any entrepreneur."

One of the trailer's most notable features is the LED-lit viewing window that lets customers watch from inches away as rings of dough float down a lazy river of bubbling oil, frying to their caramel-colored glory before the mechanized flippers sling them into the drip pan. But that kind of behind-the-scenes visibility means the machines must be kept sparkly clean. To that end, DonutNV recently implemented an easier way to drain used oil from the doughnut machines, which cuts down on the emptying time.

Small changes like this help the company improve its product even as it continues to rapidly expand its footprint. "We're consistently opening eight-to-10 units a month," says Gingold. "It's explosive growth, and we've been able to do that because we brought everything in-house and we're managing it ourselves." E