

**760** BUSINESSES TO  
START NOW!

EXCLUSIVE  
TOP  
FRANCHISES  
FOR  
2007

**SUCCESS SECRETS** From  
Our Woman of the Year

# Entrepreneur®

**28** TH ANNUAL

FRANCHISE

**500**®

*Curves*®

**RANKED #1** - Fitness Businesses Category

**RANKED #4** - Low-Cost

**RANKED #7** - America's Top Global

**RANKED #15** - In The Franchise 500

**RANKED #23** - Fastest Growing

# Understanding the Rankings

**W**e've spent the past several months researching and analyzing hundreds of franchise companies—not to mention the time we've put in perfecting our ranking procedure and top-secret formula over the past 28 years—and we're proud to present *Entrepreneur's* 28th Annual Franchise 500®, the world's first, best and most comprehensive franchise ranking.

Only franchise companies that submit full Uniform Franchise Offering Circulars (UFOCs) or Canadian disclosure documents and whose information is verified by *Entrepreneur* can receive a listing in this issue. To be eligible for the Franchise 500® rankings, a franchise company must have a minimum of 10 units with at least one being a U.S.-based franchise, it must be seeking new franchisees in the United States, and it cannot be in Chapter 11 at the time the rankings are compiled. (An exception to these rules is

Canadian-based companies that are only expanding in Canada.)

All companies, regardless of size, are judged by the same criteria: objective, quantifiable measures of a franchise operation. The most important factors include financial strength and stability, growth rate, and size of the system. We also consider the number of years in business and the length of time franchising, startup costs, litigation, percentage of terminations and whether the company provides financing. Financial data is analyzed by an independent CPA.

We do not measure subjective elements such as franchisee satisfaction or management style, since these are judgments only you can make based on your own needs and experiences. The objective factors are plugged into our

exclusive Franchise 500® formula, with each eligible company receiving a cumulative score. The 500 franchises with the highest cumulative scores become the Franchise 500®.

Franchise companies are listed according to their industry categories. Ranked companies are shown in bold with their rank listed to the left of their names. As an additional research tool, we also list franchise companies that are not ranked in the Franchise 500®. These companies are listed in italics in alphabetical order under the "Not

Ranked" heading within each category.

Remember that the Franchise 500® is not intended to endorse, advertise or recommend any particular franchises. It is solely a research tool you can use to compare franchise operations. *Entrepreneur* stresses that you should always conduct your own independent investigation before you invest money in any franchise. Read the UFOC and related materials carefully, get help from an attorney and a CPA in reviewing any legal or financial documents, talk to as many existing (and former) franchisees as possible, and visit their outlets. The best way to protect yourself is to do your homework.

*Research compiled by Maria Anton Conley and Tracy Stapp with assistance from Emily Weisburg; financial analysis by David R. Juedes, CPA; graphic design by Matt Samarin; data compilation assistance from Paul Scott; additional assistance from Carrie Brenner, Kari Hamanaka, Natalie Murillo, Kim Orr, James Park, Jada Cash, Kaia Lai and Mallory Somerset.*



■ **YEAR BEGAN/FRANCHISING SINCE:** We reveal how long a company has been in business and how long it has been franchising. It's essential information in deciding whether you should go with an established system or be one of the first franchisees in a newer system.

■ **AVAILABLE U.S. REGIONS AND SEEKING FOREIGN?** Find out if a franchise system is expanding in your area. We also tell you if a company requires its franchisees to buy master franchises or multiple units.

■ **NO. OF FRANCHISES/COMPANY-OWNED:** It's important to know a franchise company's size and how quickly it's growing. We provide you with the number of both franchise and company-owned units for 2004, 2005 and 2006.

■ **STARTUP COSTS:** Here, we list the total startup costs (excluding any financing costs) necessary to open a franchise. This figure is affected by real estate and construction costs (if applicable), inventory, location, type of business and many other variables. Startup costs include the initial franchise fee; however, for easy reference, we also list the franchise fee separately in parentheses.

■ **ROYALTY:** Most franchise companies require you to pay an ongoing royalty fee. We present the specific fees here, typically expressed as a percentage of monthly gross sales.

■ **FINANCING OFFERED?** More than two-thirds of the franchisors in our listings offer either in-house or third-party financing of their costs to qualified franchisees.

■ **HOMEBASED OPPORTUNITY:** We tell you which franchise companies offer you the flexibility of running your business from home.

■ **KIOSK/EXPRESS UNIT AVAILABLE:** Some franchise companies offer kiosk opportunities, while others offer smaller express units that typically cost less than a full-size unit.