

FROM UNDERDOG TO LEADER OF THE PACK:

How a Financing Partner
Breeds Franchise Growth



Applying for small business loans from dozens of lenders is enough to drive anyone crazy. Piles of applications, hours of phone calls and the dread of waiting for an answer make the process time-consuming and frustrating. Franchisors that work with a financing partner can help their franchisees avoid the hassle and start growing quickly.

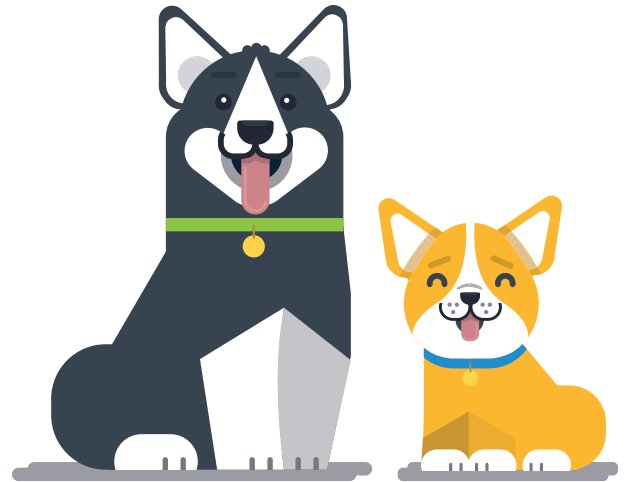
Financing partners have broad lending networks and a streamlined application process, which makes it easier for franchisees to access capital when they need it the most.

Additionally, a trustworthy financing partner will take the time to completely understand your business. In a tumultuous economic landscape, one-size-fits-all solutions won't cut it. A trustworthy partner will help you define your brand story, create a transparent business case for the continued growth of your company and forge lasting relationships with lenders.

One of ApplePie Capital's longest and most unique partnerships is with Camp Bow Wow, a dog daycare and boarding franchisor headquartered in Colorado. The relationship began in 2003, when Camp Bow Wow only had 10 open units. Today, the Camp Bow Wow brand has spread to nearly 150 units across the U.S. and Canada.

"The brand was new and it was an unusual concept for lenders. The dog daycare and boarding industry was in its infancy," recalled Randy Jones, Head of Originations at ApplePie Capital.

In those early days, Camp Bow Wow franchisees struggled to find sources of capital simply because the business model wasn't well understood. However, the passion and excitement exhibited by prospective franchisees was infectious. Coupled with the extensive financial acumen of ApplePie Capital, that passion fueled early unit growth and quickly established Camp Bow Wow as an exciting and profitable franchise vendor.



A financing partner will help define your brand story, create a transparent business case for continued growth, and forge lasting relationships with lenders.



If you have the same level of passion for your business, there's no telling what heights you can reach with a professional financing partner like ApplePie Capital on your team.

Efficiency Through Transparency

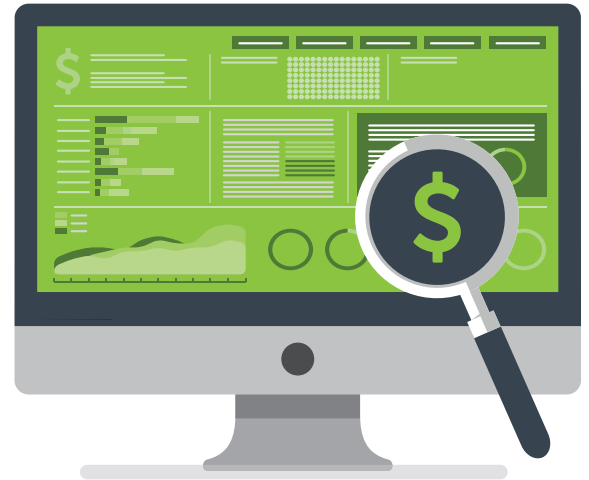
When it comes to securing the best funding options possible, the name of the game is transparency. Establishing a clear line of communication among franchisor, franchisees, and your financing partner is crucial to developing meaningful financing programs. A franchise disclosure document (FDD) is important, but it doesn't tell lenders the whole story. A financing partner can explain the business within the context of a broader financial landscape.

Genuine communication and transparency is the key to success.

For example, when Camp Bow Wow first came to ApplePie Capital, it lacked Item 19, a portion of the FDD that details the business's financial performance. When a prospective franchisee asks how much money they can expect to make, Item 19 gives them the best answer. When the information included in this section of the FDD is clear, easy to understand, it's easier for prospective franchisees to make an investment decision. The document should also show lenders that your business is stable and poised for growth.

When Camp Bow Wow was contemplating creating an Item 19, they reached out to ApplePie for advice. ApplePie explained that transparency is crucial for capital providers.

"Item 19 has been a good tool for ApplePie to use to continuously improve the financing offerings available to our franchisees," said Renuka Salinger, Vice President of Development at Camp Bow Wow.



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Though this may sound like a basic consideration, franchisors without dedicated financing partners often struggle to increase their financial transparency. And when it comes to getting new franchise owners on board, things can get complicated very quickly, and rates of success can drop.

"A lot of franchisors will simply give potential franchise owners a list of institutions to call - and it's something that rarely works. Some of those lenders won't even answer the call," noted Renuka.

Today, about 80 percent of Camp Bow Wow franchise owners pursue funding through ApplePie Capital.

"One of the reasons we value ApplePie Capital is because they have proven time and again that they can do this. Their goal is to get the best option possible for potential franchise owners."

A Solution for Every Stage of Growth

New franchisors face vastly different challenges than mature brands. Early on, franchisors need to strike a balance between attracting as many new franchise owners as possible and ensuring those new units are stable and prepared for the long haul.

You must pace your growth carefully so that existing units don't get left behind. A financing partner can work with you to discover what your ideal franchisee looks like.

"We work closely with Camp Bow Wow to understand their expansion plans. We help establish financial qualifications for





both prospective franchisees and existing franchisees looking to add units. Over the years, we have fine tuned the standards to not only match the financing landscape, but also the brands maturity," Randy explained.

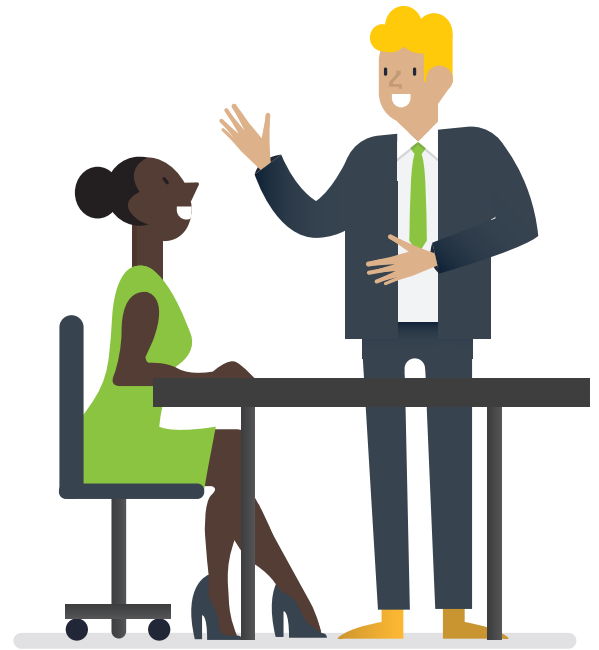
"With these standards in place we pitch lenders to create dedicated financing solutions. Through this collaboration we have successfully established robust programs for both new and existing franchisees. Camp Bow Wow was able to communicate these standards to their lead generation sources and optimize the entire development process."

As your franchise grows, so will your needs. For instance, mature brands often work with multi-unit owners who need substantially more capital to finance their goals. And while those established franchise owners tend to have easier paths to funding, thanks to their credit history, they still need a financing partner that can help them overcome the unique challenges of each unit location.

As individual units mature, some owners may look to sell their units, refinance, acquire new technology/equipment, and/or perform necessary remodels. As these needs develop, you'll require new types of financial support. With Camp Bow Wow, ApplePie Capital has proven its flexibility and adaptability to evolving business needs.

"In the resale process, where some of our mature franchisees are looking to the next 10 years and are trying to make decisions, they have an external partner they can talk to," said Renuka.

Whether those franchisees want to sell their units, buy another or update their buildings, they'll always have a dedicated financing partner.



"ApplePie is an outsourced financing department. They are our experts"

Renuka Salinger
Vice President of Development
at Camp Bow Wow.

“Our goal is to continuously fine-tune our offerings based on the brand’s needs, in terms of remodeling mature units and bringing in new owners.”

Today, Camp Bow Wow has nearly 150 units with 50 more in the pipeline. It’s a milestone that few franchisors ever achieve. In fact, only 13 percent of all franchise brands operating today have over 100 open units, according to FRANdata.

Renuka added, “If we did not have the relationship like we did with ApplePie Capital, I don’t believe we would be where we are today in terms of unit success, how many we’ve been able to get open and funded, because we would be lacking a major partner. They’re like an outsourced financing department. They are our experts.”

Continuity Through Economic Cycles

Large-scale economic cycles affect franchise businesses. After the recession in 2008, many industries faced serious setbacks. Notably, community banks were hit hard, and saw numerous closures following the recession. These institutions were once the backbone of small business lending - but the number of active FDIC-insured community banks was cut in half between 1984 and 2010, dropping from 14,507 to 6,840.

When community banks disappear, their assets are consolidated by larger banking institutions that are less likely to make small loans. Without a financial partner like ApplePie Capital, companies like Camp Bow Wow would have fewer lending options. In 2011 and 2012, when many lending sources had dried up, Camp Bow Wow had two resources that allowed them to continue to grow: a passionate set of franchisees and their relationship with ApplePie Capital.

150+
UNITS



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While other companies floundered and went out of business, ApplePie Capital worked with Camp Bow Wow to maintain steady, if slowed, growth through the hard years of the recession.

When you invest in a long-term relationship with a financing partner, you should be able to count on them, no matter what. With steady guidance and open communication, your franchise business can withstand some of the strongest economic forces.

Camp Bow Wow was able to meet with ApplePie's network of trusted lenders and present data that showed the animal boarding industry hadn't been as negatively affected by the recession as some other sectors. At the same time, their unique brand story and enthusiasm made Camp Bow Wow stand out above the crowd.

As the recession began to abate, Camp Bow Wow was uniquely positioned to grow again, thanks to the solid financial work of ApplePie Capital.

"As time went on and lending became easier, we didn't stop fine-tuning our pitch," Randy noted.

ApplePie Capital applied the same work ethic that got Camp Bow Wow through the recession to the next few years, helping new franchisees to come on board and find the financing solutions that met their needs.

The future is uncertain. If you want to be prepared for everything, you need a partner who has seen it all. In 2017, Camp Bow Wow was ranked #204 on the Franchise 500 list and they're growing faster than ever before, thanks in no small part to their strong relationship with ApplePie Capital.

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