

# Franchising in the United States: A Melting Pot

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*Many different organizations are interested in helping increase the number of minority and women owned businesses in the United States. IFA's creation of DiversityFran to encourage diversity in franchising has inspired companies like Precision Tune Auto Care to support initiatives that will expand opportunities to diverse candidates.*



The United States has changed a great deal in the 40-plus years that Precision Tune Auto Care has been in business and so has the company. It started out doing just tune-ups but has evolved into a full service automotive maintenance and repair company with more than 250 centers in the U.S. and 70 international centers spread across Mexico, Nigeria, Oman, Portugal, Republic of Georgia and Taiwan.

Regardless of the country, the fact is that consumers everywhere are looking for one place to have all their automotive needs addressed. No one has the time to go one place to change their vehicle's oil changed and another place to get new tires and another place to get their brakes fixed. In addition to expanding the service mix to address the changing consumer demand, the company has had to be mindful of the changing face of the consumer. More than half of the company's customers are women, which is a dramatic shift from when company started and the overwhelming majority of customers were male.

Our customer base has become more diversified as well, which is reflective of the changing face of America. The 2010 census indicated that 21 percent of the population identified as being either Hispanic or Asian. Further, African Americans

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represent an additional 12 percent. With the changing demographics, one would expect franchise ownership to become more diverse as well but a change like that doesn't always just happen without an outside impetus.

## OPENING DOORS

In this case, that impetus came from the International Franchise Association. In 2008, IFA launched the Minority Fran initiative to make it easier for racial/ethnic minorities and women to explore franchise offerings of companies actively looking to recruit minority franchise candidates. With the influx of foreign born nationals, the IFA realized many immigrants were looking to purchase businesses in the United States and the program was rebranded in July 2013 as the DiversityFran program.

In a recent conversation with Miriam Brewer, CFE, the IFA DiversityFran administrator concerning the steps that the IFA takes to assist and encourage franchisors to grow their brands through the program, she stated that DiversityFran builds on relationships forged with organizations such as the National Urban League, Minority Business Development Agency, the U.S. Hispanic Chamber of Commerce, National Black MBA Association, Association of Small Business Development Centers, U.S. Conference of Mayors and various ethnic Chambers of Commerce across the country. The IFA wants to send a message that franchising is a model that works and is an affordable way to realize the American dream of business ownership. With this initiative, it should come as no surprise that many franchises are owned by foreign born nationals.

PTAC is very proud of the diversity among our franchisees and the tremendous success so many minority franchisees have had in the PTAC system. It is notable and a source of great pride that the PTAC center with the highest grossing sales for the past several years has been the center in El Cajon, Calif., owned by Karim Sarangi. Karim's family is originally from India. He opened his center in 1998 and chose

PTAC above other brands because of the people he met from the company always stressed honesty and fair treatment of customers as priorities. Now, Karim's son, Manny, works in the center with him and it has become a second-generation business.

When one thinks of the automotive industry, the inclination is to believe that it is an industry that women would not tend to choose but here again, PTAC is lucky enough to have a ground breaker who breaks the stereotype. One of PTAC's multi-unit owners is Krystl Evans, who is a long-time franchisee and is now the owner of five PTAC centers in the Killeen, Texas marketplace. Evans also is the owner of gym franchise to complement her PTAC ownership. Customers can work out while they get their oil changed.

Also hailing from the great state of Texas, Fernando and Abigay Saldana operate a Precision Tune center in Eagle Pass, Texas. They have been part of the system for more than 18 years and now they are involving their son, Fernando Jr. Over 20 percent of the franchises in the PTAC system are owned and operated by minorities and because of the success that so many minorities have had in the PTAC system, the company is actively recruiting and advertising in minority focused publications, Indian movie advertising, local associations, working with immigration attorneys and participating in IFA Diversity program to increase lead generation.

## ENORMOUS POTENTIAL

The automotive aftermarket space is very large. The Automotive Industry Association estimates that sales in 2017 will be \$276 billion dollars. While the numbers are large and the potential is enormous, it takes more than numbers and potential to make a franchisee successful. PTAC believes a franchisee needs to be provided the tools, support, direction and training to help themselves become successful. Because there are many multiple-unit owners in the PTAC system, the franchise appears to be replicable with franchisees who want more than one location.

Fortunately, there are several opportunities for potential franchisees

to get help. In March of this year, George Mason University, located in Fairfax, Va., hosted a symposium on Immigration and Entrepreneurship. There were attendees from every continent.

At the symposium, the biggest challenges facing immigrant entrepreneurs were identified as lack of access to capital, lack of English proficiency, and lack of American business experience. Despite the challenge, in Virginia, 20 percent of entrepreneurs are immigrants, according to research provided by GMU, no doubt due to the fact that one thing that is not lacking from immigrants is enthusiasm.

GMU is looking to help bridge these gaps and shorten the learning curve for immigrant investors through programming and conducting informational networking opportunities and training programs. Brown University in Providence, Rhode Island, through its Nelson Center for Entrepreneurship, recently conducted a similar seminar titled "Entrepreneurship at the Intersection of Diversity and Inequality" and like GMU has programs to help minorities in business.

It is clear that there are many different organizations interested in helping increase the number of minority and women owned business in United States. The IFA has done a great job in creating DiversityFran to encourage diversity in franchising and companies like Precision Tune Auto Care fully support those initiatives which is evidenced as noted above, 23 percent of PTAC franchise owners are diversity candidates and PTAC is committed to making that number grow. ■



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