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TOP
FRANCHISES
FOR
2005

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Entrepreneur®

26TH ANNUAL

FRANCHISE 500®

Curves®

#2 In The Franchise 500
#1 Fitness Business Franchise
#1 Fastest Growing Franchise
#1 Low Cost Franchise

26TH ANNUAL FRANCHISE 500[®]

Maybe you've already read about it in the media, heard about others capitalizing on it or watched it happen firsthand—but will this finally be the year you get in on the franchising boom yourself? If so, you're in the right place. *Entrepreneur's* Franchise 500[®] is the world's first, best and most comprehensive listing of franchises—or, as we like to think of it, a great place to start on your path toward franchise success.

To help you in this important quest, we've polished and perfected our ranking procedure over the past 26 years to come up with a top-secret formula for identifying the top franchise opportunities on the market. This year alone, we've spent countless hours of research and analysis for a singular purpose: to arm you with the best, most up-to-date franchise information possible.

Only franchise companies that submitted full Uniform Franchise Offering Circulars (UFOCs) or Alberta, Canada, disclosure documents were eligible to receive a listing in the magazine. And only those companies whose information *Entrepreneur* verified from these disclosure documents are eligible to be ranked—giving us the top 500 franchises.

Franchisors ranked in the Franchise 500[®] are listed in red. Rankings are to the left of their names. Companies whose information was verified by *Entrepreneur*, but which were not ranked in the top 500, are listed in descending order under those that received a ranking in the top 500. Companies not eligible to be ranked—because they're too small (franchises must have a minimum of 10 units, with at least one being a U.S.-based franchise), are not seeking new franchisees in the United States, or were in Chapter 11 at the time the rankings were compiled—are listed alphabetically.

We consider numerous factors in our ranking, some of which are weighed more heavily than others. The most important ones include financial strength and stability, growth rate, and size of the system. We also consider the number of years in business and length of time franchising, startup costs, litigation, percentage of terminations, and whether the company provides financing. Financial data was audited by an independent CPA firm. Every company with verifiable data receives a cumulative score. The fran-



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chises with the highest score become the Franchise 500[®].

These factors are objective, quantifiable measures of a franchise operation. 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. All companies, regardless of size, are judged by the same criteria.

The franchisor's growth over the past three years is shown by the number of both franchise and company-owned units for 2002, 2003 and 2004. Another key column lists the total startup costs necessary to open the franchise (including the initial franchise fee). This figure is affected by real estate and construction costs (if applicable), inventory, location, type of business and many other variables. For easy reference, the initial franchise fee is listed separately. Additional costs such as royalty fees, usually expressed as a percentage of monthly gross sales, are also listed separately. The remaining information is self-explanatory. The category "Where Registered" shows where a franchisor has either registered to sell, or plans to register this year, in states where it is required (California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Wisconsin and Washington). "Available U.S. Regions" and "Seeking

Foreign?" show where franchisors are planning to expand.

Some companies provide financing of their franchise fees or their total startup costs, or even offer equipment-leasing options for franchisees. The "Type of Financing" category details the kind of financing provided by each franchise company. We've also noted whether the franchise can be operated from home, whether it offers a kiosk/express option, and which companies are seeking multiple units only.

Remember that the Franchise 500[®] is not intended to endorse, advertise or recommend any particular franchise(s). 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 a franchise. Read the UFOC and related materials carefully, get help from an attorney and CPA in reviewing any legal 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.

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