

THE LIST

Flexibility for Franchisers in the New Economy

LIST: My Gym stores come in three models, based on investment and location.

By **MARK R. MADLER** Staff Reporter

In the early 1990s, when he was considering starting to franchise locations of his children's fitness center My Gym, **Corey Bertisch** was surprised at the number of people who wanted to get involved.

Fast forward to 2019 and **My Gym Enterprises** in Sherman Oaks has 747 locations in some 30 countries. Half of the gyms are in China, Bertisch said, adding that the expected growth in franchises is between 15 and 25 locations a year for the foreseeable future.

"We just built this great curriculum," Bertisch said in an interview with the Business Journal. "We loved the kids and kept developing our programs and our facilities. Before we knew it, we had created something that was so far ahead of the competition."

My Gym is No. 2 on the Business Journal's list of Franchisers ranked by number of franchised units.

A My Gym franchise comes in one of three models based on investment and location – a standard size, a compact size and a mobile unit. The initial investment can range from \$36,750 to as high as \$249,700, depending on the model chosen, with franchise fees at \$25,000 and \$55,000.



Artistic Exercise: Cardio Barre class.

When My Gym began franchising in 1994, the company designed the agreements skewed toward the franchisee, Bertisch said. There is, for example, no renewal fee.

"Because we started out so franchise friendly and very logically with good lawyers, we have not changed that much over the years," Bertisch said.

David Gurnick, an attorney with **Lewitt Hackman** in Encino who specializes in franchise law, said the biggest changes in franchise agreements is that they have become longer and address more issues.

Over the past five to 15 years, there is much more attention paid to technology, ownership of data, provisions for paying and making money transfers electronically, Gurnick said.

"You see the trends in the agreements reflect the developments in our economy and business

world and society generally," he added.

Food service

Restaurants were the most popular type of franchises in the San Fernando Valley region, based on the Business Journal list.

No. 1 on the list is **Dine Brands Global Inc.**, the parent of the IHOP and Applebee's chains, with 3,639 franchised units. Other eateries on the list include **Menchie's Frozen Yogurt** at No. 4, **CaliBurger** at No. 8 and six pizza restaurants.

In addition to restaurants, Gurnick named other sectors that sell franchises, including janitorial, home services, home health care, after school tutoring, child enrichment, children's gymnasiums and playtime programs, framing businesses, gas stations, hotels, building inspection and fire safety inspection businesses.

"It is a substantial part of the economy,"

Gurnick said.

Ram Katalan, chief executive and co-founder of **NorthStar Moving Co.** No. 15 in Chatsworth, is still early in the franchising phase of his moving and storage company's trajectory.

NorthStar has three locations in total, including a franchise in Northern California that is run by an accountant who was familiar with mergers and acquisitions. He is looking to convert a company-owned location in Phoenix into a franchise, Katalan said.

In deciding who will open a franchise, Katalan said he prefers go-getters who are willing to put in the hours and effort to manage their moving team.

"That comes with leadership skills and also comes with empathy," Katalan said. "In order to lead people and manage them, if someone doesn't care about them, it shows."

Sometimes, though, franchising can seem like a big burden and hassle.

That was the experience of **Richard Girola**, founder and chief executive of fitness center **Cardio Barre Franchise LLC**, No. 14, in Studio City. The company used to have up to 30 franchises throughout the country, many of which are now closed. There are five locations left in the greater Los Angeles area, including one franchise in Ventura, and three licensed locations in Japan.

He put the blame on himself for not doing a careful enough job vetting the franchisees.

"You don't just open your doors and the money comes rolling in," he added. "That is what first-time business owners think."

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