

# Fast 55: What recession?

Economy doesn't slow the Fast 55

By Darrell Johnson

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**We've put the 55 fastest growing, young companies on the map. After you peruse the list, keep turning the pages to read about three unique companies with unique niches to fill.**

The biggest economic downturn in decades started showing itself in the latter part of 2007. You might expect that many franchise companies started slowing down during that period. Yet the strength and adaptability of the franchise business model once again came shining through.

The strength was demonstrated with the top 10 franchise companies averaging more than 1,300 percent growth over a four-year period, about the same as the previous year.

No doubt, in anticipation of the turmoil in the financial market and its impact on all of us, the health, tax and fitness sectors held the top positions this time around. It is clear from this year's list that the franchising business model can be successfully applied to a multitude of industries and sectors, adjusting to the changing demand for products and services.

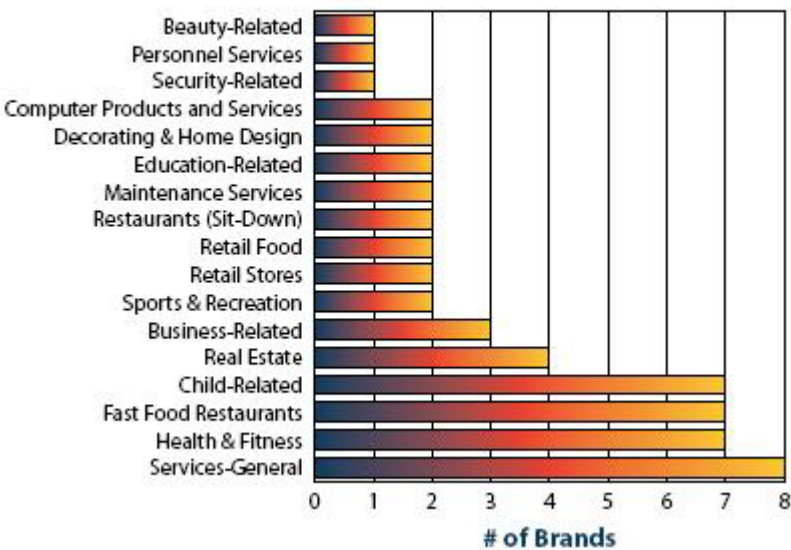
Leading the list was Ohio-based HealthSource Chiropractic. The company's average unit growth over the past five years exceeded 2,000 percent as it has attracted chiropractic physicians to open units.

HealthSource is one of seven health and fitness franchises on this year's list, including two of the top three (Florida-based SuperSlow Zone is No. 3). This may demonstrate a desire by consumers to relieve economy-induced stress. But it's also reflecting a mounting demand for health care by an aging public, as well as continued demand for fitness by consumers worried about their weight.

It's notable that there are also two sports-related franchises on the list, and many service providers are health-related, like No. 21 BrightStar Healthcare, which provides medical personnel services.

Consequently, the list also demonstrates the weakness of the restaurant sector, or at least the sheer difficulty that franchises have in breaking into the food market.

## Fast 55 Concepts by Industry



Industry	# Franchises
Beauty-Related	1
Personnel Services	1
Security-Related	1
Computer Products and Services	2
Decorating & Home Design	2
Education-Related	2
Maintenance Services	2
Restaurants (Sit-Down)	2
Retail Food	2
Retail Stores	2
Sports & Recreation	2
Business-Related	3
Real Estate	4
Child-Related	7
Fast Food Restaurants	7
Health & Fitness	7
Services-General	8

The 10 food franchises on this year's list is the lowest in the six-year history of the Fast 55. There were 15 on the list last year, including two in the top 10. No food franchise made the top 10 this year and only two were in the top 25.

Many analysts consider the restaurant sector to be overbuilt, especially casual-dining establishments, and say that thousands of units must close in the coming years for supply to equal demand.

In addition, seven of the food franchises on the list, including No. 12 Mr. Pickle's Sandwich Shop and No. 18 Garlic Jim's Famous Gourmet Pizza are considered quick service. Quick-service and fast-casual restaurants are benefiting from an economic environment in which consumers are increasingly frugal in their food choices.

Most concepts this year reflect a recent trend towards consumer and residential services.

That observation is more understood by looking at the 13 repeat winners from the 2008 list. All but one of them came from non-food sectors.

This partially reflects the generally lower investment levels that many non-food brands offer, and lower-investment franchises may be getting a boost in today's tight credit environment. Yet it also reflects the adaptability of the business model to sectors with a minimal previous franchising presence.

For instance, the most frequent industry for the 55 on this year's list, with 10 concepts, is general services.

The brands in this category are in a wide range of industries where franchising is less common. They include wireless services (Cellairis Franchise Inc., No. 9 and Yakety Yak Wireless, No. 49), dry cleaning (CD One Price Cleaners, No. 17, and Door-to-Door Dry Cleaning, No. 47) and even DNA testing (DNA Services of America, No. 10). It also includes two companies in the franchise-heavy shipping industry (Goin' Postal, No. 20, and eShipping, No. 24).

Many of these concepts are targeting subsectors, rather than a broader category. This year's list includes 17 different industries and 40 different sectors, plus many other subsectors.

For instance, No. 7 Guard-A-Kid specializes in security for children by providing identification cards. No. 34 Young Chefs is a specialty education franchise that teaches kids how to cook.

Even the food franchises on the list show their specialization - the list includes one salad franchise (Tossed, No. 44) and one selling soup (Original Soup Man, No. 45).

This specialization has created opportunities for many of the hundreds of new brands that we have identified and began tracking in recent years. In this year's list there are 17 industries and 40 sectors represented.

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