

BUSINESS COURIER

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Franchises focusing on home upgrades finding lots of work

The founders of Cincinnati-based interior painting franchise Fresh Coat wouldn't say they are thankful for the slow housing market, but it's certainly causing more people to brush on a coat of paint.

Revenues for the 3-year-old business are up 30 percent this year, and the franchisor plans to grow its number of units from 60 to 100 by year's end.

"We see people repainting to keep their homes and people painting who normally didn't have to in order to sell their property," said Ralph Martin, who left a 16-year engineering career with Comair to run the company alongside serial franchisor Gary Green. Green also operates Home Helpers, the Growth Coach and Caring Transitions.

Franchise businesses focused on the home improvement sector traditionally have fared well in slow economies, said Alisa Harrison, vice president of communications at the International Franchise Association. Between 2001 and 2005, the number of residential service franchises grew 41 percent to 55,000 from 39,000. Output grew 85 percent to \$33 billion from \$18 billion, IFA data showed.

"We tend to see franchises that provide services to improve things existing do well," Harrison said. "People may very well be using the equity they have in their home, which is probably a lot easier than getting a loan for a new home, to do those improvements."

FRANCHISES: *In tough economic times, owners tend to fix up their homes rather than try to sell*

ESTABLISHED NAME CAN HELP

Expanding a franchise during tough economic times can happen more rapidly because people might be more apt to start a company with an established brand than from scratch, Harrison said.

"It gives you the training and marketing resources that may give you more of a leg up than if you were just hanging your shingle out by yourself," she said.

Fresh Coat hopes to see those results. Startup costs for its home-based franchisees are just under \$26,000. It collects 6 percent royalties once the business is up and running. And opportunities abound. Painting makes up about 35 percent of the \$100 billion home improvement sector, Martin said.

Fresh Coat prides itself on affordable price – \$199 for one coat in one room, \$249 for two coats – and quick turnaround. Quotes are provided within three days, and a job is completed within three weeks of an inquiry. The firm's long-term goal is to open a franchise for every 175,000 people nationwide. Two operate in Cincinnati now, but that could expand to five by year's end.

"Demand is almost endless because every time something is built they slap a coat of paint on it," he said. "And nobody likes to paint because it takes forever."



Martin

FRESH COAT

Franchise fee	\$25,900
Royalties to franchisor	6%
Fresh Coat franchises	60
Units Fresh Coat hopes to add in 2009	40
Planned for Greater Cincinnati	4

BIG GAINS

Number of home service franchises:



Source: Department of Labor