

FRANCHISE
RESEARCH INSTITUTE®

WORLD-CLASS

FRANCHISE®

2011-2013

S U R V E Y R E P O R T

December 2012

COLOR*Glo*
INTERNATIONAL

Specialists in **COLOR RESTORATION & REPAIR™**

Color Glo International
Minneapolis, MN
www.colorglo.com

Dear Reader,

I am often asked how to identify a GREAT franchise investment. Having been in franchising since 1984, (first as an a multi-unit franchisee, then as an area developer, then as Founder of the Franchise Research Institute in 2002), I can say this with certainty.....EVERY great franchise investment has the enthusiastic endorsement of the system's franchisees!

Outstanding franchise opportunities don't happen by accident. Our research has shown that the best predictor of a franchisee's success is the degree to which a franchise company provides expert guidance and assistance, not only during the crucial start-up phase, but also throughout day-to-day operations.

A World-Class CEO and senior management team understands the complexities of running an exceptional franchise system. Before making the decision to invest in a franchise opportunity, you need a clear, unbiased assessment of each franchise being considered, assuring that your TIME and MONEY will be well spent. That is what this report provides.

Perfect scores don't exist....however, any franchise that obtains World-Class certification by meeting the rigorous standards of the Franchise Research Institute is worthy of your careful consideration. Certification means inclusion in an elite group of franchise opportunities, and is the result of listening confidentially to the opinions and experience of existing franchisees.

Certainly, you must perform the complex task of due diligence prior to choosing to invest in a franchise. This report is an important part of that process.

From all of us at the Franchise Research Institute and FranSurvey.com, may your franchise experience be enjoyable, rewarding, and profitable!



Jeff Johnson
Founder/CEO

SURVEY REPORT

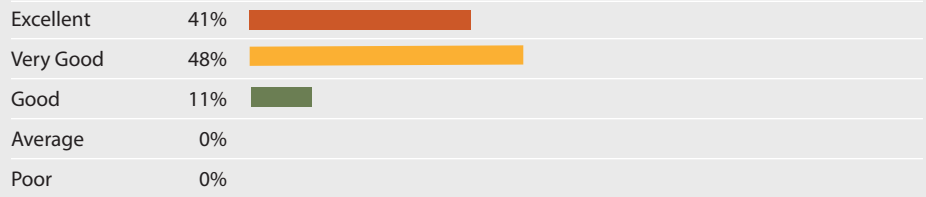
Franchise Opportunity Provided

Overall Quality

100%¹

In one all-emcompassing question we ask the franchisee to rate the quality of the franchisor. This question provides insight (without any specifics or qualifiers) about their overall impression of the franchise.

Q: In general, how would you rate the overall quality of your franchisor? (n=83)

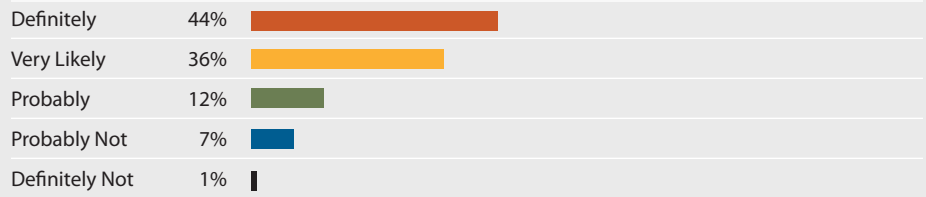


Investment

92%²

This question is extremely important when evaluating a franchise. However, occasionally a franchisee will rate this question low because the concept has changed significantly since they purchased the franchise, or because of personal issues.

Q: Knowing what you know now, and if you had to do it all over again, would you invest in this franchise? (n=83)

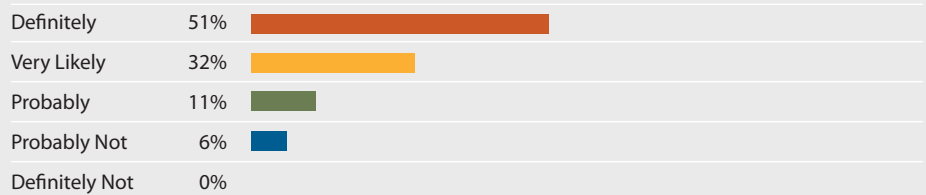


Recommend to Others

94%²

When evaluating franchise investments, it is extremely important that existing franchisees (when asked confidentially) will recommend the franchise to prospective franchisees.

Q: Would you recommend this franchise to a prospective franchisee? (n=82)



¹ Combined scores of *Excellent*, *Very Good*, and *Good* responses.

² Combined scores of *Definitely*, *Very Likely*, and *Probably* responses.

(n=#) represents the total respondents that answered each specific question.

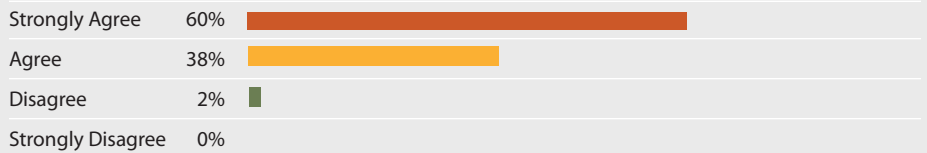
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Relationship With Franchisor

Long-Term Commitment

98%¹ From the point of view of the franchisee; is there a commitment on the part of the franchisee and the franchisor for a "positive, long term" franchise relationship?

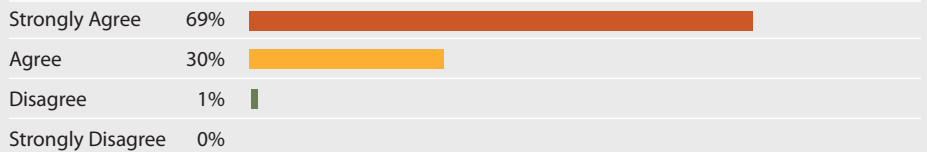
Q: My franchisor and I are committed to a positive, long term relationship. (n=81)



Joint Success

99%¹ In the most successful franchise systems there is a very clear understanding of the interdependent relationship between the success of the franchisee and the franchisor.

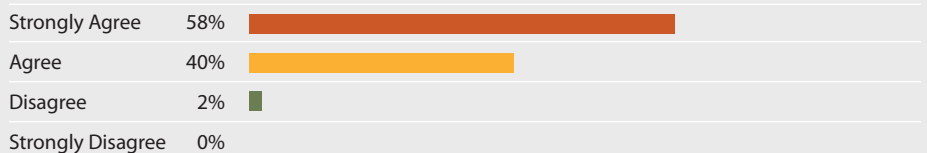
Q: My franchisor understands that if I am successful they will be successful. (n=83)



Franchisor Competence

98%¹ Does the franchisee believe that the franchisor has the talent and skills necessary to assist the franchisee in succeeding? It is important that the franchisor not only have this ability, but also that their franchisees look to it for guidance and expertise

Q: My franchisor is a competent, skillful organization which I can rely on for help. (n=83)



¹ Combined scores of *Strongly Agree* and *Agree* responses.

(n=#) represents the total respondents that answered each specific question.



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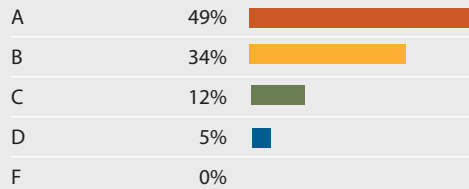
Training and Support

Initial Training

95%¹

The initial training provided by the franchisor is crucial to the success of new franchisees. Every franchise provides some form of initial training, and the quality of this training is of tremendous importance to high quality franchise companies.

Q: How would you grade the initial training supplied by the franchisor? (n=83)

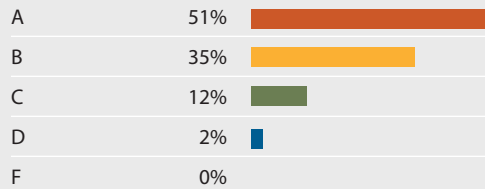


Opening Support

98%¹

Opening support can be incredibly important in creating a customer's positive first impression of your business. However, this depends on the franchise category and product or service offered. In many cases, the franchisor may be required to offer little or no opening support.

Q: How would you grade the initial opening support supplied by the franchisor? (n=81)

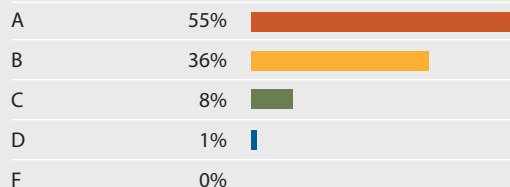


Ongoing Support

99%¹

While the importance of opening support can vary with the franchise category, the post-opening training and support provided by the franchisor is extremely important to franchisees' long-term success.

Q: How would you grade the ongoing training and support supplied by the franchisor? (n=83)



¹ Combined scores of A, B, and C responses.

(n=#) represents the total respondents that answered each specific question.

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Helpfulness and Communication

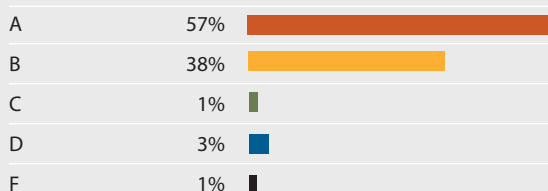
Field Representatives

96%¹

Almost every franchise system has individuals that are responsible

for assisting franchisees when they have questions and/or problems. This question is designed to measure the helpfulness of these individuals.

Q: How would you grade the helpfulness of the franchisor's field representatives? (n=73)



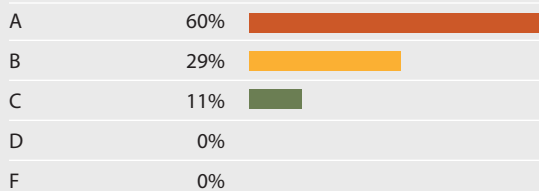
Franchisee Communication

100%¹

Healthy franchise systems have franchisees that work well with one another. They don't look to the franchisor to have all the answers, and they feel comfortable communicating with one another, sharing information and assisting their fellow franchisees.

well with one another. They don't look to the franchisor to have all the answers, and they feel comfortable communicating with one another, sharing information and assisting their fellow franchisees.

Q: How would you grade the helpfulness and communication between fellow franchisees? (n=82)



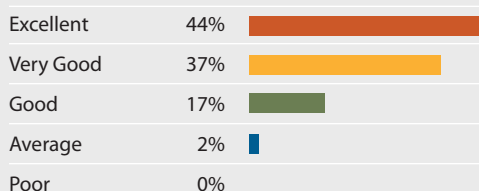
Overall Communication

100%²

We believe that quality communication is a critical aspect of successful franchising.

successful franchising.

Q: How would you rate the overall communication between home office personnel and franchisees? (n=81)



¹ Combined scores of A, B, and C responses.

² Combined scores of Excellent, Very Good, Good and Average responses.

(n=#) represents the total respondents that answered each specific question.



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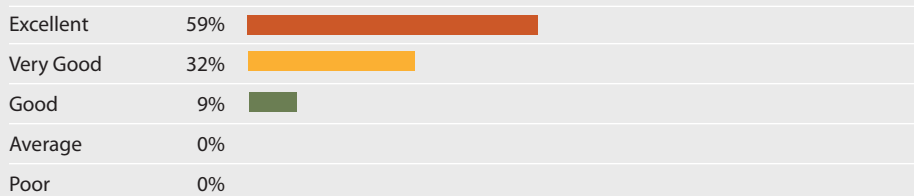
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Products/Services

Product/Service Quality

100%¹ In most systems, franchisees receive some type of products and/or services directly from the franchisor. This question asks the current franchisees to rate the quality of these products and/or services.

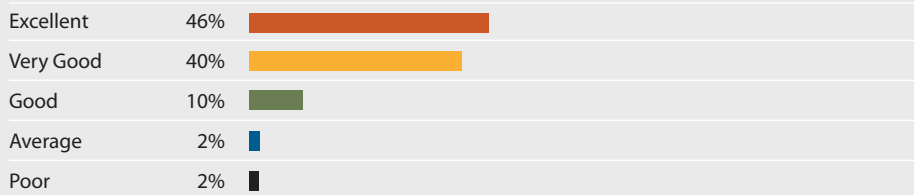
Q: How would you rate the quality of products and/or services received from your franchisor? (n=82)



New Product/Service Introductions

96%¹ This question is similar to the previous one, but is directed toward new product and/or service introductions. Depending on the franchise category there may be few if any new product and/or service introductions.

Q: How would you rate the quality of new product and/or service introductions supplied by your franchisor? (n=81)



(n=#) represents the total respondents that answered each specific question.

¹ Combined scores of *Excellent*, *Very Good*, and *Good* responses.

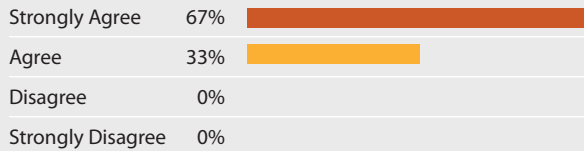
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Management

Problem Solving

100%¹ This question measures the franchisees' perception of the effectiveness of the franchisor's ability to solve questions and problems in a timely manner.

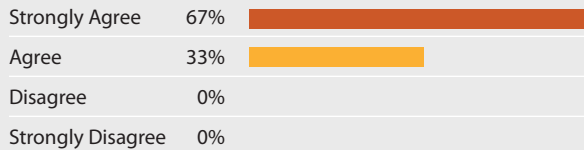
Q: My franchisor responds in a timely way to my questions and minor problems. (n=83)



Communication with Senior Management

100%¹ As we measure high quality franchise organizations, one thing always stands out - the ability of franchisees to feel that they can directly interact with senior decision makers.

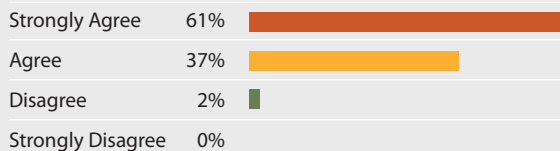
Q: I am able to communicate directly and effectively with senior management. (n=83)



Performance Standards

98%¹ High-quality franchising requires high standards throughout the system. Leadership for these standards starts at the top.

Q: My franchisor encourages high standards of quality performance throughout the organization. (n=82)



¹ Combined scores of *Strong Agree* and *Agree* responses.

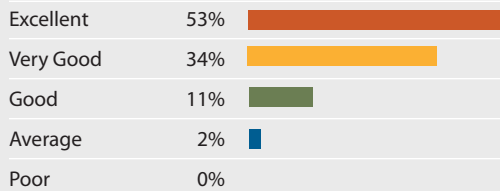
(n=#) represents the total respondents that answered each specific question.

Opportunity

98%¹

Without any qualification, how the franchisee rates the overall opportunity of the franchise they have chosen tells us a great deal; especially when considered along with the next two questions.

Q: In general, how would you rate the opportunity provided by this franchise system? (n=82)

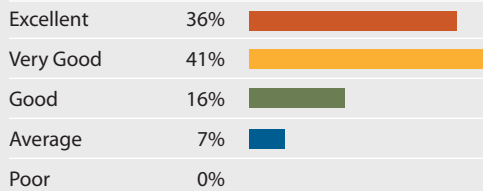


Growth Potential

93%¹

Now we ask about the franchise opportunity, but qualify the question by focusing on long term growth potential. This offers insight as to the franchisees' perspective on this very important topic.

Q: How would you rate the long term growth potential for your franchise business? (n=83)

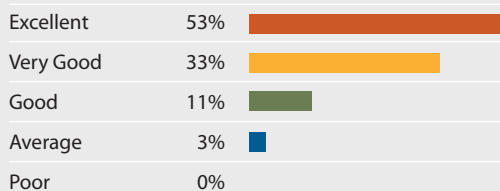


Local Competition

97%¹

Once again, we focus on the opportunity provided by the franchise, asking the franchisees to rate their franchise business compared to local competition.

Q: How would you rate your franchise business compared to the local competition? (n=83)



¹ Combined scores of *Excellent*, *Very Good*, and *Good* responses.

(n=#) represents the total respondents that answered each specific question.



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Personal Profile

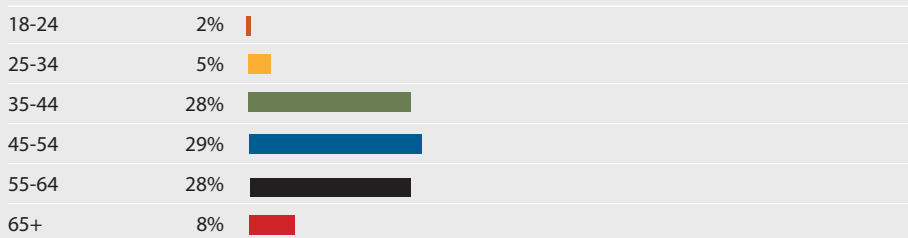
We ask five franchisee demographic profile questions. These five questions are intended to give the prospective franchise investor an overview of what the franchisees of this system “look like”.

1. How many franchisees fall into the different age groups?
2. How long have franchisees owned their franchises?
3. How many stores, outlets or locations of this franchise do these franchisees own?
4. Prior to opening this franchise, how much business experience (not business ownership experience) did the individual have?
5. What level of education the individual franchisee has obtained?

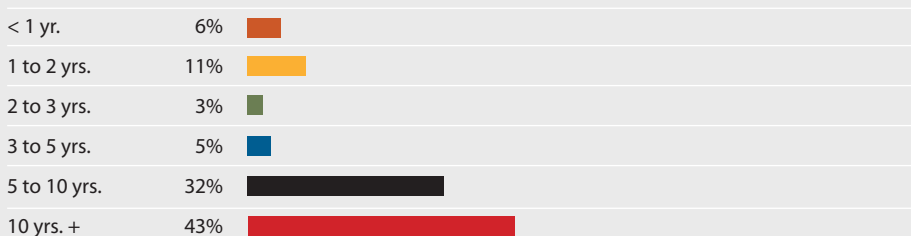
We understand that there are a huge number of questions that could be asked of franchisees in this area. However, our mission is to obtain the most useful information, certify the best franchise opportunities based on the experience and opinions of the franchisees and not bury the franchise investor with useless information.

This report is only one very important step in the due diligence process. If existing franchisees are supportive of the current franchise relationship and the support services provided by the company and excited about the future of their franchise business...you have found an opportunity definitely worth further investigation.

Q: Which age group do you fit in? (n=65)



Q: How long have you owned this franchise? (n=63)



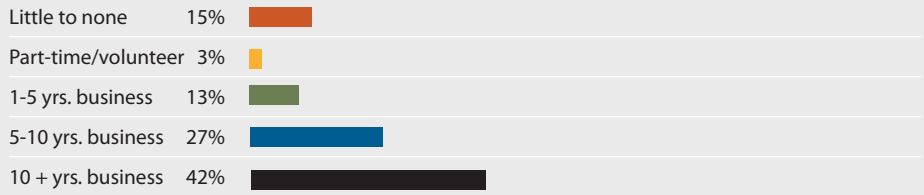
Q: How many stores, locations, or territories of THIS franchise do you own? (n=63)



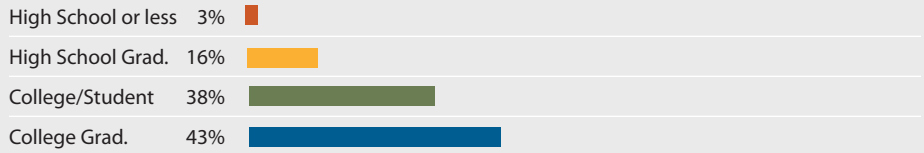
(n=#) represents the total respondents that answered each specific question.

Personal Profile

Q: Prior to opening my first franchise my business experience could best be described as: (n=67)



Q: What was the last level of school you completed? (n=63)



(n=#) represents the total respondents that answered each specific question.



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SURVEY REPORT

Methodology

The Franchise Research Institute® sent a study solicitation notification to all one-hundred two (102) Color Glo International franchise owners. The study was completed in December 2012. Color Glo International personnel gave franchisee contact information to the Franchise Research Institute. The notification included the URL (web address) of the Franchise Research Institute franchisee satisfaction online survey as well as a numeric “pass code” to insure no duplication of responses.

Franchise owners were encouraged by Color Glo International and by the Franchise Research Institute to complete the survey, and were assured that their individual responses to the questionnaire would never be revealed to anyone outside of the Franchise Research Institute (including Color Glo International management).

Franchisees logged on to the online survey questionnaire, entered their individual “pass code,” completed and submitted the survey. Eighty three (83) of the one-hundred two (102) total franchisees, or 81.3%, responded and took the survey. The Franchise Research Institute has no reason to believe that non-respondents answers would vary substantially from those respondents.

The maximum error range on this study is plus or minus (±) 2.8% at the ninety-five percent confidence level.

*Note: The Franchise Research Institute® does not endorse any franchise companies. Investing in a franchise is an important decision. Franchise Research Institute research services are intended to provide basic, high-level information about franchise opportunities from current franchisees, and should not replace the standard due diligence performed by any investor. The Franchise Research Institute recommends that prospective franchise buyers consult a lawyer, accountant, and/or other professionals before signing any franchise agreement. See terms and conditions on www.FranSurvey.com for more information.