These millennials are running franchises with their parents. here’s what they’ve ...

Family

When Jon S. Crowe invited his son, Jon P. Crowe, to take a road trip from their home in Omaha, Neb., to Whitewater, Wis., neither of them had ever, for a second, thought about working together. The elder Crowe was heading east to learn more about the franchise business and just wanted his then 25-year-old son, who was working in retail at the time, along for company. “ Working with my dad did not cross my mind,” Jon P. says. “ I was there looking out for him and ourfamily. I just wanted to put my two cents in.”

Jon S. had long known just how suited to his son was. Jon P. was levelheaded. He didn’t shy away from having hard conversations when people didn’t meet his expectations. He was a hard worker. Yet he’d never really considered working with him before. But “ during those meetings [at Toppers Pizza], I thought that it would be a hell of a lot of fun to work together,” Jon S. says.

On the ride home, he asked his son to join his franchise team. It turned out to be a great idea. That was five years ago. Today the father and son own three pizzerias in the Omaha area, with a fourth on the way. While Jon S. handles and , his son is in charge of the day-to-day operations of the stores.

The Crowes are not alone. While it seems like a recipe for disaster (kids listening to their parents? yeah, right), franchise brokers and franchise brands report that increasing numbers of parents and their children are going into business together and enjoying fantastic success.

Talkin ’bout our generations

Marty Welch, founder of Martin Franchise Consultants, says the landscape for multigenerational franchisees has changed quite a bit in the past decade.

Twenty-five years ago, he says, most multigenerational deals involved a parent “ buying a job” for an adult child who was having trouble finding their way in life or holding down a corporate position. More often than not, it was a bad investment.

But since the Great Recession, that has changed dramatically. First, Welch says, there are more financial hurdles to overcome for prospective franchisees, and franchisors are much more discerning. “ Franchisors want to meet the person who is going to run their franchise unit, not just the person investing themoney,” he says. “ If they’re not or engaged, they will turn them down.”

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>
> *-- Marty Welch, Martin Franchise Consultants*

Now, he says, parent-child franchisees have a different . Going into business together is a way for both generations to exit the rat race. Many older workers have bounced back from the recession but live in fear of losing their jobs as they age and are disappointed in a lack of wage increases. Younger adults also suffered during the recession, which has them looking for alternatives that allow for more and job security than the corporate world provides. Franchising offers an alternative for both.

And the generational conflicts that defined the baby boomers (don’t trust anyone over 30!) have faded. “ In the recent past, people would have said, ‘ No way; I’m not working for my dad,’” Welch says. “ But now young adults say, ‘ Dad is pretty cool. You know, going into business with my parents might be a good for me.’”

Sean Fitzgerald, who cofounded the franchise brand with his father in the 1990s, has dealt with dozens of multigenerational franchisee combos while serving as senior franchise development director at brands like Wireless Zone, Quiznos and BrightStar Care. He says that for many families, going into business together is an obvious path. “ No one really wants to go into business alone, and ideally you would have a partner that you can , someone like family,” he says. “ Trust and honesty are the top reasons why a partnership works or not.”

All in

Not only did Colter Lange’s parents have that type of trust in him, his sister did, too. The Lange family worked in the oil business near Midland, Tex., and wanted to hedge their bets against the area’s boom-and-bust economy. Colter, in particular, was interested in stepping away from oil. He looked at several options, but his mother, Lisa, convinced him to look at franchising. One day when the two were visiting Colter’s grandfather in Denver, they stumbled on the , an upbeat restaurant serving sandwiches, wraps and soups.

They knew the brand would fly in their corner of Texas, and they signed on. Colter and his parents each took a 45 percent stake; his sister and her husband, who is a lawyer, agreed to provide legal services for a 10 percent stake. While everyone else kept their day jobs, Colter committed to the brand full-time as caretaker of the family’s investment.

None of the Langes had any restaurant experience. The learning curve in those first months was steep, and Colter was grateful that everyone stepped in to learn the ropes and to make the process work together. “ Mom still helps me quite a bit,” the 33-year-old says. “ I will say we definitely couldn’t have done it without everyone helping out.”

In the beginning, Colter worked in the store as a manager. But after six months, the family made the decision to buy a second store in San Angelo, Tex., and another in Odessa soon after that. Colter found good general managers and took a more supervisory role. Now the family is moving into a second franchise brand, , which Colter will also spearhead. “ I don’t think the learning process will be any different than it was with the deli,” Colter says. “ The family will be there to help out where needed until we figure out that concept. Everyone will get their feet wet.”

Fortunately for the Langes, mixing family and finances hasn’t caused problems, and they are committed to reinvesting their profits and expanding their holdings. “ It hasn’t changed our family dynamic,” Colter says. “ Luckily, with my brother-in-law being a lawyer, he laid out word for word what everyone does.”

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>
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Welch says that's the right move. " Working with family can cause strife and ," he says. " There have to be rules of engagement when it comes to family."

Fitzgerald says when he would meet with potential parent-child franchisees, he warned them to figure out their roles and expectations before forming a . " At the end of the day, if things don't work out, it's not just a business partnership that ends, it affects a family," he says. " It can be disastrous for everyone. They need to set expectations, make sure everyone is doing this for the right reasons and create the right structures for success."

The Crowes haven't endured any major conflicts so far as they've been building their pizza empire. Their disciplined separation of their business and personal relationships is a big help. In the beginning, Jon P., who lived in a different town, was spending five nights a week at his dad's house. " We would work together 12 hours a day, then come home and talk shop three to five hours after that," he says. Now the father and son try not to talk business with each other after 8 p. m and are trying to move any off-hours chats to a weekly standing lunch appointment.

Role players

For Lucas Bergeson, the key to maintaining a positive family dynamic was figuring out the right role for himself, his brother and his father while developing their franchises in Fitchburg and Madison, Wis. Lucas, 25, learned that his strength is in and operations. His brother, Josh, 28, enjoys working on the financial side of things. Their father, Randy, handles more strategic matters, though everyone fills in when needed. “ We all have different interests, and we couldn’t have planned it any better,” Lucas says.

Randy, who also runs several Subway franchises, says he was surprised when Lucas showed an interest in working with him. Soon after high school, his son asked if he could join the family business. Randy told him to go to college, and if he was still interested after he graduated, he would consider it. Lucas only got more excited about the prospect over time, and the father and son began looking at franchise concepts while Lucas was still in school. That’s when they found Mooyah. Josh also expressed an interest in starting a franchise with the family. “ At that point, I thought, Oh, shoot, this is getting serious,” Randy says.

The Bergesons signed on with Mooyah, then spent the two years between 2012 and 2014 searching for the right locations to open their first restaurants while Lucas finished college. Over the course of 2014 and 2015, Josh became general manager at the suburban Fitchburg location, while Lucas took over a location in downtown Madison.

Randy is happy to be working with his sons, but says he would not have taken the chance if he did not trust them and believe in their . “ What they are doing is good old-fashioned sweat equity,” he says. “ We’re essentially equal partners.”

Fred Schaard also found that divvying up responsibilities has helped him create a strong, coherent team among his family members. Schaard, a partner in a financial services firm in Lansing, Mich., was approached by a franchise developer for about expanding the brand to Portland, Ore. Schaard had no interest in relocating, but he realized he had a ready-made franchising team to call on. His son Joe and stepson Bernardo both had business degrees, with Joe focusing on operations and Bernardo on sales. Stepson Adrian worked in accounting. And Joe’s girlfriend, Christine, had experience in marketing. They all agreed to move to the West Coast to run the franchise unit. “ So with a team of four hardworking people I trusted, I felt confident I could go forward,” Schaard says. “ I couldn’t do it without someone I trusted, and they couldn’t do it without capital, so it made for a good team.”

The team is developing three units in the Portland area, and will build equity over time. Like in all businesses, the early days were difficult. Demand for their moving service was high when they launched at the beginning of 2016, but the twentysomethings found the labor market in Portland to be a challenge; legalmarijuanause in the area made it difficult to find drug-free employees and it was hard to attract people willing to do the hard physical labor required every day. But Bernardo, Joe and their team are finding their footing with guidance from Fred.

For Bernardo, the opportunity was the realization of a lifelong dream. “ I always wanted to open a business. As soon as Fred presented the opportunity, I didn’t hesitate,” he says. “ My family moved from Mexico to Michigan to pursue theirdreams. Why wouldn’t I do the same in Oregon? I just didn’t think it would come along so soon.”

As they build their business, Joe and Bernardo are proving that family money doesn’t mean they can slack off. If anything, Fred sees them working harder than ever. Same goes for Jon S. Crowe when he looks at his son, Jon P. “ He’s working his butt off,” Crowe says. “ That’s one thing I admire about Jon. He’s never backed away from the hours. I’m just grateful I could provide him the opportunity to show everyone what he could do.”

In the end, that’s what multigenerational franchising takes to succeed -- two parties with an equal to success, even if they don’t start out with equal experience or financial resources.