

What Do You Do When You Want to Be the Boss at a Fortune 500 Company?

Buy a Franchise Store. It Offers an Almost Fail-Safe Entry into Business Ownership, Say These Two Entrepreneurs.

By Jennifer Vishnevsky

They look like they could be sisters—or reincarnations of that spunky '70s TV duo Laverne and Shirley. Donna Zumbo and Ann Mudgett are best friends—and business partners.

In 1995, they made the decision to purchase a franchise store, and they haven't looked back

since. After some research, Zumbo and Mudgett settled on Mail Boxes Etc., a franchise chain of retail stores offering a variety of postal, copying and printing services, because they'd used the company's services themselves as customers and liked what they saw. Today, their "business empire" comprises two stores, one in Harrisburg and another in Hershey, Pennsylvania. And their differing personalities and skills ensure that all aspects of the business run smoothly.

Zumbo and Mudgett are part of a growing trend among women (and men) who are looking for the freedom to be their own boss and the security of having a name brand to sell. Besides the training support and management advice franchise owners receive from the parent company, there's another considerable advantage: the relative ease with which they can obtain financing, as compared with convincing a bank to lend money for an unproven start-up venture. (The Small



Like Laverne and Shirley, Donna Zumbo (right) and business partner Ann Mudgett make an unbeatable team.

Business Administration offers franchise loans through qualified lenders. Visit www.sba.gov for more information.)

According to a recent Wall Street Journal article, more and more top-level managers and executives, worried about being downsized, are turning to franchise

opportunities as their safety hatch. But not everyone who takes this route has prior business experience. "Other successful female owners of stores offered us support," says Zumbo. "We owe them a lot. If it weren't for them, we wouldn't be where we are today." Then she adds, with a twinkle in her eye: "The women who run the stores tend to be more successful than some male owners. Women just have a different flair."

MAKING BREAD talked with Zumbo recently about the franchise business and what others interested in making this leap need to know. To learn more about franchise opportunities, visit www.franchise.org, the Web site of the International Franchise Association, whose resource center includes many useful facts and figures, and a link to the Federal Trade Commission's Consumer Guide to Buying a Franchise. For more information about the UPS Stores, visit www.the-upsstore.com.

MB: So how did you get started in mail boxes, et cetera?

DZ: Ann and I met in an aerobics class, and we hit it off. We went out to dinner with our husbands, and we vacationed in Vermont. The more we talked, the more we realized that we had ideas about going into business together. At that point, it was just a matter of finding out what the best fit was for us. We went to a couple of conventions. We'd used Mail Boxes, Etc. as consumers and thought it was a nice service. So we thought we'd be successful selling it to others.

MB: What kind of start-up investment did you need?

DZ: At the time, in 1995, when we opened our first store, it was around \$135,000. Our husbands still work, so it was an affordable investment for us, and that amount included three months of working capital. We broke even in about 45 days, and we never looked back. We opened in Hershey. Then, three years later, we purchased the Harrisburg store from another owner.

MB: What did you get for that initial investment?

DZ: The training, plus all furniture, fixtures, supplies, and working capital. We also were given a trade area (we have a five-mile radius in which no one else can place a UPS Store) and the name. It broke down this way: \$25,000 for the franchise fee, \$70,000 for furniture and fixtures, \$25,000 for supplies, and \$15,000 for working capital.

MB: Did you have to find the store location yourself?

DZ: In our case, no. The franchise will assist the franchisee in selecting the best site demographically. But we had a particular area in mind—Hershey—and were determined to settle there, even though the former area franchisee strongly recommended we locate our store somewhere else. Our

gut feeling was that the Hershey area needed our services, and, although we would pay more in rent, it would benefit us in the long run. This proved to be true.

MB: Do you split the profits every month with The UPS Stores?

DZ: No. The way it works is that we pay 8.5 percent of our sales subject to royalty (STR) monthly to UPS, and we pay our UPS shipping bills.

MB: What has been your biggest challenge along the way?

DZ: Two years into it, I had a baby. Juggling daycare, fulfilling business commitments, and maintaining staff is really tough. Staffing can be a challenge, because anyone can come up and say goodbye without giving you fair warning. Ann and I both still serve customers at the counter. We've had to take on more of that when staff was a problem.

MB: What has owning a store taught you about money?

DZ: It can improve your life. The financial end of it is actually very complex; that's Ann's affinity. The changeover from Mail Boxes Etc. to the UPS Store taught us to examine our expenses more carefully.

The women who run the stores tend to have better numbers than the male owners. We tend to work harder to prove ourselves and perhaps become more emotionally involved in running our business.

MB: What are the advantages of becoming a franchise owner?

DZ: When you're in a franchise situation, you have a lot of support from area-level owners around you. The franchise gives you a template, and you just need to make it



'Ann and I both still serve customers at the counter,' says 'out-of-the-box thinker' Zumbo.

work. You're constantly getting support from many sources, though. If you don't take advantage of it, you're a fool.

MB: What are the disadvantages?

DZ: You are bound by all of the corporate decisions—good and bad. Sometimes their ideas can cost you, but we're required to give them a try. For example, we put in an MBE Business Express store in the Hershey Lodge and Convention Center. We jumped on the bandwagon, didn't get a lot of good support, and the software didn't work right. We made our money out of it, but it lost its appeal, and the store closed.

MB: How much leeway do you have to do things your way?

DZ: A lot. We follow our feminine instincts and make a lot of business decisions based on our gut. I don't mean to make it a man/woman thing, but we supply area support for 23 stores, and we've seen that the women who run the stores tend to have better numbers than the male owners. Women just have a different flair; we tend to work harder to prove ourselves and perhaps become more emotionally involved in running our business.

MB: What kind of support have you received along the way?

DZ: Other successful female owners offered

us advice. When we got involved, we emulated the stores that were already open. We'd meet once a month, see their numbers, and get tips on building business. We owe them a lot. If it weren't for them, we wouldn't be where we are today.

MB: What advice would you give to other women who are thinking of buying a franchise store?

DZ: People need to see how it will affect their family life. You have to realize that you're not going to always get home at 5. You have to be willing to put in the extra hours.

It's also almost always better to have a partner who has different strengths. I'm more operation-oriented; Ann has a financial and marketing background. It works for us.

We broke even in about 45 days, and we never looked back.

MB: How do you think you made it work?

DZ: I'm a bit more cautious and not as spontaneous. Ann's spontaneity has brought us good fortune, which I might have missed out on. On the other hand, she always looks to me to calm her down. By having a mix of those traits, we make it work.

MB: Is there one thing you wish you had known when you started?

DZ: Yes—that I would love my job so much. I thought this would be fun, but I had no idea how much!

MB: Any final words of biz wisdom?

DZ: The four of us—Ann and I and our husbands—had a mission statement when we started: Four independent minds working together for one common goal. We often look at that now. □

Jennifer Vishnevsky is an associate editor at MAKING BREAD.