



**A message from International Franchise Association
President Matthew Shay**

May 2, 2005

Dear Friends:

It has come to our attention that some IFA-member companies may be providing information about franchising that is long out of date and no longer presents an accurate picture of the sector.

Of particular concern is information claiming that the success rate of franchised establishments is much greater than that of independent small businesses.

Many years ago, the U.S. Department of Commerce conducted studies about franchising which presented such statistics. That information is no longer valid. The agency stopped conducting such studies in 1987.

We strongly urge you to remove any information from your Web site and published materials that make such a claim. The use of such data, in the absence of current research, could mislead prospective franchisees who are attempting to conduct responsible investigations.

The International Franchise Association's Educational Foundation recently released a study, *The Economic Impact of Franchised Businesses*, conducted by PricewaterhouseCoopers, which offers the first comprehensive view of franchising's economic impact. This study, available at www.franchise.org, contains information that could be helpful to prospective franchisees and others in determining the size and scope of franchising.

Another study available on the IFA Web site is *The Profile of Franchising*, which collected data over three years from UFOCs and offers data averages on such important aspects of franchising as unit turnover, initial franchise fees, initial investment levels, contract terms and renewal, royalty and advertising fees. We recommend that you review these two studies and share the information in them instead of perpetuating outdated and potentially-misleading information.

As a member of the franchising community, you serve as a gateway to future generations of franchisees and entrepreneurs. Please join IFA in making an effort to present an accurate picture of franchising.

Sincerely,

Matthew Shay
President
International Franchise Association