

EXECUTIVE SUMMARY

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HISTORY



For 30 years, Scramblers has gained a reputation for delighting its guests with exceptional service and delicious food. Our unique “breakfast-and-lunch” only concept sets us apart from our competition-allowing us to provide our guests with the highest quality experience, and our partners with a higher quality of life. If you’re looking for a franchise opportunity with a proven business model and a corporate culture that fits your lifestyle, Scramblers may be the perfect fit.



The company had its start in 1989, when Phil and Shain Buerk opened the first location in Toledo, Ohio. Originally named Café Marie for Shain’s mom – Deby Marie – family was at the core of the restaurant’s operation. Using Phil’s original recipes, and their combined years of restaurant experience, Cafe Marie quickly became known as the “best breakfast in town.”

As the restaurant gained popularity, three more locations were added in the Northwest Ohio area, and “Cafe Marie” became a Toledo-area fixture. As the company grew, the Buerks realized the enormous potential that their unique business model had, and began planning for expansion into new markets. With this goal in mind, and to further hone their “breakfast-and-lunch” only brand, the name “Scramblers” was conceived. In 1998, Café Marie opened its first restaurant in Columbus, Ohio-entering a new market and launching the first restaurant with the name “Scramblers.”

Inspired by its success, Shain’s brother Brandon and cousin Tim Trautman joined the company. In 2004, the three formed a three-way owner/ operator business partnership and continued to grow their operations. A year later, the three partners created Scrambler Marie’s Franchise Development, LLC. and began planning their expansion into Michigan and new Ohio

markets. And in 2007, Scramblers proudly opened its first franchise location in Columbus, Ohio. With its success, the company continued to grow, and more franchise restaurants were added in Dayton, Cincinnati, Detroit, and Cleveland.

Today, Scramblers has over 25 restaurants, serving guests throughout Southeast Michigan, Ohio and Wisconsin— and we're still growing.

Scramblers may have had its beginning as a father/son team with a unique idea for a family business, but with time and hard work, it has grown into a successful brand with a proven business model. From Scramblers' beginning as "Cafe Marie", Shain Buerk has served as the Company Director and Concept President, and he remains committed to the expansion of the brand and the success of its partners. His father, Philip, also remains active with the company 30 years later, serving as a franchise development advisor. They, along with our entire Scramblers team, are dedicated to supporting our partners and providing them the tools they'll need, to run a business they'll love.

So, if you're looking to partner with a company that offers a 30-year record of excellence in service and food...if you've been searching for a unique business model that fits your life...if you want to be part of a company that supports its partners every step of the way...Scramblers could be the perfect match. We look forward to creating relationships with operating partners who share our passion for value, service and excellence.



CULTURE

By now, you know Scramblers has built its reputation by providing our guests with exceptional service and delicious food, but did you know our employees love us too? With our hours of operation set from 6:30am to 3pm everyday, we are able to provide our franchisees and their employees, the kind of work-life balance that most service industries can't. Free evenings means our Scramblers members have the freedom to participate in family functions and recreational activities that traditional restaurant schedules simply won't allow. Perhaps this is why Scramblers was awarded "Top 100 Places to Work" by the Toledo Blade in 2017 and 2018.

Scramblers' business model doesn't just make for happy employees, however. It's also a huge benefit to the way our restaurants operate, and ultimately our bottom-line. Our "breakfast-and-lunch" only concept afford several key competitive advantages for our franchisees.

- Menu simplicity increases preparation speed and reduces inventory costs.
- Single-shift labor scheduling allows a maximum 10-hour day, which limits costs of management, crew staffing and supervision, and allows us to be more selective with personnel.
- Operators are freed from dealing with the complexities of communications and staffing involved with multiple management shifts.
- The restaurant is not forced to operate during the traditionally lowest volume hours of the afternoon



"If you have always dreamed about creating your own place that would become the neighborhood favorite...If you're looking for an idea that is efficient and comparatively simple to operate...If you've searched for a way to be in the restaurant business for yourself, and still have a life away from work...look no further. You can own a restaurant and still have your evenings free with this unique concept"

-Shain Buerk, President

PRODUCT

When it comes to breakfast, nobody does it better than Scramblers. Our use of fresh ingredients and quality products have enabled us to make the “best breakfast in town” for 30 years. All of our eggs are cracked right from the shell every day, our pancake batter is made from scratch daily, and we even shred our own cheese! These labors of love help give our food the flavor and quality, you just can’t get from our competitors. Beyond providing a superior product, Scramblers’ unique “breakfast and lunch” only concept offers our franchisees a number of advantages.

- Preferred product mix for business meetings and power breakfasts
- Diverse menu offerings to fit dietary restrictions/preferences
- Carry-out menus and bulk sales menus for offices and groups
- Extensive and high-quality full lunch menu, allowing tremendous growth opportunity to build on the established breakfast base and a competitive edge in the lunch market
- Outstanding potential for evening opportunities, including parties and private banquet dinners for groups of 25-200, providing an additional potential revenue stream



Creating an amazing breakfast experience for our guests isn’t just about great food. At Scramblers, amazing service and an inviting atmosphere are just as important. Because of this, all our servers are trained to provide our guests with the kind of prompt and friendly service they can't find anywhere else. Each Scramblers location uses a balanced mix of fresh colors and rich wood accents, to create a modern, yet inviting ambiance. Our blend of bright colors and cozy touches, enables us to provide the perfect atmosphere for both business professionals and families alike.

SUPPORT

COMPREHENSIVE TRAINING

You and/or your unit manager will attend our comprehensive, one to two-week training program. Training will take place at one of our corporate restaurants, where you will learn our operational procedures, merchandising techniques, systems training, register operation, payroll management, inventory control and other skills in a real working environment to make your business as successful as possible



DEVELOPMENT SUPPORT

Site selection assistance-

Our professional lease negotiators maintain close contact with major regional mall and shopping center developers across the nation to help ensure prime locations. Our goal is to assist you in negotiating the most favorable terms possible in the best markets available. Because we have developed and managed many of the retail centers in which current Scramblers locations are now operating, we are experienced with both sides of the retail leasing table.



Constructive and build-out guidance- Scramblers has identified the ideal site size, approximately 3,400 square feet to maximize efficiency. Our field construction managers will assist with meeting the design specifications and local regulations. Warm inviting colors, tall ceilings and rich wood accents create an environment that is upscale and modern, while maintaining a cozy ambiance.

OPERATIONS SUPPORT



Operations manuals- You will receive a complete set of operation manuals and access to our exclusive online management and HR tools to assist you in the daily running of your store. Also, newsletters and personal contact will keep you current on new products, operational improvements and new information regarding supplies, equipment, federal and state regulations and promotional ideas

Opening assistance- Once you open for business, we will continue to assist you by providing experienced trainers to help integrate all the skills you learned at our training center and further assist in training your employees.

MARKETING SUPPORT

Our team will help you develop a local marketing plan tailored to your franchise that will result in the most sales from your marketing activities. In addition, we will provide ongoing marketing and advertising support including in-store signage materials, flyers, coupons, ad slicks, and more.

ONGOING SUPPORT

Each franchisee will be assigned a field representative to guide and support your operations. He or she will always be available by phone to answer any questions.

Your field representative will visit periodically to consult with you on the operation of your store and complete a store assessment. You also will complete self-assessments monthly for your own location and general manager. This will allow your field representative to provide them with additional information.



OPPORTUNITIES

SINGLE-UNIT FRANCHISEE

A single-unit franchisee acquires the right to own and operate one franchise unit.

Territory: The franchisee maintains a protected, exclusive 3-mile geographic area around their location. This prevents another franchise from opening a location within 3 miles of another Scramblers location.

Level of participation: The franchisee is very involved with almost all operations in single unit franchise agreements. The franchisee will want to have a frequent presence at the business. Many single-unit franchisees act as the owner/manager, supervising daily operations.

Fees & Royalties:

- \$40,000 franchise fee due at signing
- 4% royalty, based on net sales
- Prorated National/Regional marketing fund royalty not to exceed 1%
- 2% local advertising requirement spent in your market



Typical liquid capital required:

- \$40,000 franchise fee due at signing
- \$100,000 minimum cash liquidity is typically required on a total investment of \$400,000 to \$700,000. Variables include leasehold improvements and closed landlord incentives. Third party financing is available with 20-30% cash investment.

AREA DEVELOPER

This license grants the franchisee the right to open a minimum of three (3) franchise units in a specified territory. There is a production schedule in which the franchisee will open a predetermined number of franchises during a certain period. The Area Developer franchisee has a protected, exclusive territory in which no other franchisees will be allowed to open a franchise.

The Area Developer acquires a minimum of three locations at signing. The Area Developer pays a progressively lower franchise fee for all units after the first one.

Territory: The franchisee maintains a protected, exclusive geographic territory as long as the opening schedule is maintained. An Area Developer territory can range from a small city to parts or all of a larger city, county, or state.

Level of participation: The franchisee will be very involved in the beginning stages of the first location to make sure it is successful. The franchisee will also need to be looking for qualified real estate to open the next few locations. Once several locations are open, the franchisee will need additional assistance to manage several units.

Fees & Royalties:

- \$40,000 Franchise fee for the 1st unit, due at signing
- \$30,000 Franchise fee for the 2nd unit
- \$25,000 Franchise fee for the 3rd unit and all additional units

Typical liquid capital required: The amount out of pocket decreases with each additional location.

- \$67,500 Franchise fees due at signing (Example: \$40,000 franchise fee for the 1st unit and \$27,500 franchise fee paid at commitment for anticipated units two and three)
- \$200,000 minimum cash liquidity is typically required for three franchise units to secure the area, pay all franchise fees and have additional start-up capital. The franchisee will then need to be able to finance the rest of the start-up costs for each of the franchise units, as they open
- Total cash liquidity is dependent upon the number of units a franchisee decides to open

MASTER FRANCHISEE (AREA REPRESENTATIVE)

A Master Franchisee, also called an Area Representative, has the right to a larger area than that of an Area Developer. The Master Franchisee (AR), in addition to opening franchises at a much



reduced franchise fee and paying only ½ of the standard royalty fee, can also sell unit franchises, multi-unit franchises and area development franchises and make a strong return on each sale.

The Master Franchisee receives ½ of the royalties paid by each franchisee. Master Franchisee receives 75% of franchise fee collected from every franchise signed in their territory.

The Master Franchisee (AR) becomes a type of sub-franchisor for the area. The Master Franchisee (AR) will be required to open and operate one unit (pilot location) to generate a consistent income and to use as a training center. Master Franchises are rare. Most franchisors do not offer them. However, when they are available they usually sell quickly. The income generated from a Master Franchise can be very lucrative. The initial investment is low compared to the type of value you can build in the Master Franchise area. The flexibility for the franchisee is also greatest at this level.



Territory: The territory typically consists of a minimum of ten locations, in contiguous zip codes. Master franchises are usually in a large metropolitan area, one or more counties, an entire state or even several states. It is an exclusive area and will remain exclusive as long as the master franchisee meets the development schedule of franchises in the territory.

Fees & Royalties:

- \$40,000 Single franchise fee
- \$20,000 Franchise fee for all additional units
- 75% franchise fee received for each store sold in territory
- 50% royalty split, based on net sales
- 4% royalty on stores you own

Level of participation: The master franchisee will open and operate at least one unit and will in time use a manager to supervise day-to-day operations. The Master Franchisee normally focuses attention on marketing and selling single or multiple unit franchises and assisting them with training support. Very rarely is a Master Franchisee “hands on” in a unit franchise. Master Franchisees tend to spend more of their time operating like a business consultant or coach to their franchisees to help them become successful.

Typical liquid capital required:

- \$250,000 minimum cash liquidity is typically needed to acquire the territory and for initial liquid capital to start the area. Financing will need to be secured for the start-up costs of the prototype franchise unit.

INVESTMENT BREAKDOWN

Franchise Fee.....	\$40,000
Travel and Living Expense During Training.....	\$1,000 to \$2,000
Rent.....	\$5,000 to \$8,000
Security Deposits.....	\$6,000 to \$9,000
Architectural Fees.....	\$13,000 to \$18,000
Leasehold Improvements.....	\$215,000 to 405,000
Furniture, Fixtures, and Equipment.....	\$105,000 to 115,000
Signage.....	\$4,000 to \$10,000
Small Wares and Office Supplies.....	\$8,000 to \$10,000
Opening Inventory.....	\$9,000 to \$12,000
Professional and Legal Fees/Permits.....	\$5,000 to \$8,000
Insurance.....	\$2,500 to \$3,000
Printing Fee.....	\$1,500 to \$4,000
Uniform Costs.....	\$1,000 to \$3,000
Grand Opening Expenses.....	\$2,000 to \$5,000
Additional Funds for first 3 months.....	\$20,000 to \$50,000

TOTAL.....\$423,000 to \$702,000

DOES NOT INCLUDE REAL ESTATE COST

RECRUITMENT PROCESS CHECKLIST

Step	# Days to complete step	Total days in process
One: Pre-Qualification Call	1-3	1-3
Two: The First Date	1-3	2-6
Three: FDD Review	3-7	5-13
Four: The Winning Formula	3-7	8-20
Five: Validation	16-39	24-59
Six: Discovery Day	7-21	31-80
Seven: Yes/No Decision	0-3	31-90

PROCESS OVERVIEW

1. Step One – determines whether or not the potential exists for candidate to become a franchisee
2. Step Two – determines how candidate's goals & objectives can be met as a franchisee by helping candidate see how his or her background, experience, & financial ability translates to success as a franchisee
3. Step Three – communicates the roles & responsibilities of a Scrambler's franchisee & the franchisor; identifies and eliminates any potential contractual barriers to moving forward
4. Step Four – explains how Scramblers' franchisees create profitable & sustainable businesses; gives the candidate a clear idea of what it takes to succeed; illustrates how Scramblers and the candidate will work together for the benefit of the franchisee; Operations Assessment
5. Step Five – two phases: (1) franchisee validation teleconferences, and (2) one-on-one franchisee validation calls
6. Step Six – final determination as to whether or not candidate & Scramblers will do business
7. Step Seven – candidate signs franchise agreement