



## Franchising FAQs

Here are some frequently asked questions from potential franchisees. You may have other questions as we move through our process, including information required by the Federal Trade Commission and applicable state laws. Feel free to contact us at (607)734-4869.

### How do I get started?

The first step is to return the Franchise Application. This does not obligate you to Pudgie's Pizza in any way. The form is simply used to determine mutual compatibility. Upon receipt and review, we will contact you and arrange an initial telephone conversation. If we both agree to proceed, then we will send out an information packet. Once we receive this information back we can then schedule a personal meeting to give you the Franchise Disclosure Document(FDD) for review. This document contains all the information required by the Federal Trade Commission and/or the particular state in which your Pudgie's Pizza restaurant will be located. The FDD will enable you to diligently investigate our franchise operation.

### What types of opportunities are available?

Single-unit and multi-unit franchise opportunities are available. A multi-unit franchisee must sign a Development Agreement for at least three locations.

### How much does it cost to join the Pudgie's Franchise System?

The franchise fee for your first franchise is \$30,000. If you sign a Multi-Unit Operator Agreement, the franchise fee for every location after the first remains at \$30,000. However, we require only a 50% franchise fee payment, or \$15,000, for each additional location outlined in the Multi-Unit Operating Agreement which is due at the time of signing. The remaining 50% is due as each subsequent Franchise Agreement is signed.

### How much does it cost to build a Pudgie's Pizza Restaurant?

Currently investment to start a Pudgie's Pizza restaurant ranges from \$306,000 to \$682,000. This range includes the total investment including all associated fees, furniture, fixtures, equipment, security deposits, leasehold improvements, signage, and opening inventory. The range is wide because of the many variables involved in the build-out of your restaurant. This amount does not include purchasing of the land and/or building construction.

### What is the term of my Franchise Agreement?

10 years with two 5 year renewals.

## **Is there a continuing fee?**

Yes, the continuing royalty fee is 7% of weekly gross receipts, excluding sales tax.

## **Is there an advertising fee?**

You are required to spend up to 3% of net sales in advertising for your store. In addition, there is a system wide 1% of net sales are paid weekly to Pudgie's Pizza for national advertising that will allow Pudgie's Pizza to compete with other national brand systems and continue to build the Pudgie's Pizza brand. The 3% is to be used by the individual franchisee for local marketing and advertising. Pudgie's Pizza retains the exclusive decision-making power over the use of these funds, but the applications of them will always be for advertising and marketing purposes.

## **Does Pudgie's offer financing?**

No, not at this time.

## **Will I receive assistance in finding a suitable location for my Pudgie's Pizza restaurant?**

Yes. While it is each franchisee's contractual responsibility to find a suitable location, Pudgie's Pizza representatives will assist you in the process. We will collectively review all available options and approve a location that is mutually agreed upon and meets our criteria and will assist you with purchase and lease negotiations.

## **Who signs the lease?**

Each franchisee will execute the lease for their store.

## **How long does it take to open a Pudgie's Pizza restaurant?**

We hesitate to give a specific time due to the number of variables that exist. A restaurant opening may be completed within 160 days or more from the time a site is leased.

## **Do I receive training from Pudgie's Pizza?**

Yes, our current training program takes place at our home office in Elmira, NY. Pudgie's Pizza training covers all the facets of operating the Pudgie's Pizza business. Furthermore, a Pudgie's Pizza representative will assist you at the opening of your first restaurant.

## **Can I sell my franchise?**

Yes. As in any other business, your business can be sold. Pudgie's Pizza must approve the buyer and there will be a transfer fee to cover the legal and training costs.

## **How much income can I generate from a Pudgie's Pizza franchise?**

We do not publish a profit and loss statement due to Federal Trade Commission Regulations.