

2025 IFA CONVENTION

LAS VEGAS, NV | FEB. 10-13

TEAM
FRANCHISING



BEYOND EBITDA:

WHAT IMPACTS CASH FLOW & PROFITABILITY



BEYOND EBITDA: WHAT IMPACTS CASH FLOW AND PROFITABILITY



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BEYOND EBITDA: WHAT IMPACTS CASH FLOW AND PROFITABILITY

Collecting Financials from Franchisees

- How frequently should financials be collected?
- Standardization: Year-over-year, monthly, or quarterly analysis?
- What are franchisors missing?

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Franchisee 1:

Income	1,040,000	
COGS	239,200	23%
Labor	322,400	31%
EBITDA	145,600	14%

Franchisee 2:

Income	900,000	
COGS	207,000	23%
Labor	279,000	31%
EBITDA	108,000	12%

Example System Metrics:

AUV: \$990,000

AVG EBITDA Margin: 14%

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Franchisee #1: Financial Snapshot

Long Term Debt: \$600,000
Rate: 8%
Term: 60 months
Monthly Payment: \$12,166

Key Ratios:

Debt to EBITDA: 4.12
Debt Service Coverage: .99

Franchisee #2: Financial Snapshot

Long Term Debt: \$400,000
Rate: 10%
Term: 120 months
Monthly Payment: \$5,286

Key Ratios:

Debt to EBITDA: 3.17
Debt Service Coverage: 1.7 times

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Key Financial Metrics – Why Balance Sheets Matter

- Identifying liquidity and leverage issues
- Spotting red flags (e.g., excessive debt, negative equity)
- Key ratios

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How does using of EBITDA as the only measure of profitability impact development?

- Understanding franchisee health for sustainable growth
- Future Obligations/Remodels
- Transfer and expansion strategy

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Addressing franchisee collaboration: What's in it for them?

- Benchmarking
- Education: Building financial literacy within the system
- Data-driven decision making