



At 40, an up-tempo plan for National Franchise Sales

BY BETH EWEN | Published: 10.26.17

Jerry Thissen has his funeral planned—the Vietnam War veteran will be buried at Fort Snelling National Cemetery in Minnesota, the state where he was born, with arrangements already made for first-class plane tickets for his daughter to fly his remains home.

But most important, “I already know the music,” he declares at the end of a lunch and interview where he showed up driving a rented red Ford Mustang convertible, top down.

“Jackson Browne, ‘Running on Empty.’ I want to spend it all” before then, physically speaking at least.

Meanwhile, the 70-year-old Thissen has work to do, specifically selling more restaurants to franchisees after founding his firm, National Franchise Sales, 40 years ago this coming February when a neighbor asked for his help.

At the time he was a marketing exec for Northwest Airlines, but he took out an ad in the L.A. Times to sell a Pioneer Chicken franchise. With an accounting degree obtained from the University of Minnesota on the G.I. Bill, he cleaned up the numbers and sold the unit, then started getting phone calls.

Pretty soon, “I had six in the bank and I had eight more lined up,” he recalls about restaurants to sell. “We had a brand new house, a brand new baby and another on the way,” and he told his wife, “I’m quitting my job.” She was



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concerned they would lose the privilege of flying around the world for free, a perk with his airline job. “I said sweetheart, we can pay for it now,” he recalled.

Year in and year out

Today, National Franchise Sales is the largest franchise resale company, with headquarters in Newport Beach, California, and 26 employees, including 18 advisers and eight support staff, who work from all over the United States. Michael Ingram is vice president and joined 20 years ago as a full equity partner at a time when only four or five people worked there.

Other than 2009, “a rough patch” for the firm, and the early 1980s when the prime rate was 21 percent, business has grown apace, Ingram said.

“Right now we’re gaining on average 250 or more new clients per month, year in and year out, and a database over 90,000,” Ingram said. “We have an obligation to these people,” and all associates at the firm engage in “a lot of hand-holding” with the buyers.

“The key is, they have to feel good about that brand,” he says. “Every single brand goes through its up and downs, and most of the time those ups and downs have nothing to do with the economy. No brand will skip some decline at some point.” Ingram insists that every prospective franchisee talk with as many franchisees and general managers as they can before deciding, so they are “going in with your eyes open.”

Alan Gallup is another top partner who joined in 1994 and who got to know Thissen when Gallup was VP for a regional restaurant chain and Thissen brought him a candidate to consider. Gallup didn’t much like the candidate, but didn’t want to be sued for contractual interference if he killed the deal for a seller. In another instance, Thissen was concerned about the high crime rate near a location, and said he wasn’t comfortable putting a franchisee in there. “He did what was good for the franchisor” in both instances, Gallup said, and when it came time for Gallup to make a career change he joined up with NFS.



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One of NFS's specialties is sales of distressed restaurants, with one highlight being handling the sale of 78 restaurants for a Jack in the Box franchise several years ago. "A franchisor had bid \$16 million, and the stalking horse bid came in at \$19 million," Gallup recalls. "And we proceeded with a two-day live auction with over 25 participants, and we captured \$39 million for the estate.

"It was making the best out of a bad situation. Those are a lot of fun," Gallup says.

Gallup got into franchising in 1971, and "I've seen a lot of changes," he says. "I got to meet Carl Karcher, I met Harold Butler," referring to the founder of Carl's Jr. and Denny's respectively. "I was a snot-nosed kid but I did get to meet them."

He said his biggest reward is working with franchisees. "The one thing I really loved is opening the door for someone, and watching them succeed and build wealth. What happens is, the longer you're in it, the more of that you get to see," Gallup said. "Whether it's the 28-year-old getting their first store, or someone years later who has 50 stores today and they're worth \$50 million, those relationships are lifelong and I still love it."

Finding what's fair

Thissen, whose title is president at National Franchise Sales, agrees plenty has changed in franchising over

the 40 years, but the fundamentals stay the same. "A lot of new concepts have come and gone. You've seen some that were strong and then weak, like Buffalo Wild Wings and Chipotle," he said. "But there really is no difference in how I value the business. The basic evaluation is the same today as it was 40 years ago.

"Our strength is our ability to determine the value that's fair, that will work. Can we get 18 times EBITDA?" he asks, referring to cash flow. "Sure! But it won't work."

"I don't feel I sell stuff. I just inform people," and in 40 years "I've never spent a day in court," he says. "A transaction in franchising consists of five parties: buyers, sellers, franchisors, leasing agents or landlords, financiers. "It's got to be good for all five parties or it's not going to get done," he says. "You don't come to me for a deal. It has to be fair."

What about the eye-popping valuations in the market today? How does Thissen explain those? "People are stupid," he declares. "You just shake your head because you know it's going to come back" to haunt them. And he shares his rule of thumb: "When you see something that doesn't make sense, just check whose money it is." When it's somebody else's, the decisions can go off the rails.

Thissen still has plenty of items on his bucket list. He's climbed the Andes to where Argentina and Chile meet. He's visited nine of the 13 presidential libraries, and will

get to the rest soon. He went to Jackson Hole, Wyoming, to see the solar eclipse this past August. He's traveled Route 66 in his Camaro. He plans a trip to Abu Dhabi over the New Year's holiday. "I want to go see it before it turns back to sand," he says, and also he wants to ride the world's fastest roller-coaster at Ferrari World.

As he ended his visit to Minneapolis in late August, where he also spent time with his son, daughter-in-law and grandkids in suburban Eden Prairie, he was revved up to get going. "I'll be 70 in four days and I have no intention of slowing down," he said, then zoomed off in that Ford Mustang convertible.



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