

The Profile of Franchising

Volume III: A Statistical Abstract of
1998 UFOC Data

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Release Date: February 2000

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Section 11: Turnover Study

A. Turnover Rates vs. Failure Rates

This study defines turnover as the occurrence of one or more of the following events during the year in question: franchise cancellations, franchise transfers, franchise nonrenewals, reacquisitions by franchisors, and franchises where the franchisee left the system for other reasons.

Though it is beyond the scope of this study to define failure, please note that the turnover rates presented herein should not be confused with "failure" or "closure rates" for the following reasons:

1. **Double Counting of Events**

In many cases, a franchised unit which is either not renewed or cancelled is subsequently transferred by the franchisor during the same year. In addition, franchised units are often canceled and then re-acquired by the franchisor during the same year. In many instances, franchisors have counted these events separately, which leads to double counting of events, and an upward bias on turnover. It also means that precise turnover rates, as narrowly defined within the scope of this study, are difficult to measure with this data, as the data sets are not mutually exclusive.

Many of these reasons relate to inherent deficiencies in the definition, formulation and/or interpretation of the UFOC Item 20 guidelines. A clearer definition, with an expanded number of categories to prevent double counting, would be helpful in future research.

2. **Unclear Definition of Failure and Success**

Unit status may not necessarily determine a particular franchisee's success or failure. While there are no clearly accepted definitions for "failure" or "success", "success" typically implies financial reward and satisfaction for a franchisee while "failure" typically implies financial hardship and discontent. However, there are several reasons for a franchisee to terminate ownership of (and thus turnover) a franchised unit while still being successful.

B. Procedures for Calculation of Turnover

FRANDATA computed several rates, which correspond to each of the following Item 20 event categories (as defined in the UFOC Guidelines): (1) franchised units where controlling ownership had been transferred during the fiscal year (*Transfers*), (2) franchised units that had been canceled or terminated by the franchisor (*Canceled*), (3) franchised units that had not been renewed by the

franchisor (*Nonrenewals*), (4) franchised units that had been reacquired by the franchisor (*Reacquisitions*); and, (5) franchised units that had been reasonably known by the franchisor to have otherwise ceased to do business in the system (*Other*).

In this section, turnover figures are compared against certain common characteristics of franchisors, which are each included as dependent variables. The dependent variables were chosen by the IFA Educational Foundation Committee Members in an effort to define which franchisor characteristics may correlate with higher and lower franchised unit turnover. The dependent variables selected were: (1) number of franchised units, (2) number of company-owned units, (3) number of franchised and company-owned units (total units), (4) percentage growth in number of franchised units, (5) length of time in business, (6) length of time franchising, and (7) industry category. Both median (mid-point) and mean (average) figures for each of these categories are included.

The Turnover Rate is defined to include all the Item 20 categories (Transfers, Cancellations, Nonrenewals, Reacquisitions, and Other). We calculated the Turnover Rate by using the following formula:

$$\text{Turnover Rate} = \frac{\Sigma (\text{Tr, Ca, Nr, Ra, Ot})}{\text{Ye}}$$

Where,

- Tr = Franchised units transferred during the 1997 year;
- Ca = Franchised units canceled during the 1997 year;
- Nr = Franchised units not renewed by the franchisor during the 1997 year;
- Ra = Franchised units reacquired during the 1997 year;
- Ot = Franchised units that had left the system for other reasons during the 1997 year; and
- Ye = Total number of franchised units open at year end for the 1996 year.

Numerator: We added the totals for units transferred (Tr), canceled (Ca), not renewed (Nr), reacquired (Ra) and that had left the system for other reasons (Ot) during the current year (1997). Again, although the categories are not mutually exclusive and cannot be separated, they all must be used in whole to create a somewhat meaningful aggregate.

The lack of mutual exclusivity is particularly cumbersome, since it provides an immediate upward bias to turnover figures. In particular, certain categories, especially Transfers, may be incorrectly counted more often, as most other events may result in a subsequent Transfer. Rather than try to leave out the problematic Transfers category, we decided to present the aggregate numbers both with and without the Transfers category.

Denominator: The base year's total number of units open at year end (Ye) is the denominator. We chose the base year (in this case 1996) for these figures since this is the number of units in the system at the beginning of the current year.

Because not all data was disclosed with a 12/31 date, we made some adjustments to the date in order to compare the data. The years of data were defined as follows:

1996 (defined as 4/1/96 through 3/31/97, inclusive)

1997 (defined as 4/1/97 through 3/31/98, inclusive)

The Turnover Rates are presented both as a mean and as a median. Because presenting only the median or only the mean would be misleading, the **Profile** includes both figures in the charts and graphs. The median is the middle value of a set of numbers arranged from lowest to highest. Though the mean is an average value, the median best describes the “middle” value of the data set. The median is a better measure of central tendency in a set in which the data is skewed, as is the case with non-mutually exclusive information. *The number of systems in each cell is also presented and must be considered when judging the meaningfulness of the mean and median figures.*

C. Presentation of Data

- 1) The first page (left side of opened report) provides the text description of the turnover data compiled from 1998 UFOCs in the following sections:
 - a) The Description of the graph(s) appearing on the page opposite the text;
 - b) The Methodology used in creating the graph(s); and
 - c) Selected Findings from the graph(s).
- 2) The second page (right side of opened report) shows the turnover rates with and without transfers in two different bar graphs: one showing the median and the other the mean. The turnover rates are displayed on the vertical, or y-axis, and the industry categories are displayed on the horizontal axis.
- 3) The third page (left side of opened report) shows the source data used to create the graphs.
- 4) The fourth page (right side of opened report) shows the number of systems in each category. This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. A particular cell may have a Turnover Rate of 66% in a particular category and industry but the frequency may show that there may have been only one system in that particular category.

D. Exclusions

Of the 1226 systems included in Volume III of the **Profile**, there were 1024 systems for which we had both 1996 and 1997 data. We were only able to include 834 systems because 45 systems did not disclose or had no franchised units in 1996, and therefore no turnover rate could be calculated, as the denominator of the equation would have been zero.

There were three types of situations where we had a registered UFOC which could not be included in the study:

- 1) **System did not report information for the years 1996 and 1997.**
In order to make a comparison of 1996 and 1997 data, the franchisor had to have disclosed information for these years. If a franchisor did not disclose the 1997 and 1996 number of franchised units, along with the number of cancellations, transfers, reacquisitions, and units that left the system, their particular data set was not included in the **Profile**. For example, if the franchisor only disclosed that they had 8 franchised units in 1996, and presented no data for 1997, the system was not included. Similarly, if they disclosed the number of franchise units for both 1996 and 1997, but failed to disclose the number of franchisees who left the system in those years, the system was not included.
- 2) **State did not have a full document.**
In some cases, the document that we received from a particular registration state was missing pages. If this occurred, we would try and contact them to acquire those pages that were missing. However, if we could not retrieve the pages, and the missing pages included the Item 20 information, we could not include the system.
- 3) **System did not have franchises in 1996 and 1997.**
If the system did not have franchises in 1996, it was not possible to calculate the Turnover Rate because the denominator was zero (see formula used on page 208). There were 45 systems out of 879 that had zero franchises in 1996.

11.1 Turnover Rates by Industry Category

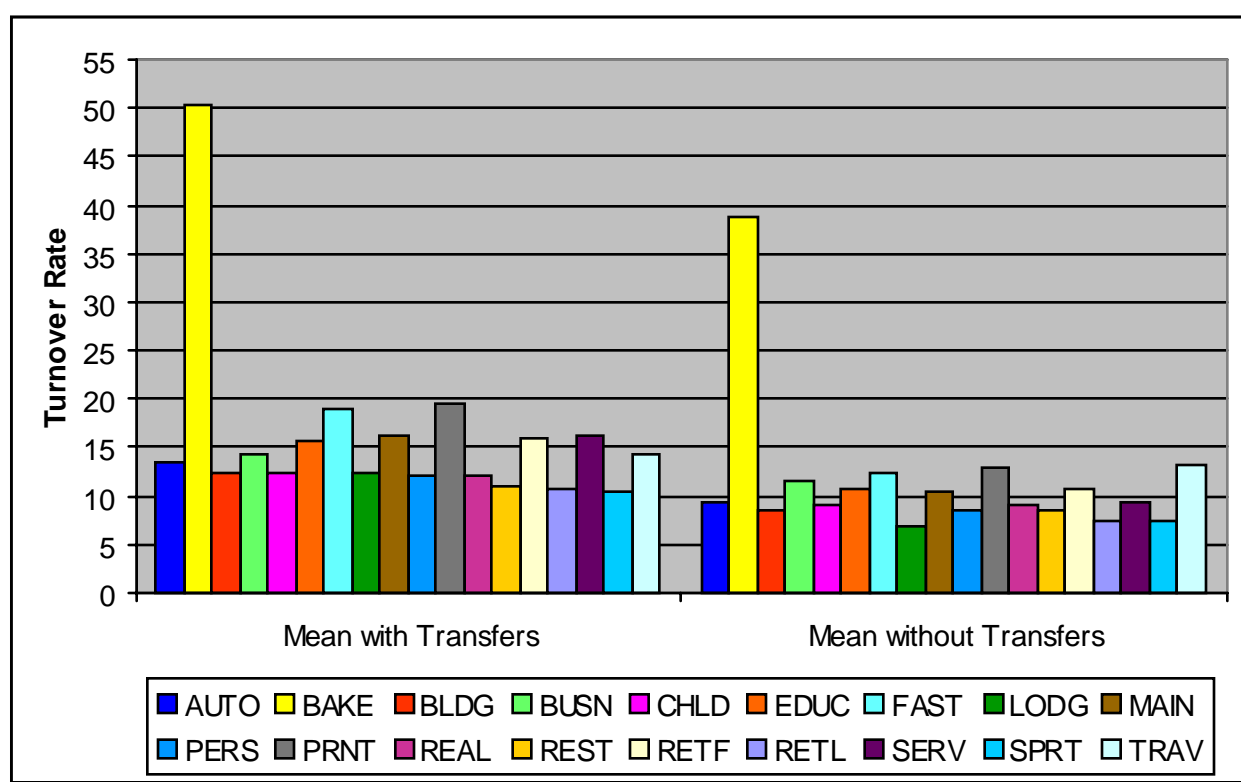
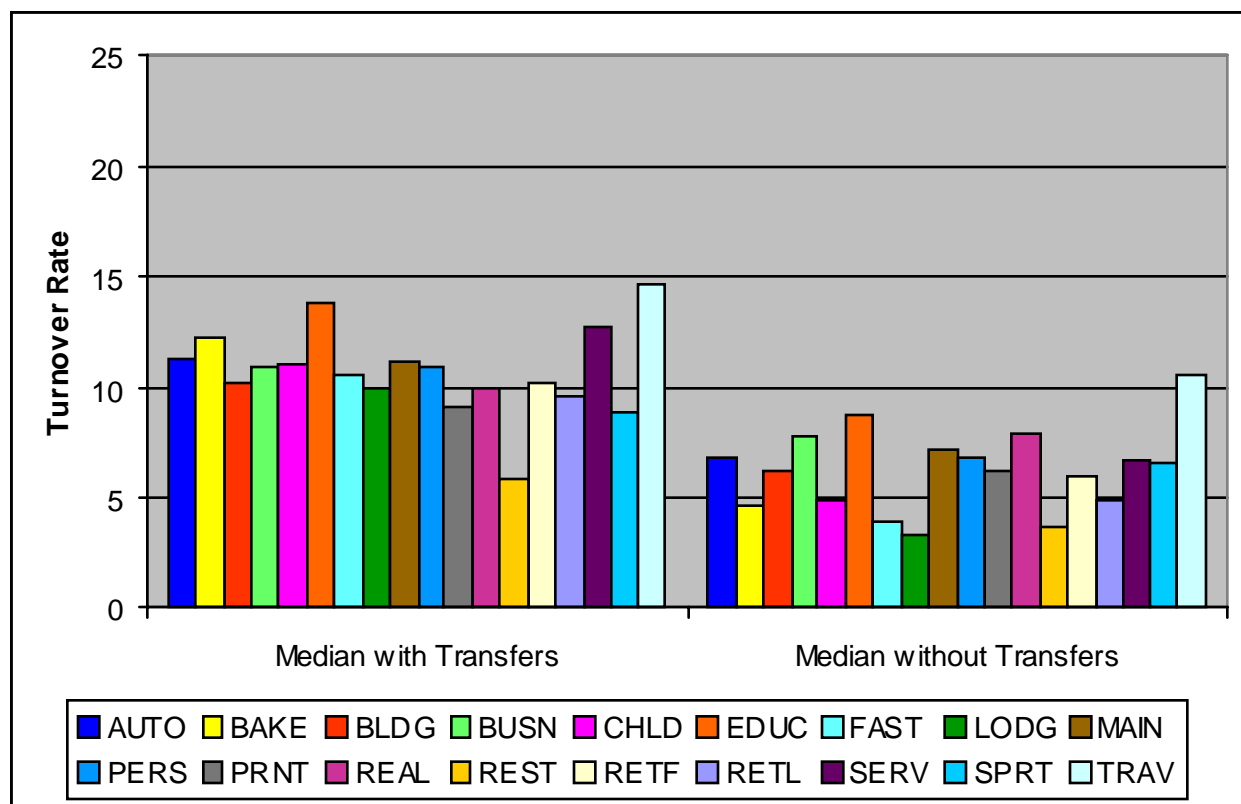
Description

Bar Graphs: Chart 11.1 examines the Turnover Rates by Industry Category. The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart.

11.1 Turnover Rates by Industry Category



11.1 Turnover Rates by Industry Category

	Median with Transfers	Median without Transfers
AUTO	11.2%	6.8%
BAKE	12.2%	4.6%
BLDG	10.2%	6.3%
BUSN	10.9%	7.8%
CHLD	11.0%	4.9%
EDUC	13.8%	8.8%
FAST	10.6%	3.9%
LODG	10.0%	3.3%
MAIN	11.1%	7.1%
PERS	11.0%	6.8%
PRNT	9.0%	6.2%
REAL	10.0%	7.9%
REST	5.9%	3.6%
RETF	10.3%	6.0%
RETL	9.6%	4.9%
SERV	12.8%	6.7%
SPRT	8.9%	6.6%
TRAV	14.7%	10.6%
Total	10.49%	5.54%

	Mean with Transfers	Mean without Transfers
AUTO	13.4%	9.3%
BAKE	50.5%	38.7%
BLDG	12.4%	8.6%
BUSN	14.4%	11.4%
CHLD	12.1%	9.0%
EDUC	15.7%	10.5%
FAST	19.0%	12.4%
LODG	12.3%	6.7%
MAIN	16.2%	10.4%
PERS	12.1%	8.5%
PRNT	19.4%	12.8%
REAL	11.9%	8.9%
REST	11.1%	8.5%
RETF	15.9%	10.8%
RETL	10.7%	7.5%
SERV	16.1%	9.4%
SPRT	10.4%	7.5%
TRAV	14.2%	13.1%
Total	15.99%	11.33%

11.1 Turnover Population by Industry Category

1998

	Total
AUTO	70
BAKE	24
BLDG	50
BUSN	36
CHLD	22
EDUC	10
FAST	160
LODG	43
MAIN	55
PERS	26
PRNT	15
REAL	26
REST	67
RETF	41
RETL	89
SERV	70
SPRT	21
TRAV	9
Total	834

	Total
AUTO	8%
BAKE	3%
BLDG	6%
BUSN	4%
CHLD	3%
EDUC	1%
FAST	19%
LODG	5%
MAIN	7%
PERS	3%
PRNT	2%
REAL	3%
REST	8%
RETF	5%
RETL	11%
SERV	8%
SPRT	3%
TRAV	1%
Total	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.2 Turnover Rates by Number of Franchised Units

Description

Bar Graphs: Chart 11.2 examines the Turnover Rates by the number of domestic franchised units in each system. A 'domestic franchised unit' is a unit located in the U.S. and owned and operated by a franchisee. The bar chart displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

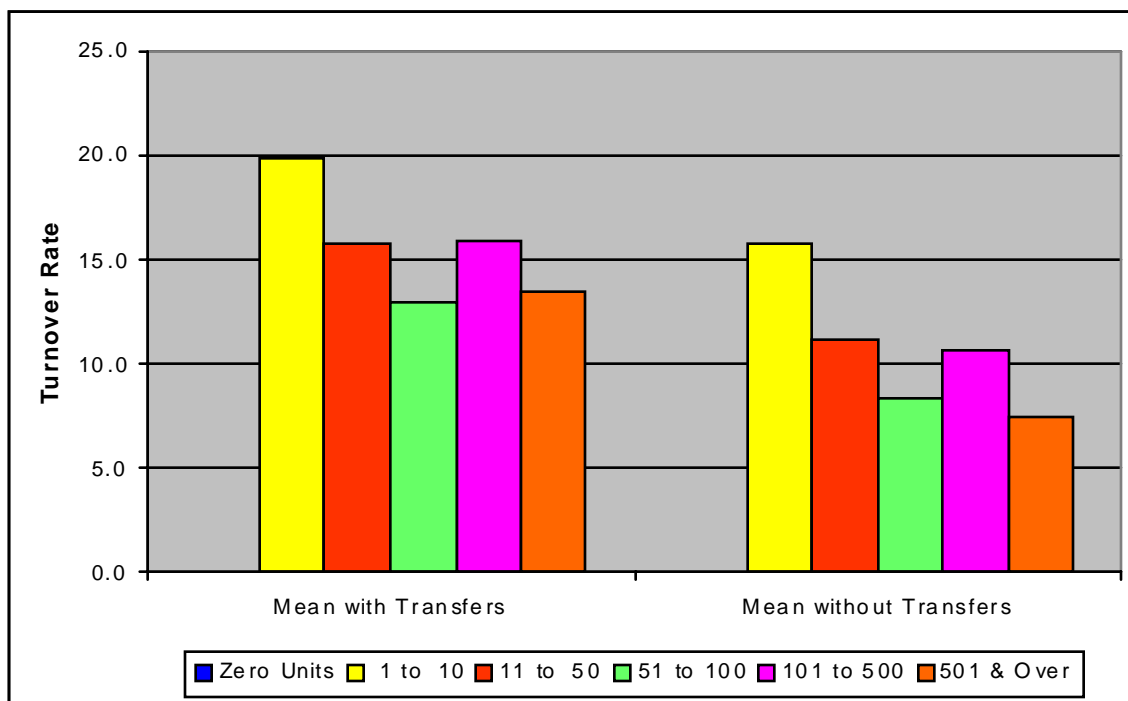
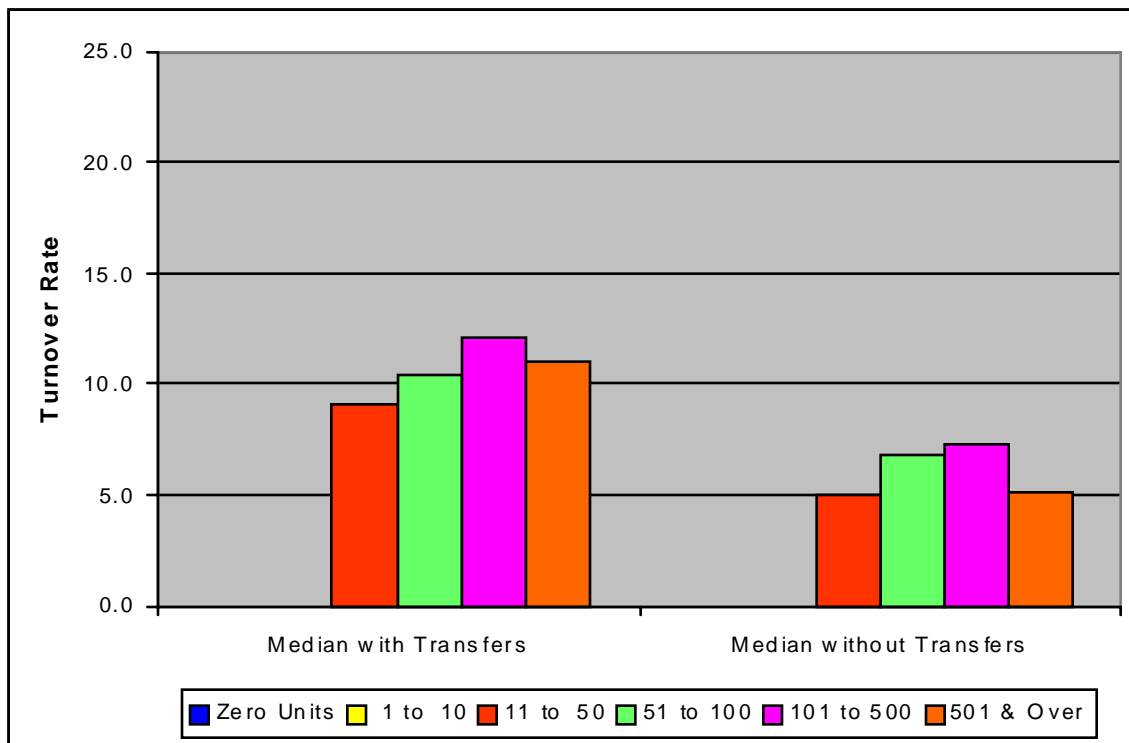
Selected Findings

1. The mean (with and without transfers) generally shows lower turnover rates with a higher number of franchised units;

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.2 Turnover Rates by Number of Franchised Units



11.2 Turnover Rates by Number of Franchised Units

	Median with Transfers						Median without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO		17.0%	2.7%	9.2%	12.2%	10.8%		17.0%	0.0%	8.1%	9.4%	5.5%
BAKE		55.6%	11.8%	0.0%	13.1%	16.8%		55.6%	0.0%	0.0%	9.9%	4.0%
BLDG		5.6%	7.0%	9.1%	11.9%	15.4%		5.6%	6.3%	3.4%	6.8%	14.6%
BUSN		0.0%	9.3%	15.2%	14.0%	10.2%		0.0%	7.8%	8.1%	11.1%	3.7%
CHLD		10.0%	6.3%	2.3%	16.0%			10.0%	0.0%	2.3%	10.6%	
EDUC			8.0%	19.6%		10.8%			5.0%	12.5%		6.6%
FAST	0.0%	0.0%	11.0%	11.9%	11.2%	9.3%	0.0%	0.0%	1.6%	7.0%	6.9%	3.3%
LODG		0.0%						0.0%				
MAIN		22.5%	14.3%	7.0%	12.6%	9.1%		2.9%	7.1%	5.3%	10.7%	5.1%
PERS		0.0%	6.7%	13.9%	12.6%	7.0%		0.0%	6.7%	10.9%	10.1%	6.0%
PRNT		16.7%	78.1%	7.7%		11.1%		0.0%	62.5%	6.3%		7.1%
REAL	0.0%	0.0%	8.2%	10.6%	11.9%	12.9%	0.0%	0.0%	7.7%	9.2%	8.4%	7.6%
REST		0.0%	1.9%					0.0%	0.0%			
RETF						13.8%						8.1%
RETL		0.0%	7.6%	10.3%	10.5%	10.5%		0.0%	2.5%	4.2%	5.9%	5.4%
SERV		4.2%	11.1%	9.7%	16.1%	11.9%		0.0%	6.3%	7.9%	10.2%	2.5%
SPRT		0.0%	13.3%	7.6%	12.5%	17.0%		0.0%	8.7%	6.9%	6.7%	11.0%
TRAV			9.0%	18.0%	14.7%	16.5%			9.0%	18.0%	10.3%	15.0%
Total	0.0%	0.0%	9.1%	10.4%	12.1%	11.0%	0.0%	0.0%	5.0%	6.8%	7.3%	5.2%
	Mean with Transfers						Mean without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO		16.7%	8.4%	11.7%	17.8%	8.9%		16.7%	4.7%	6.7%	13.6%	5.5%
BAKE		40.7%	52.8%	4.0%	81.3%	16.8%		40.7%	47.6%	1.7%	52.0%	4.0%
BLDG		15.7%	9.6%	13.6%	12.1%	15.4%		15.7%	5.4%	8.7%	7.7%	14.6%
BUSN		8.3%	18.3%	15.2%	13.3%	8.3%		8.3%	16.7%	9.3%	10.1%	3.4%
CHLD		11.3%	8.3%	8.1%	20.5%			11.3%	6.0%	5.0%	14.4%	
EDUC			7.5%	21.5%	14.0%	10.8%			5.0%	16.5%	7.1%	6.6%
FAST	0	46.1%	15.9%	16.3%	14.6%	11.9%	0.0%	38.8%	9.6%	8.8%	8.4%	5.2%
LODG		0.0%	15.4%	13.0%	14.7%	10.7%		0.0%	9.3%	7.4%	8.2%	3.9%
MAIN		19.6%	18.1%	13.8%	16.8%	10.1%		9.8%	9.8%	11.0%	12.4%	7.0%
PERS		4.2%	15.0%	13.3%	12.7%	6.7%		4.2%	10.2%	10.0%	8.1%	5.7%
PRNT		16.7%	78.1%	6.8%	9.2%	11.8%		0.0%	62.5%	4.9%	6.0%	7.4%
REAL	0	0.0%	11.9%	10.6%	14.6%	13.4%	0.0%	0.0%	9.8%	9.2%	10.6%	8.1%
REST		8.8%	14.4%	7.9%	9.6%	9.3%		8.8%	10.5%	7.0%	6.4%	5.7%
RETF		17.5%	9.4%	17.7%	8.4%	36.1%		15.5%	8.3%	10.6%	4.2%	21.4%
RETL		11.4%	8.4%	10.3%	11.8%	11.7%		6.8%	6.7%	6.5%	8.6%	8.4%
SERV		16.6%	19.8%	12.6%	15.9%	10.7%		5.6%	12.3%	8.4%	9.8%	3.8%
SPRT		0.0%	14.6%	11.1%	11.9%	17.2%		0.0%	11.4%	9.7%	7.2%	11.0%
TRAV			9.3%	18.3%	13.5%	16.5%			9.3%	18.3%	12.0%	15.0%
Total	0.0%	19.8%	15.8%	12.9%	16.0%	13.4%	0.0%	15.7%	11.1%	8.3%	10.6%	7.5%

11.2 Turnover Population by Number of Franchised Units

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO		1	18	15	31	5	70
BAKE		3	9	3	7	2	24
BLDG		6	15	13	14	2	50
BUSN		4	12	7	10	3	36
CHLD		4	7	5	6		22
EDUC			1	7		2	10
FAST	1	22	44	28	39	26	160
LODG		5	10	7	14	7	43
MAIN		4	20	8	16	7	55
PERS		4	9	5	7	1	26
PRNT		2	2	8		3	15
REAL	1	1	10	2	7	5	26
REST		11	26	12	15	3	67
RETF		5	13	6	10	7	41
RETL		13	20	15	30	11	89
SERV		8	21	14	22	5	70
SPRT		4	5	4	7	1	21
TRAV			1	1	5	2	9
Total	2	97	243	160	240	92	834

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO	0%	1%	26%	21%	44%	7%	100%
BAKE	0%	13%	38%	13%	29%	8%	100%
BLDG	0%	12%	30%	26%	28%	4%	100%
BUSN	0%	11%	33%	19%	28%	8%	100%
CHLD	0%	18%	32%	23%	27%	0%	100%
EDUC	0%	0%	10%	70%	0%	20%	100%
FAST	1%	14%	28%	18%	24%	16%	100%
LODG	0%	12%	23%	16%	33%	16%	100%
MAIN	0%	7%	36%	15%	29%	13%	100%
PERS	0%	15%	35%	19%	27%	4%	100%
PRNT	0%	13%	13%	53%	0%	20%	100%
REAL	4%	4%	38%	8%	27%	19%	100%
REST	0%	16%	39%	18%	22%	4%	100%
RETF	0%	12%	32%	15%	24%	17%	100%
RETL	0%	15%	22%	17%	34%	12%	100%
SERV	0%	11%	30%	20%	31%	7%	100%
SPRT	0%	19%	24%	19%	33%	5%	100%
TRAV	0%	0%	11%	11%	56%	22%	100%
Total	0%	12%	29%	19%	29%	11%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.3 Turnover Rates by Number of Company-Owned Units

Description

Bar Graphs: Chart 11.3 examines the Turnover Rates by the number of domestic company-owned units in each system. A 'company-owned unit' is a unit located in the U.S. and owned and operated by a franchisor. The bar chart displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

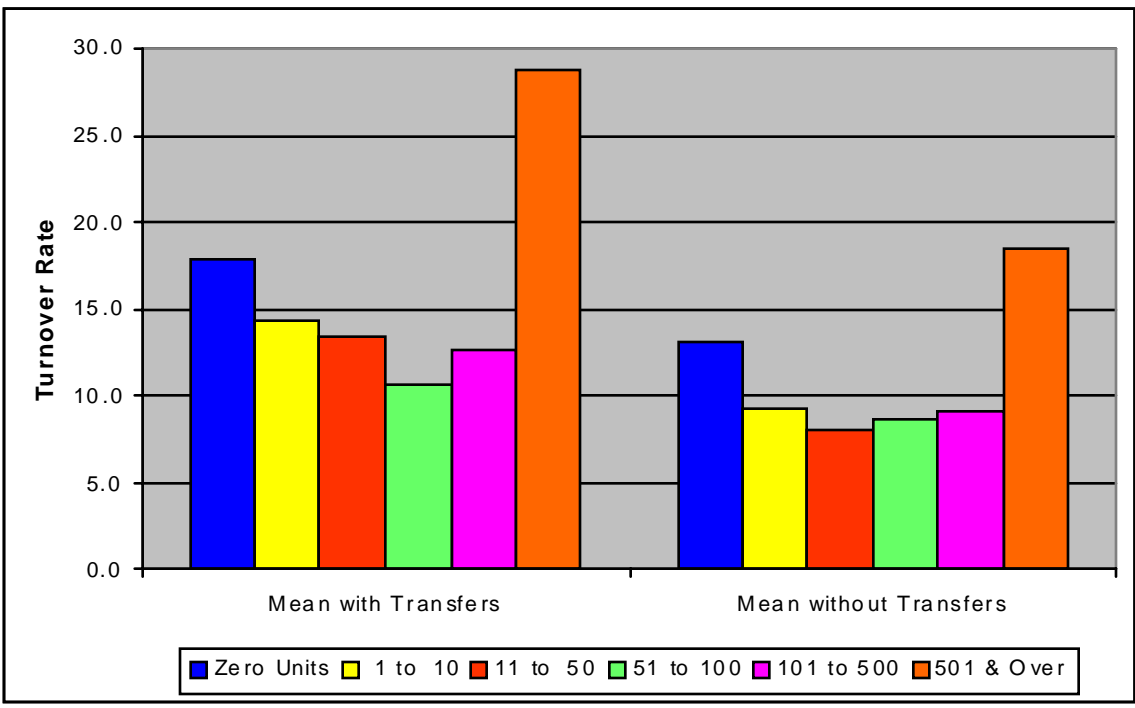
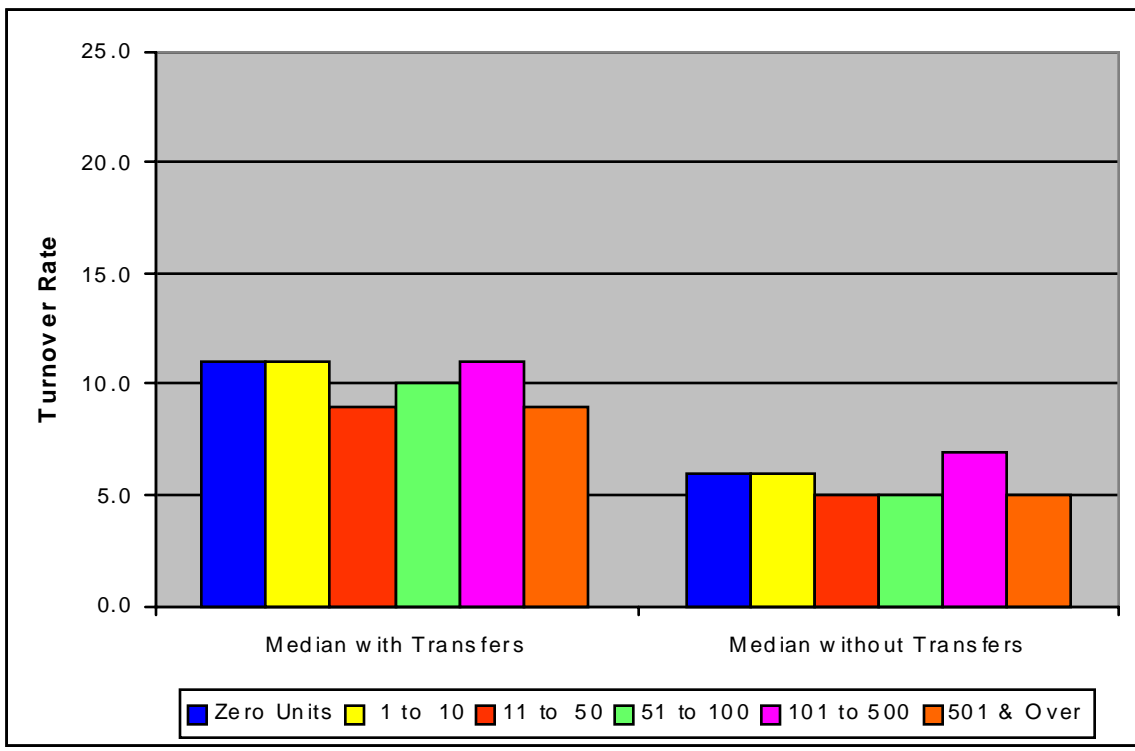
Selected Findings

- 1) The median (with and without transfers) suggests that the turnover rates decrease as the company-owned units increase (except for the 101 to 500 Units category).
- 2) The mean (with and without transfers) also suggests that turnover rates decline as company-owned units increase. The aberration shown in the mean's 501 and over column is usually due to a few systems with high-turnover that skew the average.

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.3 Turnover Rates by Number of Company-Owned Units



11.3 Turnover Rates by Number of Company-Owned Units

	Median with Transfers						Median without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO	10.8%	9.4%	12.2%	0.0%	22.0%	11.1%	4.5%	7.0%	8.1%	0.0%	9.9%	8.3%
BAKE	9.4%	11.9%	23.2%	0.0%	18.4%	489.7%	3.8%	5.1%	16.3%	0.0%	7.2%	307.7%
BLDG	9.8%	10.3%	14.8%		0.0%		6.7%	5.6%	7.4%		0.0%	
BUSN	9.8%	15.2%	11.0%		6.8%	11.9%	4.7%	9.2%	7.5%		3.6%	6.4%
CHLD	0.0%	11.7%	22.0%				0.0%	6.3%	16.2%			
EDUC	16.2%	20.0%	11.6%				8.8%	15.0%	2.7%			
FAST	8.7%	12.7%	8.8%	10.8%	8.1%	8.1%	2.1%	5.4%	3.7%	6.2%	4.3%	3.7%
LODG	9.5%	6.1%	13.3%	0.4%	7.3%	0.0%	4.3%	1.6%	4.5%	0.0%	2.7%	0.0%
MAIN	13.1%	8.2%	7.2%	6.1%	6.9%		10.7%	4.0%	2.1%	2.5%	6.9%	
PERS	12.3%	8.1%	6.7%	18.2%	11.8%		6.5%	5.2%	6.2%	3.0%	10.1%	
PRNT	9.1%	8.2%	6.3%				7.2%	6.4%	0.0%			
REAL	11.0%	6.7%	8.6%				8.3%	6.7%	6.0%			
REST	8.0%	2.9%	3.3%	7.7%	9.2%	5.8%	2.9%	0.0%	1.7%	5.9%	5.4%	2.3%
RETF	7.1%	13.0%	9.9%	10.7%	9.0%	10.0%	4.9%	8.3%	6.8%	8.3%	3.8%	2.3%
RETL	9.2%	10.5%	3.2%	8.0%	20.5%	7.8%	4.8%	5.1%	1.3%	7.0%	18.4%	5.4%
SERV	13.5%	11.3%	7.7%	16.9%	18.0%	33.3%	5.4%	7.4%	1.3%	16.5%	14.0%	33.3%
SPRT	8.9%	5.1%	8.7%	13.8%	12.5%		6.6%	5.1%	2.9%	6.7%	10.8%	
TRAV	16.0%	21.8%	9.3%	13.8%	6.7%		13.0%	21.1%	9.3%	10.6%	6.7%	
Total	11.0%	11.0%	9.0%	10.0%	11.0%	9.0%	6.0%	6.0%	5.0%	5.0%	7.0%	5.0%

	Mean with Transfers						Mean without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO	10.5%	13.1%	13.8%	0.0%	23.1%	11.1%	6.2%	9.0%	9.0%	0.0%	19.4%	8.3%
BAKE	95.2%	14.8%	23.2%	0.0%	18.4%	489.7%	94.1%	9.3%	16.3%	0.0%	7.2%	307.7%
BLDG	11.8%	13.6%	14.8%		0.0%		7.9%	9.8%	7.4%		0.0%	
BUSN	9.7%	18.7%	14.2%		6.8%	11.9%	6.4%	16.4%	10.3%		3.6%	6.4%
CHLD	10.1%	12.0%	22.0%				8.2%	8.4%	16.2%			
EDUC	17.3%	20.0%	11.1%				12.4%	15.0%	5.3%			
FAST	36.2%	16.8%	14.1%	11.1%	11.2%	8.8%	30.2%	8.4%	8.4%	7.6%	5.6%	4.4%
LODG	12.6%	8.0%	17.3%	0.4%	9.9%	0.0%	7.1%	5.0%	7.9%	0.0%	7.0%	0.0%
MAIN	20.3%	12.7%	10.6%	6.1%	6.9%		13.6%	6.9%	6.9%	2.5%	6.9%	
PERS	20.5%	8.2%	9.4%	18.7%	9.8%		6.8%	6.8%	8.4%	13.7%	8.2%	
PRNT	24.4%	13.1%	6.3%				19.3%	3.7%	0.0%			
REAL	13.8%	8.2%	8.6%				10.3%	6.4%	6.0%			
REST	10.8%	14.1%	8.7%	11.8%	9.2%	5.8%	5.6%	10.9%	7.8%	11.1%	6.2%	2.3%
RETF	11.7%	16.2%	22.8%	11.6%	8.0%	10.6%	10.5%	10.8%	13.3%	10.4%	5.0%	8.9%
RETL	10.7%	11.8%	5.8%	11.8%	20.9%	6.9%	8.1%	7.6%	3.2%	10.3%	17.8%	5.8%
SERV	15.2%	15.9%	18.0%	16.9%	18.0%	33.3%	8.0%	11.1%	3.9%	16.5%	14.0%	33.3%
SPRT	11.3%	9.4%	8.7%	13.8%	12.5%		7.1%	8.0%	2.9%	6.7%	10.8%	
TRAV	13.7%	21.8%	9.3%	13.8%	6.7%		12.2%	21.1%	9.3%	10.6%	6.7%	
Total	17.9%	14.3%	13.4%	10.6%	12.6%	28.7%	13.0%	9.3%	8.0%	8.7%	9.0%	18.4%

11.3

Turnover Population by Number of Company-Owned Units

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO	23	20	15	1	9	2	70
BAKE	5	11	2	3	2	1	24
BLDG	26	22	1		1		50
BUSN	12	17	4		2	1	36
CHLD	9	11	2				22
EDUC	6	1	3				10
FAST	33	65	32	7	12	11	160
LODG	24	4	9	1	4	1	43
MAIN	30	16	5	2	2		55
PERS	4	4	10	3	5		26
PRNT	9	5	1				15
REAL	17	7	2				26
REST	8	20	13	10	14	2	67
RETF	4	13	12	5	4	3	41
RETL	28	35	15	4	4	3	89
SERV	31	27	8	2	2		70
SPRT	7	11	1	1	1		21
TRAV	4	2	1	1	1		9
Total	280	291	136	40	63	24	834

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO	33%	29%	21%	1%	13%	3%	100%
BAKE	21%	46%	8%	13%	8%	4%	100%
BLDG	52%	44%	2%	0%	2%	0%	100%
BUSN	33%	47%	11%	0%	6%	3%	100%
CHLD	41%	50%	9%	0%	0%	0%	100%
EDUC	60%	10%	30%	0%	0%	0%	100%
FAST	21%	41%	20%	4%	8%	7%	100%
LODG	56%	9%	21%	2%	9%	2%	100%
MAIN	55%	29%	9%	4%	4%	0%	100%
PERS	15%	15%	38%	12%	19%	0%	100%
PRNT	60%	33%	7%	0%	0%	0%	100%
REAL	65%	27%	8%	0%	0%	0%	100%
REST	12%	30%	19%	15%	21%	3%	100%
RETF	10%	32%	29%	12%	10%	7%	100%
RETL	31%	39%	17%	4%	4%	3%	100%
SERV	44%	39%	11%	3%	3%	0%	100%
SPRT	33%	52%	5%	5%	5%	0%	100%
TRAV	44%	22%	11%	11%	11%	0%	100%
Total	34%	35%	16%	5%	8%	3%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.4 Turnover Rates by Total Number of Units

Description

Bar Graphs: Chart 11.4 examines the Turnover Rates for the Franchise Population by the total number of domestic units. 'Total domestic units' includes both domestic franchised units and domestic company-owned units. The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

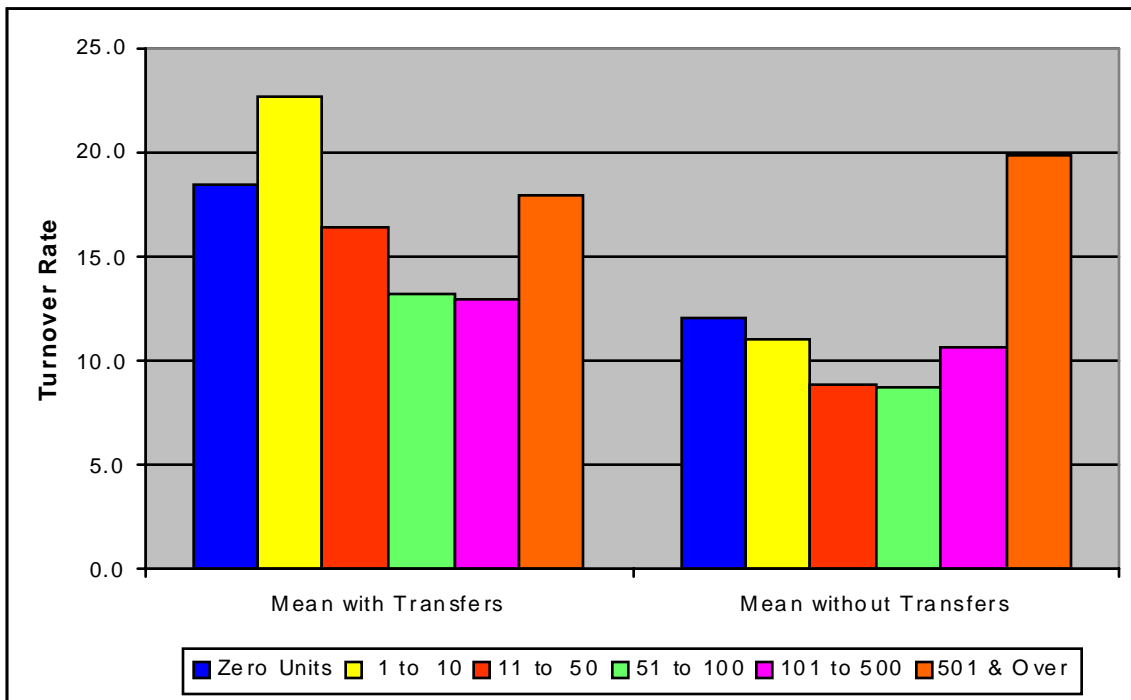
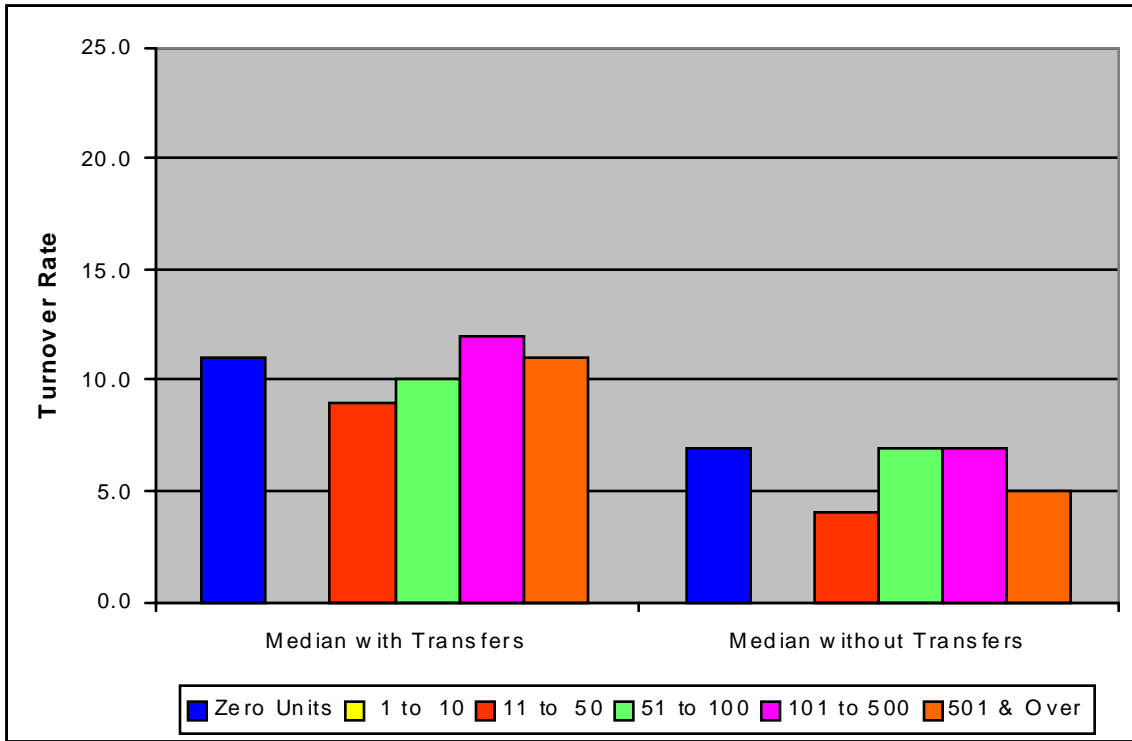
Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.4 Turnover Rates by Total Number of Units



11.4 Turnover Rates by Total Number of Units

	Median with Transfers						Median without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO	12.9%		5.4%	7.8%	11.8%	12.1%	7.1%		0.0%	3.9%	8.3%	8.3%
BAKE		33.3%	14.4%	0.0%	12.6%	24.2%		33.3%	7.6%	0.0%	9.5%	4.2%
BLDG	11.0%	0.0%	9.0%	9.4%	10.7%	11.2%	6.1%	0.0%	6.5%	4.8%	6.8%	11.2%
BUSN	7.1%	0.0%	9.5%	15.3%	13.8%	10.2%	7.1%	0.0%	8.0%	8.6%	7.9%	3.7%
CHLD	46.5%	10.0%	0.0%	10.4%	14.6%		41.4%	10.0%	0.0%	3.3%	10.2%	
EDUC	13.2%		7.5%	20.0%			7.5%		5.0%	15.0%	2.7%	6.6%
FAST	26.7%	0.0%	11.1%	11.9%	11.5%	9.0%	13.3%	0.0%	0.0%	7.1%	6.6%	3.6%
LODG	9.1%	0.0%	10.0%	10.8%	13.7%	9.5%	6.7%	0.0%	0.0%	4.8%	4.5%	1.7%
MAIN	18.2%	33.3%	12.7%	8.5%	12.6%	7.7%	9.4%	5.9%	5.4%	6.9%	10.7%	3.9%
PERS		0.0%	6.7%	10.7%	12.8%	8.4%		0.0%	6.7%	7.4%	10.3%	6.4%
PRNT	150.0%	0.0%	33.3%	6.6%	9.1%	11.1%	125.0%	0.0%	0.0%	3.8%	6.2%	7.1%
REAL	0.0%	0.0%	8.2%	10.6%	11.9%	12.9%	0.0%	0.0%	7.7%	9.2%	8.4%	7.6%
REST	5.3%	0.0%	0.0%	9.7%	8.8%	9.3%	2.9%	0.0%	0.0%	5.8%	5.8%	4.6%
RETF		20.0%	8.1%	10.7%	9.4%	13.8%		15.0%	5.4%	10.3%	5.2%	8.0%
RETL	1.8%	11.4%	7.6%	11.3%	10.2%	9.6%	0.5%	11.4%	0.0%	7.1%	5.0%	5.0%
SERV		25.0%	9.4%	8.3%	15.1%	12.6%		0.0%	3.8%	7.4%	10.2%	5.1%
SPRT	9.0%	0.0%	6.7%	7.6%	13.2%	17.2%	3.8%	0.0%	4.3%	6.9%	8.4%	11.0%
TRAV				13.8%	14.7%	16.5%				13.8%	10.3%	15.0%
Total	11.0%	0.0%	9.0%	10.0%	12.0%	11.0%	7.0%	0.0%	4.0%	7.0%	7.0%	5.0%

	Mean with Transfers						Mean without Transfers					
	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over
AUTO	12.7%		9.3%	10.5%	14.7%	21.2%	7.7%	5.8%	5.7%	10.5%	10.1%	17.5%
BAKE		33.3%	66.3%	3.0%	11.3%	174.4%		60.5%	1.3%	8.1%	8.1%	105.2%
BLDG	9.6%	11.1%	12.2%	14.0%	12.1%	11.2%	6.7%	8.8%	8.6%	8.1%	8.1%	11.2%
BUSN	7.1%	11.1%	19.7%	15.2%	12.5%	8.3%	7.1%	18.0%	9.5%	8.9%	8.9%	3.4%
CHLD	46.5%	11.3%	3.7%	11.5%	15.3%		41.4%	2.4%	7.9%	9.0%	9.0%	
EDUC	13.2%		7.5%	24.2%	14.0%	10.8%	7.5%	5.0%	19.5%	7.1%	7.1%	6.6%
FAST	22.2%	51.4%	17.8%	15.8%	14.4%	11.4%	17.8%	8.9%	8.9%	8.3%	8.3%	5.1%
LODG	9.1%	0.0%	11.2%	16.9%	15.4%	9.4%	6.7%	4.5%	11.1%	9.0%	8.5%	3.4%
MAIN	25.9%	26.1%	16.9%	16.4%	12.7%	7.6%	8.4%	11.4%	13.7%	10.7%	10.7%	4.4%
PERS		5.6%	14.0%	12.7%	13.1%	8.4%		7.9%	9.4%	9.9%	9.9%	6.4%
PRNT	150.0%	0.0%	33.3%	6.7%	9.2%	11.8%	125.0%	0.0%	3.7%	6.0%	6.0%	7.4%
REAL	0.0%	0.0%	11.9%	10.6%	14.6%	13.4%	0.0%	9.8%	9.2%	10.6%	10.6%	8.1%
REST	7.8%	4.4%	14.9%	14.4%	8.5%	9.2%	6.6%	10.3%	13.6%	7.0%	7.0%	4.7%
RETF		20.0%	12.2%	12.8%	10.5%	29.6%		11.0%	9.1%	6.8%	6.8%	16.9%
RETL	5.2%	13.0%	10.3%	10.2%	11.4%	11.1%	4.5%	6.4%	6.5%	8.1%	8.1%	8.1%
SERV		25.0%	17.9%	12.5%	15.6%	15.0%		10.4%	8.0%	9.7%	9.7%	9.7%
SPRT	9.0%	0.0%	12.2%	11.1%	12.4%	17.2%	3.8%	9.5%	9.7%	7.8%	7.8%	11.0%
TRAV				13.8%	13.5%	16.5%				13.8%	12.0%	15.0%
Total	18.5%	22.7%	16.4%	13.2%	13.0%	17.9%	12.1%	11.0%	8.9%	8.8%	10.7%	19.9%

11.4 Turnover Population by Total Number of Units

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO	3		15	16	26	10	70
BAKE		2	8	4	7	3	24
BLDG	5	3	14	15	12	1	50
BUSN	2	3	11	6	11	3	36
CHLD	1	4	5	7	5		22
EDUC	1		1	3	3	2	10
FAST	3	17	41	27	42	30	160
LODG	1	4	7	8	15	8	43
MAIN	7	3	16	8	14	7	55
PERS		3	7	4	10	2	26
PRNT	1	1	1	4	5	3	15
REAL	1	1	10	2	7	5	26
REST	4	5	21	9	21	7	67
RETF		2	9	7	14	9	41
RETL	4	6	22	13	32	12	89
SERV		2	26	13	22	7	70
SPRT	1	3	6	4	6	1	21
TRAV				2	5	2	9
Total	34	59	220	152	257	112	834

	Zero Units	1 to 10	11 to 50	51 to 100	101 to 500	501 & Over	Grand Total
AUTO	4%	0%	21%	23%	37%	14%	100%
BAKE	0%	8%	33%	17%	29%	13%	100%
BLDG	10%	6%	28%	30%	24%	2%	100%
BUSN	6%	8%	31%	17%	31%	8%	100%
CHLD	5%	18%	23%	32%	23%	0%	100%
EDUC	10%	0%	10%	30%	30%	20%	100%
FAST	2%	11%	26%	17%	26%	19%	100%
LODG	2%	9%	16%	19%	35%	19%	100%
MAIN	13%	5%	29%	15%	25%	13%	100%
PERS	0%	12%	27%	15%	38%	8%	100%
PRNT	7%	7%	7%	27%	33%	20%	100%
REAL	4%	4%	38%	8%	27%	19%	100%
REST	6%	7%	31%	13%	31%	10%	100%
RETF	0%	5%	22%	17%	34%	22%	100%
RETL	4%	7%	25%	15%	36%	13%	100%
SERV	0%	3%	37%	19%	31%	10%	100%
SPRT	5%	14%	29%	19%	29%	5%	100%
TRAV	0%	0%	0%	22%	56%	22%	100%
Total	4%	7%	26%	18%	31%	13%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.5 Turnover Rates by Percentage of Growth in Franchised Units

Description

Bar Graphs: Chart 11.5 examines the Turnover Rates for the Franchise Population by percentage of growth in domestic franchised units. A 'domestic franchised unit' is a unit located in the U.S. and owned and operated by the franchisee. The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

Growth rates were calculated for each system by the following formula:

$$\frac{(\text{Franchised Units in 1997} - \text{Franchised Units in 1996})}{(\text{Franchised Units in 1996})}$$

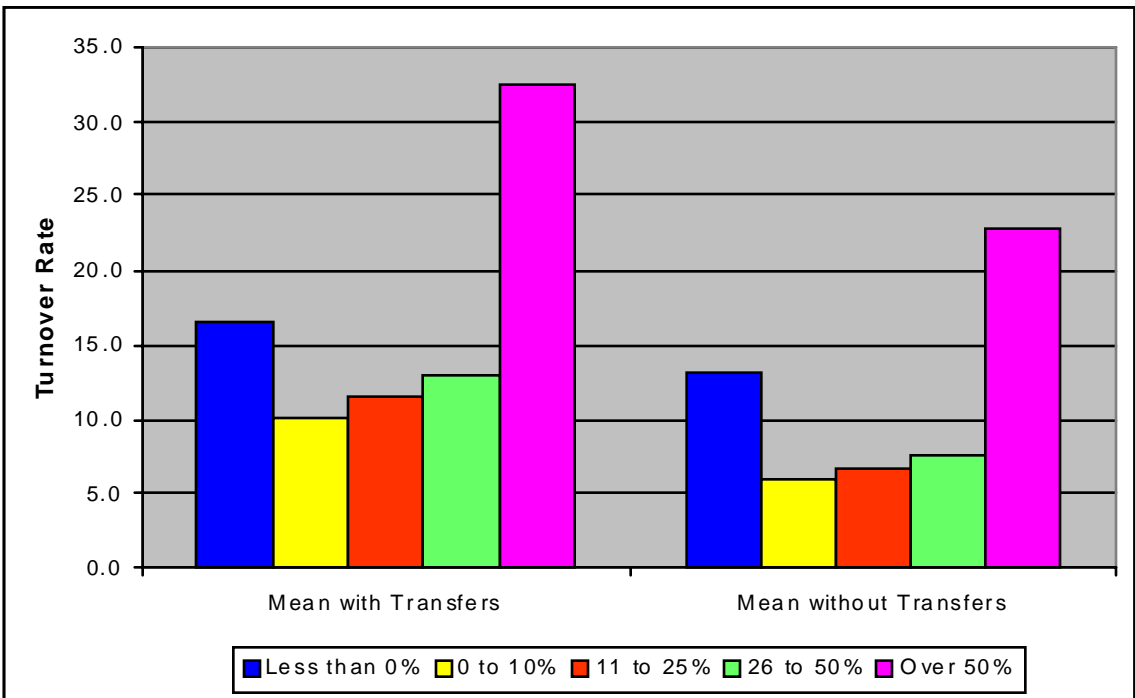
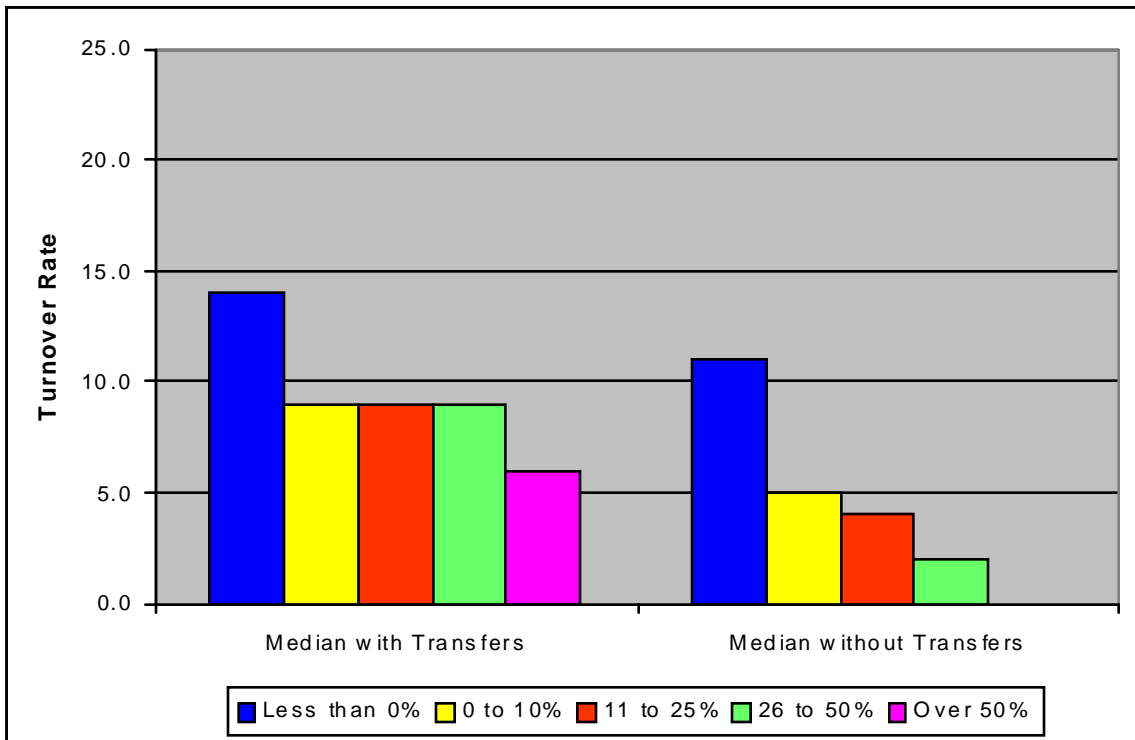
Selected Findings

- 1) The median (with and without transfers) suggests that, as the percentage of growth in franchised units increases, the turnover rates decrease.

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.5 Turnover Rates by Percentage of Growth in Franchised Units



11.5 Turnover Rates by Percentage of Growth in Franchised Units

	Median with Transfers					Median without Transfers				
	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%
AUTO	12.1%	11.2%	5.0%	16.7%	14.6%	8.9%	5.8%	4.0%	9.2%	7.5%
BAKE	6.3%	13.3%	6.7%	13.0%	11.8%	5.1%	5.1%	0.7%	3.6%	0.0%
BLDG	15.4%	6.2%	9.3%	11.8%	3.3%	10.5%	4.9%	4.8%	4.8%	0.0%
BUSN	15.2%	3.4%	10.2%	12.5%	7.1%	12.2%	2.9%	4.2%	6.2%	7.1%
CHLD	17.4%	9.4%	13.0%	0.0%	0.0%	11.1%	3.5%	11.1%	0.0%	0.0%
EDUC	16.2%	11.0%	11.6%	20.0%		8.8%	7.8%	2.7%	15.0%	
FAST	13.8%	7.5%	10.0%	5.8%	16.7%	11.4%	3.0%	5.4%	0.0%	0.0%
LODG	22.8%	12.2%	5.7%	13.1%	0.0%	16.7%	4.5%	0.9%	4.5%	0.0%
MAIN	12.6%	6.9%	10.2%	12.1%	33.3%	9.9%	3.9%	7.1%	0.0%	18.2%
PERS	18.1%	7.0%	14.3%	0.0%	0.0%	16.5%	4.9%	7.0%	0.0%	0.0%
PRNT	8.2%	7.7%	9.1%		150.0%	7.1%	4.0%	0.0%		125.0%
REAL	11.0%	10.2%	6.7%	25.7%	6.8%	7.6%	8.2%	6.7%	20.0%	6.8%
REST	11.9%	6.7%	3.3%	5.6%	0.0%	10.0%	2.3%	1.7%	3.7%	0.0%
RETF	9.5%	10.0%	8.1%	14.0%	16.7%	7.7%	4.6%	5.9%	11.3%	12.5%
RETL	13.1%	8.3%	4.1%	8.7%	5.0%	10.6%	6.6%	1.5%	0.0%	0.0%
SERV	18.5%	11.9%	12.6%	7.4%	9.9%	12.4%	7.4%	5.4%	0.0%	0.0%
SPRT	11.7%	12.5%	13.4%	6.7%	0.0%	8.6%	6.7%	6.9%	6.7%	0.0%
TRAV	18.8%	10.7%	9.3%	17.2%	25.4%	18.8%	8.5%	9.3%	15.8%	23.9%
Total	14.0%	9.0%	9.0%	9.0%	6.0%	11.0%	5.0%	4.0%	2.0%	0.0%

	Mean with Transfers					Mean without Transfers				
	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%
AUTO	14.0%	11.9%	11.4%	29.9%	10.9%	10.6%	7.3%	6.7%	26.2%	7.1%
BAKE	39.6%	10.7%	21.7%	7.7%	152.0%	38.4%	5.2%	17.8%	0.0%	119.1%
BLDG	17.3%	7.9%	11.0%	15.3%	9.7%	13.9%	5.3%	6.6%	9.1%	5.6%
BUSN	20.4%	4.8%	12.4%	14.6%	14.5%	16.9%	2.8%	5.3%	11.4%	13.9%
CHLD	17.7%	9.8%	14.9%	11.6%	0.8%	12.4%	6.7%	11.5%	10.4%	0.8%
EDUC	15.7%	15.6%	11.6%	20.0%		9.0%	12.9%	2.7%	15.0%	
FAST	16.4%	9.5%	12.6%	9.1%	67.6%	12.9%	4.3%	6.4%	3.4%	50.8%
LODG	24.8%	11.9%	6.3%	13.5%	10.5%	16.8%	4.7%	1.9%	7.0%	7.7%
MAIN	14.9%	10.1%	9.4%	20.2%	32.8%	12.4%	7.9%	6.8%	-5.8%	20.1%
PERS	21.2%	7.7%	11.0%	0.0%	12.8%	18.8%	5.9%	7.4%	0.0%	4.2%
PRNT	9.5%	6.5%	16.2%		150.0%	6.4%	3.6%	2.7%		125.0%
REAL	12.3%	10.9%	12.2%	25.7%	6.8%	9.7%	7.2%	9.0%	20.0%	6.8%
REST	15.9%	8.7%	12.6%	19.7%	1.5%	13.4%	5.4%	10.6%	13.7%	1.5%
RETF	14.0%	10.3%	7.9%	13.6%	63.1%	11.5%	3.6%	6.1%	12.6%	34.5%
RETL	15.2%	9.3%	6.7%	9.9%	10.1%	11.9%	7.7%	2.0%	6.9%	3.9%
SERV	21.1%	12.9%	13.1%	9.7%	22.7%	16.3%	6.9%	8.1%	3.2%	11.3%
SPRT	15.9%	11.7%	13.4%	6.7%	0.0%	11.6%	8.7%	6.9%	6.7%	0.0%
TRAV	18.8%	10.7%	8.8%	17.2%	25.4%	18.8%	8.5%	7.8%	15.8%	23.9%
Total	16.6%	10.0%	11.4%	12.8%	32.4%	13.1%	5.9%	6.8%	7.5%	22.9%

11.5 Turnover Population by Percentage of Growth in Franchised Units

	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%	Grand Total
AUTO	22	26	12	4	6	70
BAKE	2	9	5	2	6	24
BLDG	15	12	10	5	8	50
BUSN	15	9	3	4	5	36
CHLD	7	5	3	4	3	22
EDUC	4	4	1	1		10
FAST	32	62	29	16	21	160
LODG	6	11	10	6	10	43
MAIN	20	15	7	4	9	55
PERS	6	6	7	2	5	26
PRNT	7	4	3		1	15
REAL	9	9	5	1	2	26
REST	17	22	13	5	10	67
RETF	15	11	4	8	3	41
RETL	24	30	12	13	10	89
SERV	15	23	7	11	14	70
SPRT	6	7	4		4	21
TRAV	2	2	3	2		9
Total	224	267	138	88	117	834

	Less than 0%	0 to 10%	11 to 25%	26 to 50%	Over 50%	Grand Total
AUTO	31%	37%	17%	6%	9%	100%
BAKE	8%	38%	21%	8%	25%	100%
BLDG	30%	24%	20%	10%	16%	100%
BUSN	42%	25%	8%	11%	14%	100%
CHLD	32%	23%	14%	18%	14%	100%
EDUC	40%	40%	10%	10%	0%	100%
FAST	20%	39%	18%	10%	13%	100%
LODG	14%	26%	23%	14%	23%	100%
MAIN	36%	27%	13%	7%	16%	100%
PERS	23%	23%	27%	8%	19%	100%
PRNT	47%	27%	20%	0%	7%	100%
REAL	35%	35%	19%	4%	8%	100%
REST	25%	33%	19%	7%	15%	100%
RETF	37%	27%	10%	20%	7%	100%
RETL	27%	34%	13%	15%	11%	100%
SERV	21%	33%	10%	16%	20%	100%
SPRT	29%	33%	19%	0%	19%	100%
TRAV	22%	22%	33%	22%	0%	100%
Total	27%	32%	17%	11%	14%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of system within each category.

11.6 Turnover Rates by Length of Time in Business

Description

Bar Graphs: Chart 11.6 examines the Turnover Rates for the Franchise Population by the length of time in business. The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

In order to establish “Years in Business,” the data for this chart was collected primarily from Item 1 of the UFOC (it is part of the mandatory filing requirements that each franchisor record the date they began doing business). The study used the earliest date that the company, or any company directly related to the franchisor (e.g., predecessor) began doing business (not necessarily franchising) as the date of operational commencement. It should be noted that the year the franchisor was incorporated is not necessarily the year the company began doing business.

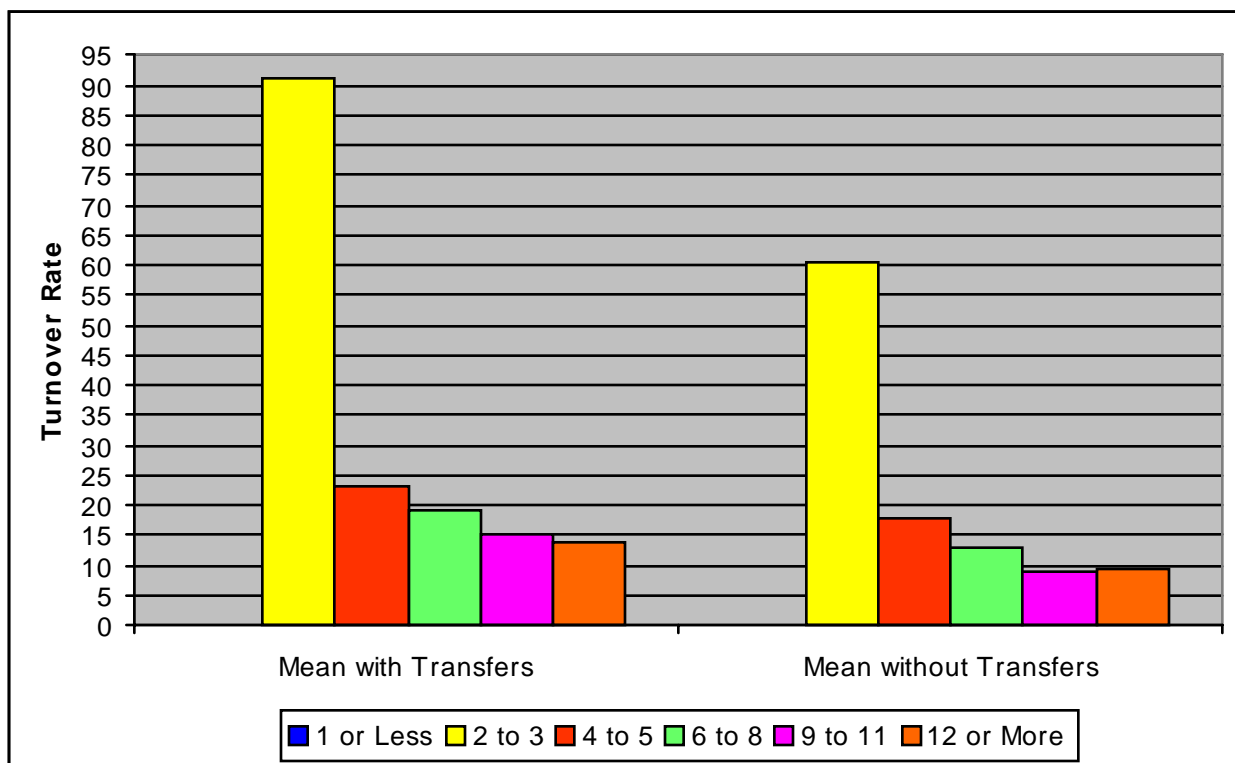
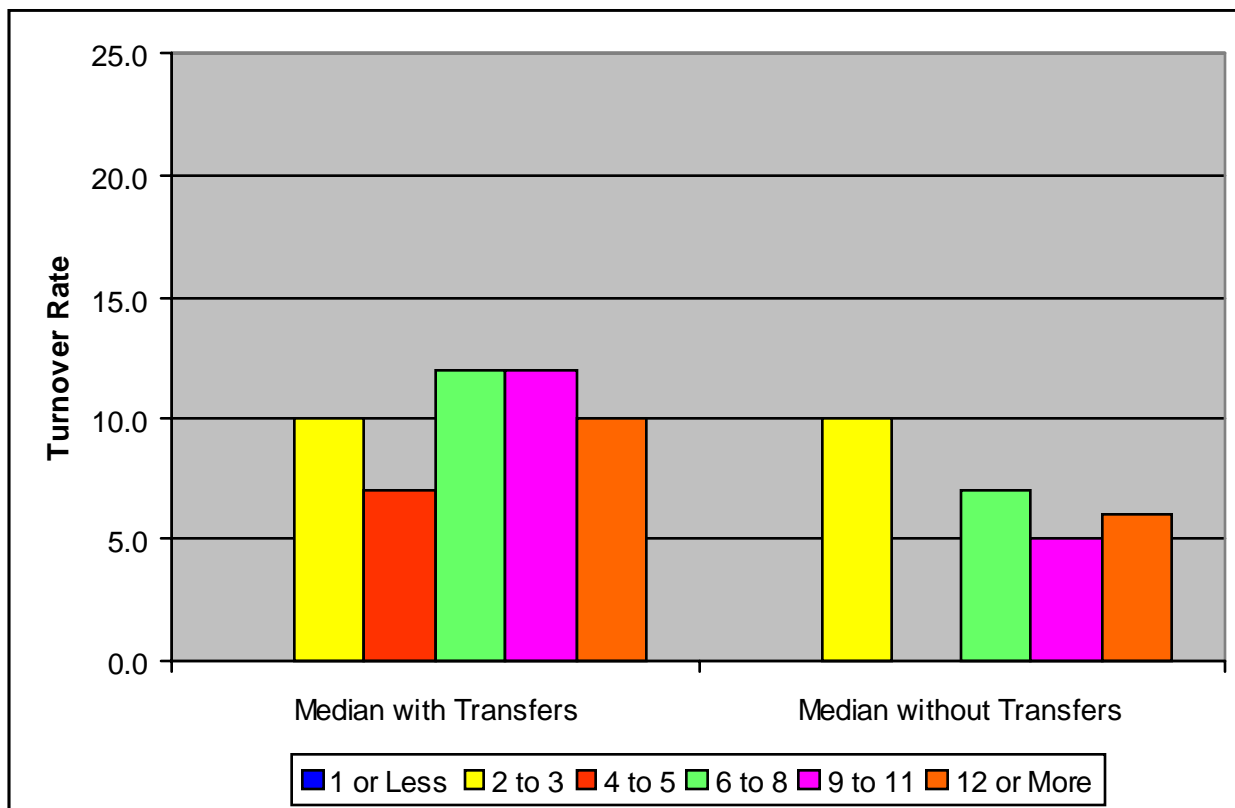
Selected Findings

- 1) The mean suggests (with and without transfers) that as the business matures, the turnover rates generally decrease (except for companies in business 1 years or less).

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.6 Turnover Rates by Length of Time in Business



11.6 Turnover Rates by Length of Time in Business

	Median with Transfers						Median without Transfers					
	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More
AUTO			5.7%	14.3%	9.8%	11.2%			4.9%	6.2%	5.7%	7.1%
BAKE		489.7%	400.0%	12.5%	22.2%	8.0%		307.7%	400.0%	10.2%	14.1%	0.4%
BLDG			0.0%	11.0%	21.1%	8.7%			0.0%	6.4%	11.2%	6.3%
BUSN			12.2%	8.0%	8.0%	14.1%			8.4%	6.5%	7.1%	7.9%
CHLD			0.0%	6.3%	21.9%	12.2%			0.0%	0.0%	10.2%	8.8%
EDUC				20.0%		11.6%				15.0%		5.0%
FAST			11.3%	31.3%	12.7%	9.8%			0.0%	12.9%	3.3%	4.4%
LODG		0.0%	33.3%	26.8%	40.0%	9.1%		0.0%	8.3%	21.5%	40.0%	3.2%
MAIN			64.8%	30.0%	16.1%	9.1%			51.9%	24.6%	6.5%	5.1%
PERS			0.0%	57.1%	0.0%	12.2%			0.0%	14.3%	0.0%	8.5%
PRNT			0.0%	150.0%		9.0%			0.0%	125.0%		6.2%
REAL			6.7%	27.1%	6.9%	10.2%			6.7%	20.4%	6.9%	7.6%
REST			0.0%	20.6%	0.0%	8.3%			0.0%	16.1%	0.0%	4.6%
RETF				2.5%	17.8%	10.3%				2.5%	7.7%	7.0%
RETL		10.0%	9.5%	2.5%	9.6%	9.7%		10.0%	5.2%	1.7%	2.7%	5.4%
SERV		0.0%	0.0%	3.3%	11.7%	13.3%		0.0%	0.0%	0.0%	5.3%	8.3%
SPRT		37.8%	0.0%	3.3%	5.1%	13.2%		35.1%	0.0%	3.3%	5.1%	7.9%
TRAV			9.3%		17.2%	14.7%			9.3%		15.8%	10.6%
Total		10.0%	7.0%	12.0%	12.0%	10.0%		10.0%	0.0%	7.0%	5.0%	6.0%

	Mean with Transfers						Mean without Transfers					
	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More
AUTO			6.8%	15.2%	13.1%	13.8%			5.3%	7.9%	10.6%	9.6%
BAKE		489.7%	400.0%	22.8%	22.2%	11.6%		307.7%	400.0%	19.0%	14.1%	7.2%
BLDG			0.0%	12.4%	19.9%	11.4%			0.0%	7.8%	14.1%	8.0%
BUSN			15.3%	13.5%	7.1%	16.2%			13.4%	12.3%	6.5%	11.9%
CHLD			0.0%	6.0%	20.6%	11.2%			0.0%	1.1%	16.0%	8.8%
EDUC				24.2%		12.0%				19.5%		6.7%
FAST			21.9%	33.0%	19.2%	17.5%			4.5%	16.9%	10.9%	12.8%
LODG		0.0%	33.3%	26.8%	40.0%	10.6%		0.0%	8.3%	21.5%	40.0%	5.2%
MAIN			64.8%	27.8%	23.7%	12.1%			51.9%	22.3%	5.1%	8.9%
PERS			0.0%	57.1%	0.0%	11.7%			0.0%	14.3%	0.0%	9.4%
PRNT			0.0%	150.0%		10.9%			0.0%	125.0%		5.2%
REAL			6.7%	27.1%	8.0%	11.4%			6.7%	20.4%	6.3%	8.4%
REST			0.0%	16.5%	0.0%	11.9%			0.0%	12.2%	0.0%	9.1%
RETF				2.5%	14.9%	16.9%				2.5%	11.0%	11.2%
RETL		10.0%	9.6%	8.8%	13.2%	10.6%		10.0%	7.6%	6.9%	6.9%	7.6%
SERV		0.0%	23.3%	11.6%	12.5%	17.1%		0.0%	21.4%	6.5%	5.5%	9.4%
SPRT		37.8%	0.0%	5.0%	9.7%	13.1%		35.1%	0.0%	5.0%	8.4%	7.8%
TRAV			9.3%		17.2%	14.5%			9.3%		15.8%	13.2%
Total		91.3%	23.2%	19.4%	15.3%	13.8%		60.5%	18.0%	13.0%	9.1%	9.5%

11.6

Turnover Population by Length of Time in Business

	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	Grand Total
AUTO			4	6	6	54	70
BAKE		1	1	4	2	16	24
BLDG			1	10	6	33	50
BUSN			4	6	5	21	36
CHLD			1	3	5	13	22
EDUC				3		7	10
FAST			8	11	21	120	160
LODG		1	1	2	1	38	43
MAIN			1	5	8	41	55
PERS			1	1	2	22	26
PRNT			1	1		13	15
REAL			1	2	4	19	26
REST			2	3	4	58	67
RETF				2	5	34	41
RETL		2	6	8	12	61	89
SERV		1	5	8	8	48	70
SPRT		1	3	4	3	10	21
TRAV			1		1	7	9
Total		6	41	79	93	615	834

	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	Grand Total
AUTO	0%	0%	6%	9%	9%	77%	100%
BAKE	0%	4%	4%	17%	8%	67%	100%
BLDG	0%	0%	2%	20%	12%	66%	100%
BUSN	0%	0%	11%	17%	14%	58%	100%
CHLD	0%	0%	5%	14%	23%	59%	100%
EDUC	0%	0%	0%	30%	0%	70%	100%
FAST	0%	0%	5%	7%	13%	75%	100%
LODG	0%	2%	2%	5%	2%	88%	100%
MAIN	0%	0%	2%	9%	15%	75%	100%
PERS	0%	0%	4%	4%	8%	85%	100%
PRNT	0%	0%	7%	7%	0%	87%	100%
REAL	0%	0%	4%	8%	15%	73%	100%
REST	0%	0%	3%	4%	6%	87%	100%
RETF	0%	0%	0%	5%	12%	83%	100%
RETL	0%	2%	7%	9%	13%	69%	100%
SERV	0%	1%	7%	11%	11%	69%	100%
SPRT	0%	5%	14%	19%	14%	48%	100%
TRAV	0%	0%	11%	0%	11%	78%	100%
Total	0%	1%	5%	9%	11%	74%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.7 Turnover Rates by Length of Time Franchising

Description

Bar Graphs: Chart 11.7 examines the Turnover Rates for the Franchise Population by the number of years the companies have been franchising. The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

In order to establish “Years Franchising,” the data was collected primarily from Item 1 of the UFOC (it is part of the mandatory filing requirements that each franchisor record the date franchising commenced). The study used the earliest date that the company, or any company directly related to the franchisor (e.g., predecessor) began offering the sale of any concept similar to the one used for this study as the date franchise offerings originated. If the franchisor did not disclose the “Years Franchising,” we used the number of years that they have been in business.

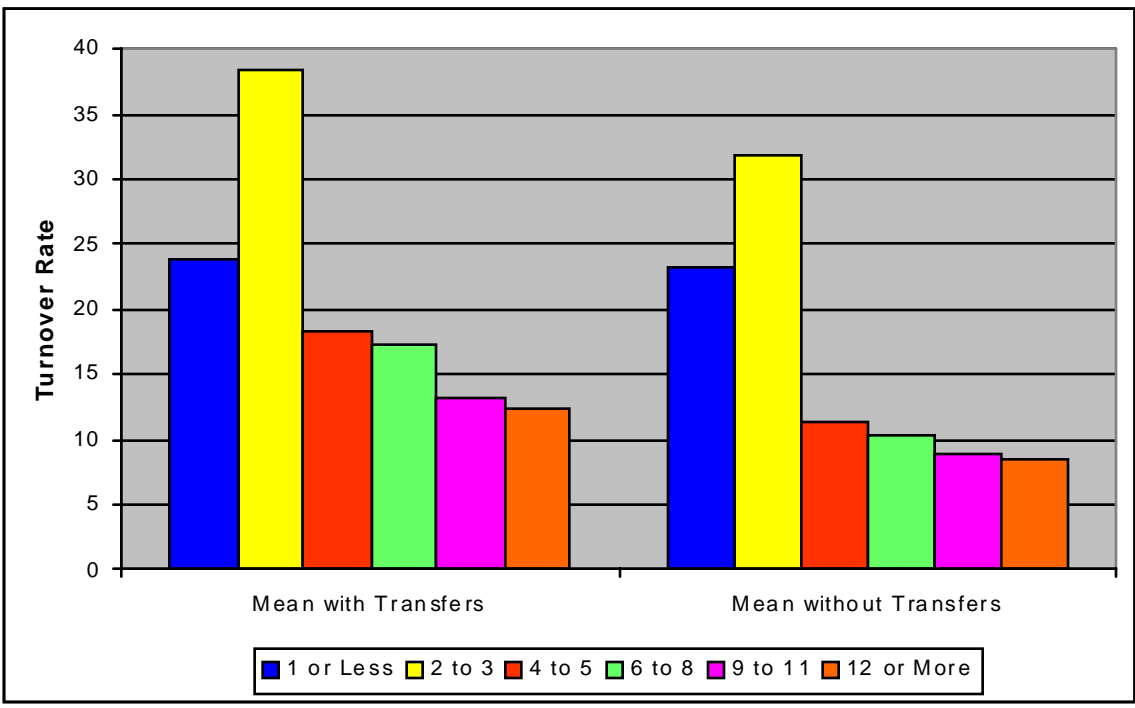
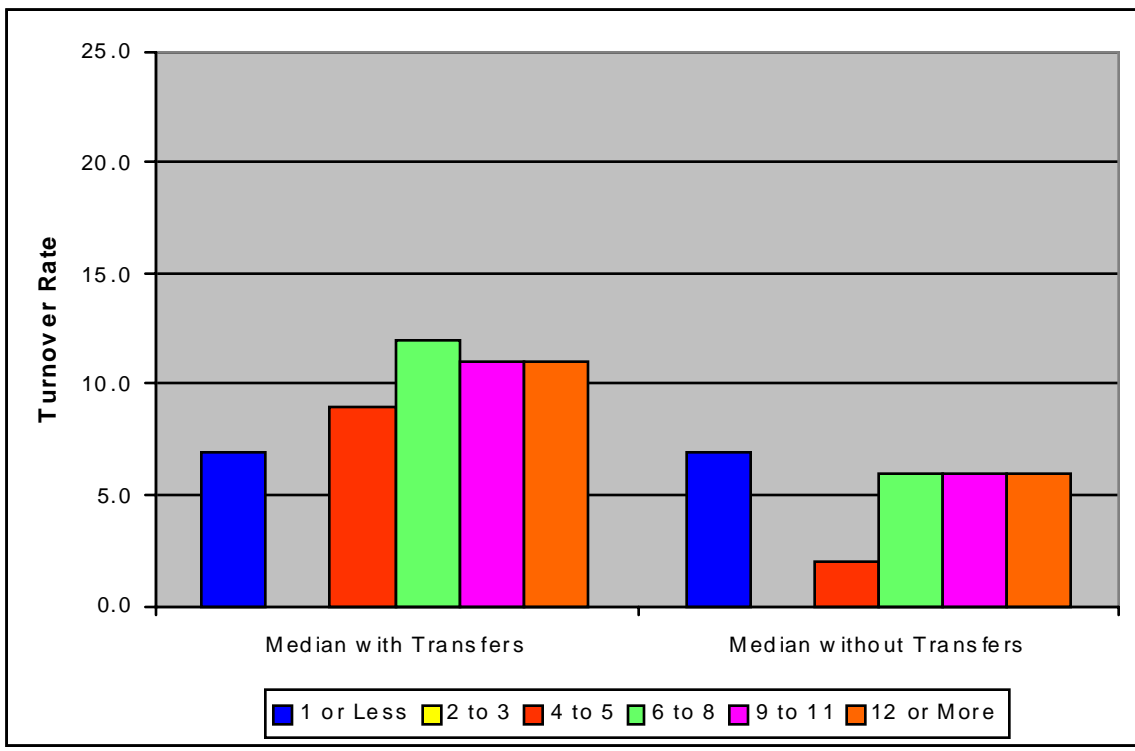
Selected Findings

- 1) The mean (with and without transfers) generally shows that turnover rates decline as a company’s time franchising increases.

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.7 Turnover Rates by Length of Time Franchising



11.7

Turnover Rates by Length of Time Franchising

	Median with Transfers						Median without Transfers					
	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More
AUTO		7.4%	4.2%	16.7%	9.7%	11.4%		6.1%	1.9%	8.2%	4.5%	6.8%
BAKE		244.9%	15.4%	10.7%	11.9%	12.6%		153.8%	0.0%	7.1%	5.1%	4.2%
BLDG		0.0%	11.1%	9.1%	11.2%	11.9%		0.0%	11.1%	3.4%	4.2%	7.2%
BUSN		3.4%	9.5%	9.5%	8.0%	14.9%		3.4%	8.4%	6.4%	6.5%	8.6%
CHLD		0.0%	0.0%	11.7%	19.6%	11.3%		0.0%	0.0%	3.5%	10.6%	9.2%
EDUC				19.6%	30.4%	10.2%				12.5%	18.5%	5.0%
FAST	14.6%	18.7%	0.0%	15.5%	12.7%	9.6%	13.0%	12.1%	0.0%	9.5%	5.4%	3.8%
LODG		0.0%	20.5%	3.8%	23.3%	10.0%		0.0%	6.1%	2.6%	6.7%	3.1%
MAIN	29.0%	5.6%	9.4%	31.4%	13.1%	9.1%	25.8%	5.6%	6.3%	13.8%	8.8%	5.1%
PERS		0.0%	0.0%	31.9%	8.3%	12.8%		0.0%	0.0%	10.5%	8.3%	10.3%
PRNT			33.3%	10.8%	6.3%	8.6%			0.0%	7.5%	0.0%	6.3%
REAL			7.3%	2.6%	10.5%	11.4%			7.5%	2.6%	7.8%	8.3%
REST	0.0%	2.8%	0.0%	10.9%	0.0%	9.3%	0.0%	5.4%	0.0%	9.6%	0.0%	5.1%
RETF			8.3%	17.7%	3.9%	10.5%			8.1%	11.9%	3.9%	5.8%
RETL		0.0%	9.5%	10.4%	9.7%	10.5%		0.0%	0.0%	3.8%	8.6%	5.3%
SERV	50.0%	0.0%	20.3%	8.3%	8.1%	14.9%	50.0%	0.0%	3.9%	2.0%	5.4%	9.6%
SPRT	0.0%	17.6%	0.0%	8.7%	12.1%	6.7%	0.0%	17.6%	0.0%	8.7%	12.1%	6.7%
TRAV			17.0%		17.0%	14.0%			16.6%		17.2%	14.2%
Total	7.0%	0.0%	9.0%	12.0%	11.0%	11.0%	7.0%	0.0%	2.0%	6.0%	6.0%	6.0%

	Mean with Transfers						Mean without Transfers					
	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More
AUTO		7.4%	6.3%	15.3%	12.5%	14.2%		6.1%	18.6%	9.1%	8.5%	10.1%
BAKE		244.9%	142.4%	14.7%	11.9%	16.7%		153.8%	133.3%	12.2%	5.1%	11.7%
BLDG		0.0%	11.4%	11.3%	13.2%	13.8%		0.0%	9.9%	6.6%	9.9%	9.5%
BUSN		13.4%	14.7%	14.7%	11.4%	17.9%		13.4%	12.8%	7.4%	10.4%	12.8%
CHLD		0.0%	3.7%	10.3%	18.5%	11.2%		0.0%	2.2%	8.7%	14.6%	9.8%
EDUC				19.9%	30.4%	9.4%				9.8%	18.5%	5.2%
FAST	14.6%	129.5%	18.0%	23.2%	14.7%	10.3%	13.0%	123.5%	7.5%	12.5%	7.5%	5.7%
LODG		10.7%	18.9%	9.9%	20.6%	9.5%		8.0%	7.6%	2.6%	13.7%	4.5%
MAIN	29.0%	5.6%	20.8%	28.2%	15.8%	11.9%	25.8%	5.6%	13.6%	14.2%	12.1%	8.1%
PERS		0.0%	0.0%	31.9%	8.3%	12.9%		0.0%	0.0%	10.5%	8.3%	10.2%
PRNT			33.3%	10.8%	6.3%	9.1%			0.0%	7.5%	0.0%	6.0%
REAL			16.9%	2.6%	10.0%	11.4%			8.8%	6.5%	7.5%	10.5%
REST	0.0%	2.8%	5.8%	20.3%	12.9%	10.8%	0.0%	-5.6%	3.2%	18.7%	7.5%	8.7%
RETF			12.6%	52.1%	6.9%	13.8%			9.7%	28.7%	3.9%	10.1%
RETL		5.5%	13.4%	9.5%	12.5%	11.0%		2.9%	6.5%	6.9%	10.0%	7.8%
SERV	50.0%	5.5%	24.8%	12.1%	8.6%	16.4%	50.0%	3.1%	6.8%	5.6%	4.5%	11.2%
SPRT	0.0%	18.9%	1.6%	11.7%	15.6%	10.9%	0.0%	17.6%	1.6%	7.3%	12.3%	6.4%
TRAV			17.3%		17.2%	12.7%			16.6%		15.8%	11.4%
Total	23.9%	38.3%	18.2%	17.3%	13.1%	12.3%	23.1%	31.9%	11.2%	10.4%	8.9%	8.4%

11.7

Turnover Population by Length of Time Franchising

	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	Grand Total
AUTO		2	5	11	8	44	70
BAKE		2	3	9	1	9	24
BLDG		1	5	17	7	20	50
BUSN		3	6	7	6	14	36
CHLD		1	4	7	6	4	22
EDUC				4	1	5	10
FAST	1	7	19	24	23	86	160
LODG		5	6	4	5	23	43
MAIN	1	2	5	10	6	31	55
PERS		2	2	2	2	18	26
PRNT		2	1	1	1	10	15
REAL			4	4	6	12	26
REST	1	2	5	6	10	43	67
RETF		2	7	4	6	22	41
RETL		9	12	11	11	46	89
SERV	2	5	10	11	9	33	70
SPRT	1	2	4	3	4	7	21
TRAV			2		1	6	9
Total	6	47	100	135	113	433	834

	1 or Less	2 to 3	4 to 5	6 to 8	9 to 11	12 or More	Grand Total
AUTO	0%	3%	7%	16%	11%	63%	100%
BAKE	0%	8%	13%	38%	4%	38%	100%
BLDG	0%	2%	10%	34%	14%	40%	100%
BUSN	0%	8%	17%	19%	17%	39%	100%
CHLD	0%	5%	18%	32%	27%	18%	100%
EDUC	0%	0%	0%	40%	10%	50%	100%
FAST	1%	4%	12%	15%	14%	54%	100%
LODG	0%	12%	14%	9%	12%	53%	100%
MAIN	2%	4%	9%	18%	11%	56%	100%
PERS	0%	8%	8%	8%	8%	69%	100%
PRNT	0%	13%	7%	7%	7%	67%	100%
REAL	0%	0%	15%	15%	23%	46%	100%
REST	1%	3%	7%	9%	15%	64%	100%
RETF	0%	5%	17%	10%	15%	54%	100%
RETL	0%	10%	13%	12%	12%	52%	100%
SERV	3%	7%	14%	16%	13%	47%	100%
SPRT	5%	10%	19%	14%	19%	33%	100%
TRAV	0%	0%	22%	0%	11%	67%	100%
Total	1%	6%	12%	16%	14%	52%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.

11.8

Turnover Rates by Initial Investment (Excluding Real Estate)

Description

Bar Graphs: Chart 11.8 examines the Turnover Rates for the Franchise Population by Initial Investment (Excluding Real Estate Costs). The bar graph displays the turnover rates as a median and a mean. It also includes the median and mean with transfers and without transfers.

Methodology

The data for this chart was compiled from the 879 records that contained a specific numeric value related to the number of franchised units operating in both 1996 and 1997, as disclosed in the Item 20 section. 45 of these 879 records had no operational domestic franchised units disclosed for 1995; therefore, turnover rates could not be calculated for these systems. The turnover rates for the remaining 834 systems are found in the accompanying chart. Please note that blank values in the chart mean that there was no data set in that category.

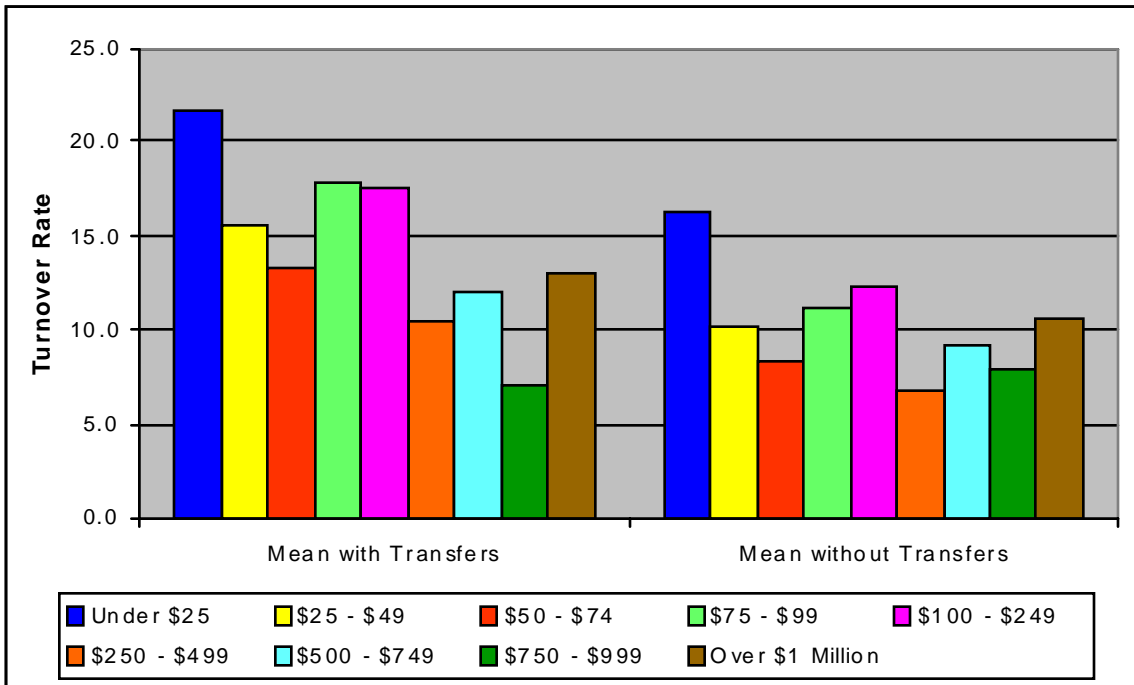
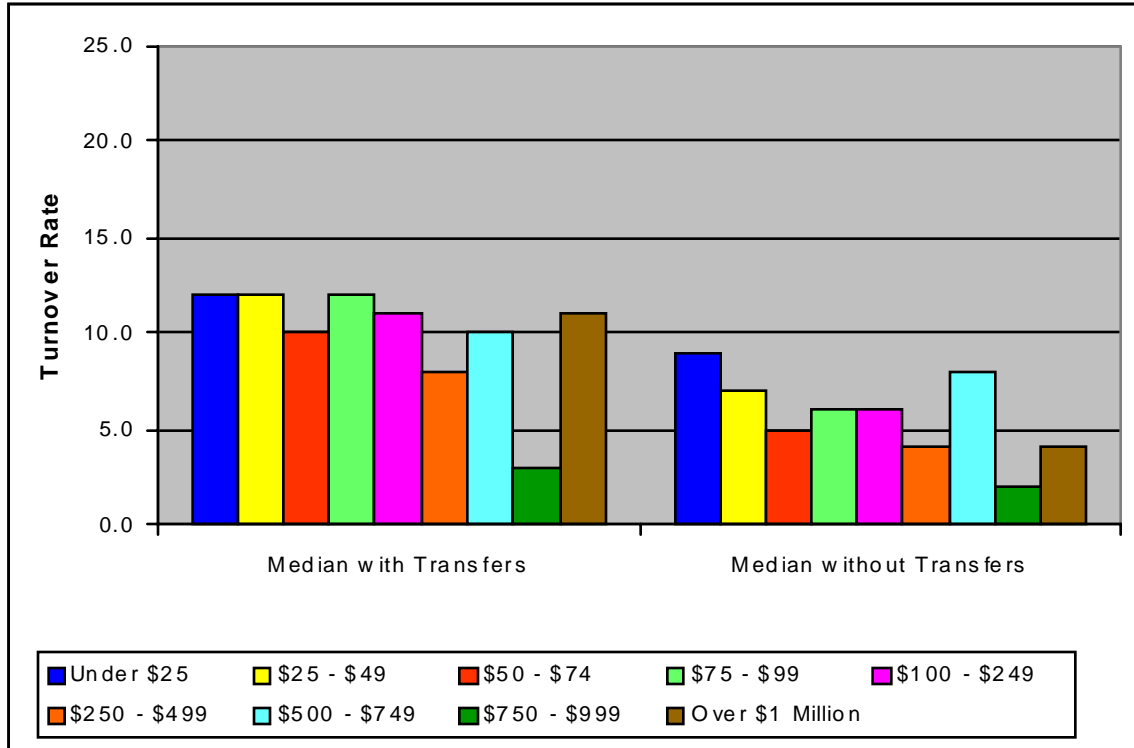
In order to create an average initial investment per system, the “low” and “high” estimates of the total initial investment level (as defined in Item 7 of the UFOC) were added together and then divided in half (excluding real estate costs). After that, the average of each system’s total initial investment (excluding real estate costs) were added together and divided by the number of systems in each industry category.

Note 1: In the following charts, a blank cell represents a situation in which there are no systems represented.

Note 2: When the turnover rate is zero, it may appear that a bar is missing from a graph since the bar has a height of zero.

11.8

Turnover Rates by Initial Investment (Excluding Real Estate)
in thousands



11.8

Turnover Rates by Initial Investment (Excluding Real Estate) *in thousands*

	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million
AUTO	9.7	6.2	4.7	2.3	11.8	12.2	10.2	11.1	22.0	9.7	3.9	3.8	0.0	6.6	2.1	9.1	8.1	21.8
BAKE	400.0	24.0	9.6	24.2	12.6	0.0				400.0	8.0	5.5	4.2	8.3	0.0			
BLDG	11.2	16.7	13.8	17.2	11.8	4.3				11.2	6.6	9.4	15.8	3.6	3.7			
BUSN	11.9	12.1	15.1	11.6	32.1	11.2	0.0		3.4	4.7	9.2	8.1	11.6	25.9	8.0	0.0		3.4
CHLD	11.7	18.7	0.0	7.3	9.4	23.2				8.7	15.6	0.0	4.4	7.9	20.7			
EDUC	14.4	30.4	23.3	3.8	11.6	20.0				10.5	18.5	20.4	0.0	2.7	15.0			
FAST	33.3	8.9	5.9	15.5	11.3	7.7	32.3		2.3	13.3	6.4	0.0	5.0	4.7	3.7	6.3		0.0
LODG					0.0	13.3	32.3	3.4	9.5					0.0	6.6	23.5	0.9	3.3
MAIN	20.6	9.1	10.1	8.8	11.2	5.2				16.2	5.9	0.4	5.8	6.8	3.2			
PERS		57.1	9.8	17.2	6.7						14.3	3.5	10.8	5.7				
PRNT	9.1			0.0	8.1	10.7				8.1			0.0	4.8	6.2			
REAL	1.0	11.4	16.3	5.4	4.4	0.0				0.2	7.8	8.5	4.5	5.4	0.0			
REST		28.2		0.0	2.9	0.0					12.8		0.0	1.1	5.3	7.5	2.7	0.0
RETF	8.9	8.7		25.0	12.5	10.0	4.2		8.7	7.8	6.0		7.7	8.1	5.3	2.6	2.7	8.7
RETL	9.6	9.6	6.3	10.7	10.1	5.9	6.8		10.5	9.6	0.0	4.1	8.2	4.9	2.0	6.1		7.6
SERV	12.5	15.9	13.5	8.5	13.0	11.3	8.7	0.0		7.3	7.6	8.3	5.6	4.7	8.3	8.7	0.0	
SPRT	8.9	15.9	0.0		10.6	9.0	26.2			5.1	6.6	0.0		7.9	3.8	22.6		
TRAV	13.3		3.4	10.6	18.3					12.5		3.4	10.6	18.3				
Total	12.0	12.0	10.0	12.0	11.0	8.0	10.0	3.0	11.0	9.0	7.0	5.0	6.0	6.0	4.0	8.0	2.0	4.0

	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million
AUTO	12.5	10.4	4.7	6.8	15.9	11.1	10.2	11.1	22.1	7.9	5.0	3.8	3.9	11.0	6.7	9.1	17.5	9.3
BAKE	400.0	30.2	9.6	171.3	16.3	5.0				400.0	24.9	5.5	104.0	12.7	0.8			38.7
BLDG	12.7	17.0	15.8	17.0	8.8	7.4				11.9	8.9	13.0	16.3	4.5	5.5			8.6
BUSN	8.9	13.9	18.3	11.6	27.4	8.0	0.0		3.4	5.6	11.8	13.1	11.6	25.3	8.0	0.0	3.4	11.4
CHLD	11.7	18.7	3.9	9.1	12.4	23.2				8.7	15.6	1.1	4.8	9.6	20.7			9.0
EDUC	14.4	30.4	23.3	3.8	12.7	20.0				10.5	18.5	20.4	2.5	5.2	15.0			10.5
FAST	33.3	10.5	14.0	18.1	25.8	8.9	8.8		2.3	13.3	7.5	2.9	9.4	18.3	6.0	5.4	0.0	12.4
LODG					4.6	13.7	27.5	10.4	10.3					2.3	4.4	19.7	5.4	6.7
MAIN	26.2	13.9	14.1	9.0	16.2	5.2				15.8	9.3	8.4	6.5	12.2	3.2			10.4
PERS		57.1	6.9	17.5	8.2						14.3	4.5	11.5	7.9				8.5
PRNT	9.1			0.0	32.3	12.6				8.1			0.0	25.0	4.9			12.8
REAL	1.0	14.0	17.2	10.5	11.3	0.0				0.2	9.8	13.9	8.7	9.2	0.0			8.9
REST		28.2		0.0	7.4	13.5	9.0	5.9	19.5		12.8		0.0	5.3	11.1	6.8	10.2	8.5
RETF	8.9	8.7		18.3	21.0	7.5	3.0	2.7	10.4	7.8	6.0		5.3	14.4	6.6	2.6	6.0	10.8
RETL	8.1	7.0	11.2	11.3	11.0	11.3	6.8		10.5	6.8	4.1	7.7	8.8	7.8	6.2	6.1	10.5	7.5
SERV	14.8	17.7	13.2	11.4	26.1	11.7	8.7	0.0		8.4	9.9	8.5	6.8	13.3	9.3	8.7	0.0	9.4
SPRT	12.7	6.6	0.0		9.8	7.6	26.2			9.5	6.6	0.0		6.7	3.5	22.6		7.5
TRAV	14.6			8.6	17.4					13.9			7.0	16.0				13.1
Total	21.7	15.6	13.4	17.9	17.5	10.5	12.0	7.0	13.0	16.3	10.1	8.4	11.1	12.3	6.8	9.2	7.9	10.6

Note 1: Percentages are not included in the chart above.

11.8
Turnover Rates by Initial Investment (Excluding Real Estate)
in thousands

	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million	Grand Total
AUTO	4	6	2	8	30	11	2	1	6	70
BAKE	1	3	2	3	10	5				24
BLDG	3	8	11	4	18	6				50
BUSN	7	12	10	1	3	1	1		1	36
CHLD	2	2	3	4	9	2				22
EDUC	1	1	2	2	3	1				10
FAST	1	6	12	20	80	36	4		1	160
LODG					3	5	5	6	24	43
MAIN	12	17	13	6	6	1				55
PERS		1	4	6	15					26
PRNT	1		1		6	7				15
REAL	2	12	3	4	4	1				26
REST		2		1	14	18	17	8	7	67
RETF	2	1		3	23	5	1	2	4	41
RETL	5	3	7	14	42	15	2		1	89
SERV	9	13	15	11	14	5	2	1		70
SPRT	3	1	2		10	3	2			21
TRAV	4			2	3					9
Total	57	88	87	89	293	122	36	18	44	834

	Under \$25	\$25 - \$49	\$50 - \$74	\$75 - \$99	\$100 - \$249	\$250 - \$499	\$500 - \$749	\$750 - \$999	Over \$1 Million	Grand Total
AUTO	6%	9%	3%	11%	43%	16%	3%	1%	9%	100%
BAKE	4%	13%	8%	13%	42%	21%	0%	0%	0%	100%
BLDG	6%	16%	22%	8%	36%	12%	0%	0%	0%	100%
BUSN	19%	33%	28%	3%	8%	3%	3%	0%	3%	100%
CHLD	9%	9%	14%	18%	41%	9%	0%	0%	0%	100%
EDUC	10%	10%	20%	20%	30%	10%	0%	0%	0%	100%
FAST	1%	4%	8%	13%	50%	23%	3%	0%	1%	100%
LODG	0%	0%	0%	0%	7%	12%	12%	14%	56%	100%
MAIN	22%	31%	24%	11%	11%	2%	0%	0%	0%	100%
PERS	0%	4%	15%	23%	58%	0%	0%	0%	0%	100%
PRNT	7%	0%	7%	0%	40%	47%	0%	0%	0%	100%
REAL	8%	46%	12%	15%	15%	4%	0%	0%	0%	100%
REST	0%	3%	0%	1%	21%	27%	25%	12%	10%	100%
RETF	5%	2%	0%	7%	56%	12%	2%	5%	10%	100%
RETL	6%	3%	8%	16%	47%	17%	2%	0%	1%	100%
SERV	13%	19%	21%	16%	20%	7%	3%	1%	0%	100%
SPRT	14%	5%	10%	0%	48%	14%	10%	0%	0%	100%
TRAV	44%	0%	0%	22%	33%	0%	0%	0%	0%	100%
Total	7%	11%	10%	11%	35%	15%	4%	2%	5%	100%

Note 1: This chart is meant to be used as a supplemental tool to the preceding turnover graphs and charts. It displays the number of systems within each category.