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"Success is anytime you're positively impacting something or someone around you"



CANNABIS FRANCHISING: A SLEEPING RETAIL GIANT?

Cannabis is big business, but when it comes to franchising, we've only scratched the surface

WORDS BY RAGHAV PATEL



THE AUTHOR

Raghav Patel is a digital content writer for *Global Franchise*

The marijuana market has had some time to find its feet and crystallize since the heady year of 2012, when the U.S. saw its first cannabis legalization amendments and initiatives in the states of Colorado and Washington, respectively. Since then, 14 states have chosen to legalize cannabis, with the state of Vermont doing so through its legislature, unlike any other state.

Jerry Nadler, who serves as the U.S. representative for New York's 10th congressional district, reintroduced the Marijuana Opportunity Reinvestment and Expungement Act (MORE Act), removing cannabis from the list of controlled scheduled substances and expunging any prior cannabis-related convictions.

Cannabis is already a growing sector, currently valued at around \$19.8bn globally with it forecasted

to reach \$97.35bn by 2026. The power of branding in cannabis could be felt while it was illegal and brands will continue to play an important role in cannabis business in the years to come as budding entrepreneurs want to dip their toes into this market.

"The wide range of what is happening in this industry from a customer experience, I think is something that is begging for franchising. And the entry for investors to get in, is also begging for franchising," says Justin Livingston, vice president of franchise development at cannabis dispensary franchisor, Unity Rd.

"People want to get into this. They see the money, they see the good that can happen. They see the impact it can have on the community, and they see the generational wealth that is available to really change lives for years and years to come."

State of cannabis franchising in the U.S.

Cannabis has steadily grown in popularity over the years, penetrating a little more into the mainstream every year. According to Gallup, seven per cent of Americans smoked marijuana in 2013, compared to 12 per cent in 2019. The global pandemic saw many cannabis dispensaries be considered essential businesses, putting them on parity with the likes of banks, supermarkets and hospitals.

"Retail is really where the opportunity is; there's an enormous amount of opportunity in cannabis to support the dispensary business, on the manufacturing side, packaging side, cultivation side and processing side," says Livingston. "But I think when it comes to franchising, the real opportunity here is in the retail side.

"We think of Amsterdam, when we think of where you can go and use the product that you purchased.

And that's really in its



infancy here, more an idea than anything else. But I think that's probably next in line for franchising."

Unity Rd. opened its first franchise location in Boulder, Colorado in June 2021. The store is managed by Nate Wetzel, a former housebuilder – indicating that this is a franchise business opportunity like any and attracts people from all walks of life.

In addition to mismatching state and federal laws, many jurisdictions offer a limited number of licenses to operate cannabis dispensaries, limiting the number of marijuana dispensary franchisees that can operate in a single jurisdiction. Coupled with complying with different laws in different states, many cannabis businesses see franchising as too complex and undefined to begin foraying into.

Recent and future regulatory developments

The MORE Act's passing is the American cannabis industry's single most important rallying point, currently. The act, if passed, would remove cannabis from the list of scheduled substances, removing marijuana laws from the federal lawbook, and leaving it in the hands of states.

However, the Senate is still finely balanced without an overt Democrat majority, meaning there is no guarantee of the Act passing.

The bipartisan SAFE Banking Act is a similarly important piece of legislation that has yet to become law.

"While Canadian cannabis franchisors still have to deal with differing state laws and limited licenses, regulators and lawmakers have been more lax than in the U.S."

Many dispensaries and cannabis businesses are unable to deposit their funds in certain banks due to federal restrictions. This bill allows states to decide their own laws and penalties, leaving a degree of ambiguity for national, multi-state operators who would prefer a common code and set of practices.

"People are understanding not only the recreational benefits, but the vast medical benefits. The whole idea is changing, and the opposition is quieting," says Livingston. "The advocates are starting to get some pretty big wins from one state to the next. And so, from a legislative standpoint, what we see is there are things happening to create safer banking practices. While cannabis is federally illegal, banking is very difficult to negotiate.

"Creating processes where our retailers can take credit cards and operate much more like a normal retail business as opposed to having to find ways to do it with debit cards, ATMs, and cash is really exciting and going to create a much more normalized environment."

It's also important to know that cannabis' federally illegal status means a franchised dispensary has to contain all of its operations

and business in the state. Products cannot be shipped across state lines, nor can store supply be grown in other states. 280E of the IRS tax code also does not allow dispensaries to deduct operating costs and apply for tax credits due to marijuana's status as a scheduled substance.

The Canadian cannabis landscape

Canada is much further ahead on this issue and legalized in 2018, meaning the recreational use of marijuana was no longer a violation of federal law. A number of Canadian marijuana franchises have opened, including the likes of the Ontario-based Sessions Cannabis, which has over 40 locations in the state.

Prohibition, a company that started out as a shop in a small Montreal flea market selling smoking accessories is today a franchised business with 26 locations across multiple provinces, and is still seeking more franchisees with new locations lined up. Smoker's Corner is another franchised smoking accessories company

with over 10 franchised locations across Nova

Scotia, Alberta and British Columbia.

Inner Spirit Holdings, through



“The popularity of the drug itself has not waned, nor is it likely to”

its retail brand, Spiritleaf, was the Canadian Franchise Association’s first cannabis business and is up to 70 locations across Canada, with 13 franchised and seven corporate locations.

In July, Sundial Growers acquired Inner Spirit Holdings, making it one of the largest cannabis verticals in Canada as well one of the biggest retail operators with over 100 locations across the country.

While Canadian cannabis franchisors still have to deal with differing state laws and limited licenses, regulators and lawmakers have been more lax than in the U.S. and consequently, the cannabis industry has grown significantly in the country with cannabis franchising making significant leaps too.

“It wasn’t always the case in Canada, but the ease of entry and the focus on getting people into business seems to be a bit more of a priority, whereas the barriers of entry here are just extraordinary,” says Livingston.

“So, I hope to see a little bit of that kind of equalization where we can learn from our neighbors from one state to the next, even one municipality to the

next, but certainly, our neighbors to the north.”

When regulations/laws crystallize and coherently coalesce across provinces, we will see the true extent of the cannabis franchising industry. Right now, Canada’s cannabis industry is still somewhat suppressed by laws and regulations.

The global cannabis environment

Before franchising can even be considered, cannabis itself must be legal. While some countries have made significant progress, it’s still illegal in most countries around the world – though that may slowly be changing.

Singapore, arguably the most virulently anti-drug nation, recently confirmed the use of medical cannabis for the second time in the country’s history. Full-blown legalisation is unlikely to be on

the cards in the near future, but it represents the direction of travel.

Thailand represents Asia’s best hope for recreational cannabis

legalization. It was only this year that laws were passed that allowed the purchase of medical cannabis from licensed retailers and the right to grow up to six plants at home for personal use.

Thailand even held forums on World Cannabis Day, as the country seeks to promote medical cannabis and allowed cannabis business owners to present their non-psychoactive cannabis products.

However, it isn’t smooth sailing towards the direction of legalization. New Zealand held a referendum in 2020 to ask its citizens whether or not they wanted to legalize the sale, use, production and possession of recreational cannabis, to which 50.7 per cent of voters voted against legalization. This fell in line with most opinion polls in the country that were unsure on recreational cannabis but voiced support for medical cannabis.

Greener future ahead

The cannabis franchising sphere has enormous potential to become a ubiquitous part of the North American retail experience, offering what may become an ‘essential’ product and competing with food and beverage for dominance in franchising. The popularity of the drug itself has not waned, nor is it likely to.

However, significant stumbling blocks remain in the U.S. While many states have decided to legalize cannabis and many politicians have proposed changes in federal legislation, they seem to keep failing at the last hurdle. It’s also a highly sensitive issue, one that many politicians feel isn’t worth expending political capital on.

The story is different in Canada. The potential for franchising to explode is there, and brands have already made themselves known across the entire country. With a further opening up of regulations and licenses, Canada’s cannabis franchise industry could end up being the biggest player in North America when legal issues are ironed out.

Cannabis has made incredible headway in the last decade; however, it still has baby steps to take in most territories and needs to establish itself as a safe and viable business in newly-legalized countries.



Meeting at the intersection of cannabis and franchising

Unity Rd. is creating opportunities for savvy entrepreneurs

Savvy entrepreneurs are flocking to the growing cannabis space, leveraging their existing capital to get in on the ground floor with a brand that understands both sides of a vibrant industry.

CANNABIS TODAY

Despite economic challenges brought on by the pandemic, the demand for cannabis products surged to unprecedented levels with nearly every state experiencing record sales throughout the year. By the end of this year alone, adult-use and medical cannabis sales in the U.S. are expected to reach between \$22bn to \$26.4bn.

The growth comes from increasing societal acceptance of both medical and adult-use

cannabis, which is broadly legalized in 19 states, including the District of Columbia, while 37 states allow medical cannabis consumption. A recent Gallup poll showed 68 per cent of the U.S. supports legalized cannabis. Since November 2020, 11 U.S. states have legalized medicinal or adult-use legalization.

PIONEERS OF OPPORTUNITY

The cannabis industry is notoriously complex, which is why Unity Rd. has developed a streamlined approach to opening a dispensary. “There’s a reason why no one else has successfully brought franchising to cannabis – to say our startup phase was complicated would be an understatement. Now, we have such strong teams,



AT A GLANCE UNITY RD.

Established: 2018

Number of franchised outlets: One, franchise partner owned

Location of units: United States

Investment range: \$1m - \$2.5m

Minimum required capital: \$1m

Contact: opportunities@unityrd.com
unityrd.com

“Despite economic challenges brought on by the pandemic, the demand for cannabis products surged to unprecedented levels”

processes and systems, you’d think we’d been doing this for decades,” explains Justin Livingston, vice president of franchise development at Unity Rd.

The brand’s team boasts a combined 120-plus years in legal cannabis operations and 60 years of franchising experience. Unity Rd. leaders are experts at enacting strategies that have driven growth and awareness for many emerging brands and turned them into household names for loyalists across the country.

Throughout their careers, the combined Unity Rd. team has awarded more than 450 franchises in 13 different countries and supported the development of 125 franchise concepts. They have also earned 26 cannabis awards and successfully managed cultivation operations in seven U.S. states, one commonwealth, and three provinces.

“With the right guidance and systems in place, success in the cannabis market is attainable,” Livingston says. “When you have industry veterans riding shotgun with you – the people who have already seen it all and developed





sound strategies – it mitigates the risk of the unknowns.”

Unity Rd. provides franchise owners with knowledge and guidance every step of the way – from securing a dispensary license to managing cash flow and product selection. The veteran team passes on their expertise and trusted resources, in addition to providing the ongoing support needed to run a compliant and successful dispensary.

EXPANDING THE UNITY RD. FOOTPRINT

The first Unity Rd. franchise shop opened in June 2021 in Boulder, Colorado, locally owned and operated by father-son-team Bruce and Nate Wetzel. “We had been looking at the cannabis space for a few years, trying to determine our best entrance that would mitigate the high risk,” said Nate.

“We knew that by partnering with a solid franchisor we wouldn’t have to go through the School of Hard Knocks and dug into cannabis franchises. We found a few that were just selling a business plan, no long-term support, and then discovered Unity Rd. The team has a depth of history on both the retail and cultivation side with awards to back them up. We felt most comfortable with Unity Rd. versus other routes into this nascent industry.”

Unity Rd. is currently in development with more than 15 franchise partners in various stages of opening across the U.S., with markets including Arizona, Colorado, Michigan, Ohio, and the Northeast. Upon signing an agreement with Unity Rd., the brand assists franchise partners through real estate, acquisitions, and the dispensary license application

process while integrating them into the Unity Rd. systems.

“It used to be only those who were courageous enough to invest could get in,” says Livingston. “Here at Unity Rd., we want to blow that open and make this opportunity more accessible, especially as we look to make good on our promise of keeping dispensary ownership local. Locking in a multi-unit operating deal in cannabis is something you don’t want to pass up at this stage in the industry. And, when you’ve got our comprehensive knowledge and support, it’s almost unbelievable how straightforward it can be.”

CANNABIS IS HERE TO STAY

Experienced entrepreneurs and multi-unit franchisees are seeking to diversify their portfolios within an industry that is proving its lasting power.

Since bursting onto the scene in 2018, Unity Rd. has seen a year-over-year surge in interest from the multi-unit audience. Livingston says, “multi-unit franchisees want to diversify with fresh franchise concepts that boast high return potential. They want to ride the top of a wave that is only going to continue growing and, for many, cannabis checks that box.”

The cross-section between cannabis and franchising is still broadly under-developed in the United States, but Unity Rd. knows how to navigate through – offering savvy entrepreneurs the opportunity to get in on the ground floor and capitalize on both the backing of an expert-led brand and the potential of a recession-proof industry.

Unity Rd. franchise partners stand to receive even more resources and supply chain connections as the brand was

“Experienced entrepreneurs and multi-unit franchisees are seeking to diversify their portfolios within an industry that is proving its lasting power”

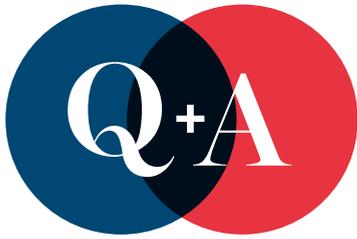
recently acquired by Item 9 Labs Corp., an award-winning, publicly-traded cannabis operator. The combination of the Unity Rd. cannabis retail franchise and premium Item 9 Labs products makes Item 9 Labs Corp. one of the first vertically integrated cannabis franchise companies in the nation.

As Unity Rd. grows its franchise network, Item 9 Labs plans to develop or partner with cultivation facilities in states where Unity Rd. franchise partners open cannabis retail shops. This move will give Unity Rd. operators front-of-the-line access to a reliable product supply chain, and it’ll prove to be a game-changer for multi-unit franchisees.

UNITY RD. IS PAVING THE WAY

The intricate world of legal cannabis has previously made entry and success elusive for even the savviest entrepreneurs. Unity Rd. is easing the barriers of entry by providing franchise partners a roadmap to navigate the complications of the industry.

This innovative cannabis franchise brand offers its partners the knowledge, resources, and ongoing support needed to succeed in the booming cannabis industry.



5 minutes with...

MIKE WEINBERGER

The chief franchise officer for dispensary brand Unity Rd. gives us the lowdown on this green industry

GF: How did you first get involved in the cannabis industry?

MW: Before getting involved in cannabis, I was working in franchising for about 15 years. From consulting to franchise law and owning a franchise to growing a national brand – I’ve pretty much done it. Above all, I really enjoy all the nuances and the overall concept of making business ownership more accessible.

I’m based in Denver, where adult-use cannabis sales have been legal since 2014, so I’ve seen the market develop first-hand. After chatting with a few local operators, it was clear that they were getting their asses kicked. Building a business is tough as it is, but adding cannabis into the mix complicates things even further, so I could understand why.

The logical solution to me was bringing the franchise model to cannabis, effectively creating a blueprint and resources to make dispensary ownership easier. I couldn’t imagine why no one had done it before. Fast forward to today and it took a small village to create Unity Rd. due to how complex this industry is, but we’ve nailed it down and we

did it the right way – reducing barriers for others to operate their own compliant and successful dispensaries.

GF: What excites you most about cannabis dispensary franchising?

MW: What’s most exciting about this industry is the fact that cannabis is still a new, emerging space. The sector itself has a startup feel where everyone is eager to roll up

“Success is anytime you’re positively impacting something or someone around you”

their sleeves, learn, and expand their horizons. It’s all very green – no pun intended – and changes every day, and even state by state, which makes navigating it a challenge, but it also keeps you on your toes.

And, even though I’ve been in both franchising and cannabis for years, I am constantly learning something new, which I think is important to keep things

interesting and loving what you do every day.

GF: What does success look like for you?

MW: Success is anytime you’re positively impacting something or someone around you. That thing can be your community, it could be your team or it can be your family and friends – anything. For me, that means working to positively impact the lives of everyone on my team by creating an environment where everyone looks forward to coming to work.

GF: What motivates you to succeed?

MW: I am a very team-centric person, so I’m incredibly motivated by the people next to me. There’s something special about a group of people coming together, working hard toward a common goal and elevating one another. I am motivated by and work for the person next to me, and I do that because I know they’d do the same. And, as leaders, I feel it’s our duty to create an environment that encourages this type of behavior. Culture – whether at home or at work – is what drives things forward.

THERE'S A NEW NEIGHBOR ON THE BLOCK



THE TIME IS NOW FOR CANNABIS DISPENSARY FRANCHISING
FIND OUT MORE AT [UNITYRD.COM](https://unityrd.com)

Take The High Road

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