



## ★ STAR Program FAQ ★

### **What is the VetFran STAR Program?**

The STAR Program is a three-tiered recognition system for franchisors participating in VetFran (1 Star, 3 Star and 5 Star). These designations are inspired by the military's star system for generals and admirals.

### **Why was the STAR Program created?**

VetFran's mission is to "Provide Access and Opportunities in Franchising to Our Nation's Veterans and Their Spouses". A key part of this effort is educating about franchising and how to navigate the franchise landscape. The STAR program aspires to nudge franchisors participating in VetFran towards best practices such as:

- including an Item 19 financial performance representation in their Franchise Disclosure Document
- offering a large incentive discount to veterans
- aspiring to high continuity rates
- having franchisor executives participate in the Certified Franchise Executive program.

### **How will the STAR system help veterans?**

The STAR designations are designed to provide veterans with more information beyond the VetFran incentive discounts. VetFran Committee Chair and Franchise Business Review CEO Eric Stites said "the STAR system will allow us to provide veterans with a clearer guide to the world of franchise opportunities, while giving us the ability to recognize the extraordinary levels of commitment that many of our members demonstrate." The different designations are tailored to suit companies of varying sizes. Criteria in the STAR system include years in business, number of units and continuity rate which means that it may take time for some systems to achieve certain STAR recognitions.

Veterans will benefit as more VetFran franchisors embrace the best practices encouraged by the STAR Program.

### **What are the criteria for the STAR designations?**

The table below shows how VetFran Members qualify for each STAR designation.

	1 STAR	3 STAR	5 STAR
Clean Audit Report	✓	✓	✓
Minimum Veteran Discount	10%	15%	20%
Years in Business (in this line of business)	2	3	5
Years in Franchising (since first unit opened)	1	2	3
Item 19 FPRs		✓	✓
Units Open		25	50
Continuity Rate over past 3 years			80%
CFE on staff			1

**How will franchisors be assigned STAR designations?**

Companies wanting to newly participate in VetFran will complete an application for the STAR designation that they best fit.

IFA works with FRANdata in making initial assignments of STAR designations based upon data from Franchise Disclosure Documents and IFA records. Upon receiving their initial designation franchisors will have the opportunity to share supporting information if they think they were slotted incorrectly.

Elements of the STAR recognition system such as years in business, number of units and continuity rate are tied to the evolution of a franchise system and therefore will not be immediately achievable for some systems.