



Car-repair franchisor follows Christian ideals

by Dennis Huspeni | Date: Friday, May 6, 2011

A new-to-Colorado car repair franchise may be surprising for several reasons, such as the look of the shops and its unique franchise agreement that gives owners an annual salary.

But perhaps most surprising is the requirement that all franchise owners must be Christians.

Christian Brothers Automotive (CBA) opened its first Colorado location in Monument in March. Four more are set to open within 18 months, in northern Colorado Springs, Centennial, Littleton/Highlands Ranch and Castle Rock, a company official said.

"For potential franchise partners, we have to make sure there's a faith alignment," said **Josh Wall**, vice president of franchise and strategic development. "We don't want to get away from the core of who we are. It's one of many qualifications to becoming a franchisee."

"We are looking for people that proclaim **Jesus Christ** as their Lord and Savior and have a relationship with him," Wall sent in a subsequent email.

Owners must proclaim faith

Though each franchise owner must sign a statement of faith, the company's employees and customers are diverse, he said.

Scott Kannady, managing partner for Brown and Kannady, a Colorado law firm specializing in franchise law, said it's unlikely that the company's Christian-only ownership requirement is a violation of potential buyers' constitutional rights.

"The requirement likely goes to the good will of the franchise, or its branding or identification, so it's a reasonable request," he said.

Just like a vegetarian restaurant chain might require its franchise owners be vegetarian, the practice is "likely acceptable because it goes directly to their mission statement," Kannady said.

Though it's in the name, Wall said franchisees don't advertise the shops as religious-based.

"It's very much who we are, but what you won't find is any of that in our advertising — not to say there's anything wrong with that," Wall said. "We're just not using it as a marketing ploy, nor should it exclude anyone from patronizing our businesses."

CBA also uses a unique franchise fee arrangement.

Franchisees not only are granted an annual salary, about \$60,000 with benefits, but also, Wall said they pay a franchise fee only if they are profitable.

Founder and CEO **Mark Carr** "didn't think it was fair that a franchisee write a check to the home office before putting any money in his own pocket," Wall said. "So our royalty fee comes off net operating profit. ... That directly incentivizes us to get in there and help grow their business."

Unique arrangement in franchising

Ruth Garcia, owner and founder of RG2 Consulting of Denver, which specializes in franchising, said the CBA franchise fee setup is unique in her experience.

“What I usually see is the royalty coming off the top-line revenue ... they must be pretty confident about their profit margining,” she said.

There are more than 80 CBA shops in 10 states, and at least 25 more franchise agreements have been signed, Wall said. The company’s first shop opened in 1982 in Houston, and it began selling franchises in 1996. It recently targeted Colorado.

“Based on research of our customer database, we saw a lot of people in Denver and the general Colorado area were looking for a service like ours,” said Wall, noting company officials are looking to open 14 shops in Colorado in three to four years.

That service is car repair from a shop that looks completely different from most other car repair shops. The exteriors look like townhomes, and the shop’s waiting rooms typically have leather sofas and art on the wall.

“We treat people, well, like family,” Wall said. “We welcome them in an area and environment that feels like home.”

Wall said Christian principles such as honesty and treating people well have guided the company since its inception.

“**Mark Carr** set out to create a business by learning what people disliked about getting their cars repaired,” Wall said.

What he found is that customers responded to a clean environment and full honesty from a mechanic.

Jonathan Specht owns the first Colorado CBA in Monument. He used to own two of the shops in Fort Worth, Texas, but sold them because he and his wife wanted to live in Colorado.

“It’s a business people need and a service people need,” Specht said. “When times are good, they need car service. When times are not good, people aren’t going to buy new cars and need the old ones maintained.”

His religious background comes into play only on how customers are treated “with care, respect and integrity,” he said. There is no preaching to customers, more than half of whom are women.

“The shops are clean and pleasant and there’s no high pressure,” Specht said.

Wall said the CBA has never had a franchise default.

Read more: Car-repair franchisor follows Christian ideals | Denver Business Journal
<<http://www.bizjournals.com/denver/print-edition/2011/05/06/car-repair-franchisor-follows-christian.html#ixzz1LcSMTc3h>>