



# the bar method®

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<b>Franchised Units:</b>	119	<b>In Business Since:</b>	2001	<b>Royalty:</b>	6%
<b>Company-Owned Units:</b>	2	<b>Average Franchise Fee:</b>	\$52K	<b>IFA Member:</b>	Yes
<b>Total Operating Units:</b>	121	<b>Total Investment Range:</b>	\$303 – 499.9K	<b>Term of Initial Contract:</b>	10 Years

## OUR MISSION

Our mission is to empower women to be the best version of themselves by creating highly efficient, full-body workouts that build inner and outer strength, grace and poise.

## OUR HISTORY

The Bar Method was founded in 2000 and is a pioneer of barre-based techniques. It stands apart due to its outstanding workout, its well-trained teachers and its passionate, supportive community. Bar Method studios are luxurious and elegant, providing a warm atmosphere for students to come together to work hard, have fun and achieve their goal.

## THE EXERCISE

The Bar Method targets all major muscle groups, alternating between the front and the back of the body. The unique exercises keep students working long and intensely enough to transform and sculpt the muscles. Active and passive stretching follows each exercise to create a graceful, dancer-like body that is at the same time lean and defined. Students in their 20s see the results, just as much as our students in the their 70s!



## **QUALITY AND TECHNIQUE**

The Bar Method technique stands apart because it is safe, smart and personal. It was created under the guidance of physical therapists to ensure it is safe and effective for students spanning a wide range of abilities including those with physical limitations and injuries.

## **KNOWLEDGEABLE TEACHERS**

Unlike other barre workouts, our instructors undergo a lengthy and rigorous training that includes lessons of anatomy and hands-on adjustments. Our students receive personalized adjustments, modifications and encouragement to get the most out of every workout. It's a workout that is safe and sustainable for life!

## **OPENING A BAR METHOD STUDIO**

Our team of studio owners are an elite group of entrepreneurs with diverse professional backgrounds, including lawyers, nurses, stay-at-home moms, teachers, financial analysts, and beyond. Each entrepreneur has joined our community to pursue their passion, run their own business, and to gain flexibility and work/life balance. All are leaders in their community and take pride in making a positive contribution to the lives of their clients, instructors and staff. Our owners are a tight-knit community of colleagues and close friends that learn from and provide ongoing support to one another.

## **OPERATE A PROVEN BUSINESS**

The Bar Method studio owners have the advantage of running their own business while employing a model with proven success. Franchisees benefit from the halo of this trusted and long-standing brand and its large footprint across the U.S. and Canada. The Bar Method business model offers multiple revenue streams including individual classes, recurring memberships, retail apparel and accessories. Many studio owners go on to open successful second and third locations.

## **LUXURIOUS STUDIO DESIGN**

The Bar Method studios are warm, inviting and are designed to provide a haven in the community. Studios typically include a welcoming reception area with retail displays, a lounge area for students and staff to mingle before and after class, one or two spacious classrooms that have special flooring so exercises are safe and effective, and lockers and changing rooms that are often stocked with complimentary towels and beauty products. Some studios include showers and a separate playroom for childcare. Studio size ranges from 2,000 to 4,000 square feet and are typically located in high traffic areas in both urban cities and suburban neighborhoods.

## JOIN US!

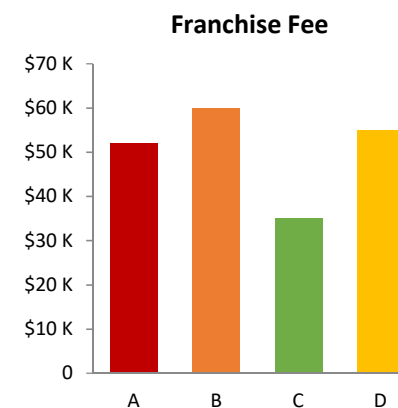
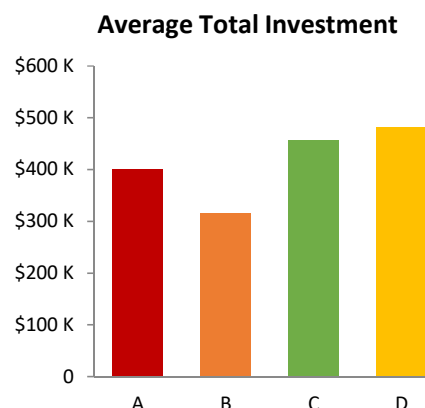
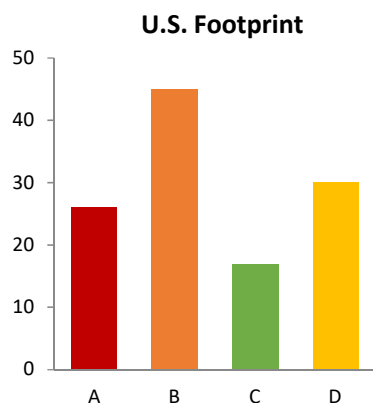
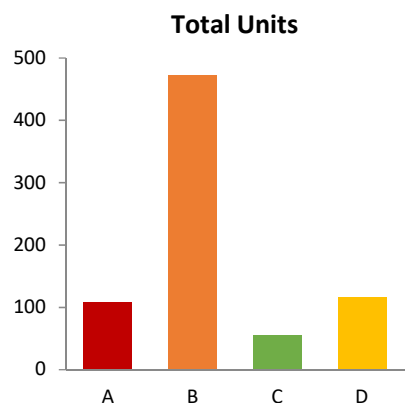
The clients, instructors and owners are what make The Bar Method such a strong and powerful community. They range in age, background and body type but are connected in mindset; all are motivated, hard-working, passionate about wellness and strive to live a fulfilled life. Many clients become instructors and owners because their lives have been so positively impacted by The Bar Method. They find it incredibly rewarding and fulfilling to align their personal passions and career goals. The Bar Method's remarkable group of predominantly female studio owners have incredible drive, talent, leadership and passion for the brand. They inspire one another across the company and within their local communities every day which is why The Bar Method's mantra is ***together we are stronger!***

# Barre Studios Industry

	Company Name (DBA)	Legal Name	Final Score
A	The Bar Method	The Bar Method	682
B	Pure Barre	PB Franchising, LLC	675
C	The Dailey Method	TDM Franchise Company, LLC	519
D	Barre3	B3 Franchising, LLC	517

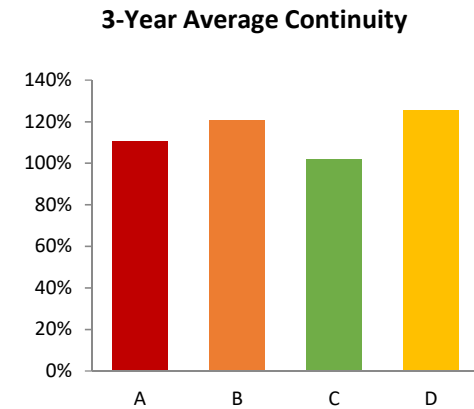
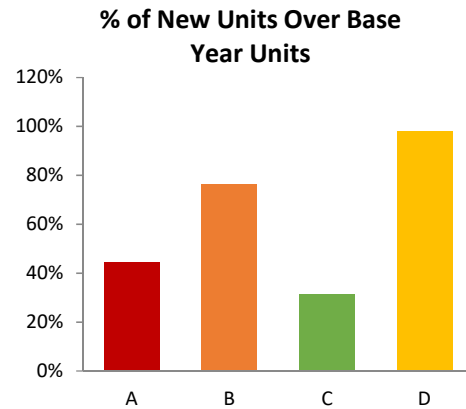
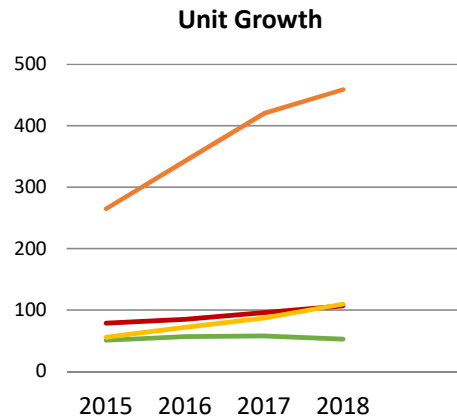
## Key Unit Investment Variables

30%



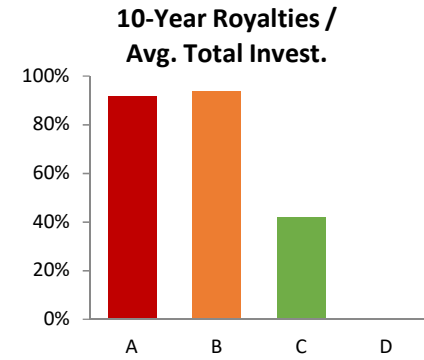
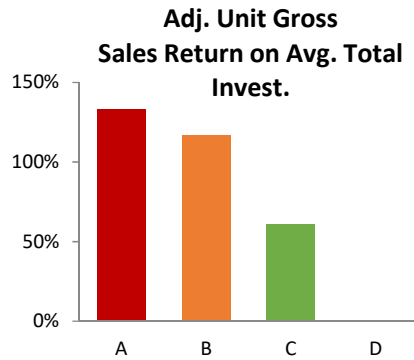
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

	The Bar Method		Pure Barre		The Dailey Method		Barre3		
<b>Weighting for Primary FDD Variables (300 Points)</b>	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	107		459		53		110		
Year-End Total Company-Owned Units	2		13		2		6		
<b>Year-End Total Units</b>	<b>109</b>	<b>40</b>	<b>472</b>	<b>50</b>	<b>55</b>	<b>30</b>	<b>116</b>	<b>40</b>	<b>50</b>
% of Franchised Units	98.2%		97.2%		96.4%		94.8%		
<b>% of Company-Owned Units</b>	<b>1.8%</b>	<b>5</b>	<b>2.8%</b>	<b>6</b>	<b>3.6%</b>	<b>7</b>	<b>5.2%</b>	<b>7</b>	<b>10</b>
<b>U.S. Footprint (# of U.S. States)</b>	<b>26</b>	<b>32</b>	<b>45</b>	<b>35</b>	<b>17</b>	<b>26</b>	<b>30</b>	<b>32</b>	<b>35</b>
Total Low Investment	\$303,000		\$191,650		\$274,550		\$291,956		
Total High Investment	\$499,850		\$439,250		\$639,400		\$672,178		
Average Total Investment Per Unit	\$401,425		\$315,450		\$456,975		\$482,067		
Low Unit Size Estimate (Square Feet)	1,800		1,500		1,800		1,400		
High Unit Size Estimate (Square Feet)	3,000		1,500		2,200		2,800		
Average Unit Size (Square Feet)	2,400		1,500		2,000		2,100		
Average Total Investment Per Square Feet	\$167		\$183		\$228		\$230		
<b>Average Franchise Fee (Single Unit)</b>	<b>\$52,000</b>	<b>11</b>	<b>\$60,000</b>	<b>10</b>	<b>\$35,000</b>	<b>24</b>	<b>\$55,000</b>	<b>11</b>	<b>40</b>
<b>Average Annual Royalty Fee (On-Going After Trial Period)</b>	<b>6.0%</b>	<b>80</b>	<b>7.0%</b>	<b>60</b>	<b>6.0%</b>	<b>80</b>	<b>6.0%</b>	<b>80</b>	<b>90</b>
<b>Term of Initial Contract (Years)</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>10</b>	<b>35</b>
<b>Term of First Contract Renewal (Years)</b>	<b>5+5</b>	<b>11</b>	<b>5+5</b>	<b>11</b>	<b>5+5+5</b>	<b>17</b>	<b>5</b>	<b>6</b>	<b>20</b>
<b>Average Transfer Fee (Single Unit)</b>	<b>\$13,333</b>	<b>5</b>	<b>\$10,000</b>	<b>8</b>	<b>\$6,125</b>	<b>9</b>	<b>\$27,500</b>	<b>1</b>	<b>10</b>
<b>Year Incorporated</b>	<b>2001</b>	<b>9</b>	<b>2009</b>	<b>5</b>	<b>2000</b>	<b>9</b>	<b>2008</b>	<b>7</b>	<b>10</b>
Franchising Since	2007		2009		2009		2010		
Issuance Date of FDD (Issue Date)	4/19/2018		11/13/2018		7/16/2018		4/12/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

Weighting for Primary FDD Variables (250 Points)	The Bar Method		Pure Barre		The Dailey Method		Barre3		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Base-Year Beginning Franchised Units	79		265		51		56		
New Franchised Units Over Following 3 Years	35		202		16		55		
Total Franchised Units at the End of Year 3	107		459		53		110		
% of New Units Over Base Year Units	44.3%	20	76.2%	40	31.4%	15	98.2%	40	40
3-Year Compound Annual Unit Growth	10.6%	30	20.1%	40	1.3%	10	25.2%	45	70
3-Year Average Continuity Rate	110.7%	125	120.4%	140	101.6%	105	125.3%	140	140

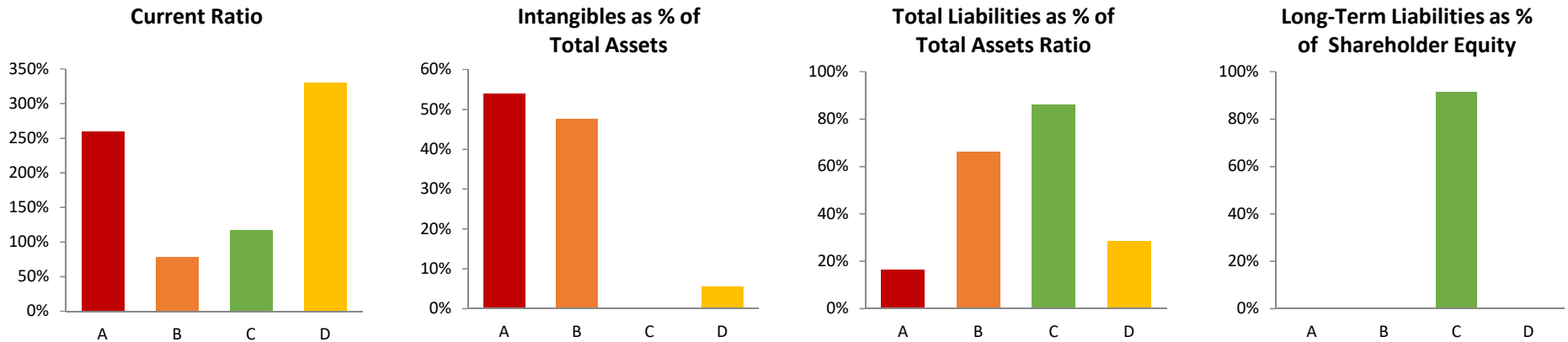


- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in year 1 sales as a function of the average investment might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a percentage of Average Total Investment put these differences into perspective.

	The Bar Method		Pure Barre		The Dailey Method		Barre3		
Weighting for Primary FDD Variables (350 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Company-Wide Average Gross Sales or Revenue	\$464,331		\$320,571		\$242,726		No Item 19		
Period Operated	At Least 12 Months		18 Months		1 Year		No Item 19		
Calculation Based on # of Units Evaluated	94 of 107		342 of 459		22 of 53		No Item 19		
Calculation Based on Franchised or Company-Owned Units	Franchised		Franchised		Franchised		No Item 19		
% Adjustment*	115%		115%		115%		No Item 19		
Adjusted Average Gross Sales or Revenue	\$533,981		\$368,657		\$279,135		No Item 19		
<b>Adjusted Unit Gross Sales Return on Avg. Total Investment</b>	<b>133.0%</b>	<b>125</b>	<b>116.9%</b>	<b>110</b>	<b>61.1%</b>	<b>60</b>	<b>No Item 19</b>	<b>0</b>	<b>175</b>
Cum.10-Year Gross Sales (Compounded at 5% Growth / Year)	\$6,132,321		\$4,233,713		\$3,205,631		No Item 19		
<b>10-Year Sales / Average Total Investment</b>	<b>15.3</b>	<b>35</b>	<b>13.4</b>	<b>35</b>	<b>7.0</b>	<b>15</b>	<b>No Item 19</b>	<b>0</b>	<b>75</b>
10-Year Total Royalty Payments	\$367,939		\$296,360		\$192,338		No Item 19		
<b>10-Year Royalties / Average Total Investment</b>	<b>91.7%</b>	<b>50</b>	<b>93.9%</b>	<b>50</b>	<b>42.1%</b>	<b>50</b>	<b>No Item 19</b>	<b>0</b>	<b>50</b>
Detailed Income Statement (EBITDA All Units Optimal)	0%	0	0%	0	0%	0	No Item 19	0	50

\* To adjust stated Average Gross Sales to a "standard" of greater than 2 years, the following adjustments were applied:  
 Over 1 Year = 115%; Over 2 Years = 100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.





- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including **Goodwill**, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

Balance Sheet Items (\$000)	The Bar Method		Pure Barre		The Dailey Method		Barre3		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
<b>Weighting for Primary FDD Variables (100 Points)</b>									
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		12/31/2017		6/30/2018		12/31/2017		
Current Assets	\$3,070		\$1,306		\$289		\$1,576		
Intangibles & Goodwill	\$3,896		\$1,188		\$0		\$94		
Other Assets	\$265		\$4		\$45		\$0		
Total Assets	\$7,231		\$2,498		\$334		\$1,670		
Current Liabilities	\$1,183		\$1,657		\$246		\$477		
Long-Term Liabilities	\$0		\$0		\$42		\$0		
Total Liabilities	\$1,183		\$1,657		\$288		\$477		
Shareholders' Equity	\$6,048		\$840		\$46		\$1,193		
Total Liabilities & Shareholders' Equity	\$7,231		\$2,498		\$334		\$1,670		

Key Financial Ratio (%)s	The Bar Method		Pure Barre		The Dailey Method		Barre3		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
<b>Weighting for Primary FDD Variables (100 Points)</b>									
Current Ratio (or Working Capital Ratio)	259.5%	25	78.8%	4	117.5%	20	330.4%	25	<b>25</b>
Intangibles & Goodwill as % of Total Assets	53.9%	4	47.6%	6	0.0%	20	5.6%	18	<b>20</b>
Total Liabilities as % of Total Assets Ratio	16.4%	35	66.3%	25	86.2%	10	28.6%	35	<b>35</b>
Long-Term Liabilities as % of Shareholders' Equity Ratio	0.0%	20	0.0%	20	91.3%	2	0.0%	20	<b>20</b>

<b>Total Score</b>	<b>682</b>	<b>675</b>	<b>519</b>	<b>517</b>	<b>/1000</b>
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FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2018 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on [www.FranchiseDisclosures.com](http://www.FranchiseDisclosures.com). If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

**Source:** All information in the FranCompare™ Franchise Recognition Program, the Franchise Matrix™ and related charts and graphs was compiled from publicly available Franchise Disclosure Documents (FDDs). FranCompare™ permits no reproduction, electronic transmission or other distribution of the FranCompare™ Franchise Recognition Program or Franchise Matrix™, in whole or in part, except as authorized by separate signed Agreement.

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