

Franchisees: Buying a known quantity

Tech exec finds acquiring a brand is easier than starting from scratch.

By Tina Traster

In April 2006, Armando D'Accordo vowed to change his life as he looked up at tubes sustaining him while he was being taken away in an ambulance from his high-pressure job at Cendant Corp. Having escaped a heart attack—the chest pains were caused by extreme hypertension—Mr. D'Accordo, who'd also had a recent bout with cancer, wanted more control over his destiny.

In September 2007, the IT executive, 48, paid \$184,000 to purchase both a franchise from CMIT Solutions, a Texas-based information technology provider with 107 franchisees that serves small businesses, as well as the development rights for franchises in New York City and Long Island. His uncle Armand D'Accordo is a partner in the development venture.

“I wanted to buy a franchise rather than build a business from scratch because I knew I wouldn't have to reinvent the wheel,” says Mr. D'Accordo.

Mr. D'Accordo pays the CMIT Solutions franchisor a 6% commission on his earnings, and he gets half of the royalties that franchisees pay the corporate office. In 2008, Mr. D'Accordo was named CMIT Rookie of the Year based upon his record first year revenue. The franchisee, which has five employees and charges a monthly fee to maintain, monitor, and back up systems for companies with five to 100 employees, has built a following of C.P.A.s, medical companies and financial services firms.

Hits — Legwork brings in clients

To gain visibility early on, Mr. D'Accordo frequently spoke for free at professional conferences and events on the subject of why small businesses need to guard against computer outages and hackers, and how computer systems help them with government compliance. The legwork paid off, and new clients became his best source of referrals. “Business continuity is a powerful pitch in a post 9/11 world,” says Mr. D'Accordo.

Misses — Administrators needed

After attending a few trade shows in late 2008, Mr. D'Accordo saw his business start to boom. But since he had no administrative staff at the time, he could not even chase up leads from the show. “It was a wake-up call,” says Mr. D'Accordo, who hired three administrators shortly thereafter. “I lost a lot of potential business because I couldn't manage everything.” Subsequently, he implemented a computer system to track client interactions and banned the use of Post-it notes from the office.