



# FRANCHISING IS ALIVE AND WELL AT FAMILY FINANCIAL CENTERS

PARENT ECKERT GROUP MOVING INTO INSURANCE FIELD AS COMPANY HITS 15TH ANNIVERSARY. **By CHARLENE KOMAR STOREY, Editor-in-Chief**

Some people have been increasingly pessimistic about the check cashing business in recent years. They point to a variety of changes in society and technology that, they say, have been ringing the death knell for the industry, from an increase in direct deposit of paychecks to greater use of cell phone apps.

And yet there are still plenty of check cashing stores on the scene — and plenty of owners who seem to be doing just fine. There even are people who are outspoken in their belief that, far from facing eventual extinction, check cashing will grow and prosper, though it may change.

Take Paul Eckert and his team at the Eckert Group, who have been carefully assessing the situation as they run Family Financial Centers.

“Check cashing is not going away,” says Eckert, whose company has been franchising check cashing stores for 15 years now. “It’s going to change; it’s not 1985. But this industry is more vibrant than at any time in the last 20 years.”

Eckert has good reason for his confidence: There are now 50 Family Financial units, and 15 more are in the pipeline.

And now, Eckert says he’s ready to expand with a comprehensive insurance package specifically tailored to the industry. Eckert says it will offer

better coverage than has been available in the past and at a better price.

While franchisees will get the first chance to purchase the insurance, the company will reach out to the industry at large into a second phase.

“I’ve spent a decade laying the groundwork,” Eckert says.

The initiative will be announced at the Financial Service Centers of America’s annual convention in Las Vegas.

Eckert’s approach seems to be a combination of both covering all the traditional bases and thinking outside the box. For instance, offering insurance is not entirely different from offering legal assistance. Family Financial Centers extended in

that direction after Eckert read an article in the *Wall Street Journal* about the glut of lawyers. If young, hungry, well-qualified attorneys couldn't find positions at law firms, he reasoned, why not bring them in house to serve his company and his franchisees? That led to his company's Legal Solutions.

Family Financial Centers has also introduced what they call a "store in a store." Taking up only 200 square feet, it has been added to everything from convenience stores to laundromats. It offers two teller stations to serve a smaller customer base.

Additionally, the company has moved into the automated check-cashing field. Eckert claims that past efforts in this area failed because the technology wasn't ready until now. "They went too quick, too fast," he says.

The machines can be installed in such handy locations as supermarkets, Eckert says. The checks are fully guaranteed, Eckert adds.

While looking at many aspects of the business from new angles, Eckert Group has placed a strong emphasis on the basics. Today, a vital point is lining up a bank for a new franchisee or replacing a financial institution that decides to drop MSBs.

Ken Parsons, president of Family Financial Centers, is the point man for banking relationships. "Franchisees don't have to deal with banks," he says. "Dealing with banks is a niche business. I know what to say — I can speak professionally to them."

Parsons reaches out to banks of all sizes all across the country. He says he cultivates banks, establishing a range of relationships. That means the company can set up a banking relationship for a new franchisee, or help an existing one if its bank decides to cease doing business with MSBs. That's necessary because of the time it takes to set up a new banking relationship.

While Parsons says he's seen some banks expanding their relationships with MSBs, he cautions that the attitude underlying Operation Choke-

point is embedded to a great extent.

That's one reason Parsons is careful to reassure banks that they won't run into any compliance-related issues. "Banks like that we give oversight to franchisees," he says. Parsons adds that Family Financial Centers brings banks' compliance officers into its Doylestown, Pa., headquarters for as long as a week, so they can see for themselves what the company does. "It's not just showing them a piece of paper," he adds.

That's one reason some independent check cashers have decided to become franchisees: They couldn't get or lost their bank, and Family Financial Centers was able to solve that problem for them.

New franchisees and their staffs are required to train in the company's classroom at headquarters. This applies whether the owner has previous check cashing experience or not, and the whether the new operation is a full-blown unit, a store in a store, or a machine. The reason is to ensure that all Family Financial Centers follow the same rules, which is vital in terms of compliance, bank relationships and more, top management stresses.

A thick binder is the students' textbook, and yes, homework is assigned.

While the most weight may be put on compliance, nothing is skipped. Franchisees are urged to get networking, join fraternal associations, meet with local company owners, and bring in community and opinion leaders.

As for employees, when needed the company will help with ad placement and even train or retrain them if needed.

Eckert Group's energetic vice president of operations and regulatory compliance, Jennifer Haban, performs the training. "We give them structure," she says, pointing out that even independent stores have chosen to become franchisees when they found themselves overwhelmed.

After the training, Haban declares, "I monitor the heck out of

things." Having gotten to know the owners and other personnel, she adds, means that she has identified their strengths and weaknesses. Maybe their math skills aren't what they could be, or their computer skills. "I don't take anything for granted," Haban says. "I'm always monitoring the checks and balances, making sure they're looking at the right things."

There's an additional part to Family Financial Centers' success: Choosing the right franchisees. "We're very discriminating about who we bring in," Eckert says. Chief Development Officer Jack Wilson says that they look for four things: one, a more sophisticated business owner; two, someone who understands and will implement compliance; three, someone who is willing to use current and emerging technology, and four, someone who will overlay with the company's proven process.

Check cashing stores are most likely to run into trouble because of lack of access to capital, Wilson says. "The best person to go into check cashing is the person who understands cash flow."

He adds, "The key is not getting into the business. The key is staying in the business."

Family Financial Centers also acquires existing independent check cashing stores that it will later sell to franchisees. "We can be an exit strategy for them," Wilson says. And franchisees who take over those stores are urged to make reaching out to the established customer base their top priority.

As for continuing growth, Eckert points out that the financial crisis of 10 years ago moved even more people into the ranks of the unbanked and underbanked. And wage stagnation is adding others. And like many others today, Eckert sees cashing commercial checks as a strong growth area.

But the real key to Family Financial Centers' success, now and in the future, is a traditional one. "There's only one way to get where you want — work hard," Eckert says.