



The American Running Company™ Consulting

American Running Company™ store opened in April 2004 in Dunedin, Florida. Since then, American Running Company™ has become synonymous with offering quality products and providing superior customer service. The store was named top 50 Independent Running Specialty store in the USA for 2010. Customers have come to appreciate our professionally trained shoe specialists who assess their specific needs to ensure they leave with the perfect shoes. Customer service is our #1 priority and it has helped us become Tampa's most sought after specialty athletic shoe store.

In addition to offering a wide range of shoes for runners, race-walkers, triathletes, general walkers, other athletes, and individuals with medical conditions, we carry a full line of technical apparel, accessories and nutritional products to support our customers' fitness activities. We also conduct monthly clinics to educate customers on various topics related to running, race-walking, and triathlon biomechanics and general fitness.

American Running Company™ also plays an active role in the community. We host free 5K events, conduct training seminars to help runners improve their performance, and participate in local health events to help members of our community achieve their fitness goals.

Running shoes are the industry's largest sector specific to one sport, which totaled approximately \$5 billion in the U.S. alone last year, according to SportsOne Source, a firm that tracks sporting goods sales. If you are a runner, walker or triathletes with an entrepreneurial spirit and the drive to own your own business, an Independent Running Specialty store may be the perfect fit for you.

Why Provide Consultation Services?

We chose to offer consulting for Independent Running Specialty stores for a number of reasons. The first was due to customer demand. We have had the pleasure of serving customers from many areas outside Florida. We have had many of these customers comment that they would love to have their own Independent Running Specialty store.

In choosing to provide consulting services, we recognized that almost 60% of all retail sales are made at independently owned businesses. Individuals who use a consulting firm seek to minimize their risk by purchasing a proven system of operation that enables them to operate a profitable,



successful business much sooner than with a traditional startup. They also benefit from approved purchasing systems, proven advertising, and constant contact through out the whole process.

Consulting enables independent business people to join forces within a common industry. In the U.S., customer loyalty towards brands that provide a high level of customer service is at an all-time high. For the independent business person, it is becoming more and more difficult to compete against companies that have the resources necessary to develop and promote their brand. Consulting permits independent businesses to benefit from having access to other independent businesses. Enabling the businesses to talk to one another about ideas related to the industry.

Consulting has proven to be one of the most effective methods to help launch a successful company. It permits the company to work with business owners rather than employees. An Independent Running Specialty store combines the entrepreneurial drive and commitment of a business person with the experience and resources of a successful company. The result is a rewarding partnership for both parties. Since proven processes and procedures of the business have already been established, store that have a successful mentors are more likely to experience desired success.

Why American Running Company Consultant™?

There are a number of reasons to consider working with American Running Company Consultant™. Some of the features include:

A total focus on meeting the fitness needs of Runners, Walkers, and Triathletes

- A proven Operating System
- Duplicable Business Systems
- High Consumer Demand / High Customer Loyalty / Repeat Business
- Top Selling Products
- Professional Décor and Branding
- High Levels of Support
- Proven Advertising & Marketing Programs
- Customer & Community-Oriented Programs & Special Events
- High Profit Potential



Superior Training & Support

American Running Company Consultant™ has developed a brand, reputation and operating system that is second to none. From our quality products to our merchandising and customer service techniques, our system was designed to ensure that your Independent Running Specialty store operates efficiently and profitably.

Our training and support programs cover every aspect of the Running Specialty industry and are designed with your success in mind. The American Running Company Consultant™ support system includes:

Proven Operating Methods

Our operational model has allowed us to compete with privately owned athletic shoe stores, national chains and franchise outlets. As evident from our longevity, we have been successful in meeting the needs of customers with quality products and superior customer services.

Experienced Corporate Staff

The American Running Company Consultant™ founders have extensive experience in retail Operations and Management, Marketing, Sales, Customer Service and Human Resources. Our experience allows our Independent Running Specialty store to devote their efforts to the growth of their Independent Running Specialty store. Our Support Team is available to assist you with any operational issue and to provide suggestions that will help maximize your store's potential.

On-site Support

Training is conducted at our office and corporate store over a one-week period. In addition, within the first four weeks of your operation, we provide on-site assistance at your location to ensure the successful opening of your Independent Running Specialty store. In addition to initial training, we provide education seminars as new products and services are introduced.

Professional Branding

We allow you to work with your local vendors or internet companies for your signage, interior graphics, business cards, brochures, forms and other materials. Work with local people and businesses that you



can and will help you along the way. Professional image provides immediate credibility in your community.

Comprehensive Operations and Policies Manual

The American Running Company Consultant™ Operation Manual provides detailed information regarding every aspect of the business including: Operations, Accounting & Bookkeeping, POS Systems, Employees, Advertising and Marketing, Customer Services, Inventory, Reporting and Record-Keeping, Vendors and Suppliers, and much more.

Site Selection Assistance

We advise you in selecting the location for your store and evaluating the terms of the lease. As part of the site selection process, we complete demographic research to help ensure the location you select is appropriate for the operation of your Independent Running Specialty store.

Store Construction Assistance

We consult with you throughout the store construction process and offer design and décor consultation that incorporates regional preferences.

Special Events & Programs Training

We provide specialized training related to special events and customer seminars that help build awareness of your store. By conducting these events, you will quickly become the expert in your community for all things related to walking, running and triathlons.

Podiatrist Referral Program

We assist you in establishing relationships with local Podiatrists to act as referral sources for your business. The relationships you develop will be based on the Podiatrist's confidence in your unique qualifications as an Independent Running Specialty store to assist their patients with their medical-related needs.



Proven Advertising and Marketing Campaigns

We provide advertising and marketing campaigns and materials for use in your territory to promote your store and special events and seminars you conduct in your area.

POS System

We provide information that will allow you to select the proper POS system for your needs and budget. POS System allows owners to access sales data and compile reports related to sales and store management. The system enables the store owner to track sales and prepare reports for accounting and bookkeeping purposes.



The American Running Company™ Philosophy

The success of American Running Company™ is the result of putting the people we come in contact with –Team Members, Customers, Vendors and Neighbors – first.

We believe that by taking care of these people, the institution of the Independent Running Specialty store and industry will take care of itself.

We believe that people are driven to be a part of something that they can be proud of, is fun, values them, and that they can call their own.

We believe in the sanctity of the individual, the value of diversity, and in treating people with kindness, respect, and understanding. **We believe** that caring for people individually results in their emotional involvement in the Independent Running Specialty store.

We believe in working as a team, having shared goals and a common purpose, serving one another, and supporting the success of the entire American Running Company™ network. **We believe** in encouraging Independent Running Specialty stores and their team members to embody the tenants that encompass our Philosophy:

1. **Generosity** is giving for the sake of giving, rather than for the sake of gaining. It is giving to people beyond what is expected of us and willingly helping others in tangible ways. It is being genuinely concerned and action-oriented toward others' well-being.
2. **Sharing** is inviting people to participate in our success. It includes sharing dollars, responsibility, authority and accountability. It is acknowledging that "we" made it happen rather than "I" made it happen.
3. **Quality** is having a purpose and always working to improve. It is attention to detail. It is consistently meeting and then exceeding our standards.
4. **Fun** is having a sense of humor, being able to laugh at ourselves, and celebrate together.
5. **Courage** is living our Philosophy and meeting our standards with absolute discipline while treating each customer individually and with respect. It is being focused on results, sticking to the core of our business, and accommodating the individuality of our people rather than demanding that they accommodate us.



It's all about the experience!

Frequently Asked Questions

What are the benefits of owning an Independent Running Specialty store versus owning a franchise store?

Owning an Independent Running Specialty store has multiple advantages including:

1. You are able to name your own store. Even though this may seem like a simple advantage. Naming your own store, makes the owner feel more attached, from the very beginning of the process. Naming the store can make the store feel a part of the community.
2. No long term, 20 year commitment. Consultant is an 18 month working relationship. Once this period of time is over there is no financial obligation to a 3rd party, franchisor. You do have an option to purchase additional time period (s) if needed.
3. No franchisor company having to enter you computer on a weekly basis to pull your financial data. This financial data is then used to calculate royalties.
4. No royalties paid for the term on the contract. The biggest eye opener for an individual looking into a franchise store is the amount of money that they will have to pay per year and per the 20 year contract.

PER YEAR	Franchisee Store	Franchisee Store	Independent Running Store
Sales Per Year	\$500,000	\$1,000,000	\$1,000,000
Royalties Paid per year*	\$15,000	\$30,000	\$0.00
Advertising Fund**	\$10,000	\$20,000	\$0.00
TOTAL PER YEAR	\$25,000	\$50,000	\$0.00



Per 20 Year Contract	Franchisee Store	Franchisee Store	Independent Running Store
Sales Per Year	\$500,000	\$1,000,000	\$1,000,000
Royalties Paid over 20 years**	\$3,000,000	\$600,000	\$0.00
Advertising Fund**	\$200,000	\$400,000	\$0.00
TOTAL PER 20 YEAR	\$500,000	\$1,000,000	\$0.00

*royalties based on 3% royalty fee

**based on a 1% advertising fund and 1% national media fund; therefore 2% total. This does not include the stores' own marketing dollar which is separate for both the franchisee and independent store.

You can do a great deal with \$25,00-\$50,000 per year that you are paying to the franchisor. Couple examples are: hire part time employees or provide grass roots marketing with that money.

5. Set your own hours. Most franchise stores are obligated to be open a set # of hours per week. Independent Running Specialty store set their own hours. If you want to close early or wish to not be open on a Sunday, you are able to do so. You are the store owner you have the right to set when you work.
6. No transfer fees if and when you want to sale your business.

I am interested in learning more. What's my next step?

1. First, we ask that you complete the Preliminary Consideration Form included at the back of this packet. This will help us learn a little more about you as we begin discussing the American Running Company Consultant™ business with you. Your background and experiences are important to us so we ask that you give the questions careful consideration.
2. Fax or mail the Preliminary Consideration Form to us. Following our receipt, we will contact you to share additional information about our business and the consultant opportunity. We will also schedule a call to answer questions you may have.
3. Following our call, we will continue helping you complete your due diligence in order to fully understand the Independent Running Specialty store industry. We are committed to providing you with the information you need to make an informed decision about American Running Company Consultant™.



We recognize that opening an Independent Running Specialty store is a life-changing decision so we will do everything we can to make the process as stress-free as possible!

I've never looked at using a consultant before. What should I know about the process?

Consultants have proven to be an extremely successful method of entering into an industry and business that one may otherwise not pursue. Due to the complexity of the industry the consultant is there to assist you every step of the way. This allows you to focus on aspects of the industry that have been proven to be successful. In essence, consultants permits individuals to benefit from a company's success and avoid the time and expense associated with learning about a business from the "ground up."

What qualifications are required to become an Independent Running Specialty store?

Individuals who have good business acumen, a strong work ethic and the willingness to accept our proven system. Retail experience can be beneficial but is not required. Of course, a "customer first" attitude is critically important. A passion for fitness or running is also a definite plus! Independent Running Specialty store owners must also have the minimum financial qualifications necessary to fund the opening of the Independent Running Specialty store and the first few months of operation. American Running Company™ has been successful due to our operating methods, our people, and our focus on providing superior customer service. We are confident in our ability to train qualified individuals to successfully duplicate our system.

Do you recommend that I visit your store?

Yes, we definitely encourage a visit to our store. You have the option to visit American Running Company™ prior to signing a consultant contract. Again, it is critically important to you to determine whether an Independent Running Specialty store is the right business for you. During your visit, you will meet our team; view our store and operation, and much more. When you visit, we recommend you spend at least a half-day to permit sufficient time for you to learn all about American Running Company™. Please contact us by phone or email if you are interested in scheduling a visit. You then are highly encouraged to visit American Running Company™ as part of your consulting agreement's training prior to opening your Independent Running Specialty store.



How long does it take to begin operating a franchise?

We estimate that the typical length of time between signing the Consultant Agreement and opening your store will range from four to six months. This includes the time necessary for you to locate your site, complete your store build-out, hire and train staff, and complete our Independent Running Specialty store training program. Selecting your location and the site build-out has the most impact on the length of time required to open your store.

What is the potential income for an Independent Running Specialty store?

We do not make specific earnings claims. However, we provide information to you that will permit you and your financial advisor to prepare a financial pro forma based on factors specific to your area.

What is the size of an Independent Running Specialty store?

We suggest the location to be 1,500 to 2,400 square feet. Our corporate store is approximately 1,600 square feet. There are a number of factors to consider regarding the site selection process. We assist you through the process to ensure that you select the proper location for your Independent Running Specialty store.

Do you assist Independent Running Specialty store with the process of hiring employees?

We provide comprehensive information to assist in recruiting, hiring, training, and managing employees. In addition, we provide you with an employee training program that ensures your staff is properly trained!

Can I be an absentee owner?

Yes, provided your Manager has successfully completed a proper training program. However, we encourage caution in placing your business in the hands of an employee, who may elect to move on to a different opportunity at some point in the future.

What is the initial investment required to open an Independent Running Specialty store?

The total investment required to begin operation is **\$140,250 to \$370,500**, which varies based on the size of the store, the location, the amount of inventory you purchase, and other factors. Following our receipt of your Preliminary Consideration Form, we will provide a line-item listing and detailed information to you concerning the initial investment.

It's all about the experience!



**AMERICAN
RUNNING
COMPANY**

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PRELIMINARY CONSIDERATION FORM

- All information will be kept strictly confidential -

Mr./Mrs./Ms. _____ Spouse: _____

Address: _____ City: _____

State/Province: _____ Postal Code: _____ Country: _____

Work Phone: _____ Home Phone: _____ Mobile: _____

Best Time to Call: _____ [time] Call at: ___ Home ___ Work ___ Mobile

Email Address: _____

Current Occupation/Position: _____

Employer: _____ City/State/Country: _____

DOB: ____/____/____

Annual Income: \$ _____

Marital Status: ___ married ___ single ___ widowed ___ divorced

Children: ___ yes ___ no Ages: _____

Time frame to open Independent Running Specialty store:
_____ ASAP _____ 3-6 months _____ 7-12 months _____ 12+ months

Management of the business: ___ self ___ w/partner(s) ___ w/Manager ___ Absentee Owner

Total Capital to Invest: ___ < \$100K ___ \$101K-200K ___ \$201K-\$350K ___ \$351K-\$500K

(include all sources) ___ \$501-750K+ ___ \$751-\$1M ___ \$1M-\$2M+ ___ \$2M+

Source of Funding (check all that apply): ___ self ___ partner(s) ___ bank ___ other: _____



Please list your dates of employment, employers, and the positions held for the past ten years beginning with your current employer:

Employer	Title/Position	Location (City, State)	Start Date (Mo/Yr)	End Date (Mo/Yr)

Have you ever owned and operated your own business or do you have any other management experience?

yes no

Describe: _____

By signing below, I acknowledge that all information provided in this Preliminary Application is true and correct. Further, I understand and agree that all information concerning the *American Running Company Consultant™* business and system obtained directly or indirectly by me, or conveyed to me by *American Running Company™ Consultant Group, Inc.* and its affiliates, employees, agents and/or franchises, will remain forever confidential between us. I agree not to divulge any confidential information to any other person or entity, except for my professional advisors, or use such information directly or indirectly in competition against *American Running Company Consultant Group, Inc.* I understand that if I choose to contract with *American Running Company Consultant™*, I will be required to complete and submit a formal Application.

Signature: _____ Date: _____



PLEASE RETURN BY FAX OR MAIL TO:

AMERICAN RUNNING COMPANY™ CONSULTANT GROUP, INC.

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Dunedin, FL 34698

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