THE NUMBER THE BROCHURES NEVER PRINT

THE 10-YEAR COST SHEET

Every royalty pitch shows you year one. None of them hand you a calculator set to year ten — because a percentage of gross revenue, paid monthly, forever, is the single largest number in the entire relationship. This sheet is that calculator, on paper.

THE METHOD — THREE LINES OF ARITHMETIC

STEP 1

Take a **hypothetical annual gross** — the top line, not profit. Royalties are charged before your rent, staff, and supplies are paid.

STEP 2

Multiply by the **full recurring stack** — royalty *plus* brand/ad fund *plus* required tech and minimums. The stack, not the headline rate.

STEP 3

Multiply by **ten years**. That's the horizon a signed agreement actually runs — and the number that belongs next to the word "royalty."

A WORKED EXAMPLE (HYPOTHETICAL)

A business grossing **$1,000,000 a year** under an **8% royalty** pays **$80,000 that year** — before any ad fund. Hold it for ten years: **$800,000**. Add a typical 2% brand fund: another **$200,000**. One million dollars of gross-revenue obligation, and not one dollar of it bought an asset you own. Published royalty ranges in wellness-adjacent franchising typically run **6–10%** — which is why this sheet uses that band below.

WHAT THIS SHEET IS — AND IS NOT

This is cost arithmetic on hypothetical inputs. It projects **nothing about revenue or earnings** — yours or anyone's. No company is named or quoted; check any real agreement's actual terms, with your adviser. The point is one habit: **never evaluate a percentage — evaluate the percentage × your gross × the decade.**

THE 10-YEAR BLEED TABLE

Ten-year totals of the **royalty line alone** (no ad fund, no fees) at three hypothetical gross levels. Find the row nearest your model, then remember: the true stack is bigger than this table.

HYPOTHETICAL GROSS	@ 6% × 10 YRS	@ 8% × 10 YRS	@ 10% × 10 YRS
$250K / yr gross	$150,000	$200,000	$250,000
$500K / yr gross	$300,000	$400,000	$500,000
$1M / yr gross	$600,000	$800,000	$1,000,000
$2M / yr gross	$1,200,000	$1,600,000	$2,000,000

NOW STACK IT — YOUR WORKSHEET

Fill this against ANY agreement you're evaluating. Use their written numbers; where they won't give one in writing, write "REFUSED" — that's an answer too.

RECURRING OBLIGATION	RATE / AMOUNT	× YOUR GROSS	× 10 YEARS
Royalty on gross revenue	______ %	$ ________	$ ________
Brand / ad fund	______ %	$ ________	$ ________
Required technology fees	$ ______ /mo	$ ________	$ ________
Marketing minimums (local spend you must make)	$ ______ /mo	$ ________	$ ________
Mandatory-supplier markup (est.)	______ %	$ ________	$ ________
Renewal fees across the decade	$ ________	—	$ ________
Other (audit, training, transfer...)	$ ________	—	$ ________
TEN-YEAR TOTAL OBLIGATION			**$ ________**

THE QUESTION THAT REFRAMES EVERYTHING

Whatever landed in that bottom-right box — ask one question about it: **what did it buy?** If the answer is "the right to keep paying it," turn to the last page. If a company won't help you fill in this table from its own written terms, the table just did its job.

BEYOND THE ROYALTY LINE

THE 7 HIDDEN FEES

Composite patterns from how these agreements are actually structured. Any one can be legitimate; the tell is whether it's disclosed, capped, and written — before you ask.

01 THE INITIAL FEE THAT ISN'T THE PRICE

The upfront franchise/license fee is the advertised number — but it's routinely the smallest one in the agreement. It anchors your sense of cost while the recurring stack does the real work.

Ask: "What is the TOTAL of every fee in the agreement over ten years, in writing?"

02 THE AD FUND YOU DON'T CONTROL

A percentage of YOUR gross goes to a fund THEY spend — with no obligation that a dollar of it lands in your market.

Ask: "What was actually spent in a market like mine last year? Show the accounting."

03 REQUIRED TECHNOLOGY, PRICED MONTHLY

Mandated software, per-seat, forever. The stack (POS, CRM, scheduling, reporting) quietly adds a four-figure annual line that never appears in the pitch.

Ask: "List every required subscription and its current monthly price, in writing."

04 MARKETING MINIMUMS BEYOND THE FUND

Separate from the ad fund: a floor on what you must spend locally. It's your money, their mandate — and it compounds with everything above.

Ask: "Is there a required local spend? What happens if I miss it in a slow quarter?"

05 MANDATORY SUPPLIERS, EMBEDDED MARKUPS

When you must buy through approved vendors, the margin between their price and market price is an invisible royalty — often uncapped and never disclosed.

Ask: "May I source competitively? If not, what are the vendor margins?"

06 RENEWAL — PAYING AGAIN FOR WHAT YOU BUILT

At term's end you pay a renewal fee — sometimes at 'then-current' rates you can't know today — to keep operating the business you spent a decade building.

Ask: "What exactly does renewal cost, and is that number capped in writing today?"

07 EXIT, TRANSFER, AND AUDIT FEES

Selling triggers a transfer fee and their approval of your buyer. Leaving triggers post-term restrictions. Disputes trigger audit costs — usually payable by you.

Ask: "Walk me through, in writing, what it costs to sell — and what it costs to leave."

THE OTHER WAY TO RUN THE SAME DECADE

RENTING A BRAND VS. OWNING A BUSINESS

THE RENTING DECADE

A percentage of gross leaves every month, forever. The brand, the site, and often the customer data belong to someone else. Renewal re-prices your own success back to you; exit is taxed; the ten-year total from your worksheet bought continued permission — not equity.

THE OWNING DECADE

A defined build, paid for once, itemized line by line — then a business that is yours. You operate under a business brand your company owns; the specified rights are controlled by the final agreement. No percentage-of-gross-revenue royalty is payable to Atlas; the final agreement controls.

$800,000
ROYALTY ALONE
$1M gross · 8% · 10 yrs (hypothetical)

+$200,000
AD FUND ON TOP
at a typical 2% of the same gross

$0
EQUITY IT BOUGHT
the decade purchased permission, not ownership

HOW ATLAS PUTS IT IN WRITING

Before anyone signs or pays anything, Atlas shows the full written record: a **Build Specification** with every deliverable itemized and a "done when" acceptance test per line; a **written fee schedule** separating Atlas fees, payment timing, and identified third-party costs; an **adviser review pack** built for your attorney and CPA; and a **diligence checklist** that tells you exactly what we will and won't say verbally. No earnings projections — we won't tell you what you'll make. Every cost — we will tell you, in writing, what it costs.

RUN OUR NUMBERS THROUGH THIS SAME SHEET

Take page 2's worksheet into an Atlas Fit Call and fill it in from our written documents — that's the fastest way to see the difference a decade makes. A Fit Call is a working session, not a pitch recital: book at [ATLAS CONFIG: FIT CALL BOOKING ROUTE], or reply to the email that delivered this sheet.

Bring the skeptical question. Bring the person who will challenge the decision.
A good decade starts with honest arithmetic.