



September 2016
Issue 9

STATE OWNER NEWSLETTER

Cody Howard Update

As many of you know Cody has not been in the office due to surgery and medical leave.

Cody has been through a lot in the last 2 months. He has had 2 major surgeries, along with some minor setbacks, and is now out of the hospital and recovering. A biopsy showed it was a cancerous tumor and he has been diagnosed with Colon Cancer. He has improved in the last few weeks, is eating and working with Physical Therapy to get his strength back. He has an upcoming appointment with the oncologist to determine treatment.

He is still able to consult with us and make decisions and the Company is moving forward and continuing as normal. Adam, John and Linda are working very hard to help answer any questions that your operators may have. You as state owners should be available and willing to help answer any questions as well. This will not only help your operators, but also help them feel like we are glad they are part of the team.

We as a Company did not write this to spread any kind of panic, but wanted to inform you of Cody's condition and to let you know business will continue as usual.

Every day Cody continues to progress and we are hoping for a speedy recovery.

Monthly Franchise Fee

We have always had our monthly franchise fee tied into the average Heaven's Best ticket sale. The current price of \$80.00 per franchise fee has been out of date with the current ticket sale (around \$200+) and has not been increased in a long time. That fee will be increasing starting October 1, 2016 at a rate of 10% each year (Per Franchise Fee per month) for the next 5 years. With all our current offered services and the other services that have been introduced recently, your operators should be able to more than make up for the 10% increase per Franchise Fee. I know some of you may be thinking that a 10% increase will hurt your operator's business, and some will leave. The current monthly fee is \$80.00 and a 10% increase is only \$8.00. This will not hurt any Heaven's Best Operation, and can be obtained very easy by selling (8) 32 oz spotter bottles at \$16.95 per year.

Year 1 = \$88.00 Per Franchise Fee

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Year 2 = \$96.80 Per Franchise Fee

Year 3 = \$106.48 Per Franchise Fee

Year 4 = \$117.13 Per Franchise Fee

Year 5 = \$128.85 Per Franchise Fee

Some of your Operators have a large area (part of which they may not be working) with a lot of Franchise Fees, and this could be a good time to help them sell off part of their area to cut down on the number of Franchise Fees, and also generate them some good money from that sale. Other operators close to each other means that they can co-op advertising to bring those costs down.

Those new operators that are at the current \$200 Monthly Franchise Fee, this increase will not effect.

You as State Owners have the flexibility to work with your operators. We do not want them to panic, but the increase in fees will benefit each of us as State Owners. Since the city owner's newsletter has come out, we have not had any operator call and complain, or be upset about the fee changes. Each operator knows that part of this is just the cost of doing business.

State Owner Contracts & Responsibilities

We have been working with our Attorney as well as the "group" attorney. We are hopefully in the stage of getting things to where every State Owner can be happy with the contract. We all need to have some give and take. We as State Owners all need to act together as a team working towards selling franchises and moving forward. The only other option is going backwards, and that is not good for anybody.

M-Co Inc. has always treated each state owner and operator with the upmost respect. We, as State Owners, need to make sure that we show M-Co Inc. that same respect back, knowing that M-Co Inc. has never tried to do anything to hurt any of us and is looking out for all of our best interests.

Since Cody is on Medical leave and not in the office we are very short handed. Adam, John, and Linda are doing their best to answer questions and concerns that every operator has, when they call in. There are a few things that need to be implemented, that we have discussed before.

State Owner Responsibilities provided by

Heaven's Best Corporate Office

Prices Revised and Effective 9-1-2016

*** Prices are subject to change without notice**

*** Other items may be added to the list at any time**

Disclosures:

-Copy and mail out to potential buyer	\$50.00
-Yearly Updates to Disclosure (FTC)	\$500.00

Contracts:

- Print and mail out contract to new buyer	\$200.00
- Yearly Updates to Contract	\$200.00
- Adding an Addendum	\$200.00
- Contract Renewal for existing operator	\$200.00

Letters:

- Termination/Cancellation	\$200.00
- Violation of Contract	\$200.00
- Buy Sell Agreement	\$200.00
- Press Releases	\$50.00

Franchise Packets:

-Mail out packet to potential buyer	\$20.00
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Miscellaneous Items:

-Print and mail out a hard copy price list	\$50.00
-Print and mail out a business plan	\$50.00

These are all things that each of you, as State Owners, can be doing and some currently are. If you choose to have M-Co Inc. do them, this will be the pricing schedule that we will be using. We are more than happy to help out.

M-Co Inc. will continue to send out the Audited Financial Statements and the Stats that each of you need, at no cost.

Payment will be taken at time of Service(s) rendered, and will be paid by credit card through M-Co Inc.

Some of the other things we as State Owners need to be doing for each of our operators are:

Oversee all operators within your state

1. See that all operators are living up to requirements of Sublicense
2. Monitor that all operator information is correct on web & at corporate
3. Make certain that all contracts are current including renewals
4. Determine area boundaries & number of fees
5. Make certain that operators are adhering to boundaries
6. Approve new buyers
7. Do background and credit checks for new buyers
8. Letter of authorization for Sub licensee to sell
9. Create and send violation and cancellation letters
10. Participate as an advisory board with M-CO INC.
11. Create and mail contracts
12. Create and mail disclosures
13. Monitor and verify that operator has insurance, copy to M-CO INC
14. Sales Tax Exemption certificate current, copy to M-CO INC
15. Insure that all owners have attended training at corporate office
16. Host an annual seminar for your state
17. Make certain that all monthly reports are in each month
18. Determine criteria for awards and present at seminars
19. Make certain that monthly fees and loan payments are current
20. Make certain that all vans are logoed correctly
21. Monitor that equipment is clean and in good repair
22. Monitor orders and 30 day supply
23. Monitor all advertising from your operators
24. Have monthly contact with your operators
25. Co-ordinate co-op advertising
26. Communicate with operators giving them encouragement
27. Communicate with the corporate office
28. Advise your operators on budgeting
29. Advertise at least monthly for new operators
30. Advise them on ways to develop and expand into their undeveloped territory, or how to develop a buyer for their undeveloped territory.

We want all of our operators to feel they get something from the raised monthly fee. We need to be talking to them about how to better their business, and not just call them when their payments are late, or their monthly reports are not current. We want to be building good relationships with each of them, and help them grow their business, develop a potential buyer if they have a large territory. When they are succeeding, we are all successful.

“We will definitely attract more bees with honey, rather than vinegar.”