



## **DQOA: Preparing for the ADQ Blizzard and Protecting Your DQ Franchise Rights**

Franchise associations are created to protect franchisees' interests and act on behalf of those interests, especially if they are threatened or violated; franchise operations succeed because they appeal to the local community.

It is clear that Dairy Queen owners and operators across the country are suffering because unreasonable and illegal practices are being implemented by our franchisor – ADQ. Many owners and operators are losing money and living in fear that the American tradition of the Dairy Queen brand, which many of us have helped to establish and maintain over the last 50+ years, is soon to be extinct.

For years, local owners and operators, through innovation and hard work, have built a successful and profitable business model. Basic guidelines handed down from ADQ were respected and followed, and the relationship flourished.

We believe ADQ is attacking several fundamental characteristics of the Dairy Queen franchise model.

Despite the public displays of ignorance regarding these practices, ADQ's actions reveal that it ultimately wants to eliminate the local Dairy Queen franchises (the Dairy Queens that Americans have come to know and love) and convert them to larger Grill & Chill (cookie cutter) destinations. This conversion not only is flawed from an economic perspective – with no data that shows universal profitability – but it is a conversion that violates our rights.

IDQ plans to systematically impose the Grill & Chill concept in five areas; franchise renewal, relocation, transferring franchise rights to new ownership, upgrading facilities at existing Dairy Queen locations and expiring franchise agreements. ADQ requires unreasonable financial standards that in no way correlate with the finances needed to operate a Dairy Queen franchise.

Do you want to renew your franchise agreement? Expect to pay astronomical fees, agree to change your operation completely, on ADQ's terms, and undergo a background check that has nothing to do with running a franchise. Want to relocate your establishment to a more popular area? ADQ will expect you to convert your entire franchise to a Grill & Chill, pay for all conversion costs and do it by their new standards. Has your Dairy Queen

existed for generations as a community landmark, and now needs basic maintenance and repairs? You won't be allowed to do it unless you upgrade to a Grill & Chill or fund the exact replacements for what you have now, even if it is twenty years later.

These are not the only areas where contract violations are taking place. Many operations are profitable and attract interested investors. When a current owner exercises his right to sell and transfer the franchise agreement to another investor, the requirements are unreasonable and, more often than not, deal-breakers. Owners who have spent years working to establish a profitable business are being punished maliciously.

Systematic elimination of the franchise doesn't end there, however. The success of the Dairy Queen franchise depends on the tastes and flavors of the local community. Through understanding customers' tastes and preferences, menus have been tailored accordingly to provide the best experience for patrons. Why mess with something that works and has been working for generations?

ADQ has established a menu which includes both system and non-system food. If your customers love your hot dogs, but ADQ makes you carry a different brand, what happens if your customers don't like that brand? Your customers may stop ordering hot dogs, or may even stop coming to your DQ store. If ice cream cakes will not fit in the space of your DQ store, why require the store to spend unreasonable amounts to create the space to carry cakes? Who wins? The only logical answer is ADQ and suppliers that have distribution agreements.

Fifty years of owning and operating successful franchises should count for something. Our profitability, history and community presence are priceless and worth protecting.

Bad business and illegal infractions are ruining our reputation. That is why the DQOA is taking legal action against ADQ to stop these contract infractions on the successful and independent areas of our businesses. We are not fighting the Grill & Chill concept; it does work in some areas of the country. What we are fighting is the illegal behavior by ADQ that forces us to unwillingly change our business practices and, in some cases, lose the franchises that took generations to build.

This is a challenge that we must face together. Legal action is not the preferred method of action for many of us, but when our rights are being blatantly attacked, we cannot sit back and watch. Let's stand together to preserve our long tradition of successful business operations with a sense of urgency; our future depends on it.

**FOR MORE INFORMATION, OR TO JOIN US IN PROTECTING YOUR RIGHTS,  
PLEASE VISIT [WWW.DQOA-DQOC.COM](http://WWW.DQOA-DQOC.COM).**

You can view the entire complaint as filed at [www.dqoa-dqoc.com](http://www.dqoa-dqoc.com).