

This is the first in an occasional series on keeping up with the notables in franchising

## Where are they now? Innovator finds new venture

By Nancy Weingartner

In late 2000, Jeff Kolton was on another planet—Franchise Planet to be exact. The lawyer turned master of Web sites geared to the franchise market made Franchise Time's list of 20 to Watch in 2001 due to supplementing his already successful Frandata venture with the launching of four Web sites: FranchisePlanet.com, FranchiseResearch.com, FranchiseRegistry.com and FranchiseDocuments.com.

But his best-laid plans didn't turn out exactly the way he had envisioned, due in part to the "public B2B marketplace crashing in the spring/summer" which in turn had a "negative ripple effect on the privately held B2B players," of which FranchisePlanet was one. But that was nothing compared to another, more devastating loss.

### Breaking new ground

Kolton is known as a pioneer in the franchise data research area. He may not have been the only one to realize that registration states had a gold mine of information at their fingertips thanks to their requirement to file Uniform Franchise Offering Circulars, but Kolton figured



Jeff Kolton

out how to make a profit packaging the disclosure information.

"Jeff was able to do market research that heretofore wasn't possible to do," says Neil Simon, a former chief counsel of the International Franchise Association, who is now heading up the National Franchise Counsel. "He was the first person to identify the extraordinary value of the information franchisors were disclosing."

Selling information wasn't Kolton's original game plan. While at Georgetown, he clerked for the entertainment law firm that counted "Tonight Show's" Johnny Carson among its clients.

Since entertainment law also includes corporate law, Kolton got drawn into franchise law, which in 1983 was just starting to come into

its own as a practice area. And, if franchise law could be equated with Hollywood, Kolton was working with the young and the established lawyers who became franchising's superstars: Philip Zeidman, Ralph Jonas, David Kaufmann, Kenneth Costello, Andy Caffey, to name a few.

"In a short amount of time, I worked with the big players in franchising," he says. "Literally, if you took the top 25 lawyers, I worked with most of them."

But like the entrepreneurs whose documents he prepared, Kolton had an entrepreneurial itch. Electrical engineering was the family business, but Kolton, unlike his father, was encouraged to shine his own light. "My father always wanted to be a doctor, but was forced by his father to follow him into the business, so they put no pressure on me to join the company." It also helped that he showed no mechanical aptitude for engineering, he adds, laughing.

Becoming a franchise information broker was no easy feat. Each state organized its departments differently and the information was organized according to the person's system who was in charge. Some charged a small fee for them to copy

the documents, other states would allow Frandata to take the information off site to copy it.

Kolton did his due diligence. He visited every state he could in order to meet the people involved and get a handle on how they were organizing their disclosure information. He created a uniform way to trace a circular filing and gave the software to any state that would take it in exchange for the information.

He also talked to franchisors and their representatives to see what information was deemed valuable.

### No easy feat

There was a reason why no one else was doing it, Kolton soon found out. Not only was it a lot of work, but it required specific knowledge in a number of unrelated fields: technology, franchise law, registration law, plus the ability to sweet talk the clerk in charge of the copy center.

“Two lawsuits may settle on a Monday, but while one may have an impact—a ripple effect—the other may have no value to the (franchise) community at large,” Kolton explains. Knowing which lawsuit fits which bill was key, because he could only sell the information which would impact other franchisors. And, even more difficult was knowing how to price the information, since the same piece of information might have “drastically different value to different clients.”

Ironically, in such a high-tech business, it was often the low-tech situation that caused the most headaches.

“You had to know how each office worked because the delay could be because Mario in the

L.A. office was out sick for three weeks, and no one else knew how to work the copy machine like Mario,” Kolton says. That particular situation was solved by bringing in their own copy machines in order to get the information to the client.

But even more important: “We knew when the busy times were and when not to bother them,” Kolton says.

Providing Frandata with the information was never a problem for the states, says Dale Cantone, the assistant attorney general for the state of Maryland. “The filings were public information.” In fact, Frandata helped them out, he contends. “If people were in a hurry (for the information), we’d refer them to Frandata.”

It took a year before Frandata made its first sale. Kolton self-funded the office—practicing law at the same time—so he didn’t have to take out loans. The job turned out to be seven days a week for 12 years.

A big break came when Frandata was selected by the Small Business Administration to host the Franchise Registry site, which was a way to streamline and speed up the loan process to franchisees by preapproving franchisors.

Rather than rest on his laurels, Kolton dove into the B2B market with Franchise Planet. He was looking for the second round of venture capital when the B2B market collapsed and the funding dried up. He and the board of directors decided to “redirect our efforts back to our core database product and service and away from a B2B play.” The move made Frandata “more attractive—more affordable—to traditional purchasers or investors, but less attractive

to VCs (venture capitalists),” he says. In other words, as Frandata went back to its core business, his investors weren’t as interested in it. “They wanted to see a company that was going to take off and give them a big return on their investment,” he says.

The stress of the B2B fallout, the sale of the company he gave birth to, would have been enough for most people to handle, but Kolton had an additional burden to bear. His wife, Barbara,—“the woman of my dreams,” who had entered his life just a few, short years before—was diagnosed with breast cancer. When she was first hospitalized, Kolton slept at the hospital, bringing his laptop and cell phone so he could work while she slept. He was still in the midst of raising the second round of venture capital, but that didn’t keep him from being with Barbara when she was awake. This went on for two months. On January 27, 2001, she passed away.

“I have no idea how I did it,” he says now. “You find strength in yourself you don’t know you have. I didn’t abandon the company and I was there every second for her that I could.”

“I asked them (his board) if they minded if I sold the company. They were blunt, they said “if you can get a sale that makes sense for everyone, that’s fine,”” he says. Within 24 hours, he found a buyer. Frandata was sold to National Cooperative Bank (NCB) in June of 2001, a suitor that had looked at it for a possible acquisition as early as 1998.

They had asked him to stay on, but “I realized once I started negotiating, that I didn’t have any energy left,

I had used it all getting the company through her illness.”

Kolton left Washington, D.C., and moved to New York, where the memories weren’t lurking around every corner and seated in every neighborhood restaurant.

He’s now pursuing several different avenues, including selling advertising for an international magazine, working on a possible marketing plan for the Historic Hotels of America in Europe and various other international consulting jobs for franchisors.

And, he just may finally have time to delve into another passion of his—music. He’s involved with a record label that produces what is called “acid jazz.” His role is licensing their music for commercials, some of which could be international. If that business takes off as his information broker business did, it just could be that Kolton will have traveled full circle, ending back at his early roots in entertainment law. [FT](#)