

# AREA DIRECTOR

# PAY STRUCTURE



**N2 Publishing Area Directors (ADs) are franchise business owners, and their primary obligation is to sell advertising. N2 Publishing offers an uncapped commission structure on top of a turnkey publication business with training and support – and we've waived our initial franchise fee for new ADs this year.**



## BUILDING YOUR INCOME

This franchise opportunity is a commission-based program and AD commission ranges widely from person to person depending on their individual level of sales activity. Our ADs make up to \$28K a month\*.

Our advertising agreements are long term (between 12 and 36 months) so ADs can earn a predictable, residual monthly commission they continue to grow by bringing on new clients. Of the people who ran one publication during the fiscal year, those in the top 10% of commissions averaged just over \$140K, with one person earning over \$340K\*\*.



## GETTING PAID

The profit model for Area Directors is simple:

Cash Received
15% Royalty to The N2 Co.
Publication Costs & Expenses
– Miscellaneous Fees
Profit

*See our October 15, 2021, franchise disclosure document for more information regarding commission payment and fees.*

## DEFINING OUR TERMS

- **Cash Received** is the amount ADs generate by selling advertising space to local businesses (and by cross-selling ad space).
- **15%** is the royalty fee for N2, and is used for things like reinvesting in the organization to improve products and services.
- **Expenses** are the expected costs associated with designing, publishing, printing and delivering each issue of the publication.
- **Other costs and expenses** cover typical business expenses such as sample shipping, extra copy orders, missed deadline fees, etc.
- **Profit** is the remaining money for the AD that is automatically sent in a commission check.



## RAMP-UP

As business owners, ADs go through an initial “ramp-up” period to build their new book of business. It’s months spent securing enough advertising commitments to cover the cost of bringing their initial publication issue to print. *During this time, franchisees should be prepared to live on limited income.* Once a publication officially launches, the Area Director receives the first of many hard-earned (and growing) commission checks.

*\*In 2020-2021, 67 ADs managed two publications each. Of the top-performing 10% of ADs in this group (7 franchisees), 3 performed at or above the average commission of \$278,598. The highest commission earned by an AD in the top 10% of payments was \$347,240. The lowest commission earned by an Area Director in the top 10% of payments was \$227,098.*

*\*\*In 2020-2021, 276 ADs managed one publication. Of the top-performing 10% of ADs in this group (28 franchisees), 8 performed at or above the average commission of \$140,604. The highest commission earned by an AD in the top 10% of payments was \$343,497. The lowest commission earned by an Area Director in the top 10% of payments was \$108,902.*

*Your financial results may differ from those stated above. Important assumptions and qualifiers relating to this information can be found in Item 19 of our October 15, 2021 franchise disclosure document.*