



***ADP National Franchise Report*® Web Site FAQs**

1. Why did ADP create the monthly *ADP National Franchise Report*?

As a leading global provider of human capital management solutions, ADP is committed to providing the deepest, richest insights into the U.S. labor market in order to help inform workforce strategies. As a part of this continuing effort, ADP launched the *ADP National Franchise Report*, which provides data and insights into private-sector franchise employment trends across key industries. Franchises are an essential driver of the U.S. economy, providing thousands of jobs and delivering countless products and services on which the public relies every day.

The report is produced by ADP in collaboration with Moody's Analytics, Inc., and its experienced team of labor market researchers. The report is derived from ADP's actual payroll data and will be issued each month by The [ADP Research Institute](#)®, a specialized group within the company that provides insights around employment trends and workforce strategy. The ADP Research Institute is also responsible for producing the *ADP National Employment Report*® and the *ADP Regional Employment Report*SM.

2. Why did ADP choose to collaborate with Moody's Analytics?

Moody's Analytics is one of the most trusted names in economic forecasting with a vast and dedicated research team focused on national and regional U.S. employment. This team is led by their esteemed chief economist Mark Zandi, one of the world's most respected labor market experts.

The *ADP National Franchise Report* is the first and only report of its kind. Our strategic collaboration with Moody's Analytics will help us create a deep, rich, and illuminating view of the U.S. private-sector franchise monthly employment situation, and provide the public with additional insights to inform their human capital management strategies.

3. What does the *ADP National Franchise Report* measure?

The goal of the *ADP National Franchise Report* is to provide specific, in-depth data on U.S private-sector franchise employment trends, among both franchisees and franchisors. The report features monthly employment changes across the following industries (in alphabetical order):

- Accommodations
- Auto Parts and Dealers
- Building Material and Garden Equipment
- Business Services
- Education
- Food Retailers
- Gasoline Stations and Auto Repair
- Leisure
- Manufacturing
- Personal Care Retailers

- Personal Services
- Professional Services
- Real Estate
- Rental
- Restaurants
- Other

4. What is the methodology being used for the *ADP National Franchise Report*?

ADP processes payrolls for about half a million private establishments in the U.S. These establishments employ nearly 20 percent of private-sector workers. Moody's Analytics uses a portion of this anonymous and aggregated payroll dataset to determine the ADP National Employment Report based on the following:

- Classification of franchisees and franchisors is based on the North American Industrial Classification system (NAICS) and on the 2007 Economic Census Franchise Report from the Census Bureau, the only comprehensive government report on franchise employment.
- Removal of outliers
- Creation of matched pairs that have reported employment in two consecutive months based on the mid-month reference week including the 12th of the month
- The matched pairs are based on the individual franchise. Matched pairs are aggregated and matched-pair growth rates are calculated for each franchise industry.
- Each industry's data are seasonally adjusted using monthly dummies
- Moody's Analytics produces the levels and month-to-month growth for the whole franchise industry and the 15 industries listed on the following slides. Levels are benched to the 2007 Economic Census Franchise Report.

Additional information about the *ADP National Franchise Report's* methodology can be found at <http://ADPEmploymentreport.com>.

5. What data set will the *ADP National Franchise Report* be based on?

The matched sample used to develop the *ADP National Franchise Report* is derived from ADP payroll data, which represents 18,000 franchisors and franchisees employing nearly 3 million workers in the U.S.

The sample size of the overall ADP data set from which the *ADP National Employment Report* is derived is 406,000 U.S. companies and 23 million employees, which accounts for more than 20 percent of all U.S. private sector employees.

6. Is Moody's Analytics contributing any of its own data to the *ADP National Franchise Report*?

No, Moody's Analytics is not contributing any of its own data to the *ADP National Franchise Report*. Working in close collaboration with the ADP Research Institute, Moody's Analytics' team of experienced labor economics-focused researchers, nearly half of whom have Ph.D.'s, will contribute its extensive data analytics capabilities to help determine the *ADP National Franchise Report* numbers each month.

7. Is historical data available for the *ADP National Franchise Report*?

Yes. Historical data as of April 2011 also will be available on the site beginning June 20, 2013.

8. What is the *ADP National Franchise Report* announcement schedule?

The first *ADP National Franchise Report* using the Moody's Analytics methodology will be released on Thursday, June 20 at 9:00 AM ET. Future monthly reports will typically be released at 10:00 a.m. ET on the third Wednesday of the month, following the *ADP National Employment Report* and the *ADP Regional Employment Report*.

9. What is the *ADP National Franchise Report* news release format?

The *ADP National Franchise Report* provides national data to reflect private-sector franchise employment trends. A single report/press release will be issued monthly.

10. Where can I learn more about the *ADP National Franchise Report* and how to review the findings?

Additional information about the *ADP National Franchise Report* can be found at www.ADPemploymentreport.com.

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