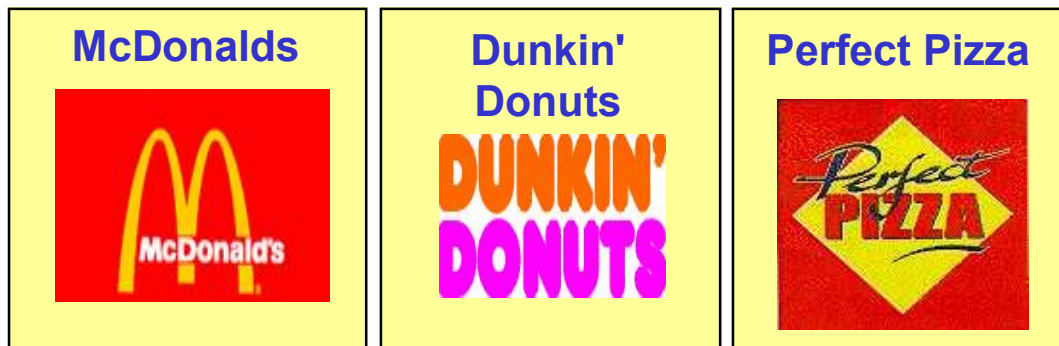




Franchises

- A franchise is where a large company (i.e. McDonalds) allows smaller businesses to use their name
- They can be identified by the following features:
 - An agreement between a **franchisor** and a **franchisee**
 - **Franchisor** allows the use of their business name for an agreed length of time
 - **Franchisor** provides materials, training and advice
 - **Franchisee** must provide the money to start their business
 - **Franchisee** must make regular payments to the franchisor
 - Examples include:





Should We Be a Franchise?

Yes!

1	Good chance of success, since product is already known
2	Easier to borrow money, because of past success
3	Problems will probably have happened before
4	Get support from the franchisor
5	Advertising is organised and paid for by franchisor
6	Franchisees are usually small – so pay attention to detail

No!

1	Franchise may be taken away
2	Owner cannot make all decisions
3	Cannot sell the franchise without permission
4	Have to make payments to franchisor
5	Supplies must be bought from franchisor, which may be expensive