

**IS FRANCHISING FOR ME?**

**WORKBOOK**

**Training Module - 1**

**Workshop Objectives**

By the end of this workshop, you should be able to:

- \* Define franchising.
- \* Determine whether franchising is the best business option for you
  - evaluate your skills and experience
  - identify your reasons for purchasing a franchise
  - personal characteristics
  - personal conditions
  - experience.
- \* List
  - advantages of franchising for both the franchisor and franchisee
  - disadvantages of franchising for both the franchisor and franchisee
- \* Identify franchisor's responsibilities.
- \* Determine what is contained in a franchise package.
- \* Understand the franchise contract
  - legal implications
  - your rights and obligations as a franchisee
  - financial statements, contracts and receipts
  - trademarks and copyrights
  - restrictions on goods and services to be offered by franchisees
  - renewal, termination and sale of the franchise

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Deciding whether or not to go into business is a very important step in the business start-up process for new and potential small business owners. Each year, thousands of entrepreneurs and potential entrepreneurs are faced with this difficult decision. Because of the risk and the amount of work involved in starting a new business, many new and potential small business owners choose franchising as an alternative to starting a new, independent business.

Although the success rate for franchise-owned businesses is significantly better than the success rate for many independent businesses, there is no formula to guarantee success. One of the biggest mistakes you can make is to be in a hurry to get into business. That's why it's important to understand your reasons for going into business, and to determine if owning a business is right for you.

If you are concerned about the risk involved in a new, independent business venture, then franchising may be the best business option for you. Remember, however, that hard work, dedication and sacrifice are key elements in the success of any business venture, including franchising.

## **WHAT IS FRANCHISING?**

A franchise is a legal and commercial relationship between the owner of a trademark, service mark, trade name or advertising symbol and an individual or group seeking the right to use that identification in a business. The franchise governs the method of conducting business between the two parties. Generally, a franchisee sells goods or services supplied by the franchisor or sells goods or services that meet the franchisor's quality standards. Franchising is based on mutual trust between the franchisor and franchisee. The franchisor provides the business expertise (i.e., marketing plans, management guidance, financing assistance, site location, training, etc.) that otherwise would not be available to the franchisee. The franchisee brings to the franchise operation the entrepreneurial spirit and drive necessary to make the franchise a success.

While forms of franchising have been in use since the Civil War, enormous growth has occurred in franchising only recently. By the end of 1985, 500,000 establishments in 50 industries achieved gross sales of over half a trillion dollars and employed 5.6 million full and part-time employees. Franchising created 18,500 new businesses in 1991 and approximately 108,000 new jobs to the economy. Business format franchises experienced sales growth of 8.9 percent from \$213.2 billion in 1990 to 232.2 billion in 1991. Industries that rely on franchised businesses to distribute their products and services touch every aspect of life from automobile sales and real estate to fast foods and tax preparation. Thus, we can see that franchising can be a viable, lucrative business alternative.

There are primarily two forms of franchising:

- \* product/trade name franchising and
- \* business format franchising.

In the simplest form, a franchisor owns the right to the name or trademark and sells that right to a franchisee. This is known as "product/trade name franchising." In the more complex form, "business format franchising," a broader and ongoing relationship exists between the two parties. Business format franchises often provide a full range of services, including site selection, training, product supply, marketing plans and even assistance in obtaining financing.

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## **SELF-PACED ACTIVITY**

During this activity you will:

- \* List at least three reasons for going into business.
- \* Identify the type of business you are interested or may be interested in operating.

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## IS FRANCHISING FOR YOU?

As with any business, the first step in determining whether or not to enter into the venture is to assess your reasons for going into business. If you feel you need a change, or you're tired of having other people tell you what to do, then you should reassess your decision before investing your time, money and energy because operating a business requires more than a need for a change, or the desire to do as you please. Purchasing a franchise like any other business requires a total commitment of your time, energy and financial resources. If you are not prepared to invest these qualities and resources into your franchise, then you should stop at this point.

## EVALUATING YOUR SKILLS AND EXPERIENCE

### Identify Your Reasons

As a first and often overlooked step, ask yourself why you want to purchase a franchise. This question, although basic, is an excellent way of evaluating your reasons for going into business. List every reason you identify, no matter how farfetched it may seem. Divide your list into two separate components. Separate the viable reasons from the trivial reasons and categorize them accordingly. It isn't unusual for reasons to range from the desire to be your own boss to the desire to be a billionaire. Whatever your reasons, remember that your future is at stake so try to be objective. Your checklist should include reasons such as these (check each that applies to you):

- |   | YES   |
|---|-------|
| * Freedom from the 9-5 daily work routine               | _____ |
| * Being your own boss                                   | _____ |
| * Doing what you want when you want to do it            | _____ |
| * Improving your standard of living                     | _____ |
| * Bored with your present job                           | _____ |
| * Have a product or service for which there is a demand | _____ |

Some reasons are better than others, none are wrong; however, be aware of tradeoffs. For example, you can escape the 9-5 daily routine, but you may replace it with a 6 a.m. to 10 p.m. routine.

After assessing your reasons for going into business, next conduct a self analysis to determine if you possess the personal characteristics needed to be a successful franchise owner. Consider questions such as:

### Personal Characteristics

- |  | YES   | NO    |
|--|-------|-------|
| 1. Are you a leader?                       | _____ | _____ |
| 2. Do you like to make your own decisions? | _____ | _____ |

- |     |   |       |       |
|-----|---|-------|-------|
| 3.  | Do others turn to you for help in making decisions?                               | _____ | _____ |
| 4.  | Are you willing to accept managerial assistance from the franchisor?              | _____ | _____ |
| 5.  | Are you willing to comply with the provisions outlined in the franchise contract? | _____ | _____ |
| 6.  | Do you enjoy competition?   | _____ | _____ |
| 7.  | Do you have will power and self discipline?                                       | _____ | _____ |
| 8.  | Do you plan ahead?  | _____ | _____ |
| 9.  | Do you like people?   | _____ | _____ |
| 10. | Do you get along well with others?  | _____ | _____ |

### Personal Conditions

These questions cover the physical, emotional and financial strains you will encounter operating a franchise.

- |    |  | YES   | NO    |
|----|--|-------|-------|
| 1. | Are you aware that running your own franchise will require working 12-16 hours a day, six days a week, and maybe even on Sundays and holidays? | _____ | _____ |
| 2. | Do you have the physical stamina to handle the work load and schedule?   | _____ | _____ |
| 3. | Do you have the emotional strength to withstand the strain?  | _____ | _____ |
| 4. | Are you prepared, if needed, to temporarily lower your standard of living until your franchise is firmly established?                          | _____ | _____ |
| 5. | Is your family willing to go along with the strains they, too, must bear?  | _____ | _____ |
| 6. | Are your prepared to invest, and possibly lose, your savings?  | _____ | _____ |

Answering "yes" to any of these questions means that you have some of the skills needed to operate a successful franchise; a negative answer means that you may have to acquire these skills or hire personnel to supply them.

### Experience

Certain skills and experience are critical to the success of a business. Since it is unlikely that you possess all the skills and experience needed, you'll need to hire personnel to supply those you lack. There are some basic and special skills you will need for the particular franchise you purchase. By answering the following questions, you can identify the skills you possess and those you lack (i.e., your strengths and weaknesses).

- |    |  | YES   | NO    |
|----|--|-------|-------|
| 1. | Do you know what basic skills you will need to operate a successful franchise? | _____ | _____ |
| 2. | Do you possess those skills?   | _____ | _____ |

3. When hiring personnel, will you be able to determine if the applicants' skills meet the requirements for the positions you are filling? \_\_\_\_\_
4. Have you ever worked in a managerial or supervisory capacity? \_\_\_\_\_
5. Have you ever worked in a business similar to the franchise you want to purchase? \_\_\_\_\_
6. Have you had any business training in school? \_\_\_\_\_
7. If you discover that you don't have the basic skills needed for your franchise will you be willing to delay your plans until you've acquired the necessary skills? \_\_\_\_\_

When you complete your self-analysis, discuss your results with your family and financial advisor. Their feedback can help you make the right decision. If you all agree that you have most of the skills needed to operate a successful franchise, then you should feel comfortable proceeding with your plans. If, however, they feel you lack most of these skills, then you may need to consider delaying your plans until you are better prepared. Above all, be honest and objective with yourself; after all, it is your future.

A more detailed self-analysis, the "Small Business Entrepreneur's Checklist," is located in Appendix I. This checklist is designed to assist you in determining what you actually know about operating a business, and the skills you will need to do so. Review it carefully before deciding whether or not to purchase a franchise or to go into business. If you discover that you lack many of the skills needed to operate a successful franchise, you may need to take some training courses or hire personnel to compensate for these deficiencies.

Once you are certain that your reasons for going into business and the franchise you've selected are viable, gather the information that you will need to make an informed decision from sources, such as: 1) a directory of franchises, e.g., the Franchise Opportunities Handbook (published by the U.S. Department of Commerce), 2) the disclosure document, 3) current franchisees, 4) other references, such as U.S. Small Business Administration (SBA), Federal Trade Commission (FTC), Better Business Bureau, local chambers of commerce and 5) professional advisors.

Many new small business owners choose franchising over starting a new business because it provides easy access to an established product, reduces many of the risks involved in opening a new business, provides access to proven marketing methods and in some instances provides assistance in obtaining start-up capital from financing sources.

Franchising can be advantageous as well as disadvantageous to both the franchisee and franchisor. A few of the advantages and disadvantages are listed below. Study these factors carefully before choosing the franchise option.

## **FRANCHISEE**

### **Advantages**

- established product or service
- technical & managerial assistance

### **Disadvantages**

- failed expectations
- service costs

- quality control standards
- less operating capital
- opportunities for growth
  - territorial franchisee
  - right of subfranchisees
- operating franchisee no rights
- overdependence
- restrictions on freedom of ownership
- termination of agreement
- performance of other franchisees

## **FRANCHISOR**

### **Advantages**

- expansion
  - limited risk
  - limited capital
  - equity investment
- motivation
  - franchisee highly motivated
- operation of non-union business
- bulk purchasing
- cooperative advertising

### **Disadvantages**

- company-owned vs franchised units
- problems with recruitment
- communication
- freedom

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## **SELF-PACED ACTIVITY**

During this activity you will:

- \* Determine if franchising is for you by listing at least five reasons why you should choose franchising over starting a new, independent business.
- \* List sources where you can gather information to help you make an informed decision on choosing franchising as an alternative to starting a new business.
- \* Determine if you have the skills needed to own and operate a successful franchise.

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## **IDENTIFYING THE FRANCHISOR'S RESPONSIBILITIES**

An important step in making an informed decision about purchasing a franchise is to know the responsibilities the franchisor is legally obligated to fulfill. One of the toughest decisions any entrepreneur faces is whether or not to purchase a franchise. And while buying a franchise means obtaining a complete system of doing business, there is no guarantee for success.

Being aware of the franchisor's responsibilities takes some of the guess work out of the decision making process. Learn as much as you can about the franchise and the franchisor's obligations before entering a purchase agreement, or even before meeting with the franchisor or his or her representative to discuss the possibility of purchasing a franchise.

Fourteen states have franchise disclosure or registration laws that require the franchisor to prepare documents for submission to state authorities. The FTC requires in all states that a lengthy disclosure document, as well as financial statements, be given to franchisees before purchasing the franchise. In addition to state filing fees, printing and accounting and legal expenses, the franchisor must develop internal controls and policies to ensure ongoing compliance with regulations.

Franchisors are obligated to:

1. Give you a copy of the Uniform Franchise Offering Circular (UFCO) at least 10 days before you sign the agreement. If you meet face to face with the franchisor's representative and have serious discussions concerning the purchase of the franchise, the UFCO also must be given to you at this time.
2. Give you a copy of the franchise agreement, other contracts and the franchisor's financial statements. The franchisor, however, cannot, under federal law, make claims concerning the amount of money you will make. The UFCO will disclose estimates of all initial start-up costs.
3. Provide one week of training to you, the franchisee, and your manager in one of the parent stores, the operational manual and ongoing support and assistance to you and other franchisees.
4. Provide guidelines on audits and assignment procedures and any extra franchisor criteria for approving an assignment (e.g., ownership rights - franchisee rights to sell the franchise if it becomes successful).
5. Provide information on franchisee's initial fees and other costs (e.g., royalties, promotional fees).

Franchisors should:

6. Provide a marketing plan, promotional materials and area site selection assistance to franchisees.
7. Provide adequate insurance coverage for franchises.

Insurance coverage generally includes:

- fire insurance
- inventory insurance
- burglary insurance
- workmen's compensation
- accident and health insurance
- use and occupancy insurance
- general liability insurance

- automobile insurance (may be optional depending on franchise type)
- 8. Provide a trademark or service mark that is known, or will be known through advertising in the geographic area of use.
- 9. Provide guidelines on the purchase of inventory and equipment, requirements on restrictions on goods sold and the terms of agreement and renewal.

Most of these responsibilities are or should be included in the UFOC document, but since there are no uniform regulations governing the operation of franchises in any given state, make sure the UFOC document complies with the FTC's regulations, and the regulations of the state in which you plan to purchase the franchise. Review the UFOC document carefully with your attorney before signing the purchase agreement.

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### **SELF-PACED ACTIVITY**

During this activity you will:

- \* Identify issues you need to be aware of as a franchisee.
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### **DETERMINING WHAT THE FRANCHISE PACKAGE CONTAINS**

After gathering all the information you will need to make an informed purchase decision, carefully examine this information with your attorney, accountant or business advisor ensuring that it is addressed in the franchise contract. Think carefully about the level of independence you will maintain as a franchisee and how comprehensive the operating controls will be. Be very clear about the cost of purchasing the franchise and the documents that make up the franchise package.

You can obtain information on franchising from: 1) a directory of franchises, 2) the disclosure document, 3) current franchisees, 4) other references, such as SBA, FTC, Better Business Bureau, local chambers of commerce, 5) professional advisors and 6) reference materials on franchises from the local library.

Your franchise package should contain the following information:

- \* The full initial costs and what they cover.
- \* Licensing fees.



- \* Land purchase or lease.
- \* Building construction or renovation.
- \* Equipment.
- \* Training.
- \* Starting inventory.
- \* Promotional fees.
- \* Use of operations manuals.
- \* Continuing costs related to the franchisor.
- \* Royalties.
- \* Ongoing training.
- \* Cooperative advertising fees.
- \* Insurance.
- \* Interest on financing.
- \* Requirements regarding purchasing supplies from the franchisor, and if the prices are competitive with other suppliers.
- \* Restrictions as they apply to competition with other franchisees.
- \* Terms covering renewal rights and resale of the franchise.

In reviewing the franchise contract with your attorney, familiarize yourself with the language. Be aware of terms such as hold harmless clauses, integration clauses and choice of venue or choice of law provisions. These terms may favor the franchisor over you if improprieties arise during or after the settlement process.

Hold harmless clauses - may require that you release the franchisor from specific acts or violations of state laws.

Integration clauses - may prevent you from successfully suing for any deceptions preceding the signing of the contract.

Choice of venue or choice by law provisions - are especially important if the franchisor has headquarters in another state. These clauses may dictate that you settle all disputes in your franchisor's state of residence and settle your claim under laws favorable to the franchisor.

Other important clauses to consider deal with severance, renewal and transfer of the franchise.

Again, use professional help when examining the franchise contract. And, remember some of the contract terms may be negotiable. Find out which terms are negotiable before you sign; otherwise, it will be too late.

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## **SELF-PACED ACTIVITY**

During this activity you will:

- \* List some of the information that should be contained in the franchise package.
- \* Identify sources where you can obtain information on what the franchise package should contain.

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## **UNDERSTANDING THE FRANCHISE CONTRACT**

The franchise contract, like the UFOC, is a very important document. The contract is probably the most important document in the transaction process. It is a legal commitment which is binding on both the franchisor and franchisee. In the franchise contract, the franchisor's promises must be presented to the franchisee in writing and subjected to careful scrutiny. During this stage of the buy/sell process, the franchisee must have competent legal advice regarding the meaning and effect of the contract.

When reviewing the contract, you and your attorney will need to determine if it confirms what you have been told. If you find improprieties in the contract at this point, you may decide to withdraw from the transaction before committing your time, energy and money to an agreement that may not be beneficial for you. If, however, you choose to continue with the process, you may be able to negotiate favorable terms, but remember by signing the contract, you are legally bound by the provisions of the agreement.

The franchise contract consists of two main parts: 1) the purchase agreement and 2) the franchise or license agreement. For convenience, occasionally the franchise transaction is split into two stages. When this happens, some franchise companies have two contracts, one for each stage, rather than a single contract. While it isn't necessary to have two contracts, it can be the better method where there is a comprehensive equipment and initial services package.

The purchase agreement of the contract covers:

- \* the franchise package
- \* the price
- \* the services to be provided.

The franchise or license agreement covers:

- \* the rights granted to the franchisee
- \* the obligations undertaken by the franchisor
- \* the obligations imposed upon the franchisee
- \* trade restrictions imposed upon the franchisee
- \* assignment/death of franchisee
- \* termination provisions.

A brief explanation of each agreement follows.

### **PURCHASE AGREEMENT**

1. The franchise package. Consists of an equipment or inventory list. This list must contain all the items the franchisee has been told to expect. Some franchise companies regard this list as being confidential and stipulate in the contract that it must be so treated.
2. The price. The price and the manner of payment will be specified. This may be cash on signature, although rare. More often a deposit is required on signature with payment of the balance to follow on delivery of the equipment or at other stages of the transaction.
3. The services to be provided. This section outlines or lists the franchisor's responsibilities to the franchisee. Those services the franchisor is required to provide the franchisee before he or she is ready to open for business are called the initial services. Those services the franchisor provides periodically are called continuous services. A more detailed explanation of the services provided by the franchisor are included in the next section on the license agreement.

### **FRANCHISE OR LICENSE AGREEMENT**

1. The rights granted to the franchisee. The franchisee will be given the right as it applies to particular circumstances. As a franchisee there are certain rights that are extended to you.

Your rights include:

- \* use of trademarks, trade names and patents of the franchisor.
  - \* use of the brand image and the design and decor of the premises developed by the franchisor.
  - \* use of the franchisor's secret methods.
  - \* use of the franchisor's copyright materials.
  - \* use of recipes, formulae, specifications and processes and methods of manufacture developed by the franchisor.
  - \* conducting the franchised business upon or from the agreed premises strictly in accordance with the franchisor's methods and subject to the franchisor's directions.
  - \* guidelines established by the franchisor regarding exclusive territorial rights.
  - \* rights to obtain suppliers from nominated suppliers at special prices.
2. The obligation undertaken by the franchisor. This item in the contract tells prospective franchisees what the franchisor will do for them both before and after start-up. That is why this item frequently refers to specific contractual obligations detailed in the franchise agreement, which is attached to the UFOC.
  3. The obligations imposed upon the franchisee. Certain obligations are required of you by the franchisor. These obligations include:
    - \* to carry on the business franchised and no other business upon the approved and nominated premises.

- \* to observe certain minimum operating hours.
  - \* to pay a franchise fee.
  - \* to follow the accounting system laid down by the franchisor.
  - \* not to advertise without prior approval of the advertisements by the franchisor.
  - \* to use and display such point of sale advertising materials as the franchisor stipulates.
  - \* to maintain the premises in good, clean and sanitary condition and to redecorate when required to do so by the franchisor.
  - \* to maintain the widest possible insurance coverage.
  - \* to permit the franchisor's staff to enter the premises to inspect and see if the franchisor's standards are being maintained.
  - \* to purchase goods or products from the franchisor or his designated suppliers.
  - \* to train your staff in the franchisor's methods to ensure that they are neatly and appropriately clothed.
  - \* not to assign the franchise contract without the franchisor's consent.
4. Trade restrictions. The restrictions imposed upon a franchisee may prohibit him or her from carrying on a similar business except under franchise from the franchisor, taking staff away from other franchisees, carrying on a similar business in close proximity to other franchised businesses within that chain, and continuing, after termination of the franchise contract, to use any of the franchisor's trade names, secrets, and so forth.
5. Assignment/death of the franchisee. The franchisee should ensure that in the event of death his/her personal representative or dependent will be able to keep the business going until one of them can qualify as a franchisee, and that arrangements can be made to keep the business going until a suitable assignee can be found at a proper price.
6. Termination provisions. The termination of a franchise is an event heavily regulated by the franchise laws of 17 states. Franchise relationship laws in many states specify the conditions under which a franchisor may terminate or refuse to renew the franchise, imposing a standard of "good cause," "reasonable cause" or "just cause" as defined by those laws. Minimum advance notice usually has an opportunity to cure the default and avoid termination; notice ranges from five days to 90 days. Many states also specify circumstances under which the standard notice and cure requirements need not be met.

In view of the close working relationship that must exist between the franchisee and franchisor all provisions must be stated clearly in the contract. In this transaction, no small print should exist. Make sure, if possible, the franchise contract contains provisions that are favorable for both you and the franchisor.

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### **SELF-PACED ACTIVITY**

During this activity you will:

- \* List at least four rights and four obligations you as the franchisee are entitled to and required to fulfill.

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APPENDIX 1

**SMALL BUSINESS ENTREPRENEUR'S CHECKLIST**

- A. Business Planning and Management Limitations
  - B. Market Analysis
  - C. Marketing Strategy
  - D. Financial Controls
  - E. Personnel Function
  - F. Operation, Organization and Special Areas
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**SMALL BUSINESS ENTREPRENEUR'S  
CHECKLIST**

**A. Business Planning and Management Limitations**

- 1. Do you know your own personal management assets and liabilities?  
no                      \_\_\_\_\_ yes                                      \_\_\_\_\_ partially                                      \_\_\_\_\_
- 2. Do you have a written small business plan covering 1 to 5 years?  
no                      \_\_\_\_\_ yes                                      \_\_\_\_\_ partially                                      \_\_\_\_\_
- 3. Can you concretely define what product or service franchise you are in?  
no                      \_\_\_\_\_ yes                                      \_\_\_\_\_ partially                                      \_\_\_\_\_
- 4. Can you describe in writing what business franchise you are in?  
no                      \_\_\_\_\_ yes                                      \_\_\_\_\_ partially                                      \_\_\_\_\_

## B. Market Analysis

5. Do you know in detail what factual market conditions and government requirements impact on your franchise?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_
6. Do you know your specific geographic and demographic market areas?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_
7. Do you know your market area business and franchise competitor by name, organization, size and gross sales?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_
8. Can you describe in writing the strengths and weaknesses of competitors in your defined market areas?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_

## C. Marketing Strategy

9. Can you identify in a written business plan what advantages your franchise's products or services have over specific competitors?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_
10. Based on the guidelines from the franchisor, can you describe in writing how your products and services are distributed or sold?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_
11. Based on the guidelines from the franchisor, do you know what sources of supplies and costs are required to operate your franchise?
- no                      \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_

## D. Financial Controls

12. Can you detail the specific monthly cash and credit requirements of your franchise?
- \_\_\_\_\_ yes    \_\_\_\_\_ partially    \_\_\_\_\_

no

13. Do you maintain a file of and stay aware of the advantages of small business computer planning, accounting, financial management and marketing controls?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

14. Do you use Standard Financial Industry Ratios as a guide to measure your franchise's annual performance?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

15. Do you maintain written costs of sales, breakeven analyses, profit and loss statements and appropriate accounting journals?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

#### **E. Personnel Function**

16. Do you know how much personnel money your franchise spends on human resource development as compared to competitors?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

17. Do you know exactly what employee benefits cost your franchise?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

Do you know the impact when compared with industry standards?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

18. Based on guidelines from the franchisor, do you have a detailed personnel plan for the management staff, clerical and specific labor (i.e., part-time, union) required to operate your franchise?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

#### **F. Operation, Organization and Special Areas**

19. Based on guidelines from the franchisor, do you have a detailed building or facility plan which documents the space required to operate the business?

\_\_\_\_\_ yes \_\_\_\_\_ partially \_\_\_\_\_

no

20. Do you know why your business is a franchise and the legal limitations or advantages of this business form?

\_\_\_\_\_ yes

\_\_\_\_\_ partially

\_\_\_\_\_

no

21. Do you use specialized consultants on a pre-planned basis for accounting, legal, tax, insurance, employee benefits and other critical business operational areas?

\_\_\_\_\_ yes

\_\_\_\_\_ partially

\_\_\_\_\_

no