

## Developing The Franchise Package

The franchisor brings together in the franchise package the elements of the business, reflecting the accumulation of his/her total operation in a form that can be transferred to franchisees. In the package the franchisor defines the structure of the business format and the nature of the relationship between franchisor and franchisees. This relationship is usually documented in the franchise agreement and the operating manual.

While many elements of franchise systems are similar, there are differences in the packages offered by different companies. It is understandable that the package of a fast food franchise would be different of that of a van-based cleaning business. The following elements are those one would expect to find in a franchise package. The exact nature of some elements is dependent on the opportunity in question.

Use of the franchise's trademark and copyright materials.

The franchisor's name and logo are a vital part of the franchise package. In granting a franchise, a franchisor gives franchisees the right to use his/her name and logo for the defined business. It is important therefore that the franchisor has undisputed rights to them and has taken all possible steps to protect them before allowing others to share in their use. This may involve registering the name and logo as well as protecting certain other aspects of the business through patents and copyrights.

Know-how relating to site selection.

Franchisors provide property-based franchisees with expertise in assessing and acquiring suitable sites. Assistance may include advice on the type of location, size of premises required, rent, rates and lease terms.

Training.

Many successful franchises depend on franchisees being able to run the business with no prior business experience. As part of the franchise package, it is essential for the franchisor to provide franchisees with the knowledge to operate the business successfully through initial training. Training must subsequently be updated to reflect changes in the way the business is conducted and the nature of new or changing competition.

Territorial rights.

The franchisee usually buys an area or territory as part of the franchise package. The franchisor designates to the franchisee exclusive rights to his/her territory within which no other franchisees in the network can operate.

Product supply arrangements.

Often identification of suppliers, negotiation of terms and the provision of products or services to the franchisees form an integral part of the business formula. It is important at the outset to determine the range and the degree of flexibility that the franchisee will be allowed in his/her individual unit.

Personnel procedures.

Assuming that the franchisee has little or no knowledge of personnel matters, the franchisor will need to devise procedures and training in areas such as recruitment, staff training, motivation and administration including, for example, the payroll system.

Accounting procedures.

Frequently the franchisor will stipulate a particular accounting system that must be used by all franchisees. This allows the franchisor to audit the franchisees more easily. In some cases the franchisor will provide a centralised book-keeping service which franchisees must use.

Marketing aids.

Marketing is one of the key elements of the franchise package. Franchisees will expect the franchisor to develop a range of marketing materials and activities such as advertising, in-store promotions and PR. This is an area where, through the centralised pool of money contributed by all franchisees in the network as well as the franchisor, franchisees will enjoy significant benefits in comparison with independent competitors.

Ongoing services.

Although the franchisor puts significant effort into recruiting new franchisees, franchising is very much a long-term relationship and a very important part of the package is the ongoing support provided by the franchisor to the franchisee. The list of supports can be extensive. The most common on-going supports include the provision of general business advice and field assistance, including regular meetings, monitoring the franchisee's performance and regular training.

About the Author

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