



Franchise Program

Module Two

DEFINE



Module Two

DEFINE

Money and Budgets
Territories
Franchisee Support
Corporate Structure
Business Plan

Introduction to Module Two

- Unit Twelve** **The Flow of Money, Budgets and Fees**
Guides
G6. Profit and Loss and Cash Flow Budgets
- Unit Thirteen** **Planning Territories**
- Unit Fourteen** **Supporting your Franchisees and the Communication**
Plan
Guides
G7. Communication Plan
- Unit Fifteen** **Corporate Structure and Intellectual Property**
Protection
- Unit Sixteen** **Business Plan for the Franchisor Business**
Guides
G8. Business Plan

Module Two

Guides and Supporting Material

Unit Twelve		
The Flow of Money, Budgets and Fees	Guides	G6: Profit and Loss and Cash Flow Budgets
	Supporting Material	SM12a: Franchise Radio Show 29, How to Maximize Your Profits – Accounting for Franchisees, with Peter Knight
		SM12b. Video of Rob McAdam from McAdam Siemon discussing budgets and Cash Flow (discussion on money management starts at about 47 minutes)
		SM12c: Video of Brian Keen discussing the calculation of Fees
		SM12d: Video of Brian Keen discussing the commercial aspects of a franchise agreement
		SM12e: SA Government Tips on Cash Flow
SM12f. Examples of spread sheets put together for different kinds of businesses		
Unit Thirteen		
Planning Territories	Supporting Material	SM13a. Video of Brian Keen Discussing Territories
		SM13b. Radio Show 9 <i>Planning your Franchise Sites</i> , Peter Buckingham Founder Spectrum Analysis
		SM13c: Radio Show 19, <i>How to Grow your Franchise or Business Network with Strategic Network Planning</i> , Peter Buckingham Founder Spectrum Analysis
		SM13c. Spectrum Analysis, <i>5 Tips to Effective Territory Planning</i> ,
		SM13d. Spectrum Analysis, <i>9 Tips to Great Site Selection</i>
Unit Fourteen		
Supporting Your Franchisees and the Communication Plan	Guides	G7 Communications Plan
	Supporting Material	SM14a. Radio Show 5 – <i>Helping Franchisors and Franchisees Create Profitable Partnerships</i> with Greg Nathan, Founder Franchise Relationships Institute
		SM14b: Franchise Radio Show 34, <i>High Performance Franchisees, How to Help Your Franchisees Achieve Optimum Performance</i> , with Elizabeth Gillam
		SM14c: Franchise Radio Show 42, <i>Programing Franchise Success</i> , with Damian McConnell
		SM14d: Franchise Radio Show 47, <i>How To Overcome Your Personal Limitations</i> , with Paul Blackburn
		SM14e: <i>Profitable Partnerships</i> . Greg Nathan, 2000
		SM14f: <i>Franchise Relationships Tool Kit</i> , Greg Nathan
Unit Fifteen		
Corporate Structure and Intellectual Property Protection	Supporting Material	SM15a, Video of Rob McAdam from McAdam Siemon discussing corporate structures (the first 47 minutes of the video)
		SM15b: Franchise Radio Show 37, <i>Minimizing Your Tax And Protecting Your Assets</i> , With Warren Black
		SM15c: Franchise Radio Show 33, <i>Are You Eligible For R&D Tax Incentives</i> , Peter Crewe-Brown
		SM15d. Radio Show 65 - <i>Don't be Robbed of Your Most Precious Commodity – Protecting your business asset – brand protection</i> with Christopher Mittigo from Legal Vision.
Unit Sixteen		

Franchisor Business Plan	Guides	G8 Business Plan
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Some Terminology

Words are used in so many different ways in the franchise industry. Some are legally defined and others just in general use. Before beginning it is useful to clarify the way we use terms and why.

Legal definitions

Legally, through the Franchise Code of Conduct and Franchise Agreement Template, the following terms are set.

Franchise System includes a business system in which a franchisor grants a franchise to a franchisee

Franchised Business is one franchise outlet

The Manual or Operations Manual is the franchisee operations manual and includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)

Franchise Documentation includes the Operations Manual and all the legal documents and anything else needed to conduct the Franchised Business

A more extensive list of more commonly used terms is included in the appendices.

Franchise Simply definitions

I have extended these terms, however, because I consider it essential that you deal with both sides of a Franchise System, the franchised business operated by your franchisees and your franchisor business.

So...

The **Franchise System** is the whole franchise group consisting of the **franchisor business** and the **franchised businesses** operated by your franchisees.

The **franchisee outlet** or **franchised business** will have:

- a. **Franchisee Documentation** which includes:
 - i. The **legal documents** (Franchise Agreement and Disclosure Document and any associated legal docs)
 - ii. The **Franchisee Operations Manual** which includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)
- b. The **Franchised Business** (goodwill etc.)

The **franchisor business** will have:

- a. **Franchisor Documentation** which includes:
 - i. The legal documents (the franchisor is party to the franchise agreement) and any other legal documents which make up the brand etc.
- b. The **Franchisor Operations Manual** which includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)The **Franchisor Business** (goodwill etc.)

Introduction to Module Two

Build the elements that make up your franchise structure

This Module is all about developing the detail that underlies your Franchise System.

In **Module One** you put together the big picture of your franchise group in place so you know:

- What your ideal customer will look like
- The way they want your product delivered to meet their fears and desires
- The broad characteristics your ideal franchisee needs so they can deliver your product to your ideal customer
- The broad business structure of your franchise group and Franchise System.

This next step in **Module Two** is to work out the details of the elements that will make that franchise big picture work. So you will need to look at:

- The details of how the money will work in all sides of the group
- The budgets for both franchisor and franchisee and any intermediate layers
- How these budgets will determine the fee structure
- Whether you will use territories and if so how these will be apportioned
- How your Intellectual Property will be protected
- Your franchise corporate structure
- Your communication values and principles for the franchise group as a whole and a Communication and Support Plan
- How you will deal with training
- Anything else you might need to address in detail

Once you have these details, it will pay to develop a brief Business Plan for your Franchisor Business to set the goals and parameters for the development of the franchise group over the next three to five years.

And the details you are developing here will go into the Franchise Documentation you prepare in **Module Three**.