

made to a franchisor: (a) a royalty for the trademark, (b) reimbursement for the training and advisory services given to the franchisee, and (c) a percentage of the individual business unit's sales. These three fees may be combined in a single 'management' fee. A fee for "disclosure" is separate and is always a "front-end fee".

A franchise usually lasts for a fixed time period (broken down into shorter periods, which each require renewal), and serves a specific territory or geographical area surrounding its location. One franchisee may manage several such locations.

Agreements typically last from five to thirty years, with premature cancellations or terminations of most contracts bearing serious consequences for franchisees. A franchise is merely a temporary business investment involving renting or leasing an

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the franchise is worked according to plan. The franchisee must be seen as an independent merchant. It must be protected by the franchisor from any trademark infringement by third parties. A franchise attorney is required to assist the franchisee during negotiations.[10]

Often the training period - the costs of which are in great part covered by the initial fee - is too short in cases where it is necessary to operate complicated equipment, and the franchisee has to learn on their own from instruction manuals. The training period must be adequate, but in low-cost franchises it may be considered expensive. Many franchisors have set up corporate universities to train staff online. This is in addition to providing literature, sales documents and email access

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responsible for the success of their outlets, they will put a strong, constant effort to make sure their businesses run smoothly and prosper. In addition, companies are able to provide franchising rights to only qualified people. Moreover, franchisors can raise money without selling shares of their companies through franchising.

5. Suggestion.

I have a suggestion to for any investor to choose Franchising rather than starting a new business for the following reasons:

1. Lower risk of failure - statistics show that the failure rates of franchises are much lower than those of other types of new business.

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