

Franchising is an adult business relationship

It has been said too many times that franchising can be likened to a parent-child relationship. According to this premise, the role of the franchisor is to provide guidance and to support, like a parent, whereas the franchisee's role is equated to that of a child that is still learning to find his/her way and undergoing various phases of growth.

By [Patrick Nebuloni](#), 22 Jul 2013



However, in my opinion, this is not the role of the franchisor/franchisee.

In most of our families, parents have the responsibility to guide their children on almost every step of their lives. The children are protected from their mistakes and mom and dad help make things right when things go wrong.

That is not franchising. In franchising, the franchisor needs to take the role of mentor and advisor. They cannot be a parent who protects their franchisees all the time, lecturing them when mistakes are made and reprimanding them when discipline is needed. This is not the description of a legal or practical business relationship and can often confuse people unfamiliar with a common business relationship.

Business relationship governed by contract

A franchise is primarily a business relationship between the franchisor and a franchisee that is governed by a franchise agreement. The franchisor owns the blueprint, the trademark and the operating system for the franchise. The franchisee is permitted to use both the trademark and the operating system, according to the terms and conditions set out in the franchise agreement, and both the franchisor and franchisee must fulfill responsibilities under the terms and conditions of this agreement.

It is the role of the franchisor to facilitate, teach and train the franchisee on how to operate according to the system, to manage their business growth. However, franchisees are not children. Franchisees are motivated people who understand the benefits of buying into a franchise that was established by other parties; so much so that they decided to invest a great deal of their time and money into the chosen business. They have made a strategic business decision to purchase the franchise and have voluntarily agreed to operate the business according to the rules and boundaries set forth by the franchisor. They are responsible for the activities of the business and its failure and success are their own responsibility.

Potential franchisees are provided with all the needed information about the franchise in the contract in the Disclosure Document prior to making the decision to become a franchisee. They are afforded many opportunities to review these documents presented and are encouraged to seek professional (legal,

financial, etc.) opinions regarding both the viability of the business concept and the terms of the contract. Should the investigation of the opportunity lead them to believe that it is not the right franchise or business they are free to look at other franchises opportunities. If they choose to buy into the franchise, become a franchisee and later decide that it was the wrong decision, most franchisors would allow them to sell their business to an approved buyer and in some cases assist with the sale. This verifies again that the parent-child analogy cannot apply, as the relationship can be ended amicably with no business ties remaining thereafter.

Everyone wants to succeed

Franchisors want and need their franchisees to succeed, and most work hard to provide their franchisees with the expertise, tools and coaching they need to be successful. However, franchising still remains a business unit in its own right and franchisees are independent business people. Whatever business decisions they make can ultimately determine the success or failure of their business, even if a franchisor present. Their bottom line and success will be influenced by factors such as; how well they execute the franchisor's operating system, adhere to the rules and guidelines, whom they hire, how much they pay their employees, how they control their stock and money, what service standards they achieve and how proactive they are in marketing their store. While the franchisor can offer advice and training in these areas, these decisions are the responsibility of the franchisee.

Franchisees are independent business people and have significant control over their destiny from day one. Depending on circumstances, they sometimes fail.

In most families, when a child is failing, parents do everything they can - often putting everything they own at risk - to save their child. That is not the case in franchising. While a franchisor can be supportive and provide guidance, they do not have the right to put the franchise at risk to save the franchisee. They do not manage the franchisee's business and cannot put the system at risk, they are business people in a contractual relationship. That is the reality.

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