

# White Paper: Franchisee Model

## About Franchisee Model:

The franchise is an alternative to building "chain stores" to distribute goods that avoids the investments and liability of a chain. The franchisor's success depends on the success of the franchisees. The franchisor is a supplier who allows an operator, or a franchisee, to use the supplier's trademark and distribute the supplier's goods. In return, the operator pays the supplier a fee.

## Major Challenges

1. Inculcating franchisors' organization culture in franchisee
2. Sustained focus of the franchisee on the franchisors' brand (as most of the franchisees' belong to unorganized sectors)
3. Continuous vigilance and monitoring of franchisee
4. Binding the franchisee in contractual obligation
5. Emphasize the franchisee to adhere to the Standard Operating Procedure (SOP)

## Setting up of a Franchisee

The Journey of setting up of a franchisee begins with a survey of a location and traverses through many areas and finally docks at the governance of a franchisee by the franchisor. The blueprint for establishing a franchisee model encompasses;

1. Ascertaining the right city
2. Ascertaining the right location within the city
3. Evaluating and short list potential partner/s within the locality (Due diligence)
4. Entering into a contractual agreement with potential partner/s (Profit sharing, rewards and penalty clauses, etc...)
5. Compliance to all statutory, legal and regulatory requirements
6. Developing a blueprint for an outlet (Infrastructure)
7. Commissioning of an outlet in-line with the blue print
8. Advertise and launch an outlet
9. Govern an outlet in-line with the policies and standard operating procedures (SOP)
10. Periodically Access compliance to Contract and SOP
11. Periodically Evaluate franchisee in-line with the business model
12. Periodically Access Customer Experience at an outlet
13. Continually refine governance, contractual terms and SOP