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An Explanation of Franchise Types

BUSINESS TO BUSINESS SERVICES

Sharing many characteristics with the Retail and Management franchise types this sector is exceptional in that the franchise “manages” the operations side of the business but “does” the selling. The franchisee is out visiting customers and negotiating contracts, not dealing with “walk in” or “phone in” customers or handling the day to day hands on completion of tasks.

Some franchises of this type such as print and copy centres, communication centres and signs franchises involve property for production, others, like expense reduction consultants only require offices, some can be home based. For a full list see our database “Business Services” and “Print & Copy Design Services”.

RETAIL FRANCHISE

The franchise will occupy ‘Walk-In’ retail premises, selling products or services during retail hours. The majority of the turnover is achieved from walk-in consumers. The premises (often High Street) will have to be suitably equipped and staffed. Unlike an Investment Franchise (see below), owner-operators are generally the rule here. Examples include food, fashion, printing and telecommunications.

INVESTMENT FRANCHISE

Here the franchisee invests a significant amount of capital in a high cost franchise system. The franchisee would normally work at arm’s length from the franchise and would employ a management team to operate it on his behalf. Franchisees would normally have experience in managing a large professional team. Examples include the major hotel and restaurant franchises.

MANAGEMENT FRANCHISE

Here, the franchisee will have responsibility for the development of the business and at the same time, manage and co-ordinate a team of operatives. The franchisee may control several territories or a whole region. The majority of the turnover is generated from Business to Business activities rather than from retail. Examples include parcel delivery type franchises or other van based service franchises that are run from regional HQ’s, depots and hubs.

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SINGLE OPERATOR FRANCHISE *(Also referred to as Job Franchise)*

Here, the franchisee buys the right to operate a franchise which normally takes the form of a trade supplying, selling and delivering products or services. It may be mobile, home-based or require small office premises. The nature of work may be manual or executive. Franchisees will work on their own initially, but the franchise may offer opportunity to employ staff as the business grows. Examples of business sectors include cleaning, motorist services and repair/security systems.

EXECUTIVE FRANCHISE

Also known as white collar franchises, franchisees would offer consultancy services in areas such as project management and financial services. Communication is often at Board level. Premises are not essential as work can be home based or conducted at client premises. Examples include cost management, accountancy and stress management consultancy.

SALES & DISTRIBUTION FRANCHISE

Here the franchisee is effectively on the road, selling and/or distributing products throughout his territory. Franchisees would normally work on their own initially, but the franchise may offer opportunity to employ staff as the business grows. Examples include Drinks, Dairy Produce, Pet Foods and Tools.

MASTER FRANCHISE LICENSEE

A Master Franchisee duplicates completely all the original functions of a franchisor. A Master Licence could cover a region, a whole country or even such as 'The Middle East'. A Master Licence would only be awarded to experienced business persons capable of producing a comprehensive business plan acceptable to the original franchisor.