

10 Lecture - MGT211

Important Subjective

1. **What is franchising?**

Answer: Franchising is a business model in which a company grants an individual or group the right to use its trademark, business model, and products or services in exchange for an initial fee and ongoing royalties.

2. **What are the advantages of franchising?**

Answer: The advantages of franchising include access to a proven business model, established brand recognition, training and support from the franchisor, and the ability to benefit from the franchisor's marketing and advertising efforts.

3. **What are the disadvantages of franchising?**

Answer: The disadvantages of franchising include limited independence in running the business, the need to pay ongoing royalties to the franchisor, and the possibility of conflicts with the franchisor over issues such as territory and marketing.

4. **What is a franchise agreement?**

Answer: A franchise agreement is a legal document that outlines the terms and conditions of the franchise relationship between the franchisor and the franchisee.

5. **What is a franchise disclosure document?**

Answer: A franchise disclosure document is a document that provides information about the franchisor and the franchise system, including details about the franchisor's financial performance, litigation history, and franchisee obligations.

6. **What are the different types of franchises?**

Answer: The different types of franchises include product distribution franchises, business format franchises, and management franchises.

7. **What is a product distribution franchise?**

Answer: A product distribution franchise is a type of franchise in which the franchisor provides the franchisee with the products and supplies needed to run the business.

8. **What is a business format franchise?**

Answer: A business format franchise is a type of franchise in which the franchisor provides the franchisee with a complete business model, including operational procedures, marketing strategies, and training programs.

9. **What is a management franchise?**

Answer: A management franchise is a type of franchise in which the franchisor provides the franchisee with management support, including assistance with recruiting and training staff and implementing operational procedures.

10. **How can a potential franchisee determine if a franchisor is reputable?**

Answer: A potential franchisee can determine if a franchisor is reputable by conducting due diligence, including researching the franchisor's history, financial performance, and litigation

record, and by speaking with current and former franchisees.