

MGMT 4306 CRN 31958

Franchising

Summer I: June 10th-July 8th

Monday, Tuesday, Wednesday, Thursday and Friday 11:40 am to 1:50 pm

COBA 329

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| Instructor: | Kingshuk Saha; Assistant Instructor, COBA, UTEP. |
| Email: | ksaha@miners.utep.edu ; sahak2021@gmail.com |
| Office Hours: | Wednesday and Thursday: 2:00pm-3:30pm and by appointment at Room 315 |
| Textbooks: | Franchising An Entrepreneur's Guide 4 th Edition (Textbook Only) Authors: Richard J. Judd and Robert T. Justis ISBN 10: 0-759-36705-1 ISBN 13: 978-0-7593-6705-0 |
| Prerequisite: | MGMT 3303 |

Course Description:

Franchising investigates the advantages and potential risks that must be considered before making an investment in a franchise business. There is particular emphasis on the discovery and evaluation of the franchisor and the feasibility of entrepreneurs converting an existing business into a franchise chain or creating and selling new business concepts

This course is designed to appeal to students who to work for a franchisor company, may consider buying a franchise or developing and launching a franchised business as an entrepreneurial new venture.

Specific Learning Objectives for the course include:

| Learning Objective | Activities | Assessment |
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| 1. The history and importance of franchising to the U.S. and global economy. | Readings: Chapter 1 and Class Discussion | Exam 1 |

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| 2. Recognizing Franchising Opportunities | Readings: Chapter 2 and Class Discussion | Exam 1 Team Project/Team Presentation |
| 3. The vocabulary of franchising | Readings: Chapter 3, 13, 14 and Class Discussion | Exam 1,2 and 3 |
| 4. Marketing your Franchise business | Readings: Chapter 5, 6, 7 and 17 and Class Discussion | Exam 1, 2, 3 |
| 5. An understanding of basic franchise law | Readings: Chapter 13 and Class Discussion | Exam 2 |
| 6. How to identify, analyze and execute practical managerial solutions to the problems and opportunities of acquiring a franchised business | Readings: Chapter 4 and Chapter 18 and Class Discussion | Exam 1 and Exam 3 Team Project/Team Presentation |
| 7. How to finance an individual franchise | Readings: Chapter 10, 11 and 16 and Class Discussion | Exam 2, 3 Team Project/Team Presentation |
| 8. The dynamics of franchisee-franchisor relationship | Readings: Chapter 19 and Class Discussion | Exam 4 |
| 9. The franchise industry organizations that advocate for Franchisees and Franchisors | Readings: Chapter 20 and Class Discussion | Exam 4 |
| 10. An Overview of International Franchising | Readings: Chapter 22 and Class Discussion | Exam 4 |

Academic Honesty:

If you do it, I will have to report it. Policies on academic dishonesty will be strongly enforced to protect individuals and the integrity of the university.

UTEP Policy: Scholastic dishonesty includes but is not limited to "cheating, plagiarism, collusion, the submission for credit of any work or materials that attributable in whole or part to another person, taking an examination for another person, any act designated to give unfair advantage to a student or the attempt to commit such acts".

Disability/UTEP Policy:

If you have a disability and need classroom accommodation, please contact the Center for Accommodations and Support Services (CASS) at 747-5148 or by email to casss@utep.edu, or visit their office located in UTEP Union East, Room 106. For additional information, please visit the CASS website at www.sa.utep.edu/class.

Course Grading:

There will be 4 exams (including the Final Exam) which will carry 150 points each. The exams will be Multiple-choice questions and students will need to bring Scantrons and pencils. Class attendance will be measured by 50 points (So you can claim this 50 points just by coming to class everyday!). Team Written Project will be measured by 200 points and Team Presentation will carry 150 points.

The final grade will be determined as follows:

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| 4 Exams @ 150 points each: | 600 pts. |
| Class Attendance & Participation | 50 pts. |
| Team Written Project | 200 pts. |
| Team Presentation | <u>150 pts.</u> |
| <u>Total Points:</u> | 1000 pts. |

Grading Scale and Policy

| Letter Grade | Total Points | Percentage |
|---------------------|---------------------|-------------------|
| A | 1000-900 | 90%-100% |
| B | 899-800 | 80%-89% |
| C | 799-700 | 70%-79% |
| D | 699-600 | 60%-69% |
| F | 599-0 | Below 60% |

The Exams will be closed book and notes. If you miss an Exam, please contact or meet me and I will only permit those who have genuine reasons for missing the exam such as illness or crisis. **Make-Up Exams will be Broad Essay Questions so please make sure that you do not miss the Exams.** Students must provide documentation of said illness or crisis. If I find the reasons are not genuine then I am bound by UTEP protocol to report the student to the Office of Student Conduct and Conflict Resolution. You will need to **turn off and put away all cell-phones, laptops and all electronic gadgets (iWatch, headphones, etc.) during the Exams.**

Students are expected to attend class regularly, which is the key to success in class and also encouraged to participate and engage in meaningful class discussion. Bear in mind that 50 points (5% of the entire course) is available for grabs if you just attend all the sessions and pay attention. Any distracting behavior in class will not be tolerated which includes mindless surfing of the internet on the cell phone or laptop. **Students are highly encouraged to read the assigned chapters before class. For the Summer I session, if you miss more than 3 class sessions I will drop you from the class.**

For the Final Project, **Please hand me the name of your team and team members typed on a single paper on June 17th, class session along with the name of the Franchise.**

Students (working in teams of maximum 6 members and minimum 4 members) will choose one established franchisor to set up as their franchisee. For example, you may choose to open a new McDonalds at XYZ Street in El Paso. You can see examples of Franchisors from the list below but you can also choose any established franchisor and choose any city (local or international) to set up. **You will become the franchisee not the franchisor.**

The final project is due on July 3rd, Wednesday. Each team should hand in two printed copies and also submit a copy digitally on Blackboard so that I can run it through the Plagiarism software. Please refrain from submitting something that you already submitted for another class as it will come up as plagiarism and I will have to report it.

On July 8th, teams will be presenting their team project to the class. The Presentations will be 20 minutes per team (Teams will have 15 minutes for presentation and 5 minutes for Q/A and comments from the audience). Short presentations will lose points from the content section, so you must utilize the 15 minutes you have.

Team Project Outline

You will choose a business that you believe would be viable option for investment as a franchisee. You will discuss all the elements to investigate and consider in this future endeavor. Below are the sections and requirements. Answer the following questions in the order specified below.

1. Introduction: Start your paper by providing a brief description of the franchisor company including its history, growth record (unit growth-past five years) and how many units (company and franchise) the franchisor currently operates. Discuss the reasons why this franchise has been successful, using facts (be sure and cite your sources) and your personal assumptions
2. Why does this opportunity fit your life-style and financial goals? You will need to seek advice about this opportunity-who would be on your list of advisors and why?
3. Cost analysis-what would be your:
 - a. Franchise fee?
 - b. Other on-going fees?
 - c. Initial cash investment: Show a detailed list of the following:
 - i. Franchise Fee
 - ii. FF&E (Furniture, Fixtures and Equipment) and other costs
 - iii. Soft costs such as legal, accounting, design, opening inventory, various deposits-utility, lease, insurance
 - iv. Include your pre-opening expenses (i.e. hiring costs, advertising costs for employees and so on)
 - v. Include the amount you plan to take from the business as your salary the first year of operation
 - d. Real estate cost-would you lease or buy? Why?
 - e. Other out of pocket first-year costs
4. How would you finance the business? For the purpose of this project, assume you put in twenty percent of the total amount needed in cash and borrowed the rest. Discuss how you would fund your cash contribution. Assume you borrow the balance of the money for five years at 8%
5. Ownership: would you have partners/investors? If so, what kind of partners/investors and why? If you have partners/investors, what financial return could they expect each year?
6. Where would you open your business (What city?) Why do you feel there is sufficient market demand for this business in that city? Be sure to cite your sources
7. What type of consumer and/or market research would you conduct to validate the potential demand for the product/service? Be specific in your answer.

8. What expectations do you have regarding the relationship with this franchisor? What do you know about the franchisor support/ relationship with other franchisees in the system? What (if any) type of advisor council/board does this franchisor offer? Should you join the system how would you ensure a good relationship with the franchisor?
9. What would be your exit strategy? How long to do you want to run this business? Do you plan to sell it or get more franchises?
10. Lastly, write a conclusion as to whether or not you would really open this franchise. Be sure and detail the reasons why you would or why you would not

Note: the success of your paper will be determined by how well you address each of the above points/questions as well as the organization and clarity of the paper. Please cite all your sources including websites and blogs.

Word Limit for the Team Project 3000 Words. You must report your Total Words at the end with the bibliography (Works Cited and References)

Some Potential Sources include: Franchise Times, Franchise Update, Franchising World, Entrepreneur, Success, Inc. Magazine, Wall Street Journal and USA Today.

List of Franchises for Project (you are more than welcome to choose a franchise not on the list):

| # | Name of Franchise: |
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| 1 | 7 Eleven Inc. |
| 2 | Aamco Transmissions Inc. |
| 3 | Aaron's Sales & Lease Ownership |
| 4 | Ace Hardware Corp. |
| 5 | Action Coach |
| 6 | AmPm Mini Market |
| 7 | Anytime Fitness |
| 8 | Arby's |
| 9 | Auntie Anne's Hand Rolled Soft Pretzels |
| 10 | Aussie Pet Mobile |
| 11 | Baskin-Robbins USA |
| 12 | Blimpie Subs & Salads |
| 13 | Bonus Building Care |
| 14 | Brooke Insurance |
| 15 | Budget Blinds Inc. |
| 16 | Candy Bouquet |
| 17 | Carl's Jr. Restaurants |
| 18 | Cartridge World |
| 19 | Century 21 Real Estate LLC |
| 20 | Chem-Dry Carpet Drapery & Upholstery |
| 21 | Choice Hotels International |
| 22 | Circle K |
| 23 | CleanNet USA Inc. |

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| 24 | Coffee News |
| 25 | Cold Stone Company |
| 26 | Coldwell Banker Real Estate LLC |
| 27 | Cost Cutters Family Hair Care |
| 28 | Dairy Queen |
| 29 | Days Inn |
| 30 | Denny's Inc. |
| 31 | Domino's |
| 32 | Dunkin Donuts |
| 33 | Edible Arrangements Int. Inc. |
| 34 | ERA Franchise Systems, LLC |
| 35 | Express Employment Professionals |
| 36 | Fantastic Sams Hair Salon |
| 37 | Fitness Together |
| 38 | GNC Franchising |
| 39 | Great Clips |
| 40 | Hampton Inn |
| 41 | Hardee's |
| 42 | Heaven's Best Carpet & Upholstery Cln. |
| 43 | Home Helpers/Direct Link |
| 44 | Home Instead Senior Care |
| 45 | Hot Stuff Foods, LLC |
| 46 | Instant Tax Service |
| 47 | Inter Continental Hotels |
| 48 | Jackson Hewitt Tax Service |
| 49 | Jani-King |

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| 50 | Jan-Pro Franchising Int. Inc. |
| 51 | Jazzercise Inc. |
| 52 | Jimmy John's Gourmet Sandwich Shops |
| 53 | Keller Williams Realty |
| 54 | KFC Corp. |
| 55 | Kumon Math & Reading Centers |
| 56 | LA Weight Loss Centers |
| 57 | Liberty Tax Service |
| 58 | Long John Silver's Restuarants Inc. |
| 59 | Massage Envy |
| 60 | Matco Tools |
| 61 | Mcdonalds |
| 62 | Meineke Car Care Centers |
| 63 | Merle Norman Cosmetics |
| 64 | Merry Maids |
| 65 | Midas International |
| 66 | Minuteman Press Int. Inc. |
| 67 | Miracle-Ear Inc. |
| 68 | Molly Maids |
| 69 | Papa John's International Inc. |
| 70 | Papa Murphy's |
| 71 | Pizza Hut |
| 72 | Popeye's Chicken & Biscuits |
| 73 | ReMax International Inc. |
| 74 | Results! Travel |
| 75 | ServiceMaster Clean |

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| 76 | ServPro |
| 77 | Sign-A-Rama Inc. |
| 78 | Snap-On Tools |
| 79 | Sonic Drive In |
| 80 | Sports Clips |
| 81 | Subway |
| 82 | Super 8 |
| 83 | Supercuts |
| 84 | Sylvan Learning |
| 85 | Taco Bell Corp. |
| 86 | The Maids Home Service |
| 87 | The UPS Store/Mail Boxes Etc. |
| 88 | Vanguard Cleaning System |
| 89 | WSI Internet |
| 90 | Dogtopia |

Grading Rubric For the Team Project:

| | <u>Exceeds Standards</u> | <u>Meets Standards</u> | <u>Needs Improvements</u> |
|---|--|---|---|
| Introduction (Q1 and Q2) | 10 points Introduction provides excellent, succinct synopsis of franchise choice (with all required information), rationale for pursuit of this franchise, and excellent ideas for networking advice (Advisors). | 8-9 points Introduction provides a succinct synopsis of franchise choice (with all required information), but does not use the short space as succinctly as it could be used. Networking list (Advisors) is adequate. | 0-7 points Introduction does not adequately convey answers to all questions about franchise opportunity and/or solid rationale for pursuing with little depth in identifying networks to tap. |
| Cost Analysis/ Finance Review (Q3, Q4, Q5) | 23-25 points Contains an exceptionally clear, and detailed list of fees and exceptional discussion of how franchise would be financed and choice of ownership plan | 21-22 points Contains a generally clear and detailed list of fees and well reasoned discussion of how franchise would be financed and choice of ownership path. | 0-20 points Lacks clarity, precision, or detail in explaining the cost analysis and/or how franchise would be financed or ownership choice |
| Location and Marketing (Q6+Q7) | 23-25 points An exceptional justification for location and in depth thinking on how to approach marketing research | 21-22 points A thorough plan accurately justifies the location and adequately describes market research approach | 0-20 points Inaccurately justifies or fails to justify the location and has weak discussion of research plan |
| Relationship (Q8) | 10 points | 8-9 points | 0-8 points |
| Exit Strategy (Q9) | 10 points Well explored and explained exit strategy | 8-9 points Exit strategy is adequately explored | 0-8 points The exit strategy is not adequately reviewed |
| Conclusion (Q10) | 10 points Well thought out conclusion with adequate depth to close the paper | 8-9 points Sufficient points made the decision and paper concludes effectively | 0-8 points The conclusion lacks decisiveness and /or ends abruptly. |
| Quality of Writing | 10 points Writing demonstrates high quality thinking, no or few mistakes in | 8-9 points Writing demonstrates moderate quality thinking. Five to 10 | 0-8 points Writing demonstrates lower quality thinking; more than |

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| | grammar, punctuation, word usage, sentence structure present. Organization is appropriate for the assignment | mistakes in grammar, punctuation, word usage or sentence structure | 10 mistakes in grammar, punctuation, word usage or sentence structure |
| Total | <u>100 points*2=200</u> <u>Points (20% of your grade)</u> | | |

Grading Rubric For Team Presentations:

Enthusiasm-20% (How excited are you about this team project? You need to show passion)

Flow of Presentation-20% (This includes the overall quality of the presentation and presentation abilities of individual presenters; you should have must practiced the presentation before and give your best presenters more time to present as some are naturally really good presenters) All Team Members must speak and the presentation should be spread out. Individual Team members must not speak for more than 5 minutes.

Engaging the Audience-10% (This can be done by asking the audience questions or making eye-contact)

Content- 50% Basically presenting your Team Project (Questions 1 to 10). 2 slides per Question should be enough.

Please no Mean Comments from one Team to Another; We are all here to learn not criticize and castigate each other.

The Best Presentations are usually very creative and have some innovating things such as short videos. Short Videos of the Franchise you are exploring can actually lead to very high grades and make the presentation very interesting.

If you are absent during the Presentation, you will have to present individually to me (Single Presentation) to receive Credit.

Also on the day of presentations, send me the presentations via email and also bring a printed copy with 2 slides per page.

TENTATIVE CLASS SCHEDULE / TOPIC DISCUSSION

| Session | DAY | DATE | SUBJECT | TOPIC |
|---------|---------------|-----------------------------|-------------------------------|--|
| 1 | Monday | June 10th | Intro / Syllabus Chapter 1 | Go over Syllabus and Brief One-to-One Introduction Franchising: History and Overview |
| 2 | Tuesday | June 11th | Chapter 2 Chapter 3 | Recognizing Franchising Opportunities The Franchisor Business Plan |
| 3 | Wednesday | June 12th | Chapter 4 Chapter 5 | Franchisor Management: Organization and Administrative Policy The Franchising Market Process |
| 4 | Thursday | June 13th | Chapter 6 | Selling and Marketing Research |
| 5 | Friday | June 14th | Chapter 7 Exam 1 | Co-Branding Chapters 1 to 6 (1 hour; MCQs) |
| 6 | Monday | June 17 th | Chapter 8 Chapter 9 | Managing the Franchisor's Operations Process Location and Site Selection Hand in Names of Teams, Team Members and the name of the Company |
| 7 | Tuesday | June 18 th | Chapter 10 Chapter 11 | Accounting and Financial Statements: Presentation and Uses Financial Management and Fiscal Planning Tools and Techniques |
| 8 | Wednesday | June 19 th | Chapter 12 | Information Systems in Franchising |
| 9 | Thursday | June 20 th | Chapter 13 | Franchise Legal Documents |
| 10 | Friday | June 21st | Chapter 14 Exam 2 | Trademarks, Copyrights, Patents and Trade Secrets Chapters 7 to 13 (1 hour; MCQs) |
| 11 | Monday | June 24 th | Chapter 15 | Investigating Franchise Opportunities |
| 12 | Tuesday | June 25 th | Chapter 16 | Financing your Franchised Business |
| 13 | Wednesday | June 26 th | Chapter 17 | Marketing the Franchisee Business |
| 14 | Thursday | June 27 th | Chapter 18 | Managing the Franchisee Business |
| 15 | Friday | June 28th | Exam 3 | Chapters 14-18 (1 hour; MCQs) Summer I Drop/Withdrawal Deadline |
| 16 | Monday | July 1 st | Chapter 19 Chapter 20 | The Franchising Relationship Franchisor Support Services |

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| 17 | Tuesday | July 2 nd | Chapter 21 | Social Responsibility and Business Ethics |
| 18 | Wednesday | July 3rd | Chapter 22 | International Franchising Hand in Team Projects (2 Copies Printed plus one copy digitally on Blackboard) |
| | Thursday | July 4th | No Class | Independence Day Holiday |
| 19 | Friday | July 5th | Exam 4 | Chapters 19-22 (1 Hour; MCQs) |
| 20 | Monday | July 8th (1:00pm-3:45pm) | Team Presentations | 20 minutes per Team (15 minutes Presentation; 5 minutes Q/A and Comments) |