

# Key Franchise Language

## **Franchisee**

A person investing in a franchise

## **Franchisor**

The business that owns the brand & business system

## **FA or Franchise Agreement**

The contract that details your legal relationship of obligations between franchisor and franchisee

## **MSF / Royalty**

Management Service Fee, the fee you pay, typically monthly to operate in that network. This will also be a fixed fee in some franchise models

## **Marketing Levy**

Most franchisors will include in their percentage fees a percentage which goes toward consumer marketing, this may be used as part of a national fund or local fund dependant on the franchise

## **Franchise Fee**

This is the initial investment figure to become a franchisee, different franchisors include different things within this so do check what is included

## **QFP**

Qualified Franchise Professional, this is a professional programme someone undertakes to evidence they understand ethical franchising

## **bfa**

British Franchise Association, The UK's largest self-regulatory franchise association and own of the UK interpretation of the European code of franchising ethics

## **Disclosure**

This is where the franchisor should be transparent about the performance and franchise package, this is voluntary in the UK which is why we encourage asking questions

## **Exclusive Franchise Territory**

The specific area of operation outlined to a franchisee and sometimes gives them the sole right to operate within that exclusive franchise territory

## **Franchise Resale**

The sale of a franchised area by the franchisee, usually more expensive than purchasing a new area as business tend to be established

## **Renewal**

This is the right to renew or extend your franchising contract to continue trading for a further term

## **Termination**

Legal provisions by which either the franchisee or franchisor can terminate the contract due to a breach of contract

## **Working Capital**

The amount of liquid assets you are required to have and maintain to operate the franchise

## **Term**

This is the number of years a franchise is granted through the Franchise Agreement with the franchisor

## **Trademark**

All franchisors should have a registered trademark for their brand as this protects their right to use it

## **Initial Training**

This is the induction and training you should do with the franchisor before trading on your own, it will provide you all the information you need to operate the franchise correctly

## **Ongoing Support**

This is the process by which your franchisor will work in partnership to ensure you are operating effectively and assisting if you have challenges



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