

Hamilton Pratt Question & Answer

What aspects of the Franchise Agreement are in my (Franchisee's) Interests?



Franchise agreements are drafted by the franchisor's legal team to protect the franchisor but, nevertheless, should contain clauses which benefit franchisees.

Whilst not all franchise agreements grant exclusivity and exclusive territories are not as exclusive as they once were, knowing that there will be no competition from the franchisor or other franchisees within a defined territory is a big plus for any franchisee. Franchise agreements should always contain a right of renewal in favour of a franchisee, providing the franchisee has complied with the franchise agreement and performed well. In a five year agreement (which is the norm in the UK) you would expect two "guaranteed" renewals.

In addition to these two clauses the agreement will contain the franchisor's obligations, both the initial obligations, to enable you to start your franchise business which will include the provision of initial training, stock, stationery and equipment, but also the franchisor's continuing obligations to provide guidance, training and to monitor the performance of franchisees throughout the term of the franchise. It is essential that these obligations are clearly set out and are not drafted in vague language which would make them difficult for a franchisee to enforce.

One final point, even those clauses which impose obligations and restrictions on franchisees benefit franchisees in the sense of maintaining standards and thereby protecting franchisees' investment.

John Pratt
for
Hamilton Pratt

*Hamilton Pratt
Franchise House
3A Tournament Court
Tournament Fields
Warwick
CV34 6LG*

*Tel: 01926 838 900
Fax: 01926 258 799*