1. Catalog Description
   a. Course Number: FCS 4760
   b. Title: Hospitality Franchising
   c. Meeting times and credit: 3-0-3
   d. Terms to be offered: Sp
   e. Short title: Franchising.
   f. Course Description: Analysis of the franchise concept, the franchisee-franchisor relationship, legal regulations impacting the operation of a franchised hospitality business, and an analysis of current franchise opportunities in the hospitality industry.
   g. Prerequisites: FCS 2700 (The Hospitality Industry), FCS 2740 (Lodging Operations), FCS 3784 (Commercial Quantity Food Production), FCS 3786 (Hospitality Management Accounting), BUS 2101 (Financial Accounting), and BUS 2710 (Survey of Finance)
   h. Initial Term: Spring 2007

2. Student Learning Objectives and Evaluation
   a. Objectives. Course objectives are listed below with corresponding examples of assessment methods.
      Upon completion of the course the students will:
      ▪ Compare the significance of franchising in components of the hospitality industry; (exams)
      ▪ Differentiate among types of franchise arrangements; (exams)
      ▪ Evaluate the advantages and disadvantages of franchising to a franchisee; (exams)
      ▪ Evaluate the advantages and disadvantages of franchising to a franchisor; (exams)
      ▪ Analyze the various costs that franchisees typically pay; (exams, case study)
      ▪ Analyze potential areas of conflict between franchisee and franchisor; (exams, case study)
      ▪ Describe common components of a franchisee agreement; (exam, company analysis, business plan)
      ▪ Evaluate common support services provided by franchisors to franchisees in the hospitality industry; (exams, company analysis, business plan)
      ▪ Evaluate the selection process factors used by a franchisor; (exam, case study)
      ▪ Evaluate the benefits of franchisee associations to a franchisee and a franchisor; (exam, case study)
      ▪ Analyze franchising opportunities in the hospitality industry. (company analysis, business plan)

   b. Assessment
      Student achievement of the stated objectives will be assessed based on the following activities:
      Exams 30%
      Case Studies 20%
      Company analysis 20%
      Business Plan 30%
c. This course is not technology delivered.

d. For graduate credit, students must demonstrate a deeper knowledge of course content and application of that knowledge by completing an additional activity which will account for 10% of the course grade; exam grades will be reduced to 20% of the course grade. Graduate activities must be approved by the instructor, be relevant to the franchising concept and the hospitality industry, and require research outside the other course requirements. Examples of such activities include a) completion of a research paper with a critical analysis of a current issue, b) development of case studies for use in the class, c) completion of a research project, d) completion of a service project with a local hospitality business, e) presentation of a project at local, state or national conferences, f) in depth financial analysis of franchising opportunities, or g) other activities as approved by the instructor.

e. This course is writing active; writing assignments include case studies, company analyses, and business plans.

3. Outline of Course
a. Units of time

I. Overview of franchising and the hospitality industry  2 weeks
   A. Definitions
      1. Franchisee, franchisor
      2. Franchise agreement, franchising
      3. Other ownership formats
   B. History and development
   C. Size and scope of franchising activities in hospitality
      1. Restaurant
      2. Lodging
      3. Travel and tourism
   D. Types of franchisee arrangements
      1. Product
      2. Trade name
      3. Business format

II. Pros and cons of franchising  1 week
   A. Franchisee perspective
   B. Franchisor perspective

III. Legal Documents  2 weeks
   A. FTC Franchise Rule and the Uniform Franchise Offering Disclosure
   B. Contents of disclosure documents
   C. Obtaining documents
   D. Earnings claims
   E. Violations of the franchise rule
   F. The franchisee agreement
      1. Typical components
2. Purpose
G. Franchise application and package
  1. Process to submit
  2. Operations and training manuals

IV. Franchisor services
  2 weeks
A. Cost vs. benefit
B. Requirement or option
C. Typical services
  1. Site analysis and selection
  2. Building design/construction
  3. Training
  4. Marketing
  5. Purchasing
  6. Financial analysis
  7. Research and development
  8. Human resources
  9. Field operations/inspections

V. Costs of franchising
  1 week
A. Application fees
B. Royalty fees
C. Marketing/Advertising fees
D. Reservation network access fees
E. Renewal fees
F. Opening costs
G. Training fees
H. Equipment

VI. Franchisor-Franchisee relationships
  3 weeks
A. Legal recourse
B. Potential problems
  1. Purchasing
  2. Territorial rights
  3. Inspections
  4. Image/bad franchisees
  5. Sales don’t match promises
  6. Ineffective marketing
  7. Quality control
C. Franchisee associations
  1. Purpose/need
  2. Examples

VII. Trends in franchising
  2 weeks
A. Legal implications
B. International growth
C. Co-branding of concepts

VIII. Analyzing franchisee opportunities
A. Personal characteristics needed
B. Company analysis
   1. Products, markets, customers
   2. Strengths and Weaknesses
   3. Geographic locations/growth
   4. Research and development; new products and services
   5. Competition
   6. Image/brand
   7. Financial aspects
C. Student presentations of business plans

b. Not applicable; this course is not technology delivered.

4. Rationale

a. Purpose and need: A great number of hospitality businesses are operated under a franchise format, and many students may intend to explore franchising as an option to own their own business. In addition, many franchise organizations are quite large in the hospitality industry (a franchisee owning several hundred restaurants, for example), and students may work in such a company upon graduation.

b. Justification for course level and prerequisites. This course utilizes and applies information covered in business and hospitality courses, including accounting, marketing, human resources, finance, and operations. Comprehensive analyses of hospitality companies will be conducted and business plans will be developed which integrate information from numerous courses. In addition, current issues related to franchising are explored.

c. Similarity to existing courses: No similar course exists. MGT 4320 (Small Business and Entrepreneurship) and MGT 4330 (Entrepreneurial Law) have some overlap of content, but they cover multiple ownership formats. This proposed course has a focus on one form of business ownership that is prevalent in the hospitality industry and approaches the topic from a hospitality perspective, rather than a general business perspective.

d. Impact on Programs: This course is an elective for the Hospitality Management Concentration in the FCS in Business Option Program.

5. Implementation
a. Faculty members to whom this course may be assigned: Dr. Richard Wilkinson.

b. No additional cost is associated with this course.
c. Text and Supplementary Materials:


6. **Community College Transfer**: A community college course may not be judged equivalent to this course.

7. **Date approved by the School of Family and Consumer Sciences Curriculum Committee**: November 15, 2004

8. **Date approved by the College of Business and Applied Sciences Curriculum Committee**: December 15, 2004

9. **Date approved by the Council of Academic Affairs**: January 20, 2005

10. **Date approved by the Council of Graduate Studies**: March 1, 2005