

8.1 About business Franchising

Discussion

1 Work with a partner. Discuss the questions about franchising.

- 1 What is a franchise? Can you define it?
- 2 What types of businesses tend to be franchises?
- 3 How much control do you think the owner of a franchise has? Think about salary, uniform, equipment and decoration.

Scan reading

2 Read the article about the Subway franchise and answer the questions below.

- 1 Who is Fred DeLuca?
- 2 Approximately how much would you have to invest to open a Subway franchise?
- 3 Where was the first Subway franchise opened?
- 4 How many countries have Subway sandwich shops?

Reading for detail

3 Read the article about franchising and mark the sentences *T* (true) or *F* (false).

- 1 There are more McDonald's restaurants in the USA than Subway sandwich shops.
- 2 A Hilton Hotel Corp franchise is very expensive in comparison to a Subway franchise.
- 3 A person who runs a franchise can decide what their employees wear.
- 4 Fred DeLuca's first franchise shop was very far from his first shop.
- 5 Subway's first overseas franchise was opened more than 20 years after the first shop was opened.
- 6 The franchisor is responsible for all tax and legal matters within the country the franchise is operating in.
- 7 Franchising has had a positive effect on Fred DeLuca's company.

Vocabulary

4 In each set of four, match a word from the article with the correct meaning.

- | | |
|--------------------------|---|
| 1 rapidly | a) a shop or store that sells goods to the public |
| 2 phenomenal | b) very quickly |
| 3 furniture and fittings | c) extraordinary |
| 4 outlet | d) equipment or fixtures |
| 5 abroad | e) income or revenue |
| 6 consider | f) a business which is owned by another company |
| 7 subsidiary | g) in a foreign country |
| 8 turnover | h) think about |

Discussion

5 With a partner discuss the questions.

- 1 Do you think a franchisee is really his/her own boss? Make a list of the type of decisions a franchisee can and cannot make themselves.
- 2 If you had the choice of buying a cup of coffee or a hamburger from a no-name company or a well-known franchise, which would you choose? Why?
- 3 If you wanted to start your own business would you think about buying a franchise? Why? Why not?
- 4 Do you think there any types of businesses that would not work as franchises? What are they and why do you think they wouldn't work?

Internet research

Search for the keywords *subway franchise* to find out more about Subway and franchising opportunities.

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Going global with a SUBMARINE

If you would like to be a global player with outlets in hundreds of countries, perhaps you should think about setting up a franchise business.

FRED DELUCA, the CEO of Subway, opened his first Subway restaurant in Connecticut in 1965 with just US\$1,000 borrowed from a friend of the family. Subway now has more outlets in the USA and Canada than MacDonald's. And the company is growing rapidly with eight new outlets opening worldwide every day.

One of the reasons for Subway's phenomenal growth is that the franchise fee is relatively cheap. A Subway franchise fee costs less than €10,000 and unlike a franchise with

Hilton Hotels Corp, for example, you do not have to invest a small fortune in furniture and fittings. A subway shop can cost less than €100,000 to equip.

What exactly is a franchise and how does it work?

Once a company like Subway has established itself and can show that its business model works, it can offer its trademark or name to other companies or individuals. They pay an initial franchise fee to use the name and a certain percentage of the gross profit or turnover. The franchisee also has to fulfil the franchisor's CI* standards, for example, the stores and outlets have to be equipped and fitted in a certain way or the staff may have to wear a special uniform. But the risk for the franchisee is minimized - they are buying a well-

known and established brand with tried and tested products or services which consumers can identify with. They know what to expect whether they are in Beijing, Bombay or Boston.

Franchising is a simple, but effective way of expanding rapidly, however, as Fred DeLuca discovered it takes time and a great deal of hard work to establish your company's name and reputation. It took Fred DeLuca nine years before he felt the time was right to open the first franchised Subway sandwich shop ... and it wasn't on the other side of the globe, but just a 40-minute drive from Fred's first shop. It wasn't until 1984, almost 20 years after going into business, that the first Subway franchise opened abroad - and not in Canada, Mexico or Europe as you might expect, but Bahrain.

As Subway soon discovered, franchising is an excellent business model if you are thinking of going global. A franchisor does not need to worry about the laws or taxes of the foreign countries it operates in; it doesn't need to relocate staff to set up and run subsidiaries abroad; nor does it need to offer language training or cross-cultural courses to staff. The franchisee is responsible for running the business on a day-to-day basis and making sure it complies with the legislation of the country it operates in.

Subway currently operates in more than 86 countries ... so if you have a good idea, such as how to make and sell a submarine sandwich, perhaps you should consider franchising if you want to go global.

They know what to expect whether they are in Beijing, Bombay or Boston





Collocations

4 In each set of four below, match a verb on the left with a noun on the right.

- | | |
|-----------------|------------------|
| 1 run | a) money |
| 2 fill in | b) customers |
| 3 raise | c) a business |
| 4 attract | d) the paperwork |
| 5 equip and fit | e) a course |
| 6 attend | f) an agreement |
| 7 sign | g) an expense |
| 8 budget for | h) a shop |

5 Now use the collocations in 4 to say what these people are doing. Use the present continuous (is / are + -ing).

- A: Do I have to write my tax number in this box or the name of the tax office?
B: Erm, I'm not sure. Where is that list of instructions they sent?
She is _____
- A: We can't put the drinks machine there because it'll block the fire escape.
B: Yes, that's true, but we can't put it over there either, unless we move the display.
They _____
- A: I think we'll need to spend about €1,000 a month on advertising.
B: OK, so I'll put €12,000 down for that.
They _____
- A: What about offering free coffee for orders over \$5.00?
B: No, I think we should offer something that will appeal to kids.
They _____
- A: It is very informative and I am learning a lot about customer care and the importance of corporate identity.
He _____
- A: So the bank will only give us £25,000.
B: Yes, but maybe my grandfather will lend us the rest.
He _____

Below are words that are often used with the verbs *do*, *make* and *take*. Put them into the correct column in the table.

a profit a phone call homework business market research a decision
somebody a favour a break a chance an arrangement a risk
overtime a recommendation an excuse an exam serious work

make	do	take
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Discussion

7 Use the verbs *do*, *make* and *take* to fill in the questions.

- When was the last time you _____ an excuse?
- Have you _____ a chance recently?
- When was the last time somebody _____ you a favour?
- Do you usually _____ your homework?
- Do you ever forget about arrangements you've _____?
- Which companies do you think are _____ the biggest profits at the moment?

Now take it in turns to ask your partner the questions.