



SMALL BUSINESS  
KNOWLEDGE AND  
TRAINING PORTAL



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# WHAT IS A FRANCHISE?

## LESSON TOPICS

### 1. What is a Franchise?

A franchise is a license to use the name and trademarks of a company. You can also use their business systems already established.

### 2. In Exchange

In exchange for the benefits of a franchise, you will pay an upfront initial franchise fee which on average is from \$35,000-\$45,000. You will also have to pay ongoing royalties for the proven system and ongoing support that you receive. Royalties are calculated from the gross income you earn from the business, typically, paid on a monthly basis. The royalties on average are between 6-8%.

### 3. What does a Franchise Do?

A franchise is the creation of a distribution channel to help a brand establish market dominance, quickly. As a business owner who is succeeding, you have two choices for creating more business. You can either open more companies on your own, which takes capital and time, or you can franchise your business. If you choose to franchise, you give someone else the permission to use your company name, model, and tools with their initial fee. This means, you the business owner, is not out all that capital, your franchisee is doing that.