

# Franchise Agreements Addressing Issues of Owner Participation and Franchise Training

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Some franchise agreements require that the franchisee must also participate full time in the franchised business operation. Or in some cases the franchisor may employ managers to run the franchised business operation provided they have completed the franchisor's training course. Generally the franchisor will train both the owner and the owners manager during the initial training as per be confidential operations manual and stipulations into franchise agreements.

In our franchise company I decided to further elaborate on this theme and therefore added clauses to our franchise agreement to address this very issue. Below you will find a copy of those clauses;

### 3.3 Owner Participation

If Franchisee is an individual, Franchisee must devote his full time and best efforts to the day to day operation of the Franchised Business with no operational or management commitments in other businesses except other franchises offered by Franchisor. If Franchisee is a partnership, corporation, limited liability company or other legal entity, then Franchisee must designate a principal of the Franchisee who will devote his full time and best efforts to the day to day operation of the Franchised Business. Notwithstanding the foregoing, Franchisee may continue to operate such other business(es) in which Franchisee is engaged as if the date hereof, which business(es) (if any) is/are family owned.

In the event Franchisee does continue to operate such other business(es), Franchisee will employ separate personnel for the same, market such services under one or more trading designations separate from the Marks, maintain separate offices and customer reception space (although such space may be located on the premises at the Location), and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. Notwithstanding the above, to the extent that any business in which Franchisee is engaged provides: (1) cleaning, washing and waxing of automobiles; or (2) Advisory Services, Franchisee shall be permitted to continue to operate such business only for a period of one hundred eighty (180) calendar days from the date thereof; but thereafter, if Franchisee has not disposed of its interest in such business, Franchisor shall have the immediate right to terminate this Agreement.

### 3.4 Managers; Training

No matter what form of business Franchisee decides to use, the person assigned to running the day to day operations of the business must have completed the initial training course. Anyone in Franchisee's employ who is a manager or crew leader of a mobile car wash truck/unit or anyone who will be operating your car wash truck/unit unsupervised must also have completed the required training course.

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Although this might seem like pure common sense, it must still be addressed in both be confidential operations manual and franchise agreements. You would be well advised to contact a franchise attorney on this matter if you are a franchise company. So, do consider this in 2006.Lance Winslow - Online Think Tank forum board. If you have innovative thoughts and unique perspectives, come think with Lance; [www.WorldThinkTank.net/wttbbs/](http://www.WorldThinkTank.net/wttbbs/)