



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **BSBFRA501B Establish a franchise operation**

**Revision Number: 1**

## BSBFRA501B Establish a franchise operation

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	This unit describes the performance outcomes, skills and knowledge required to establish a franchising operation from an existing business, chain of businesses or planned concept.  No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
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### Application of the Unit

<b>Application of the unit</b>	This unit applies to franchisors with a well established, sound theoretical knowledge base in franchising who are proficient in using a range of specialised technical and managerial techniques to plan and establish a franchise operation.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>	

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Research feasibility of establishing a franchise operation	1.1. Undertake research into franchising models 1.2. Analyse existing business or planned concept to determine opportunity for expansion into franchise operation 1.3. Undertake market research on product or service 1.4. Undertake financial feasibility of proposed franchise operation 1.5. Seek assistance with feasibility study from <i>specialists and relevant parties</i> as required 1.6. Complete business plan for franchise operation 1.7. Complete marketing plan for franchise operation
2. Plan for establishment of a franchise operation	2.1. Secure financial backing for franchise operation 2.2. Define franchise concept in terms of <i>roles and responsibilities of franchisor and franchisees</i> 2.3. Seek advice from specialists and relevant parties to complete documentation of franchising concept 2.4. Develop and document procedures to guide <i>franchisees'</i> and franchisor's operations 2.5. Determine <i>human and physical resources</i> required to commence franchise operation 2.6. Develop, obtain agreement on and implement recruitment strategies for potential franchise
3. Implement plan for establishment of a franchise operation	3.1. Undertake marketing of franchise operation 3.2. Identify franchisees to commence franchise operation and formalise agreements 3.3. Assist franchisees in developing a business plan and a marketing plan 3.4. Obtain physical and human resources to implement franchise operation 3.5. Establish <i>operational unit</i> to support and coordinate franchise operation 3.6. Develop and implement monitoring process for managing franchise operation
4. Review implementation process	4.1. Develop and implement review process for implementation of franchise operation 4.2. Identify improvements in franchising operation and associated management processes 4.3. Identify and implement improvements and monitor for effectiveness

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- culturally appropriate communication skills to relate to people from diverse backgrounds and people with diverse abilities
- marketing skills to promote new franchises
- problem-solving skills to resolve issues in commencement of operations and new franchises.

#### Required knowledge

- occupational health and safety (OHS) requirements specific to the nature and type of franchising operations
- legislation, codes of practice and national standards, for example:
  - legislation specific to nature and type of franchising operations
  - company law, fair trading and anti-discrimination
  - Franchising Code of Conduct
- financing options
- franchising operations.

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the following is essential:</p> <ul style="list-style-type: none"> <li>• carrying out initial research into feasibility of the franchise operation</li> <li>• documenting a business plan, through to implementing the plan</li> <li>• establishing an agreement with franchisees which specifies roles and responsibilities of both parties</li> <li>• knowledge of relevant legislation, codes of practice and national standards.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• access to business documentation</li> <li>• access to feedback from franchisees</li> <li>• access to an actual workplace or simulated environment</li> <li>• access to office equipment and resources.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate</li> <li>• review of financial feasibility study, marketing plan and business plan</li> <li>• analysis of responses to case studies and scenarios</li> <li>• demonstration of techniques</li> <li>• observation of presentations</li> <li>• oral or written questioning to assess knowledge of franchising arrangements</li> <li>• evaluation of implemented recruitment strategies.</li> </ul>
<b>Guidance information for assessment</b>	<p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended, for example:</p> <ul style="list-style-type: none"> <li>• BSBFRA502B Manage a franchise operation.</li> </ul>



## Range Statement

<b>RANGE STATEMENT</b>	
<p>The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.</p>	
<p><b><i>Specialists and relevant parties</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• accountants, legal representatives, financial planners and financial institution representatives, business planning specialists, marketing specialists and franchising consultants</li> <li>• chambers of commerce</li> <li>• Franchise Council of Australia</li> </ul>
<p><b><i>Roles and responsibilities of franchisor and franchisees</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• agreement between franchisor and franchisees</li> <li>• conditions for franchises</li> <li>• services provided to franchises</li> </ul>
<p><b><i>Franchisees</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• chain of outlets</li> <li>• existing businesses</li> <li>• interested parties including a trial sample of franchises</li> </ul>
<p><b><i>Human and physical resources</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• communications equipment</li> <li>• office premises</li> <li>• software and hardware</li> <li>• specialist services through outsourcing, contracting and consultancy</li> <li>• staff</li> <li>• vehicles</li> </ul>
<p><b><i>Operational unit</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• home-based site or other location such as leased or owned property</li> <li>• office location staffed with required personnel and equipped to service and support franchisees</li> </ul>

## Unit Sector(s)

<b>Unit sector</b>	
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## Competency field

<b>Competency field</b>	Management and Leadership - Franchising
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## Co-requisite units

<b>Co-requisite units</b>		