



Australian Government

Department of Education, Employment and Workplace Relations

BSBFRA402B Establish a franchise

Revision Number: 1

BSBFRA402B Establish a franchise

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to establish a franchise from the initial research phase through to finalising a franchising agreement with the franchisor and opening the franchise for business.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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Application of the Unit

Application of the unit	<p>This unit applies to potential franchisees who will operate under formal franchising agreements and focuses on the planning aspects of the establishment of a franchise.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	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. Identify opportunities for establishing a franchise	1.1. Research and identify franchising opportunities 1.2. Determine own interests and skills to assess suitability for identified opportunities 1.3. Determine requirements for establishing a specific franchise 1.4. Research and check viability and business record of franchisor in prospective franchise 1.5. Enter into negotiations with a franchisor to establish a franchise
2. Complete business plan	2.1. Access business plan proforma, as appropriate 2.2. Consult franchisor and others in process of developing business planning documents 2.3. Research and determine financing options 2.4. Finalise financial planning for franchise 2.5. Undertake market analysis for franchise opportunity and complete marketing plan 2.6. Research and determine needs for premises in appropriate area 2.7. Compile relevant information into business plan
3. Identify and address learning needs	3.1. Determine required skills and knowledge to manage a franchise, and identify gaps for self and others 3.2. Seek assistance to assess and address learning needs and document these in the form of a learning plan 3.3. Determine training required by franchisor of a franchisee 3.4. Undertake learning plan and required training programs
4. Finalise agreements	4.1. Complete finance agreements 4.2. Access legal advice as required 4.3. Finalise and sign off franchising agreement 4.4. Obtain required permits for franchise operation 4.5. Finalise contracts and agreements with third parties
5. Prepare for opening of franchise	5.1. Obtain physical and human resources required to manage franchise 5.2. Undertake marketing activities associated with opening the franchise 5.3. Open the franchise for business

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
- research and analysis skills to conduct and plan market research
- planning skills to meet learning needs
- problem-solving skills to address issues which may arise during franchise establishment.

Required knowledge

- occupational health and safety (OHS) requirements:
 - specific to nature and type of franchise
 - generic to all workplaces
 - specific to own safety such as manual handling
- legislation, codes of practice and national standards, for example:
 - Franchising Code of Conduct
 - legislation covering fire safety, OHS, employment of staff, company law, anti-discrimination and fair trading
 - required permits (under commonwealth, state/territory and local government regulations and legislation)
- franchisee specific obligations as per franchise agreement.

Evidence Guide

EVIDENCE GUIDE	
<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>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the following is essential:</p> <ul style="list-style-type: none"> • determining own suitability for the franchise • completing a business plan • identifying and planing learning needs • knowledge of relevant legislation, codes of practice and national standards.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • access to an actual workplace or simulated environment • access to office equipment and resources • access to examples of real franchisee agreements and related documentation.
Method of assessment	<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"> • direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate • review of business plan • analysis of responses to case studies and scenarios • evaluation of documented learning plan • observation of presentations on financing options • oral or written questioning to assess knowledge of franchisee arrangements • observation of performance in role plays.
Guidance information for assessment	<p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p>

Range Statement

RANGE STATEMENT

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.

<i>Requirements for establishing a specific franchise</i> may include:	<ul style="list-style-type: none"> • availability of finance • availability of franchise opportunity • franchisor specific requirements • own skills and knowledge
<i>Negotiations</i> may include:	<ul style="list-style-type: none"> • fee structure for franchise operation • financing options • franchisee obligations • franchisor requirements and expectations • reasonable adjustments to workplace, equipment or processes to facilitate operation of the franchise • site selection for franchise
<i>Others</i> may include:	<ul style="list-style-type: none"> • accountant • family members • franchisor staff • legal advisor • other franchisees already operating franchises • own network • personal research
<i>Financing options</i> may include:	<ul style="list-style-type: none"> • arrangements with franchisor or third party interest • loan from family members • loan from financial institution • mortgage of existing property or sale of assets
<i>Permits</i> may include:	<ul style="list-style-type: none"> • dangerous goods • fire safety and OHS • local government permits • other commonwealth, state/territory legislation • specific business operations such as liquor licence
<i>Contracts and agreements</i> may include:	<ul style="list-style-type: none"> • lease or purchase of premises • motor vehicles

RANGE STATEMENT	
	<ul style="list-style-type: none"> • industry specific tools, plant and equipment • IT and office equipment
<i>Third parties</i> may include:	<ul style="list-style-type: none"> • property owner of site separate to franchisor • silent partners or commercial backers

Unit Sector(s)

Unit sector	
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Competency field

Competency field	Management and Leadership - Franchising
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Co-requisite units

Co-requisite units		