



Australian Government

Department of Education, Employment and Workplace Relations

BSBFRA505B Manage closure of a franchise

Revision Number: 1

BSBFRA505B Manage closure of a franchise

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to manage the closure of a franchise or to transfer it to a new franchisee, or to take action to prevent a closure being executed. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
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Application of the Unit

Application of the unit	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 undertake the closure of a franchise or transfer to a new franchisee.
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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. Investigate and implement alternatives to closure	1.1. Discuss, document and analyse reasons for closure with relevant stakeholders 1.2. Use lessons learned from previous franchise closures and potential franchise closures to arrive at alternative strategies 1.3. Research and negotiate alternative strategies to closure with franchisee and relevant third parties 1.4. Assess feasibility of transferring franchise to new franchisee 1.5. Implement, where feasible, alternative arrangements to closure including transfer
2. Determine roles and responsibilities in closure or transfer of franchisee	2.1. Determine roles and responsibilities of all parties in closure or transfer in line with the Franchising Code of Conduct 2.2. Negotiate process for effecting closure or transfer with relevant stakeholders and document in the form of a plan 2.3. Allocate responsibilities for effecting closure or transfer 2.4. Negotiate closing date or transfer date for franchise with relevant stakeholders
3. Implement plan for closure or transfer	3.1. Communicate closing date or transfer date for franchise to relevant stakeholders 3.2. Carry out disposal of assets according to plan or transfer them to new franchisee 3.3. Facilitate financial settlements with financial institutions or franchisor's financial officers or debt collectors 3.4. Implement arrangements for closure or transfer in consultation with customers 3.5. Dispose of intellectual property including client database according to agreement between franchisor and franchisee 3.6. Undertake checks to ensure that the process for closure or transfer has been completed according to plan
4. Review implications for franchise operations	4.1. Analyse implications for franchise operations from review of closure or transfer 4.2. Identify and recommended improvements to franchise operations and management of franchises

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
- business management skills to develop plans for closure
- communication and negotiation skills to work with franchisees to implement closure
- analysis and evaluation skills to determine alternatives to closure
- problem-solving skills to address issues arising in closure.

Required knowledge

- legislation, codes of practice and national standards relating to occupational health and safety (OHS), company law, fair trading, anti-discrimination and other areas specific to the franchise operation
- Franchising Code of Conduct
- franchise specific obligations:
 - as per franchise agreement
 - as per updates and amendments to agreement.

Evidence Guide

EVIDENCE GUIDE

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.

Overview of assessment

Critical aspects for assessment and evidence required to demonstrate competency in this unit

Evidence of the following is essential:

- planning and evaluation of closure and alternatives
- consulting all stakeholders involved in closure
- documenting reasons for closure and incorporating these reasons into plans for future operations
- knowledge of relevant legislation, codes of practice and national standards.

Context of and specific resources for assessment

Assessment must ensure:

- access to business documentation
- access to feedback from franchisees
- access to an actual workplace or simulated environment
- access to office equipment and resources.

Method of assessment

A range of assessment methods should be used to assess practical skills and knowledge. The following examples are appropriate for this unit:

- direct questioning combined with review of portfolios of evidence and third party workplace reports of on-the-job performance by the candidate
- review of documented plans for closure
- evaluation of alternative closure strategies developed
- analysis of responses to case studies and scenarios
- demonstration of techniques
- observation of presentations
- oral or written questioning to assess knowledge of franchising arrangements.

Guidance information for assessment

Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.

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.

Relevant stakeholders may include:

- customers
- financial institutions and backers for franchisee
- franchisee
- other franchisor management staff
- regulatory authorities issuing relevant permits

Alternative strategies may include:

- franchise specific promotion
- franchisor take-over of operations on a temporary basis until new franchisee is selected
- negotiating 'grace periods' for debts
- refinancing
- resizing of business
- transferring to new operator
- combination of these strategies

Roles and responsibilities may include:

- disposing of assets
- informing customers of new arrangements
- managing financial settlements and handling debtors
- managing supplier relationships during closure/transfer
- selecting new franchisees

Disposal of assets may include:

- offer to new franchisee/s
- sale
- tender

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		