

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER– IV EXAMINATION – SUMMER 2015

Subject Code: 2840011

Date: 18/05/2015

Subject Name: FRANCHISING

Time: 10.30 am to 01.30 pm

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1 (a) Describe the current state of Franchising in India. Which drivers shall determine the future of Franchising in India? **3 + 4**

(b) Do you agree with the statement that Franchising is proving to be a more advantageous form of doing and expanding business compared to other modes of business expansion? Justify your answer. **07**

Q.2 (a) As an entrepreneur, you are advised to “Pick a franchise that matches your interests and abilities”. What does it signify? **07**

(b) The Franchising scene is not without its pitfalls and scams. As a potential franchisee, which aspects should appear as a ‘warning bell’? **07**

OR

(b) Why are disclosures important in franchising? What is a standard practice in many countries for franchise disclosures? **4 + 3**

Q.3 (a) Write a note on the components of a Franchise Disclosure Document. **07**

(b) What is the essence of relationship laws? What aspects should relationship laws cover? **2 + 5**

OR

Q.3 (a) Which are the key elements of a basic franchise agreement? **07**

(b) Which are the prominent legalities affecting Franchising in India? **07**

Q.4 (a) You are planning to start a business venture as a franchisee. How would you proceed? **07**

(b) Which aspects of training should you be interested in as a franchisee? **07**

OR

Q.4 (a) You are a single store business entity. You intend to expand your business through the franchising way as franchisor. Which are the gradual steps at the end of which you can become an International Franchise? **07**

- (b) As a franchisee, how would you research a franchisor and its franchise system? **07**
- Q.5 (a)** What are the disadvantages of franchising to both – the franchisor and franchisee? **07**
- (b) The vehicle that propels the majority of international expansion in franchising is master franchising. Franchisors grant contractual development rights for their concept to an individual or an organization. For example, an entrepreneur in China buys the master license rights for McDonald's and commits to develop McDonald's restaurants in China. McDonald's commits to train the Chinese entrepreneur – the master franchisee, to become its development agent and representative in China. The Chinese entrepreneur is likely to be responsible for selling McDonald's franchises, and training and supporting franchisees in China.
- Some International franchisors have taken the master franchising route to enter into the Indian market also. What are the motives for a franchisor to enter a foreign market through master franchising?
- OR**
- Q.5 (a)** Which aspects of renewal and termination should a franchisee pay attention to in the franchise agreement? **07**
- (b) Explain the terms – product format and business format franchising and single unit and multi unit franchising. **07**
