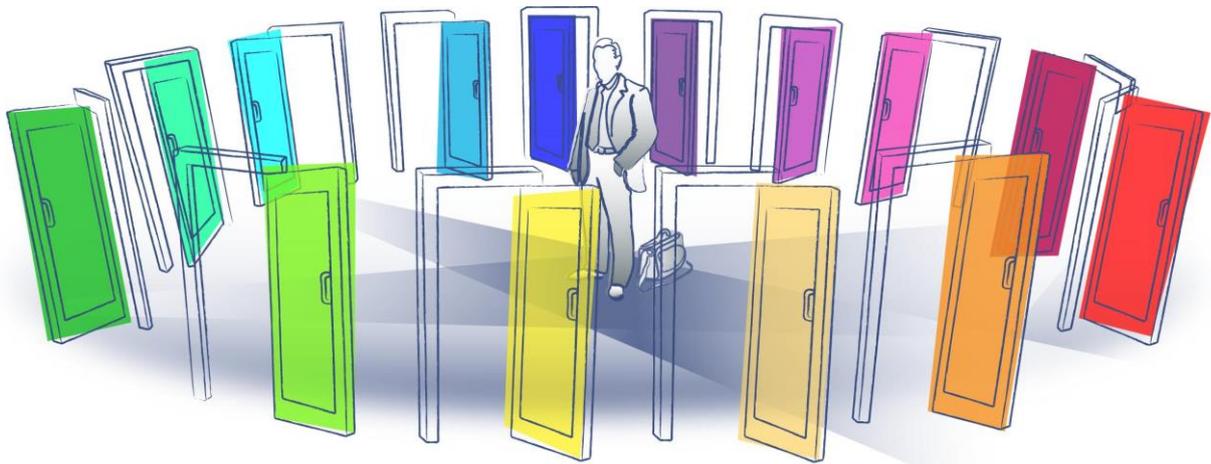


Franchising:

WJM Franchising Services



Wright, Johnston & Mackenzie LLP

The Place for Practical Advice



WJM – Market leading, practical franchise advice

Many people dream of starting their own business from scratch, but are concerned about the risks involved. For some, getting their business started has had a large element of risk removed. They have no great business secret - they've bought a franchise.

Many businesses dream of expanding but don't have the capital or the people within their own organisation. For them, franchising can be a great way of achieving the potential for growth for their business.

Franchises are not for everyone and the creation of a good franchise relationship is a two way process. Not only do prospective franchisees need to fit the ethos of the franchise they are buying, but franchisors also want to ensure that their brand name and network are protected by suitable franchisees.

WJM helps both franchisees and franchisors piece together the franchising jigsaw so that both sides benefit.

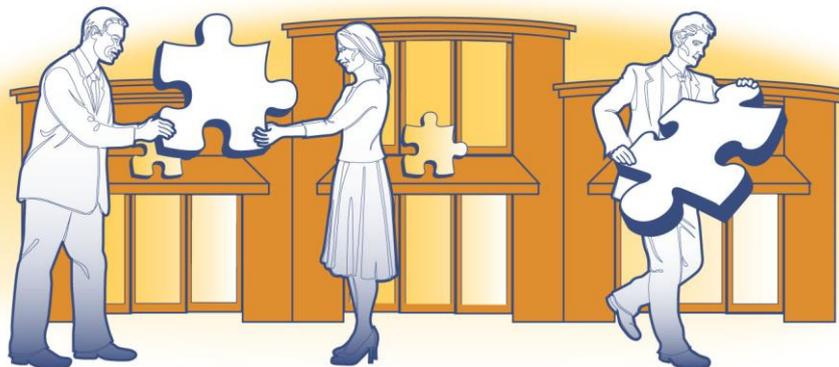
Our Credentials

WJM is one of only a few legal firms in Scotland which is affiliated to the British Franchise Association (BFA) as a professional adviser in the field of franchising. With offices in Glasgow, Edinburgh and Inverness, WJM acts for clients across the UK and beyond.

Our considerable expertise in advising both franchisors and franchisees was recognised Chambers Guide to the legal profession, which said:

“Wright, Johnston & Mackenzie remains at the vanguard of franchising in Scotland, handling matters affecting franchisors, franchisees and master licensees. Clients agree that the team is “fantastic, with great client service, and very competitively priced”.

The experience of our specialist team covers getting your business ready for franchising, protecting your intellectual property, franchise business development, preparing and negotiating franchise agreements, advising on employment law, helping to develop property portfolios, and effective franchise dispute resolution.



Services for Franchisors

Helping franchisors maximise the opportunities offered by franchising while managing and minimising business risk, our services to franchisors include:-

- Advice on corporate structure to ensure that the existing core business is properly protected and expansion is facilitated
- Drafting of confidentiality agreements to protect business methods and trade secrets
- Development of appropriate deposit agreements to ensure the franchisee is committed at an early stage, and to cover the franchisor's costs
- Effective and comprehensive franchise agreements, tailored to meet the specific needs of the franchisor's business
- Area development agreements and master licenses which allow the franchisor to incentivise their area developers and master licensees while still retaining control and protecting the brand
- Trade mark advice: on the acquisition, protection, use and enforcement of trade mark protection for important aspects of branding and market identity
- Helping with legal technicalities of Franchise Manual development
- Employment law for franchisors
- Financial planning for the successful business owner, including planning for succession, retirement and exit from the business
- Advice on the development and management of franchise property portfolios, including site selection, leasing arrangements, acquisition and disposal of premises
- Effective franchise dispute resolution
- Effective termination of franchise agreements to ensure protection of the network
- Acquisition and disposal of whole franchise networks
- Overseeing re-sales of existing franchisee businesses.



Services for Franchisees

Our franchising team is experienced in advising franchisees in relation to their businesses. Our involvement typically can include:

- Reviewing a franchise agreement for a fixed fee
- Negotiation with franchisors to modify standard agreements
- Assisting in the due diligence process by helping the prospective franchisee to investigate the franchise and the franchisor prior to acquiring a franchise
- Advice on business planning
- Review and negotiation of confidentiality and deposit agreements produced by franchisors prior to entering into the main franchise agreement
- Advice on selection of a suitable business vehicle (including partnerships, limited companies and limited liability partnerships) and advice on how best to structure your business
- Advice on property aspects, including site selection, leasing and acquiring premises
- Employment contracts for franchise staff and up to date advice on employment law
- Personal financial planning advice for the business owner
- An efficient streamlined debt recovery service to assist franchisees in reducing bad debts and maximising revenue
- Advising on the purchase and sale of existing franchises
- Effective resolution of franchise disputes



Some non-legal advice

Existing Franchisees

As part of your due diligence you should be speaking to as many existing franchisees as possible to get a feel for how they are getting on and how they rate the advice and support on offer from the Franchisor. Franchise Agreements are typically lengthy and detailed agreements but much of the content is focussed on controlling the franchisee. Given the Franchise Agreement's relative lack of detail on what support will come from the Franchisor, the accounts of existing franchisees on how things work in practice are invaluable.

Financial projections and accounting

Regardless of what figures a Franchisor presents you with, the Franchise Agreement is likely to make it clear that you are being given no guarantees regarding the potential for success or profitability of the new business. It is important therefore to seek the advice of an independent accountant when assessing the financial projections and preparing a business plan.

Franchising and Scots Law – applying the Tartan touch

In 1707, the Act of Union was signed and Scotland became part of the United Kingdom, but the distinct Scottish legal system was preserved. Over time, elements of the Scottish legal system moved into line with England and Wales. Over 300 years later however Scots law remains different in several key areas including licensing, private law and property law.

These differences in law can cause confusion for franchisees or franchisors moving between jurisdictions. WJM helps franchisees and franchisors in assessing the legal consequences of crossing from one jurisdiction into another. Many of our lawyers are dual qualified in English and Scots law.



Franchising Resources

Our greatest resource is our market leading franchising team and you'll find details of them on the next page.

Supporting them we have a team of experts in all the areas of law most likely to be needed by a franchisor or a franchisee. And, on top of that, we have a library of franchising and other business resources on our website at www.wjm.co.uk

Simply click on the links on the franchising section of WJM's website and you'll be taken to a collection of useful, up to date information including:

- Franchisees - Key Questions to ask Yourself
- Franchisors – Key Questions
- Franchisees – Key Questions to ask a Franchisor
- Franchising – The Legal Considerations
- Franchising – The Property Considerations
- Franchisors - Employing in your Franchise

Bookmark www.wjm.co.uk/services/franchising to keep you and your business up to date.

Leading Individuals



Angus MacLeod heads the WJM franchising team as well as the firm's Inverness office. He advises a wide range of franchise clients from international franchise networks and significant Scottish master licensors to individual franchisees. Angus regularly writes and speaks on the legal and commercial aspects of franchising. Top ranked in the Chambers Guide to the Legal Profession, his clients describing him as "*absolutely brilliant – a specialist in franchising and very approachable*".



Martin O'Neill advises a diverse client base of franchisors and franchisees. His recent franchising work includes helping franchisors in developing their UK networks and their expansion overseas; advising UK Master Licence holders of foreign franchises, and acting for purchasers and sellers in sales of existing franchises. Martin is recognised as a franchising specialist in the Chambers Guide 2015 in which clients note his "*sound knowledge and excellent presentation skills and technical ability*".



Steven Docherty (Dispute Resolution Specialist) works with franchisees and franchisors in the resolution of franchise, property and other commercial disputes. He understands the unique nature of the franchising relationship, and brings this experience to bear in resolving disputes. His preferred approach is to work with clients to help them reach an amicable settlement of their disagreements, but if court action is needed, he has all the necessary skills to hand. As Chambers' Guide said, WJM is "*widely recommended for its prominent work in franchise litigation.*"



Gillian Cowie (Property Specialist) works with franchise clients on property issues. Premises, whether owned or leased, are often the most significant investment in any franchise. Gillian advises clients on the intricacies of acquiring or leasing suitable commercial premises. She is a highly experienced and astute commercial property specialist who works with both franchisees and franchisors.



Fraser Morrison Advises both franchisees and franchisors on corporate and commercial matters. He presents regularly at franchising seminars across Scotland. Fraser's recent franchising work has included acting for a number of purchasers and sellers in both share and asset disposals, as well as advising on day to day corporate matters such as shareholders' agreements. Fraser is based in the firm's Glasgow office.

As well as the individuals profiled above, our dedicated team includes a number of other franchise specialists with particular expertise in our Corporate & Commercial Law, Property, Employment, Private Client & Wealth Planning, Tax and Dispute Resolution.

Defining “franchising”

The word “franchise” is used globally to describe a confusingly wide variety of relationships and endeavours.

WJM’s franchising team usually advise on what are widely referred to as “business format franchises”. A key characteristic of business format franchises, that does not always feature in what may otherwise be referred to as “franchise”, is the considerable control the franchisor has over how the franchisee operates the business. This control arises as a result of the obligations contained in a detailed Franchise Agreement and, crucially, a well-developed “Operations Manual”.

The UK does not have a body of “franchising law” as such, and general commercial law and legal principles apply to the contractual relationship set out in the Franchise Agreement. This is unlike other jurisdictions, such as the US, where franchise specific legislation does exist.

Franchising is not always an appropriate way for a business to expand and there are numerous models that can be considered alongside franchising as alternatives. When used in the right way however franchising can offer the right balance between the franchisor’s and franchisees’ rights, in a way that is beneficial to all.

More about WJM

Wright, Johnston & Mackenzie LLP (WJM) is passionate about client centric service. This means understanding what you want to achieve – for yourself, your family, your business and your community – and then using our experience and technical know-how to help you get there. It means putting you at the centre of the circle and servicing your needs in the most efficient and effective way possible.

To deliver this commitment we are, and intend to remain, an independent full service law firm. Currently we have over 50 lawyers and a staff of over 100.

Our purpose has remained unchanged for over 150 years, so we're convinced that it's right. Our service to clients is underpinned by:

- the strength of the working relationships within WJM;
- our focus on effective teamwork;
- our enthusiasm for our clients' goals;
- our commitment to being approachable and responsive; and
- our desire to excel at communication.

Our website www.wjm.co.uk gives you more information about what we do, what we stand for and where we are going as an organisation.



Wright, Johnston & Mackenzie LLP

The Place for Practical Advice at the leading edge of franchising

WJM's dedicated franchising team has the experience, industry knowledge and commercial acumen to help ensure that your interest is properly represented whether you are a franchisor or a franchisee.

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