

Knowledge, Learning, and Capabilities in Franchise Organizations

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1. Introduction

Franchising has been popular as a growth strategy for small businesses [1]; it is even more so in today's global and e-commerce centered world [2]. For example, Entrepreneur.com added in 2001 a new category, Tech Businesses, into its Franchise Zone with three subcategories [3]: Internet Businesses, Tech Training, and Miscellaneous Tech Businesses. At the time of the writing, 25 companies are on the list. A recent Jupiter report [4] said it best on the phenomenon: "The gap in global Web development will ignite a fierce battle for leadership in the international Internet development and service space, ... While it is imperative for sites to gain foothold in these markets, they need to avoid a 'must build' mentality, and enter these markets through strategic partnerships such as joint ventures and franchises." A good example is Online bank Juniper's allowing its customers to deposit checks at the outlets of the giant franchise chain Mail Box Etc [5].

According to Justis and Judd [1], franchising is defined as "a business opportunity by which the owner (producer or distributor) of a service or a trademarked product grants exclusive rights to an individual for the local distribution and/or sale of the service or product, and in return receives a payment or royalty and conformance to quality standards. The individual or business granting the business rights is called the *franchisor*, and the individual or business granted the right to operate in accordance with the chosen method to produce or sell the product or service is called the *franchisee*." Developing good relationship between the franchisor and the franchisee is believed to be the most important factor for the growth of a franchise [1]. The relationship is developed while a franchisee learns from the franchisor how the business operates. This learning process has five stages [6]: Beginner, Novice, Advanced, Master and Professional. Through this learning process, both the franchisor and the franchisee gradually build a "family" relationship. This relationship consists of five crucial elements [6]: Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior.

Thus, working *knowledge* is the base of the franchise "family" relationship, and through the process of *learning* working knowledge is disseminated throughout the system. As the franchise continues to grow, there may be new products or services, developed out of the assets of

the franchise operations, which may transform the business into a more, sometimes surprisingly, profitable enterprise. For example, McDonald's real estate business, Franchise Realty Corporation, became the real moneymaking engine as can be evidenced from the following quotation in the book *McDonald's: Behind the Arches* [7]: "What converted McDonald's into a money machine had nothing to do with Ray Kroc or the McDonald brothers or even the popularity of McDonald's hamburgers, French fries, and milk shakes. Rather, McDonald's made its money on real estate and on a little-known formula developed by Harry J. Sonneborn." Ray Kroc, founder of McDonald's, further commented months before he died [7]: "Harry alone put in the policy that salvaged this company and made it a big-leaguer. His idea is what made McDonald's rich." Thus, the *capability* of leveraging the assets of franchise operations into profitable products or services is at the heart of a successful franchise.

In this paper, we propose a framework of franchise learning and knowledge management, which enables the franchise to develop dynamic capabilities and value-creating strategies. Specifically, we address the following questions:

1. How is franchise *knowledge* conceptualized, used, renewed, stored, retrieved, transmitted, and shared?
2. What are the mechanisms that enable the franchise organizations to *learn*?
3. What processes do franchise organizations use to develop dynamic *capabilities* and value-creating strategies?
4. What *information technology* applications and systems support effective management of knowledge, learning, and capabilities in franchise organizations?
5. What are the implications for companies using franchising as an e-commerce growth strategy in the global market?

2. How Is Franchise Knowledge Organized?

In their pioneering paper on Knowledge Management, Alavi and Leidner [8] defined knowledge as "a justified personal belief that increases an individual's capacity to take effective action." According to this definition, knowledge becomes "working" when the action produces results. In the context of franchising, a *working knowledge profile* is developed when the working

knowledge of a certain task has been repeated many times with good results. Consider, as an example, the process of becoming a franchisee at Smoothie King [9], a leading nutrition juice bars franchise:

- Step 1: Complete the on-line Request for Consideration
- Step 2: Interview/presentation
- Step 3: UFOC (Uniform Franchise Offering Circular) reviewed by prospect
- Step 4: Meet with exiting franchisees
- Step 5: Information review: Prospective Franchisee Profiles
- Step 6: Enter into a franchise agreement
- Step 7: Orientation
- Step 8: Training
- Step 9: Complete construction
- Step 10: Open for business

In the Orientation task (Step 7), a working knowledge profile of Site Selection [10], is used to help the new franchisee to find a good business site. The Site Selection Profile, developed by the real estate department for years, has been repeatedly tested and enhanced.

A typical working knowledge profile in franchising includes three major components [10]: Value, Cost, and Risk (VCR). Using site selection as an example again, “Value” is defined to be the attributes that may increase the profit potential of a site. “Risk,” on the other hand, is defined as the attributes that may decrease the profit potential of a site. “Cost” includes all the tangible and intangible costs of building the site. Table 1, taken from the first author’s previous work [10], is a simplified example of the VCR evaluation of three prospective business sites. The VCR evaluation data in Table 1 can be aggregated into an easy-to-understand VCR diagram shown in Figure 1(a). The value-risk pair represents the center and the cost is the radius of the circle. As is evidenced from the figure, Site 1 is the best choice, since it has the highest value, the lowest risk, and the lowest cost. The VCR procedures can be further enhanced to enable the site selection team to compare a candidate site with the best and worst sites of the franchise system in

similar areas. For example, Figure 1(b) shows that the VCR approach enables the site selection team to make the decision easily.

Place Table 1 and Figure 1 Here.

A working knowledge profile is usually embedded in the operational manual of a business process. For example, the Site Profile shown in Table 1 and Figure 1 is embedded in Step 7 of the operational manual for the process of recruiting a franchisee at Smoothie King. Many operational manuals are needed in the franchise business environment, which includes the franchisor headquarters, the franchisee or company outlet, and the franchise community:

- At the franchisor headquarters, major daily or periodical operations include: (1) helping and supporting business units owned by franchisees or the company; (2) recruiting prospective franchisees for franchise development; (3) managing employees who perform franchise support and franchise development; (4) dealing with financial issues related to accounting and finances; (5) selecting and partnering with suppliers, e.g., marketing agents, accountants, insurance providers, attorneys, real estate agents, human resource management companies, etc.; and (6) abiding the government regulations, e.g., taxes and worker compensation.
- At the franchisee or business outlet, major daily or periodical operations include: (1) making sales to the customers; (2) getting the support from the headquarters, e.g., issues at the outlet operations, personal demonstrations from field representatives, and training from the franchisor; (3) managing employees making sales to the customers; (4) marketing and advertising to customers; (5) dealing with financial issues related to accounting and finances; (6) dealing with suppliers; and (6) abiding the government regulations.
- In the franchise community, where the franchisor-franchisee relationship is developed and built, three interrelated groups of relationship can be identified: (1) relationship management within the franchise system, e.g., how to deal appropriately with the hot issues such as encroachment; (2) relationship management with consumers, e.g.,

customers, investors, competitors, media, and government; and (3) relationship management with suppliers, e.g., a good relationship between the franchisor and the International Franchise Association will have positive impacts on the franchisees' businesses.

Thus there are many opportunities for working knowledge profiles development in the franchise business environment. Table 2 enlists some examples.

Place Table 2 Here.

3. What are Enabling Franchise Organizations to Learn?

The previous section shows how the franchise working knowledge is conceptualized, used, renewed, stored, retrieved, transmitted, and shared through various VCR-based profiles like the one shown in Table 1 and Figure 1. The working knowledge is developed through a learning process involving the franchisor and the franchisees. Using the definition of Alavi and Leidner [8] mentioned above, when the knowledge is working the personal belief becomes much more strengthened, intensified, and justified. As such, the individual's capacity is much more increased and better results are obtained. This spiral-up cycle of working knowledge improvement is very important in the context of franchising.

Figure 2 shows that the working knowledge learning process of the franchisor is incrementally developed through the following five stages of the spiral-up cycle:

- Beginner – examining whether franchising is a feasible strategy for your business. Important questions to be addressed include [11]: (1) Is my business franchisable? (2) What are legal requirements? and (3) What will it take to be a good franchise?
- Novice – investigating what you shall do before and after franchising. Important questions to be addressed include [1]: (1) What are my markets? (2) What's my business plan? (3) Who are my franchisees and how to market to them? and (4) How to choose a good site?

- Advanced – starting franchising your business in regions. Important questions to be addressed include [1]: (1) How is my franchise support system? (2) Who are my customers? and (3) Who are my competitors?
- Master – continuing franchising your business in the country and abroad. Important questions to be addressed include [1]: (1) How is my relationship with my franchisees? (2) How is my relationship with the communities? and (3) How to do it right in international franchising?
- Professional – becoming the best that you can be as a franchisor. Important questions to be addressed include [12]: (1) What are my financial strategies? (2) How do I leverage the assets in the franchise network? and (3) What are other licensing alternatives besides franchising?

 Place Figure 2 Here.

At a higher stage of the franchise development, most of the problems in the previous stages have been dealt with. However more complicated and challenging questions will arise as the franchise system continues the expansion. This is especially true when the franchise system reaches the stage of Professional, when many unforeseen and difficult problems could happen all of sudden. Figure 2 depicts this situation with dashed line, meaning there is no boundary of the potential problems to challenge the Professional franchisor. Bud Hadfield [13], the founder of Kwik Kopy franchise and the International Center of Entrepreneurial Development (www.iced.net), said it the best: “The more the company grows, the more it will be tested.”

To understand how the working knowledge learning process of the franchisee is developed, one needs to know the four phases of the life cycle the franchisee is in [14]:

- The Courting Phase: Both the franchisee and the franchisor are excited with the relationship and will try very hard to maintain it.
- The “We” Phase: The relationship starts to deteriorate, but the franchisee still values the relationship.

- The “Me” Phase: The franchisee starts to question the reasons for payments related issues, e.g., ongoing royal and marketing fees, with the attitude that the success so far is purely of his/her own hard work.
- The Rebel Phase: The franchisee starts to challenge the restrictions placed upon them and demand for more independence.

A franchisee faces the biggest crisis when he/she reaches the Rebel phase. The major challenge for the franchisor is to turn a “Rebel” franchisee into the Renewal phase by providing an environment where the franchisee can continue contributing to the growth of the franchise system. More discussions on this topic are provided in the next section.

Similar to the franchisor, Figure 3 shows that the working knowledge learning process of the franchisee is incrementally developed through the following five stages of the spiral-up cycle:

- Beginner in the Courting Phase – learning how to do the operations at the franchise outlet;
- Novice in the “We” Phase – practicing how to do the operations at the franchise outlet;
- Advanced in the “Me” Phase – doing the operations at the franchise outlet;
- Master in the Rebel Phase – teaching others how to do the operations at the franchise outlet; The term Rebel is used here, since the rebel ones tend to be those who know the system very well and are capable of influencing others to follow them.
- Professional in the Renewal Phase – becoming the best that you can be; At this stage, the franchisee is encouraged and rewarded for his/her significant contributions to the franchise system, including expanding the number of franchise outlets and creating value-added enhancements of the products or services. Similar to Figure 2, Figure 3 depicts the franchisee situation with dashed line, meaning there is no boundary of challenges and opportunities for the Professional franchisee.

Place Figure 3 Here.

Justis and Judd [1] examined the franchisor/franchisee relationship issues in various franchise systems at different phases of the franchisee life cycle. They identify franchise organizational learning as the key for building the “family” relationship, i.e., helping the franchisee to progress from one stage of the learning process to the next, especially turning the franchisee from the “Rebel” stage into the Renewal stage. Figure 3 show that there are five crucial elements of influencing others in the “family” team [6]:

- Knowledge: proven abilities to solve business problems in the franchise environment;
- Attitude: positive and constructive ways of presenting and sharing the working knowledge;
- Motivation: providing incentives for learning or teaching the working knowledge;
- Individual Behavior: understanding and leveraging the strengths of the participants to learn and enhance the working knowledge;
- Group Behavior: finding the best collaborative way to collect, disseminate, and manage the hard-earned working knowledge.

The franchisor/franchisee “family” relationship in Figure 3 is surrounded with dashed line, meaning the relationship is strengthened and intensified as the franchisee incrementally learns the working knowledge through the help of the franchisor.

4. How Are Capabilities Developed in Franchise Organizations?

The previous section shows that the five crucial elements of influencing others in the franchisor/franchisee “family” relationship are the basic mechanisms that enable the franchisor and the franchisee to learn and progress from the Beginner stage, to Novice, Advanced, Master, and finally Professional. In the process of learning, the franchisor and the franchisee gradually develop the working knowledge profiles to deal with the issues related to the *daily operations* in the franchise business environment [15,16], including the franchisor headquarters (the major focus of the franchisor), the franchisee business outlet (the major focus of the franchisee), and the franchise community. For the franchisor, the biggest challenge dealing with a franchisee in the Rebel Phase of the franchisee life cycle is to convince the franchisee that there are good rewarding reasons to continue abiding the rules of the franchise contract, e.g., paying the royalty fee monthly.

Although granting multi-units in certain territories [17-19] and providing various co-branding opportunities to maximize the return of the outlet investment [1] are two common approaches to cool down the “rebellious” attitude of the franchisee, more innovative approaches of *asset leveraging* are often needed to continue the “family” relationship for the expansion and growth of the franchise system.

The continuous desire of asset leveraging is the major driver enabling the franchise system to develop dynamic capabilities and value-creating strategies. The asset here is referring to the working knowledge profiles such as those shown in Table 2. Those profiles, continuously being improved, provide the foundation for the asset leveraging, especially when the franchisor or the franchisee has reached the Professional stage. Consider below some of the working knowledge profiles as the examples:

- **Site Profile.** Recall the site selection working knowledge at McDonald’s as was mentioned in the Introduction section. The Franchise Realty Corporation real estate business, a result of site selection asset leveraging, is the real moneymaking engine at McDonald’s. A recent value-creating strategy based on these real estate capabilities is the so-called Greenberg’s law [20], named after McDonald’s Chairman and Chief Executive Officer: “The more stores McDonald’s puts in a city, the greater the overall number of transactions per capita in that market.” McDonald’s can execute this Greenberg’s law for market penetration strategy because of its strong capabilities of real estate.
- **Franchisee Profile.** Take Subway, ranked as #1 franchisor in 2001 and 2002 by Entrepreneur.com, as an example. In the process of recruiting experienced and hard-working franchisees, Subway’s founder Fred DeLuca found a very unique and difficult problem facing the prospective franchisees, i.e., getting a loan from banks to invest on Subway’s franchise. DeLuca [21] then set up the Micro Investment Lending Enterprise (MILE) program to lend money to those qualified people to start their own small businesses. The MILE program might be one major reason why Subway can expand so quickly, 15,816 restaurants in 74 countries! (www.subway.com). The MILE program

shows how a “Professional” franchisor can leverage the franchisee profile by turning problems into opportunities.

- Event Management Profile. Consider the International Center for Entrepreneurial Development (ICED) (www.iced.net) as an example. ICED is home to a variety of franchise systems, including Kwik Kopy, American Wholesale Thermographers, Copy Club, Franklin, Inkwell, Women's Health Boutique, and Parcel Plus. To find a location to house the training programs and related activities for the variety of franchises is a big challenge. Over the years, ICED has developed its own training center and learned how to host large conference events for its franchisees. Now, ICED has created a very profitable new line of services through the Northwest Forest Conference Center (www.northwestforest.com), catering and housing training and meeting events for companies as well as weddings, receptions, banquets and reunions for individuals.

In his 1999 best-seller book [Business @ The Speed of Thought](#), Bill Gates [22] wrote “Information Technology and business are becoming inextricably interwoven. I don’t think anybody can talk meaningfully about one without talking about the other.” When it comes to knowledge management in franchise organizations, Gates’ point is especially true. The lesson from the three examples above is that the *capability* of leveraging the assets of franchise operations into profitable products or services is at the heart of a successful franchise. Thus, any effort to build a “meaningful” knowledge management system in franchise organizations must take this lesson at heart as well.

5. What Are the Roles of Information Technology?

So far, we discuss how the franchise knowledge is organized, the drivers enabling the franchise organizations to learn, and how franchise capabilities are developed. In this section, we discuss what information technology can do to support effective management of knowledge, learning, and capabilities in franchise organizations. Table 3 shows an Intranet-based franchise working knowledge repository, consisting of two classifications: (1) working knowledge level for the collaborative team, the franchisee outlet, the franchisor headquarters, and the franchise community; and (2) user skill levels, including Beginner in the Courting Phase, Novice in the

“We”-Phase, Advanced in the “Me”-Phase, Master in the Rebel Phase, and Professional in the Renewal Stage of franchisee life cycle. The foundation of the framework is the working knowledge of the five crucial elements – Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior – used by the collaborative team, to effectively influence others in building the franchise “family” relationship. The working knowledge profiles at the franchisee outlet, the franchisor headquarters, and the franchise community can be modularized according to user’s level. An Intranet-based curriculum of working knowledge modules can then be designed for the users to learn the profiles effectively. The franchise capabilities, structured in the working knowledge repository, enable the Professional franchisees to work with the franchisor to continuously improve and leverage the current franchise working knowledge.

Place Table 3 Here.

For the Intranet-based franchise repository to work, two foundational information technologies are needed: data collection and data analysis. Franchise working knowledge is generally accumulated from analytical information derived from the raw data obtained from the franchise business environment. Volumes of data are collected every day by various applications systems in the franchise business. Consider the front office operation system at the franchisee outlet. At the end of each business transaction, activities such as billing, customer tracking, inventory control, and labor all generate enormous amount of data. At the end of day, data sets from the franchise outlets, e.g., total sale, total cost of raw materials, and total cost of labor, are pulled through the telecommunication system to the franchisor headquarters to data analysis. A variety of methods are used to perform the data analysis, e.g., (1) statistical data modeling including regression analysis, correlation analysis, time series analysis, forecasting, Pareto analysis, and quality assurance; (2) data mining modeling including decision tree analysis, cluster analysis, market segmentation analysis, cross-sell analysis, and association analysis. These data analyses also help generate many business intelligence reports. For example, a business outlet will receive its performance ranking report with respect to the franchise system along with the top 10 franchise outlets having the best sales. Some rewarding programs are also built into the

information generation process. For example, the owner of a franchise outlet may receive a free trip to Hawaii if he/she has been among the top 10 lists for a number of consecutive time periods.

Based on the discussion above, the roles of information technology in franchise organizations can be classified into three layers: (1) transactional data collection layer, (2) data analysis and reporting layer, and (3) working knowledge management and leveraging layer. The franchise company shall keep the third layer of working knowledge repository investment in house, as it is the most important intellectual capital of the company. On the other hand, it makes sense to outsource the first two layers to application service providers (ASP) in the same franchising industry, since they can duplicate success in one franchise for other similar franchises quickly, inexpensively, and professionally [23]. Consider Statability (www.statability.com) as an example. As a web-based reporting ASP in the hospitality industry, Statability provides statistical reporting for hotels, restaurants, and retail stores [24]. Examples of reports include Mystery Shopping, Customer Feedback, Marketing, Purchasing, Quality Assurance, and Budgeting. Its hotel client lists include those large franchises such as Days Inn, Hilton, Holiday Inn, and Ramada. Statability also has the “one-stop-shopping” alliance partners that assist Statability in the collection and distribution of transactional data in the hospitality system.

6. What Are the Implications for Global e-Commerce?

Although there is a rich literature of e-commerce, most of the publications are for developed countries, not developing countries. As global e-commerce is a trend [25], there is an urgent need to transfer e-commerce practices from developed to developing countries. Traditionally, franchising has been used as an effective strategy to transfer technology and emerging markets from developed into developing countries [26-28]. As was discussed in the Introduction section, this franchising approach is also being used as an effective growth strategy for global e-commerce. Consider China as an example, Chen et al [29] showed that a sound growth strategy for multinational companies to do e-commerce in China is to have a Chinese-style Web present globally and a franchisee/company brick-and-mortar store present locally. When the franchisor starts international franchising, many barriers demand the changes and adaptations of the system [12], including language, culture, laws, marketing, and employment. Among many

ways of international franchising, establishing a master franchisee is the most frequently used approach [1].

The master franchisee, assuming the role of the franchisor, will work closely with the franchisor to develop the following areas in the host country [11]: franchisee recruiting, site selection, marketing, training, standards enforcement, and office management. The master franchisee receives the royalty from its franchisees, keep up to 50% of the payments, and submit the rest to the franchisor [1]. Once the franchise system in the host country is up and running, it is usually up to the master franchisee to deal with the issues related to data collection, data analysis, and working knowledge profiles development and leveraging. As the master franchisee will be busy on expanding the franchise system in the local market, those important issues are usually dealt with loosely. As the franchise system continues growing in the host country, more and more franchisees of the master franchisee will be in the Rebel Phase of the franchisee life cycle, and the same challenging question as in the home country will occur again and again: “I have learned all you have taught me, why should I continue paying you the royalty fee?” If the master franchisee doesn’t deal carefully with the franchisor on this fore-seeing challenge wisely, the whole franchise chain may disappear totally from the host country [11]. Bud Hadfield [13], the founder of Kwik Kopy franchise and the International Center of Entrepreneurial Development (www.iced.net), said it the best: “Obviously, one of the satisfactions of expanding overseas is the fact that you can now be sued in different languages.”

Thus, a formal, rigorous, and timely approach to transforming the working knowledge profiles repository, such as the one shown in Table 3, from the home country to the host country is not just a strategy for the franchise to grow and expand, it also is a necessity for the franchise system to survive!

7. Conclusion

Franchising is being reported as an effective growth strategy for e-commerce in the global market. Building the franchisor/franchisee “family” relationship is believed to be the most important factor for the success of a franchise system. For the franchisor, the biggest challenge in building the “family” relationship is to help the franchisee to progress from one stage of the

franchisee life cycle learning process to the next, especially turning the franchisee from the “Rebel” stage into the Renewal stage. Based on their experiences with many successful franchises, Justis and Judd [1] identified five crucial elements of influencing others in the “family” relationship: Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior. Using the five elements as the foundation, we proposed in this paper an Intranet-based Working Knowledge Repository for franchise organizations. We also discussed how the franchise working knowledge is organized and learned. Examples of dynamic capabilities and value-creating strategies leveraged from the working knowledge profiles are shown. The roles of information technology enabling the Repository to work are illustrated. Finally, implications of the study for global e-commerce are briefly discussed.

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Figure 1(a): The Value-Cost-Risk Diagram for Alternative Sites

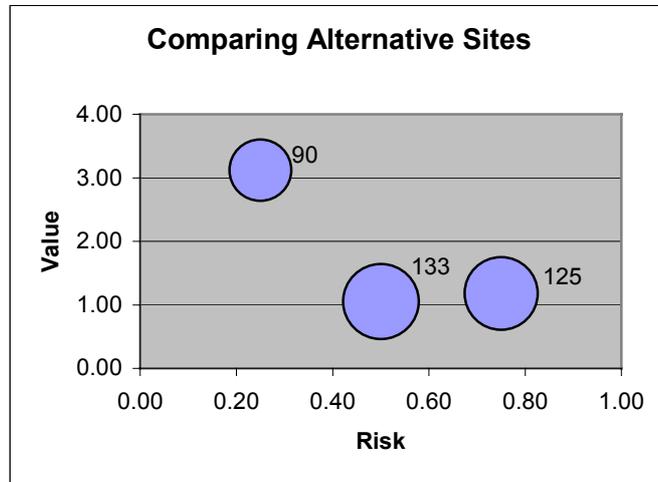
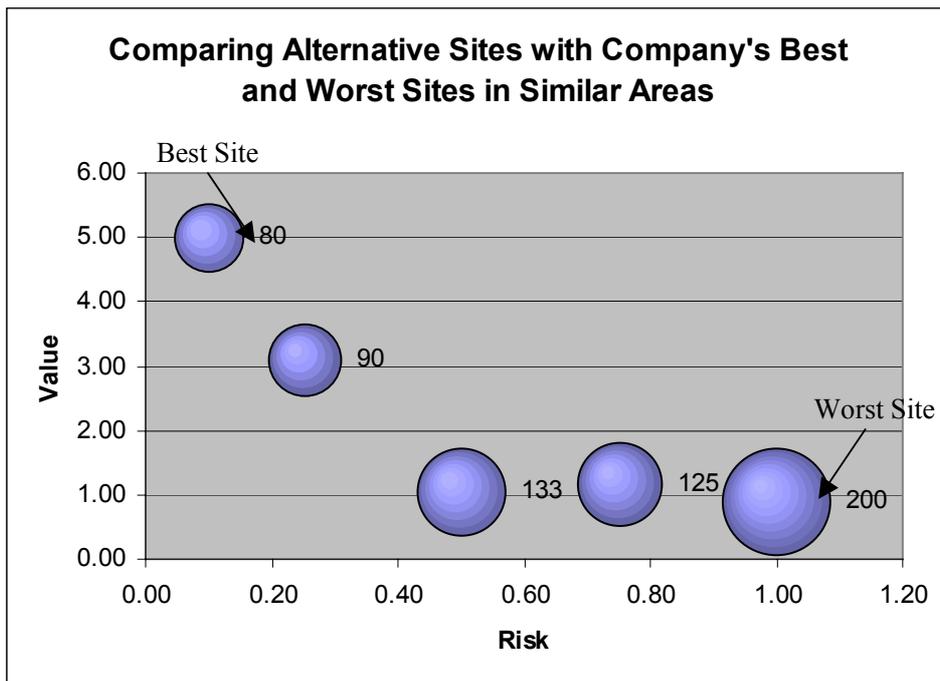


Figure 1(b): The Value-Cost-Risk Diagram for Comparing Alternative Sites with Company's Best and Worst Sites in Similar Areas



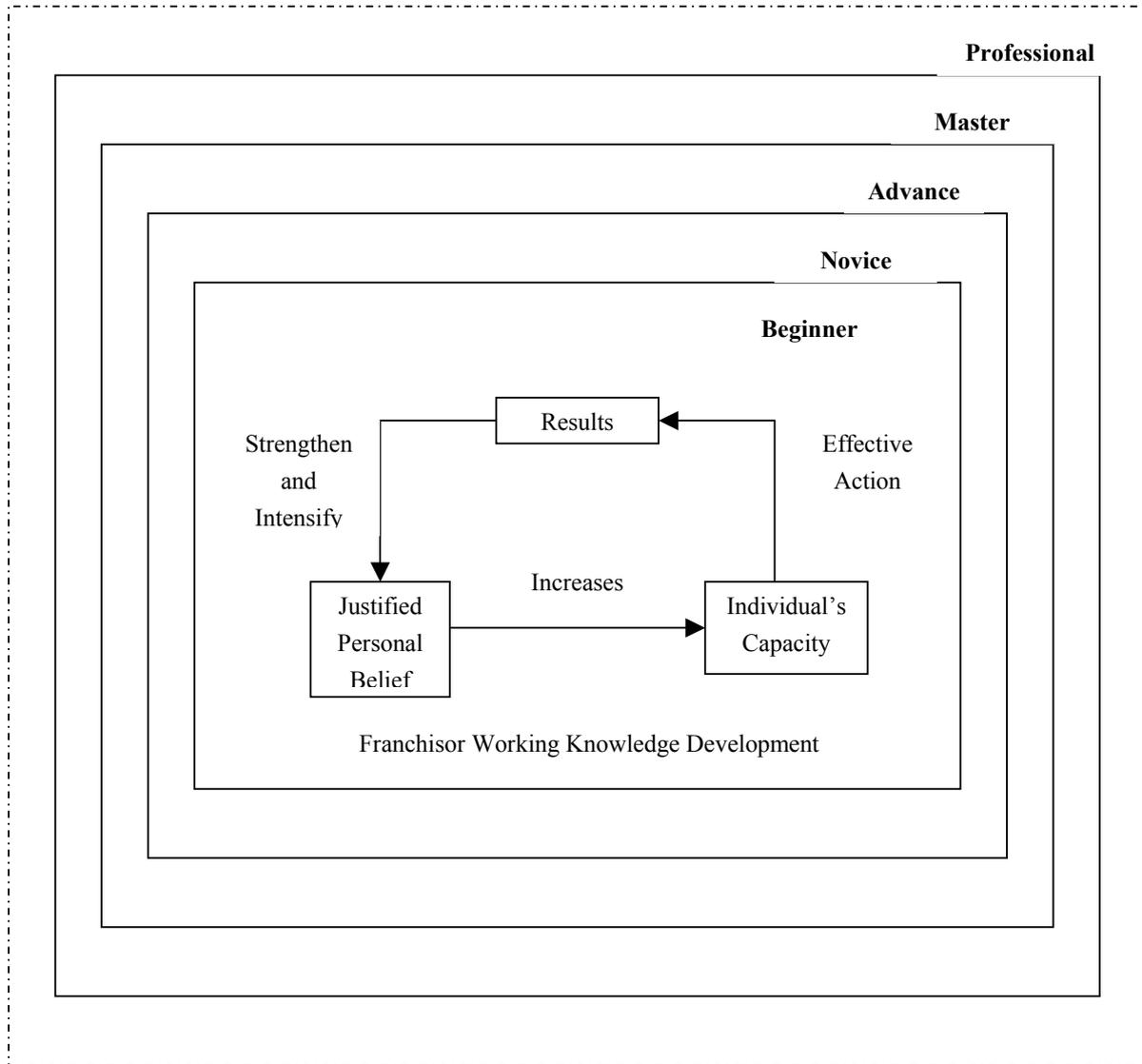


Figure 2. Franchisor Working Knowledge Development in Five Stages.

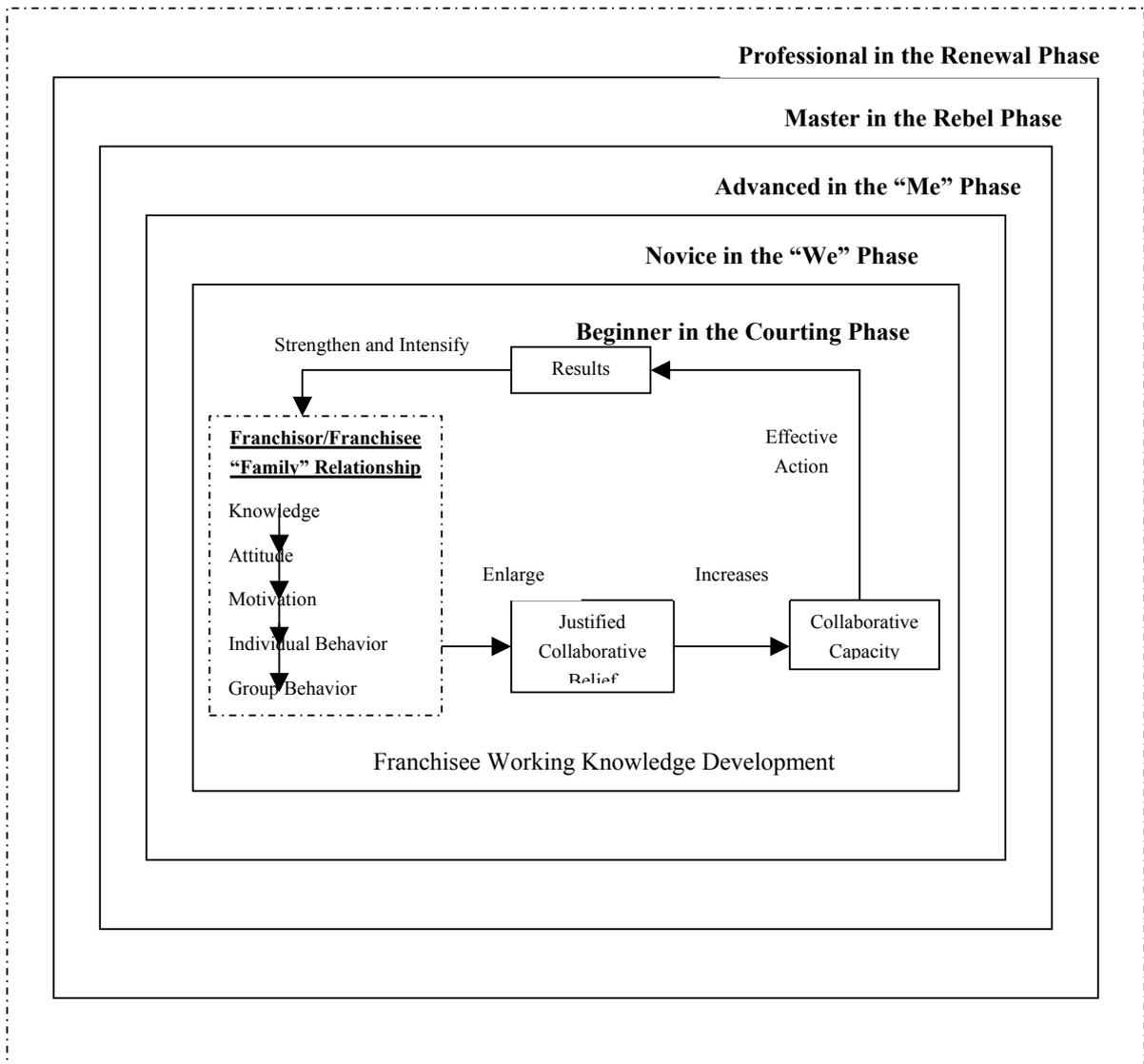


Figure 3. Franchisee Working Knowledge Development in Five Stages.

Table 1(a). Evaluating Alternative Sites Using Values and Risks

			Site 1		Site 2		Site 3	
	Weight (1)	% of Weight (2)	Rate (3)	(2)x(3)	Rate (4)	(2)x(4)	Rate (5)	(2)x(5)
Values								
Buying Power Index	8	13.3%	5	66.5%	1	13.3%	2	26.6%
Sales Potential	10	16.7%	5	83.5%	1	16.7%	2	33.4%
Population in 1 mile radius	8	13.3%	5	66.5%	1	13.3%	2	26.6%
Ingress/Egress of site	10	16.7%	3	50.1%	1	16.7%	1	16.7%
Parking	9	15%	3	45%	3	45%	1	15%
Total				3.12		1.05		1.18
Risks								
Work force inventory	9	15%	1	15%	2	30%	3	45%
Suppliers services	6	10%	1	10%	2	20%	3	30%
Total	60	100%		0.25		0.5		0.75

Table 1(b). Estimating the Total Cost (x1000) for Alternative Sites

	Site 1	Site 2	Site 3
Land cost	25	35	27
Design/building cost	10	15	22
Utilities/communications cost	10	15	8
Equipment purchase cost	15	12	9
Safety cost	15	16	30
Periodic site management cost/month	10	25	20
Miscellaneous cost	5	15	9
Total	90	133	125

Table 2. Examples of Working Knowledge Profiles in the Franchise Business Environment

The Franchise Environment	Working Knowledge Profile	Used For ...
The Franchisor Headquarters	Site Profile	Company/Franchisee-owned outlet site selection and management
	Franchisee Profile	Recruiting good prospective franchisees and developing the rewarding systems accordingly
	Event Management Profile	Organizing and managing franchise-wide events, e.g., Training and Annual Conference
	Support Team Profile	Recruiting good employees to provide franchise support to the franchisee/company outlets
The Franchisee Outlet	Customer Profile	Understanding the customers and segmenting the markets according to what the customers really need
	Product Profile	Understanding the demand of products and developing new products according to the need of customers
	Employee Profile	Recruiting good employees to work at the outlets developing the rewarding systems accordingly
The Franchise Community	Competitor Profile	Understanding the strengths and the weaknesses of the competitors and developing the strategies accordingly
	Supplier Profile	Tracking the performance of the suppliers and developing the contracting/partner strategies accordingly

Table 3. An Intranet-based Franchise Repository of Working Knowledge

		User Skill Levels				
		Beginner in the Courting Phase	Novice in the “We”-Phase	Advanced in the “Me”-Phase	Master in the Rebel Phase	Professional in the Renewal Stage
Working Knowledge Levels	Collaborative Team	Beginner guide to Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior	Practicing Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior	Doing Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior	Teaching others Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior	Improving and Leveraging Knowledge, Attitude, Motivation, Individual Behavior, and Group Behavior
	Franchisee Outlet	Beginner guide to working knowledge profiles for running the Franchisee Outlet	Practicing working knowledge profiles for running the Franchisee Outlet	Doing working knowledge profiles for running the Franchisee Outlet	Teaching others working knowledge profiles for running the Franchisee Outlet	Improving and Leveraging working knowledge profiles for running the Franchisee Outlet
	Franchisor Headquarters	Beginner guide to working knowledge profiles for running the Headquarters	Practicing working knowledge profiles for running the Headquarters	Doing working knowledge profiles for running the Headquarters	Teaching others working knowledge profiles for running the Headquarters	Improving and Leveraging working knowledge profiles for running the Headquarters
	Franchise Community	Beginner guide to working knowledge profiles for relationship management with the community	Practicing working knowledge profiles for relationship management with the community	Doing working knowledge profiles for relationship management with the community	Teaching others working knowledge profiles for relationship management with the community	Improving and Leveraging working knowledge profiles for relationship management with the community