

FAQ's

1. What is Franchising?

Franchising is not a business itself, but a way of doing business.

It has 2 main elements:

- **The Franchisor:** The owner of the brand or business.
- **The Franchisee:** The person who takes up the franchise of the brand or in other words is given the license or authority to use the name, systems and conduct business under the brands name. He is often referred to as the entrepreneur.

Franchising is essentially a marketing concept – an innovative method of distributing goods and services. It is also an extremely successful and rapidly growing aspect of the Indian economy.

Franchising is a business relationship in which the franchisor assigns to independent people(franchisees) the right to market and distribute the franchisor's goods or service, and to use the business name for a fixed period of time. The International Franchise Association defines franchising as a “continuing relationship in which the franchisor provides a licensed privilege to do business, plus assistance in organising training, merchandising and management in return for a consideration from the franchisee”.

"Franchising" is used to describe a number of business models, the most commonly identified of which is “business format franchising”. But there are other models which are also dependent on franchise relationships. These include product franchises and tradename franchises - arrangements in which franchisees are granted the right to distribute a manufacturer's product within a specified territory or at a specific location, generally with the use of the manufacturer's identifying name or trademark, in exchange for fees or royalties. **The business format franchise, however, differs from product and tradename franchises because the franchisee is not given the right to distribute the product or tradename but is given the right to use the business format format, or a comprehensive system for the conduct of the business,** including such elements as business planning, management system, location, appearance and image, and quality of goods.

Standardisation, consistency and uniformity across all aspects are hallmarks of the business format franchise.

Business format franchising is today the fastest-growing segment of franchising and has spread to virtually every sector of the economy. It has significantly more franchise systems, more outlets, more employees and more opportunities than product and tradename franchises.

Business format franchising requires a unique relationship between the franchisor (the owner of the system) and the franchisee (the owner of the individual outlet), which is commonly referred to as a "commercial marriage".

This ongoing business relationship includes the product, service and trademark, as well as the entire business concept itself from marketing strategy and plan, operational standards, systems and formats, to training, quality control and ongoing assistance, guidance and supervision.

In short, it provides small business (the franchisee) with the tools of big business (provided by the franchisor).

It is also a **Win-Win relationship** where the franchisor is able to expand its market presence without eroding its own capital, and the franchisee gains through access to established business systems, at lower risk, for their own commercial advantage.

The "commercial marriage" between franchisor and franchisee is ultimately a legal relationship, with the full obligations and responsibilities of both parties outlined in a highly detailed franchise agreement. This commercial contract varies in length and conditions from one system to the next, such that it would be almost impossible for any two franchise systems to have identical agreements.

By nature of the relationship, the franchise agreement will be imbalanced in favour of the franchisor, as the franchisor must at all times remain in control over certain standards critical to the ongoing success of the business format.

2. Who is an Entrepreneur?

An Entrepreneur w.r.t a brand is a person who wants to take up the franchisee of a brand.

3. How does Team India Managers Ltd. assist the entrepreneur?

Team India Managers Ltd. assists the Entrepreneur in the following ways:

- Choosing the vertical and brand
- If the entrepreneur has a pre – decided brand then TIM Ltd. will help the entrepreneur acquire franchisee of that brand
- Fill the financial need gap of the entrepreneur through the private equity route of profit, loss and risk sharing rather than giving a loan.
- Smooth communication between the brand and the entrepreneur once the franchisee of the brand has already been taken.
- Help the entrepreneur in financial, marketing, general operations and opportunity management.
- Help the entrepreneurs in all legal matters.
- Assist the entrepreneur in getting property to open up the brand outlet.

4. What is Team India Managers Ltd.'s Investor Bank?

Or

What financial assistance is given to the entrepreneur by Team India Managers Ltd.?

Investment Bank: One of our company's USP is that it invests along the entrepreneur who wants to take up a franchisee of a brand but does not have enough capital. For instance, if an entrepreneur chooses a brand requiring an investment of Rs. 25 lakhs but the entrepreneur's capacity to invest is only Rs. 15 lakhs, then we fill in the financial need gap with our investor bank. Therefore the entrepreneur is not a loan but the company co - invests, resulting in risk and profit sharing. It means that because TIM Ltd. will invest the rest of the Rs.10 lakhs it will be entitled to share the profit to that extent and the risk as well. Generally all deals are customized as per the entrepreneur and to enable maximum advantage for the entrepreneur.

5. Does TIM Ltd. provide loans to entrepreneurs?

No. TIM Ltd. does not provide loans to provide financial aid to the entrepreneur; instead it uses the private equity route of profit, loss and risk sharing.

7. What is Royalty? How much Royalty is paid?

Royalty is the compensation given by the entrepreneur to the brand for taking the franchisee of the brand and using its goodwill.

The percentage of royalty generally differs as per brand

8. How much does Team India Managers Ltd. charge for its assistance?

Team India Managers Ltd. is not a consultant; instead it is a business partner who also has some stake in the business. Therefore, it does not charge any consultation fee.