A Global Business Model - Franchising is a global business driver!

Professor:    Kenneth A. Cutshaw  (See brief description of Mr. Cutshaw at end of this syllabus)
Goizueta Sponsoring faculty:  Jeff Rosensweig

An industry that is not characterized as an industry but yet it likely impacts more than half of the world’s population either as a consumer, user or business owner. Although economists do not view franchising as a business trend indicator, this global business model of franchising has a multi-trillion dollar money multiplier on the global economy. And yes, one of the most quoted international currency comparative evaluators took its name from one of franchising most popular offerings - the Big Mac Index (coined by The Economist).

How has the Franchising (and licensing) business model grown at such large multiples but yet not become a global indicator of financial markets among the financial analysts? Maybe it is because franchising is so ingrained into the USA and other cultures, and globally franchising/ licensing has become a business norm. Franchising is simply another form of doing business similar to a direct investment into a business operation. However, there are many rules and processes and restrictions within the franchising business model, and those restrictions are applied globally although not consistently around the world.

The fact is that a franchise model may impact almost every newly minted MBA graduate, and one should understand the many nuances about franchising.

This mid-semester module will review the franchising concept from an academic approach and then from the eyes of the owners and operators. Atlanta is fortunate to be a city where many franchisor companies are headquartered – from Arby’s to Coca-Cola (yes Coca-Cola is a franchising/ licensing model). And our modular will offer visibility to and with some of the leaders of franchising. One additional aspect of Franchising is the extensive participation of “private equity” investment in franchising companies. Our Modular will have exposure to private equity's thirst for franchising.

In addition to the discussion led by the Professor, the Module will feature guest lecturers within the Class Room periods.

Pre-Reading:  An Introduction to Franchising by “IFA Education Foundation”
Access this free document via the International Franchise Association at www.franchise.org

Course Evaluation and Assessment: The Modular student will receive 1-hour credit with a grade of Satisfactory or Unsatisfactory. An Unsatisfactory grade will receive no credit.

Each Student is expected to attend all 15 hours scheduled for the Modular.
Each Student will be required to submit to the Professor a thoughtfully written presentation on an interesting and unique aspect of franchising from the Student’s perspective. This thoughtful written presentation (expected to be 2 to 4 pages maximum) must be submitted prior to receiving a Satisfactory grade for the Modular. The Professor is available to discuss any proposal for the written presentation by the student.
For a Student to clearly comprehend the breath and scope of Franchising below are examples of
Franchising:

1. **Automotive**: Includes motor-vehicle parts and supply stores, tire dealers, automotive equipment
   rental and leasing, and automotive repair and maintenance.

2. **Commercial & Residential Services**: Includes building, developing, and general contracting; heavy
   construction; special trade contractors; facilities support services; services to buildings and
dwellings; and waste management and remediation services.

3. **Quick Service Restaurants**: Includes limited-service eating places, cafeterias, fast-food restaurants,
   beverage bars, ice cream parlors, pizza-delivery establishments, carryout sandwich shops, and
   carryout service shops with on-premises baking of donuts, cookies, and bagels.

4. **Table/Full Service Restaurants**: Establishments primarily engaged in providing food services to
   patrons who order and are served while seated (i.e., waiter/waitress services) and pay after eating

5. **Retail Food**: Includes food and beverage stores; convenience stores; food-service contractors;
caterers; retail bakeries; and beer, wine, and liquor stores; as well as gas stations with convenience
   stores.

6. **Lodging**: Includes hotels, motels, and other accommodations.

7. **Real Estate**: Includes lessors of buildings, self-storage units, and other real estate; real estate agents
   and brokers; and property management and other related activities.

8. **Retail Products & Services**: Includes furniture and home furnishings stores, electronics and
   appliance stores, building-material and garden-equipment and supplies dealers, health and
   personal-care stores, clothing and general merchandise stores, florists and gift stores, consumer-
goods rentals, photographic services, and book and music stores.

9. **Business Services**: Includes printing, business transportation, warehousing and storage, data-
   processing services, insurance agencies and brokerages, office administrative services, employment
   services, investigation and security services, tax-preparation and payroll services, and heavy
   equipment leasing.

10. **Personal Services**: Includes educational services, health care, entertainment and recreation, personal
    and laundry services, veterinary services, loan brokers, credit intermediation and related activities, and personal transportation.

**Brief Description of Mr. Cutshaw:**

Kenneth Cutshaw is an accomplished globalist assuming career leadership assignments in business, law, hospitality, academia and government. Cutshaw has functioned in leadership positions from the C-suite to Boardroom to Operations. Cutshaw has served as CEO/President of companies in multiple industries including legal, F&B and restaurant groups. He serves on the Board of a global technology group based in India. He was a partner of an AmLaw top 25 law firm where his practice focused on international transactions. He taught business and law courses at four universities over two decades. He was a key participant in the international development of export control policies after the dissolution of the Soviet Union while working as an appointed Senior Executive with the USA Government. Cutshaw was an executive of a World Exposition, and founder of a post-Soviet private university in the Country of Georgia where he served as its first Law Dean. Kenneth has excelled in a wide spectrum of leadership environments demonstrating a work ethic gained in his youth from his family’s milling business in East Tennessee. Cutshaw’s professional assignments have included management, law partnership, scholarly teaching and publishing, entrepreneurial ventures, government and NGO leadership, political management and foreign policy.

Cutshaw is active on several Boards (Sonata Software, International Foundation for Electoral Systems, Temple Enterprises) as he guides his consulting group, Global Network Growth, with advisory service for expansion and development to its clients and as he Chairs the Board of FBE Ventures based in Singapore, a management company for multiple restaurant brands.