

Chapter 38 Outline

What Is Franchising?
The Franchise Contract
 What to Look for in Reviewing the
 Franchise Contract
Federal Trade Regulations
 When Disclosures Must Be Made
 Other Disclosures
 Franchise Disclosure Document
 Acts or Practices Which Violate the
 FTC Rule and Potential Liabilities
A Note on Hotel Management Contracts
Important Points for Management

Competencies

1. Define the term “franchising.” (p. 531)
2. List some of the typical provisions of a franchise contract. (pp. 531–533)
3. State the information the Federal Trade Commission (FTC) requires franchisors to provide franchisees, and list acts or practices that violate FTC rules. (pp. 534–536)
4. Describe the purpose of hotel management contracts. (pp. 536–537)