

## Chapter 7 Outline

Selecting the Hotel Company  
Management Contracts  
    Management Contract Services  
    Management Fee Structures  
    Contract Length and Renewal Options  
    Contract Termination  
    Control of Operations  
    Budgeting and Spending Limits  
    Insurance  
    Governing or Applicable Law  
    Staffing  
    Restrictive Covenants  
    Arbitration  
    Global Trends and Issues  
The Joint Venture  
Franchise Agreements  
    Advantages and Disadvantages  
    Agreement Contents  
    Franchise Fees  
    Agreement Length and Termination  
    Hotel Name

## Competencies

1. List several criteria to use when evaluating a management company or franchise affiliation. (pp. 219–220)
2. Define management contracts and outline typical management contract services. (pp. 220–222)
3. Identify and describe the basic elements of management fee structures. (pp. 222–225)
4. Identify and describe a management contract's likely provisions with regard to contract length, renewal options, and termination. (pp. 225–226)
5. Describe the typical responsibilities of each party to a management contract with respect to operating control, budgeting, and insurance. (pp. 226–228)
6. Identify negotiating concerns needing clear resolution with regard to what laws apply to or govern a management contract. (p. 228)
7. Describe the issues that tend to arise concerning personnel employed under a management contract. (p. 228)
8. Define restrictive covenants and outline the likely negotiating position of each party to a management contract with regard to such covenants. (pp. 228–229)
9. Describe the importance and uses of arbitration clauses in management contracts. (p. 229)
10. Define joint ventures and state their advantages and disadvantages. (pp. 230–231)
11. Define franchising and state the advantages, disadvantages, and contents of typical agreements. (pp. 231–232)
12. Describe how franchise fees, contract length, termination rights, and hotel name are likely to be covered in a franchise agreement. (pp. 232–233)