

## Emerging & Mature Systems

As franchise systems emerge and mature, company leadership will need advice and counsel from experienced and trusted lawyers to help manage franchise relationships and grow the business while navigating the shifting economy and the competitive marketplace. Our approach focuses on getting to understand you, your business and your strategic goals, challenges and opportunities. We invest in you to provide vital franchise legal services you need as your system grows and evolves.

For more than 40 years, Lathrop GPM has represented some of the largest and most-well known franchise systems in the world. Through our collective years of practice, we utilize invaluable insights and expertise to counsel you on the growth and evolution of your business. As an emerging or mature system, our group can assist you with:

- Leveraging your existing system to position for future growth
- Analyzing your franchise operations manuals to protect against vicarious liability claims
- Establishing franchise advisory councils
- Assisting with supply chain management and vendor agreements
- Expanding your franchise system through multi-unit or third party expansion
- Structuring franchise resale and referral programs
- Litigation and dispute resolution
- Franchise M&A
- International expansion

What separates us from our competitors is our dedication and commitment to our clients and the franchise industry. We have been active as a leading law firm in the franchise industry, with many lawyers serving in leadership roles within the International Franchise Association, the ABA Forum on Franchising, and other related industry groups. Lathrop GPM's franchise practice has consistently been recognized by Chambers Global and Who's Who Legal as leaders in

the franchise field.

### Our Experience

- **Sales Compliance Programs.** At this stage in development, a comprehensive sales compliance program can help maintain system growth while minimizing the risks that can result from the actions of uninformed or inattentive sales personnel. Our program includes a review of existing documents, policies and procedures, and a training program.
- **Operations Standards.** Maintaining minimum operations standards is another key to insuring consistency in the products and services offered to the public. We regularly assist franchisors in establishing quality service standards and policies to enforce those standards.
- **Approved and Designated Vendor Programs.** Franchisors must insure consistency in the product and services offered to the public. Managing the vendor process involves numerous issues, chief of which is the degree of control a franchisor desires to exercise.
- **Dealing with Multiple-Unit Franchisees.** Virtually all successful franchise systems have multiple-unit franchisees. When they represent a significant portion of a franchise system, their demands and negotiating power require a much different approach than that taken with one- or two-unit franchisees. We counsel our clients on dealing with multiple-unit franchisees and assist them in preparing and negotiating development agreements, establishing internal training programs, and avoiding and resolving disputes that could disrupt their franchise systems.
- **Franchise Advisory Councils/Franchisee Associations.** Successful franchise executives identify effective communication with franchisees as the most critical challenge in building a sound franchise system. As systems grow in size, franchisor executives find it more difficult to maintain personal contact with each franchisee. We counsel franchisors in the effective use of advisory councils and ways to deal with challenging franchisee groups.
- **Emerging Franchisors with Second Generation Agreements.** Many franchisors begin operations using one form of franchise agreement and modify or overhaul that agreement one or more times as the franchise system expands. This creates challenges in implementing system-wide changes. We strategize with our clients in establishing a game plan to implement these system-wide

changes without undue risks.

### **Representative Matters**

- We regularly review franchise documents to evaluate enforceability and compliance with existing laws, and to ensure that the documents reflect the franchisors' current franchise system.
- We have assisted franchisors in developing sales compliance programs, and Lathrop GPM offers emerging and mature franchisor clients personalized training seminars — Lathrop GPM Franchise University — for all franchisor and area representative personnel involved in the franchise sales process. This approach retains flexibility, as our goal is to reduce risks but not suffocate the sales process.
- We also have assisted many franchisors in examining and modifying the vendor process, from developing controlled (or affiliated) and preferred vendor programs to negotiating vendor agreements and establishing product and service standards.
- We have assisted many clients in negotiating development agreements and establishing internal training programs for multiple-unit and single-unit franchisees.
- We work with franchisor executives to assist in establishing franchisee advisory councils and other committees to encourage communication, including drafting bylaws and strategies on the most effective use of a council.
- We review operations manuals to evaluate vicarious liability risks and to ensure consistency with the franchise agreement.