

Chapter 5: Franchisee Training Requirements

Overview:

The training you offer your restaurant franchisees is a critical component of your offer. The quality and depth of the training you provide will influence both their initial decision to purchase a restaurant franchise and the future success of their operation. Training programs typically run 7-14 days. Depending upon how many restaurant franchise units you expect to sell, this can be offered monthly, quarterly, biannually, etc.

Goals for the chapter:

Communicate the initial training requirements and program.

Communicate any ongoing training programs or courses.

Ensure that the obligations match the Franchise Disclosure Document and Franchise Agreement.

Items to gather before starting:

List of any certifications your restaurant franchisees must obtain.

Any additional training requirements required by your insurance company.

Brainstorm with your key employees to identify the critical components of a training program.

Questions to consider:

What are the minimum requirements you want to set?

What is the timeline for the training requirements? Must they be met before opening the restaurant franchise? Do the training or certification requirements have the possibility to be extended?

What if a Franchisee fails a portion of the training or certification?

What kind of message will your training requirements send to potential customers?

Are you limiting your pool of potential restaurant franchisees by making your requirements too strict?

Which items require the most lead time?

Do any of your certifications or training programs rely on third party organizations? Are these reliable and up to your standards of professionalism?

In this section describe the details of the training requirements. Make sure to cover such topics as who is required to attend, who pays travel costs, etc.

A properly designed training course is one that effectively prepares the Franchisee for the “real world”. Topics should include, pre-opening steps and challenges, grand opening procedures, management and motivation of employees, customer relations procedures, vendor relations, and dealing with competitors to name a few.

ABC Restaurant Orientation Training

ABC Restaurant has specific training requirements which are a mandatory before opening for business. The orientation training is also a necessity for meeting insurance underwriting requirements and complying with ABC Restaurant standards. The training will prepare the prospective Franchisee for industry work as well as promote efficient business operations. It is the responsibility of the Franchisee to complete all ABC Restaurant training requirements as specified in the Restaurant franchise Agreement and ABC Restaurant Operations Manual.

ABC Restaurant offers our restaurant franchisees an Initial Training course presented by ABC Restaurant, at our facility in Lynnwood, Washington. *See the Training Program Course Outline, Schedule & Agenda (includes Number of Days)*. The Orientation Training Course will focus on the successful operation of an ABC Restaurant franchise.

The table below is the syllabus for a typical ABC Restaurant Orientation Training.

Your training syllabus will be taken directly from your Franchise Disclosure Document

Day	Subject	Instruction Manual	Approx Class Hours	OJT* Hours
1	Orientation: Meet key personal, Overview of Restaurant industry and company history and future, Relationship between franchisor and restaurant franchisee, Define comprehensive time table for opening business, Required certification, Compliance with local, state and federal regulations, Legal issues, Overview of support systems, Website tour	Operations Manual/ Training Manual	8	0
2	Office and administration: Physical requirements, Equipment and supplies, Vendors accounts, Customer record keeping, Accounting, General office procedures, Restaurant franchise reporting and fees, Employee issues, Customer communication etiquette, Use of professional services, Risk Management	Operations Manual/ Training Manual	8	0
3	Marketing: Marketing basics, Understanding the industry market – target clients, National marketing. Local marketing, Targeted marketing, <i>ABC Restaurant</i> trade mark protection, Pitfalls to avoid, Local Market research	Operations Manual/ Training Manual	8	0
4	Restaurant Training: The <i>ABC Restaurant</i> Process and The <i>ABC</i>	Operations Manual/ Training Manual	8	0
8	Field Equipment: Approved vendors, Start-up package, Vehicles and trailers – purchase and lease, signage, setup, Personal protective equipment, Basic mandatory equipment – use, operation, cleaning and maintenance, Additional equipment, Inventory, Ordering equipment and supplies, Legal issues	Operations Manual/ Training Manual	8	0
10	Food Preparation training: Menu Prepare menu items under guidance and supervision of trainer	Operations Manual/ Training Manual	0	8

Day	Subject	Instruction Manual	Approx Class Hours	OJT* Hours
11	Mock Shift Run a mock shift under guidance and supervision of trainer	Operations Manual/ Training Manual	0	8
12	Sales Training: ABC Restaurant sales process, Group presentations, Pricing, Customer care, ABC Restaurant calls , Monitoring sales success Final Exam Completion	Operations Manual/ Training Manual	8	0

Successful operation of an ABC Restaurant franchise requires satisfactorily attending and completing all segments of the orientation training course. You will typically attend the initial training approximately 30-60 days from signing the restaurant franchise agreement. The training session will begin approximately thirty (30) days or more before the opening of the Business. You are required to attend and complete the orientation training course, within six (6) months after signing the restaurant franchise agreement.

Orientation training is offered in accordance with the restaurant franchise agreement at no additional charge (only two eligible persons from each restaurant franchise). However, all travel expenses will be the responsibility of the restaurant franchisee. We do not charge you for attending this initial training, except as noted below. Each attendee must successfully pass the technical exam with a minimum passing score of 75 percent (satisfactory) as a prerequisite to achieving operating manager's status with ABC Restaurant.

Per the restaurant franchise agreement, the Franchisee must have at least one manager, which has completed the orientation training program, operating the Business during the entire term of the agreement. If the owner will be using a manager to run any daily operations, the manager is also required to satisfactorily complete this initial training and certification requirements as well. The fee for additional attendees from your restaurant franchised business attending the orientation training is \$2500, and does not include travel expenses, local accommodations or wages.

Finally, anyone purchasing an ABC Restaurant franchise from an existing restaurant franchise owner must attend and successfully complete the ABC Restaurant training program and all training and certification requirements as described herein, before as assumption of the restaurant franchise agreement occur.

Subsequent Training

All additional training offered by ABC Restaurant will be billed to the Franchisee at the then current rate and will not include travel expenses, local accommodations or wages. The Franchisee will be responsible for all expenses incurred by in connection with any additional

restaurant franchise sponsored training programs. The standard cost for additional training courses is listed at \$2500 per person. The following courses are offered once per quarter. Please contact your ABC Restaurant training contact to schedule participation.

Accounting and Business Finance (8 hours)

Advertising for your Business (4 hours)

Effective Selling Principles (8 hours)

Managing People Effectively (8 hours)

Selling to Corporate or Large Businesses (8 hours)

ABC Restaurant will continue to provide refresher training programs and make available such other seminars as ABC Restaurant deems appropriate. Any additional training seminars are subject to change given 30 days notice from ABC Restaurant. The Franchisee may make requests for specific training topics in addition to the aforementioned courses. ABC Restaurant will make every effort to create or provide additional training on requested topics that are: a) relevant to the business and, b) in demand from other restaurant franchisees.

ABC Restaurant Qualified Certifications

Franchisee Qualified Certifications ABC Restaurant operates in a technical business that requires a deep understanding of food preparation and presentation and processes to successfully meet our quality expectations. To maintain a high level of quality standards in the field, each Franchisee must ensure that proper training is completed by each field operations technician. This means that all individuals providing food services must meet the certification requirements of ABC Restaurant.

An individual may become certified by successfully passing the technical portion of the Franchisee conducted training program and upon meeting certification time/experience prerequisites. Restaurant franchise employees are required to complete the certification process within 2 years or when they reach the minimum requirements, whichever comes first. All field employees will be required to acquire the CFT (Certified Food Technician) certification. The cost of training manuals, media, and supplies for this certification is included in the initial restaurant franchise fee.

Additional Training/ Refresher Courses

The Restaurant franchisee, its managers or other employees, as designated, by the Franchisor, shall attend and complete to the Franchisor's satisfaction, such other training programs as the Franchisor may require in writing. The Franchisee must stay current with any changes or developments relating to the System and the Program. To that end, ABC Restaurant shall also provide refresher training programs and make available such other training programs as each is developed for Franchisee and to the Restaurant franchisee, or its managers or other employees, as ABC Restaurant deems appropriate. Franchisor may offer seminars, workshops, conventions or meetings. The Franchisor may conduct additional seminars or other training programs for the benefit of the Restaurant franchisee, and Franchisee (and/or Restaurant franchisee's employees) may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone

attending training shall be paid by Restaurant franchisee. Franchisee shall complete and/or shall cause its employees to complete, to Franchisor's satisfaction, such other additional training as Franchisor may reasonably require from time to time.

Additional Training & Certification fees and expenses are subject to change with industry changes in technical business and certifications requirements. We shall provide other training programs as each is developed and as we deem appropriate. Training will be conducted and offered on an as deemed necessary basis. You are required at your expense, to attend at least one annual seminar, workshop, or convention offered by us. All training provided by the Franchisor shall be subject to the terms set forth in the Restaurant franchise Agreement, and shall be at such times and places as may be designated by the Franchisor on website or Operations Manual, or otherwise in writing. Franchisee or its employees shall be responsible for all expenses incurred by Franchisee or its employees in connection with any training programs, including, without limitation, training fees (if applicable), the cost of travel and living expenses and employee compensation during periods of such training. In addition to such travel and living expenses, the Franchisee or its employees may incur a nominal charge for training materials and meals at certain training sessions.

ABC Restaurant may also offer training resources, at a cost to Franchisee to be determined by ABC Restaurant, to assist Franchisee at their business location for hourly employees.

Franchisee may make reasonable request for training in addition to that specified above, and Franchisor shall provide such training, at Restaurant franchisee's expense, including without limitation, any travel, lodging, meals and other related costs.

The Annual Training and Certification expense is approximately \$300 per employee per year for continuing education and membership dues. This is a variable expense and based upon current certifications.

ABC Restaurant may, at any time, discontinue management training and decline to certify Franchisee and/or Restaurant franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to ABC Restaurant. If Franchisee or Restaurant franchisee's designated individual's management training is discontinued by ABC Restaurant, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to Franchisor. If Restaurant franchisee's new candidate does not adequately complete the management training, then ABC Restaurant has the option of terminating this Agreement.

Annual ABC Restaurant National Sales Meeting

ABC Restaurant will conduct an annual national sales meeting for the all restaurant franchisees and any employees who would like to attend. The location of the national conference will be announced at the beginning of the year, to be held in the winter months of the same calendar. This will provide restaurant franchisees the opportunity to meet fellow restaurant franchisees, discuss upcoming industry trends, and take additional training courses. And share your comments with the management team. The costs for the seminars and 3 meals will be provided, however, restaurant franchisees are responsible for their own travel expenses.

Each year ABC Restaurant will conduct an assembly for the restaurant franchisees. During this time you will be given the opportunity to meet fellow restaurant franchisees, discuss upcoming industry trends, take additional training courses and share your comments with the management team.

Although most National Sales Meetings will differ from year to year, the basic event outlines have followed this structure:

Day 1- Arrival and Greeting

8:00 am- 2pm: Arrival of restaurant franchisees. Check into hotel.

3:00 pm: Assembly in hotel ballroom. Greeting by President John Doe

4:00 pm: Review of agenda for meeting: Sally Doe, CFO

5:00 pm: Cocktails followed by group dinner

Day 2- Working Agenda

8:00 am: Restaurant franchise Business Review; John Doe

10:00 am: Break

10:30 am: New Marketing Campaign Plans; Dan Dryer

12:00 Noon: Group Lunch

1:00 pm: Spotlight on #1 Restaurant franchise Award Winner: TBD

2:00 pm: Break

2:30 pm: Goals for the Coming Year: John Doe

5:00 pm: Meeting end; Departure