

# Franchising Terms

**Brand:** The mark, name, logo and identity of a company or business, and a franchise system's most valuable asset.

**Broker:** An outside salesperson. For a fee, a broker will sell a franchise for the franchisor.

**Business Conversion Program (BCP):** Franchising model where the Franchisee owns the land, building and some equipment. The 7-Eleven charge is lower for a Business Conversion store than for a Traditional location.

**College of Operations Leadership (C.O.O.L.) Training:** Current Franchisee training program that is self-paced and could last up to eight weeks.

**Corporate (Corp):** Store listed on the Stores Available List as a corporately operated site.

**Distributorships:** The right granted by a manufacturer or wholesaler to a business to sell its products.

**Franchise Disclosure Document (FDD):** Provides information about the franchisor and franchise agreement, plus a complete description of initial investment costs. The FDD is typically shared after an initial application is completed.

**Field Consultant:** 7-Eleven employee whose primary responsibility is to consult with franchise owners regarding their business – growing sales and profits and building an infrastructure to support it.

**Franchisee:** The person who is given the right from a franchisor to do business under its brand name.

**Franchise agreement:** The written contract between the franchisor and the Franchisee.

**Franchisor:** The business that grants the Franchisee the right to do business under the franchisor's brand.

**Franchise Sales Recruiter (FSR):** The person who works directly with Franchisees and their store operations during the start-up period.

**The Federal Trade Commission (FTC):** The U.S. government agency that regulates franchising.

**Goodwill store:** A franchise store available to purchase from a current franchise owner.

**Gross amount:** The term refers to the total amount made as a result of some activity. It can refer to things such as total profit or total sales.

**Initial Franchise fee:** This fee is the initial cost paid by the Franchisee for the right to use a business' brand name and business model, and receive funding and other potential services provided by the franchisor. It is typically paid after a franchise agreement is signed.

**Initial investment:** This is the initial cost of getting into business that includes the franchise fee, inventory down payment, cash register fund and costs for supplies, licensing, permits and bonds.

**Multi-unit franchise:** Franchising multiple locations within a business at one time.

**Net amount:** The term refers to the amount left over after all deductions are made. Once the net value is attained, nothing else is subtracted.

**New Store Open (NSO):** Store on the Stores Available List that has been open or operating for less than 12 months.

**Royalty fee:** A continuing fee paid by the Franchisee for the use of a brand and business model.

**Shared profit split:** A franchise business model that splits gross profits between the franchisor and the Franchisee.

**Single-store franchise:** The traditional Franchise model involving only one location.

**Store Support Center:** Corporate headquarters in Irving, Texas, where all functions supporting a franchise operation are housed – e.g., accounting, payroll, merchandising.

**Tried-and-True, Time-Tested Business Model:** A franchise that is sold to a Franchisee fully equipped and ready for operation.

**Vendor:** A supplier of products or services.

**Under Construction (UC):** Store on the Stores Available List as currently being under construction. This is usually a 7-Eleven site for a Traditional franchising opportunity.

**Zero Franchise Fee (ZFF):** Designation for selected Corporate-owned stores on the Stores Available List that require no initial Franchise Fee.

Source - Collected