

CROSSTRAINING

FOR YOUR FRANCHISE BUSINESS

When entering into a franchise business, new franchisees will expect to undertake some training in the operation of the franchise system into which they have entered and to provide induction training to new staff.

It is, however, important that the training does not stop there. In operating a franchise, you are operating your own business. It is critical that you take advantage of ongoing training opportunities provided by your franchisor, and external training providers, for both yourself as a business owner and your employees.

Considerations when choosing a franchise

When choosing a franchise to enter into, consideration should be given to training offered by the franchisor, whether voluntary or compulsory. This will be particularly important for prospective franchisees without prior experience in operating a business and who may need some additional support.

Some franchise systems will, prior to any formal franchise offer being made, require prospective franchisees to undertake the franchisor's training program. Such training will often be at the prospective franchisee's own cost and may take place at times that will preclude the prospective franchisee from being able to work while undertaking training. What's more, there is no guarantee that the prospective franchisee will be offered a franchise following the conclusion of the training.

An essential component of any franchise system is the operations manual. It is important that you familiarise yourself with the operations manual of your franchise. The first day of training should not be the first day you open your operations manual, as this will mean that the opportunity to easily raise queries will pass you by. In many

cases, a failure to properly understand and follow the operations manual of the franchise system will be considered a breach of the franchise agreement.

Ongoing franchisee training

Your own training should not be limited to operational training. Particularly when entering into your first business, there will be new business skills to be learned. Even for those with experience in business, there will be new skills to be learned or old skills to be refreshed and updated.

Many adult education providers offer training in skills such as using accounting and bookkeeping software packages and general computer skills in using programs such as stock control and preparing and working with spreadsheets.

Government departments, law firms, accountants and other professional groups also provide invaluable training on topics such as employment and consumer law obligations and tax. Such providers often provide free subscriptions to newsletters and other updates to enable you to be aware of when changes to the law take place.

Employee training

For most franchises, employees are the face of the business. They have the ability to either contribute to the growth of your business or turn customers away.

When training employees, it is important to look beyond 'the basics' such as operating the cash register and to provide training on interactions with their colleagues and your customers. Better trained staff will improve performance and quality, which in turn will reduce wastage and costs and ultimately increase your profitability.

Under your franchise agreement, you may also have obligations to ensure that certain key staff of your business satisfactorily complete any initial and ongoing training

programs provided or arranged by the franchisor. You may be penalised for breaching your franchise agreement if you fail to provide and pay for your employees to complete such training.

Health and safety

Business owners have obligations under occupational health and safety legislation to provide employees with a safe working environment. In addition, businesses face public liability and brand damage in the event of a customer accident. Particular attention should therefore be given to providing appropriate training to staff on identifying and managing risks and hazards as they arise.

Any food-based franchise will need to ensure that all employees have the necessary skills and knowledge to handle food in accordance with state government and local council food safety requirements. This requirement may be accompanied by a need to nominate a food safety supervisor who has accredited qualifications in identifying and preventing food hazards and supervising other people handling food.

Equal opportunity and human rights

Obligations also exist under federal equal opportunity and harassment legislation, as well as in each Australian state and territory, to provide workplaces that are free from harassment and discrimination. In Victoria, amendments to the law will soon provide for a positive obligation with the effect that employers take reasonable and proportionate measures to eliminate discrimination or harassment as far as possible. Inherent in this positive obligation is a need to provide staff and managers with appropriate training on identifying where discrimination or harassment arises, and the procedure to be followed to address a problem should such incidents arise.

In many cases, employees' actions in the workplace, when representing their employer's business, will be treated as being the actions of their employer. This is referred to as 'vicarious liability'. In defending any claim of vicarious liability against a business, the courts will look not only to what policies and procedures exist in a particular workplace, but also what training staff received on expected conduct and how consistently the policies, procedures and training in that workplace were enforced.

Training of employees must, therefore, not be limited to induction training but should be updated and refreshed on a regular basis. This may be done at times that are topical, for example, prior to the annual workplace Christmas party is the ideal time to retrain all staff on alcohol and drug policies as well as harassment and bullying policies.

Accredited training options

Accredited training provides an opportunity to have an external training provider educate your staff in skills such as up-selling and product knowledge. These skills are focused on maximising opportunities in each

customer interaction, as well as increasing productivity.

The possibility for employees to obtain an accredited and recognised qualification contributes to the recruitment and retention of better quality staff. Government funded incentives for employers provide financial reward for providing staff with training opportunities.

When choosing a training provider, choose a provider that has both state and federally funded training places, so that government-funded incentives paid to you are not then paid over to the provider. Also, seek out a provider with trainers that have experience in your industry and understand the particular challenges of your workplace.

When implementing accredited training programs, do not limit access to this training to those eligible for the highest employer incentive payments. The best results will be achieved when all staff are able to participate in training and work towards common goals.

Conclusion

A successful franchise should have an

ingrained regime of training and retraining that is directed not only to staff, but also the continuing development of the franchisees themselves.

When embarking on a franchise business, take time to consider any training that must be undertaken as a requirement under your franchise agreement, as well as training that will increase the skills of all people that contribute to the success and profitability of your business, including you.

This article was co-authored by Katie Sweatman and Esther Gutnick, Associates at Mason Sier Turnbull, a law firm renowned for its franchising law expertise. Located in Melbourne's industry heartland, Mason Sier Turnbull has strong commercial law skills and provides clients with sensible business solutions.

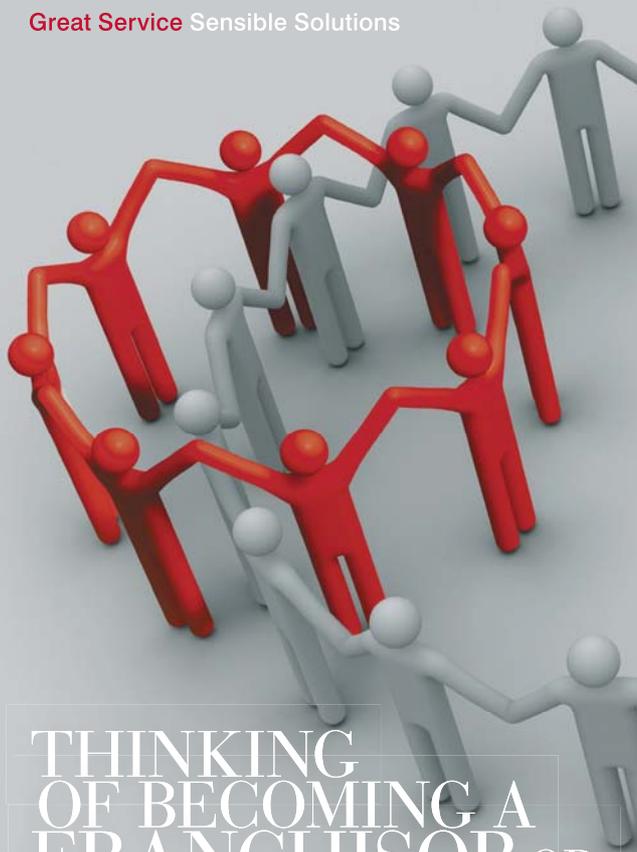
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THINKING
OF BECOMING A
FRANCHISOR OR
FRANCHISEE?

Franchising is exciting but requires specialist legal support services. Mason Sier Turnbull has 25 years experience in franchising.

For professional advice and service contact John Sier, Raynia Theodore or Philip Colman, members of the FCA, who represent clients throughout Australia and internationally.

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