

ADVANTAGES TO AREA DEVELOPMENT OPPORTUNITIES OF THE CONNOISSEUR

By Ken Hollowell

Our Values

- Leadership
- Integrity
- Knowledge that people are profits
- Commitment to excellence and success
- Belief in a proven system that works

Area Development Agreements allow for explosive growth opportunities in territories that have yet to be developed. These agreements allow for strong local support as well as tremendous investment opportunities to those who stake out a territory and then develop the area. Usually an Area developer will also operate an Individual franchise unit. Area development agreements are developed on an individual basis.

Area development

An area development agreement differs from a multiple single-unit relationship primarily because the franchisee agrees up front to open a specific number of locations during a defined period of time and within a specified area.

For example, suppose that you want to open ten outlets of The Connoisseur in your State. If you go to the franchisor and buy one franchise at a time, you risk having to share the market with other franchisees from the system or risk that the franchisor will have sold all the available franchises before you are ready to purchase them.

Instead, you enter into an area development agreement. This means you agree to open and operate the ten outlets over a defined period — say, five years — and the franchisor grants you exclusive rights for the development of locations in your area.

When it comes to applying the fee you pay for the development rights, nothing is typical; it varies from company to company. As you identify each location, you usually sign a single-unit franchise agreement. What you pay and how the franchisor applies the fee varies depending on the agreement. We at The Connoisseur will usually use a formula when dealing with 10 or more outlets in the Area Development Agreement are considered, a 50% reduced fee of the initial franchise agreement is accepted.

If you fail to meet the development schedule, the franchisor typically has the right to cancel the development agreement and keep the area development fee.

Lump sum Area Development Fee instead of individual franchise fees.

No competition from other franchisees of The Connoisseur.

Build out costs are usually lower.

Inventory and buying can be centralized.

Co-Op advertising is possible.

The rights to sell the outlet as a “turn-key” business and transfer the franchise agreement to a third party.

Usually easier to obtain Press and Articles for the business.