

## Franchisor-Franchisee Disputes

While there are approximately 750,000 franchise units in the United States, overall franchise growth has declined since the credit crunch in 2008 - and showed only a modest gain in 2012. It is no surprise that the lack of consumer confidence and consumer spending coupled with decreased access to credit and financing are the major problems.

However, there is another problem that is unique to the franchise industry. That problem, simply put, is the ability of many franchise systems to exert more control over their franchised units in order to protect their own profit margins at their franchisees' expense.

Franchisor-franchisee relations are under increased stress in the down economy. Several of the prominent franchisors have made the headlines after being sued for everything from charges of racketeering and corruption, complaints about unfair costs, and/or the misapplication of marketing and advertising funds.

As a result of these circumstances, franchisees are well-advised to have the right help available if/when urgent problems arise that need urgent solutions. Some of the more common problems and lurking liabilities include the following:

1. Alleged Franchise Agreement Breaches;
2. Forced Franchise-System Policies and Procedures That Don't Work In The Current Economic Environment;
3. Loss Of Money Invested, Net Profits, and/or Net Worth;
4. Loss of Personal Income; and
5. A Host Of Other Resulting Legal and Financial Problems (i.e. Employee-Related Problems, Collections, Down-sizing, Cost-Cutting, Credit Declines, Foreclosures, and Much More).

All of these problems can be dealt with economically and expeditiously if they are attacked before they get out of control. Please don't hesitate to contact me if I might be of service to you. I've worked on a discreet and confidential basis with hundreds of small business owners over the past 40 years and I can provide as many references as you want.

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