



BBA: Franchising Business & Startups

Course Details

Course Title	Franchising Business & Startups
Course Code	BBA
Credit Hours	3
Pre-requisites	N/A

Class Type	Days	Time	Room
Lecture	Tuesday & Thursday	1:00-2:30	TBA

Instructor

Instructor	Thomas Steinberger
Room	TBA
Consultation Hours	Thursday, 16:00 to 17:00
Email	tfs3@hotmail.com
Telephone	010-6474-7206

Mission Map

Mission Based Goals		Approximate % of Course Content	Approximate % of Assessment
Global Perspective		10%	10%
Asian Expertise		20%	10%
Creative Management Mind		30%	40%
Cross Cultural Competence		10%	10%
Social Responsibility		30%	30%
Total		100%	100%

SolBridge Mission & Course Objectives

The prime goal of the course is to deliver the promise of SolBridge. SolBridge has the mission of educating the next generation of Asian Thought leaders. The school aims to instill in our graduates a Global Perspective, Asian Expertise, a solid foundation in Management Knowledge, Cross Cultural Competence and a sense of social responsibility. This course aims to partially

fulfill the following elements of Solbridge Mission: Global Perspective, Asian Expertise, Creative Management Mind and Social Responsibility.

This course is about the process of designing a franchising startup and strategy to realize competitive advantage. The course will examine how franchise startups manage the challenges of growing a franchising concept across multiple units and of competing with rivals to achieve superior performance. Students will be equipped with conceptual and analytical tools needed for contemporary strategic analysis and formulation.

Tables 1 and 2 below outline the core and additional knowledge and skills (course contents) that would be acquired by students by the end of this course. Knowledge refers to an Understanding of Subject Matter, and Skills refer to practical use of the knowledge.

Table 1: Course Content - Core Knowledge & Skills

Knowledge	Skills
<p>1. Strategy, Franchising and Competitive Advantage</p> <ul style="list-style-type: none"> • Concept of Franchising • Measurement of Franchising Performance • Concept of Franchising Strategy and Different levels of Franchising Strategy: Franchisee, Franchisor • Location Strategies in Franchising • Relationship Between Franchising Strategy and Competitive Advantage 	<p><i>Developing a Franchising Startup Strategy</i></p> <ul style="list-style-type: none"> • Developing a Business Model for Franchising • Assessing Short-term and Sustained Competitive Advantage in a Given Franchising Firm • Evaluating Flexibility in Strategic Posture in Franchising Strategy <p><i>Constructing Vision and Value Proposition</i></p> <ul style="list-style-type: none"> • Crafting Contextually Appropriate Vision, and Value Proposition for a Given Franchising Firm
<p>2. Basic Steps of Formulating a Technology-Driven Franchising System</p> <ul style="list-style-type: none"> • Vision and Value Proposition at the Franchisee-Level, and their importance for Franchising Strategy • Understanding Challenges of Franchisee Operations and the Implications for use of Digital Technologies to Construct and Share Knowledge • Understanding the Roles of both Consistency and Flexibility in Franchising Operations • Identification of Strategic Technological Means for Controlling Quality in Franchisee Operations 	<p><i>Developing a Franchising System</i></p> <ul style="list-style-type: none"> • Designing a Digital Database for Developing Knowledge in a Franchising Startup • Identifying Near-term and Long-term Milestones for Managing Quality in Franchisee Operations through Digital Technologies • Strategically Designing Online Knowledge Transfer and Organizational Learning Structures for Franchisees • Identifying and Devising Technological Means to Develop both Consistency and Flexibility in Franchisees
<p>3. Governance: Managing Franchisees</p> <ul style="list-style-type: none"> • Growth Strategies for Using Multi-Unit Franchisees and Firm-Owned Units • Managing Franchisee-Franchisor Incentives • Issues in Franchise Contracting • History and Development of Contracting Arrangements in Franchise Firms • Franchising Firm Contractual Strategies in Asian Context 	<p><i>Franchisor-Level Management Strategy</i></p> <ul style="list-style-type: none"> • Choice of Unit Ownership Strategy in a Franchising Firm • Designing a Franchising Contract while Identifying Critical Incentive Issues • Selecting or Innovating a Franchising Contractual Arrangement based on Analysis of both Current and Historical Examples

<p>4. Growth Strategy</p> <ul style="list-style-type: none"> • Understanding variation in unit size of franchisees • Understanding importance of local concentration of franchisee units • Implications of variation in local context on choice of where to locate franchisees <p>5. Competing as a Franchising Firm</p> <ul style="list-style-type: none"> • Use of the Game of Go (<i>baduk</i>) as a metaphor and framework for understanding competitive dynamics between franchising firms • Advantages & Disadvantages of Different Location Strategies in terms of Competitive Advantage <p>6. Financial Management in Franchising Firms</p> <ul style="list-style-type: none"> • Issues in Managing Costs and Revenues Distinct to Franchising Firms • Implementing a Financial Control System for Franchisees 	<p>Franchisor-Level Growth Strategy</p> <ul style="list-style-type: none"> • Choice of franchisee unit size and proximity • Analyze Firm Context including financial implications and Determine the number of franchisee units to invest in and the timeline for doing so • Identify Actions to be taken for Successful Post-Growth of Franchisee Units during Early, Mid and Mature Stages of a Franchising Strategy • Analyze Firm Context to determine advisability and form of Strategic Alliance(s)
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Table 2: Course Content – Additional Knowledge & Skills

Knowledge	Skills
<p>7. Historical Roots of Franchising Systems</p> <ul style="list-style-type: none"> • Origins of franchising in pre-industrial era • Link between broad infrastructure developments and nature of franchising concepts • Different categories of franchising functions and their historical emergence 	<p>Long-Run Forces and Choice of Franchising Strategy</p> <ul style="list-style-type: none"> • Identification of Large-Scale Force that Shape Franchising Strategies • Using historical context to reason about how current forces are likely to shape future franchising concepts and strategies
<p>8. Business Model Formation in Franchising Firms</p> <ul style="list-style-type: none"> • Using the business model canvas to create and iterate a franchising strategy 	<p>Business Model Canvas</p> <ul style="list-style-type: none"> • Ability to Construct Franchising Firm Specific Business Model Canvas with available Information on franchising firm strategy and Operations
<p>9. Institutional Context and Franchising Strategy</p> <ul style="list-style-type: none"> • Role of local and national government institutions in shaping franchising firms' strategies • Role of cultural institutions and norms in choice of franchising strategy 	<p>Institutional Context</p> <ul style="list-style-type: none"> • Ability to identify and collect relevant information on government and non-government institutions for use in formulating a franchising concept and strategy

Teaching Methodology

The Course will be taught as a design seminar, where students will be expected to form small groups and work together to build digital prototypes of a franchising system and to layout a

corresponding franchising strategy (a pitch). A significant share of course time will be devoted to doing group work, and then presenting the group work to the class. In addition, the course will feature a lecture on core aspects of franchising, mixing both concepts and case examples. The emphasis is on acquiring practical know-how as well as conceptual understanding. A high level of student involvement and creativity is expected.

Ethics

Plagiarism

SolBridge considers plagiarism as a serious breach of professional ethics. Plagiarism will not be tolerated in any form at SolBridge. Penalties can be as severe as expulsion from the university. To avoid plagiarism it always best to do your own work or cite the work of others appropriate. Refer to your student handbook for a more detailed description of plagiarism and the associated penalties.

In this class, the rules are:

1. The first instance of plagiarism will result in a “zero” for the assignment in question, and a report will be filed with disciplinary officer.
2. The second instance of plagiarism will result in a fail grade for the entire course, and a report will be filed with disciplinary officer.
3. The third instance will result in institutional-level disciplinary action which could include expulsion from the school.
4. The instructor will report each instance of plagiarism, academic dishonesty and violation of school disciplinary rules to the disciplinary officer.

Copying Textbooks, copyrighted materials and academic dishonesty

Copying Textbooks and other copyrighted materials without permission of publisher or author is tantamount to theft. Therefore, students are expected to purchase the prescribed books and other materials from the Woosong Bookstore.

- Students using copied versions of books without permission will be asked to leave the classroom.
- In addition, such students will get “zero” participation points and any other penalties as levied by the instructor.

Academic Dishonesty includes but not limited to: (a) cheating during examinations, (b) obtaining/ providing information for reports, assignments and examinations by fraudulent means, and (c) false representation of others’ effort as one’s own.

Some examples of academic dishonesty are: copying from other students during examinations; copying material from other students’ reports/ assignments and submitting the same as one’s own report; creating fictitious interview materials for assignments or reports.

Readings

The course will assign short readings and multimedia, to be chosen according to the progression of the course and the particular group of students. The course will *not* make use of a textbook (existing textbooks on franchising tend to focus on the contractual and administrative aspects of franchising, rather than the entrepreneurial and design aspects that are the focus here).

Assessment Methods

Component	Weight	For Grading
1. Class Participation	20%	Attendance 20%
2. Quiz 1	10%	Midterm 20%
3. Quiz 2	10%	
4. Project – Development of a Database for a Franchising System	20%	Assignments 20%
5. Final Project	20%	20%
6. Final Exam (Essay)	20%	20%
Total	100%	100%

Class Participation (20%)

Class participation and attendance bears 20%. Now is the time to carefully note the points lost for each absence and its potential impact on your final grade.

Midterm (20%)

At the start of Week 6 and Week 23, a short quiz will be administered at the beginning of class regarding the basic concepts from the lecture part of the course.

Project (20%) & Final Project (20%)

The Class Project (weekly assignments + final project) will be the main assignment to be graded for the course. Although the final project will be due at the end of the course, it will be based on the accumulation of in-class assignments that are done throughout the course sessions. As such, the main separate tasks for the final project should focus on editing and integrating the outcomes of the group work done in class. Given this is the case, it is clearly important that everyone participates actively and creatively in the day-to-day group work activities.

Final Examination (20%)

The final examination will test your understanding of the core issues of designing and implementing a franchise system and strategy that are covered in the group work and assignments for the course. As such, it will test the fundamental concepts covered in both the lectures and Class Project assignments.

Course Schedule

Week-Lec-Date	Topics & Readings	Remarks/Submissions
Part I: Franchising Background & Key Definitions		
Week I – Lec 1	Franchising and Startups: Basic Concepts -Course structure and expectations	<i>Group Work:</i> Team Formation
Week I – Lec 2	Value Creation in Franchising: Consistency and Flexibility -How value creation in franchises differs from other businesses <i>Readings:</i> 1. Jeffrey Bradach, 'Value Creation in Franchising Organizations' (PDF)	<i>Group Work:</i> Construct a Basic Value Creation Model for a Franchise Organization
Part II: Basics of What Franchises Do & their Social & Historical Context		
Week II – Lec 3 & 4	Developing a Franchising Startup -Building a franchising system; role of digital technologies -Introduction to Class Project domain -Introduction to building a database for a franchising system <i>Readings:</i> 1. The Longstanding Tradition of Korean Makgeolli (watch video too). 2. Ted Nelson, 'Arrays' and 'Data Structures'	<i>Group Work:</i> None
Week III – Lec 5 & 6	Goals, Activities & Quality Control in a Franchising Startup -Milestones & project management in franchising -Introduction to Class Project database -Activities in a franchising startup <i>Readings:</i> 1. Atul Gawande. ' How to Fix US Healthcare: The Cheesecake Factory ' 2. Steve Denning, 'How NOT to Fix US Healthcare: The Cheesecake Factory' (PDF)	<i>Group Work:</i> Begin building of Class Project database

Week-Lec-Date	Topics & Readings	Remarks/Submissions
<p>Week IV – Lec 7 & 8</p>	<p>Rationalization in Franchising Startups</p> <ul style="list-style-type: none"> -Impact of franchising on society -Categories in databases -Text descriptions in databases <p><i>Readings</i></p> <ol style="list-style-type: none"> 1. <i>George Ritzer, 'The McDonaldization of Society' (PDF)</i> 	<p><i>Group Work:</i> Identify and describe categories in a database</p>
<p>Week V – Lec 9 & 10</p>	<p>QUIZ 1</p> <p>History of Franchising</p> <ul style="list-style-type: none"> -Franchising from Middle Ages to Today -Correlations among variables -Cleaning data in databases <p><i>Readings:</i></p> <ol style="list-style-type: none"> 1. <i>Tommy Peterson, 'Data Scrubbing'.</i> 2. <i>Chris Anderson, 'The End of Theory';</i> 3. <i>INSEAD, 'The Eight Most Common Big Data Myths'.</i> 	<p><i>Group Work:</i> Clean variables data and develop hypotheses</p>
Part III: Technology & Learning in Franchising Startups		
<p>Week VI – Lec 11 & 12</p>	<p>QUIZ 1</p> <p>Digital Technology & Franchising Startups</p> <ul style="list-style-type: none"> -Operations control with digital technology in franchises -Personal computing and media in franchises -Class Project: Analyzing database variables 	<p><i>Group Work:</i> Construct definitions and principles for quality control by selecting and validating hypotheses about database variables</p>
<p>Week VII – Lec 13 & 14</p>	<p>Franchisor Strategy</p> <ul style="list-style-type: none"> -Developing knowledge for use across franchisees -Developing a business format -Class Project: scheduling activities in franchising startups 	<p><i>Group Work:</i> Construct a production schedule from the database</p>
<p>Week VIII – Lec 15 & 16</p>	<p>Learning Strategies in Franchising</p> <ul style="list-style-type: none"> -Knowledge transfer processes -Developing 'know-how' (i.e., procedures, standards), and use cases -Class Project: developing knowledge acquisition goals and priorities 	<p><i>Group Work:</i> Construct a set of recipes from the database</p>
Part IV: Strategically Growing and Competing as a Franchising Firm		

Week-Lec-Date	Topics & Readings	Remarks/Submissions
<p>Week IX – Lec 17 & 18</p>	<p>Franchising Contracts</p> <ul style="list-style-type: none"> -Basics of contracts in franchise organizations -Class Project: importance of user feedback; construction of templates for use cases <p>Readings:</p> <p>‘Convenience Store Owners form Independent Cooperative’, <i>Hankyoreh</i></p>	<p><i>Group Work:</i> Obtain user feedback and use to revise database design</p>
<p>Week X – Lec 19 & 20</p>	<p>Business Models in Franchising Growth</p> <ul style="list-style-type: none"> -Multiunit Franchising -Business model design -Class Project: turning principles into ‘know-why’ <p>Readings:</p> <p><i>Jeffrey Bradach, ‘Unit Growth in Franchise Organizations’ (PDF)</i></p>	<p><i>Group Work:</i> Construct know-why principles, if/then statements, and lists of exceptions regarding the database</p>
<p>Week XI – Lec 21 & 22</p>	<p>Location Strategies</p> <ul style="list-style-type: none"> -Models for choosing franchisee locations -Systemwide adaptation strategies with <i>baduk</i> -Class Project: introducing graphical interfaces and toolboxes for database display <p>Reading:</p> <p>‘Korean Chicken Franchises Suffer from Losses Overseas’, <i>Korea Times</i></p>	<p><i>Group Work:</i> Add contingencies, principles, and exceptions to recipe descriptions</p>
Part V: Strategically Growing and Competing as a Franchising Firm		
<p>Week XII – Lec 23 & 24</p>	<p>QUIZ 2</p> <p>Graphical Interfaces in Franchising Startups</p> <ul style="list-style-type: none"> -GUIs for operations -GUIs for customers -Sketching/whiteboarding design techniques <p>Readings</p> <p>‘Drawing Dynamic Visualizations’, Bret Victor (video)</p>	<p><i>Group Work:</i> Convert recipes into graphical designs using a graphical toolbox</p>

Week-Lec-Date	Topics & Readings	Remarks/Submissions
<p>Week XIII – Lec 25 & 26</p>	<p>Principles of GUI Design in Franchising Startups</p> <ul style="list-style-type: none"> -Growth and differentiation strategies in franchises -Digital versus traditional franchises: competitive dynamics -Class Project: basics of coding GUIs in Python <p><i>Readings:</i> Airbnb: 'Building a Visual Language'</p>	<p><i>Group Work:</i> Present overall strategy for a franchising firm</p>
<p>Week XIV – Lec 27</p>	<p>Creating a Pitch for Franchising Startups</p> <ul style="list-style-type: none"> -Growth and differentiation strategies in franchises -Digital versus traditional franchises: competitive dynamics -Class Project: basics of coding GUIs in Python 	<p><i>Group Work:</i> Construct a pitch for how your team's database and tools create value for franchisees</p>
<p>Week XV & XVI – Lec 28 & 29</p>	<p>Group Presentations</p> <ul style="list-style-type: none"> -Students give user feedback 	<p><i>Group Work:</i> Present overall strategy for a franchising firm</p>
<p>Week XIV – Lec 30</p>	<p>Final Examination</p>	