

your logo

Confidential Operations Manual

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Supersedes all Previous Versions

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CHAPTER 1 • THE CONFIDENTIAL OPERATIONS MANUAL

OVERVIEW

The [[Franchise Name]] Confidential Operations Manual was designed to be an easy-to-use training and reference manual to help you open and run your new business. You should read the Manual through at least once, and make it an active tool in the management of your [[Franchise Name]] franchise.

The approach we took when writing the Manual is that you don't know anything about this business, even if some of you do, and that you are starting with a clean sheet of paper. Our goal with the Manual and training is that when finished, you will have the information and know-how you need to successfully open and run your [[Franchise Name]] business.

No manual, however, can anticipate every situation that may come up. When you have a question or problem that isn't in the Manual, call us. Most likely we have dealt with that situation, and if we haven't, we can help you find a solution. You don't have to go it alone.

OWNERSHIP / MODIFICATION

The Manual is our property. It is on loan to you during the term of your Franchise Agreement. You may not duplicate, copy, show or broadcast the contents of the Manual during or after the term of your Franchise Agreement.

We can modify or supplement the Manual on notice or delivery to you. You are required to keep the Manual current at all times. On the termination or non-renewal of your [[Franchise Name]] franchise, you must completely remove the Manual from all computer systems or otherwise destroy it. You are required to return printed Manuals to us.

CONFIDENTIALITY / RESPONSIBILITIES

You are required to operate your [[Franchise Name]] franchise by our standards, specifications, policies, and procedures in the Manual or as otherwise communicated to you. You must treat the information in the Manual and any other manuals or supplemental material supplied by us as confidential.

You may not show or share any confidential or other information given to you about our methods or procedures during or after the term of your Franchise Agreement, other than your employees or financial advisors who reasonably need access to this

information, and only if the confidential information is made available to them with this obligation of confidentiality.

You may only give access to the Manual to employees who have signed the Confidentiality and Non-Compete Agreement in the Resources section of this Manual, and have a legitimate need to know the subject matter.

If you share any part of the Manual with an employee, it must be in your [[Franchise Name]] business location. Employees and contractors may not remove any part, pages or copies of the Manual from your [[Franchise Name]] business location.

LIMITATIONS

Nothing in the Franchise Agreement prohibits you from using the Confidential Information in this Manual in the operation of your [[Franchise Name]] business under the terms of your Franchise Agreement.

STORAGE

The Manual must be stored in a locked safe when you are not using it. If the Manual is stored electronically on your computer, access to the computer system must be password protected and the password known only by you.

RECEIPT

Please sign and return the Acknowledgment of Receipt of Manual form in the Resources section of this Manual.

CHAPTER 2 • INTRODUCTION TO THE FRANCHISE SYSTEM

WELCOME LETTER FROM OUR FOUNDER

Welcome and congratulations on your decision to join the [[Franchise Name]] franchise system!

As the founder of the company, I want to assure you that we will do everything we can to provide you the training, knowledge, and expertise you need to open and run a successful [[Franchise Name]] business.

Having been in business for over [[XX years]] in the [[type of business]], we have developed systems and processes that you can use to launch and then speed up the growth and profitability of your [[Franchise Name]] business. One key to our success has been our focus on the customer, and this will be your focus too. Communication and being responsive to our customers' needs is a cornerstone in the development of a loyal customer base.

We realize that our success depends on your success, and we will be with you every step of the way. All of us will be available to answer questions, work through issues and help train you and your staff. While you are building your [[Franchise Name]] business and credibility in your local market, we will continue to grow the [[Franchise Name]] brand and develop and foster positive working relationships with suppliers, national advertising publications and vendors.

We look forward to working with you as we all set out to create the leading [[type of business]] franchise in the country. We trust that your experience with us will be rewarding, challenging, and profitable.

Very truly yours,

[[Owner's Name]]

[[Owner's Title]]

[[Company Name]]

HISTORY

(Insert Company History Here)

SUPPORT

From time to time, you will encounter situations and questions that will require an answer from the corporate office of [\[\[Company Name\]\]](#). The following is a list of departmental contacts with a short description of areas of responsibility.

If you are unable to determine whom to contact from the list below, call or email your best guess and if not right, they will gladly guide you in the right direction.

Corporate Address

[\[\[Corporation Name\]\]](#)

[\[\[HQ Address\]\]](#)

[\[\[HQ City, State, Zip\]\]](#)

[\[\[HQ Fax\]\]](#)

[\[\[main@franchisename.com\]\]](mailto:main@franchisename.com)

CONTACT INFORMATION

Franchise Compliance

Questions or help with franchise documents and compliance with system standards.

[\[\[Name](#)

Cell/Direct: (555) 555-1212

[name@franchisename.com\]\]](mailto:name@franchisename.com)

Training

Questions about training schedules, attendees and scheduling Initial Training.

[\[\[Name](#)

Cell/Direct: (555) 555-1212

[name@franchisename.com\]\]](mailto:name@franchisename.com)

Insurance

Questions about insurance coverage and adding flood or other types of insurance.

[[Name
Cell/Direct: (555) 555-1212
name@franchisename.com]]

Marketing

Questions about ad placement or approval of local ads, stock ads for download and custom ad design (creative) and cost.

[[Name
Cell/Direct: (555) 555-1212
name@franchisename.com]]

CHAPTER 3 • SERVICES / OBLIGATIONS

SERVICES WE PROVIDE

This chapter is an overview of the services we provide all [[Franchise Name]] franchisees. There is also a section on your obligations under the Franchise Agreement. Refer to your Franchise Agreement for the legal definitions of yours and our obligations.

Site Selection

(Make sure the following agrees with the Franchise Disclosure Document (FDD) and Franchise Agreement)

The Site Selection section in this Manual has our site selection criteria. You can use the site selection criteria to find suitable locations to submit to us to evaluate your proposed site or sites. You may not lease a location for your [[Franchise Name]] business until you have our written approval.

Generally, we will respond to your site approval requests within two weeks after you have supplied the required information. You can help speed up this process by making sure that the proposed site meets our site selection criteria before sending the proposed locations to us.

If you favor a site that does not meet our site selection criteria, please give us a written description of all of the reasons you feel the site should be approved.

Lease Approval

The Site Selection section in this Manual includes a list of things to take into consideration when negotiating your lease. Your Franchise Agreement also contains some mandatory provisions that your lease agreement must include. You may not sign a lease for a location until you have received our written approval.

Generally, we will respond to your lease approval requests within one week after you have supplied all of the required information. You can help speed up this process by making sure that the proposed lease contains all of the required provisions and other information needed.

Although we review the lease and may make suggestions, we do not help you negotiate your lease.

Initial Training

We provide an initial training program for you and your initial manager at mutually convenient times, typically within 120 days after you sign the Franchise Agreement.

See the Initial Training Section in this Manual for more information about scheduling and attending Initial Training.

Other Initial Support

We will provide you with reasonable consultation regarding constructing, remodeling or decorating your location.

Opening Support

(Make sure the following agrees with the FDD and Franchise Agreement)

We will make available one or more of our key personnel to help you in the opening of the [[Franchise Name]] business. You must request this additional help and assistance at least 30 days before opening, and is available as time and personnel permits. We don't charge for this support, but you must pay for our travel and living expenses while at your location.

The Grand Opening section of this Manual has more information about your Grand Opening.

Ongoing Training and Support

We will:

- Periodically offer training programs at our corporate location, at an existing [[Franchise Name]] location or another place we choose.
- Make available one or more of our key personnel to help you in the ongoing operation of the [[Franchise Name]] business. This added help must be requested by you and is available as time and personnel permits. We don't charge for this support if asked for in the first 90 days in operation, but you must pay for our travel and living expenses while at your location.
- Offer continuing help and guidance through information posted on the [[Franchise Name]] website, memos, bulletins or newsletters, and consultations by phone or in person, including advisory services on promotional, business and operations, and analysis of your sales and marketing.

- When available, we will supply you with materials and bulletins on sales techniques, marketing developments, and other products either without charge or by our current price lists.

Suggested Retail Prices

We may make suggestions to you regarding your pricing policies, but you have the exclusive right as to the minimum prices you charge for the products and services at the [[Franchise Name]] business. We can establish maximum prices you can charge for sales promotions.

Any list of prices we furnish to you are suggestions only. Except for specifically stated maximum pricing, your relationship with us will not be affected if you don't use our pricing suggestions.

Approved Suppliers

We will maintain and provide you with a list of approved items and a list of approved suppliers, and periodically update these lists as needed.

Marketing Programs / Brand Building Fund

(Make sure the following agrees with the FDD and Franchise Agreement)

We or our affiliate will perform advertising, public relations, promotion, and market research activities to promote public awareness and patronage of our franchises. Each franchisee must participate in the Marketing Programs we require and pay a [[_____%]] monthly Brand Building Fund fee.

(Alternate text if no brand building fund, or in addition to the brand building fund requirement)

We will develop and make available to you advertising and promotional material for use in the [[Franchise Name]] business. Stock camera-ready art is available for download at no charge. Custom-camera ready art is designed by our in-house creative department at our cost plus an administrative fee to develop those materials, plus any handling charges.

Internet

We or our affiliates will sponsor and maintain the [[Franchise Name]] website. As long as you are not in default under the Franchise Agreement, your [[Franchise Name]] restaurant will be listed as a location on our site.

VISITS FROM US

(Make sure the following agrees with the FDD and Franchise Agreement)

We will visit your [[Franchise Name]] business on a regular basis, usually two times a year. This visit gives us an opportunity to see how you are doing, and for you to ask our key personnel any questions you may have about operations.

We may use this opportunity to conduct a formal inspection of your [[Franchise Name]] restaurant or to provide additional training. We will usually provide you with notice of a planned visit, but we can show up unannounced. We appreciate the cooperation of you, your managers and employees during those visits.

The following will be a part of any formal inspection visits from us:

- Our cleanliness standards of your employees and restaurant.
- Training of [[Franchise Name]] employees following the standards in this Manual or other communications from us.
- The presence, maintenance and proper use of required equipment.
- Employee appearance and performance, and the use and condition of required uniforms.
- The number of customer complaints.
- Our quality standards of all raw products compliance.
- Exterior and interior restaurant appearance.
- Preparation and service of finished products.
- The menu and availability of a full line of products.

CONVENTIONS

(Make sure the following agrees with the FDD and Franchise Agreement)

We may hold or sponsor franchise conventions or meetings relating to new products and product preparation procedures, new operational procedures or programs, restaurant management, sales, traditional marketing, and advertising, social media advertising, entertainment formats and like topics and require that you, your manager and other key personnel attend.

YOUR OBLIGATIONS

(Make sure the following agrees with the FDD and Franchise Agreement)

You must comply with the requirements in the Franchise Agreement and this Manual. The following is a brief outline of some of your obligations under the Franchise Agreement.

- Locate and lease an approved site for your [[Franchise Name]].
- Attend and complete the initial training program to our satisfaction.
- Prepare approved plans for the construction, build-out or remodeling of the site.
- Obtain all required permits, licenses, and zoning variances.
- Complete the construction, build-out, and remodeling of your [[Franchise Name]] restaurant.
- Install all required equipment, furnishing, fixtures, signs, and décor.
- Purchase and stock all of the required inventory and supply items.
- Buy and maintain the required insurance coverage.
- Open bank accounts as we require and authorize electronic transactions that we will initiate.
- Open for business within [[six months]] after signing the Franchise Agreement.
- Use our grand opening promotional services for your local advertising, public relations, promotion, and other marketing activities for your grand opening.
- Continually operate and maintain the [[Franchise Name]] business.
- Offer all approved items and services, and no other items or services.
- Participate in all advertising, public relations, promotions, market research, and other marketing activities for the franchise system.
- Keep the business open and in normal operation for the minimum required hours and days.

- Require your managers and other [[Franchise Name]] employees wear uniforms and trade dress we specify.

Refer to your Franchise Agreement and other parts of this Manual for more details about these and other obligations. Make sure you read the Franchise Agreement carefully.

CHAPTER 4 • INITIAL TRAINING

OVERVIEW

(Make sure the following agrees with the FDD and Franchise Agreement)

Your initial training will take [[five]] days and cover the topics in the chart below. We will give you a complete schedule before the start of training. Initial training is held at our corporate offices in [[City, State]], at an existing [[Franchise Name]] restaurant or other location we choose.

Initial Training

We conduct the initial training on an as-needed basis. We must approve any management or other personnel in writing before attending the training courses. Attendance by you and your manager is mandatory.

Initial training must be completed successfully to our satisfaction at least 45 days before you open your [[Franchise Name]] business.

- If you are an entity, all of your owners must complete the training program.
- If you are one or more individuals, each franchisee must complete the training program.
- If you or your owners are not directly involved in day-to-day operations, we require your manager to complete the initial training program. Any successor manager you employ must complete the initial training program before or as soon as possible after being named as your manager.

Expenses

(Make sure the following agrees with the FDD and Franchise Agreement)

We do not charge for the initial training program for you and one other person, but you are responsible for making arrangements and paying the travel and living expenses for anyone that attends.

If you wish to include more than two people in the initial training session, you must get approval from us when you schedule your training session. To cover training materials and additional staff, you may be charged a fee for other trainees you register for the training session.

You are responsible for your travel expenses to and from the training facility. You are also responsible for your morning and evening meals and lodging during your stay.

Hotels

We recommend that you locate and stay in a hotel close to the training facility. For your convenience, here is a list of hotels close to our corporate offices. You may also call us for more recommendations.

[[Hotel Name
Hotel Address
Hotel City, State, Zip
Hotel Phone Number]]

[[Hotel Name
Hotel Address
Hotel City, State, Zip
Hotel Phone Number]]

[[Hotel Name
Hotel Address
Hotel City, State, Zip
Hotel Phone Number]]

[[Hotel Name
Hotel Address
Hotel City, State, Zip
Hotel Phone Number]]

Scheduling Initial Training

We require you to schedule your training session no less than three months before your grand opening and complete training at least 45 days before your Grand Opening.

You can schedule your initial training session by calling corporate headquarters at [\[\(555\) 555-1212\]](tel:555-555-1212). When you schedule your initial training session, we will give you the training location if not at our corporate offices.

Instructional Materials

The instructional materials will be provided to you at the start of training, and include the [[Franchise Name]] Operations Manual, videos, checklists, demonstrations and various handouts.

Training Agenda

Your initial training will take [[five]] days and include classroom and on the job training. The initial training program covers the topics shown in the chart below.

It is the nature of [[Franchise Name]] businesses that all parts of training are combined. For that reason, there are no listed starting and stopping times for classroom or on-the-job training.

The times listed are our best estimates of time devoted to each subject, classroom and on-the-job training, and may differ from your actual training session.

(The chart below is an example of a training schedule. Use it as a guide to create your own schedule, or use the one in your FDD)

Training Schedule

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome! Tour of the Bar, Kitchen and Stage, [[Franchise Name]] Company Philosophy	1	1	[[City, State]] Corporate Offices
[[Franchise Name]] Operating Manual, Pre-Opening, Personnel, Management and Customer Service	3		[[City, State]] Corporate Offices
Advertising, Marketing and Promotion, Print Programs, Social Media, Local Restaurant Marketing, Pricing and Coupons	4		[[City, State]] Corporate Offices

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Scheduled Entertainment, Comedy and Music Jams, Stage, Lighting and Sound Mixer, Entertainers, Music Hosts, Bands, Single Performers	4	2	[[City, State]] Corporate Offices
Hands-On Training at a [[Franchise Name]] Restaurant		20	[[City, State]] Corporate Offices
Reporting Requirements, Accounting and Record Keeping, Inventory Management, Sourcing, Approved Vendors, Payroll, P & L Statements	4		[[City, State]] Corporate Offices
Front/Back of House, Kitchen and Bar, Food Prep, Cleaning and Sanitation, Bartending, Coffee, Servers, Food Presentation, Safety Procedures	4	8	[[City, State]] Corporate Offices
Pre-Opening Procedures, Licenses and Permits, Liquor License Application	4		[[City, State]] Corporate Offices
Real Estate Criteria, Location Site Form, Build Out, Interior Design and Décor, Opening Inventory	4	5	[[City, State]] Corporate Offices
Final Review, Q & A	4		[[City, State]] Corporate Offices
Total Hours	32	36	

ADDITIONAL TRAINING

Food Safety Training

If your [[Franchise Name]] restaurant is located in an area that requires your employees to have a valid food handler certificate or FHC, you will need to make arrangements for that additional training.

You can contact your local county health department or community college for class locations and times. The classes generally last only one day.

CHAPTER 5 • OPENING FOR BUSINESS

OVERVIEW

Before you open your [[Franchise Name]] business, you should form an entity to act as the operator. An entity is a legal fiction that allows a company to take on a separate existence apart from its owners, even though the owners still control the business.

FORMING AN ENTITY

There are many different types of entities recognized by the laws of most states and the IRS, with advantages and disadvantages with each structure that you should take into consideration. The decision on how to structure your [[Franchise Name]] business is yours.

We have included some basic information about entity structures to help you when working with your advisors, but it is not or intended to be, legal advice.

Consult with your accountant and attorney to determine the best business structure. They can provide additional information about the advantages and disadvantages of each form of business structure in legal and financial terms.

Sole Proprietorship

A sole proprietorship exists when a single individual operates a business and owns all of the assets. If you choose not to form an entity to operate the [[Franchise Name]] business, you will be considered a sole proprietorship.

With a sole proprietorship, you will be personally liable for all debts and obligations of the business, and the life of the business is limited to the life of the individual proprietor. A sole proprietorship makes no distinction between personal and business debts, and it does not require a separate income tax return.

General Partnership

A partnership is a relationship between two or more people who share ownership in a single business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses, liability and management of the company equally or according to the management agreement.

A general partnership is a separate business entity, but creditors can still look to the partners' assets for satisfaction of debts. If two or more individuals own the

franchise, the individuals will usually be considered to be partners in a general partnership. General partners share equally in income and liabilities. A general partnership must file an annual partnership income tax return separate from the partners' tax returns.

Limited Partnership

Limited partnerships are partnerships where some partners have limited management authority and limited liability. The limits relate to the investment levels and the ownership entitlement.

A limited partnership is similar to a general partnership, but one or more of the partners will be general partners, and one or more of the partners will be limited partners.

Creditors can still look to the general partners' assets for satisfaction of debts, while the limited partners are usually shielded from liability. A limited partnership must be registered with the secretary of state's office or the state department of corporations, and file an annual partnership income tax return separate from the partners' returns.

"C" Corporation

A corporation is an independent legal entity owned by shareholders. It has a separate legal identity from its owners. The corporation is held legally liable for the actions and debts incurred by the business, not the shareholders that own it. When forming a corporation, potential shareholders exchange money or property for the corporation's capital stock.

A corporation offers protection to the business owners' assets from debts and liabilities relating to the operation of the corporation. A corporation must register with the secretary of state's office or the state department of corporations.

A corporation generally takes the same deductions as a sole proprietorship to figure its taxable income and can also receive special deductions. For federal income tax purposes, a corporation is as a separate taxpaying entity. A corporation conducts business, realizes net income or loss, pays taxes and distributes profits to shareholders.

"S" Corporation

An S Corporation is a particular type of corporation created through an IRS tax election to avoid the double taxation that can happen with a C corporation structure. S corporations elect to pass corporate income, losses, deduction, and credits through to their shareholders for federal tax purposes. Shareholders report the income and

losses on their tax returns and are assessed tax at their individual income tax rates, which allows S corporations to avoid double taxation on the corporate income.

Limited Liability Company (LLC)

A limited liability company (LLC) is a business structure where owners are called members. The number of members is not limited. The LLC can have a single member or multiple members. An LLC provides the features of a corporation and the tax efficiencies and operational flexibility of a partnership. Similar to a corporation, members have limited personal liability for the debts and actions of the LLC.

An LLC is an unincorporated business entity which shares some of the aspects of corporations and partnerships, but which has more flexibility. The LLC is designed to provide owners with limited liability and pass-through tax advantages without the restrictions imposed on corporations and limited partnerships. An LLC must register with the secretary of state's office or the state department of corporations.

Naming Your Entity

You will have to confirm the name of your entity with us before you register. We do this to make sure that our trademarks are not part of your legal business name, which is not allowed. For example, you may not name your business "[[Franchise Name]]" of Any Town, LLC."

Fictitious Name (DBA)

Once you form the entity, you will need to file or register a fictitious name. A fictitious name is called a DBA ("Doing Business As"). Your DBA will be "[[Franchise Name]]" of (Location)."

To make sure that your DBA accurately reflects your location and does not create confusion with any other franchisee's area, you will need approval from us before using a DBA. The DBA name will also be used to identify your franchise on your [[Franchise Name]] landing page on the [[Franchise Name]] corporate website.

The governmental office to register a fictitious name is usually the county clerk, but you may be required to file at the state or city level. The purpose of this filing is to inform the general public of the registered agent and where to make official contact with the business.

NOTE: Before filing with any state or local agencies, you must get our approval for the entity and business name you will use to operate your [[Franchise Name]] business. If you file an entity or DBA without our

authorization, you may be required to start over including paying new filing fees.

Transfer to Entity

(Make sure the following agrees with the FDD and Franchise Agreement)

If you sign your Franchise Agreement with us as an individual, you may transfer the Franchise Agreement to a new entity at no charge as long as the individual owners remain the majority shareholders or members of the entity.

You must notify us of the proposed transfer, and we will provide you with transfer documents amending your Franchise Agreement.

End of Preview

Thank you for previewing the Table of Contents and the first five chapters of this custom Operations Manual Template.

Next: Preview the Entire Manual

If you would like to set up a personal online presentation of the entire 25-Chapter Operations Manual Template, [Contact Us](#) or call me personally at **321.392.3000 Ext 1**.

Included with the Manual

Initial setup and customization. We add your logo, company name, and address to the cover page, and your corporate colors throughout the manual.

PDF conversion. We will convert and combine the finished Microsoft Word chapters into a secure Adobe Acrobat PDF you can print out and send electronically to your franchisees.

Three hours of support and consultation. For the times when you need formatting or other help with the manual.

Michael J Childs
consulting

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