

## SAMPLE COMPLAINTS AGAINST BUSINESS COACHING FRANCHISORS

### *FRANCHISE AGREEMENT SECTION x.x*

"The Franchisor and Master Licensee will offer your initial and continuing training and assistance as the Master Licensee deems necessary."

#### **Complaint:**

In the 5 years as a franchisee, I have only had a Master Licensee for two of the five years. \_\_\_\_ did attempt to provide a coach's coach, but she had never coached before and I spent more time coaching her on her \_\_\_\_ Clients than she did coaching me. Within a year, \_\_\_\_ departed. For the next year or so, I was orphaned out to a different state to be supported by that Master Licensee. While I was welcomed in to their organization, I received minimal support. Then \_\_\_\_ purchased the Master License and spent very little time in \_\_\_\_ . In fact, he only came to \_\_\_\_ once. He then had a disagreement with [franchisor] and sold the license back to [franchisor]. I was then placed under the tutelage of \_\_\_\_ who was very nice, but had far less experience than me and had a difficult time helping me build my business. I am now under the [state] team.

### *FRANCHISE AGREEMENT SECTION x.x*

"The Master Licensee will provide you with and will assist you with the preparation of an initial business operating plan and for the immediate first six weeks as well as a 3-year plan for the Outlet."

#### **Complaint:**

I was never presented with an Operating Plan for the first six weeks and no one over the past five years has helped me with a three year plan for the Outlet.

### *FRANCHISE AGREEMENT SECTION x.x*

"The Franchisor and Master Licensee will provide you with assistance with respect to pre-opening and opening activities for your Outlet, prior to and including its first two weeks of operation. This may include assistance with advertising and promotional programs."

#### **Complaint:**

I received no such assistance. In fact, I was the only franchisee that did not have his or her Master Licensee come out to training. When I returned, I hit the ground running but did not have any pre-

opening or opening support from my ML and most definitely did not have assistance with advertising and promotional programs.

#### *FRANCHISE AGREEMENT SECTION x.x*

"The Master Licensee will provide you with assistance in conducting Workshops and Seminars, insofar as Master Licensee is available, to promote the marketing effort of the territory as a whole."

#### **Complaint:**

In the five years since I have had the franchise, I only had one visit each from \_\_\_\_ and \_\_\_\_\_. They each attended my seminar, but offered no support putting on seminars or workshops. Further, they offered no support in marketing the territory. They did refund the 3% Regional Marketing Fee when they sold the territory back to [franchisor] but they did not actively use the money to promote the territory while they had it. As for the 2% National Marketing Fees, they did make one attempt at a Public Relations effort from the money paid into the local marketing fund, but nothing came of it. After investing \$20,000 over the five years in Regional and National Marketing fees, that was hardly a good investment and could hardly be considered promoting the marketing efforts of the territory as a whole.

#### *FRANCHISE AGREEMENT SECTION x.x*

"Except for equipment and products that are proprietary to Licensor or Franchisor, you may purchase your equipment, software, supplies, and other items from any reputable manufacturer or supplier. To the extent that Franchisor publishes standards for non-proprietary equipment, software telephone lines, internet service, supplies, stationary, or other items used in the business, you must use only items meeting the applicable standards. If you receive notice from franchisor of a change in the applicable standards, you agree to comply with the new or revised standards as soon as practicable."

#### **Complaint:**

Throughout my association with franchisor, franchisor has and at significant costs, kept changing its requirements even when it meant undoing what was originally required to do or subsequently told to do by franchisor's representatives. For example, franchisor required franchisees to abandon their custom designed web-sites at considerable expense after being authorized by company representatives to use customized web-sites on date/time. Franchisor then required franchisees to begin using franchisor's preferred vendor for web-site development. Franchisor also attempted to force franchisees to use non-functional proprietary CRM software which was non-functional and defective.

#### *FRANCHISE AGREEMENT SECTION x.x*

“You acknowledge that Marketing and Advertising Fee as show in Attachment 1 will be used for national and regional marketing and advertising. Franchisor will direct all marketing programs supported by Marketing and Advertising Fee with final discretion over creative concepts, materials, and media used in the programs and their placement. Franchisor may use the fees for any activities that they believe would benefit the business generally.”

**Complaint:**

The franchisor has grossly mismanaged the brand-building fund and failed to invest the marketing fund for the benefit of franchisees. In the five years since become involved with this franchise, the franchisor has not used its own monies and the marketing monies paid by franchisees to brand the company so that being a member of this franchise significantly contributes to the ability to open doors and close sales. The company has failed to provide any accounting of the mismanaged and relatively unaudited marketing fund.

*FRANCHISE AGREEMENT SECTION x.x*

“Franchisor grants you the right, and you undertake the obligation to use the Marks and the System in the operation of the business.”

“You acknowledge Licensor’s exclusive ownership of and rights in the Marks and in the System. All goodwill now or in the future associated with your use of the Marks will accrue exclusively to the benefit of the Licensor.”

**Complaint:**

The Franchisor has failed to preserve and protect the integrity of the brand for which royalties are paid. Specifically, the Franchisor has failed to uniformly enforce the removal of all proprietary web-sites operated by current and former franchisees offering coaching services, thereby diminishing the strength of the reputation of the brand. Franchisor has failed to enforce non-compete agreements with former franchisees who continue to conduct competitive businesses using the Marks and System, thereby diminishing the strength of the brand.

*FRANCHISE AGREEMENT SECTION x.x*

“You acknowledge that you will have access to “Confidential Information.” The Confidential Information was developed by Franchisor at significant costs, is owned by Franchisor, and is necessary to the operation of the Business.”

**Complaint:**

The Franchisor has engaged in intellectual property theft by wrongly asserting ownership of and branding as proprietary the intellectual property of other industry competitors including \_\_\_\_\_. The failure to acknowledge the rightful owner and source of said intellectual property has put franchisees unknowingly in breach of the copyrights of other authors. This has created market place confusion, sullied the reputation of the brand, and created a financial liability for the franchisees.