

## How to Make Your Business Coaching Franchisor Perform or Terminate Your Business Coaching Franchise Agreement

If you're like many business coaching franchise owners, you've wondered if it's possible to terminate your franchise agreement if your franchisor hasn't lived up to its end. This article will show you under what circumstances it may be possible to get out of your agreement legally and ethically. (Of course, if you're serious about terminating your franchise agreement, be sure to seek independent legal counsel; this article is for informational purposes ONLY and should not be construed as legal advice).

If you believe your business coaching franchisor isn't performing their end of the agreement and you're thinking of leaving your business coaching franchise, your first step is to take a look at the document establishing and governing your obligations: the Business Coaching Franchise Agreement.

Most business coaching franchisors employ talented law firms to create agreements that are one-sided in whom they protect -- and let's face it, it's not YOU.

Still, your agreement likely contains a few provisions that give you, the business coaching franchisee, some recourse if you're unhappy with your franchisor's performance and have a legitimate complaint.

Here's the most important section to look out for (most agreements include this or something similar):

### *TERMINATION BY YOU*

*If you are in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within \_\_ days after you deliver a written notice of the breach to the Franchisor, you may terminate this Agreement, effective 10 days after you deliver a notice of termination to the Franchisor.*

*You must comply with the provisions of Section(s) \_\_\_\_.*

This might sound like a lot of legal mumbo-jumbo, but a careful reading of this sample paragraph makes the following points clear:

- 1) You CAN hold your business coaching franchisor accountable for "material breaches" of the franchise agreement.
- 2) To do so, you must deliver a written notice of the alleged breaches to your franchisor and/or representatives or regional managers, demanding that they cure them.
- 3) If the breach is not cured with the given time frame, you can send a notice of termination of your agreement ... and your relationship with the business coaching franchisor is OVER.
- 4) After terminating your franchise agreement, you may be required to comply with certain provisions. These provisions are usually ones you can live with -- the most common being a prohibition against using the franchisor's "trade secrets and trademarks." Occasionally, it may include an agreement not to

compete, but in many jurisdictions there are limitations on the enforcement of non-compete provisions ... and often, business coaching franchisors won't even try.

(Of course, you should always seek independent legal advice from an attorney regarding whether, and to what extent, any non-compete provision in your specific Franchise Agreement is enforceable.)

In most cases, business coaching franchisors who materially breach the franchise agreement have no hope of curing them.

That's because the breaches usually involve one of three issues:

- 1)--Non-performance of substantial support obligations that should have occurred during the start up phase;
- 2)--Fraudulent earnings claims in the process of selling you the franchise;
- 3)--Ongoing neglect of duties, such as the allocation of regional marketing funds to efforts that contribute to the growth of your coaching business.

In most cases, these can never be cured within 10 to 30 days (or whatever length of time applies to your particular agreement). As long as your franchisor's breaches are real and substantial, you should be able to terminate your business coaching franchise agreement quickly.

A word of caution, however. If you attempt to terminate a franchise agreement based on something other than the real, substantial failure of the business coaching franchisor, you may be found to be in violation of the agreement on *your* end. Be sure you do your homework and seek competent legal advice regarding your specific situation from an attorney with a solid professional background in franchise law.

So, how do you go about getting out of your relationship with a non-performing business coaching franchisor?

Here are some recommended steps.

- 1) Make a table in Excel or Word with the following columns: "Obligation of Franchisor" and "Non-Performance of Franchisor."
- 2) Go through your franchise agreement line-by-line. Look for every provision that obligates your franchisor to deliver on a particular duty.
- 3) Complete this table as carefully as you can based on your actual experience as a franchisee. As thoroughly as possible, identify the obligations that have not been performed.
- 4) Go through your entire archive of communications with your business coaching franchisor and representatives, including executives from the head office and/or your regional manager, in which you have requested or demanded performance.

5) Make COPIES of all relevant communications in a separate folder and BACK THEM UP digitally.

6) Take all of this information to a qualified attorney and begin the process of terminating your business coaching franchise agreement.

Be prepared: many business coaching franchisors will fight you on this. The fact is, if you're unhappy, chances are there are other business coaches who are unhappy, too -- and if they let you out, they fear they'll have a mass exodus on their hands.

So steel yourself for what could be a multi-month process of negotiation. Some franchisees have successfully worked their way out of their agreements having spent no more than a few hundred dollars in legal fees. Others have spent thousands and some have spent 10's of thousands. Your costs will depend heavily on the quality of your research and the case you make regarding the franchisor's breaches.

Still, keep in mind: in most cases, they have WAY MORE TO LOSE THAN YOU DO and DO NOT WANT a protracted conflict that ends up in the court system. That's because they're required to disclose legal action against franchisees to their prospects -- and they really don't want to do that. This should give you the upper hand in negotiations, especially if you have a legitimate complaint.

Not only that, the time and money spent mounting an action against you would be much better spent growing their brand.

Bottom line?

If you believe your business coaching franchisor has not performed its obligations to you, then hold your franchisor accountable.

If it refuses to be held accountable, terminate your agreement and move on with your life!