	Franchises	Joint ventures
Definition		
Advantages		
Disadvantages		

Definitions

Two or more businesses agree to work together on a project and set up a separate business for this purpose.

A business system where entrepreneurs buy the right to use the name, logo, and product of an existing business.

Advantages	Disadvantages
less chance of business failure	one firm may learn from the other and become a competitor in the future.
market and product knowledge shared	mistakes damage reputation of all firms - even if it's the fault of just one.
each business brings different expertise	very strict controls on what can be done with product
franchisor finances promotion	franchisor takes % of revenue or profits each year
franchisee pays for local promotions they decide to do	difficult to make decisions - different businesses may have different styles of leadership.
reduces risk for each business	Initial cost can be expensive
advice and training from franchisor	
guaranteed quality of supplies	

LIVEWORKSHEETS