BACK OF HOUSE FRANCHISING

Andrew Terry
Professor of Business Regulation
The University of Sydney Business School
The University of Sydney
Sydney Australia
Tel: +61 2 991140619
Email: andrew.terry@sydney.edu.au

Cary Di Lernia
Lecturer
The University of Sydney Business School
The University of Sydney
Sydney Australia
Tel: +61 2 93512070
Email: cary.dilernia@sydney.edu.au

Presented at the 25th Annual
International Society of Franchising Conference
Boston University
Boston, Massachusetts, USA
June 16-18, 2011

25th Anniversary
Abstract
The success of franchising is attributable to a number of factors, particularly the brand under which the business is conducted and the system under which the service or product is provided. The franchise grant includes *front of house* elements comprising the brand, the image, the standardised quality, the look and feel and appearance of the premises, and *back of house* elements comprising the system underlying the external manifestation of the chain including training, technology, support, operations manuals, site and fitout assistance, policies and procedures.

This paper suggests a role for a form of franchising which incorporates only the back of house elements – tried, tested and proven systems and procedures which are imperceptible to the customer while eschewing established brand names and visible manifestations of a standardised “one-size-fits-all” approach to small business product and service provision. It proposes a form of quasi-franchising where brand and related front of house features are removed. The “franchisee” acquires the right, and the obligation, to use the “franchisor’s” back of house system while retaining flexibility for entrepreneurial endeavour in building an idiosyncratic, eclectic and individualised business. It is suggested that in certain market niches this business strategy – conveniently but perhaps inaccurately referred to as “back of house franchising” – may be more attractive to consumers through not being associated with the standardised and formulaic uniformity which is the hallmark of business format franchising. This derivation of franchising indeed presents an opportunity for a fuller expression of entrepreneurship sought by many prospective business proprietors but not offered in traditional business format franchising due to the restrictive controls imposed by the obligations associated with maintaining a consistent brand name and image.

Keywords
microfranchising
anti-brand movement
branding in franchising
systems and back of house functions in franchising