

## Franchising: Who Needs It? The Role of Small and Medium-Sized Companies

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My subject is "Franchising: Who Needs It? The Role of Small and Medium-Sized Companies." I will focus on franchising in the United States, but before I do I want to address the latter part of that title, and touch briefly upon the role of smaller companies in the United States and, to a lesser degree, in Europe.



Philip F. Zeidman

### Small Business in the United States

Each day our firm is involved with the legal problems of existing businesses and, frequently more exciting, the issues brought to us by new entrepreneurs starting a business. Despite that involvement, and the eight years I spent with the Small Business Administration, I am still surprised at the centrality of small and medium-sized business in American life. First of all, I would say, the attraction of one's own business—an attraction I know you have felt, and one I have shared—remains an important element of the American dream. I was reminded of this on a recent trip to my city's central public library where I became aware of two things—probably because this article was stirring in my subconscious. First, the library has a small business center, where there are collected a multitude of references, some thirty-five packed files, for instance, about small business opportunities in every field of endeavor imaginable, a core collection of some 140 books on management and business, scores of other references, and reference files of thirteen different magazines that

report on free enterprise in America. The second point that came clear to me was that on this quite ordinary Thursday, this was the busiest section of the library. Every seat at each long table was filled with people looking for opportunities to be in business for themselves. The average person in the United States still considers free enterprise to work for him. Eighty years ago, the great American historian, Frederick Jackson Turner, postulated that the frontier had served America and Americans as a preserver of strong democratic beliefs and a safety valve for the American spirit. Today, the wild West may still be wild but it is no longer frontier. I might suggest that the belief in the economic potential of a business of one's own is an internal frontier for many Americans and serves the same purposes.

The data would bear this out. The Department of Commerce and the Small Business Administration define a small or medium-sized enterprise—as does the European Economic Community—as any company employing fewer than

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(Including: Noncompetition Covenants; Punitive Damages Assessed against Franchisor for Franchisee's Failure to Notify Customer of Unsanitary Conditions; Intentional Misrepresentations Concerning Termination Provision Supported Fraud Claim Asserted by Franchisee; Protection of Goodwill Still Viable Defense to Tying Claim; and others.)	

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