



June 8, 2023

The Honorable Lina M. Khan  
Chair  
Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue, NW  
Suite CC-5610 (Annex C)  
Washington, DC 20580

RE: Solicitation for Public Comments on Provisions of Franchise Agreements and Franchisor Business Practices

Dear Chair Khan:

The Association of Women's Business Centers (AWBC) welcomes the opportunity to respond to the Federal Trade Commission's solicitation for public comments on the franchisors and franchisor relationship.

AWBC is a national non-profit 501(c)(3) organization, founded in 1998, that works to secure economic empowerment and entrepreneurial opportunities for women by supporting and sustaining a national network of women entrepreneurs and program staff for more than 146 Women's Business Centers (WBCs) across the nation. As Small Business Administration resource partners, WBCs help women start and grow small businesses by providing counseling, training, mentoring, networking opportunities, and access to capital.

The Women's Business Center program is a public-private partnership with 35 years of success in supporting women entrepreneurs. WBCs are hosted by a myriad of non-profit entrepreneurial development organizations and community lenders that serve economically and socially disadvantaged clients, in as many as 38 languages. While each WBC operates out of a brick-and-mortar location, many have opened additional satellite locations, and all offer virtual services.

This comment embodies the feedback and issues AWBC included in our previous comment in response to the National Labor Relations Board's Notice of Proposed Rulemaking for determining joint employer status.<sup>1</sup>

#### *Overview*

AWBC feels compelled to respond to the solicitation for public comment as we believe a regulation on the franchisor/franchisee relationship could cause considerable negative impact on women entrepreneurs in the franchising community. The FTC's RFI outlines many questions exploring the franchisor's role in establishing wages and working conditions and utilization of third parties, including but not limited to vendors, suppliers, and labor. AWBC understands the value of franchisee-forward decision making and disagrees with any one-size-fits-all model of regulation on franchises, which fails to consider the diverse

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<sup>1</sup> Hodges, Corrine. *Regulations.Gov*, [www.regulations.gov/comment/NLRB-2022-0001-11318](https://www.regulations.gov/comment/NLRB-2022-0001-11318). Accessed 8 June 2023.



nature of existing franchisee systems - and the people within them. Our network of 145 WBCs serve women franchisees across various industries, including but not limited to retail, hospitality/dining, and real estate - we think that any regulation lessening franchisee control over their businesses could negatively impact efforts to grow their business and maintain or build their financial prosperity as business owners.

#### *Need for Franchisee-Forward Decisions*

Under the current franchisee structure, the franchisee's are given the freedom to operate their small businesses as they see fit, under the parameters of their franchisor. The current structure of the franchisee/franchisor relationship provides many franchisees with the autonomy to make business decisions on servicing, product sourcing, supply chain, marketing, employment, and more as they see fit for their business.

Franchisees are the boots on the ground who understand the economics and business environment of the community and economy they are operating in. They are well equipped to make decisions that pertain to their operations, labor, suppliers, marketing, worker training, and more. Many franchisees work with and utilize companies in their local communities, which promotes local economic development and job growth. We think that these business decisions should remain with franchisee owners.

#### *Impact on Women in Franchising*

AWBC applauds the growth in women engaging in entrepreneurship, largely due to women pursuing business ownership through franchising. This is because franchising offers women an opportunity to buy into business ownership, without the high financial risk, hours of labor, and uncertainty that comes with starting a business from scratch. Between 2011 and 2017 alone, female franchise ownership increased by 83%<sup>2</sup>.

We hope that the changes in an FTC proposal will not forfeit franchisee autonomy and control of their business operations, thus resulting in a decrease in the representation of women in franchising. A report by Oxford Economics showed that more than 32% of all respondents that were women stated they would not own a business if they were not franchisees.<sup>3</sup> As an advocate for women's entrepreneurship and empowering women with the resources to succeed, AWBC believes it is critical to continue to provide the economic incentive for women to pursue franchising.

Thank you for your interest in receiving feedback, AWBC looks forward to continued engagement with the Federal Trade Commission on women engaging in franchising.

Sincerely,

Corinne Goble  
CEO  
Association of Women's Business Centers

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<sup>2</sup> Simpson, Fiona. "Women in Franchising: The Rise and Rise of Female Franchisees." *Forbes*, 19 Oct. 2018, [www.forbes.com/sites/fionasimpson/2018/09/16/women-in-franchising-the-rise-and-rise-of-female-franchisees/?sh=1cea5f294ee0](https://www.forbes.com/sites/fionasimpson/2018/09/16/women-in-franchising-the-rise-and-rise-of-female-franchisees/?sh=1cea5f294ee0).

<sup>3</sup> Oxford Economics. (2021). (rep.). *The Value of Franchising*, <https://www.oxfordeconomics.com/resource/The-value-of-franchising/>.