

Insights: Publications

Conditional Renewals: Are They Useful in Preserving Franchise Relationships?

Franchise Lawyer

August 22, 2019

Written by **Lauren Sullins Ralls**

Every franchisor faces difficulties at one time or another when it comes to deciding whether or not to renew a franchise agreement with a franchisee. Whether the decision is being made based on poor performance, failure to abide by the franchise agreement or because the franchisee is negatively impacting the brand reputation of the franchise, the decision is never easy. It is important for both the franchisee and franchisor to be able to evaluate in advance whether the relationship might be salvageable and know the possible options ahead of time when the term of a franchise agreement is about to expire.

There are three basic options when it comes to expiration of the term of a franchise agreement: renew, don't renew, or enter into a conditional renewal.

A conditional renewal can come into play when a franchisor believes a franchise appears headed down a path of non-renewal but hopes that with additional time and training the franchisee can avoid non-renewal. If the relationship is salvageable, and entering into a conditional renewal could allow the franchisee to meet the criteria necessary for renewal, then a conditional renewal could be the best option for both parties. Conditional renewals can allow the franchisee the ability to correct past issues and give the franchisor additional time to evaluate whether the relationship with the franchisee is one that can and should continue.

This article is co-authored by Bethany Karsten, attorney at Two Men and a Truck.

Related People



Lauren Sullins Ralls

t 404.532.6967

lralls@ktslaw.com