

2. Go back to the home page and use the search tool to find a franchise that has the potential of fulfilling your entrepreneurial dreams. Navigate to the profile of the franchise you selected. Explore the franchise's Web site if such a link is available. Refer to the questions listed in Figure 5.8 on page 138 in this chapter and assess the strengths and weaknesses of your selected franchise. (Hint: The Web site also contains tips for evaluating a franchise listing.)
3. Did your search give you enough information to answer most of the questions in Figure 5.8? If not, what other information do you need, and where can you obtain it?

## casing the web

To access the case "*Keeping the Air in Blimpie*," visit [www.mhhe.com/ub8e](http://www.mhhe.com/ub8e)

## video case

### Sonic Is Booming

Entrepreneurship is the path to success throughout the world. More millionaires come from the ranks of entrepreneurs than any other place. Because the work is so hard, however, fewer people than you would imagine are willing to take the plunge.

One of the major decisions an entrepreneur must make is what form of business to use: sole proprietorship, partnership, corporation, franchise, or what? Sonic is a large chain of fast-food restaurants with over 3,000 drive-ins located from coast to coast. It began as a sole proprietorship, evolved into a partnership, later added many franchises, and eventually became a publicly traded corporation. This is not an unusual progression for a business, but Sonic did it relatively quickly and effectively.

Troy Smith started the first Sonic in 1954. It was a sole proprietorship that took the form of a drive-in restaurant, much like other drive-ins of that era. Smith brought in a partner in 1956, and the business began to grow. The partner shared profits and liability with Smith. When the partner died, Smith found many other people who were interested in becoming franchisees. The company grew even faster then. In fact, Cody Barnett's father owned seven Sonic franchises. Cody eventually took over those

franchises and added 15 more. There is much to learn about buying and running a number of franchises, and Cody schooled himself in the managerial techniques and strategies that he would need. Like most franchisors, Sonic was a big help in that regard.

Clearly, understanding the various forms of business is key to both getting started in business and then growing the business later. If you plan to franchise the business, it is critical to find franchisees like the Barnetts who understand that the business is their own and also understand the value of having the foundation of a well-known brand name and a ready customer base.

One thing franchisees learn from the very beginning is that running your own business takes a lot of work. At first, you have to be there whenever the business is open. That means long, long hours at work—and away from the family. That is true of many businesses and the search for balanced living is one of the most important skills a business owner must learn.

You don't have to go very far in most towns to see the results of franchising. On every corner, there is a fast-food restaurant of some other franchise that is serving the area and travelers who come to that area. Many are obviously very

successful. Sonic is one of them. But, as you can see in this video, the success does not come easily. It takes lots of time and hard work.

#### Thinking It Over

1. Sonic started as a sole proprietorship and gradually evolved to a partnership, then to a corporation, and finally to franchisor. Do you think that Sonic would have grown as large as it is today if it had remained a sole proprietorship? Why or why not?
2. What were the advantages and disadvantages to Sonic of each form of business ownership?
3. There have been lots of drive-in and fast-food restaurants over time. In your opinion, what makes Sonic and other major franchises more successful than the others?