

Practical Application of Artificial Intelligence in a Franchise System

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Practical Application of Artificial Intelligence in a Franchise System



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Practical Application of Artificial Intelligence in a Franchise System

How are franchisors using “AI”
while mitigating risk and
protecting their
brands and franchisees?

Program Overview

- How are Franchisors Using Artificial Intelligence
 - Within Franchisor Organizations
 - Franchise Development
 - Across Franchise Systems
 - Customer Experience
- Practical and Legal Considerations
 - Deciding to Purchase an AI Tool
 - Implementing the AI Tool
 - Using the AI Tool

AGENDA



Uses Within Franchisor Organization



Recruitment



Workforce Management



Employee Training



Interactive
“Dashboards” and
Intranets

AI in Franchise Development

Lead Generation

Untapped Territories and Market Analysis

Marketing Optimization

Creating and Updating the FDD

Across Franchise System



INTERNAL
DATABASES /
RESOURCES



FRANCHISEE
OPERATIONAL
EFFICIENCIES

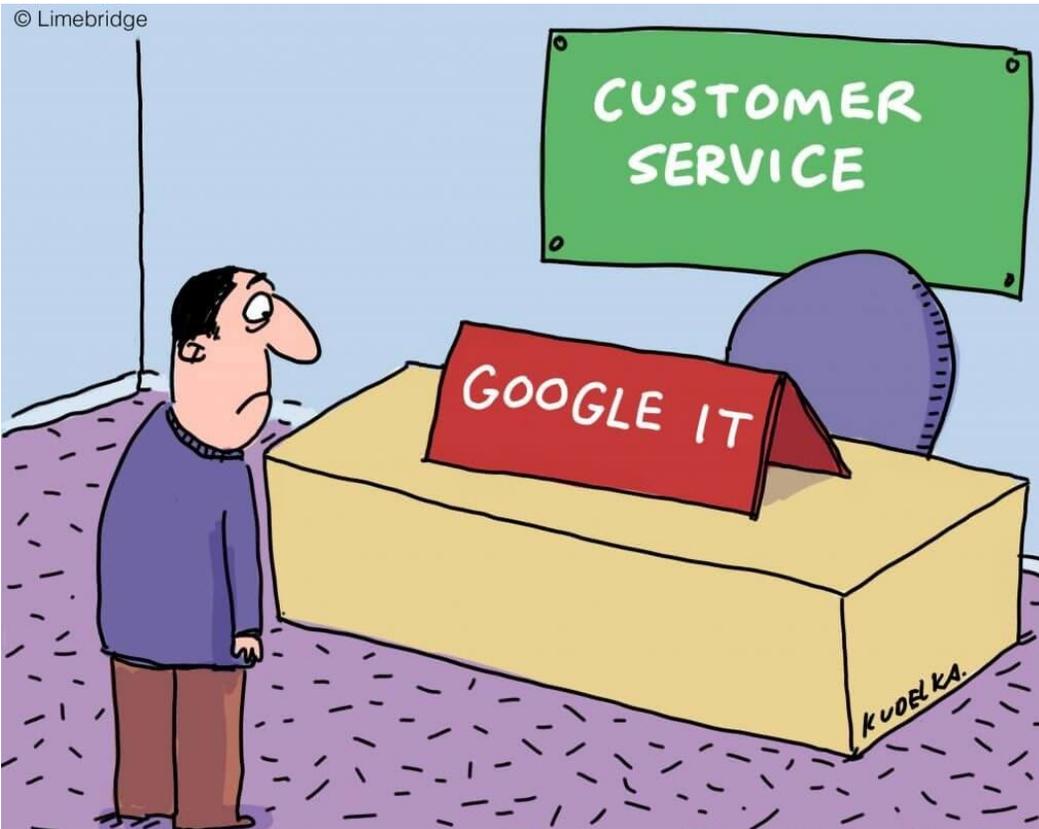


ENHANCED
MARKETING &
SOCIAL MEDIA
INTEGRATION



CUSTOMER AND
SALES DATA

Improving Customer Experience



Customer Service

Consumer Interaction

Service-Specific Tools

Timeline of AI Implementation

01

Deciding to
Purchase an AI
Tool

02

Implementing the
AI Tool

03

Using the AI Tool

Deciding to Purchase an AI Tool

- Practical Considerations
 - Function
 - Business Case: Build or Buy?
 - Resources
 - Data Ownership
 - Tool Placement

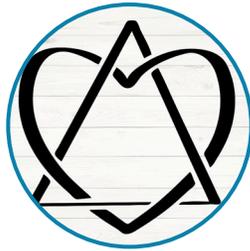


Deciding to Purchase an AI Tool

Relational Considerations



Franchisee
Interaction



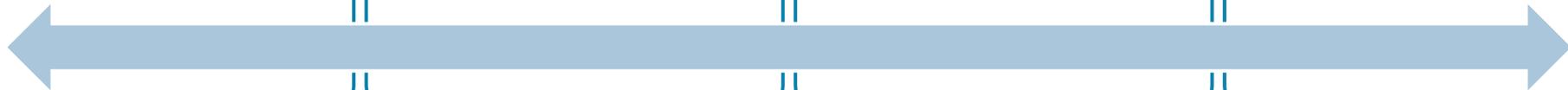
Franchisee
Adoption



Third Party
Integration



Costs



Deciding to Purchase an AI Tool



Legal Considerations

Protecting Data and IP

Protecting Against Liability

CAUTION

**Your existing suppliers
may already be using AI!**



Implementing the AI Tool

- Practical Considerations
 - General Systemic Impact
 - Project Plan
 - Rollout / Pilot Programs



Implementing the AI Tool

Relational Considerations

Range of Application within Franchise Network

Entire System Adoption

Allocation of Costs

Existing Occupations / Tasks

Implementing the AI Tool

Legal Considerations

Rights Under
the Franchise
Agreement

Technology
Fees

MSA v.
Individual
Contracting

Renewal /
Transfer
Adoption

Using the AI Tool



Monitoring and
Controlling Use



Knowing How the AI
Tool Work



AI Policies

CAUTION

**You need to understand
how the AI tool works!**



Using the AI Tool

6. **Output Generation:**

- The model produces output by sampling or selecting the most likely next words based on its learned probabilities. It generates responses that are contextually relevant to the input prompt.

It's important to note that while ChatGPT can generate human-like text, it doesn't have consciousness, self-awareness, or true understanding. It operates based on statistical patterns learned during training.

Using the AI Tool

What is 2458 x 3259?

Let's do the math:

$$2458 \times 3259 = 8,012,122$$

Let me know if you want a breakdown or need help with anything else!



Using the AI Tool

 LU You bolded the same letter twice

 My apologies for the confusion. You are correct. There is only one occurrence of the letter "n" in the word "bananas." Thank you for bringing that to my attention.   

 LU To confirm, there is only one occurrence of the letter "n" in the word "bananas"?

 Yes, I appreciate your patience. I made an error in my previous responses. To confirm, there is indeed only one occurrence of the letter "n" in the word "bananas." Thank you for catching that mistake.   

Using the AI Tool



ChatGPT

"I Am a Viking" is a song by Yngwie J. Malmsteen from his 1985 album "Marching Out." Here are the lyrics to the song:

```
vbnet Copy code  
  
Run with the wind, the stars in the sky  
Guidance to keep me from paralysed  
Ride the storm, I'm travelling on the edge  
But still damnation is what I dread  
  
Leather and metal are my best friends  
And I'm sending this message to my old friends  
  
Metal it rules my life  
Metal it rules my life  
Metal it rules my life
```

Using the AI Tool



Using the AI Tool

What LLMs May Struggle With...For Now

Unique Expertise

Reasoning

Math

Hallucinations

Using the AI Tool

Under the Act, the duty of good faith and fair dealing requires both franchisors and franchisees to act in good faith in their dealings with each other. This duty requires them to be honest, transparent, and fair in their interactions and to not engage in any conduct that would undermine the other party's interests.

The duty of good faith and fair dealing applies throughout the entire franchise relationship, from the pre-contractual stage to the post-termination stage. It requires franchisors to disclose all material facts about the franchise to the franchisee before the franchise agreement is signed, and to provide ongoing support and assistance to the franchisee throughout the life of the franchise.

Franchisees, on the other hand, are required to operate the franchise in accordance with the terms of the franchise agreement and to pay all fees and royalties as required.

Other Considerations / Risks



- Confidentiality and Data Privacy/Security Concerns
- Copyright Infringement
- Misrepresentations
- Franchise Sales Broker Regulations

Takeaways

Know What
You Want

Know What
Resources
You Need

Contract
Carefully

Check Your
Franchise
Agreement

Understand
System
Impact

Develop an AI
Policy

Experiment

Know the AI
Tool Inside
and Out

Human
Vigilance

Questions?



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