

Legal Structure Options

Structure	Owned and operated	Franchise	Trademark License	Contracted Services	Consulting Services
How it works	<ul style="list-style-type: none"> Client directly operates program using its own staff 	<ul style="list-style-type: none"> Third party operates program under Client name using third-party staff Client provides license to brand and detailed operating model and instructions to third party Client provides products and services to third party Arrangement could include membership component 	<ul style="list-style-type: none"> Third party operates program under Client name using third-party staff Client licenses brand to third party Client set standards for use of brand, closely monitors performance, and may provide services Arrangement could include membership component 	<ul style="list-style-type: none"> Third party operates program under its own name using third-party staff Client provides on-the-ground services to third party Client services may include training, [_____] management, and procurement support 	<ul style="list-style-type: none"> Third party operates program under its own name using third-party staff Client provides advice and materials to third party
How it generates revenues	<ul style="list-style-type: none"> Donors, foundations, and governments provide donations and grant funds 	<ul style="list-style-type: none"> Third party pays franchise fees Third party may purchase products from Client 	<ul style="list-style-type: none"> Third party pays license fee or royalties Third party may purchase products from Client 	<ul style="list-style-type: none"> Third party pays for services Third party may purchase products from Client 	<ul style="list-style-type: none"> Third party pays for services Third party may purchase products from Client
What's the upside	<ul style="list-style-type: none"> Client maintains full control over program design, operations, and branding Client captures full benefits of experience operating programs on the ground Client activities contribute directly to brand enhancement and development of in-country relationships 	<ul style="list-style-type: none"> Third party bears initial investment and operating costs Third party bears operating risk Client maintains strong influence over program design, operation and branding 	<ul style="list-style-type: none"> Third party bears initial investment and operating costs Third party bears operating risk Client maintains influence over program design, operation, and branding 	<ul style="list-style-type: none"> Third party bears initial investment and operating costs Third party bears operating risk Direct Client involvement facilitates successful program design and launch Client could broaden client base to include clients working in different fields 	<ul style="list-style-type: none"> Third party bears initial investment and operating costs Third party bears operating risk Client shares knowledge and expertise Client could broaden client base to include clients working in different fields
What's the downside	<ul style="list-style-type: none"> Client bears full initial investment and operating cost Client bears full risk of operations Client has limited ability to share knowledge in tangible way 	<ul style="list-style-type: none"> Client has less control over program execution Client brand at risk of degradation Client must develop and maintain program support Client bears potential vicarious liability exposure for acts of third party Client exposed to credit risk 	<ul style="list-style-type: none"> Client has less influence over program execution Client brand at risk of degradation Client must develop and maintain support function Client bears some vicarious liability exposure for acts of third party Client exposed to credit risk 	<ul style="list-style-type: none"> Client has even less influence over program Client required to maintain staff to provide on-the-ground services Activity has limited brand enhancement value Client activity may appear commercial in nature Client exposed to credit risk 	<ul style="list-style-type: none"> Client has minimal influence over program Activity has limited brand enhancement value Client activity may appear commercial in nature Client exposed to credit risk
Who does it	<ul style="list-style-type: none"> Client today 	<ul style="list-style-type: none"> YMCA (Europe) 	<ul style="list-style-type: none"> Goodwill Industries Habitat for Humanity KIPP Foundation 	<ul style="list-style-type: none"> New Teacher Center 	<ul style="list-style-type: none"> Bridgespan McKinsey & Co.