

## Articles

# Filling the Gap: Enhancing Business Education for Tomorrow's Business Owners

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This paper highlights the importance of incorporating franchising and direct selling into business education curricula, drawing from the author's extensive teaching experience across various institutions. While many entrepreneurship and small business management programs strive to equip students for business success, they frequently overlook these impactful business models. Franchising offers a structured, proven approach for entrepreneurs to scale their business, while direct selling emphasizes a low-cost channel of distribution. Despite their value, both models remain underrepresented in most academic programs. By integrating franchising and direct selling into the curriculum, higher education institutions can broaden students' entrepreneurial skill sets, better preparing them to navigate a dynamic marketplace and positioning themselves as leaders in cultivating innovative and adaptable business leaders.

### Introduction

My experience teaching future business owners spans diverse institutions of higher education, both within the United States and abroad. These institutions range from small private universities to large flagship institutions. Whether labeled as entrepreneurship or small business management, university programs share a common goal: to empower students with the skills necessary to turn their ideas into successful ventures. While some programs differentiate between entrepreneurship and small business management, others use these terms interchangeably.

However, despite their focus on preparing future business owners, many business education programs often overlook two subjects: franchising and direct selling. These topics are essential for understanding different business models and strategies necessary for entrepreneurial success. In an increasingly competitive and dynamic business environment, it is incumbent upon higher education institutions to continually assess and evaluate their curricular offerings. They must ensure that the education provided aligns with the most accurate and relevant strategies for success, reflecting both current industry practices and future job market demands. By updating and refining their curricula, institutions can better equip students with the tools and knowledge they need to thrive as entrepreneurs. This proactive approach enhances the value of the education students receive and positions the institutions themselves as leaders in fostering innovative and adaptive business leaders for the future.

### Franchising

Franchising is a business arrangement where a company (franchisor) grants rights to an individual or entity (franchisee) to operate a business using the franchisor's established brand, business model, and support systems. This allows the franchisee to operate under the recognized brand name and gain advantages from the franchisor's expertise, marketing efforts, and ongoing assistance. Typically, this relationship involves financial payments, often in the form of royalties based on a percentage of the franchisee's sales (Kelepouris, 2023).

While McDonald's and other quick-service franchise chains are well-known examples, franchises are prevalent across nearly every industry. In the United States, franchising contributes nearly 5% to the overall GDP, amounting to \$894 billion. This sector supports over 805,000 franchise outlets and employs over 8.5 million people (International Franchise Association, 2023).

In 2019, Cumberland et al. conducted a study on franchise education in the U.S., focusing on higher education institutions with business schools. They identified 14 universities and colleges offering courses on franchising, with 10 offering one course each and four offering two or more courses dedicated to franchising, totaling 25 courses in higher education. While this study dates back a few years, and the number of course offerings may have slightly changed since then, it remains accurate in highlighting that franchise education is still in its early stages.

Franchising offers aspiring business owners three perspectives that can significantly enhance their endeavors and business acumen. Firstly, as a potential franchisee,

many aspiring business owners are wary of the high failure rates among new businesses. Opting to become a franchisee can mitigate this risk by providing access to the franchisor's expertise in training, purchasing power, advertising, research and development, and business synergies (Kelepouris, 2023). While adopting a ready-made business model offers numerous advantages, success isn't guaranteed, and upfront costs, ongoing royalties, and the trade-off of independence may deter some.

The second perspective is that of aspiring franchisors. Those aiming to lead a successful business may envision success in specific locations but encounter challenges such as managing additional company-owned stores or expanding geographically. Understanding the essential requirements for becoming a successful franchisor and effectively building one's brand through franchising is pivotal.

The third perspective involves business owners who seek to supply goods or services to franchise systems. They play a vital role in fulfilling operational requirements and are integral to the functioning of the franchising ecosystem. Suppliers need to grasp the complexities of the franchising model to effectively meet the unique demands of franchise businesses, whether they are supplying franchisors, franchisees, or both.

### Direct Selling

Direct selling is a business model that offers entrepreneurial opportunities to individuals who work as independent contractors. These individuals promote and sell products and services such as insurance, supplements, cookware, clothing, cosmetics, and various other items. The sales methods include personal interactions, in-home product demonstrations, or online transactions. Earnings are primarily based on sales, either from personal efforts or from the sales generated by their team members. Those involved in direct selling are often referred to as direct sellers, though they may also be called distributors, associates, representatives, consultants, or by other titles (Direct Selling Association, 2023).

In 2022, direct selling in the United States generated a significant \$40.5 billion in retail sales, engaging 41 million customers, and involving 6.7 million direct sellers across more than 1,100 direct selling companies. Approximately half a million of these sellers worked full-time, with the remainder participating part-time (Direct Selling Association, 2023).

Direct selling education, supported by initiatives like the Direct Selling Education Foundation, has surpassed franchise education in its integration and impact within higher education business curricula. The foundation collaborates with educators, known as Fellows or Teaching Ambassadors, to disseminate knowledge and foster understanding of direct selling in academic settings. However, its adoption is not as widespread as expected, considering the economic impact and personal benefits it offers.

Direct selling offers a wide array of products and the flexibility to manage one's schedule and success, making it an excellent avenue for aspiring business owners. It provides valuable education and hands-on experience in spe-

cific product categories or service industries. Through this pathway, individuals can build connections, gain essential knowledge, and earn income until they are ready to fully commit to their dream business. Moreover, the direct selling model fosters a supportive community, providing mentorship and training opportunities that can be crucial for personal and professional growth. (Peterson & Direct Selling Education Foundation, 2018).

Overall, direct selling offers a pathway to financial independence and entrepreneurial success and cultivates a network of like-minded individuals committed to shared goals and mutual support. This blend of flexibility, education, and community makes direct selling a compelling option for those looking to build a business on their own terms.

### Discussion

The evolving landscape of business education necessitates a broader integration of critical subjects like franchising and direct selling. These business models offer diverse pathways to entrepreneurial success, yet they remain underrepresented in many academic programs. As business educators, we have a responsibility to enhance our approach by equipping students with the knowledge and skills necessary to navigate these dynamic sectors.

Imagine the potential impact if more aspiring business owners were adept in franchising, capable of leveraging direct selling as a strategic distribution channel, or proficient in scaling their enterprises effectively. Such expertise could transform small ventures into larger, more profitable entities, accelerating growth and enhancing competitiveness in the market.

Becoming a business owner is a deeply personal journey, and effective academic programs should provide students with a comprehensive range of options. This approach empowers them to select paths that resonate with their aspirations, whether through franchising, direct selling, or other entrepreneurial avenues. By expanding our educational frameworks to encompass these vital areas, we can better prepare future entrepreneurs to thrive in a rapidly evolving business environment and contribute meaningfully to economic prosperity.

### Conclusion

Integrating franchising and direct selling education into mainstream business curricula broadens the entrepreneurial toolkit available to students and prepares them for a wider array of business opportunities. Franchising provides a structured path with proven systems, while direct selling offers flexibility and personal empowerment, both essential in today's diverse business world. My experiences across various educational settings have reinforced this observation, revealing that while many programs aim to equip students with essential entrepreneurial skills, they often overlook these critical business models.

As educators, our role extends beyond imparting knowledge; we must actively evaluate and refine our programs to ensure they reflect the realities of the current market and anticipate future trends. By doing so, we can cultivate

a generation of business leaders who are innovative and resilient, and well-versed in the diverse strategies necessary for success. Ultimately, including franchising and direct selling in business education fosters a more comprehensive understanding of entrepreneurship, empowering

students to pursue their ambitions with confidence and contribute significantly to the global economy.

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