

How Development Schedules Shape Multi-Unit Franchise Success

By Eric Sigman on March 18, 2026



Area development and multi-unit franchise agreements are commonly used to facilitate the orderly expansion of a franchise system by granting a developer the right—and obligation—to open multiple locations within a defined territory over a specified period. Central to these agreements is the development schedule, which establishes the timing and sequence for opening each location.

The development schedule is a foundational element of the parties' relationship. It directly affects the developer's financing, real estate planning, staffing, and operational capacity, while advancing the franchisor's interest in timely and strategic brand growth. Because the schedule is a binding contractual obligation, failure to comply may result in significant consequences, including loss of territorial exclusivity, termination of development rights, and forfeiture of development fees.

An effective development schedule reflects market conditions, the developer's experience and financial resources, and realistic timelines for site selection, construction, and opening. Overly aggressive schedules can impose unnecessary financial strain on developers and increase the risk of default, while overly lenient schedules may leave franchisors with underdeveloped or stalled territories. Careful alignment of the schedule with practical realities is therefore critical to the long-term success of both parties.

If a developer fails to meet the agreed-upon schedule, franchisors typically reserve the right to terminate the development agreement and reclaim the territory. From the franchisor's perspective, this prevents a developer from tying up a market without delivering timely growth and avoids the opportunity cost of foregone franchise sales to other qualified candidates.

Developers, however, have a strong interest in ensuring that the territorial rights secured through development fees are meaningfully protected. The value of a development agreement can be significantly undermined if the franchisor is permitted to sell competing franchises within the development territory while the developer is still working to satisfy its obligations.

Development agreements, therefore, typically grant exclusivity within the defined territory during the development period. In many cases, that exclusivity expires once the developer completes the required number of locations, at which point the franchisor may allow additional franchisees to enter the market. While this transition is common, introducing competition into a previously exclusive territory can materially affect the developer's ongoing operations.

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Most franchise agreements also include protected areas designed to limit intra-brand competition and prevent market oversaturation. For developers, understanding when and how exclusivity ends—and planning accordingly—is essential. Where possible, developers may seek to negotiate continued or phased exclusivity following completion of the development schedule, or at a minimum, conduct thorough market analysis to optimize site selection and long-term performance.

Key Takeaways

- Development schedules are central to the franchise development relationship and influence nearly all operational and financial decisions.
- Failure to meet schedule requirements can result in loss of exclusivity, termination, and forfeiture of fees.
- Realistic scheduling is essential and should account for market conditions, capital availability, and development timelines.
- Territorial exclusivity is often performance-based and may change upon completion—or failure—of the development schedule.
- Careful upfront review of the interaction between development schedules, default provisions, and territorial rights is critical to risk management.

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