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For many centuries this industry was represented by a great number of independent properties – usually owned and operated by one family. With the progress of rail, automobile (car and bus), and air transportation, society became more mobile. This mobility began to transform hospitality industry to the modern management concepts, such as franchising, partnership, leasing and management contracts.

Franchising allows a hospitality company to expand more rapidly by using other people's money than if it had to acquire its own financing. The franchisor grants certain rights, for example, to use its trademark, signs, operating systems and procedures, marketing know-how, and so on for a certain fee. In return, the franchisee agrees by signing the contract to operate the restaurant, hotel, and so on in accordance with the guidelines set by the franchisor. It is a way of doing business that benefits both the franchisor, who wants rapid expansion of his business, and the franchisee, who has financial backing but lacks specific skills and recognition. Some corporations franchise by individual outlets and others by territory.

Another interesting mode of financing is partnership. Under this plan the people who want to enter the business invest one half the cost of the property, for example, a motel. They receive a salary for managing the property, and the profits from the operations are divided 50-50 between the company and the people in question. Using the partnership arrangement, the company gets a chance of more rapid development.

In the 1960s, leasing as a form of financing became popular in hospitality industry. It still exists, but to a lesser extent. The leasing arrangement allows both the individual and the chain to enter the market or expand within it. A property is leased for a percentage of gross sales, generally 20 to 40 per cent. For example, US international hotel expansion began with the lease of a hotel in Puerto Rico. The Puerto Rico government wanted to encourage tourism by having a brand name hotel with management expertise. The government leased the hotel to Hilton in return for two thirds of the gross operating profit plus marketing expenses. Leasing gives the benefit of ownership without the initial capital outlay. The lessee is responsible for insurance, hiring and firing, and marketing. In return he gets a major part of every dollar that comes into the business and the major part of every increase in revenue.