International Franchise Association

Franchising

Building local businesses, one opportunity at a time.
If I Knew Then What I Know Now: War Stories From International Franchising Professionals

Moderated By: Carl E. Zwisler
Panelists: Ned Lyerly, Peter Holt
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Ned Lyerly

• Executive Vice President, Global Franchise Development - CKE Restaurants, Inc.
  – International Division
  – International and Domestic Franchise System Growth
  – International and Domestic Franchise Real Estate Support
• 27 year multi-functional background including international, operations, finance, marketing, franchise support, real estate and franchise sales
• Past Chairman of the IFA International Affairs Committee
• 5+ Million Miles on American Airlines
Peter Holt

- Chief Operating Officer, Tasti D-Lite
- Lead franchise sales and development for Mail Boxes Etc., and as vice president for “I Can’t Believe It’s Yogurt!”, led the company’s international expansion
- 20 years of international franchising experience
- Former chairman, IFA International Affairs Committee
- Former chairman, IFA Global Marketing Group
Carl E. Zwisler

• Principal, Gray Plant Mooty
• 35 years representing franchisors and master franchisees in domestic and international franchise transactions
• Former IFA General Counsel
• Author:
  – *Master Franchising: Selecting, Negotiating, and Operating a Master Franchise*, Commerce Clearing House, 1999
• Author/presenter of more than 100 articles and presentations on all facets of international and domestic franchising
Those who cannot remember the past are condemned to repeat it.

George Santayana
Experience is the best teacher.

Julius Caesar
A good man is hard to find.

Choose your partner wisely.
Partner Selection

• Dealing with leads
• Developing a profile of your international franchise leads
• Qualifying leads
  – due diligence
  – residence in the proposed territory
  – political connections
• Benefit of affiliating with a company or individual with industry or franchising experience in the territory
• Individuals v. companies as franchisees
• Public companies v. private companies
Granting Territorial Rights
To explore strange new worlds, to seek out new life and new civilizations, to boldly go where no man has gone before.
Granting Territorial Rights – Master/Area Development

- Determining country priorities for the franchisor’s investment
- Determining the appropriate size of the territory
- Relevance of the experience, management and financial capacity of the prospect
• Development schedule issues
• Applicable laws, including franchise, tax, import, repatriation, industry regulation and efficiency and fairness of legal system
• Conditioning subfranchising rights on successful multiple unit operations
There is something I don’t know
That I am supposed to know
I don’t know what it is I don’t know
And yet am supposed to know,
And I feel I look stupid
If I seem both not to know
And not to know what it is I don’t know

Therefore I pretend I know it
This is nerve-wracking
Since I don’t know what I must pretend to know

Therefore I pretend to know everything

I feel you know what I am supposed to know
But you can’t tell me what it is
Because you don’t know that I don’t know
What it is.
You may know what I don’t know, but not
That I don’t know it
And I can’t tell you
So you have to tell me everything

- R. D. Lang in Knots
Market And Concept Adaptation

• Market research
  – when should it be done
  – how much should be done
  – how should it be done
  – who should do it—franchisor or prospect

• Budgeting for market research

• Use of identical franchising program from domestic or other international markets
• When legal and tax research is required
• Relative role of franchisor and franchisee in adapting the concept to the market
Resources Required for Successful Expansion
How can I make a budget when I don’t know what things will cost?
Resources Required For Successful Expansion

• Preparing a budget
  – pre-sales expenses
  – transaction expenses
  – translation expenses
  – post transaction expenses to adapt pilot unit
  – in-territory support expenses to support adaptation and initial efforts at recruiting (for master franchisees)
• Time required to:
  – establish supply chain
  – satisfy legal requirements
  – perform an adequate job
• Staffing:
  – new employees
  – consultants
• Opportunity costs of each transaction
Finding Trusted Advisors
Who Do You Trust?

Sacagawea
Supplier Search Results

16 Suppliers Match Your Search

Click on Add to Contact List for all franchisors you want to contact then click Contact Selected

Featured Suppliers

Gray Plant Mooty

Gray Plant Mooty has one of the largest franchise and distribution practices in the country. Our lawyers in Minneapolis and Washington, DC, serve franchisors in...
International Franchising

Welcome to the International section of the IFA website. IFA has provided useful and reliable information on international franchising that is beneficial for both franchisors and franchisees. IFA's goal is to assist you with your international franchising initiatives by organizing all of the relevant information in one easy to use location on the web.

Country Profiles

In this section we have provided country profiles including detailed economic information and overviews of important franchising laws for both established and emerging economies around the world.

Click here for Country Profiles

International Franchising Articles

We have also assembled select articles relevant to international franchising, discussing the challenges, identifying the obstacles, and leading you to solutions for expanding your franchise internationally. The region specific articles can also be found in the relevant Country Profiles.

Click here for Articles on International Franchising.
Trusted Advisors – Where Do You Turn?

• Advisors to consider: lawyers, accountant, international tax specialist, market research, international franchise consultant, franchise broker, industry consultants and lawyers, bankers, customs brokers, national franchise associations, U.S. Commercial Services

• Benefits of domestic v. international experience
• In-country expertise
• Where to find trusted advisors
• How to evaluate prospective advisors
Determining Business and Tax Structures
Business And Tax Structures That Maximize Return On Investment

- Use of same franchisor entity to franchise domestically and internationally
  - tax treaties
  - trade agreements
  - financing opportunities
  - disclosure law requirements and financial statements
• Affiliation with existing business v. beginning with start-up, inexperienced franchisees
Thank you

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