53rd IFA Annual Convention
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NON-TRADITIONAL INTERNATIONAL EXPANSION
CURRENT ENVIRONMENT IS OPENING UP NEW OPTIONS

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DENNY’S INC.
Director of Global Franchise Recruitment

Gaylen Knack
GRAY PLANTMOOTY
Partner

Yoshino Nakajima
HOME INSTEAD, INC.
COO – Global Operations
Doug Wong, CFE
Director of Global Franchise Recruitment
Denny’s Inc.
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- Responsible for new franchise recruitment worldwide with Denny’s since 2005
- Worked with National Restaurant brands for over 30+ years in Operations, Concept Development and Franchise Recruitment
- Have led non-traditional development for 2 major U.S. restaurant brands
Gaylen L. Knack  
Partner  
Gray Plant Mooty  
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- Has guided franchisors through int’l and domestic expansion, program development and issue resolution since 1987
- Assisted Franchisors with franchise projects in over __ countries
- Former VP/General Counsel with publicly held multi-concept franchisor
- Supplier Board Member
- International Franchising “Leader in Their Field” – Chambers Global
Responsible for the worldwide expansion for Home Instead Senior Care

- Nearly 1,000 offices in 17 markets worldwide
- Double digit revenue growth
- 2012 Revenue of over USD 1,000,000,000

Member of IFA International Affairs Committee

Board member of Rosenberg International Franchise Center

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OVERVIEW

• Where is your brand today?
• What will be your concept for International, traditional vs. non-traditional?
• Can you retool your domestic recruitment process for International?
• Is your organization at “position ready” to support your International initiative?
• Summary
WHERE ARE YOU TODAY?

• What’s your category position?
• Does your brand awareness equate to your brand perception?
• What’s your International proposition?
• Do you have International experience?
• Will you have a team in place to help support International growth?
INTERNATIONAL MARKETS - CURRENT
GLOBAL DEVELOPMENT -
TRADITIONAL VS. NON-TRADITIONAL

• Identify your core features (non-negotiable)
• How can you “best” achieve market presence and critical mass
• Can you localize your brand and will it work with your existing systems?
• Analyze what’s working with other brands.
INTERNATIONAL RECRUITMENT PROCESS

- Establish your minimum requirements for International: financial, size of deal, Operations and Infrastructure
- Identify countries
- Ensure timely completion of required paperwork
- Skype call before country visit
- Showcase your brand; market tour and Discovery Day
- Finalize agreements, execute and celebrate
INTERNATIONAL MARKETS - COMING SOON
On boarding process steps

Development
- Process Support
  - Introduction to Brand Manager
  - Organizational planning and development logistics
  - Showcase real estate site analysis package
  - Site approval

Menu Development
- Adapt Denny's menu to local market
- Identify regional menu plans
- Analyze franchise
- Supply chain integration
- Equipment considerations

Supply Chain
- Denny's to provide menu item list of ingredients
- Identity/Supply list of prefabricated versus
- Identity straight-forward sourcing
- Schedule vendor events
- Vendor approval - APRIL provided

Design & Construction
- Commence construction plans provided to Denny's
- Denny's provides recommended layout with professional design latest drawings
- Architecture & engineering file adaptation
- Municipal approvals
- Denny's approval
- Construction start

Operations
- Develop site plans - locally through NRO management
- NRO certification
- Executive training
- Pre-opening training
- Post-open training support

NRO Training
- Site day out planning
- On-site Trainer-Tutor Trainer preparation
- Pre-opening training
- Post-open training support

Development process support throughout

Menu Development & Supply Chain development

Design and Construction

Management Training

NRO Set-up & Training
IN SUMMARY

• Where’s your brand today?
• Establish your International requirements and identify countries
• Track your paperwork process with timely follow-up
• Invite for Discovery Day and Celebrate
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OVERVIEW

• Pursuing Opportunities in “Developing Markets” (Geographic vs. Site Focus)
• Risk-Reward Analysis
  – Identifying specific risks and rewards
  – Lowering risks to increase market attractiveness
• Case Studies – Specific markets
REWARDS THROUGH EXPANSION IN DEVELOPING MARKETS

• Growing/expanding economies in many developing markets
• Expanding markets for U.S. brands (both goods and services)
• Availability of credit to finance development
• Generally less market competition
RISKS LIKELY FACED IN DEVELOPING MARKETS

• Difficult to obtain information on prospective franchisees
• Generally higher corruption index – and associated legal risks
• Ability to rely on contract enforcement questionable
RISKS LIKELY FACED IN DEVELOPING MARKETS

- Generally more difficult to protect IP
- Increased security/safety concerns
- More unsettled legal political environment
- Perceptions of business climate can distort opportunities
- Degree of risk can vary among franchisors
ASSESSING/REDUCING RISKS IN DEVELOPING MARKETS

- Develop/expand internal Company controls
  - FCPA and OFAC compliance programs
  - Crisis management and personnel safety programs
ASSESSING/REDUCING RISKS IN DEVELOPING MARKETS

• Expand due diligence standards
  – More extensive background checks
  – Gathering information on candidates in developing markets
  – Re-assess company insurance coverage
ASSESSING/REDUCING RISKS IN DEVELOPING MARKETS

• Enhancing IP protection
  – IP protection basics addressed
  – Understand practical impediments to IP protection upon termination
  – Address/confront possible hostile/uncertain legal environment
ASSESSING/REDUCING RISKS IN DEVELOPING MARKETS

• Assess enforceability of contracts
  – “Leverage” tied to enforceability
  – Assess fairness of local judicial system
• Alternatives to contract enforcement
• Sources of information
Growing economy and market for foreign goods/services
  - Improving GNP over past few years
  - Reduction in corruption ranking
CASE STUDIES - COLOMBIA

• Must address misperceptions as to market/political stability

• Analyzing enforcement of agreements
  – Dispute resolution nuances
  – Protection of IP
CASE STUDIES - SAUDI ARABIA/ EGYPT

- Two disparate markets
  - Political stability
  - Economic outlook
  - Court system/ability to function
• Similar challenges in enforcing agreements
  – Ability to enforce arbitration award suspect
  – Each have protectionist legislation
  – Uncertain as to fairness of local courts
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THOUGHT LEADERSHIP:
MAKING IT A DEVELOPMENT TOOL
OVERVIEW

• Four Outcomes of Thought Leadership
• Definition of Thought Leadership
• Results of Thought Leadership
• Examples of Thought Leadership
• How to Become a Thought Leader
• Measuring Success as a Thought Leader
• Four Outcomes:
  – Generate franchise and master franchise leads
  – Generate sub-franchise leads
  – Create client awareness
  – Create fallow ground FOR public policy initiatives
• Definition of Thought Leadership:
  – Rising above to address bigger themes
  – Spotting issues early and calling attention to them
  – Providing industry or national leadership
THOUGHT LEADERSHIP

• Definition of Thought Leadership:
  – Offering informed and thoughtful solutions
  – Bringing new information and insights
  – Leading and building common cause
  – Thinking long-term
Ultimately, thought leadership is about the advancement of thinking and policy that will benefit those served by your business and doing so in ways that will help your business.
• Results of Thought Leadership:
  – Platform to introduce ideas
  – Improved perceptions of your business
  – Contact with other influential players
THOUGHT LEADERSHIP

• Results of Thought Leadership:
  – Creation of alliances
  – Beneficial public policy
  – Solutions to challenges facing your business
EXAMPLES OF THOUGHT LEADERS

Al Gore
EXAMPLES OF THOUGHT LEADERS

Ken Dychtwald
EXAMPLES OF THOUGHT LEADERS

Paul Hogan
THOUGHT LEADERSHIP

• How to become a thought leader:
  – Demonstrate competence and understanding
  – Have a desire to play a beneficial role
  – Have thoughts, ideas and objectives that really matter
  – Support initiative with ongoing research
• Success as a thought leader:
  – National media has you in its Rolodex
  – Invitations to speak
  – Master franchisees, franchisees and clients take notice
Thank you!

Obrigado

ありがとう!
(Arigato)

Grazie!

Dank u!

謝謝!
(Shia Shia)

Merci!

Danke!

 당신을 감사하십시오!

Gracias!

Σας ευχαριστούμε!
Questions?
IFA  
INTERNATIONAL FRANCHISE ASSOCIATION  
Franchising  
Building local businesses, one opportunity at a time.