Training and Supporting International Franchisees
International Summit Track 2

Moderated By: Ned Lyerly
Presenters: John Kersh  Donna Infurchia

February 16, 2015
Today’s Agenda

• Presenter Bios, Company Profiles

• Unique Approaches to International Training and Support

• International Best Practices in Support, Training and Operations

• Supporting Development After You Close A Deal

• Supporting Master Franchisees

• Hot Markets For New Franchisees

• Questions and Answers
Donna Infurchia

Director International Support & Training
ServiceMaster Company

• 20 years of franchising experience including co-owner of multi-unit full service restaurant franchise

• 17 years with ServiceMaster

• Past 11 years responsible for providing Support and Training for ServiceMaster’s International locations across multiple brands

• Member, IFA International Committee
John Kersh
Vice President of International Development
Anytime Fitness

- Primarily responsible for new market entry, international strategy, budget planning, master-level support
- 7 years with Anytime Fitness
- 10 years in the franchising business
- 22 years in the fitness business
- Member, IFA International Committee
- United Airlines 1K status for 6 straight years
Ned Lyerly, CFE

• President, International – CKE Restaurants Holdings, Inc.
• 30 Years of franchising experience including multi-functional roles in international, franchise operations, finance, marketing, franchise development, real estate and sales
• Member IFA International Leadership Council
• Former Chairman of the IFA International Affairs Committee
• 7+ Million Miles Frequent Flyer Miles
619 Restaurants in 33 Countries representing 18% of total restaurants

14 EXISTING MARKETS FY09

- American Samoa (1)
- Bahrain (15)
- Egypt (37)
- Jordan (6)
- Kuwait (46)
- Lebanon (5)
- Malaysia (7)
- Mexico (183)
- Oman (6)
- Qatar (14)
- Russia (14)
- Saudi Arabia (98)
- Singapore (6)
- The Bahamas (1)
- Brazil (6)
- Canada (13)
- China (5)
- Costa Rica (8)
- Denmark (4)
- Dominican Republic (1)
- Ecuador (16)
- Honduras (1)
- Indonesia (10)
- Iraq (3)
- Kazakhstan (12)
- New Zealand (17)
- Pakistan (9)
- Panama (8)
- Puerto Rico (1)
- Thailand (6)
- Turkey (10)
- Vietnam (5)

18 NEW MARKETS FY10-FY15

- The Bahamas (1)
- Brazil (6)
- Canada (13)
- China (5)
- Costa Rica (8)
- Denmark (4)
- Dominican Republic (1)
- Ecuador (16)
- Honduras (1)
- Indonesia (10)
- Iraq (3)
- Kazakhstan (12)
- New Zealand (17)
- Pakistan (9)
- Panama (8)
- Puerto Rico (1)
- Thailand (6)
- Turkey (10)
- Vietnam (5)

11 NEAR-TERM TARGET MARKETS

- Australia
- Bangladesh
- Belarus
- Colombia
- Guatemala
- Japan
- India
- Nigeria
- Philippines
- Tunisia
- Yemen
Who is ServiceMaster?

ServiceMaster Company is a global, diversified growth company and a leading supplier of residential and commercial services focused on pest control, home service contracts, home cleaning, commercial cleaning, disaster restoration, furniture repair and home inspections.

ServiceMaster is one company made up of many great brands, dedicated to simplifying and improving the quality of life for our customers.
ServiceMaster Global Footprint

5 Continents
30+ Countries

United Kingdom
Jordan
Lebanon
Saudi Arabia
Turkey
United Arab Emirates

Japan
Hong Kong
South Korea

China

Russia

Indonesia
Malaysia
Philippines
Singapore

Australia

India

Mexico

United States

Canada

Dominica Republic
U.S. Virgin Islands
Puerto Rico
Trinidad
Antigua
Aruba
Bahamas
Barbados
Curacao
Grenada
Jamaica
St. Lucia, Martin, Vincent
ServiceMaster International
“Master License” Locations By Brand

(Start Dates in Chronological Order)

**ServiceMaster Clean**
- Japan (1971)
- Saudi Arabia (1991)
- Philippines (1996)
- Honduras (1998)
- Lebanon (1999)
- Malaysia (1999)
- Turkey (2007)
- India (2008)
- Moscow* (2013)
- Colombia (2014)

**Terminix**
- Japan (1989)
- Saudi Arabia (1990)
- Indonesia (1995)
- China* (1999)
- Philippines (1999)
- Jordan (2004)
- S. Korea (2006)
- Malaysia (2007)
- UAE (2011)

**Merry Maids**
- Japan (1988)
- Hong Kong (1998)
- Malaysia (1999)
- Philippines (2001)
- S. Korea (2001)
- Australia (2011)
- Singapore (2012)
- Colombia (2014)

**Furniture Medic**
- Turkey (2007)

*Moscow is single unit franchise/China is non-exclusive ML

Note: List excludes Direct Operation & JV locations
International Support Structure

President

COO

Director International Support

VP Global Sales

International Market Expansion Director

Training

R&D

Marketing

Operations

IT/Legal
Founded in 2002, Anytime Fitness is now the world’s largest co-ed chain of health clubs, with nearly 3,000 locations open in 21 countries on 5 continents.
International Division Structure
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### Success factors

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<th>World-class support system</th>
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<td>Brand Management and QA</td>
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<tr>
<td>Localization and Innovation</td>
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</tbody>
</table>

### Rationale

- Strong support system attracts high-quality franchisees
- Validates international royalty rates and fees
- Allows franchisee to focus on their market and their operations
- Franchisees are willing to give up some level of control when they receive a high level of support

- Maintain brand equity
- Ensure consistency of customer experience
- High quality operations increase customer satisfaction
- Customer satisfaction builds sales and brand loyalty

- Evolve offering to meet changing customer needs
- Drives store traffic and grows same store sales
- Improved store economics makes franchise more attractive
- Maintain credibility with franchisees by improving their bottom line
Successful International Franchisors Invest In:

- People
- Systems
- Processes
- Technology
Best Practices – Training and Operations

People
• Experienced International Talent
• Organizational Structure
• Geographic Placement
• Compensation and Goal Setting Tied to Performance
• Evolution of Organization

Processes and Systems
• Market Entry Research and Due Diligence
• New Franchise Orientations
• Localization
• Research and Development
• Systems Transfer
  ➢ Brand Level Training, Marketing, SCM, Sales

Technology
• Point of Sale and Computer Systems
• ERP, Above Retail Reporting
• Learning Based Management Systems
• Digital Presence – Tools, Systems and Marketing
Best Practices – Training and Operations

Further Considerations:

• Franchise and Legal Agreements
• Language
• Cultural Differences
• Formulation Disclosure and Ownership
• Quality Assurance and Safety
• Transferring USP and generating an acceptable RO
• Training Systems
• System Monitoring and Compliance (Internal and Third Party)
• Budgets – Who Pays for What
• Communication and Reporting
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• **Supporting Development After You Close A Deal**

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Development – Supporting Growth

• Starts With Finding The Right Partner
• New Franchise Onboarding and Orientation Process
• New Market Project Plan and Opening Process
• Training and Support – Home Country and In Market
• Prototypes: Design Specs, Manuals, Sources of Materials, Vendors Sourcing and Localization
• Product Sourcing and Readiness
• Market Mapping, Trade Area Identification and Priorities
• Real Estate Planning, Site Acquisition
• Opening Initial Locations
• For Master’s - Franchise Sales Process, Leads, Tracking, Key Data, Lead Volume
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## Differences In Support and Training Needs By Franchise Format

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<thead>
<tr>
<th>Discipline</th>
<th>Master</th>
<th>Area Developer</th>
<th>Single Unit Operator</th>
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<tbody>
<tr>
<td>Unit Level Training Systems</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Functional / Admin Level Training</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Development and Market Planning</td>
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<tr>
<td>SCM and System Localization</td>
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<tr>
<td>Franchisor Tools and Systems</td>
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<tr>
<td>Franchise Development and Sales</td>
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<tr>
<td>Unit Level Compliance Evaluations</td>
<td>X</td>
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Questions & Answers
Audience Participation
Appendix Materials

- **Selecting the right partner for Operational Execution in the marketplace is critical**
  - Is there mutual acceptance of corporate values/culture – good fit?
  - Is there an understanding of your product/service offering in their country
  - Is there alignment of product/service delivery – what are the differences?

- **Setting the Expectation for Operational Support – Starts with the language written in the License Agreement**
  - *Clearly define responsibility/requirements for:*
  - Initial Training fees – who is required to attend
  - Translation of operational manuals/training materials
  - Software Adaptation/Usage
  - Adherence to brand guidelines – use of marketing materials – ad fund contribution
  - Expenses in shipping product/equipment
  - Acceptance of product use in their country
  - Attendance at Conventions/Workshops/Training Visits to USA – who?/how often?
  - In Country Visit(s) by USA Staff – who/how often?
  - Revenue goals/development schedules/revenue reporting/royalty payment process
  - QA Standards – Audit specifications
  - Requirement of English speaking staff member(s)
  - Establish Franchise Sales and Support Process
Supporting Development After a License Sale – ServiceMaster

• Initial Training for International Licensees
  • We offer customized training class –ability to remove sessions not pertaining to international and to add specialized sessions
  • International training academy agenda follows our USA training schedule – with additional week for on-site production training with local franchisee(s) or company branch
  • Pre-academy work (web based) prior to attending USA training – identify differences that may affect our product/process specifications
  • Meeting with R&D team – provide assistance in sourcing local products & equipment that will meet our company standards
  • Meeting with Marketing team – review availability of marketing tools/digital images that are acceptable for international usage
  • In depth overview of our entire company – scope of services – history – global footprint
  • VIP Lunch with leadership team – hosted meals to help build relationship
  • Assistance with in-country market launch

• On going monthly support calls following training
• Quarterly QA checks – brand compliance, fee reporting
• In-country USA staff training (operations) visit within first 6 months of start up

KEEPING THE LINES OF COMMUNICATION OPEN IS IMPERATIVE!!
Supporting Master Franchisees – ServiceMaster

- Establish annual business review process – alternating location every other year (in country versus USA home office)
- Quarterly support calls – additional if requested
- Required attendance at Annual Convention – every other year
- International award program with recognition at Annual Convention
- As Global footprint expands, offer “International Only” conference in a geographically centered location
- Provide web based training modules
- “International Only” section for intranet site
- Establish one key point of contact for International Partners
- Push all internal company communications out to partners – e-newsletters, organizational changes, new product development, marketing information, etc.

AGAIN KEEPING LINES OF COMMUNICATION OPEN IS IMPERATIVE
Hot Markets for New Franchisees – ServiceMaster

• The question is not where are the “hot” markets for new franchisees but rather where are the “hot” markets for your brand or service

• Look at historical success – which International partner grew fastest – why?

• Benchmark attributes of your most successful international licensees – match those attributes with the hot markets for franchise development

• Doesn’t matter how hot the market is if you select the wrong partner