Know When Your Franchise Is Ready To Go Global

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Our Agenda Today

• An Introduction To The Status Of Global Franchise Development Today

• What You Really Need To Know To Go Global Today

• Taking Food & Beverage Franchises Global

• Case Studies – Good and Bad
Why Take Your Franchise Global?

New sources of revenue
  • Initial license fees, unit franchise fees and royalties

Less dependency on domestic markets
  • Spread your resource and revenue risk

Increasing brand value for stakeholders

Less saturated – and regulated - markets

Leverage your existing intellectual property, technology and expertise
  • Trademarks, operating systems, Intranet, equipment and inventory
The Pros & Cons Of Taking Your Franchise Global

Opportunities

1. New revenue sources
2. Spread your market risk
3. Grow stakeholder value
4. Less competitive and regulated markets
5. Leverage your existing IP
6. Attract investment to grow the brand

Challenges

1. Choosing countries with the best ROI for your brand
2. Finding the right licensee
3. Can dilute your US focus
4. High staff, analysis and travel start-up costs
5. US required due diligence on licensee candidates
6. Supply chain management
Characteristics Of Successful International Franchisors

Committed to finding the right licensees and building a royalty stream rather than seeking quick deals for top line revenue
Establish trademarks and other IP before development activity
Executives with strong brand knowledge and experience
Excellent unit franchise economics
Item 19 in your US FDD
Little or no litigation
Clear brand differentiation
Strong training, support, intranet and marketing resources
Business management software, preferably web-based
Financial models that demonstrate strong ROI
What To Seek In An International Licensee

A passion for and understanding of your business
A successful business
Good reputation in the country
Experienced operations management
Access to suitable real estate
Marketing oriented company
Capital to start and grow your franchise in their country
Factors To Consider When Deciding Which Countries To License Into

- Rule of Law
- Country Stability
- Intellectual Property Protection
- Good GDP Growth = Investors
- Consumer market size
- **Potential to Achieve An Acceptable ROI**
Ranking Of Countries For Franchising in 2015

Red = Highest potential in 2015
Yellow = Moderate potential in 2015
Blue = Low potential in 2015
Tan = Not U.S. franchise friendly countries in 2015
A Proven International Development Strategy

• Budget conservatively for the first 3-5 years

• Be realistic in your initial fee expectations

• Realize that initial fee revenues have corresponding, associated expenses over time

• Be realistic in how many countries you can award and properly support

• Plan ahead for marketing, training and support costs
When is the Right Time to Take Your Brand International?

• The first phone call/email from an international prospect is the trigger to start THINKING, NOT ACTING, about international expansion. Be PRO-ACTIVE, not reactive.

• Need to assess your readiness along several factors, including:
  – Research tools to identify and prioritize best countries for your product/service
  – Resources available to:
    • Qualify Prospects
    • Train prospects
    • Provide ongoing operational assistance
  – Infrastructure to support international growth (marketing, compliance, legal)
Key Quality Issues for F&B Brands Going Overseas

1. Availability of local ingredients
2. Quality of local supply
3. Transportation/distribution of product
4. Cost of importing:
   • Shipping, customs, logistics, timing
Additional Issues for F&B Brands

1. Need to Adapt Menu to Match Culture
2. Real Estate Availability and Cost
3. Labor Costs
4. Quality/Experience of Work Force
5. Competition:
   • Local, US, other foreign
6. IP Protection:
   • Not just trademarks, but menu and design
INTERNATIONAL FRANCHISING

THE DREAM

Don’t get carried away
INTERNATIONAL FRANCHISING

THE NIGHTMARE

Don’t let the monsters suck you in
INTERNATIONAL FRANCHISING

THE REALITY

First you need Vision
then time, money and commitment
The Keys To Successful International Franchising

- Focus on countries that have the highest ROI for your franchise
- Find and use the best and most cost effective international development resources
- Find the right licensees to build long term revenue for your company