



# **World SME Expo**

## **國際中小企博覽**

# **Franchise Best Practices: How to do it. How to do it Right**



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# The International Franchise Association

- The largest franchise association in the world and the acknowledged leader for franchising worldwide
- Founded in 1960, the IFA is a membership organization of franchisors, franchisees, and suppliers
- Represents more than 2,000 Franchisors and Suppliers
- Provides a Certified Franchise Executive® (CFE) education program and licenses the program to other country franchise associations
- Requires Member companies to follow a Code Of Ethics



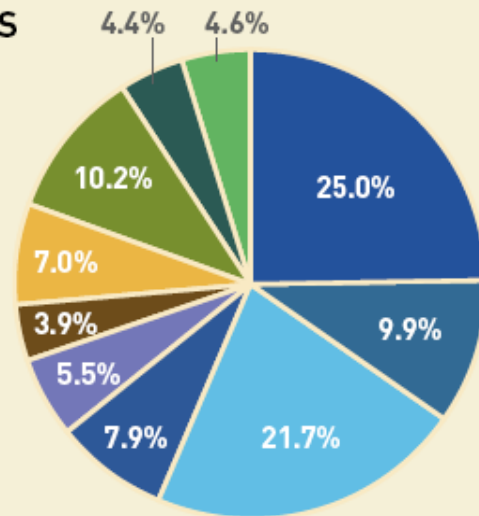
[www.franchise.org](http://www.franchise.org)



# Franchises In The USA

BUSINESS SERVICES
PERSONAL SERVICES
QUICK SERVICE RESTAURANTS
FOOD RETAIL
TABLE/FULL SERVICE RESTAURANTS
LODGING
COMMERCIAL & RESIDENTIAL SERVICES
RETAIL PRODUCTS & SERVICES
REAL ESTATE
AUTOMOTIVE

BUSINESS FORMAT FRANCHISES // BY LINE OF BUSINESS ESTABLISHMENTS



**Franchising™**  
Building local businesses,  
one opportunity at a time.

# **Strategic Benefits of International Franchising**

**Expand beyond your home market**

**New sources of initial fees, royalties and product sales**

**Increases brand value with a global brand**

**Leverage existing intellectual property and resources**



# Keys To 'Going Global' Successfully

Your senior management makes International development a business growth strategy

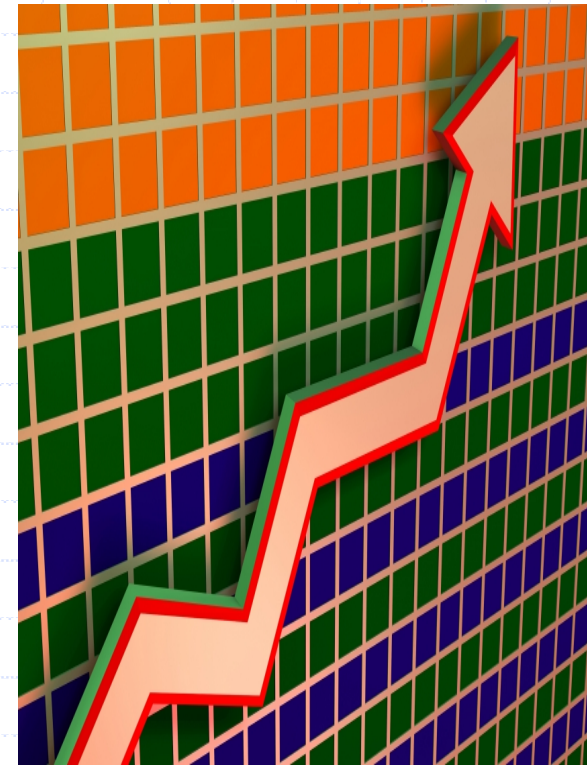
A pro-active business plan focused on countries that have the best ROI potential

Trademarks

Strong training and support

Clear concept differentiation

Market and competitor research



# Suggested International Franchise Development Strategy

Budget conservatively for the first 3-5 years of taking your franchise global

Be realistic in your initial fee expectations

Realize that initial fee revenues have corresponding, associated expenses

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

Plan ahead for marketing, training and support costs



# What Is Important To Today's Middle And Upper Class Consumer Around The World?

**Brand** – Being seen to shop at a known franchise brand is important

**Convenience & Service** – International brands often have good customer service training and policies

**Quality** – The middle and upper class want to spend their money where they get value for their money

**Family** – franchises that target families do very well in most countries

**Mall Locations** are key to franchising success today



# Hot International Franchise Sectors For 2011

- **Automotive** – After market products and services
- **Education & Training** – Management & children's - at all levels
- **Commercial Services** - Facility management, cleaning, handyman, security
- **Personal Services** – Handyman, maid, mobile, home health care
- **Specialty Food & Retail** – Mall anchor concepts, special clothing brands, theme brands, ethnic foods, well known chicken, dessert and pizza brands



# Most Desired Franchise Type By Country

'1' Is Highest Desire, '4' Is Lowest Desire

Country Or Region	Education	Food	Retail	Service
Australia	2	3	2	1
Brazil	3	1	1	1
Canada	2	2	2	1
India	2	1	1	2
Indonesia	2	2	2	3
Japan	2	2	2	2
Malaysia	2	2	2	2
Mexico	2	2	2	2
Middle East Region/GCC	2	1	2	2
Singapore	1	2	2	2
South Africa	1	3	2	2
Spain	3	3	3	2
Turkey	2	2	1	2
United Kingdom	3	2	2	2
Urban China	1	1	2	2
USA	2	2	2	1
Viet Nam	1	1	2	2



Based on a survey of 40 franchise professionals in 25 countries

# Best Franchise Sectors By Region In 2011

- **Asia – Education, food and service**
- **Europe - Retail, service**
- **Latin America – Food, retail, service**
- **Middle East – Food, retail**



# GlobalVue™ - How Countries Compare

## '1' Is Best, '4' Is Worst

Country Or Region	Expected 2011 GDP Growth	Market Size (Customers)	Legal Concerns	Ease Of Market Entry	Ease Of Starting A Business	Political Risk (Stability)	Overall Ranking
Brazil	1	1	2	2	3	1	1.7
Hong Kong	1	4	1	2	1	1	1.7
India	1	1	2	3	3	2	2.0
Indonesia	1	1	3	2	3	2	2.0
Singapore	1	4	1	2	1	1	1.7
Urban China	1	1	2	2	2	2	1.7
Viet Nam	1	2	2	1	4	2	2.0
Australia	2	2	2	3	1	1	1.8
Chile	2	3	2	2	2	1	2.0
Malaysia	2	2	3	3	3	2	2.5
Mexico	2	1	2	2	2	3	2.0
Middle East Region/GCC	2	2	2	2	3	2	2.2
Philippines	2	2	2	2	3	3	2.3
Poland	2	2	3	2	2	2	2.2
Russia (net of oil investment)	2	2	4	3	3	3	2.8
South Africa	2	2	2	1	2	2	1.8
South Korea	2	2	3	2	1	2	2.0
Thailand	2	2	2	2	2	3	2.2
Turkey	2	2	2	1	3	2	2.0
Canada	3	2	2	2	1	1	1.8
Czech Republic	3	3	2	2	2	2	2.3
France	3	1	2	3	2	1	2.0
Germany	3	1	2	3	1	1	1.8
Japan	3	1	2	2	1	1	1.7
Scandinavia	3	2	2	1	1	1	1.7
United Kingdom	3	1	2	2	1	1	1.7
USA	3	1	2	1	1	1	1.5
Ireland	4	4	1	2	1	1	2.2
Italy	4	2	2	2	2	1	2.2
Spain	4	1	2	2	1	1	1.8

Sources: 'The Economist', Heritage Foundation, World Bank, Fraser Institute, World Economic Forum, EGS Network



# Successful US Franchise Brand International Franchising Examples

- **Abrakadoodle® Children's Art Education Franchise in China, Indonesia, Malaysia and Singapore**
- **Carl's, Jr. Gourmet Burgers Franchise in China, Indonesia, Mexico, Malaysia, Russia, Singapore and Viet Nam**
- **Denny's® Family Restaurant Franchise in Canada, China, Costa Rica, Honduras, Japan and New Zealand**
- **Golden Spoon® Healthy Frozen Desert Franchise in Canada, Japan, the Middle East and the Philippines**
- **Mr. Handyman® Service Franchise in Canada, China, Ireland and the United Kingdom**
- **Right At Home® Home Care Franchise in Brazil and the United Kingdom**



# Keys To Successful International Licensing

- 1) Define and implement the best market entry strategy for your specific franchise
- 2) Define your clear brand differentiation
- 3) Focus on those countries that have the highest projected ROI for your franchise
- 4) Find, fully evaluate and sign the right licensees to build a long term revenue source

