

Franchising a Business Internationally Fact Sheet

Building on local success – is your next move overseas?

Franchising is an excellent way to expand internationally. It is an affordable way of accelerating growth, achieving development goals more quickly and with far less risk. Franchising provides the widest entrepreneurial opportunities for you and your franchise partner overseas. The mutually beneficial relationship you build together makes this a unique way to do business internationally.

What is International Franchising?

International franchising is literally being in business overseas but not by yourself. You expand overseas using overseas franchisees that provide in-depth local knowledge and on-the-spot assistance. They combine knowledge and resources with entrepreneurial drive and spirit to form a unique business relationship with you in your chosen market.

The principle is simple. Instead of exporting direct or selling through overseas agents you grant a license to others to sell your product or service. Your license entitles your overseas franchisee to trade under your trade mark/trade name and make use of an entire package from you, comprising all the elements necessary to establish the business overseas and to run it with continual assistance from you. In return for this your overseas franchisee pays you a fee or royalty, or a combination of fees, which often includes an entrance fee and/or a fixed percentage of annual turnover for the period of the contract.

Overseas franchising offers clear advantages:

- It requires less investment so there is less risk.
- You get immediate access to loyal local support.
- Your tried and tested business ideas are used more widely.
- You can build on existing advertising and a solid trading name.
- Good franchising plans are more likely to secure funding.

Roles

As a franchisor your role is to concentrate on:

- Developing and constantly improving the franchise business concept so as to ensure the credibility, quality and reputation of the brand on the market.
- Constantly improving the "franchise package" offered to your partner.
- Seeking and guaranteeing better purchasing prices for goods and services.
- Optimising management and sales skills through on-going training.
- Organising national or international advertising campaigns.
- Steering the business's overall development strategy.

The role of your overseas franchisee partner is to concentrate on:

- Guaranteeing the customer the best possible service.
- Optimising the sales force and results.
- Respecting the principles and manner of operating of the franchise business.
- Upholding the common identity and reputation of the franchise network.
- Maintaining the confidentiality of the business know-how transferred.

Who is in Control?

Each business outlet is owned and operated by the franchisee. However, the franchisor retains control over the way in which products and services are marketed and sold, and controls the quality and standards of the business.

What are the Cost Implications?

The franchisor will receive an initial fee from the franchisee, payable at the outset, together with on-going management service fees - usually based on a percentage of annual turnover or mark-ups on supplies. In return, the franchisor has an obligation to support the franchise network, notably with training, product development, advertising, promotional activities and with a specialist range of management services.

How Can Business Options Help?

Your commitment in capital and time is significant. You need to think through the process carefully, starting with an assessment of yourself and your motivations. For business owners exploring international franchising for the first time, Business Options provides an objective evaluation to help you determine if franchising can actually meet your goals. Once you are ready to franchise Business Options will develop strategies and a structured approach for your franchise programme and ensure that the necessary tools are in place so that you can build an international business.

You will work with an experienced Franchise Consultant adviser who understands that each business is unique and goals and philosophies of each business may be different. Your Franchise Consultant will take the time to learn your business and deliver real world, hands-on experience enabling you to maximize value.

For further information on the Business Options services contact Business Options on 01420 550890 or email enquiries@businessoptions.biz