



# Franchising: Challenges and Opportunities



William Le Sante  
Managing Director & CEO  
Le Sante International  
IFA – International Committee





# Basics of Franchising

- *Franchising can be defined as a marketing method in which the owner of a product or service, known as the “franchisor”, offers the right to operate and manage his product & service to others, the “franchisees”, in return for a fee and ongoing royalty payments.*

## **Franchisor**

- Know-How - Support
- Trademark

## **Franchisee**

- Initial Fee - Royalty,
- Infrastructure



# Franchising

Franchising works as a network of interdependent business relationships that allows a number of people to share:

A brand identification

A successful method of doing business

A proven marketing and distribution system





**SINGER®**



# Introduction

- 1845: Singer Sewing Company sells the rights to Licensees
- 1895: Coca Cola begins to sell bottling rights internationally
- 1930: Howard Johnson started franchising hotels/restaurants
- 1950' s: Dunkin Donuts, McDonald' s & KFC are founded







# Today

- Franchising Accounts for over One Trillion Dollars in the US Market.
- Accounts for 50% of All Retail Sales
- Provides Jobs for over 18 Million
- Spans in Over 75 Industries
- One in every Twelve Businesses in the US is a Franchise Outlet



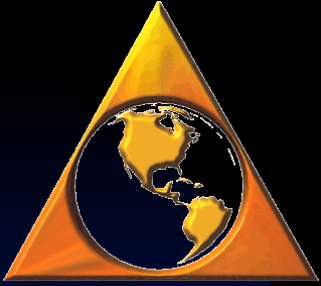
## More than 70 industries

- ✦ Accounting/Tax Services
- ✦ Automotive Products/Services
- ✦ Business Services
- ✦ Children's Services
- ✦ Clothing & Shoes
- ✦ Construction/Remodeling
- ✦ Cosmetics
- ✦ Educational Services
- ✦ Employment Services
- ✦ Environmental Services
- ✦ Restaurants
- ✦ Hair salons
- ✦ Home furnishings
- ✦ Hotels/Motels
- ✦ Janitorial Services
- ✦ Laundry/Dry Cleaning
- ✦ Lawn & Garden
- ✦ Maid Services
- ✦ Printing Services
- ✦ Real Estate



# Why Franchising?

- Brand Name
- Proven Business Method
- Training & Support
- Access to Specific Product & Equipment
- Available Financing



# ADVANTAGES FOR THE FRANCHISOR

- *Expands faster into the market place, without direct investment or infrastructure costs.*
- *Store operators are owners, not managers.*
- *Owners cooperate and give ideas to improve the system*



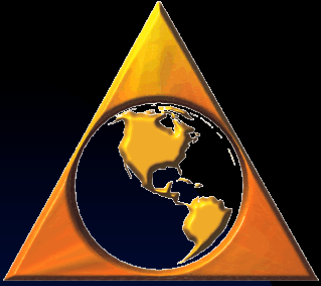
# ADVANTAGES FOR THE FRANCHISEE

- *Investigate and select industry of choice.*
- *Becomes part of a “proven” system.*
- *Does not require, in many cases, previous experience in the industry of choice.*
- *Satisfaction of being in business for yourself; but not by yourself.*
- *Innovations and technology are more accessible.*



# The Franchisee's Responsibilities

- **Follow the system**
- **Grow the business locally**
- **Reinforce the trademark**
- **Communicate ideas and recommendations**
- **Be a team member**



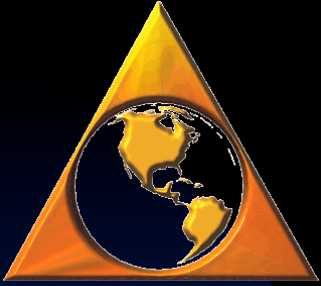
# The Franchisor's Responsibilities

- **Grow the Business**
- **Win/Win for the Franchisor and the Franchisee**
- **Communicate**
- **Lead**
- **Motivate**
- **Be Firm**
- **Be Flexible**



# What Can Be Franchised?

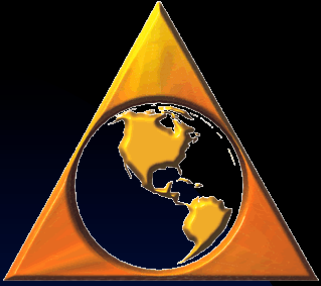




# Industries

- 60% of Franchising is Food/Restaurant Related

# McDonald's





# Johnny Rockets









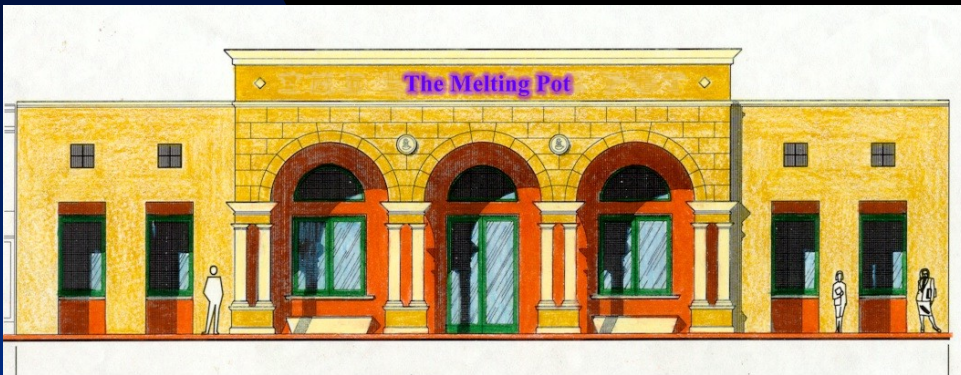
# TGI Friday's











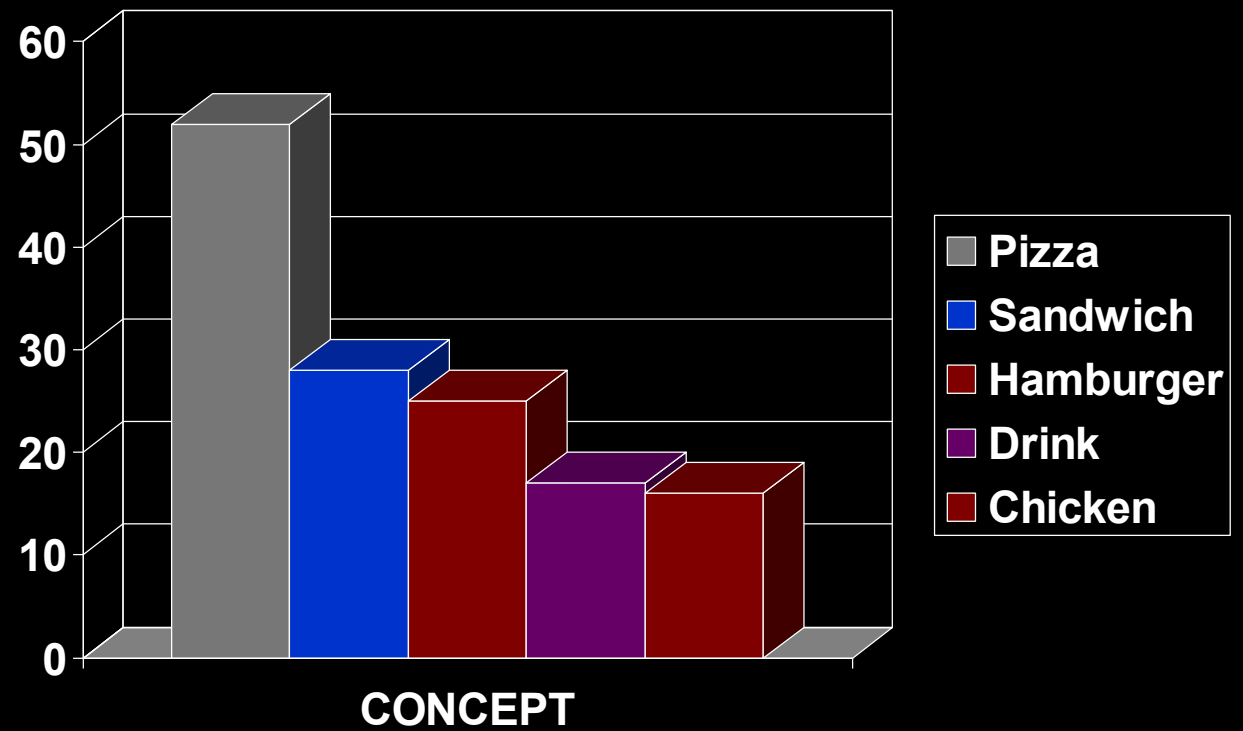


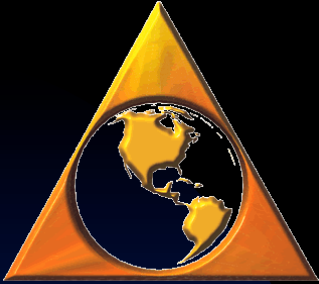






# Food Sectors





# Starbucks









LIQUID<sup>MC</sup>  
NUTRITION







**MIAMI-COCONUT GROVE  
GRAND OPENING  
DECEMBER 6TH 2006**

*You* are cordially invited  
to our 15th grand opening!  
Our newest Coyote Ugly  
Saloon which is located  
in the heart of Miami, will officially  
open its doors at 9pm on Wed  
December 6th, 2006. We  
would like to invite you to a sneak  
peak before anybody else gets to  
see it at 7pm! We will be featuring  
door gifts and prizes, along with an  
open bar from 7-9pm.  
Space is limited so please  
RSVP by emailing  
[lee@coyoteuglysaloon.com](mailto:lee@coyoteuglysaloon.com)  
with "RSVP" in the  
subject line.

**MAYFAIR HOTEL - COCONUT GROVE  
ACROSS THE STREET FROM THE BAR  
BEAUTIFUL HOTEL - MENTION COYOTE UGLY  
FOR SPECIAL RATES - BOOK NOW!  
305-441-0000 OR EMAIL  
[PTEASDALE@MAYFAIRHOTELANDSPA.COM](mailto:PTEASDALE@MAYFAIRHOTELANDSPA.COM)**

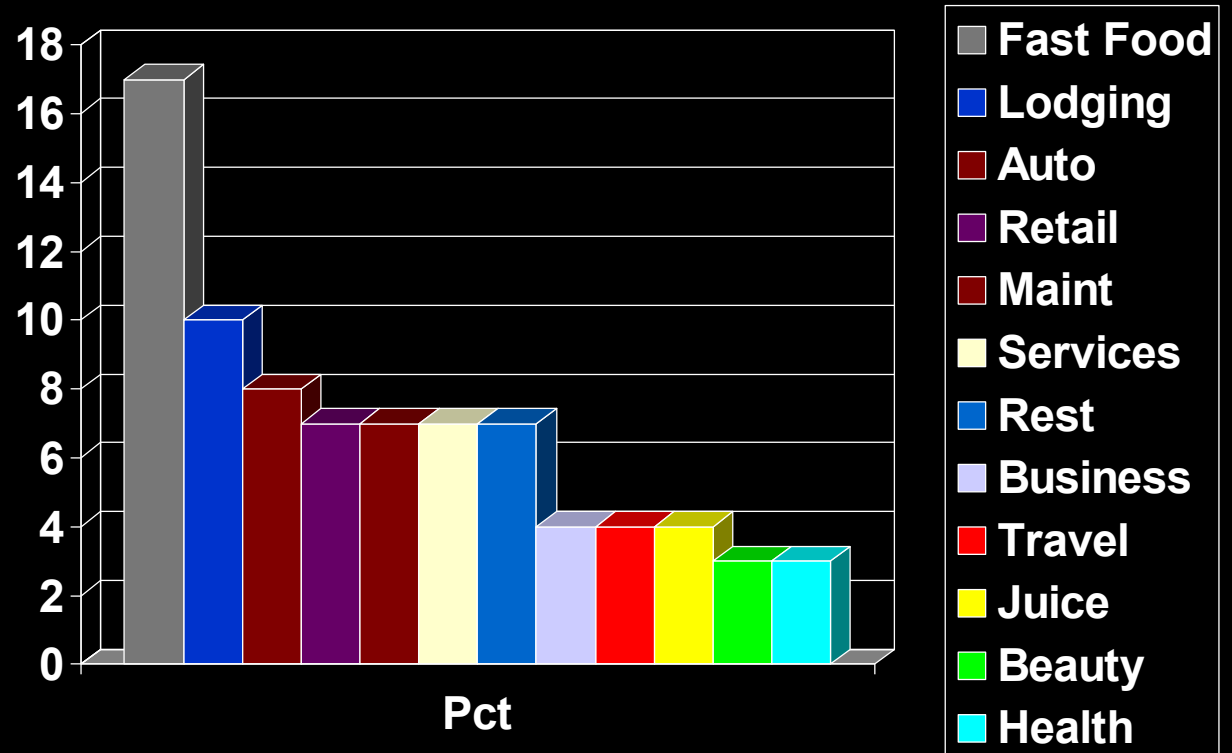
**COYOTE  
UGLY  
SALOON**

**305-460-UGLY | 3015 GRAND AVE #210 COCONUT GROVE, FL 33133**

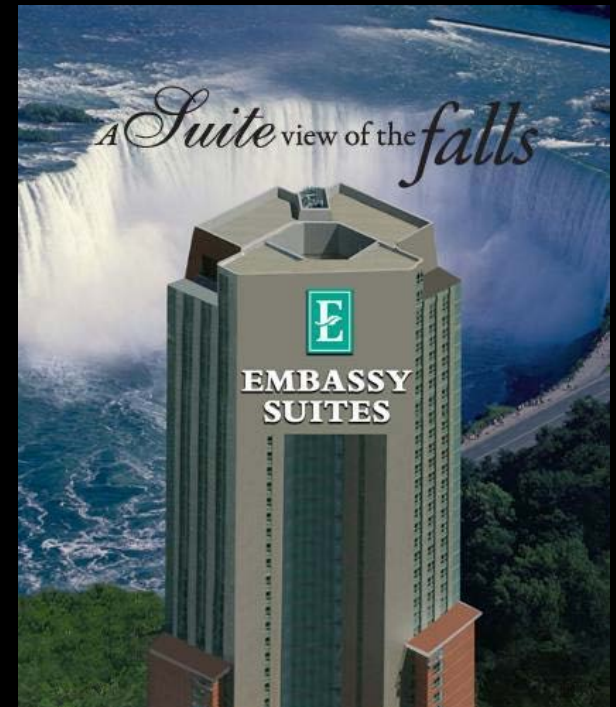




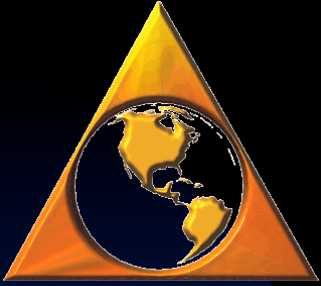
# Franchising by Sectors



# Lodging Chains







# Automotive

- Automotive is Second with Almost 10 % of this Segment
- Car Rentals
- Service Facilities
- New Car Dealers
- Aftermarket Services



# Other Original International Franchisors/Licensors

- Car Rental Companies

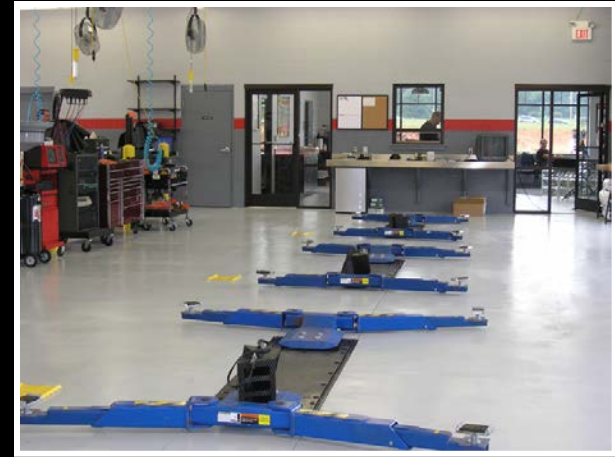




# Automobile Dealerships









# Services & Retail

- The Remaining 30% is Directly Related to the Service and Retail Industries



**Cartridge World®**

[www.cartridgeworldusa.com](http://www.cartridgeworldusa.com)









  
**FAST-FIX**  
**JEWELLERY AND**  
**WATCH REPAIRS®**





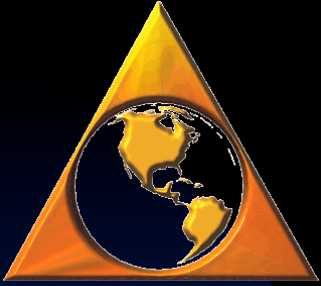






# Health & Beauty





# Beauty Services





*Massage Envy.*



Get a great massage  
that fits your busy  
schedule and budget.

\$39\*

Get Started ▶

Introductory offer for first-time visitors. Prices and services may vary by location. For more details, [click here to get started.](#)



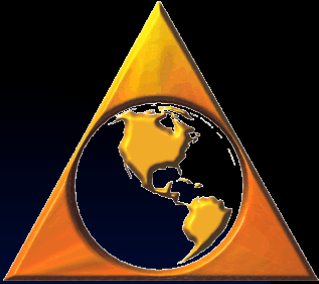
# Educational Concepts



Searching for  
Academic Success?  
**LOOK NO FURTHER...**







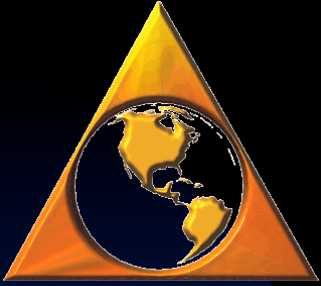
**Sandler  
International**  
A Division of Sandler Systems, Inc.



**Sandler Sales Institute®**  
180° From Traditional Sales Training<sub>sm</sub>







# Specialty Retail



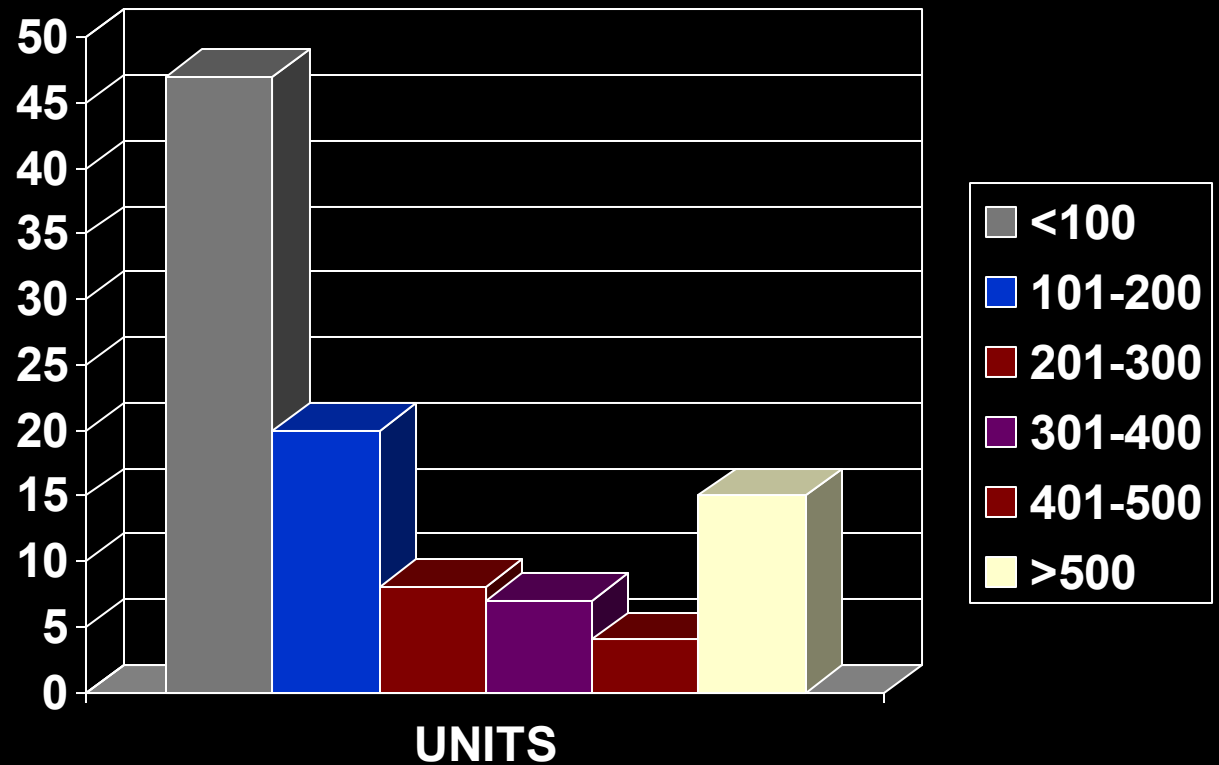


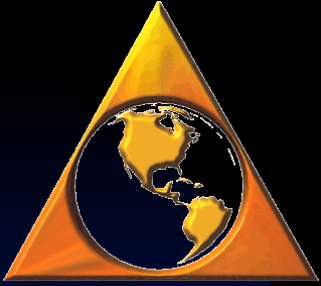
# Fashion



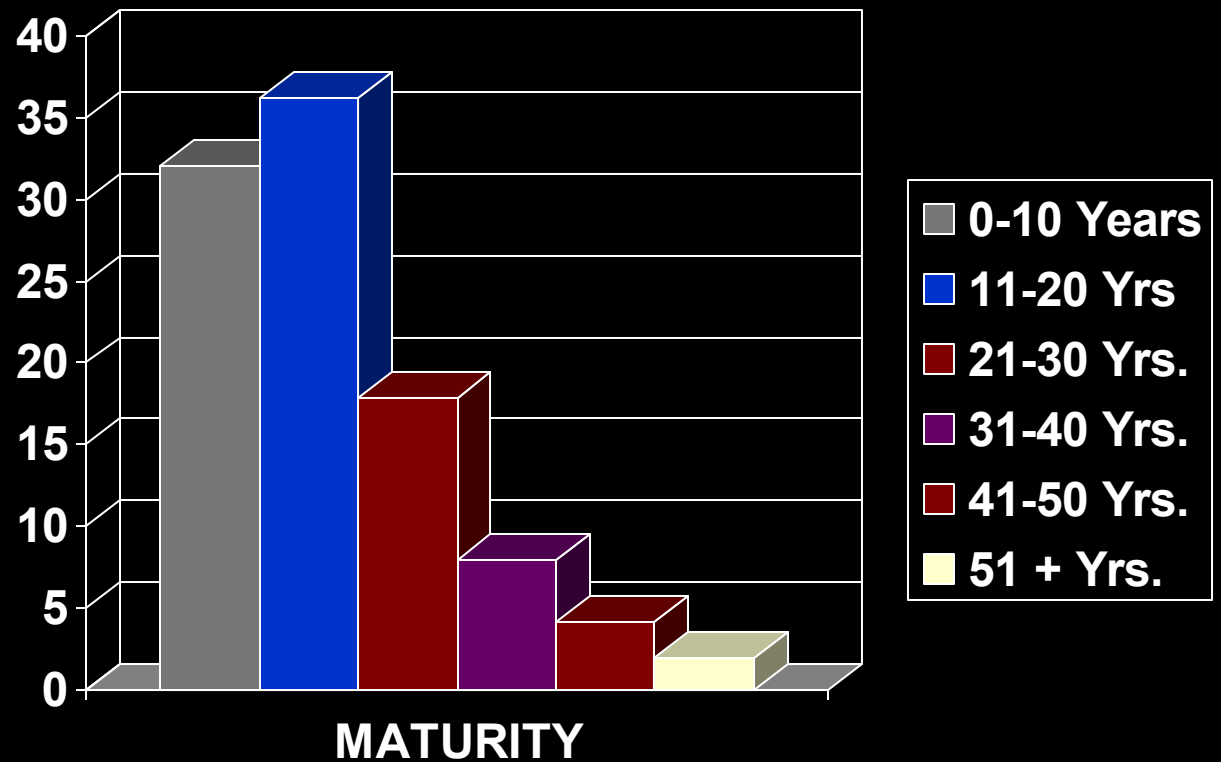


# Size of Franchise Systems

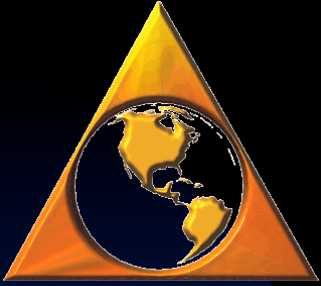




# Franchise Maturity







**Prior to 1980, Over 90% of  
the Franchisors Originated in  
the United States**



**Today, the United States  
Accounts for Less Than  
50% of the Worlds  
Franchise Systems**



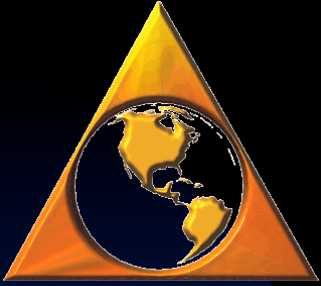
# Australia



- 87% of Their Franchise Concepts Are Home Grown







# Brazil



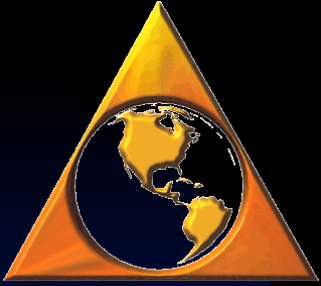
Over 80% of Your Franchise  
Concepts Are Home Grown





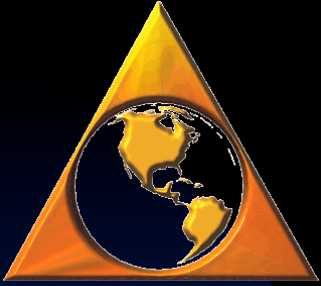
# Emerging Markets

- China
- India
- Brazil
- Mexico



# Franchising Fundamentals





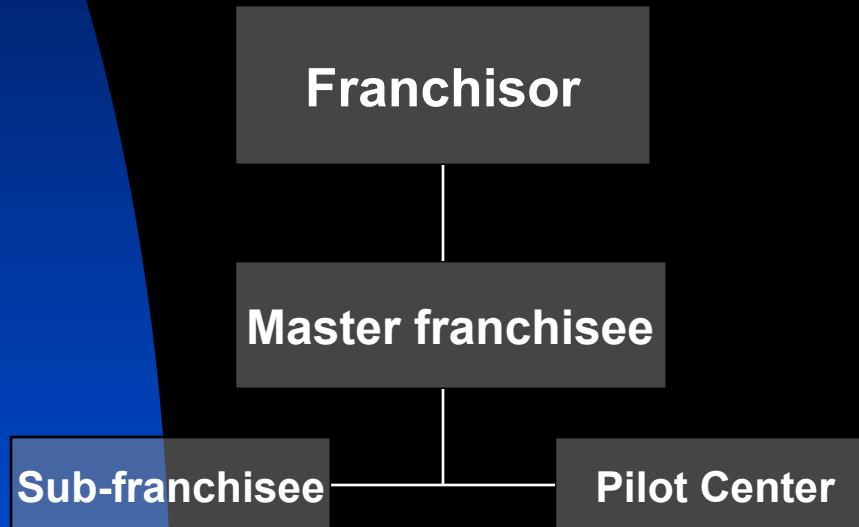
# Methods of Franchising

- Master Franchise
- Area Developer
- Direct Franchising
- Joint Venture Partnerships
- Direct Licensing & Distribution



# Master Franchise Format

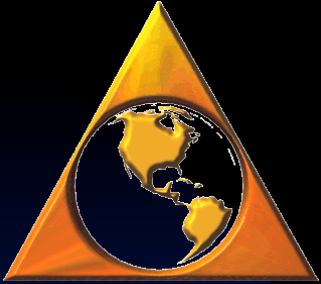
- ✦ **Country or region**
- ✦ **Option for sub-franchising**
- ✦ **Multiple revenue streams**





# Franchisor & Master Franchise Revenue

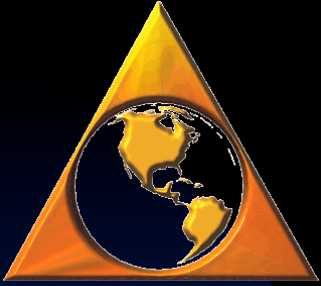
- **Franchise Fees**
- **Royalty Fees**
- **Training Fees**
- ◆ **Pilot Store Revenues**
- **Product & Equipment Sales**
- **Vendor Rebates**



# Vendor Rebates

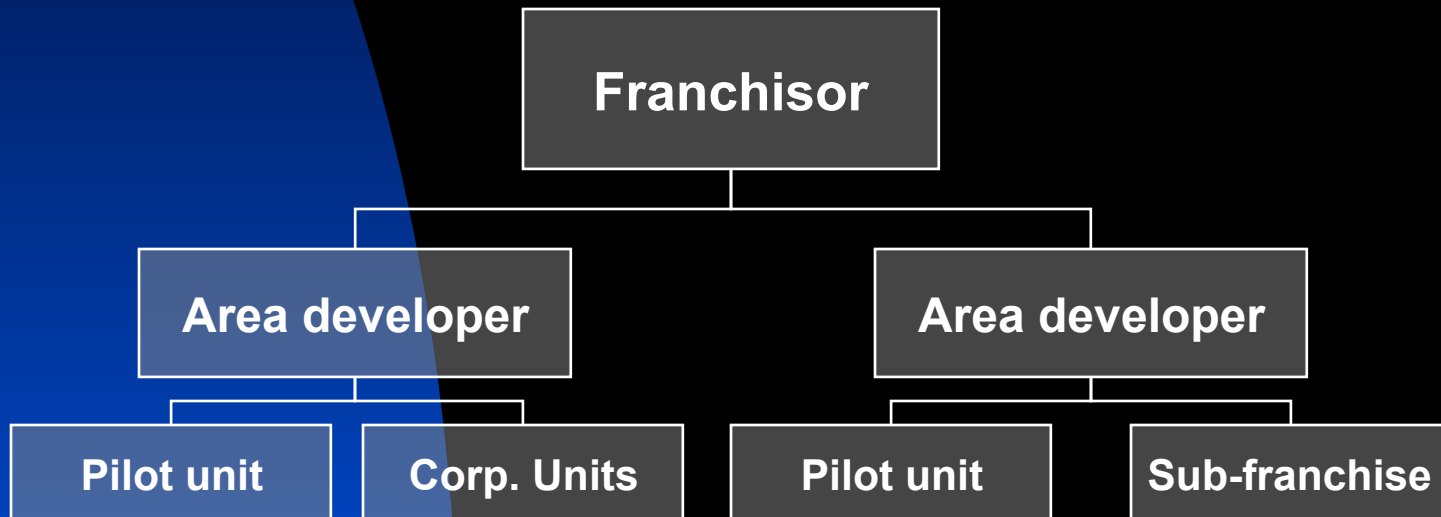






# Area Development

- ✦ **Area of defined population**
- ✦ **Option for sub-franchising**
- ✦ **Controlled growth**



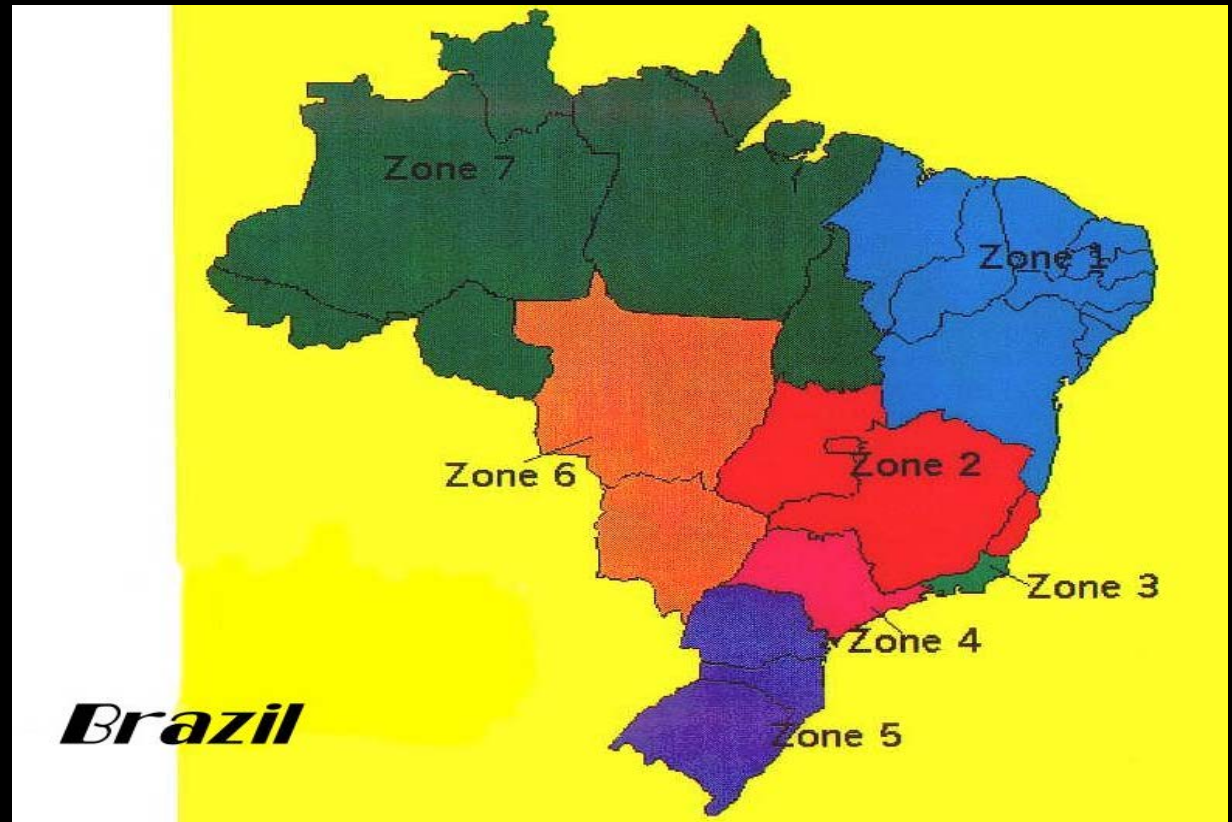


# Brazil





# Franchising Brazil

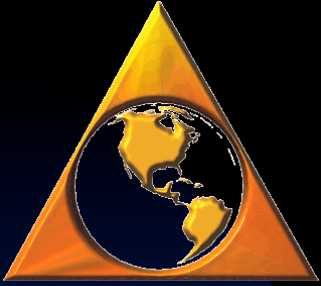




# Mexico

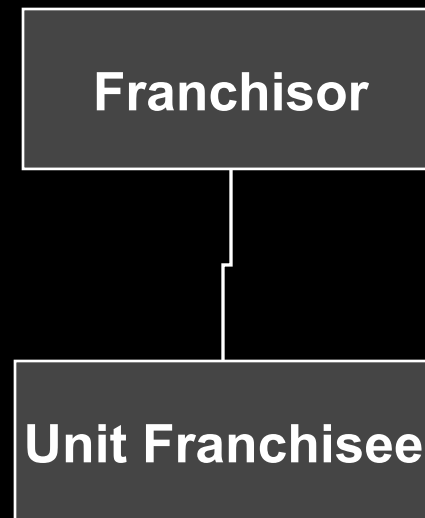






# Unit Franchising

- ✦ **Area of defined population**
- ✦ **Controlled growth**





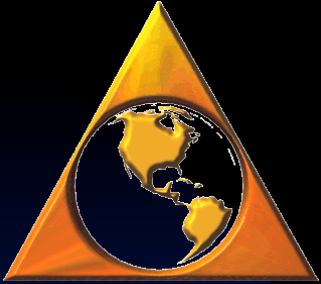
# Licensing & Distribution





# How are the Initial Fees Determined?

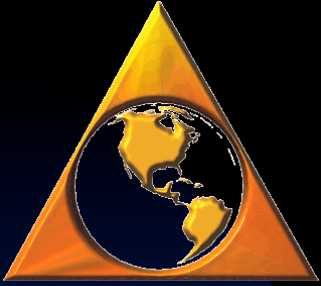
- **Size of territory**
- **Potential of the market**
- **Number of possible units**
- **Trademark and Legal Issues**
- **Translation of Materials**
- **Cost for the initial training and support for the franchisee**



# Trademark Protection







# **INVESTMENT REQUIREMENT**

- **Franchise Fee / Master Rights**
- **Infrastructure and store build up cost**
- **Operating Capital**
- **Ongoing Royalty payment**



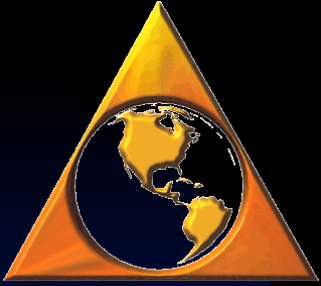
# KEY ELEMENTS IN A FRANCHISED BUSINESS

- *Recognized name / trademark*
- *Simple & attractive product or service*
- *Proven business system*
- *Ability to be easily reproduced*



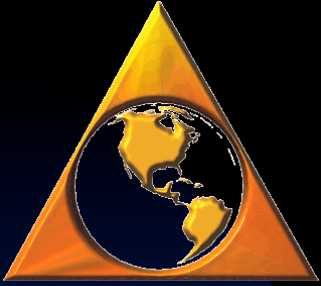
# Franchising is NOT...

- ✦ **A guarantee of success**
  - *Like any business, it has its risks*
- ✦ **For everyone**
  - *Consistency is key to franchising*
- ✦ **A short-term commitment**
  - *Average contract is 15-20 years*



# **Key Characteristics of the Ideal International Franchisor**





**Makes planning a fundamental component of the business.**

**- Always insist on creating a realistic Business Plan.**



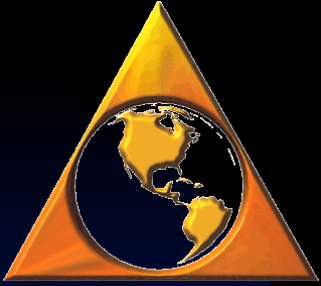
**Offers products and services that gives master licensees a clear and competitive edge**

**- Are you the 3rd or 4th Hamburger Concept in your territory???**



**Maintains a thorough training program at the unit and master levels.**

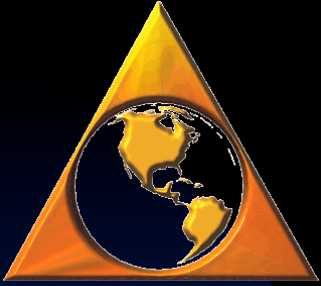
- The only way to insure that your Master franchisee is living up to Your expectations.



**Provides a proven franchise development system.**

- There must be a structure for Expansion.
- Master franchise, area developer, etc.





- **Understanding international markets.**
  - Research and study of market?



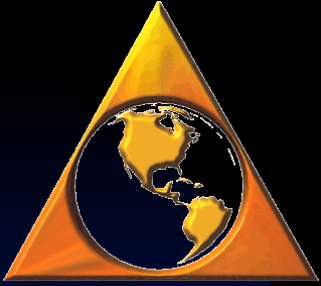
## **Dedicated international team**

- Training
- Marketing
- Operational support



**Has a proven record for international success.**

- How many international operations?
- Are they successful / profitable.



## **Provides a well documented business system**

- Corporate identity manual
- Operations manual
- Training manual
- Local language



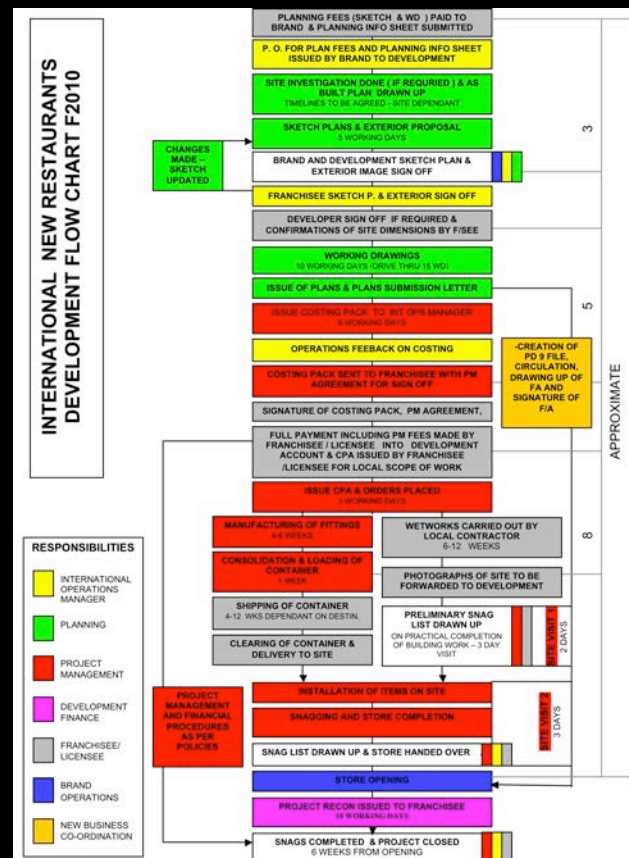
# Construction Manuals







# Development Process





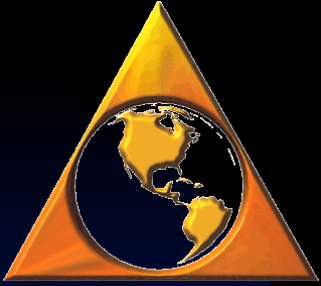
**Operates his own successful flagship unit that serves as a model for the network.**

- It is difficult to enforce a system on your franchisees if you are not familiar with the day to day operation of the business.



**Maintains well developed, consistent communications with master licensees.**

- The number one reason for failure of International partners is lack of Communication



**Sends experience staff to visit the territory on a regular basis.**

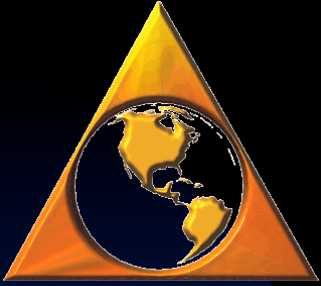
- It is important to keep the consistency of your concept and tackle operational Issues before they become irreparable.



**Provides new product development to stay ahead of the competition.**

- You must continue to find ways of revitalizing your brand to keep up with market demand.





**Provides an adaptable marketing program that is globally focused.**

**- Think globally, Act Locally!**



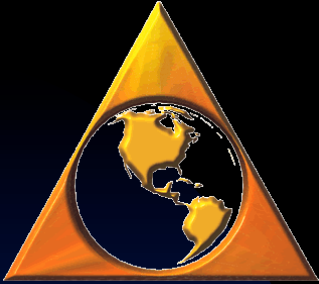
# How to Evaluate a Franchise

## ♦ Evaluate yourself first

- *Do you require a certain annual income level?*
- *How many hours are you willing to work?*
- *Do you want to operate business yourself or hire manager?*
- *How much can you invest?*
- *Is franchising for you?*

## ♦ Research your options

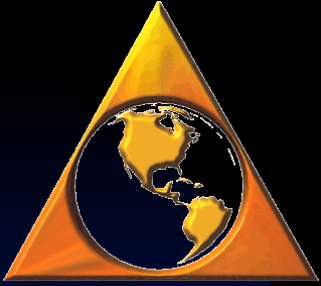
- *Attend franchise exhibitions and seminars*
- *Read franchise directories, articles and books*
- *Use the Internet ([www.franchise.org](http://www.franchise.org))*



# Albert Kong's C's



- **Concept**
- **Commitment**
- **Corner**
- **Cash**
- **Chemistry**
- **Communication**
- **Compliance**



# Coffee Break






# Franchise Opportunities











# Der fun since \*61

RESTAURANT LOCATOR

[LOCATIONS](#)
[OUR FOOD](#)
[DER COMMUNITY](#)
[MERCHANDISE](#)
[ABOUT US](#)
[FRANCHISING](#)
[GIFT CARDS](#)
[CONTACT US](#)




## Wiener Schnitzel Menu



While delicious is certainly good, it simply pales in comparison to flavors that reach the level of Delicious.





### Der Wiener Menu



### Tastee Freez Menu

[Locations](#)
[Our Food](#)
[Der Community](#)
[Downloads](#)
[About](#)
[Franchising](#)
[Contact](#)

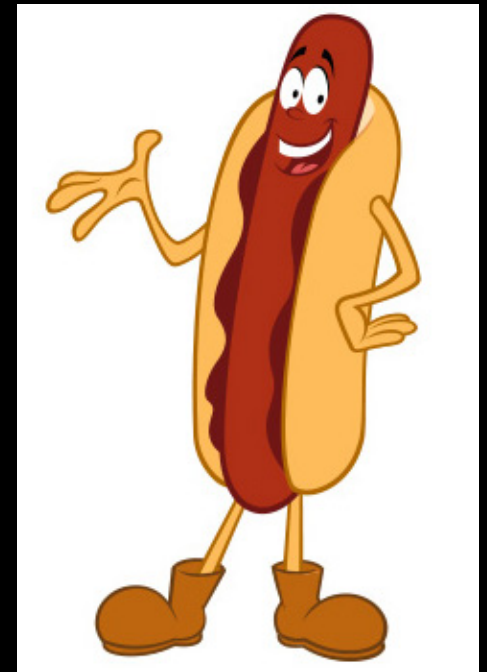
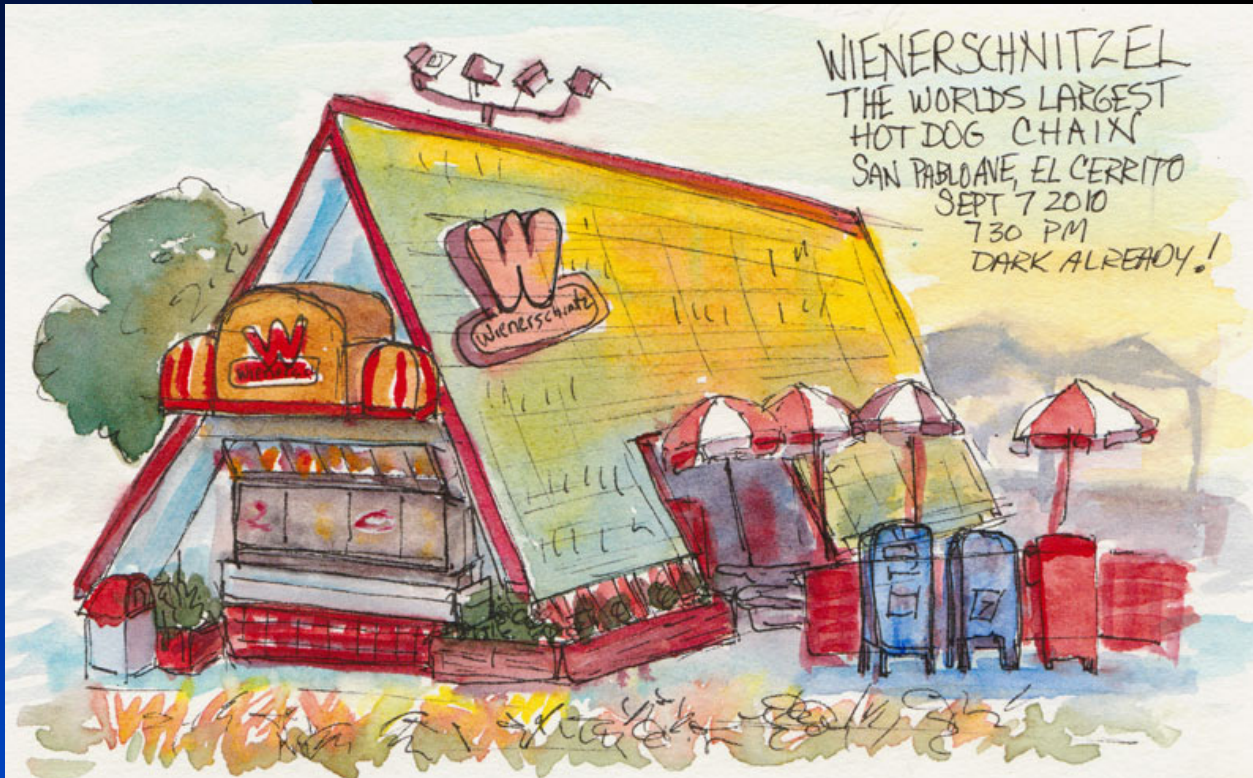
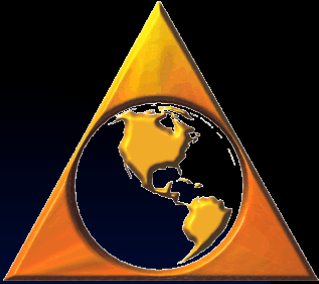
© 2013 Galardi Group, Inc.
[Legal Notice](#)
[Privacy Policy](#)









# Master Franchise Terms



1. Minimum of 5 Locations
2. Total Master Fee \$75,000 USD
3. Franchise Fee of \$10,000 USD
4. Royalty Fee 6%
5. Marketing Fee 2% Locally
6. Development Agreement 5 Years
7. Master Agreement 10 Years Renewable





# Rita's Italian Ice





## ITALIAN ICE



### 1. Choose an Ice

REG.	\$2.49	130-540 cal
LG.	\$2.99	200-850 cal
QT.	\$4.99	340-1440 cal

Made Fresh Daily with Real Fruit

## FROZEN CUSTARD



### 1. Choose a Custard

REG. Cone	\$3.09	320-365 cal
LG. Cone	\$3.59	420-475 cal

**Sundaes:** Two Toppings plus Whipped Cream & a Cherry

REG.	\$4.09	570-920 cal
LG.	\$4.59	670-1020 cal

Cool, Creamy & Delicious

## GELATI



### 1. Choose an Ice 2. Choose a Custard

REG.	\$3.49	290-510 cal
LG.	\$3.99	470-840 cal

Layers of Italian Ice & Custard

## JUST ICE? THINK TWICE.



## MISTO SHAKE



### 1. Choose an Ice 2. Choose a Custard

REG.	\$3.89	280-730 cal
LG.	\$4.39	400-1090 cal

Italian Ice Blended with Custard

## BLENDINI



### 1. Choose a Custard 2. Choose an Ice 3. Mix-In a Topping

REG.	\$3.99	430-870 cal
All-Custard	\$4.49	550-1130 cal

Custard Blended with Ice & a Topping

## MILKSHAKE



### 1. Choose a Flavor REG. \$3.99 670-960 cal

Vanilla	OREO® Cookies n' Cream	Chocolate Covered Strawberry
Chocolate	OREO® Chocolate	Caramel
Strawberry	Fruity Pebbles®	Strawberry Shortcake
Black & White	Vanilla HEATH®	
Peanut Butter	Chocolate HEATH®	

Made with Rich & Creamy Custard



MISTO

TOSHIBA



# Manila - Philippines







Manila-Philippines





# Terms & Conditions

1. Master Franchise Fee \$100,000 USD
2. Royalty is 6%
3. Marketing 4% Local
4. Term of Agreement 10 Years
5. Minimum 10 Locations
6. Includes Modular and Express

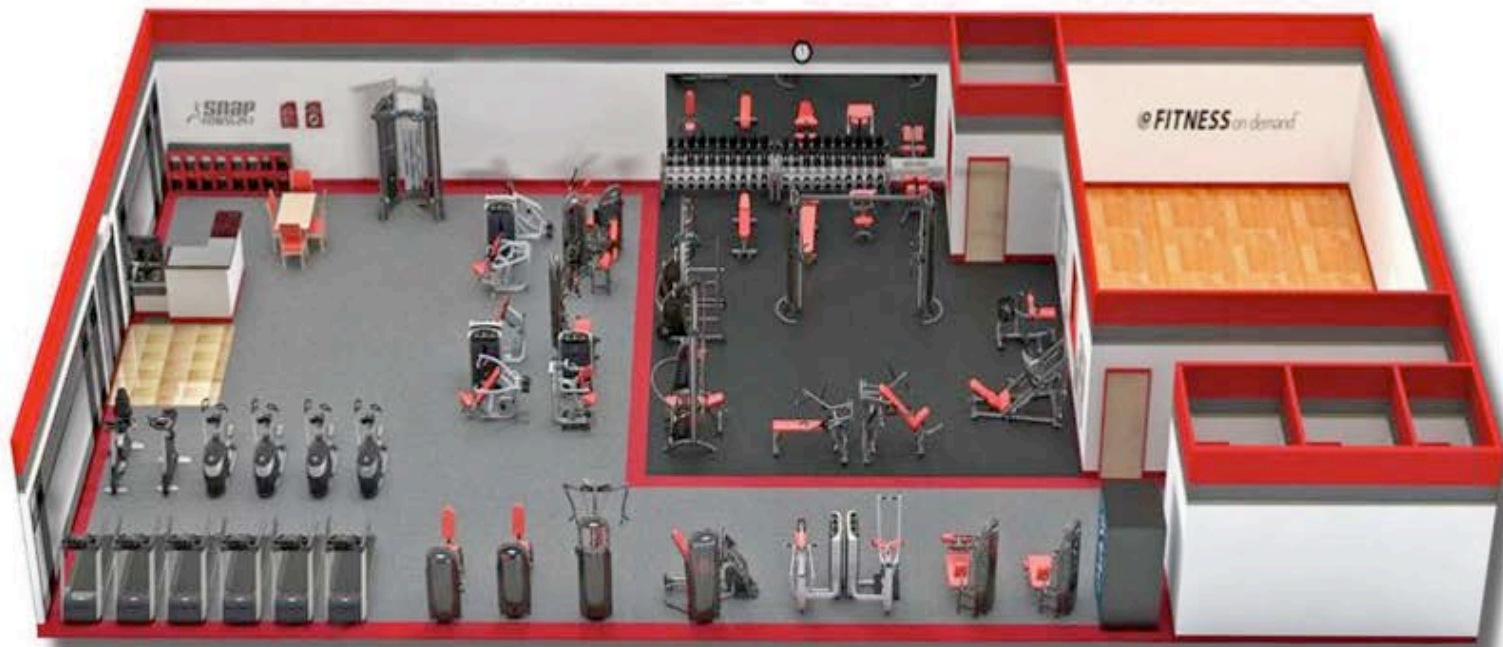








# Club Redesign







**INTERNATIONAL  
MASTER FRANCHISE  
OPPORTUNITY**



PROVEN CONCEPT  
**AFFORDABLE**  
INVESTMENT

OVER 165  
**MILLION**  
WORKOUTS SERVED  
**1 MILLION**  
MEMBERS  
2,000 CLUBS  
**FINANCING**  
AVAILABLE

**WORLD**  
CLASS SUPPORT  
SIMPLE PROCESS



#### ABOUT SNAP FITNESS

Snap Fitness, the world's leading fitness franchise, is experiencing explosive growth across the globe, and now is the time to bring Snap Fitness gyms to your country.

Snap Fitness is the fast, convenient, and affordable workout alternative to traditional "big box" health clubs. We offer members no contracts, state-of-the-art workout equipment, and 24/7 safe and secure access to all of our clubs worldwide.

With 2,000 locations open or in development in 15 countries and more than a million members worldwide, a Snap Fitness franchise is the top choice for entrepreneurs looking to become master franchisees and offer a high-quality workout experience in their home countries. We provide an established turnkey business model that is easy to own, easy to manage, and easy to market.

#### MASTER CANDIDATE PROFILE

Generally speaking, you are likely to qualify as a Snap Fitness master franchisee if you meet the following:

- **MANDATORY:** Investable capital of \$1 million USD
- **PREFERRED:** Prior experience developing a business
- **PREFERRED:** Industry experience - experience in fitness or retail business
- **PREFERRED:** Franchise experience

#### WORLD-CLASS SUPPORT

In addition to providing you with the support system to grow the Snap Fitness brand in your country, we provide all the items below:

- Global recognition
- World-class systems and processes
- Vendor relationship management
- Training and development
- Operations manuals
- Build-out requirements and systems
- Marketing
- Franchise leads and sales training
- Real estate training
- Protected territory
- And more!

**DON'T MISS OUT ON THE OPPORTUNITY  
TO BECOME A MASTER FRANCHISEE  
& OFFER A HIGH-QUALITY WORKOUT  
EXPERIENCE IN YOUR HOME COUNTRY.**





# Terms & Conditions

1. Master Franchise Fee \$100,000 USD
2. Minimum Number of Locations TBD
3. Royalties 6%
4. Marketing - Local
5. Total Investment approx. \$250,000 US

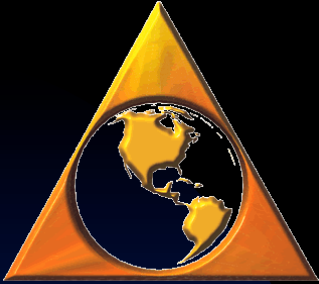












# Terms & Conditions

1. Master Franchise Fee \$125,000 USD
2. Minimum of 5 Locations
3. Per store Opening Fee \$10,000 USD
4. Royalties at 6%
5. Marketing at 2% Locally used







# WING@ZONE









# Terms & Conditions

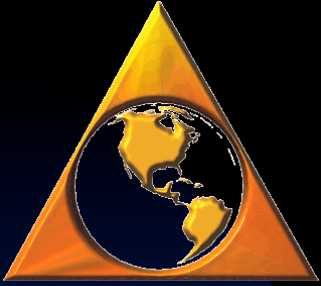
1. Master Franchise Fee: \$
2. Total Number of Locations:
3. Royalty Fee:
4. Marketing Fee:
5. Initial Investment:





# Churromania



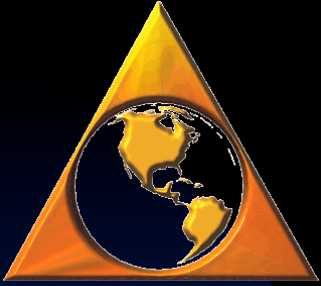


# Terms & Condition



1. Master Franchise Fee \$100,000 USD
2. Total Number of Locations – 10
3. Royalty @ 5%
4. Marketing @ 4% Local
5. Agreement for 10 Years
6. Initial Investment: 75,000-125,000





# Food Trucks





# Checklist

- ✓ *There are no guarantees*
- ✓ *Be prepared to take on all the roles of the business*
- ✓ *Do what you enjoy doing*
- ✓ *Follow the system and believe in it*
- ✓ *Perform a self-evaluation*
- ✓ *Finances: be responsible*
- ✓ *Investigate: internet / seminars / magazines*
- ✓ *Get advice from lawyers & consultants*



# Bottom Line

- The ideal international franchisor understands that the profitability of its international partners will ultimately determine the franchisor's international business success.







INTERNATIONAL  
**Franchise**  
*Expo*

June 18-20, 2015  
The Javits Center, New York City   
**REGISTER TODAY FOR FREE**

# OWN IT!

Do you want to be in business for yourself but not by yourself?  
Franchising is *the* proven answer.

1 Global Exposition  
400+ Leading Franchise Brands



## DID YOU KNOW:

There are franchise opportunities in  
every industry at every investment  
level, even part-time and home-based.

Register for **FREE** and attend **70+ FREE** educational seminars.



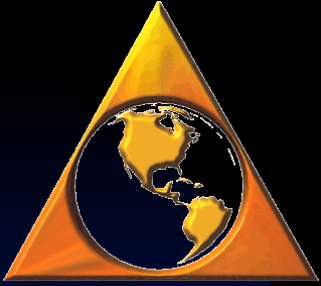
# IFE – New York 2015

- June 18-20 – 2015
- Javits Center – NYC
- VIP Credentials
- VIP Reception
- International Lounge
- Special Host / Escort
- 400 + Exhibitors



# Conclusion

- Franchising is Considered by Many to be the Major Catalyst as a Growth Vehicle in the Future World Economy.



# Resources

- [www.franchise.org](http://www.franchise.org)
- [www.cia.org](http://www.cia.org)
- [www.worldtrade.com](http://www.worldtrade.com)
- [www.buyusa.gov](http://www.buyusa.gov)
- [www.betheboss.com](http://www.betheboss.com)





# Le Sante International





# Le Sante International

Specialists in Growing World-class  
Brands Worldwide through franchising

[william@lesante.net](mailto:william@lesante.net)

[www.lesante.net](http://www.lesante.net)

Thank You

