

INTERNATIONAL DEVELOPMENT

Franchising is First in Afghanistan and Tunisia

A youth-oriented market of 30 million is translating into palpable hunger for American brands.

BY BETH SOLOMON

INTERNATIONAL FRANCHISE ASSOCIATION

MEMBERS such as Hertz, RadioShack, AlphaGraphics and Tutor Doctor traveled to Kabul, Afghanistan in early December for a Franchise Micro-Mission hosted by the U.S. Agency for International Development and the U.S. Commerce Department. The mission was part of efforts to help the country build a successful economy after many years of war.

"I didn't have huge expectations going there that we would consummate an agreement, but after being there on the streets and seeing some fairly sophisticated operators in a very difficult climate, I've walked away with the fact that we would do business in Afghanistan," Marty Amschler, a RadioShack Corporation vice president and corporate officer, told Bloomberg BusinessWeek.

IFA's International Committee Vice Chairman Bill Edwards, CFE, who represents such brands as Build-A-Bear Workshop and Denny's, and was on the trip for AlphaGraphics, told the magazine, "There's a lot of money there" willing to invest in American franchises, he said. "There's a need for Western business. There's a market, there's consumers, there's funding, there's capital. But there's all the other challenges, of course." Edwards is CEO of Edwards Global Services.

Those challenges include security and an economy stagnated by 30 years of war. Yet, in this youth-oriented market of 30 million, the U.S. military presence, winding down in 2014, is translating into palpable hunger for American brands.

Tutor Doctor Systems, Inc. Vice President of International Franchise Development Rogelio Martinez was pleased with potential investors he met. "Business owners wanted to develop Afghan employees to take mid-level, senior-level management positions," he told Businessweek. Martinez expects to sell about seven franchises in Afghanistan in 2013.

David Riker, CFE, The Hertz Corporation global franchise development director, was also optimistic about prospects in Afghanistan. "As the military draws down, Afghanistan is going to have to support more of its infrastructure, so that's where the opportunity comes in," Riker said. Hertz already franchises on U.S. military bases in Afghanistan.

Meanwhile, the mission attracted notice in other media such as the Wall Street Journal and CNBC, as well as praise for the franchise industry from U.S. officials. "Franchising has proven to be an ideal market vehicle for both employment and economic growth," said a statement from the Commerce Department.

Following the Afghanistan mission, IFA representatives including Philip Zeidman, IFA general counsel and DLA Piper LLP (US) senior partner, met with Tunisian business leaders and government officials to prepare for the Tunis-Med Franchise Expo Feb. 27-March 1, in Tunis, which will welcome U.S. franchisors to this promising Mediterranean country. The Overseas Private Investment Corporation has contracted the Middle East Investment Initiative, with the support of DLA Piper, to develop a \$50 million franchise loan facility in Tunisia to offer financing to U.S. and Tunisian franchisors and Tunisian investors. The franchise loan facility could be a game changer for franchising in Tunisia. If the loan facility is successful, U.S. officials say it may become a model to advance franchising in other countries.

"Franchising is a vital U.S. export that enables entrepreneurs across the globe to deliver essential products and services, while creating jobs and offering business education and training, both at home and abroad," said IFA President and CEO Steve Caldeira, CFE.

For more information about Afghanistan or the Tunisia Franchise Expo, contact International Franchise Association Senior Manager, Research & Strategic Initiatives Josh Merin at jmerin@franchise.org and visit <http://www.tunis-medfranchise.com>.



Flying into Kabul.



From left, Franchise mission leaders include RadioShack Vice Pres., Franchise Marty Amschler, IFA International Committee Vice Chairman Bill Edwards (Edwards Global Services CEO), U.S. Embassy (Afghanistan) Senior Commercial Officer Walt Koenig, Finest Superstore's (Afghanistan) Ghassan Ahmad, Hertz Global Franchise Dev. Dir. David Riker and former IFA Vice Pres., Strategic Initiatives & Ind. Relations Beth Solomon visit Finest Superstore in downtown Kabul, a five-story food and department store.



Weddings are big business in Afghanistan where wedding halls are more common than Starbucks in a U.S. city.



A busy street in downtown Kabul.



Franchise mission leaders visit a factory on the Jalalabad Road outside Kabul: U.S. Commercial Specialist Feraidoon Zaki, Arrow GSC General Manager Jalal Aziz, Hertz Global Franchise Dev. Dir. David Riker, former IFA Vice Pres., Strategic Initiatives & Ind. Relations Beth Solomon, U.S. Senior Commercial Officer, Afghanistan Walt Koenig, USAID Economic Growth Advisor David Marsden, IFA International Committee Vice Chairman and Edwards Global Services CEO Bill Edwards, Tutor Doctor Vice Pres., International Franchise Dev. Rogelio Martinez, and RadioShack Vice Pres., Franchise Marty Amschler.



Potential investors and news media attend a briefing by IFA franchise leaders in Kabul.