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10 ways to know you are ready to 'go international'

By William Edwards and Robert Shaw

e are often asked by senior franchisor executives how they will know they are ready to make the strategic decision to enter international markets. Based on our experience as senior franchisor and master licensee executives, the advice from consultants and the experience of our clients, we offer 10 milestones that you need for a foundation for international development. In order of priority:

1•"going international."

Make a strategic decision to build the foundation of a successful international business on an ongoing basis, versus making a couple of deals only for the initial fees.

This is the single most important step in your process of going international with your business. Without the most senior people in the business convinced that this is the proper strategic step, do not start an international program.

2-Have a proactive "going international" strategy and business plan.

Create a realistic budget and establish achievable goals for the first couple of years.

Perhaps the single biggest mistake we see franchisors make is that they react to Internet or other leads from international markets before first establishing a business plan and budget for international development.

3-Competitive advantage.

Know what clearly makes your concept different than the average business in your sector.

It is essential to show prospective international licensees of your business that you can compete in their marketplace. Master License candidates will be looking for something that makes your business different so they can bring a new competitive business to their home market.

Have a good record of success in •your country.

Good international master licensee candidates will want to talk to your US franchisees and to see your UFOC.

If the international master licensee is not interested in what your US franchisees think of your business, look for another master license candidate. Your franchisees can be a good sounding board for you to learn more about the candidates themselves.

5•and marketing programs.

These are much more important outside your home country where your master licensee has to make your concept work in their country.

You, in effect, have to transport your business model to another country and culture. The stronger your systems, training and support, the better the concept will transfer in the form you want it to operate.

6-Have an intranet for cost-effective training, support and communication

This is simply the most cost effective and controlled method of providing international training and support.

An intranet is 24/7/365, and cuts across all time zones. It also contains only what you want franchisees to know about your business and how it works. This is very important in international markets where you cannot see what is happening to your business.

7 Have system standards and •reporting processes in place.

Once you are established outside your home country, it is essential to monitor and enforce your business systems just like you do at home.

We are always amazed to find franchisors that have good systems standards and franchisee monitoring processes in their home country but they do not enforce the same standards abroad.

8 Prepare to research your market and • competitors.

You need to know the market to be in a position to negotiate with a prospective master licensee in a country.

Find out who is the local competition and how you are better than they are. Assess the market to determine in advance how many units can be put in a country. The alternative is your being at a disadvantage in master license negotiations.

9 Prepare to conduct due diligence on overseas candidates.

Know who you are dealing with to minimize surprises in the future.

This is no longer an option. US law requires that you know who you are dealing with in international markets and that they are not involved in illegal activities. There are several services available to help you find out the details of your prospective master licensees.

10 Apply for trademarks to protect •your intellectual property and your brand value.

Apply for trademarks before starting to market in a country or someone in the country will do it for you.

Never let a master licensee or candidate "help" you register your trademarks, as they will also own them with you, or instead of you.

These are common sense business practices. It takes time-and money-to prepare properly to go international. The good news is the investment can pay off quickly, and you will build additional brand value and revenue streams for the long-term. **FT**

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