

Innscor International

Franchising Abroad:
Strategies for growth
A Journey into Franchising:
An African Example



Introduction

1. Should you expand internationally?
2. The Road Map for International Expansion
3. History of Innscor
4. Innscor Culture
5. Innscor Strategy





International Expansion - Checklist

- Have you saturated the opportunity nearest you?
- Do you have a lead?
- What is the most appropriate route?
 - Master Franchising
 - Site Specific
 - Joint venture
 - Company owned subsidiary
- Are the trademarks available?
- Are there exchange control regulations?
- Are the statutory regulations convenient?





International Expansion

- Will your organization withstand disclosure requirements?
 - Disclosure : the franchisee must learn of the franchisor's historical performance?
- Does the environment encourage competition?
- Is there a conducive dispute resolution system?
 - Is there recourse in local courts?
 - Is arbitration recognized?
- Do you have the resources?
- Do you have a selection criteria for potential franchisees?



International Expansion

- Is there a supply chain mechanism?
- Have you done your homework?
 - Demographics
 - Rentals / cost of construction
 - Is there a market?
- Is your IP robust?



The Road Map

- Territory
 - Define it and ring-fence it
- Fees
 - Define them
 - Collect them
 - Use them wisely
- Royalties
 - Ensure mechanism for collection
- Advertising
 - Ensure sufficient resources and ensure collection of Advertising fees



The Road Map

- Operational Support
 - Geographical distances makes support difficult
 - Ensure that cost benefits are done for regional offices and appropriate support is offered for initial period
- Training
 - Ensure that you have a training program and use your flagships for training international franchisees
- Supply Chain
- Operating Systems



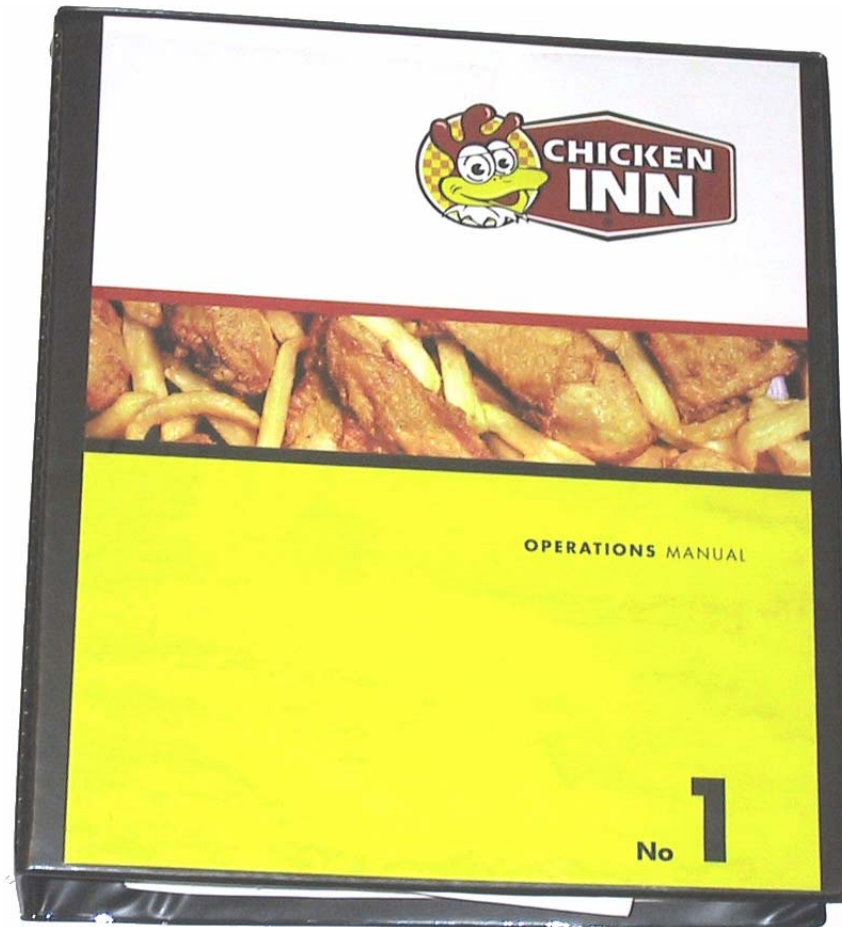
IP example - Brand ID Manual



Sparc Manual



Operations Manuals



Operations Manual – Compliance



COMPLIANCE

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Projects Handbook



History

1968	Credit Retail
1985	Fun City
1986	Take Away
1987	Chicken Inn
1989	Andrews Bakery
1990	Bakers Inn
1991	Creamy Inn
1991	Bakery Manufacture Factories
1992	Pizza Inn
1993	Shearwater
1993	Crocodiles
1995	Nandos
1996	Steers
1997	Distribution

1998	Capri – Public Company
1999	Regional Operations Food
2000	SPAR
April 2001	ExxonMobil Negotiations
Dec. 2001	ExxonMobil Agreement Signed
2003	National Foods
2004	Colcom
2004	Fontana
2005	WRS
2005	Chicken Express



OUR BASIC PHILOSOPHY

1. **Passionate, focused leadership.**
2. **Small effective head offices to assist leadership.**
3. **Profits re-invested – no dividends – growth.**
4. **Compete aggressively to be market leaders.**



History – Lessons Learnt

- **Create genuine win/win relationships.**
- **Identify and mine key relationships with other big multi – nationals.**
- **Opportunity is greatest in developing markets.**
 - **Untapped markets with tremendous potential.**
 - **Hard to trade and difficult to master.**
 - **Many, many will fail and give up.**
- **Must be resilient and have capacity to learn quickly and change.**





History – Lessons Learnt

1. **Franchise IP vs ownership. Will go further by being clever as to selecting Franchisees rather than operating in numerous countries.**
2. **Local country knowledge is critical - Do not reinvent the wheel. We trust our franchisees feedback.**
3. **Franchisee must actively run business.**
4. **Our responsibility is to create competitive advantage & be flexible to local taste, culture & creed.**





Our Culture

1. Investigate before you invest
2. Risk but not gamble: invest in integrity
3. If it is not in writing then it doesn't exist
4. Shadows are more fierce than reality
5. Use it or lose it





Our Culture

6. Invest in people – a company is only as good as the people who control it.
7. Invest in producers – Time, Money, Talent
8. Do not live with death
9. Funds come from friends
10. Invest your life for its greatest good



Group Strategy

- [To create and operate world class “Intellectual Property” that has the ability to be franchised globally]
- [Own “Light Manufacturing Businesses” to produce proprietary products and “Distribution Channels” to supply these products to our Intellectual Property]
- [Obtain “Distribution Rights” for the world’s leading Fast Moving Consumer Goods]
- [Focused “backward integration” of the major components in the production process of proprietary products]

