



FRA((N))EWS

An IFA Newsletter

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A HUNT FOR FRANCHISE OPPORTUNITY: IS IT A LEVEL PLAYING FIELD?

It is often questioned & argued that whether looking for a franchise opportunity is a difficult task for the franchisor or for the franchisee? Who enjoys an upper hand over the other in the process of selecting one another? Or does it act as a level playing field for both the players? No matter what opinion people may hold on this, it would not be wrong in believing that most of the time it is the franchisee who is at a disadvantage. Reason being, the franchisor has vast knowledge in terms of experience, which a franchisee completely lacks. He knows exactly what to look in for in a franchisee and what all criteria would further help him to have a better and long lasting relationship with him. The franchisee, on the other hand would not come across as many prospects as a franchisor might. Hence, this leaves him with not too many choices to settle down with. Take the case of a person (a male), perhaps an old one, who is on the lookout for a younger potential mate. In stead of searching the same all by himself, he decides to take the service/help of a professional matchmaking agency that would fill (flood) him with all possible prospects. After a short time, the match-making agency succeeds in finding him a presentable candidate fulfilling all the required parameters of the franchisor such as age, educational qualification, etc. Hence, following the introduction of the two, the task of the agency ceases to exist.



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A HUNT FOR FRANCHISE OPPORTUNITY: IS IT A LEVEL PLAYING FIELD?



The two parties, after having a formal introduction, begin to converse more either on phone or through emails. Things begin to turn smooth and a seamless flow of information is exchanged wherein both parties make personal disclosures. Thus, a veil of formality gradually starts to fade away leading to a more consolidated relationship. The older person, having made searches in the past, has a set agenda and gathers up information to make a decision about the next step, namely meeting for dinner. The younger, on the other hand, is less experienced and does not have any plan in particular. She goes with the flow of losing formality and adapting to becoming more at ease with him. In simple words, while the behavior of the older one is calculated and rational, the younger one reacts more on emotion. But, it still cannot be said that the older person is deceitful or

bad and is making use of the younger to solve his purpose. It is simply a matter of experience that one enjoys over the other owing to which he has a say in matters of judgements. If, however, there is fraudulence, it could easily pass off unnoticed. Over the course of time, both parties will come to know the good and bad about each other but that will take too long a time period and the attachments may get deepen. In other words, on one side, the emotionally driven side may find out much too late that they coaxed into a committed relationship without gathering all the facts and information available about the older, more experienced partner!

FROM THE DIRECTOR'S DESK

BREAKING BOUNDARIES IN 2011



Gaurav Marya,
Chairman, IFA

Dear Friends,

Let me take this opportunity to introduce you to IFA's Newsletter - **Fra(n)ews**. With **Fra(n)ews**, we aim to bring forth the latest developments taking place in the franchise sector, thereby increasing awareness in the franchise community. This newsletter would also act as a platform for all the start-ups as well as established brands, to showcase the business potential and seek potential franchisee's attention.

It's my sincere hope that **Fra(n)ews** would successfully help in disseminating franchise knowledge to the entire franchise fraternity. In addition, I strongly believe that it would assist franchisors in reaching out to their potential investors, and in turn aid the aspiring entrepreneurs to get their desired brands.

Gaurav Marya
Chairman | Indian Franchise Association(IFA)

ARE YOU'RE A RIGHT FRANCHISE MATERIAL?

There are so many advantages of starting a business by joining an established and well recognized name that many people think that it is the best option to go in for. The franchisor provides you a strong brand name that the customer recognizes and this transforms into a immediate & well-built customer base. The training program designed by the franchisor assist you as to how to run a business and the support program further aids you sustain it in future. The Franchisor tries his level best in meeting all the important and relevant queries such as where should be the location like, what all should form a part of the infrastructure, how should the designing of the place be done, where should the technical assistance be sought from so on and so forth. Most importantly the franchisor can help you in guiding the amount of money required in the establishment of the franchise model of a business. Something which is cannot be deciphered or guessed in a normal start up business. Keeping all these advantages in mind, an individual assumes that it is exceedingly easy and profitable to start up a business by adopting a franchise model of a well-known brand. And in the midst of taking this crucial decision he forgets that whether he in actual terms possess all the necessary qualities in himself that help him grow into a successful businessman. In other words, becoming a franchisee is not a cake walk for everyone. You need to have specific skills set that help you grow not only as a professional but also as an individual. Some of the characteristics are as follows:

The first and the foremost trait is that the individual should be a good and adherent follower. Since the franchise business entails the usage of consistent and homogeneous products & services, must not the franchisee should incorporate any feature that goes against the nature of it.

As a franchisee you should be ready to view your business as an automatic machine generating money of which you are just the maintenance guy. This is the reason that people who enjoy discretion of free and open mind find it tough to get themselves adapted in a system like this. They find no room for their new and innovative ideas resulting they go down the hill in a business. Thus, if you seek to become a franchisee you should shut your mind to experimenting with the product/service that you're rendering, to the idea of new marketing and advertising opinion and follow religiously the training provided by the franchisor from time to time.



ARE YOU'RE A RIGHT FRANCHISE MATERIAL?

The second important characteristic that he needs to have is Management skill and attitude. This means that besides having the interpersonal skill and the ability to interact with the customers and employees, he must be ready to wield his disciplinary power and control the bad temperament and performance of his employees. Franchisees must show sufficient ability to deal and negotiate with his clients who not only include the customers but at times the franchisors in his surroundings.



The third important feature that an individual should have is the zeal and passion to get the business work done and lead it to the path of success. If you have the willingness to make things work smoothly in your business then it is appropriate for you to join the bandwagon of Franchise. You ought to be a doer and believe in your actions discharged while in the process of conducting a business. Long working hours, handling multiple tasks diligently and efficiently are few of the criteria that fit into this parameter of becoming a franchisee.

Thus, if you believe that you hold these qualities in you then do not think twice but get a franchise of the brand that you desire to work for.

FRAN BUZZ

Nautica comes up with another EBO in Delhi



After re-entering the Indian market last September

after a year's hiatus, Nautica, the premium US-based apparel and accessories brand for men has quickly spanned out. It has already opened its third exclusive showroom through the franchise route. This new EBO in New Delhi's Rajouri Garden is spread over an 893 sq. ft. area and showcases the latest Nautica spring 2011 collection for men. This launch follows in the wake of two more stores in greater Delhi -- the first at Ambiance Mall, Gurgaon - one of the top performing malls in India -- and the other at Ambiance Mall, Vasant Kunj, a new shopping destination located in a fast growing part of Delhi. The brand has been bought to India by Planet Retail, which has always been at the forefront of retailing in India with retail stores synonymous with the very best in lifestyle, fashion and health and beauty.

Nautica as a lifestyle brand represents a love of the ocean and a classic sense of style in its

stores. Known for their home furnishings, the new Nautica store is showcasing the innovative Beachcomber design concept, which is inspired by vacation

homes near the water with a comfortable, lived-in look. From water graphics around the entrance to the fitting rooms with navy curtains and rope tie-backs, the customer is wrapped in a Nautica lifestyle environment from the moment he sets foot in the store. Founded in 1983, Nautica has evolved from a collection of men's outerwear to a leading global lifestyle brand with products ranging from men's, women's and children's apparel and accessories to a complete home collection. Now part of VF Corporation, a leader in branded apparel, Nautica – taking its name from the Latin word Nauticus for ship -- has become one of the most important American lifestyle brands throughout the world.



Source: Fashion United

South Korea; on the franchise expansion spree

South Korea will support 10 local franchise chains in their overseas market expansion plans as part of its efforts to create new business opportunities in the service sector. The selected companies, including Kyochon Chicken, Mr. Pizza, Caffé Bene, Kraze Burgers and BBQ Chickens, will receive coupons worth 10 million won (US\$9,190) from the Korea Trade-Investment Promotion Agency (KOTRA), the Ministry of Knowledge Economy said.

The coupons, which can be used like money, are valid for one year and



can be used to help companies set up stores in overseas cities. The coupons can be used to conduct market research, receive administrative and legal services needed to set up new shops, find local business partners, hire workers and place advertisements.

Seoul started giving assistance to local franchises in 2010 by picking 13 to receive support in that year. Of the franchises selected, six said they wanted to set up overseas operations in Chinese cities while others were eyeing such countries as Australia, the

FRAN BUZZ

United States, Thailand, Vietnam and India. The support can help fuel exports of construction materials, machinery equipment and food while leading to more jobs being created.

Source: Yonhap News Agency



Physical Outlets for Virtual Gourmet Store

Within six months of starting operations, deliciousnow.com, India's first virtual gourmet store, has already lined up plans to go physical and have a few signature outlets in the major metros. As a starter, the online gourmet store, runs through a franchise agreement with Classic Fine Foods, is putting up high-end outlets in the nature of departmental stores in Delhi, Mumbai and Bangalore. Among the brands that are available at the virtual store and will be made available at the physical stores are Ahana Organic, Amora, Beaufor, Beghin Say, Choc Mod, Clovis, DGF, French Bakery, Inducia, Inducia Cheeses, La Perruche, Le Cordon Bleu, Lisotherme, Lorina, Maille, Maxim's Rougie and Villa Blanca. It is interesting to note that all the outlets will be called 'Deliciousnow' so as to give a push to the brand. The first Deliciousnow store in Delhi will be functional by June 15 this year. Meanwhile, the company has put up a state-of-the-art 6,000 sq ft cold chain facility at Okhla Industrial Area in Delhi.

Besides 18 leading international brands, the virtual store has established strong tie-ups with leading Indian suppliers like The French Farm for meats and vegetables, Ahana Organic for its wide range of certified organic products, and Exito Gourmet for their delicious Italian cheeses.

Source: Financial Chronical



Worldhotel to open 20 hotels in India

Worldhotels, a Germany-based global hospitality chain of independent hotels is planning to take its count to 20 hotels in India by the end of 2012, confirms Roland Jegge, Vice President, Asia Pacific, World hotels. Jegge says, "The new hotels will be a mix of affiliates and of Full License – the Full License hotels are co-branded hotels featuring the Worldhotel name in a franchise similar agreement." Presently, the company is operating through nine affiliated hotels in India and 1414 rooms. Now, the company is looking at destinations like Pune, Hyderabad, Goa, Kerala, Jaipur and Udaipur for new additions to its portfolio.

Source: Press wire

HOT OPPORTUNITIES OF THE MONTH

Ensuring Best Practices in Franchising



Caution

Advice

Research

Evolve

Indian Franchise Association is India's premier, non-political, not-for-profit body representing Indian Franchise Sector. IFA's endeavor is to promote, promulgate and popularize the concept of franchising as a mode of doing business across the industry verticals and to nurture the entrepreneurial skill of every Indian.

IFA Services

FranRecruit

India's first Professional Recruitment Service exclusively for the Franchise sector.



A bi - monthly e- bulletin covering every aspect of the franchise sector.

FranConsult

Provides head to toe Franchise Development Program Services.

FranExim

Delegation @ India vis a vis Globally

FranLegal

A customized legal solutions provider to the entire Franchise Fraternity.

FranArbitration

A third Party Dispute Resolution Provider.

FranMatch

A match making division between the franchisors and the franchisees.

FranAdvocacy

Recommending issues of the Franchise Sector to the Policy Makers.



India's first Certified Franchise Executive Program.

WebServices

One of the largest referred franchise sites
www.franchiseindia.org

SignatureEvents

An unparalleled business development and networking platform that offers a series of franchise & retail based shows such as Frantalk, FRO, BOS, IEC, CEO Forum.



To avail plethora of services and benefits at IFA, become its MEMBER!

Membership is open for:

Franchisors, Franchisees, Individuals, Professionals, Advisors, and Educational Institutions.

For detail of Membership category and fee, contact: Richa Gupta at: contact@franchiseindia.org

For FranRecruit, a Professional Recruitment Service, please contact: Zarreen @ 9350653111 or at services@franchiseindia.org

Branding Opportunity: Outshine your competitor by positioning your brand at Fra(n)ews, IFA Newsletter or at IFA website www.franchiseindia.org

For branding Proposal, please write to pswati@franchiseindia.org



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CASE STUDY BARTER 4 YOU IN INDIA



It is estimated that about half a million business firms will use the services of commercial barter companies this year in India. That number is growing as commercial exchanges and corporate trade companies report increasing membership and increasing trading among members.

What explains this impressive growth of Bartercard and Barter 4 You in India!! First, technology makes it possible to track countless barter transactions very easily. In not so modern times, transaction had to be done by hand. For instance, Mr Gupta's uncle, a minister by profession, is one of those early bookkeepers who recorded commercial trades of wheat and spices in exchange for rice and fruits of the early frontier. If the computer had been available then, our monetary history would certainly have been different.

The growing appeal among business owners and professional firms to reciprocal trade is attributable to several factors, which include generation of new sales and higher volumes of business, conserving cash for essential expenditures, exchange of unproductive assets for valuable products or services, reduction of unit costs, and opening new outlets for excess inventory and unused capacity. Reciprocal trade finance enables a firm to buy using its incremental cost of production. This applies to international trade as well. So long as incremental revenue exceeds incremental cost, it is worth it for a firm to trade using a barter exchange.

The existence of surplus inventory, unproductive assets, and excess capacity throughout the world, and the ability to reach new customers both at home and abroad through reciprocal arrangements, makes exchanging through barter an attractive marketing tool that yields a competitive edge over firms that only use cash. Incremental sales from reciprocal trade transactions add to employment, production and purchasing power. Asset exchange enables a firm to capitalize its excess capacity by using it to finance its purchases. By exchanging surplus assets for needed products or services obtainable from a trade exchange, business firms are able to obtain a higher value for such assets than if they sold them for cash at a few paisa on the Rupee.

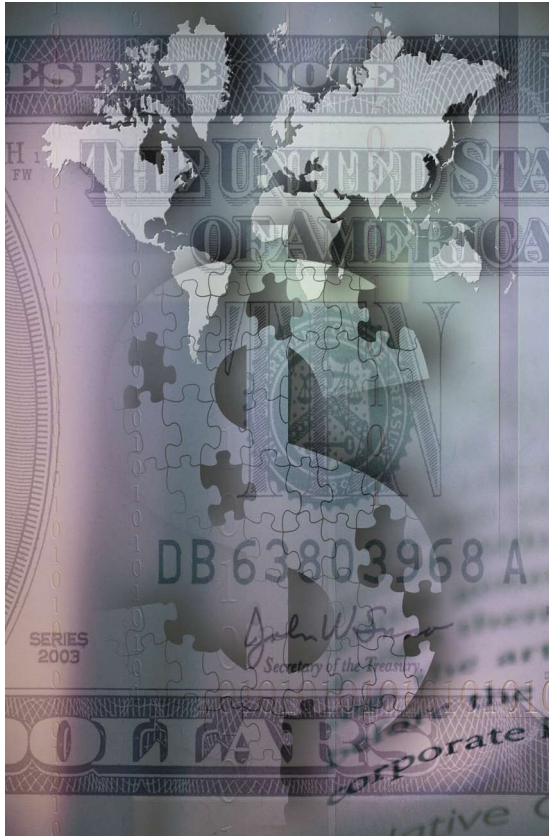
“ *If you can make E-com work for you, the industry of barter will increase dramatically. It's a matter of embracing a change that's taking place right now, and making an investment right now. Then announce to your clients that the new electronic information highway is paved by the industry of trading.* **”**

There are approximately 700 commercial and corporate barter companies serving all parts of the world and about 20 to 30 in India. As some of them are linked electronically in a national and international barter marketplace, their economic significance is growing. Commercial exchanges make money by charging a commission on each transaction done. Corporate trade companies make money by negotiating favorable prices for media and other products and services, and exchanging these for the excess assets of their clients plus cash.

CASE STUDY

BARTER 4 YOU IN INDIA

“ *If you believe that your barter business has a place in this economy, then make sure that everybody is aware of it.* **”**



Reciprocal trade also helps check inflation by spreading overhead, lowering costs, and reduced borrowing. It makes good economic sense for businesses to purchase media, printing, and other needed items with their trade credits because financing such purchases through incremental sales of their own inventory or exchanging unwanted assets is cheaper than borrowing. Reciprocal trade helps conserve cash, and lowers interest rates by taking the pressure off money

markets. The reciprocal trade industry helps firms stay competitive by turning surplus inventory, unproductive assets, and excess capacity into extra sales, income, and value.

Reciprocal trade enables international trade to flow among established exchanges in North America, Australasia, Western Europe and the Middle East. Reciprocal trade finance permits importing when conventional finance will not work, while providing overseas marketing and distribution channels that exporters need for their surplus inventories. Corporate trade companies are increasingly obtaining media for multinational firms to implement global advertising plans. Reciprocal trade companies execute international transactions to enable exporters to be paid in hard currency through the liquidation of goods received in trade from soft currency countries. The dance of currencies in international finance, plus national needs that exceed the availability of hard currency through conventional trade and aid makes reciprocal trading a growing field today.



“ *Over the next two years business will be done in a way that you'd never have dreamt possible. And it's absolutely going to happen. Are you ready? Barter 4 You Is.*

In conclusion Barter 4 You will have a profound effect on the world because we combine the best of both worlds—E-com and the human interpersonal relationships. **”**

IFA PROFILE

ENSURING BEST PRACTICES IN FRANCHISING



Indian Franchise Association is India's premier, non-political, not-for-profit body representing Indian Franchise Sector. IFA's endeavor is to promote, promulgate and popularize the concept of franchising as a mode of doing business across the industry verticals and to nurture the entrepreneurial skill of every Indian.

IFA catalyses change by working closely with stakeholders and policymakers on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for franchise sector through a range of specialized services and global linkages. IFA also provides a platform for Franchise sector consensus building and networking.

Partnership with counterpart chambers across the world carry forward our initiatives of inclusive development in franchise business, which encompasses entrepreneurship, training, governance, skill development, etc. IFA serves as the first port of call for Indian franchise sector and the international franchise business community.

If you would like to manifest your brand or company's profile in any of the sections particularly CaseStudy, Hot Opportunity and Interview Excerpt, Please contact:

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