

FranConsult



Indian Franchise Association

FRANCHISE DEVELOPMENT PROGRAM



CAUTION



RESEARCH



EVOLVE



ADVISE

**PROPOSAL
FOR
FRANCHISE DEVELOPMENT
PROGRAM**

ABOUT - INDIAN FRANCHISE ASSOCIATION

Indian Franchise Association (IFA) 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.

Vision: To represent the voice of Indian Franchise Sector.

Mission: To promote excellence and growth in franchising while serving the interests of its members at the same time.

ASSOCIATE PARTNER : FRANCHISE INDIA

Franchise India Holdings Limited (FIHL) is India's leader in Franchising, Over past 12 years FIHL has strategically and enthusiastically created the biggest platforms for franchisor and franchisee to meet and transact. Today FIHL is connected with 85% of the franchising industry through its various divisions and brands. FIHL today has # of mediums in Franchising:

- ✓ The Franchising World: India's # 1 Business opportunity magazine
- ✓ Franchising Exhibitions: Over 12 exhibitions across the country
- ✓ Over 1.25 lakhs of investor database from all across india
- ✓ www.franchiseindia.com in worlds # 1 franchise website.
- ✓ Organizes monthly educational workshops and conference for the prospective franchisees all across India.
- ✓ Organizes monthly training programs for franchisors through Knowledge Series.
- ✓ Have come up franchise specific reports in :
 - ✓ SMEs
 - ✓ F&B
 - ✓ Fashion and Lifestyle
 - ✓ Education
 - ✓ Health and Beauty
- ✓ The founder of FIHL is the author of India's best selling book ' The science of reproducing success'

FRANCHISE MARKET OVERVIEW & DEMAND @ INDIA

Franchising in India is growing at the rate of 38 % per annum with a market size of US \$ 7.2 billion by 2013.” According to an ‘industry chamber study’, the size of the **education sector is expected to double to US\$ 50 billion by 2015** with the rise in government expenditure along with an increase in middle-class income, according to the study. According to the report, the size of the education sector currently is **pegged at US\$ 25 billion**. Education sector which accounts for **the maximum portion of the total franchised business in India** is only 38% franchised as a sector as a whole. Other sector like retail, food, healthcare etc go on similar lines.

Franchising as a concept has been steadily gaining popularity because of the huge untapped potential in the Indian context, **emergence of tier I and II cities as the next big retail destination**, the relatively lower level of **capital required to start the business, lower risk and availability of established brand names, marketing network and sales channels**. India is the most sought after nation by international retailers due to low presence of international brands as compared to the country’s market size. India is a rapidly changing country. India is **witnessing an unprecedented consumption boom**. India is growing at approximately 8% per year, the second fastest growing economy in the world. This rapidly growing economy has led to a **population of over 300-350 million middle income** Indians with high disposable incomes. This group continues to fuel the consumption demand in India. The many factors that contribute to increasing consumption include the emergence of a young urban elite population with increasing disposable income, changing lifestyles, mounting aspirations, penetration of satellite TV, increasing appetite for western goods, international exposure, options for quality retail space, and greater product choice and availability. The Indian population of one **billion is growing at a rate of 2.5 percent per year**. Of that total, about 300-350 million have the demand for, and the discretionary income to purchase, premium products and services. Many in the growing "middle income" segment look for international quality products and this trend is likely to continue for the next five years and beyond sustaining the demand growth.

START : GROW

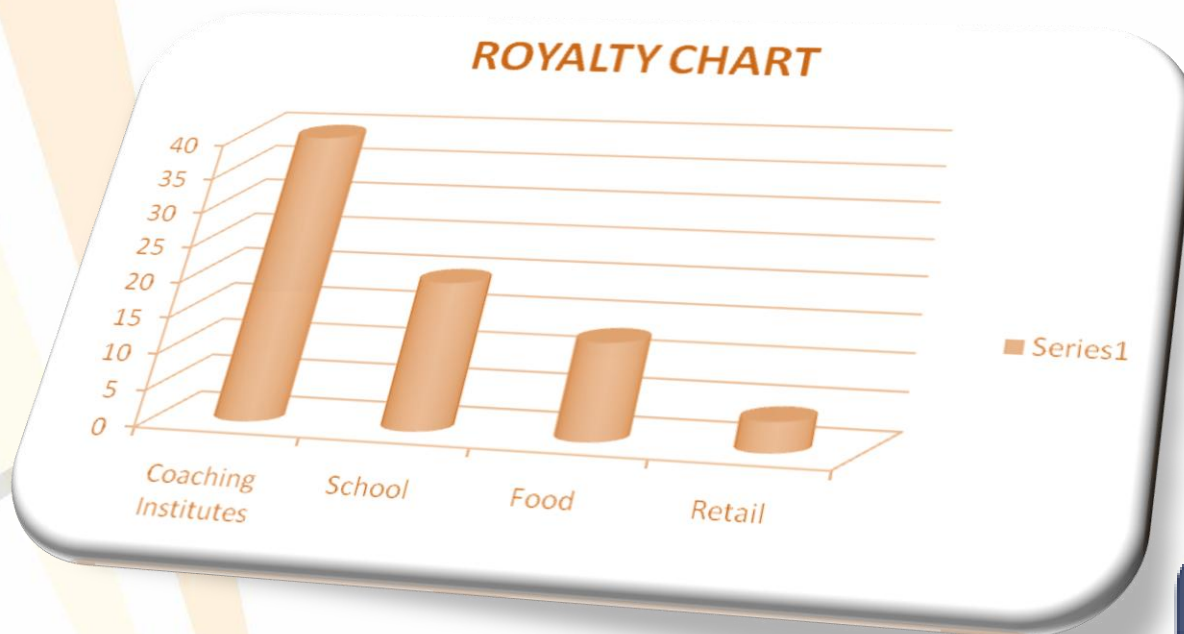
It all comes down to :

- ✓ Taking that decision to grow and acquire a certain market share
- ✓ Prioritizing your core and noncore components of the business
- ✓ Strategically analyzing the strength and weaknesses
- ✓ Identifying role playing in ownership management

ROYALTY

The Royalty The percentage of royalty varies across the sector from as high as 40% of the gross revenue in coaching institutes to 7 % in food service sector and as low as 3 – 4% in retail.

The \$3.3 billion franchise market in India has the potential to grow to \$20 billion by 2020, with an impressive growth rate of approximately 38% per year.



IFA : CATALYSING GROWTH

Company like ours plays a catalyst to your growth objectives and address them at various levels of :

- ✓ Strategy
- ✓ Marketing
- ✓ Process / system
- ✓ Franchisee acquisition
- ✓ Franchisee retaining
- ✓ Funding
- ✓ Positioning

STAGES OF FRANCHISE DEVELOPMENT PROGRAM



1. STRATEGY : PHASE I

- ✓ Feasibility concept research and review
- ✓ A complete analysis of company's current operations and capacity towards the development of the alternative channel in India.
- ✓ A complete market research review and analysis – identifying similar businesses, demand, growth, future trends, professional availability, scope for the company to place itself in suitable category and acquire market share.
- ✓ Review and recommendation for the development and finalization of the service portfolio in conjunction with the company's capacity, supporting market demand and adaptability to the franchise business.

1. STRATEGY : PHASE II

- ✓ Franchise business model/s
- ✓ Franchise obligation rule sheet
- ✓ Franchisee Profile
- ✓ Franchisee Roll-out plan (Pan India, broken down to regional / state and city wise)
- ✓ Franchise Acquisition Strategy (Agent / Master / Area Developer / Unit / Multiple)
- ✓ internal structuring of the organization as per franchising
- ✓ HR Structure in alignment with growth through franchising
- ✓ Five year growth and projection sheet (financials for franchisor and the franchisee)
- ✓ Franchise Business Plan for five years

1. STRATEGY : PHASE II

Franchise Business Model/s:

FRANCONSULT will assess the current business model of client against the following established indicators. FRANCONSULT will make recommendations relating to the critical business decisions that become the foundation of the franchise program and that are incorporated into the legal, operations, and marketing documents and strategies. These issues include policy formulation, market potential, speed of expansion, the franchise structure best suited to the Client's situation, and current company resources available to meet franchise goals.

Credibility | Refined and Successful Prototype Operations | Market Trends and Conditions | Differentiation
Documented Systems | Capital | Transferability of Knowledge | Affordability | Commitment to relationships
Adaptability | Return of Investments | Strength of Management

Franchise Roll-out plan:

Based on the nature of business, competition and other factors, FRANCONSULT will suggest whether or not the franchisee needs an exclusive territory and the degree of exclusivity. If it does, FRANCONSULT will analyze available territorial and demographic data from the Client's existing business prioritize appropriate criteria, such as population, competition, income levels, size of the market needed to support a franchise, industrial base, or business base.

Franchise Owner Profile:

The ability to identify specific characteristics of the target franchisee is essential to structuring a franchise program. Qualifications, such as financial resources, previous experience, and business skills, will be addressed, based on the needs of the Client and Franconsult's knowledge of the franchise marketplace.

Type of Franchise Offered:

A franchisor may offer individual franchises, multi-unit franchises, or sub-franchises – or all three – depending on such factors as unit investment, complexity of operation, cost and nature of support programs, and expansion Goals. In addition, a franchisor may offer a start-up franchise or a conversion franchise (to a compatible existing business) or both. Franconsult will recommend a franchise program designed to meet the Client's need

1. STRATEGY : PHASE II

Franchise Support Programs:

FRANCONSULT will identify the type and scope of services to be provided to franchisees, including initial training, supervisory visits, site selection, and advertising support. In this manner, a comprehensive support program can be planned and the cost of that program anticipated.

Internal Staffing:

FRANCONSULT will assess human resource needs for implementing the franchise program and will determine how best to meet those needs, whether by expanding the roles of current employees or by creating new positions. Franconsult will also review the Client's organization structure, assess its adaptability to franchising, and recommend changes, if necessary.

Franchise Revenue Sources:

FRANCONSULT will review the Client's revenue options and recommend appropriate revenue sources that may contribute to the Client's income and profits. Among the available revenue sources are the following:

Initial Franchise Fees

Royalties

Advertising Fees

Franchise Structure Report:

FRANCONSULT will prepare a report comparing the Client's business to similar franchises or business models. This report will contain income and expense projections, including a five-year cash flow analysis. It will recommend structural elements of the franchise as well as fees and royalties. A franchise business plan for use in presentations to financial institutions or for corporate planning is also included.

2. OPERATIONS

- ✓ Franchise Operational Procedure and structuring
- ✓ Operations Manual documentation
- ✓ Performance measuring tools
- ✓ Franchisor control mechanism
- ✓ Training Program/s for the franchisee with structure and estimated costs (one time as well as ongoing)

2. OPERATIONS

Franchise Operational Manual and Guidelines:

Franconsult will develop a preliminary outline that identifies and describes the topics that should be covered in the comprehensive Franchise Operations Manual. Based on discussion at the initial Client meeting and material supplied by the Client, this outline will reflect Franconsult's initial understanding of the issues relevant to the franchisee and will be specifically tailored to the franchise concept. It will also indicate the points at which the manual should cross-reference the provisions of the Franchise Agreement and will delineate the areas for which systems must be developed to monitor the operations of the franchisee. The outline is designed to aid the process of implementing the franchise program.

Franchise Recruitment Process & Documentation:

FRANCONSULT will develop:

- Franchise Application Form
- Client Fact Sheet
- Site Selection Forms
- Prospective Franchisee Rejection Letter(s)
- Acknowledgment of Receipt of Financial Information and Franchising

3. LEGAL

FRANCONSULT will draft and submit to the Client for review and approval, a Franchise Agreement defining the contractual relationship between the franchisor and the franchisee. This Agreement will be developed in conjunction with input received from Franconsult's program analysis and recommendations, and will be based on current industry practice and recent developments in the franchise industry.

- ✓ Legal structuring and documentation
- ✓ Complete Legal Agreement /s
 - Unit Franchisee
 - Master Franchisee
 - Area Developer
- ✓ Non Disclosure Document/s

(Disclosure rules like US are not applicable in Indian Market, there are no specific franchising laws as yet, the contract is drawn as per the old British contract law)

4. MARKETING & SALES

- ✓ Franchise marketing Plan
- ✓ Franchise Marketing Brochure, Advts, communication promotional material
- ✓ Franchise Sales procedure and documentation
- ✓ Franchise Recruitment Process

Brand Management & future valuation:

On the basis of the above and standardization in the industry, FRANCONSULT will recommend the strict guidelines for Brand Management, brand exposure, SWOT and the perceived brand value with regards to the franchise expansion.

Franchise Marketing Plan & Creative:

FRANCONSULT will develop a comprehensive plan for generating franchise sales leads. This plan, based on an understanding of the Client's expansion goals and the profile of the target franchise owner, will recommend specific marketing activities and will include appropriate creative materials—such as direct mail letters and copy and layout for franchise sales ads—that can be utilized in the franchise sales campaign. The Marketing Plan will incorporate specific media suggestions, a budget for the campaign, and a timetable for implementation. It will also contain useful information on how to obtain publicity, and whether to conduct seminars and participate in trade shows.

Franchise Kit (Franchise Offer Document):

FRANCONSULT will develop copy and layout for a multi color brochure of approximately six to twelve pages, plus cover, designed to describe the Client's franchise and to build enthusiasm among prospective franchisees. The brochure will describe in detail the distinctiveness of the concept, the benefits of the franchise program, and the market for its products and/or services. FRANCONSULT will provide a disk containing the franchise brochure creative layout.

5. TRAINING

- ✓ Franchise Management training
- ✓ Franchise Sales Training

Franchise Training Program for Sales and Management:

FRANCONSULT conducts a one day Franchise Sales and Management Training program designed to educate the Client's management team on the complexities of operating and managing a growing franchise organization. A detailed analysis and proceedings of the training program are sent to the client for records and future reference.

Franchise Sales Support:

FRANCONSULT will be available for hands-on assistance in your franchise sales process. This critical support can include preliminary trade show training, in-show consulting and guidance, sales presentations and follow-up meetings with prospective buyers, reviewing the Client's sales techniques, coaching sales staff, and guidance in establishing proper methods of their franchise sales presentations.

Under this full program structure we also undertake for our clients:

- ✓ Launching of the Brand in Indian franchisee market through various mediums available with our parent company franchise India. The objective is to get the brand started in the market and also have some real time experience in prospecting, communicating and converting the franchisee.
- ✓ Active facilitation for the management of the prospective franchisees and final conversion.
- ✓ Post Project support for all retail and franchising related issues.

Description / Week >	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Strategy Phase I	█	█	█	█	█	█																
Strategy Phase II					█	█	█	█	█	█												
Operations											█	█	█	█	█	█						
Legal											█	█	█	█	█	█						
Marketing and Sales												█	█	█	█	█	█	█	█			
Training																			█	█	█	█
Launch																					█	█

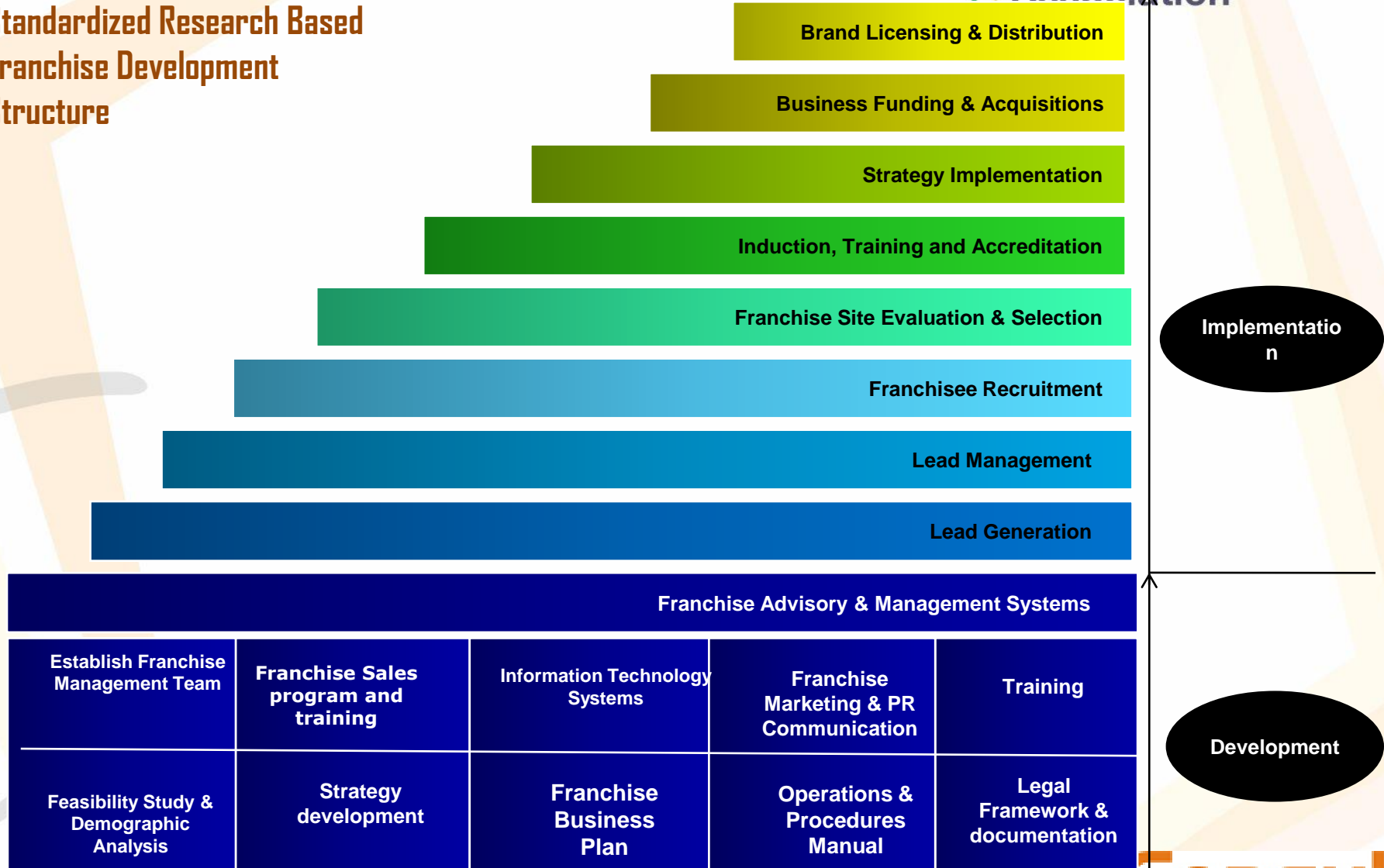
- ✓ The timelines are rescheduled post the agreement and conformation according to the discussion and pace required for the client to franchise.
- ✓ Please note the launch will be done through the mediums mentioned above from Franchise India.
- ✓ As part of our standard policy , IFA will provide ongoing support to the client actively for one year post the delivery of the assignment. Seniors Members of our team would be available through the year for providing required inputs / advisory / support while the business is being expanded thorough franchising.

Execute and Expansion Phase:

Our parent company Franchise India plays the major role in this phase with their effectively placed mediums of franchise lead generation and promotion. There is also a dedicated division which primarily operates in Franchise Lead Management and recruitment.

The commercials and other components are ideally decided once the franchise development program is over which gives clear directions for roll-out, model, profile, marketing communication and sales process.

Standardized Research Based Franchise Development Structure



3 – 6 months

THANK YOU

PLEASE CONTACT

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