

Leveraging Technology for International Growth

Global markets are becoming one of the fastest growing segments for franchise growth. International Master Licensees and International Franchisees feel naturally attracted to U.S. and Western franchise concepts because of their strong brands, a focus on well established processes and the reliability they bring as against any fly-by-night operations that may exist in the local environment.

However, given the large number of markets and countries, language barriers and the laws involved, international expansion can become intimidating for most franchise organizations. By leveraging technology and putting some key systems in place, franchisors can not only avoid the numerous headaches that may often come with International expansion but can also set themselves up for faster franchise growth and higher financial returns.

Franchise Sales

Successful generation of International leads is often a combination of the branding and marketing strategy and the franchise organization's ability to express to potential prospects the powerful nature of their franchise opportunity for a particular international market.

To achieve these goals, the easiest place to begin with is the franchise website. Creating a professional website that creates the image of a *large, global* franchise organization is critical unless organizations have a brand like McDonalds or Subway that speaks for itself. While the current website of most franchisors may satisfy the needs of prospects in the U.S. market because of the other due-diligence tools prospects might use or the collaterals they may get, any international prospect is likely to be heavily dependent on the web-site before deciding to make a trip to Head-Quarters. If the impact created by the franchise organization's site is not powerful enough or the value proposition is not explained sufficiently well, a large number of good prospects may be lost. With a little effort and thought, it is not only easy to create a powerful website with a global look and feel but is also easy to add country or language specific components that allow international prospects to easily understand the franchise's unique proposition.

Once franchise organizations have sold a reasonable number of master licenses, the next step of growth typically comes from unit sales within each of the master licensee territories. However, due to the lack of proper systems, most franchisors typically leave the master licensee to grow the territories on their own creating unpredictable or no growth in several instances. By providing simple to use web-based franchise sales management tools, franchisors can not only help master licensees sell unit franchises as effectively as they do but also get an overview of the lead-flow and the bottlenecks that master licensees may be facing. e.g. An integrated franchise sales management system can allow master licensees to manage all their leads, conduct marketing campaigns to new leads and allow corporate staff to view the leads that each master licensee is working with. The tools can also help put processes in place that guide the master licensees through the entire sales process.

Sales Data and Royalty Collection

Once franchise organizations have established an international presence, they gradually start focusing on the recurring royalty revenues they get from international franchisees, often discovering to their surprise that the returns are not as great as they had expected. However, having put little or no financial reporting systems in place when they started out, they are typically unable to diagnose the reasons for such poor returns. The paper based, monthly sales report and royalty system that they use often differs from one master licensee to another leaving no easy mechanism for measuring trends. The system also becomes increasingly focused on mutual trust and the master licensee's ability to provide a true and accurate picture of the sales in the monthly sales reporting form.

However, these approaches only reduce the true revenue potential of a franchise organization. By leveraging Internet based financial reporting and analysis tools, franchise organizations can easily set up a framework that allows daily or weekly collection of sales data from all international locations and analysis of product and services sales. This in turn can provide valuable information on what products and services are more suited for one particular country vs. the other and how well the individual franchise units are performing.

Collaboration and Support

International franchisees require the same level of support, feedback and continuous education if not more to grow and succeed. Yet, master franchisees may not have the expertise or the resource to set-up such systems for local franchisees.

One approach is to set-up multi-language support websites or country specific websites that allow franchisees to communicate and collaborate while getting information on growing their business. Franchisors can set-up the initial framework leaving master licensees to update the local sites and put-on new content. This allows the franchisors to avoid hiring people that know international languages while providing the master franchisee with easy to use tools for providing local support.

Putting it Together

Once a franchise organization has decided to expand internationally or has sold some territories, it is probably a good idea to start putting the basic technology pieces down that can help avoid the headaches and the reduced revenue potential that can come later. Depending on the organizational focus, one can begin with the franchise sales component or financial components linking in other pieces together as the system grows. While technology by itself may not save you from all the challenges you will face on the path to international expansion but it can certainly make the journey a pleasure.