

ACQUIRING AN INTERNATIONAL MASTER FRANCHISE

(Finding, verifying and agreement)



**MOYANGA, LOUW
& ASSOCIATES**

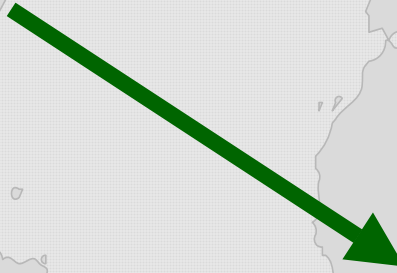
Presented By:

Nic Louw

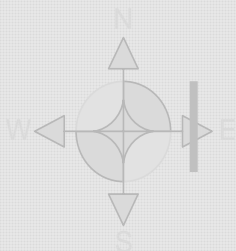
Franchise Consultants for the ADB

UNDERSTANDING "MASTER FRANCHISE" vs "AREA FRANCHISE"

USA



Nigeria



FINDING A MASTER FRANCHISE

- 
- ➔ National Franchise Association
 - ➔ Trade shows and/or Expo's
 - ➔ Embassy or trade office in other country
 - ➔ Foreign embassy or trade office in own Country
 - ➔ Trade missions
 - ➔ Referrals
 - ➔ Internet
 - ➔ Travel
 - ➔ Advertise
 - ➔ Friends



ISSUES TO CONSIDER IN BECOMING A MASTER FRANCHISEE



Legal and regulatory environment

- Level of Intellectual Property protection and enforcement
- WTO (Trade related aspects of IP)
- Trips



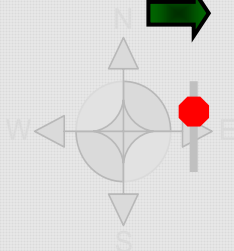
Import rules and custom procedures

- Supply infrastructure and;
- Import and custom procedures



Corporate taxes

- Foreign taxes



ISSUES TO CONSIDER IN BECOMING A MASTER FRANCHISEE (CONT.)



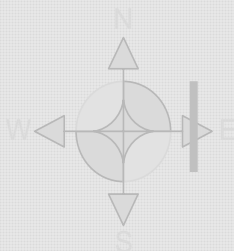
Cost and availability of labour

- Labour affordability and availability
- Skill levels
- Training Cost



Purchasing power of population

- Ability to purchase goods or services
- Cost important



ISSUES TO CONSIDER IN BECOMING A MASTER FRANCHISEE (CONT.)

➔ Economic and political stability

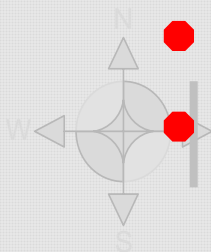
- Political and economic disruptions a risk

➔ Current franchises in country

- Which franchises already in country
- Growth trend

➔ Differences in language

- Difficult negotiating
- Duplication



ISSUES TO CONSIDER IN BECOMING A MASTER FRANCHISEE (CONT.)

➔ Cultural differences

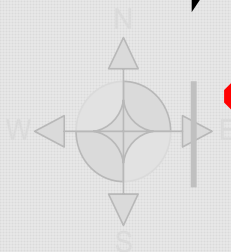
- Cultural a determining factor

➔ Sources of financing

- Must have financing or;
- Approval sources of funding

➔ Business Plan

- Road Map



INTERNATIONAL MASTER FRANCHISE AGREEMENT

➔ Nature and extent of the rights granted

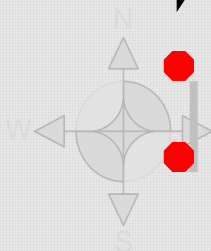
- Description of system
- Territory
- How licensed assets to be used

➔ Terms of agreement and renewal

- Period and;
- Conditions of renewal

➔ Payments and related procedures

- Timing of payments
- Currency of payment etc.



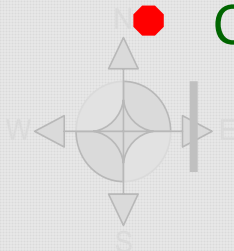
INTERNATIONAL MASTER FRANCHISE AGREEMENT (CONT.)

➔ Advertising and its control

- Managing international network
- Local legal and cultural issues
- Financial considerations

➔ Supply of equipment, products and services

- Products distinctive to franchise system
- Capital products necessary to the operation



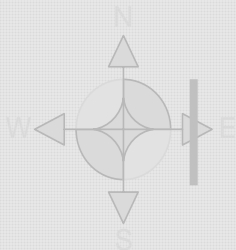
INTERNATIONAL MASTER FRANCHISE AGREEMENT (CONT.)

➔ Intellectual Property

- Trademarks, Know-How and trade secrets
- Infringement
- Confidentiality, non-competition clauses

➔ Changes to system

- Image change
- Operating standards
- Trademark or trade-dress
- New marketing programmes
- Legal constraints



INTERNATIONAL MASTER FRANCHISE AGREEMENT (CONT.)



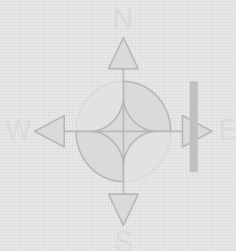
Assignment and/or transfer

- Requirements imposed and
- Conditions for approval



Liability, indemnification and insurance

- Franchisor wants to limit its exposure to third parties



INTERNATIONAL MASTER FRANCHISE AGREEMENT (CONT.)



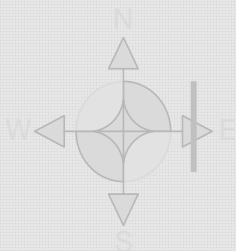
Remedies for non-performance

- Salvage relationship



Other

- Obligations
- Development schedule
- Jurisdiction (dispute)



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THANK YOU

