

Texcare Forum 2008

The PTC Franchise Business Case

Bart de Graaf

5àSec



Franchising

The 5àSec Franchise Model

Key Learnings

- Successful business model at home base
 - Provides credibility and strong base
- Adapted organisation and standardised process
 - Allowing proper implementation and continuous support
- Strong financial resources
 - Enables best timing on the long run

....if these 3 requirements are not met, franchising represents a high risk

- Limited capitalistic investment

- Risk sharing

- Fast market positioning



- Cost optimisation (dilution overheads)

- Additional revenue sources

- Local entrepreneur -> intrapreneur

A very attractive model...

... but don't underestimate the risks.



- Externalising business = less control
- Governance issues - power imbalances
- Favouring short term vs. long term results
- Resource intensive management-wise

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Key Learnings



- ➔ Defines and steers Strategy
- ➔ Develops Group programs & services



- ➔ Steers organisation to achieve targets
- ➔ Nationalises Group programs & services



- ➔ Serves the Customer
- ➔ Optimises point of sale to achieve targets



MF Matrix

Market Size

Geographic situation

Close
Far away

Big

Small

Corporate	Corporate / Franchise
Franchise / Corporate	Franchise

The 5àSec network :

As at 31/12/07	Countries	Corporate Shops	Franchised Shops	Total Shops
Corporate	6	272	672	944
Master-Franchisee / Franchisee	20	0	772	772
Total	26	272	1 444	1 716

- 15 % corporate, 85 % franchised shops
- 100 openings a year

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About the strategy...

- Balance between franchise and corporate
- Watch for magic formula : partner + market + timing
- Go for regional development (hubs)
- Between opportunistic and systematic : pragmatic
- Franchisor must become « inevitable » (branded products, mgt. tools, purchase centre etc.)
- Keep control over exit strategy
- Franchising as a mean to develop, not as an end structure

About the structure...

- Align/integrate franchise mgt. with corporate shop management
- Make the best use of existing overheads: stay light and efficient

About the operations...

- Stick to basic model
- Standard vs. customisation

About the partnership...

- Remain selective when choosing the partner
 - Entrepreneur's profile
 - Financial resources coherent to market potential
- Consider franchisee as a real partner - no hidden agenda
- Make sure to bring highest added value to franchisee
- Importance of high support during start phase, adapt during development phase
- Look for optimal size : min./max. n° of shops

«Tangibilise» your intangibles...

- Contracts
- Operations manual, TM manual, Management manual
- Purchasing catalogue

... and protect your valuables

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