



IFA ANNUAL CONVENTION



20
22



Moving Forward Now - Best Strategies and Best Markets In These Times

Your Panelists Today



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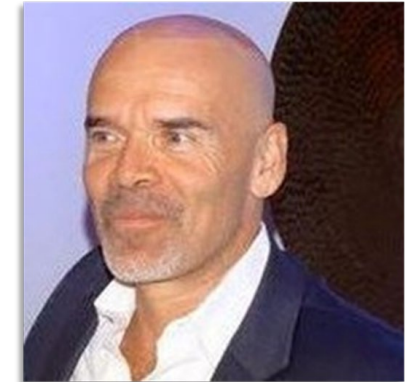
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Why Franchisors Will Keep Developing Other Countries

“As globalization has taken hold over the last 20 years, international growth has become a ‘must’ for any company seeking high rates of sustained future growth.

The economic challenges in western markets has accelerated the push into emerging economies.

Branding has become more commonplace everywhere, representing a tremendous opportunity for a franchise concept to expand its footprint.

However, as anyone who has tried to expand their brand internationally will attest, it is much easier said than done.”

Catherine Monson, CEO of Propell™ Brands and Chair of the International Franchise Association

Moving Forward Now - Best Strategies and Best Markets In These Times

Introduction – What will stay the same and what will change

Global Franchisor Company Perspective Going Forward

U. S. Commercial Services Perspective – Resources to Succeed

Legal Issues As We Emerge From The Pandemic

Franchises that 'Go Global' Successfully have these Qualities

- **Solid senior management commitment and a pro-active plan for entering other countries**
- **Clear differentiation from what is already in other countries**
- **An excellent record of success in their country**
 - **Strong unit franchise earnings results**
 - **Consistent unit growth with few, if any, closures**
 - **Proven margins despite a high level of competition**
- **Applied for trademarks and URLs in high priority countries**
- **Strong training, support, marketing, technology and Intranet resources**
- **A financial model that offers licensees the potential for a good return on investment**

A Proven New To International Franchise Development Strategy

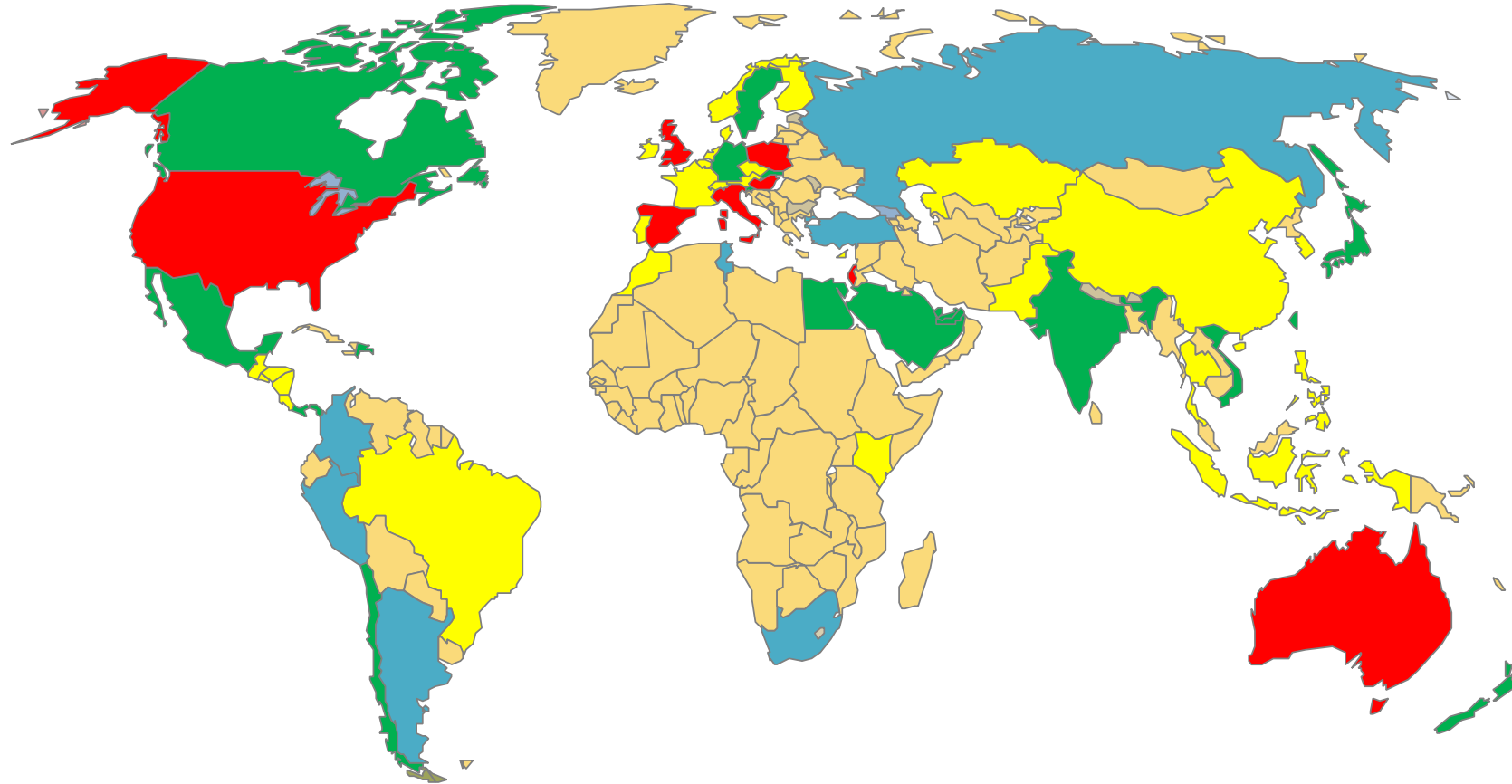
Budget conservatively for the first 3-5 years of Going Global

Be realistic in your initial fee expectations

Realize that initial fee revenues have associated expenses

Be realistic in how many countries you can award and properly support at a time

Projected 2022 Franchise Development Activity



Red = Countries projected to have a high level of new franchise development in 2022

Green = Countries projected to have a moderate level of new franchise development in 2022

Yellow = Countries projected to have a low level of new franchise development in 2022

Blue = Countries not friendly to franchising and/or with economic and/or political problems

ACE INTERNATIONAL'S FOOTPRINT

More than **5,580** stores globally, with presence in more than 70 countries!

- **4650+** in US
- **825+** internationally

In 2021 Ace opened

- **160+** stores in the United States and internationally,

With ample growth opportunities throughout the world!



KEY TAKEAWAYS

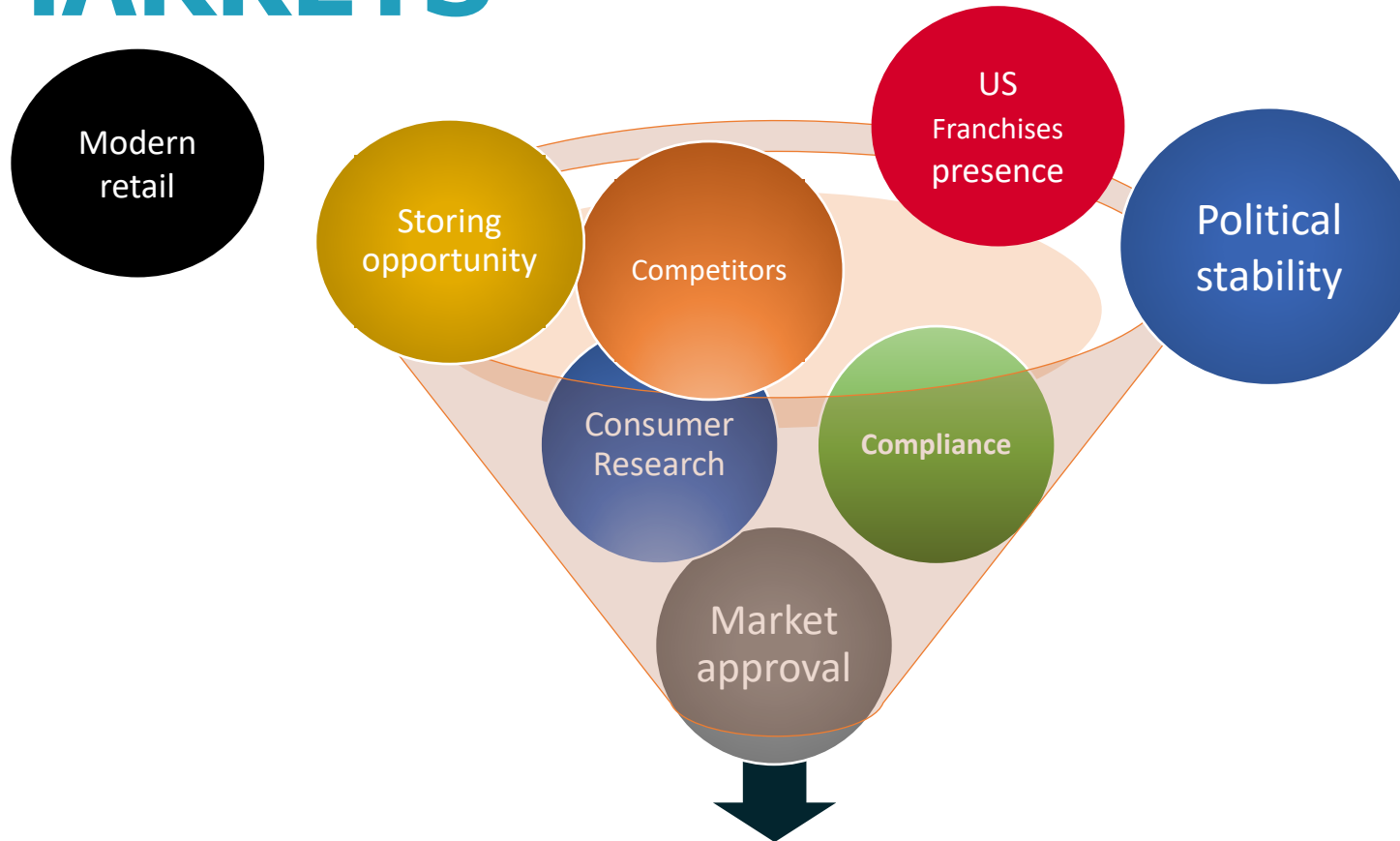
- Develop and validate a strategy “greenfield vs cross border”
- Understand your limitations, competitors and market potential
- Seek outside resources i.e., franchise broker network, U.S. Commercial Services, consumer marketing research, country capacity research
- Develop an effective franchisee recruitment plan
- Develop a responsible market entry timeline. **DON'T RUSH TO MARKET!**

STRATEGIC VS OPPORTUNISTIC

"[Strategic opportunism] the ability to remain focused on long-term objectives while staying flexible enough to solve day-to-day problems and recognize new opportunities."



HOW WE IDENTIFY AND QUALIFY NEW MARKETS



Define market potential and entry strategy.

SUMMARY KEY TAKEAWAYS

- Develop and validate a strategy “greenfield vs cross border”
- Understand your limitations, competitors and market potential
- Seek outside resources i.e., franchise broker network, U.S. Commercial Services, consumer marketing research, country capacity research
- Develop an effective franchisee recruitment plan
- Develop a responsible market entry timeline. **DON'T RUSH TO MARKET!**

Assistance – “Where to Play” & “With Whom”

95% of the World's Consumers Live Outside the United States

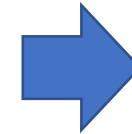
Global Customers = American Jobs

Markets Outside Our Borders Represent:

80%
of the
WORLD'S
PURCHASING POWER

92%
of the
WORLD'S
ECONOMIC GROWTH

95%
of the
WORLD'S
CONSUMERS



US Commercial Service Programs



Initial Market Check

Provides initial assessment of market potential of a Zor's brand in targeted market. Gauges potential by gathering feedback, up to % contacts. Next steps.

International Partner Search

Provides vetted list, up to five companies with interest in brand. May include virtual introductions to identified contacts.

Gold Key Service

Provides up to five vetted meeting in country to establish relationships with partners.

Single Company Promotion

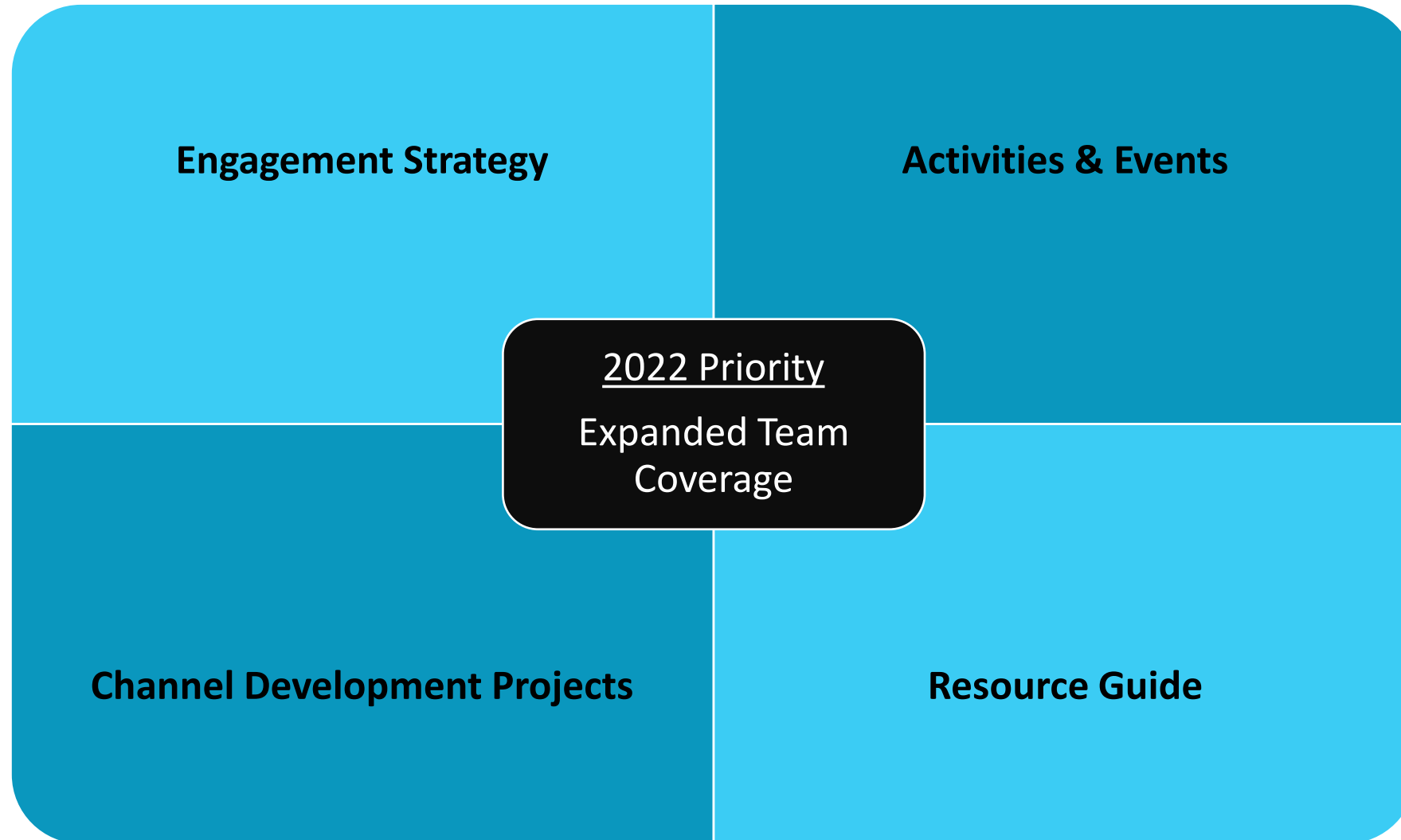
Provides Zors promotional services to increase brand awareness. May consist of brand pitch, press conference, networking opportunities, and matchmaking. Includes targeted direct mail or e-mail campaigns.

International Company Profile

Provides in-depth background check information on specific foreign company to help assess suitability.

Other Service & Programs

USCS Global Franchising Team



Franchise Resources & Partners

Published Research



Updated Guide
March 31, 2022

Trade Missions



GERMANY & HUNGARY
FRANCHISE TRADE MISSION

November 14-19, 2019



Newsletter



U.S. Commercial Service
2021 Third Quarter Bulletin

Featured International Franchise Opening



Wendy's®, the iconic American hamburger brand, has arrived in the United Kingdom!

After much anticipation, the first Wendy's restaurant opened its doors on 21 June in Reading and British customers have welcomed the brand with open arms. On launch day, excited fans started forming a queue outside in the early morning hours (around 4:00 am) and Wendy's classic Frosty® treat was served to those who were waiting patiently to get their hands on Wendy's high-quality, freshly prepared menu items. Fun opening day fact: the most popular menu item sold was the Baconator®!

The Company will continue to make its mark on British soil by opening four additional restaurants in the second half of this year, in areas such as Stratford in East London and Oxford. The brand is also actively seeking more restaurant locations, as it presses ahead with its investment in the United Kingdom, committing to an extensive expansion strategy with franchise partnerships to help quickly grow and scale.

Franchise News

Check out the *Five Things to Know About the German Franchise Market*, by CG Germany Franchise Specialist, profile below.

Last Edition of *Global Franchise Registration Outlook*, (Feb. 2, 2021 edition) Source: Latham & PWT

New International Franchise Openings



Café Restaurants Holdings, Inc., the parent company of Café J., and Café J., announced the opening of its 1,000th international restaurant in Madrid, Spain.



Additional Resources

Franchise Attorneys

Franchise Consultants

Franchise Councils & Associations

Franchisors & Franchisees

Franchise Suppliers

American Chambers of Commerce

Tradeshows Organizers



LEGAL ISSUES AS WE EMERGE FROM THE PANDEMIC

Operational International Developers/Franchisees

- **Supply Chain Challenges**
- **Lack of Supervision/Oversight**
- **Training Gaps**
- **Deviations from System Standards**
- **Development Delays**
- **Staffing Issues – Impacts everyone**

LEGAL ISSUES AS WE EMERGE FROM THE PANDEMIC

Franchise Development Activities

- **Where are we seeing most development opportunities?**
 - **Australia**
 - **Canada**
 - **UK/EU**
 - **Israel**
- **Other jurisdictions**
 - **Interest still there**
 - **Challenges lead most to defer activity until Q3/4 of 2022**

LEGAL ISSUES AS WE EMERGE FROM THE PANDEMIC

Types of Franchise Relationships

- **Joint Ventures – New ventures v. Refranchising**
- **Master Franchise**
- **Area Development Relationships (challenging still)**
 - **Travel restrictions**
 - **Covid limitations still in place**

Best Practices In These Times

- **Understand your limitations, competitors and market potential**
- **Closely evaluate the economy of target countries to ensure people are able and willing to make investments in new businesses**
- **Conduct detailed due diligence on all candidates to ensure they have the funds for your franchise license post-COVID**
- **Maintain very frequent international candidate communications**
- **Restart in-country meetings required to build relationships, truly know who your international licensee is**
- **Fix problems/habits developed by international licensees during the pandemic**

