IFA
INTERNATIONAL FRANCHISE ASSOCIATION

Franchising
Building local businesses, one opportunity at a time.
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Finding Franchise Partners Overseas
Presentation Overview

- Groundwork to assure an effective search campaign
- Methods and initiatives for finding qualified partners
- Panelists’ experiences seeking partners
- US Commercial Service programs and best practices
- Questions and discussion
Before Launching an International Partner Search

• Business case and management commitment
• Assess and prioritize international markets
  • Market potential for your franchise and product/service
  • Development potential
  • Barriers to entry and competition
• Trademark registration
Before Launching Your International Partner Search

- International business structure
- Model and investment analysis
  - Partner
  - Franchisor
- Partner profile and qualification criteria
Before Launching Your International Partner Search

- Company business plan for international
  - Development and economic targets
  - Marketing plan and budget
  - Infrastructure and support
Executing Marketing for Partner Recruitment

- Selecting the best mix of approaches
  - Business concept/service/product
  - Target market
  - Partner profile
  - Budget
- Panelists share their experience and insight
Partner Selection and Closing

- Thorough process for
  - Screening inquiries & qualifying prospects
  - Mutual due diligence and business plan
  - Closing the transaction
  - Transition to launch of new development
Infrastructure and Support

- Infrastructure for transaction and subsequent partner support

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Norm Bogner
Vice President International Development
4Refuel, Inc.
4Refuel At-a-Glance

About 4Refuel:

- 4Refuel is one of North America’s leading fuel management companies that leverages technology and service to boost clients productivity, efficiency and control relating to their fuel costs.

- Established in 1995, 4Refuel expanded across Canada via franchising and committed in 2005 to focus on expansion in the US and other international markets.
4Refuel – Best in Class Fuel Management

4Refuel’s current operations focus on the major urban markets and include 115 operating units:

- Revenues: $300+ million
- Franchise Units: CDN: 25 (75 @ peak)
- Markets: CDN: Corp & Franchise
  USA: Franchise
  Int’l: Franchise
- USA: 1 Corp franchise established fall 07
- Int’l: ongoing

4Refuel’s 6000+ client base provides an ideal cross-section of potential “Master” candidates as they understand the need for the business:

- Transportation (fleet)
- Government/Municipal
- Marine
- Rail
- Airport ground services
- Construction
- Mining
- Power Generation
- Industrial / Special Projects
Current Market Activity Overview – 4Refuel

110 operating units with coast-to-coast presence with 7 offices across Canada
Service transport and construction with new focus on major Airports, Railways across Canada and expanding into Mining

5 operating units with first “Corporate” franchise in Seattle area fall 2007
Goal – prove application of business model in US market and use as ongoing proving ground for new technologies, processes and training

Master License model marketing – Oct, 2007. Candidates identified in:
- Scandinavia
- Mexico
- UK/Ireland
- Germany
- Gulf Region
- Singapore/Malaysia

Future focus in EU, Asia, and Latin America
Lead Generation Activity Varies by Market

Lead Budget: $250K range for US and International markets combined (Travel, PR Advertising, Memberships, Trade Shows)

**Canada**
- Major urban centers – corporate focus
- Secondary markets (<100k population) - Area Developer model
- Leads sources – active PR, web SEO, word of mouth and our B2B sales force

**USA**
- Current strategy focuses on “Conversion Franchises” for progressive businesses already in the industry looking for growth
- Lead sources - advertising in business and trade publications, PR firm, Industry Trade Shows, direct marketing, web

**International**
- Country and Regional Licenses
- Lead sources – International consultants (Y1)
  - Established a “success fee” based network of reps in key markets (e.g. EU, Latin America)
  - Gov’t programs, Trade Missions, Trade Commissioners, Speaking engagements, web
**Learnings**

**US learnings**

Retaining known and reputable counsel is essential.

Establish a US presence corporately to build credibility and test all your systems and processes.

Plenty of tire kickers. Learn to automate where possible and pre-screen before you speak with people.

Hire local expertise wherever possible.

Leverage your existing client relationships for new market

**International learnings**

Be patient as it will take longer and cost more than you think

Understand the impact of “Yes”! Ensure your system is ready and your processes are in place

Hire/appoint a dedicated resource(s) to focus on expansion

License activities can lead to NEW core business!!

Creativity is KEY for lead generation

Understand your markets! Be ready to adapt your model and expansion strategies to suit market.
### International Model
- 50+ Unit (Truck) Business country/region
  - or
- 100+ Unit Business country/region
  - Licensee owned and operated (no sub-franchise)
  - Licensee profile similar to existing client companies

### Canadian Model
- Corporate and Area Developer
- 3+ Unit Business
- Build your model to suit your expansion gains
- Listen to the lessons you learned in your past that helped get you to point of expansion

### US Model
- 10+ Unit Business - with opportunity for adjoining territories
- Focus on “Conversion” franchises to mitigate risk and accelerate growth
- Candidates are existing industry businesses

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**49TH ANNUAL CONVENTION**  
**FEBRUARY 14 – 17, 2009 • SAN DIEGO, CA**
FAQ’s

• Reliable lead sources?
  • Targeted campaigns - SIC/NAICS codes (Standard Industrial Classification/North American Industry Classification System)
  • Industry associations
  • In-country government representatives
  • PR general. Monthly retainer for PR (Canada and US)

• Where to market and advertise?
  • Industry associations
  • Business magazines catering to your profile

• Do you know the right international brokers?
  • Be sure they:
    • have expertise on-the-ground. Reference check and know who you’re dealing with!
    • understand your line of business and will work with you to best target your profile.
  • YOU must manage them! Ask for regular status reports to ensure they are working understand your system
FAQ’s

• What in your experience have been the least effective?
  • Franchise events. Wrong profile for us as too small. Don’t wait to see what happens re who attends and event, target your profile and work to set up meetings for when you are their. Be PROACTIVE!

• What are some of the creative things you have tried that worked….and didn’t work?
  Working:
  • Established own network of agents – success fee based and/or small retainer + success fee
  • Work with your government both at State/Provincial level as well as Federal. Get on their radar and let them know your sectors of interest. Ask to be kept informed of upcoming missions/sponsored trade shows
  • Refined and adapted model to service new vertical/industries (mining, airports) GET creative!
  • Targeted marketing - advertise before hand and set up qualified meetings prior to visit
  Didn’t Work:
  • Brokers – followed their traditional recruitment programs their network found it difficult to understand and market. Wrong candidate profiles attracted to their events.
  • *USCS – effective for US companies but even if you have US based operations and work through a US broker, there are strict limitations to assistance for what they consider as “foreign based companies”

• What have you done/are you doing differently regarding lead generation with respect to the current global economic turmoil? (i.e. re-prioritized target markets, adjusted forecasts, reallocated budgets)
  • More targeted to those profiles who have the $$ vs. entrepreneurs
QUESTIONS?
Do your home work “first”

- Set your international priorities!
- Study the markets that would allow for easy and successful entry!
- Do your own market analysis!
- Have your prospect do a business plan!

Compare your research with their business plan!
Choose the right partner!

Review their Resume!

Look for:

- Field and years of work experience
- Management Positions, Sales & Marketing & Operational background
- Were they successful?
- Will they make a difference with your system?
- Does their Financial Strength meet your development & operational requirements?
Choose the right partner!

Qualities of a good partnership!

• “Select don’t sell”
• Are they fluent in your language and the country they will own and operate!
• Will they live in the country or market they will own!
• Will they be hands on management/partners?

“Have you made a trip to the targeted international market?”
Lead Opportunities

- International Brokers
- U.S Embassy Services-Gold/Platinum Key Programs
- Web Site Advertising “Yours First”
  “State your international priorities”
- Advertise in the local international markets
  “Local internet websites”
  “Direct marketing”
Lead Opportunities

• Review Competition
• Attend International Trade Shows
• Advertise International Trade Publications
• International Franchise/Business Opportunities Shows
• Relationship networking is one of the most effective ways of generating leads for international markets
Cost of Leads

• Establish a budget! – And work within the budget
• The cost of a lead will vary depending on the country
• Here is an example of some costs to market internationally!
Cost of Leads

One of our European Target Markets: “GERMANY”

- Web sites 69%
- Referral & Past Customers 7%
- Gold Key and Local Brokers 10%
- Newspapers 1.5%
- Franchise & Trade Show Publications 2.8%
- Franchise & Trade Shows 3.5%
- Other 6.2%
Thank You!
Tasti D-Lite’s Decision to Go International

- Acquired Tasti D-Lite in February 2007
- Indicators of international demand
  - Favorable market factors and trends
  - Database of enthusiastic international inquiries
- Management/acquisition team with international experience in segment
- International as a key element of the vision and business plan
Initial Steps

• Immediate expansion of trademark protection
• Hired international director
• International market assessment
  • Worldwide assessment - high level
  • Closer look at best-opportunity countries
Initial Steps

• Determined business and economic models for development
  • Master Franchising
  • Area Development
• Master franchise, area developer and product distribution agreements
• Collateral for the partner search and due diligence process
Early International Inquiries

- Large core of Centers in Manhattan
- Disproportionate brand equity
- Unsolicited international inquiries
- Very often the best prospective partners
Year-One Plan

• Build foundation
• Existing and unsolicited leads
• Leads generated by US-focused marketing
• Participation in US franchise shows
Year-One Result

• Award of master franchise rights for South Korea
• Master franchisee has significant experience and existing infrastructure
Year-Two Marketing Plan

- New Flagship Centers, redesigned locations and growing franchise to drive customer leads
- Continue to leverage US lead generation investment
- Major international food trade shows
- USCS programs – Gold Keys, etc.
- International franchise sites
- Selective direct marketing
Summary of Methods for Finding Partners

- Trade missions
- Trade shows
- Gold key, etc.
- Print advertising
- Internet advertising
- Public Relations
- Direct marketing
- Customers
- Franchisee referrals
- Networking
## Prior Experience

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<th>Quantity of Leads</th>
<th>% Qualified Applicant</th>
<th>Cost Effectiveness/App</th>
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<tr>
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<td>Internet</td>
<td>Trade Mission/Gold Key</td>
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Supporting you in the International Market

U.S. Commercial Service

We promote and protect U.S. commercial interests abroad and deliver customized solutions to ensure that U.S. businesses compete and win in the global marketplace.

• 107 offices in the United States
• Specialists in 80 countries
Customized Solutions

• How we help U.S. Companies:
  • Counselling
    • Learn about the market, Competitors
    • Market access, Opportunities, Barriers
  • Market Reports
    • General Reports – Country / Industry
    • Customized Reports depending on company’s needs
Customized Solutions

• Matchmaking Services
  • Identify potential partners in each market

• Trade Events
  • U.S.A. Pavilions
  • Seminars, Conferences

• International Company Profile
  • Background report of overseas potential partner
USCS - Results

MEXICO

- CRESTCOM INTERNATIONAL, LTD.
  - Company exhibited at the USA Pavilion in the Franchise Expo in Mexico City and contracted matchmaking service to meet with potential partners in Mexico City and Guadalajara, Mexico.
  - Result: Market exposure (expo)
    - Generated strong leads
    - Signed 2 franchise contracts (matchmaking)
USCS – Results

IRELAND

• Contours Express International
  • Participation in a trade mission to Ireland
  • Contract signed as a result of one-on-one meetings

EGYPT

• United Franchise Group
  • U.S. Franchise Development Conference (speaker)
  • Matchmaking meetings with potential franchisees
  • Contract signed
Discussion

Questions & Answers
Thank You