

# IFA



®

INTERNATIONAL FRANCHISE ASSOCIATION

---

# Franchising

**Building** local businesses,  
one **opportunity** at a time.

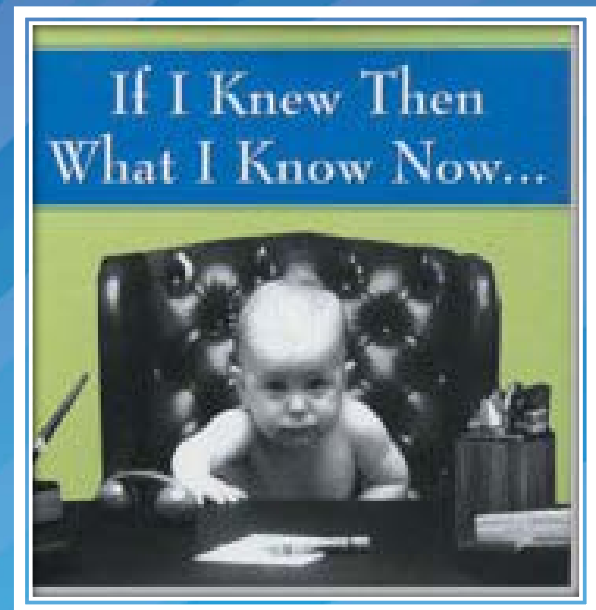
# If I Knew Then What I Know Now:

## War Stories From International Franchising Professionals

Moderated By: Carl E. Zwisler

Panelists: Ned Lyerly  
Peter Holt

Sunday, February 12, 2012



52nd Annual Convention

February 11-14, 2012 | Orlando, FL

**IFA**   
INTERNATIONAL FRANCHISE ASSOCIATION

**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Ned Lyerly

- Executive Vice President, Global Franchise Development - CKE Restaurants, Inc.
  - International Division
  - International and Domestic Franchise System Growth
  - International and Domestic Franchise Real Estate Support
- 27 year multi-functional background including international, operations, finance, marketing, franchise support, real estate and franchise sales
- Past Chairman of the IFA International Affairs Committee
- 5+ Million Miles on American Airlines



# Peter Holt

- Chief Operating Officer, Tasti D-Lite
- Lead franchise sales and development for Mail Boxes Etc., and as vice president for “I Can’t Believe It’s Yogurt!”, led the company’s international expansion
- 20 years of international franchising experience
- Former chairman, IFA International Affairs Committee
- Former chairman, IFA Global Marketing Group



52nd Annual Convention

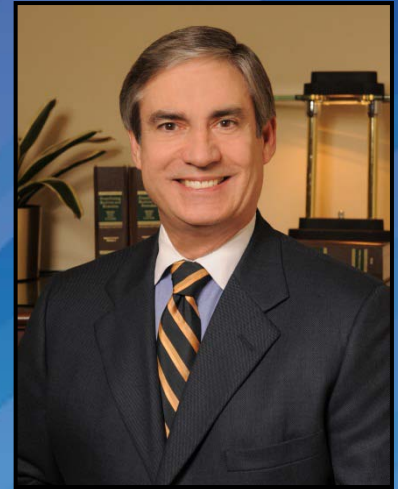
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Carl E. Zwisler

- Principal, Gray Plant Mooty
- 35 years representing franchisors and master franchisees in domestic and international franchise transactions
- Former IFA General Counsel
- Author:
  - *Master Franchising: Selecting, Negotiating, and Operating a Master Franchise*, Commerce Clearing House, 1999
  - *International Franchising: A Practitioner's Guide*, chapter "Selecting a Format for International Franchising"
- Author/presenter of more than 100 articles and presentations on all facets of international and domestic franchising



52nd Annual Convention

February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

---

# Partner Selection

**52nd Annual Convention**

February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

---

Those who cannot remember the  
past are condemned to repeat it.

George Santayana



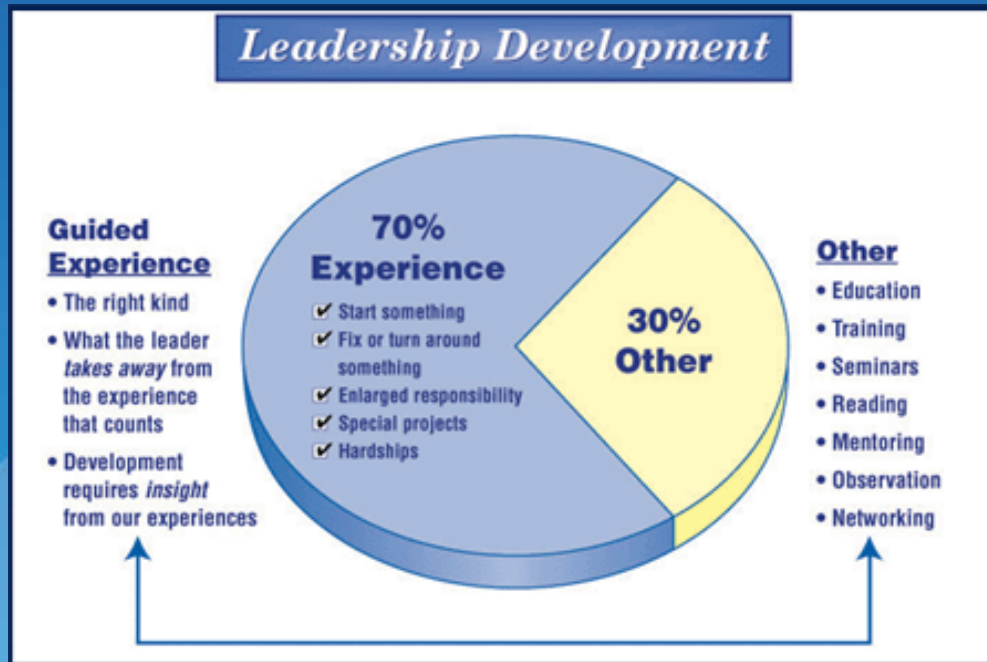
52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Experience is the best teacher.

## Julius Caesar



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL

**IFA**   
INTERNATIONAL FRANCHISE ASSOCIATION

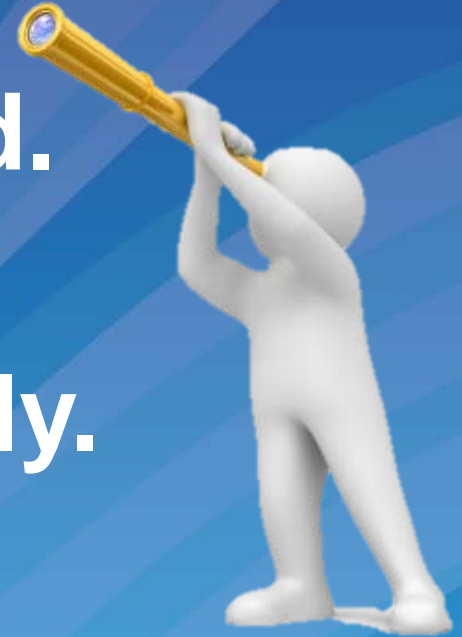
**Franchising**  
Building local businesses,  
one **opportunity** at a time.



---

**A good man is hard to find.**

**Choose your partner wisely.**



**52nd Annual Convention**  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Partner Selection

---

- Dealing with leads
- Developing a profile of your international franchise leads
- Qualifying leads
  - due diligence
  - residence in the proposed territory
  - political connections

- Benefit of affiliating with a company or individual with industry or franchising experience in the territory
- Individuals v. companies as franchisees
- Public companies v. private companies



---

# Granting Territorial Rights

**52nd Annual Convention**  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

To explore strange new worlds, to seek out new life and new civilizations, to boldly go where no man has gone before.



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Granting Territorial Rights – Master/Area Development

---

- Determining country priorities for the franchisor's investment
- Determining the appropriate size of the territory
- Relevance of the experience, management and financial capacity of the prospect

- 
- Development schedule issues
  - Applicable laws, including franchise, tax, import, repatriation, industry regulation and efficiency and fairness of legal system
  - Conditioning subfranchising rights on successful multiple unit operations

---

# Market and Concept Adaptation

52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.



There is something I don't know  
That I am supposed to know  
I don't know what it is I don't know  
And yet am supposed to know,  
And I feel I look stupid  
If I seem both not to know  
And not to know what it is I don't know

Therefore I pretend I know it  
This is nerve-wracking



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

---

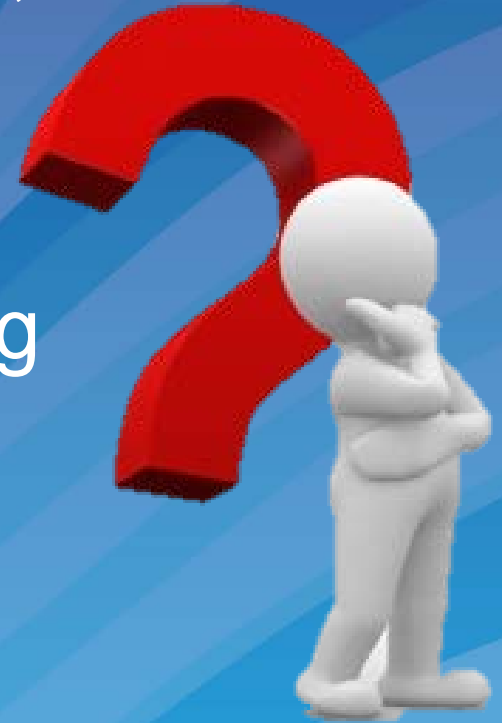
Since I don't know what I must pretend  
to know

Therefore I pretend to know everything

I feel you know what I am supposed to know  
But you can't tell me what it is  
Because you don't know that I don't know  
What it is.

You may know what I don't know, but not  
That I don't know it  
And I can't tell you  
So you have to tell me everything

- R. D. Lang in Knots



# Market And Concept Adaptation

- Market research
  - when should it be done
  - how much should be done
  - how should it be done
  - who should do it—franchisor or prospect
- Budgeting for market research
- Use of identical franchising program from domestic or other international markets

- 
- When legal and tax research is required
  - Relative role of franchisor and franchisee in adapting the concept to the market

---

# Resources Required for Successful Expansion

52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# How can I make a budget when I don't know what things will cost?



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL

**IFA**   
INTERNATIONAL FRANCHISE ASSOCIATION

**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Resources Required For Successful Expansion

---

- Preparing a budget
  - pre-sales expenses
  - transaction expenses
  - translation expenses
  - post transaction expenses to adapt pilot unit
  - in-territory support expenses to support adaptation and initial efforts at recruiting (for master franchisees)



- Time required to:
  - establish supply chain
  - satisfy legal requirements
  - perform an adequate job
- Staffing:
  - new employees
  - consultants
- Opportunity costs of each transaction

---

# Finding Trusted Advisors

**52nd Annual Convention**  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Who Do You Trust?

## Sacagawea



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.



## Supplier Search Results

REFINE YOUR SEARCH

16 Suppliers Match Your Search

CONTACT SELECTED

Click on Add to Contact List for all franchisors you want to contact then click Contact Selected

## Featured Suppliers



### Gray Plant Mooty

Add to Contact List

Gray Plant Mooty has one of the largest franchise and distribution practices in the country. Our lawyers in Minneapolis and Washington, DC, serve franchisors in ...

**Looking for Better ROI?**



**WEISE**  
COMMUNICATIONS

Integrated Franchise Marketing  
*That Gets Results*

**Get Started**

**yodle**<sup>®</sup>



 [Printer-friendly version](#)



## International Franchising

Welcome to the International section of the IFA website. IFA has provided useful and reliable information on international franchising that is beneficial for both franchisors and franchisees. IFA's goal is to assist you with your international franchising initiatives by organizing all of the relevant information in one easy to use location on the web.

### Country Profiles

In this section we have provided country profiles including detailed economic information and overviews of important franchising laws for both established and emerging economies around the world.

[Click here for Country Profiles](#)

### International Franchising Articles

We have also assembled select articles relevant to international franchising, discussing the challenges, identifying the obstacles, and leading you to solutions for expanding your franchise internationally. The region specific articles can also be found in the relevant Country Profiles.

[Click here for Articles on International Franchising.](#)



Severe brain storms.



Marketing strategies that produce a flood of franchise leads.

[LEARN MORE](#)



**52nd Annual Convention**  
February 11-14, 2012 | Orlando, FL

# Trusted Advisors – Where Do You Turn?

---

- Advisors to consider: lawyers, accountant, international tax specialist, market research, international franchise consultant, franchise broker, industry consultants and lawyers, bankers, customs brokers, national franchise associations, U.S. Commercial Services
- Benefits of domestic v. international experience

- 
- In-country expertise
  - Where to find trusted advisors
  - How to evaluate prospective advisors

---

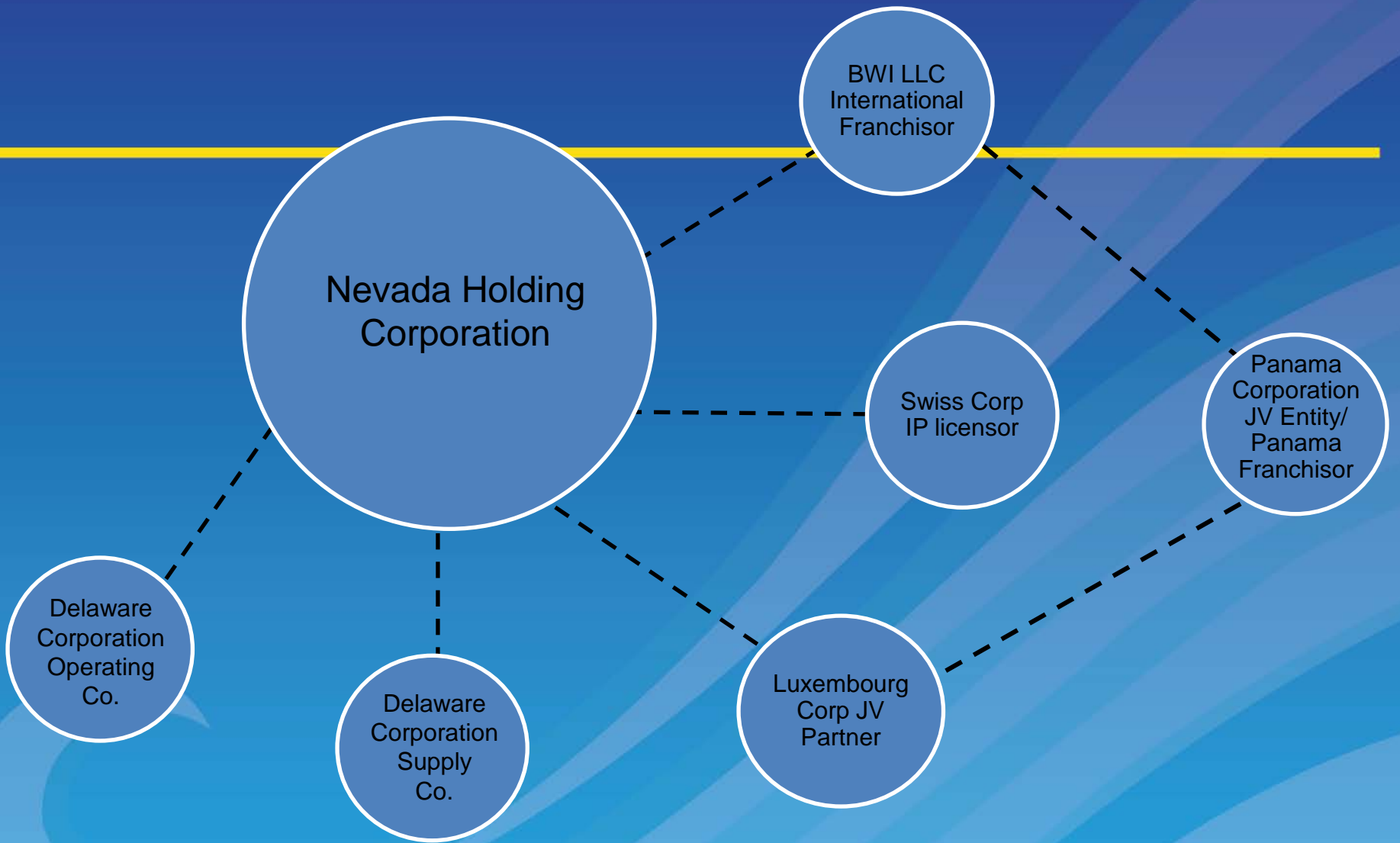
# Determining Business and Tax Structures

52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.





52nd Annual Convention  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Business And Tax Structures That Maximize Return On Investment

- Use of same franchisor entity to franchise domestically and internationally
  - tax treaties
  - trade agreements
  - financing opportunities
  - disclosure law requirements and financial statements

- Affiliation with existing business v. beginning with start-up, inexperienced franchisees



52nd Annual Convention  
February 11-14, 2012 | Orlando, FL

**IFA**   
INTERNATIONAL FRANCHISE ASSOCIATION

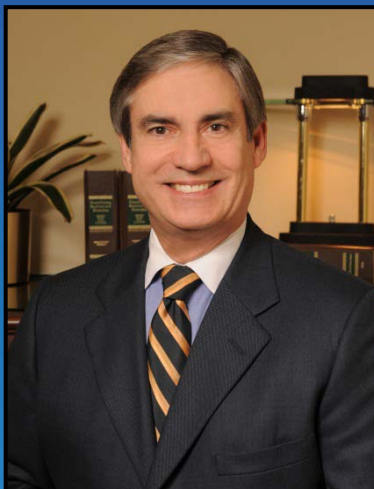
**Franchising**  
Building local businesses,  
one **opportunity** at a time.

# Thank you



**Ned Lyerly**

CKE Restaurants, Inc.  
Bank of America Tower  
100 N. Broadway  
Suite 1200  
St. Louis, MO 63102  
nlyerly@ckr.com  
(314) 259-6413



**Carl E. Zwisler**

Gray Plant Mooty  
The Watergate  
600 New Hampshire Ave, N.W.  
Suite 700  
Washington, DC 20037  
carl.zwisler@gpmlaw.com  
(202) 295-2225



**Peter Holt**

Tasti D-lite, LLC  
341 Cool Springs Boulevard  
Suite 100  
Franklin, TN 37067  
pholt@tastidlite.com  
(615) 550-3111

**52nd Annual Convention**  
February 11-14, 2012 | Orlando, FL



**Franchising**  
Building local businesses,  
one opportunity at a time.