

# 20 YEARS BUSINESS IN VANCOUVER

## Business lessons: Selling your sizzle before you have the steak

First adopters of franchises with low or non-existent local profiles face many challenges, but also embrace opportunities of a new marketplace

By Glen Korstrom

**F**ranchisors who expand into new territories grapple with the reality that most franchisees want to capitalize on brand recognition and goodwill that other franchisees have built through the years.

That makes it tougher to snag quality franchisees in an area where the franchisor's brand has little resonance, especially given that most franchisors are careful not to stray from the corporate policy that they treat all franchisees the same.

**Mona Bains**, however, believes there are advantages to being a pioneer.

She bought B.C.'s first **Charley's Grilled Subs** franchise with husband **Nab** and recently opened in Surrey's **Central City** mall.

"I could choose a location anywhere I wanted in the Lower Mainland, because there were no existing franchisees," the Surrey-based new mother told *Business in Vancouver*.

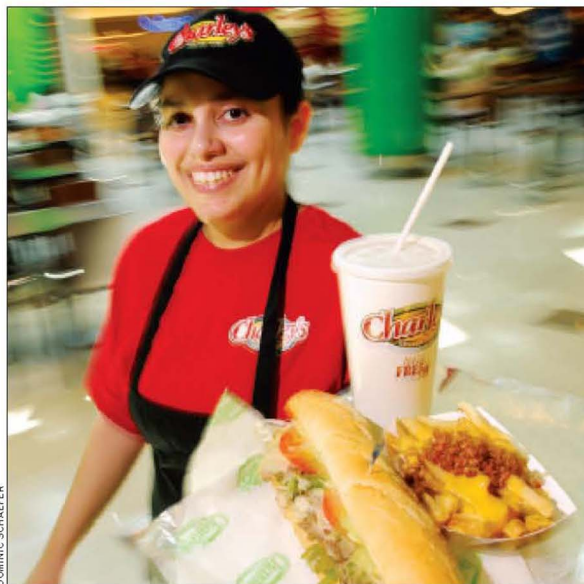
"Having a newborn at home means that it would be difficult for me to drive to Richmond, Vancouver or Coquitlam. If I had bought a **Subway** location, there would have been only certain areas where I would be able to open."

The Bainses considered a wide range of fast-food franchises before narrowing their search to sandwich chains. Bains rejected chains with higher local name recognition, because they had:

- higher fees and royalties;
- ample locations in Surrey; and
- business development executives who seemed less interested in having the Bainses as franchisees.

Bains raved about the support that her franchisor gave her, but **James Pa**, who is Charley's Grilled Subs' vice-president of brand management, stressed that his chain does nothing special to support pioneering franchisees in new markets.

His chain has 400 locations in 16 countries. He said each new franchisee gets the same treatment



Charley's Grilled Subs franchisee Mona Bains: "I could choose a location anywhere I wanted in the Lower Mainland, because there were no existing franchisees"

when it comes to one-time fees and royalties, be they in Dubai, Italy or Vancouver.

**Nando's Canada** president **Dan Isserow** said his subsidiary's parent company similarly treats all franchisees the same in the 28 countries it has stores.

So does **Gary Charlowood**, whose **Uniglobe**

**"Protecting the brand is the most important thing"**

- Warren Erhart, president, White Spot Restaurants

**Travel** recently announced that it had added franchises in the new markets of Brazil and Argentina.

The only difference in treatment, Charlowood told *BIV*, is that when Uniglobe enters a new territory, his team provides "special scrutiny to pick the very best as it sets the tone going forward."

Pa and Isserow, in contrast, say they provide the same careful vetting of potential franchisees regardless of whether the entrepreneurs plan to open in new territories.

Appearing to treat all franchisees the same is the

lifeblood for most franchisors, said **Canadian Franchise Association** CEO **Lorraine Murphy**.

Sometimes, however, large franchisors find an excuse to provide special treatment. For example, she said they might time expansion into new key markets to coincide with reaching a key milestone such as the 1,000th location.

Those openings often attract more media attention because the franchisor's CEO is likely to be at the launch.

**White Spot Restaurants** president **Warren Erhart** makes a habit of attending new White Spot restaurant openings whenever he can. Unlike Charley's, Uniglobe and Nando's, White Spot provides additional support for pioneering franchisees.

It's never a discount on royalties or the one-time fee. Instead, Erhart provides additional resources to give franchisees in new regions the best possible chance of success.

"Protecting the brand is the most important thing," he told *BIV*. "When starting out in a new market, success is very, very important. We add more support for a new

### Business challenge:

Building brand recognition

### Business solution:

Invest in laying the groundwork and tap energy of new marketplace buzz

market."

**White Spot** plans to open its first location in Taipei, Taiwan, in about six months, and it will have more head-office staff on the ground than it did when the company opened the largest of its 126 stores at the **Vancouver International Airport** in early October.

That 200-seat bistro is outside security in the airport's domestic terminal and is operated by **HMS-Host Corp.**

"When we first expanded in Hong Kong, we sent a lot of people there and kept them there - people such as a district manager - long before the number of restaurants justified us doing that," Erhart said.

"Sometimes we might also divert some of our initial franchise fee into marketing so they would get more support even though the fees themselves would stay the same." ■  
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