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Francorp aims for more local franchisors

BY SHILING WOON

FRANCHISE development and consulting company Francorp Malaysia Sdn Bhd expects to secure at least 10 franchise clients annually.

And in the next five years, it was targeting to capture about 75 franchisors in the Malaysian market, president Affandy Abd Raof Faiz told *StarBiz* in Kuala Lumpur.

"I am confident of achieving our targeted number of clients this year because currently we already have eight and we will sign up three more clients this month," he said.

Francorp's core business is assisting owners expand their business through franchising. It views itself as a one-stop franchising solutions centre, whose services include assisting clients to develop the disclosure document, operations manual, and advertising and promotion campaign.

"We will help them develop the strategic planning on their franchise system and do the franchise disclosure document, which is the most important document in the business," said Affandy.



Affandy Abd Raof Faiz ... we are here to assist the Government to establish a proper franchise business locally, because our Government wants to make

He said the disclosure document provided potential franchisees a comprehensive picture of the business owner's background to help them decide on investing in it.

"However, the disclosure document in the local market is not that transparent because there are franchisors who intend to take advantages from their franchisees, such as by preventing them from knowing their rights and privileges," Affandy said.

He added that there were

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Malaysia South-East Asia's franchising hub.

franchisors that refused to show their disclosure documents to their franchisees, and this had created a significant impact on the

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franchising industry in Malaysia.

“Some people carry a misconception that the franchise business in Malaysia only makes the owners rich. That is how the conflict comes in!” he said.

Affandy said a proper franchise document should include information on services and programmes provided by the franchisor, such as training programmes, shop layouts and suppliers of the franchise's products.

The company also helps clients develop their operations manual. “It is the business owner's responsibility to coach their franchisees on establishing and strengthening the business in the market,” he noted.

According to Affandy, there are three crucial factors to establish a lucrative franchise business.

“Firstly, we need to know whether that business would be profitable for both parties. Secondly, is the business *franchiseable* or not, which means the model should be able to be reproduced in order for the franchisees to run the business following its prototype,” he noted.

He said the major problem in the franchise business would be the uniformity of products and services. Therefore, it is important for business owners to provide sufficient training to overcome this common issue.

The third crucial factor, he said, was the transfer of know-how.

“The business owner should minimise the risks taken by franchisees. The franchise system needs to be conducted properly for the business to be sustained in the market,” he said.

He said the franchise segment currently contributed 4% to turnover of the local retail industry. Therefore, there is potential to grow the segment in Malaysia.

Affandy said although the Government had set the target to develop 50 franchise systems every five years, the target had not yet been achieved.

“Malaysia is falling behind the Philippines and Singapore, which currently have 800 and 380 franchising systems, respectively,” he said.

“We are here to assist the Government to establish a proper franchise business in Malaysia, because our Government wants to make our country South-East Asia's franchising hub.”

Francorp's headquarters is in the United States. It has 12 offices, including in New York, Los Angeles, Manila and Mexico City.



He said Francorp would play an active role to develop and create a legal franchise culture industry in Malaysia, and to coach franchisors establish a profitable business.

It has allocated about RM6,000 monthly for its A&P campaign to encourage business owners to venture into the franchise business.

“Our campaign includes organising seminars monthly known as *Franchise Your Business* and we also publicise our business using TV, radio and print advertisements,” he said.

Francorp will also assist its clients to expand their franchise business overseas via its associate offices in the Philippines, Singapore and Bangkok. “However, our major focus is to assist our clients establish their business locally before taking them into the overseas markets,” Affandy said.



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