



**Nagi Morkos**  
**Managing Partner**  
**HODEMA Consulting Services**

Franchising has in the last few years become a natural sequel for developers willing to expand their brand. It saves them the hassle of having to manage the place themselves, but still preserves the standards and reputation of their business abroad. On the other side, franchisees see it as an easy way to capitalize on a concept that has already been successfully developed in other countries rather than create a new one; second, they benefit from its good reputation in terms of concept, cuisine and service. International names, mostly fast food and casual dining, have managed to take over the Middle East in the last few years. But now regional brands are also entering the franchise business, most of the concepts being created in Lebanon or Dubai. And these local brands are increasingly attractive for investors: some see Lebanese brands as part of a diversification strategy and an investment haven due to the fact that some Lebanese franchises can be more profitable than western brands, with upfront lower entrance fees. And the interest is mutual for both the investors and the Lebanese F&B players who see in the franchise business an opportunity to expand their ambitions and beat the small size of the Lebanese restaurant market. As for the Gulf, the boom in real estate has also reinforced the franchising trend for the past years, hence the several upcoming restaurants' openings in an already very dynamic market. Yet, creating a franchise does not simply mean signing a franchise agreement with

# The Tricky Business of F&B Franchising

a franchisor; it is a complex process that requires to bring together the franchisor and franchisee points of views, as well as an accurate preparation and full time dedication from both parties.

### The lack of experience

On paper, franchising whether local or international brands seems like a winning strategy. But the reality is slightly different. Considered as the ultimate business move by some professionals, it can actually be a deceiving experience. Some even had to terminate their franchise agreements and closed down. The franchisor has to make sure he follows the right steps before making his dreams of expansion a reality. Most people will just go for the highest bidder, which does not guarantee his success not only in managing the franchise and honoring the contract terms but also in respecting the brand's standards which are key criteria. Both the franchisor and franchisee have to insure the implementation of and follow up on the right processes. Hindered by their lack of experience in the field, local restaurant owners struggle to resolve problems inherent to franchises. They find out that exporting know-how is not as easy as assigning an already trained chef. An eatery's popularity and reputation can be based on the talent of a chef, but not a chain's, which needs to design recipes that are duplicable in aspect, taste and cost, and to systemize the kitchen and service procedures. Hence the major role of the set of operating manuals which helps the franchisee understand the product and manage the outlets, and allows the employees to abide by the brand's rules and regulations. One of the most popular start-up mistakes made by restaurant owners today is also to fail to register their brand in their target countries as soon as they have started their activity. Moreover, if for some professional franchising is part of the initial strategy, for most it is a second stage of development, sometimes even a rescue strategy when the local market slows down. This sudden reorientation

can be harmful, and even kill the brand if the strategy is not thought through carefully. Success lies in a strong internal organizational structure, in detailed franchise and operating manuals, and in the recruitment of full time franchise specialized staff.

### Franchisors plan ahead

How does one avoid falling into the traps when starting a franchise? Most problems must be detected in the early implementation stages. A good eye for human resources, carefulness in the choice and quality of the products and good internal organization are essential. No room must be left for improvisation and all aspects should be looked into, from suppliers and brand management to cooking and taste standards and graphic identity, among others. The last two points can sometimes be incompatible with local habits, which must be taken into account. Last, human resources play an important role in the development of an outlet. Hiring, training and keeping the right people at the right place are keys to success. Stay clear of any misunderstanding, sometimes franchisees are expecting the franchisor to operate.

### Adapt to a new environment

When it comes to marketing and advertising, the franchisee can choose between two systems. While he can leave the marketing and communication management to the parent company which unifies the strategy and emphasizes the brand identity, the franchisee can also develop the marketing strategy and adapt it to the specifics of the local market while respecting the brand identity. The franchisor must be aware of the legal aspects to protect the brand in the countries of implementation.

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