

# Using Franchising to Take Your Business International

# Franchising

ICC strategies and guidance for master franchising, area development and other arrangements



INTERNATIONAL  
CHAMBER  
OF COMMERCE

The world business organization

Edited by  
Emily O'Connor

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## **Using Franchising to Take Your Business International**

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# Foreword

Some years ago ICC decided to revise the *ICC Model International Franchising Contract*<sup>1</sup>. The work on the revision sparked many contacts around the world and started a discussion on international franchising among interested parties in the franchise community. One discourse focused on how international franchising is conducted and why the parties choose different approaches on how to take their business international. The Task Force on Franchising decided that ICC had more work to do in explaining why and when a franchisor should consider going international. After answering the questions why and when, there is always the how.

The Task Force on Franchising has tried to cover all corners of the world through its permanent members from North America, South America, Europe and Asia as well as correspondents from other continents. The drafters have taken into account the difference between common law and civil law as well as the difference in the amount of legislation in different countries and states. As franchising is just a vehicle for many diverse businesses, the drafters have decided not to create a model agreement or model clauses, but instead a Guide for those considering taking their businesses abroad.

This Guide is aimed at helping the franchisor who already has a multi-unit operation that has proven successful in one market to decide whether to take the next step and, if so, how to go about it. The Guide starts with an introduction in Chapter 1 that includes terminology and definitions to make it easier to read. Chapter 2 addresses the questions a franchisor should consider when deciding whether or not to go international. If the decision is positive, the reader moves on to the business strategy in Chapter 3 before coming to the core of this Guide — the legal planning in Chapter 4. After decisions are made, strategy is laid out and the legal planning is fixed, the franchisor will turn to finding a candidate as set out in Chapter 5 and getting everything organized with that candidate as discussed in Chapter 6. Chapters 7 and 8 focus on the main issues in the agreement the candidate will sign — either a Master Franchise Agreement or an Area Development Agreement. Chapters 9 and 10 highlight issues regarding the Sub-Franchise Agreement and Direct Franchise Agreement. The Guide concludes with some words about post-closing issues.

The Task Force on Franchising was co-chaired by Anders Fernlund (Sweden) and Marco Hero (Germany). The permanent members are John Baer (United States), Horst Becker (Germany), Fabio Bortolotti (Italy), Silvia Bortolotti (Italy), Jeff Brimer (United States), Didier Ferrier (France), Paul Jones (Canada), Souichirou Kozuka (Japan), Edgar Ivan Leon-Robayo (Colombia), Valerie Marx (France), Amelie Pohl (Austria), and Jaap van Till (The Netherlands). Editorial and secretariat support was provided by Emily O'Connor, Senior Policy Manager of the ICC Commission on Commercial Law and Practice.

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1 The *ICC Model International Franchising Contract*, 2nd edition, ICC Publication No. 712E, 2011 Edition, is available for purchase at: <http://store.iccwbo.org/icc-model-international-franchising-contract>