

STARTING A SMALL BUSINESS IN CATERING: FRANCHISING AND BORROWING IDEAS

In Minsk you may find all segments of the restaurant market from fast-food to posh expensive restaurants. A lot of experts (Narodnaya Gazeta, Minsk, 30.03.2011) think that elite restaurant business in today's Belarus is doomed to failure. According to the current pricing policy, investments in such projects will exceed all the reasonable limits. The prospects of smaller and more price-friendly public catering enterprises are much better. For that reason in my report I would like to examine this democratic segment of the restaurant market from the point of view of a person who is anxious to start his own business.

Lately, such economic terms as *franchising* and *small business* have often been treated together. The point is that a small business acts as a real foundation for franchising while the latter in its turn is an effective device to boost a small business. In my opinion, franchising is able to solve one of the major problems of the development of a small business in the catering field. First of all, I mean the lack of any clear-cut strategy for many new starter restaurateurs, since a franchiser offers a well-proven organization scheme of a public catering enterprise and a non-stop support to a new entrepreneur.

One more obstacle to overcome on the way to start one's own business is a difficulty in raising funds, or rather, getting an access to the sources of outside crediting. As a rule, banks are not interested in loaning a starting business because of too high risks. However, if a businessman buys a franchise from a market leader, it's easier for him to gain bankers' benevolence. That is the case because the risk of going bankrupt is much lower for a franchisee than for any other new firm. E.g., the hospitality industry surveys carried out by American scholars show that bankruptcies among franchisees are 4% against 70% among new companies during the first five years of their market life.

The cost of franchises on the world market varies (www.restor.by 14.04.2012). It depends on the reputation and reliance of a trade mark. The problems with franchising on the Belarusian catering market can be summed up as follows: a) the lack of information; b) legislation-related difficulties to meet contract terms to pay off royalty, c) some unreasonable demands on the part of a franchiser, *e.g.*, to use imported raw materials such as foodstuffs for cooking.

However, to my mind, Belarusian restaurateurs could cope with the problem in a simple and effective way by imitating famous brands' concepts. That is one more point I'd like to draw your attention to. Starting businessmen just take over the idea, the interior, and cuisine peculiarities of some reputable and prosperous public catering enterprise. Sometimes they even choose for their business a name clearly associated with a well-known brand. The '*Sushi Viosla*' sushi-bar can serve as an example. First sushi-bars appeared in Russia and later in Belarus. The owners of '*Sushi Viosla*' can hardly be accused of any copyright offence in terms of law: the title seems to be their own invention, and borrowing a layout is not a crime whatsoever. As far as the ethics is concerned, the unauthorized use of someone's idea or concept might be admitted as unacceptable, yet we can scarcely expect to do business without soiling hands at all.

What I want to do now is to explain how the above mechanism can work. For that purpose I will borrow an idea from a St. Petersburg entrepreneur who owns a doughnut cafe chain. I should point out that his business is highly successful, which I tend to explain with a unique atmosphere of his catering establishments and particular features of the product sold. On the one hand, the aura itself is a kind of 'time car' which is able to transmit middle-aged people to the times of their poor but happy youth. On the other hand, for modern secondary and higher school students doughnuts are an appealing product thanks to its food value and low price.

When organizing a business one should take into account both the location and the hours of work of your business. The best advertising for a doughnut café is transparency of a cooking process, *e.g.*, the guests should enjoy the process of cooking fresh rich doughnuts.

As for a start-up capital, I suppose you will be impressed to know that it is possible to open your doughnut café with very modest capital of about \$8,000. Such establishment is likely to pay off in a few months' time. For instance, an average income of a doughnut outlet in St. Petersburg is \$1,500 per month.

In conclusion, both franchising and borrowing a creative idea are pretty effective devices to decrease risks for those individuals who are going to set up their business in public catering. One more focus to make is that an entrepreneur starting a small business should not apply for a leader brand name or try to open a luxurious and expensive restaurant. They should find their small niche on the market and succeed there.

To sum up, catering business is very challenging with a lot of reefs to come over. It's not going to be easy, but according to a popular saying, if you cannot stand the heat, get out of the kitchen.

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AGRITOURISM IN BELARUS

People all over the world associate Belarus with its picturesque landscapes, blue lakes and numerous villages. This fact gives us an idea to develop such kind of tourism that will give people an opportunity to watch wildlife of our country and plunge into rural life of simple Belarusians. That kind of tourism is agritourism.

We can define agritourism as an activity organized in rural areas, which provides guests with such services as accommodation, recreation, meals, excursions, leisure and sport activities (rafting, cycling or canoeing, fishing and hunting). It is focused on the use of agricultural, natural, cultural, historical and other rural resources of a country.

As a form of recreation agritourism in Belarus is little-known comparing to European countries, and it also isn't widely promoted in the tourist market (both foreign and domestic). Specialists give such explanation of this fact: the process of development of rural tourism in Belarus has a number of limiting factors. They are: