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PECULIARITIES OF DOING BUSINESS IN FRANCHISE IN THE REPUBLIC OF BELARUS

ОСОБЕННОСТИ ВЕДЕНИЯ БИЗНЕСА ПО ФРАНШИЗЕ В РЕСПУБЛИКЕ БЕЛАРУСЬ

Today, there are many different forms of doing business. One of them is franchising, which is quite popular in many countries of the world, and Belarus is no exception. Moreover, franchising has long been recognized as an effective business model that can significantly reduce entrepreneurial risks. According to statistics, when starting a business on their own, out of 10 companies, only 3 survive, while with franchising, “survival” increases to 8 out of 10.

Franchising refers to this type of relationship between market entities, when one side transfers to the other side the right to a certain type of business for a fee using the developed business model for its conduct. To put it in a nutshell, an individual buys from a well-known company the right to conduct a franchise business on behalf of such a company. A vivid example of running a franchise business is the McDonald`s fast food restaurant, which is distributed worldwide.

Why is franchising so popular? Everything is simple: money in a franchise business can be earned on almost everything, even without experience.

Imagine you graduated from a university and want to start your own business. What could be better than opening your own coffee shop? Of course, open a coffee shop for a franchise. To do this, you will need start-up capital, which will become your lump-sum contribution. And of course, you will need to conclude an agreement with the owner of a well-known chain of coffee houses, and that will be your franchisor.

And also every month you will have to pay a certain amount (royalties) for the use of a trademark, business reputation and experience.

You will have an already promoted brand of a chain of coffee houses, and you will not have to look for answers to the questions: “How to choose a room? How to set prices? How to arrange an object? How to form a flow of customers? How to increase sales?” You can get answers to these and many other questions from the franchisor.

In addition, the company will analyze the results of your work at the end of each month. If the performance is not very good, the franchisor will help you find errors. Moreover, help and support will be provided to you not only at the initial stage, but also throughout the entire period of the contract, in most cases — 24/7.

Despite its enormous popularity, franchising is a relatively young form of doing business. Now in Belarus more than 450 objects are operating under a franchise.

Despite all the advantages of franchising, it, like all types of businesses, has its drawbacks. For example, when buying a franchise business, you do not have free access to the goods market, since the requirements for goods are clearly spelled out in the contracts. And also you do not have the opportunity to directly influence the development of the brand, because all global decisions regarding the further development of the brand are made exclusively by its owners.

As for the franchisor, he risks losing his reputation, because if the franchisee conducts business in bad faith, this will affect not only his franchise, but the entire brand as a whole. Moreover, there are cases when the franchisee, using the acquired business model, created his own brand. The franchisor is not protected from such theft by law.

Based on the foregoing, we can conclude that the development of franchising in our country contributes to the creation of new jobs, the acquisition of new methods and technologies in business; creates an integrated system of practical training for small business without creating any special educational structures and programs.