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## Govt backing brightens industry's outlook

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THE future looks bright for Malaysia's franchise sector with the government's full backing and a sizeable budget for development.

Francorp Malaysia Sdn Bhd president and chief executive officer Affandy Faiz said the sector is growing rapidly, as seen in the significant increase of local franchisees in the past five years.

"The strength of the sector lies in the 100 per cent support from the government, higher allocation under the Ninth Malaysia Plan and the involvement of many government agencies in franchise development," he said in an interview with Business Times.

Franchise consultancy firm Francorp Malaysia is the master franchisee of the US-based Francorp Inc for Malaysia, Singapore, Thailand and Indonesia.

Affandy, who is a certified franchise executive, said the franchise industry used to be dominated by the food sector,



**CHANGING SCENE:** More franchises are coming from non-food sectors such as retailing, education and pharmacy.

with 60 to 75 per cent share.

However, the scene has now changed quite dramatically, with more franchises coming from non-food sectors such as retailing, education and pharmacy.

"Our client database shows that the potential in the market is still in casual food sector like quick-serving restaurants.

"This is attributed to the demands of today's lifestyle where both spouses are working," Affandy said.

Still, there is much room for improvement in the franchise sector.

Affandy said the time taken to process franchise applications, although reduced significantly to between two and six months, could be improved further.

In the US, for instance, the law states that approval for franchise

applications should be made within two weeks or else it is automatically approved.

"But normally, the authorities would make their decision within two weeks," he said.

Affandy said the Ministry of Entrepreneur and Cooperative Development, which oversees the development of the franchise sector, is looking at making the Franchise Act 1998 friendlier.

Compared with other countries in the region, there is still some catching up to do by Malaysia, he added.

Currently, there are almost 1,000 franchise systems in the Philippines and about 380 each in Indonesia and Thailand.

A franchise system comprises strategy, legal, operations and marketing aspects.

In Malaysia, there were 311 franchises registered with the Registrar of Franchise under the ministry as at end-August. Of the total, 197 were local and 114 foreign franchises.

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— Affandy Faiz