

Vancouver franchise builder wins industry's biggest honour

Uniglobe founder Gary Charlwood discusses trends and strategies in the booming global franchising sector

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Lower Mainland franchising legend Gary Charlwood earned the highest franchise industry honour in February when the International Franchise Association made him the single 2008 inductee into its 34-member hall of fame.

He joins luminaries such as McDonald's Corp. builder Ray Kroc and Wendy's International Inc. founder Dave Thomas.

Charlwood's success is clear. He founded and expanded Uniglobe Travel International LP to more than 700 locations in 33 countries around the world. Simultaneously, he built Century 21 Canada to more than 400 locations and 6,700 salespeople. Add to that his recent success in establishing the mortgage lender Centum Financial Group, Inc. (Canada) and it's enough for his umbrella Charlwood Pacific Group to generate \$2.7 billion in 2006 gross sales.

Charlwood is usually shy about releasing revenue from royalties and one-time startup fees. But he told Business in Vancouver that it was \$641 million in 2006.

Franchising was in its infancy when Charlwood embarked on his career.

The business structure has grown phenomenally since then. Charlwood told Business in Vancouver that the combined gross sales of global franchisors make franchising larger than any industry-specific business sector.

In his February 10 acceptance speech, Charlwood marvelled at today's wide range of franchising opportunities.

Restaurants remain franchising's most successful segment. But B.C.-based franchisees operate enterprises that range from in-home seniors' care (Home Instead Senior Care) to children's birthday parties (Mad Science Group).

Charlwood said new franchisors have more sophisticated models to follow than when he started building his empire.

They include:

- direct franchising to franchisees all over the world;
- developing master franchisor agreements; and
- contracting area developers to sell franchises abroad.

"When we started, the area developer concept wasn't even a concept that had been considered," Charlwood said.

Ontario-based Made In Japan Teriyaki Experience is a fast growing chain that has big plans for B.C. based on the area developer model.

It had put its local plans on hold because it had trouble "finding the right area developer," said Made In Japan president Nick Veloce.

But Veloce signed Pirani Group principal Siraz Pirani to an area development contract in January to sell at least 34 Made In Japan franchises throughout B.C. and Alberta by 2018. Veloce expects the eventual number to be closer to 50 outlets.

Edmonton-based Pirani is the global conglomerate Yum Brands Inc.'s (YUM:NYSE) third largest franchisee in Canada. He operates more than 50 restaurants branded either KFC, Pizza Hut or Taco Bell.

Veloce's company, which has franchised 420 restaurants worldwide, plans to more than quintuple the number of Metro Vancouver Made In Japan franchises within a decade: to 22 from the current four.

Veloce said that at least one new location will open this year.

He prefers the area developer model to the more-common master franchise model for several reasons:

- his parent company can open corporate stores in B.C. if it wants to;
- all franchisees sign contracts directly with the parent company, so that if the area developer pulls out of the region, the restaurants will still operate; and
- the parent company can exert more control over minor details with individual franchisees.

"They are, without a doubt, modelling what they're doing on Fred DeLuca's concept at Subway," Charlwood said.

DeLuca, who co-founded and co-owns the private company Subway, is also in the IFA hall of fame. Ranked by Forbes Magazine as the 58th richest person in the world, he gave Charlwood a congratulatory hug after Charlwood's hall of fame induction.

"If Fred were on the phone right now, my guess is that he'd say his concept, Subway, was a little simpler to implement than a Uniglobe, or a real estate concept or a hotel concept," Charlwood said. "Simple concepts work best with area development."

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