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Register writer  
[jnorman@ocregister.com](mailto:jnorman@ocregister.com)

# Franchising provides opportunity to build

## U. Gary Charlwood, who lives part time in O.C., is newest member of franchise hall of fame

U. Gary Charlwood arrived for the interview driving a BMW convertible, wearing a vested suit and crisp white shirt with cuff links. And no socks. He usually wears shorts, he said, but he had a meeting later. He walked into the U.S. headquarters for **Uniglobe Travel** across the street from John Wayne Airport and hugged each employee. One brought him coffee. In a paper cup.

Charlwood, 66, is a comfortable, amiable man who just happens to be the creator of Uniglobe Travel International, **Century 21 Canada**, **Century 21 Asia** and **Centum Financial Group**. His companies have more than 1,700 franchised locations worldwide.

He spends 10 days a month in Orange County, living at the Hyatt Regency Newport Beach since 1972, 10 to 15 days in Vancouver and travels the rest of the month. Charlwood was just inducted into the International Franchise Association Hall of Fame, along side Ray Kroc of **McDonalds**, Henry Block of **H&R Block** and Harland Sanders of **Kentucky Fried Chicken** (now KFC). Charlwood spoke more about past honorees than about himself during his acceptance speech at the 48th annual IFA Convention in Orlando, Fla., "which I think was very popular," he said.

Born in Germany, raised and educated in England, Charlwood arrived in Vancouver, Canada with \$2,000 in 1966. Half the money went for rent and a very old Volkswagen. Within a day he had a job as passenger agent for Western Airlines. He was recruited away by CP Air and offered a regional vice president position before the age of 30.

### **You turned that job down?**

Yes, I tried to buy a house and the agent told me I didn't qualify for the one I wanted. Then I looked around at other managers and they were bored. I was never motivated by money; that's an offshoot. If someone said, "You can make a lot of money manufacturing toilets," that wouldn't be a turn-on. I always enjoyed working with people to build something.

### **Why franchising?**

The ultimate security is to be good at what you do and then to work for yourself. I left the airline industry to be a real estate agent, and I sold 118 houses in my first 15 months. It was enough to buy my own company, Hunt Realty. And I grew that into one of the biggest brokerages in Vancouver. But it was still small. Art Bartlett and Marsh Fisher started Century 21 here in Orange County and they flew my partner and me here to convince us to become franchisees. I said no. But they changed my mind. Hunt Realty



MIGUEL VASCONCELLOS, THE ORANGE COUNTY REGISTER

**HONORED BY HIS PEERS:** U. Gary Charlwood is the creator of Uniglobe Travel International, Century 21 Canada, Century 21 Asia and Centum Financial Group.

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became the first Century 21 franchise (in 1975), but I had to sell it because we had a policy at the time of (an area franchisee) not competing with franchisees (it sold to others). Franchising is fast growth. In 2005 there were more than 900,000 franchised establishments contributing \$880 billion to the economy and 11 million jobs. We grew Century 21 Canada to 350 locations. I couldn't have done that just with my own resources. After four years, the parent company made an offer to buy us out. I think the offer was \$8- or \$10 million. We thought, "What would we do with that money?" We'd invest it in a good company. We had a good company, so we didn't sell. But it made me think about other opportunities like franchising the travel industry. We researched it and created Uniglobe with small- to mid-sized corporate travel as our specialty. It is strategically important in the travel industry to have international reach. But to have international reach takes a huge amount of capital. Franchising brings that capital from franchisees. More important, every day I wake up, there is someone in Belgium, in London, in South Africa building the Uniglobe name.

#### **What are the downsides of franchising?**

The operator. Selecting the wrong operator. We have had franchisees with substantial capital but won't follow the rules. They grow too fast and soon are losing money. The key thing we look for is coachability. One who isn't coachable says, "I'm an engineer; I'm smarter than the person you're sending to help me." For the franchisor, the biggest mistake is over expansion. At the IFA conventions we have these roundtables where newcomers can ask questions of people who have been doing it a long time.

One of them will say, "How can I expand into Germany?" You say, "How many units do you have now?" He says, "Three in Idaho." It's good to be ambitious. When I started Century 21 Canada, I wanted the company to be all over Canada. With Uniglobe, I wanted to be all over the world. The vision was big. But it's better to expand throughout Idaho and then into Montana, Wyoming and Utah before Germany.

#### **How do you reward performance?**

Each of our companies has an annual meeting in some nice resort for top performers. For Century 21 it's 21 people. For Uniglobe it's one out of every 60. We meet for three days to learn, to network and to share ideas.

#### **How do they get to be top performers?**

They do the fundamentals well. Each business has something fundamental. Fundamental to real estate is recruiting agents because the workforce is always coming and going. In the travel industry, the fundamental role of the franchisee is to go out and get business, to knock on doors. When we meet with agents, we tell them that if the franchisee is in the office too much, kick them out the door. They have to ask business owners for business. The standard answer is "We have a travel agent." So what? They have to say, "Let me tell you about our services" and eventually win their business.

Why doesn't a franchisee do that? It's not comfortable.

#### **Will you retire?**

No. I work differently than I used to. My office can be anywhere. It's amazing what technology has done. My mission now is to grow new groups of executives. I'm much more consultative.



### **U. Gary Charlwood**

**Title:** Chairman of Charlwood Pacific Group, Vancouver, Canada, parent company of Century 21 Canada with 400 locations; Century 21 Asia with 420 offices; Uniglobe Travel International with 700 locations in 33 countries; and Centum Financial Group with 175 locations.

**Industry affiliations:** First non-U.S. citizen to be chairman of the International Franchise Association (1998); board member of the American Society of Travel Agents; member of the World Travel & Tourism Council

**Birthplace:** Born Uwe Heinrich Gustav Schremer in Germany in 1941. Moved to England as a child and took step-father's last name.

**Family:** Divorced with two sons and a daughter

**Hobbies:** runs 30 miles a week, swims four miles a week, reads history, plays percussion instruments, speaks German, English, French and Spanish

**Contact the writer:** 714-796-7927 or

[jnorman@ocregister.com](mailto:jnorman@ocregister.com). Read more about small businesses at [ocregister.com/jan](http://ocregister.com/jan).