

FRANCHISING – TAKING THE ROAD TO RECOVERY

The Franchise Association of South Africa (FASA) has, for the past 44 years, overseen the establishment and growth of the franchise sector, which contributes extensively across 14 business sectors to the country's economy. We cannot allow growth in our sector to regress or slow down as the future of South Africa relies on a vibrant sector such as ours to provide the entrepreneurial spark that creates new businesses, provides employment and caters to the needs of the population. Now, more than ever, franchising needs to hold its own, take the road to recovery and continue to play the important role it does in contributing to the country's economy.



A MESSAGE FROM FRED MAKAGTO, FASA CEO

"The franchise sector in South Africa has been going since the 1960s and through sociopolitical and economic hardships has continued to grow, contributing around 14 per cent to the country's gross domestic product. It has been the catalyst for encouraging entrepreneurship, skills development and job creation for thousands of people across more than 14 business sectors. All that is at risk of regressing if the operating environment is not conducive to doing business – at the moment it is not, and if not addressed could spell the demise of all the hard work that has gone into one of the most vibrant of business sectors."

"Our current situation is devastating and these are tough times for most businesses in South Africa. In the franchise environment, individual owners and families have invested their life savings into these businesses and work relentlessly to keep the doors open while their franchisors are under extreme strain to contain costs and increase marketing and business support to their franchisees. It is thanks to franchising's power of 'the collective' and the industry as a whole that our sector maintains a positive attitude that we will ride this out and continue our expansion cautiously for the benefit of the country's economy."

Tony Da Fonseca, MD, OBC Better Butchery



"Even with the significant loss of income during the pandemic years, A+Students recognised its responsibility as educators and adapted its business model to include online classes, ensuring that children would still get the optimum tutoring and that our franchisees could continue to educate and 'grow one child at a time'. Many of our franchisees have doubled their turnovers this past year under our franchise umbrella, which provides ongoing support through innovative campaigns that continue A+Students' growth and success."

Marlene Mouton, founder, A+Students



"PostNet is a franchise that has been trading in South Africa for 29 years. Thankfully, we have a strong brand with loyal customers. Our franchisees are committed and follow our business model. As a business, we are very aware of the challenges we face daily. Load shedding has negatively affected our country's economy. Our franchisees have had to invest in infrastructure to ensure we can keep the doors open and serve our customers. In these challenging times, we have to have the right mindset to ensure we sustain our growth and profitability."

Chris Wheeler, CEO, PostNet



"The challenge of keeping doors open during these hard times remains a constant worry to businesses – large and small – but in the context of franchising, if the franchisor adopts the right approach to restructuring and reinforcing core business for the benefit of his existing and future franchisees, that problem can become a shared one. The aim must be to curb expenses, improve efficiencies and streamline processes to counteract the negative impact on profitability. Embracing change to avoid being left behind is the key to surviving and staying ahead of the pack."

Eric Parker, director, Franchising Plus



A WORD FROM FASA CHAIR MARIA D'AMICO

"The one factor that unites franchising globally is its determination to overcome the obstacles it faces and find the opportunities among the adversities. Its business format allows it to balance the scales of supply and demand, innovate enough to change course and use its collective power to weather the storms and grow. Recognise us ... and the role we can play in rebuilding the economy! That is the message FASA and the franchise community want to send to government. If we all work together to build an inclusive economy that stimulates business opportunities, in turn creating jobs, South Africa can recover and prosper."

"Rising interest rates, incredibly high food inflation and unprecedented levels of load shedding have added to the woes of an already economically distressed consumer. Roman's Pizza's focus on delivering a superior value offering of incredible pizzas, salads and pasta has allowed our stores to grow revenue in these challenging times. We believe that the fast food sector will continue to prove to be more resilient than other sectors in the 12 months ahead. We will continue to innovate in these challenging times to ensure that we always offer the consumer the best value proposition."

John Nicolakakis, CEO, Romans Pizza



"As much as franchising is a resilient sector and a great recipe for a business, external forces such as continued power cuts create additional pressures as the costs of running alternative power are funded straight from the bottom line. For most franchisors that continue to succeed against the odds, however, not having alternative power is also not an option. While many have made alternate plans, we need a plan of action from government with clear milestones, deliverables and a commitment to end the power crisis."

Richard Mukheibir, MD, Cash Converters



"South African small and medium enterprises SMEs have demonstrated impressive resilience despite unexpected challenges with a few interesting franchising developments and an uptick in finance applications from new entrepreneurs. Fuelled by the gaps left after a prolonged global pandemic, new concepts have emerged in sectors such as the rapidly growing e-commerce space, education, home services and off-grid solutions, which open the door to franchising installers of solar. Absa continues to support the SME sector as it plays a vital role in enabling job creation and boosting economic growth."

James Noble, head of wholesale, retail and franchise at Absa Business Bank



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