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Mahathir-franchise

FRANCHISE SYSTEM A STRATEGY TO DEVELOP BCIC, SAYS MAHATHIR

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KUALA LUMPUR, Jan 27 ⁹⁴ (Bernama) -- Datuk Seri Dr ^P Mahathir Mohamad said today the franchise business system is one of the government's strategies towards developing a resilient and versatile Bumiputra Commerce and Industry Community (BCIC) in line with the objectives of the National Development Policy.

As such, the Prime Minister said that all franchise-related transactions would be handled fully by the Implementation Coordination Unit of the Prime Minister's Department which was appointed by the Local Franchise Centre.

"In the context of planning and implementation in the country to develop a resilient and versatile Bumiputra Commerce and Industry Community, the implementation of businesses through the franchise system is a suitable development," he said when simultaneously launching the Franchise Business Programme, franchise businesses and the Malaysian International Franchise Conference at the Putra World Trade Centre here today.

He said that studies showed that the percentage of failure of franchise businesses was very low, at only five per cent, compared with 62.2 per cent for new non-franchise businesses.

Franchise businesses, he said, had also altered the form of businesses in the United States and other developed countries like Canada, Britain, France and Japan. -- more

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Dr Mahathir said that franchise business had become a method of distribution of products and services which had been proven and tested.

This was because under the system, businesses on the whole would be able to develop a higher level of services and retailing management, promote productivity, improve efficiency of distribution of products and services, upgrade technical assistance and create a wider tax base.

"We should accept the fact that by the 21st century, the country will have businesses which will no longer be sole proprietorships. Family businesses will no longer be used as a growth strategy," he said.

However, he said that family businesses could still be developed if the franchise method was used with each family owning and managing its own outlet.

By that method also, he said, opportunities were opened to Bumiputra entrepreneurs and businessmen who had capital and were fully committed to embark on such business. -- more

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The Prime Minister said that although the franchise system created more opportunities for Bumiputras to embark on a well-known business, the system was not a way to conduct business without capital and without risks.

"The franchise system is a business system and not a system to make easy money," he said.

He said that the success of the implementation of the franchise system required mutual trust and collective responsibilities especially between the franchisor and franchisee.

In this country, he said, mergers in such a business was suitable as it could assist in the creation of an excellent business chain.

Mergers or marriages through the system would also, he said, be an essential basis for the attainment of the objectives of Vision 2020, to develop a nation that was united, strong and based on a Malaysian race. --

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As for the government, Dr Mahathir said, the time had come to introduce the franchise system as among the best strategies for state-owned companies.

"Furthermore, franchise business enables us to manage our investments, unlike investments in shares," he said.

He said that participation through share purchases would not promise a chance to own the business and to determine its direction as the policy and management of such businesses were made by others.

The returns from the franchise business, he said, were the same or even more than the dividend and market appreciation of the shares purchased.

However, he said that it did not mean that investment in the stock market was not good.

"If we are cautious and not hope too much on making easy money, we can invest in the stock market. The market is not for playing around," he said.

-- Bernama

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