

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE OFFICIAL OPENING OF FRANCHISE INTERNATIONAL 2000
AT PWTC
18 AUGUST 2000**

Terlebih dahulu izinkan saya mengucapkan berbanyak terima kasih kepada pihak penganjur majlis ini kerana menjemput saya ke majlis yang sungguh bermakna ini.

2. Untuk manfaat tetamu kita dari luar negeri, izinkan saya menyampaikan ucapan ini seterusnya di dalam Bahasa Inggeris.

3. I would like to thank the Ministry of Entrepreneur Development and the Malaysian Franchise Association (MFA) for inviting me to officiate the launching of Franchise International Malaysia 2000 or FIM 2000.

4. Their efforts in promoting the franchise industry by having such activities, with the aim of leap frogging the development of the country's entrepreneurs, are commendable.

5. Franchising has become a widely accepted strategy for business growth. This conference and exhibition is a follow through on a series of international events that had been organised for the industry regularly since 1994.

6. Although our economy went through a difficult time during the three years preceding the new millenium, we are happy that we successfully staged a major franchise event the 'Franchise Asia 1999' - and that we continue with events such as this one today.

7. This year's theme 'Growing With Franchising' is truly reflective of the direction that the government is adopting in developing entrepreneurs through franchising. Over the last few years we have seen the industry develop a total of 602 franchisees and 81 franchisors as at July 2000 under the Franchise Development Programme of the Ministry of Entrepreneur Development. Currently we have 233 franchise systems and more than 6000 franchisees operating the franchise businesses all over Malaysia.

8. This is a far cry from 54 franchisees and 19 franchisors in 1995. While we have come far in the last five years, there is still a long journey ahead and we have to fast track this to ensure continued prosperity through the growth of an entrepreneurial class through franchising.

9. Malaysia has bright franchising prospects. The franchise industry makes up about 5% of the total retail business and this figure is expected to increase. In the United States, franchising accounts for about 40 per cent share of the retail market. Let me assure you that the government will continue to place emphasis on ensuring success of business ventures through the franchise system.

10. On our road to greater success, we face many challenges. We have to prepare ourselves by changing the way we conduct our businesses. One of the first things we must remember that with the knowledge revolution, consumers are now much better informed and more discerning.

11. They are able to compare the quality of goods and services against international benchmarks. In view of this, we have to be more competitive and the one way is to ensure we offer superior goods and services.

12. Further, the increasing competition from the implementation of accords under AFTA and WTO require that we change strategies immediately to prepare for the future. Besides ensuring superior quality of products and services, management techniques have to be up-to-date. We have to provide high value added benefits.

13. Franchising is one mode of entrepreneurship that can help us achieve higher standards not only in the goods and services offered, but also in upgrading effective management systems and skills. This will enable organizations to respond to competitive pressures accordingly.

14. The level of bumiputra participation in the retail sector is still on the low side. The government intends to increase bumiputra participation in the retail sector through franchising.

15. Franchising ensures immediate entry, the learning period is shortened and the rate of success is enhanced. Franchising can also be used as an instrument to enable the transfer of technology from systems developed elsewhere. We will be able to benefit from such transfer.

16. The government recognises the importance of the franchising approach and it was with this in mind that we introduced the franchise act 1998 with the objective to have a regulated and orderly industry. Genuine franchisors need not worry about conducting their businesses in Malaysia. Come October 8th 2000, franchisors and master franchisees will have to register with the Registrar of Franchise. I call upon all franchisors and master franchisees to register themselves now (if they are not registered yet) and not wait until the last moments to ensure that their operations are not affected.

17. Further to this, the government will continue to promote and encourage franchising by holding and supporting exhibitions such as these, and conferences and seminars. We have to re-position ourselves to take advantage of globalisation and the opportunities available.

18. Our ultimate goal is to become a regional trade centre and franchising has a key role in this. Malaysia's strategic location and well-developed infrastructure will provide a viable alternative for global corporations. Our capacity to become centre for human resource training centre will be in line with promoting Malaysia as a growth centre for franchising.

19. The international profile of participants in this conference and exhibition is a testimony of the importance of the event. I urge participants to maximize the assimilation and absorption of knowledge on franchising and evaluate the franchise systems that are available in the exhibition area. This will go a long way in achieving what the government had set out to do.

20. In this respect, I would like to urge Malaysians, in particular bumiputras, to develop a strategic alliance with others to strengthen their businesses and to be ready to take a global position.

21. Allow me to dwell on efforts by the government to bridge the gap in the involvement of bumiputras in the retail sector. Early this month, we launched the PROSPER (Projek Usahawan Bumiputera Dalam Bidang Peruncitan) scheme, a project which is designed to increase bumiputra participation in the retail sector.

22. To emphasise the importance we place on this project, the government chose the special advisor to the Prime Minister, Tan Sri Nor Mohamed Yackop, to head the scheme which will give priority to retired armed forces personnel to venture into the retail sector.

23. The scheme brings together various aspects on a co-ordinated and integrated basis which include making available premises, start-up capital, loans, business opportunities, accounting and cash management and training.

24. I would like to state that it is crucial that all parties to ensure its success support this scheme. Active participation of bumiputras in the retail sector is essential, not only from the economic point of view, but also in the context of long-term socio-political stability of the nation.

25. This is a view that cannot be taken lightly because political and social stability have been the bedrock of our success since we gained independence.

26. Through this scheme, we hope increase the pool of entrepreneurs. This will enable the industry to have access to this group of people who have been subject to an initial evaluation regarding their suitability. To support the industry a pool of expertise is also required to ensure professionalism. The group will provide expertise on research and development, planning, implementation and managing of franchise development. Over the next two days, I am confident that participants will identify and make concerted efforts to achieve our larger policy objectives. We shall listen to the views expressed here with an open mind so that we can learn and improve.

27. Once again, I congratulate the organisers of the Franchise International Malaysia 2000 and other support organisations that have made this event a success.

28. I now officially declare open Franchise International Malaysia 2000.

Thank you.