



MG Raghavan, President, Global Individual Learning Solutions NIIT Ltd.

Back To Business

With global economic downturn sweeping the world during 2008-09, the franchising sector has been affected like any other segment, with buying sentiments cooling down. But with the turnaround in global economy, it's back to business again.

Now a question is being asked whether the downturn was a blessing in disguise for retailers, who did not have to set up their "own" stores, or invest in capacity expansion and instead relied on their franchisee outlets. My opinion on this issue is "yes," and "no." To take our own example, NIIT chose not to expand capacity, but instead ensured a larger flow of business through our franchisees.

One must add, however, that NIIT and its franchisees learnt valuable lessons during the slowdown, which helped us to do more with less. Instead of focusing on increasing enrolments, our franchisees paid greater attention to improving customer service and in this way, held on to its loyal students. Since capacity expansion was limited, franchisees spent time utilising existing capacity.

We also realised the importance of building the brand in a challenging scenario and though we managed our costs, we did not touch marketing budgets or pull back from our brand development efforts.

As market conditions improve, companies will add more franchisees who will, in turn, address opportunities in new and emerging markets such as banking, finance, and insurance, healthcare, real estate and so on.

The good news is that global economy is indeed on a turnaround and the market sentiment is positive. Of course, the role of franchisees in this situation will remain the same. Business partners will focus on expanding the reach of the parent company, improving market coverage, providing a local

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connect and enhancing customer service in keeping with the image of the organisation.

At this juncture, it would be apt to say that the prospects for franchising are excellent. The markets will soon be on an accelerated growth path and the environment will once again become conducive for people.

Finding right locations for centres; getting quality talents to run them; training the faculty to deliver quality education; finding academic counsellors and top notch marketing professionals to build the brand would be some of the challenges.

Nevertheless, time is ripe for entrepreneurs to jump into the franchising fray. It is important to understand what value has to be delivered and the factors that will enable this to happen successfully. For potential franchisees, it is important that they associate with reputed organisations whose brands they can proudly sign up for. They must examine the brand and history of the parent company, its quality principles, and its commitment to customers.

Organisations looking to set up their networks must focus on business partners who are there for the long haul. In our business, it is important that the partners have an aptitude for the training industry. They have to be dedicated as they bear great responsibility. And the task of building the lives of youngsters rests on them.

Interestingly, the laws in India in training space are fairly evolved. We have not found the regulatory system impeding the education franchising model. Therefore, the future of franchising especially in the training industry will remain bright.