

An article from the "KONKURENT" newspaper

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AUSTRALIAN FAST FOOD WITH THE VLADIVOSTOK'S SPECIALITIES

One of the first requirements for the success of any business related to food is location. That's why the last year's opening of the new fast food outlet with unfamiliar name "Country Fried Chicken" not far from the Balayev's Square got people talking.... To start the road to success with the unpopular and not a very flash area seemed strange. However, they at Country Fried Chicken proved everyone wrong. Just several months since the start of operations – and the owners of Vladivostok's Country Fried Chicken felt strong and stable about their future with their fast food business. And a year past – they are deciding on the opening of a second fast food restaurant in the city. This time, in the downtown Vladivostok.

It was all up to the luck and being there at the right time – this is how the story of Vladivostok's Country Fried Chicken begins. While overseas, the husband of Angelika Sergeevna, who owner and the director of the Vladivostok's restaurant, once happened to come inside the Country Fried Chicken restaurant there. He cannot now say what has impressed him the most – the food, the service or the concept of opening the same restaurant in his motherland, but filled with the ambition and wanting more information he headed direct to the Head Office of the company owing the brand and the restaurants.

" That time we were just thinking about starting a new business", - says Angelika " and right that time my husband, while still overseas, got in touch with the representatives of Country Fried Chicken and then had a chance to meet the President and the Founder of the Company, Mr Peter Austin. They have started the discussions about us purchasing the rights to use Country Fried Chicken brand in Russia. That was a really good timing there and than, as right that time the Australian side was thinking about broadening their horizons and going onto the Russian market. So the idea of us taking the brand there and opening up the store was met warmly by Austin, he could see the success of the operation and offered us his help and support."

It took them 3 or 4 months to complete the negotiations. During this time they have discussed terms and conditions of the Franchise in Russia, completed all the paperwork required, foreign businessmen were especially punctilious about that, and of course, the financial interests of both parties. As for the last one, Angelika and Vladimir Ivanovs prefer not to disclose that. Without pointing any particular figure Angelika just says that the amount was rounded to some thousands and thousands of dollars. With that, normally the owners of the brand have a set price figure for branding, however, as the practice shows, some price negotiations are allowed.

" Peter Austin and his company has been very loyal in terms of pricing",- continues Angelika, " they not only gave us the reasonable discount but also agreed for us to make the payments periodically. That was extremely important for us as in terms of financing the project we could only rely on our own savings not on the bank credits. It is almost impossible to receive a loan or a credit from the bank for a business that does not yet exist or being established. So we only had to rely on ourselves. We have paid 30% of the total amount at first and then transferred the rest of the money over the period of time. Of course, all of this have been discussed and pointed out in the original Franchise Contract."

Operations Under The "Roof"

Franchise is convenient, in fact it is very convenient. Because when you buy into the established Franchise System you receive the total package – the name and trademarks, business technology, ways and methods of operations, the knowledge of how someone has successfully done it all before. All you then have to do is just follow the instructions, and create a success story of your own!

Besides, on becoming the owner of the rights to use the name and business systems in your country, you can (and you better) to ensure that no one else in your country uses it. Instead you can sell this right to other people in your country, set the Franchise contracts with them and get them to operate under your "roof".

However, trading under the established franchise name you must comply with the requirements of the Head Office and the Mother company, image of the company and its practices. In the case of not following the procedures properly that result in bad practices the Head Office can easily shut you down and dismiss the Franchise Contract.

"We were first in Russia and second in former Soviet Union to start operating under the brand Country Fried Chicken", says Angelika Ivanova, " before that Australians have had Country Fried Chicken operating in Ukraine but it was not long before Peter Austin had to pull the pin as Ukrainian businessmen were not following the concept the way it supposed to be, the result of that was the bad product which is dangerous as it does not do good for the reputation of the brand, and Austin had to finish the relationships with Ukrainians after the first audit. The Head Office's audits are something, which is also discussed upon signing the Franchise paperwork, they are the necessary part of franchise business. Every 6 months the Head Office's representatives come with the visit to ensure the branding is used correctly, the image is set high, the product is cooked they way it needs to be cooked. The Head Office and the Mother Company have a right to dissolve the Franchise Contract if they see some or several serious violations. "

Though every rule can be bended. Thus, with Vladivostok's company, Country Fried Chicken Head Office had accepted the reality of Russia and life in Russia, and have allowed some changes to meet the Russian market. For example, one of the requirement of the Franchise is that the Head Office and the Mother Company set the prices for the products, they are the same at every Country Fried Chicken restaurant and cannot be changed or amended. Following this rule, the chicken burger in Russia should cost not 66 rubles like now, but 90-120 rubles, as it costs at Country Fried Chicken restaurants overseas. Vladivostok's businessman managed to defend suggested Russian prices as an exclusion from the rules.

Angelika Invanova: " As per the Franchise Contract all the costings and pricing are set up there, at the Head Office. When they set the prices there at the Head Office, they take into consideration everything, the inflation, all the expenses you may occur, the fors major circumstances, everything and if you follow their guidelines you will receive a healthy return on your investment already in 12-14 months. However, in Russia, it's all different. Our people are still not that active if the field of fast food so you need to spend more on advertising as well as the prices have to be affordable to the general public. So it will take longer for us to receive a return, we can expect it within the 2-3 years though."

Different consumer pricing is not the only exemption from the rule that Ivanovs managed to negotiate with Peter Austin. Another difference in operations of Country Fried Chicken in Vladivostok is related to how the consumer orders are actually handled once they received. Following the Australian company rules the chips shall only be stored in the food display cabinet for no more than 7 minutes, and the chicken pieces for no more that 30 minutes. After that, they are not as fresh and tasty as they supposed to be. Overseas the fast food meals are so popular that the products will most definitely find their consumer within the set time frame. However, in Russia, there is no guarantee for that. In spite of that, the company insisted that after the set time the left over products shall be disposed.

" This is exactly what we did to start with", says Angelika " and of course have had an enormous amount of waste and lost money. We then had to have further discussions with the company and now cook our meals after receiving the order from the customer. From one point the customer has to wait a bit, but on the other hand the product is always fresh and tasty! "

There are also changes in the way of how the actual restaurants operate here and overseas. Overseas fast food restaurants practise the turn around of their staff members where every one staff member is rostered to perform cooking on one day, servicing the customers on another, cleaning the other day and so on. It is considered the best practice obverseas , as this way every

staff member knows how to do every other staff member's duties and they can never be bored doing the same job all the time. Well, this is of course not possible in Russia as you cannot be allowed cooking or in the kitchen without a certain qualification or diploma.

Kids and Adults – food for everyone.