

The FC Business Model in Chinese Service Industry

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Franchising is a managing method of B to B. The franchiser offers it to the franchisee through providing the total business model or part of it, which reaches finally the end users. Commodities, trademarks, management know-how, and headquarter assistance, etc. are included in the whole business services provided by the above process. As long as the business deal is valid, royalty money is paid to the franchiser as value money. In this business, there are two management sections, i.e., franchisee and franchiser, which are a lot of managers of franchisees, and franchiser's management staff at the headquarter.

FC (Franchise Chain) has been spreading in the United States since 1950's. The advantages of FC business are: more job employment, satisfaction made by running a company, better services for the two sections, business efficiency as a big company, etc. To accomplish a speedy expansion in the new market, we have to use the FC model. Speedy expansion is possible because the most important character of the FC management is quantification, design standardization, and digitalization of the model. Moreover, the FC management is a community-based management method. Thus, it is possible to help the local economy to activate and help small and medium-sized enterprises intending to operate globally in the future.

The FC business has been spreading in Japan since 1970's. As the background of this, better circulation efficiency was realized by the high economic growth. The FC business has been playing more important role since the "bubble economy" period ended, and has been increasing employment and keeping Japan's economy stable. These days the FC business has been becoming more important for education business, venture companies and activating economy in small cities in Japan.

CCEFA in China started in 1997, and all aspects of FC were lifted away to the foreign capital on December 11, 2004 after three years of the China's entry into the WTO in December, 2001. The Beijing Government has great expectations in the FC management aiming at the termination of separating the people into two big financial groups: the rich and the poor. High priority is put on the FC management method as a national strategy. However, there are big negative aspects in the development of FC management in China: lack of the proper laws and infrastructure, insufficient experiences to create and develop brands.

In this thesis I will show how the FC business can be developed in China, how to work with foreign capital, including Hong Kong and Taiwan, and how to develop and maintain brands in China in order to create the Chinese original styles for the FC business management.