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MARKET FOCUS

I try to look for the silver lining, even amidst news about growing global economic uncertainty. I think that silver lining has picked to stay in Indonesia for now.

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CASE STUDY

Spreading the Taste of Singapore: Loy Kee Chicken Rice
Franchising in Indonesia

Singapore's "signature" dish has spread its wings overseas, thanks to Loy Kee International. Established in 1953, Loy Kee has over the years gained a reputation for its authentic and delicious chicken rice.



Eager to capitalise on its successful formula, Loy Kee engaged Asiawide Franchise Consultants (AFC), a reputable franchise consulting company with strategic partners in 20 countries, to develop a strategy and comprehensive franchise system for international expansion.

Jakarta was identified as an ideal market to launch the franchise due to its relatively stable political environment and growing demand.

"The Jakarta market was ready and Loy Kee made good use of the opportunity to venture into the receptive market over there," Christine Cheung, Senior Consultant at AFC, said.

The first Loy Kee franchise opened in the Indonesian capital city in October 2006, attracting many chicken rice-loving Indonesians and increasing Loy Kee's revenue by 20%.

However, the development of the franchise strategy was not without its challenges. It needed to establish a system that was duplicable and not reliant on individual personalities.

James Loy, Managing Director at Loy Kee, shared that the Indonesian franchisee relied on them to register the franchise and source local ingredients. They also had to comply with immigration regulations when it came to on-the-job, pre-opening training in Singapore.

"AFC came to the rescue. Their partners in Indonesia assisted with franchise regulatory compliance and provided useful information on local business practices. We are thankful that even though the franchise project was completed two years ago, we are assured of continuous support from AFC," Loy said.

He added, "Our consultants went many extra miles with us to ensure that we took off successfully with our first franchisee in Indonesia. Today, our franchisee is very happy that he has in place a robust system that operates consistently with ours in Singapore."

With AFC's assistance in every step of the expansion process --- from strategy, financial models and operating manuals to site visits and selection of local suppliers --- Loy Kee has proved that franchising is a most appropriate option when planning to expand overseas.

Why franchise?

A franchise enables a company to


- Grow the business rapidly;
- Expand with minimal capital risk;
- Achieve economies of scale with a bigger operation;
- Enjoy the ability to embark on research and development;
- Achieve wider distribution;
- Branch into new areas which are not possible otherwise.

AFC's recipe for a successful franchise system:

- Select the right partner;
- Do not compromise on standards;
- Ensure that operating systems are adhered to;
- Adopt wisely;
- Select suppliers stringently;
- Pilot test before opening;
- Conduct comprehensive training; and
- Audit frequently.

[ASK THIS IADVISOR A QUESTION](#)

FEATURED IADVISOR



Name: Christine Cheung
Company: Asiawide
Expertise: Franchising
Market: ASEAN, China

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