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# Everything about Master-Franchising

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## What is Master-franchising?

## What is a Master license?

So-called "Master-franchising" is a form of franchising too.

The Master-Franchisee, the so-called Master, acquires a license from the franchisor for establishing (and subsequent operation) of a franchise system in a country or region. Franchisors of Master-franchising normally reside abroad. With the Master-franchising concept international systems can more readily overcome legal, linguistic or mentality-related obstacles in the target country and achieve a successful start.

The Master-licensee modifies the franchising concept - jointly with the Master - in accordance with the market conditions of the target country and tests business intensively (at least) in pilot operation. Then the Master takes over the duties of the franchisor in his license region. These duties include recruiting, training and support of franchisees. Franchise fees provided for in the contract, are divided between franchisor and Master such that (normally) the Master receives the larger proportion of the fees as compensation for his efforts.

In this sense the Master is franchisor and franchisee combined in one person: towards his national (regional) franchisees he acts as franchisor, towards the parent company - the franchisor - he is a franchisee.

A Master Franchise License normally requires quite a large expense. Amounts of six and seven digits are not an exception. However, a Master license also offers significantly higher revenue possibilities. The franchisor is certainly interested in having a successful Master and will support him accordingly.

Adaptation of the system to the Master's country can be achieved in significantly shorter time than the establishing of a completely new system from scratch would take.

In this way break-even and ROI can be realised much faster.

A future Master must possess profound knowledge of the market or should have such partners or employees. In any case, knowledge of foreign languages is indispensable, because generally international business is concerned.

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