Bullion

Volume 30 | Number 4 Article 6

10-2006

Proof of concept fund approach to small and medium enterprise franchising and marketing research findings.

Omolara O. Akanji
Central Bank of Nigeria, Nigeria.

PROOF OF CONCEPT FUND APPROACH TO SMALL AND MEDIUM ENTERPRISE FRANCHISING AND MARKETING RESEARCH FINDINGS

Mrs. Omolara. O. Akanji

By
MRS. OMOLARA. O. AKANJI
Director, Trade and Exchange Department
Central Bank of Nigeria

1.0 INTRODUCTION

Over the past 20 to 25 years small scale enterprises have exploded in the informal sector of the Nigeria's businesses. The informal sector study (CBN, NISER, 2000) showed that over 25,000 smallscale enterprises were in existence in the agroindustrial production sector of the economy during the year 2000. The informal industrial sector has also expanded along the business linkage dimension, forming linkages with the formal industrial production end of the market. The Organized Private Sector (OPS) has integrated with the activities of the informal sector through the domestic franchising and international franchising. The sector provides cheap labor and because of the ease of entry and exit, the sector, established business orientation that had been proved empirically to have supported the operations of the OPS in marketing the output of the OPS and facilitating services required by the OPS to ensure sustainable profit level in spite of high inflation in the economy.

This development presents tremendous opportunities for small and medium firms to franchise with OPS if adequate resources are available while the research institutes could also take advantage of the linkage to market research finding. However, the issue of funding budding research or matured research finding could deter this idea; and if it could be resolved/ thought out properly, research institutes could propel the businesses with little or no risk associated by obtaining the bridging funds to support small and medium scale enterprises in adopting the research finding for commercialization. For example, the research findings by the Federal Institute for Research Oshodi (FIRO) on maize/corn meal had been adopted by small and medium scale enterprises while some had gone into franchising of the product by some vertically integrated firms for export market.

However, there are serious issues of linkages of small and medium scale enterprises to franchising with formal business sector

to take advantage of export market. One of the most critical decisions faced by small and medium enterprises seeking to pursue international opportunities is what mode of entry to use when entering a foreign market. Chan and Justis (1990) suggested five major starting strategies for franchising in East Asia: (i) master franchisee, (ii) joint venture with foreign companies or individuals, (iii) licensing, (iv) company owned outlets and (v) joint venture with the local government. While a substantial body of literature exists on domestic franchising, to date its international aspect has not received much academic or management attention. Despite its rise as a major form of international business, the process of international franchising is still poorly understood. In the last eight years the Federal Government moved to address this concern through the African regional programs such as New Partnership for Africa Development (NEPAD) believing that if that is achieved, it will address poverty and also import skills and competencies into the sector for further development. However, the limiting factor had always been the availability of capital to support initiatives that had not been tested for market acceptability. It is in this context that this paper will discuss the funding approach to bridge such research output for franchising / market and for boosting export market in both agro-allied industries and in the leading edge of technologies that could drive the production and processing of agroallied businesses to successful international market.

This paper objective is therefore to proffer a model of funding called *"Proof of Concept Fund"* as a bridging credit facility to research institutes and small scale industrialist who would want to patent/franchise budding research findings to commercialization. The paper is divided in to 4 sections with introduction being section 1 while section 2 is the literature review. Section 3 describes the conceptual model of "Proof of Concept" while section 4 concludes the paper.

2.0 LITERATURE REVIEW

While the domestic franchising industry has attracted much research attention, studies on its international involvement are very scanty. Empirical studies by Etzel and Walker (1973) and Hackett (1976) examined the international expansion of the United States based franchisors and their future plans. Research on the use of franchising in international operations has tended to concentrate on firms that have built franchising activities first within their domestic market before utilizing that experience and then tried franchising system in the international arena (Mc Cosker and

Walker, 1992; McIntyre and Huszagh 1995). This research suggests that franchisors are reluctant to alter their basic franchising package, once developed domestically for foreign markets. For example, Walker (1989) found that the bulk of US franchising companies he surveyed had engaged in minimal changes to the marketing mix components of their franchising packages in international operations. The international strategies of multinational corporations (MNCs) have received considerable research attention (Love, 1986; Erramilli and Rao, 1990). However, research into the international franchising strategies of small and medium enterprise franchisors have hitherto not been studied in depth. Small franchisor characteristics such as limited financial and managerial resources, personalized objectives of owners/managers, and informal centralized planning and control system (Cavusgil, 1984; Roth, 1992) indicate that their international strate-gies are considerably different from those of MNCs.

However, anecdotal evidence suggests that international franchisors move products from the laboratory and have to sometimes tailor the "product" to differing local tastes (Preble, 1992). For example, Kentucky Fried Chicken substituted French fries for their traditional mashed potatoes and put less sugar in its coleslaw because of Japanese taste differences. The technologies invented to prepare the ingredients were sponsored from the experimental stage to the market (i.e. using prototype and being funded to encourage commercialization). Again, Mc Donald's in France and Germany often sells wine or bear in their outlets. In Brazil they offer a soft drink made from "Guarana" and in Malaysia, Singapore and Thailand milk shakes are flavoured with a fruit named "Durian". Saimin (noodle soup) and rice have been added to the menu in Hawaii, mixed spaghetti in the Philippines, pasta salad in Rome and corn soup, vegetarian burgers in India and teriyaki burgers in Japan.

All the research done to get the tastes of each country where McDonald operated was funded from the laboratory stage to the market stage. These studies showed that fundamentally, there were need for resources, patent/ agency and the risk managers for franchising into the international market. This approach suggests that a firm/ research institute with a limited access to capital can develop a patent of its product, become a franchisor in order to use the franchisee's capital to expand (Carney and Gedajlovic 1991).

The literature also indicated that as it acquires sufficient capital, the franchisors will later takeover the larger units from franchisees. Hunt

(1973) who found an aggregate trend towards company owned units in the fast-food industry provided initial support for this view. He also found that larger and older units are likely to become company owned units. Caves and Murphy (1976) also observed a similar trend towards company ownership in restaurants, hotels and motels. Anderson (1984) who found that the percentage of units owned by franchisors systematically increased over a period of ten years provided additional evidence.

Considering the efforts of the last eight years (1999 to 2007) by the Obasanjo regime on getting the small and medium scale enterprises access funds, the Federal Government of Nigeria supported the Bankers Committee efforts of instituting a fund named Small and Medium Industries Equity Investment Scheme (SMIEIS). It is believed that the small and medium scale enterprises in Nigeria hold the key to the revival of the manufacturing sector and the economy, the Central Bank of Nigeria supported the efforts of the Bankers Committee on the SMIEIS fund. Anyanwu (2003) emphasized the prominent role the small and medium scale enterprises will play in the industrial growth path of the economy. Dombusch (1992) and Edwards (1994) specifically advocated that encouraging franchising of research findings through the channel of small and medium scale enterprises is strategic to economic growth. They further tied this to the exchange rate development and the need to develop that angle for an economy that have mono-commodity such as Nigeria and that the franchising of products such as cinematography, software development, security, agro-allied products, etc, that had been made through funding of research findings has a more acceptability in the international market. In November 1992, Rudiger Dombusch argued in a newspaper article that a currency with rapid appreciation should begin to find solution to the source of capital flows. This is because it widens trade imbalance, affect overall credibility. Consequently the use of the "Proof of Concept "funding approach for franchising / patenting research product for the international market will diversify the base of capital inflows.

In cinematography, for example, "Sky Captain and the World of Tomorrow" were all shot in front of a blue screen with almost all backgrounds and props computer generated. Both used proof of concept short films to demonstrate how their finished product would look, and the technical capabilities of the medium. In the case of "Sin City", the proof of concept short made by director Robert Rodriguez was also used to convince Frank Miller (the author and artist of the original graphic

novel series) that his work would be treated in a respectful manner and thus to approve the release of the movie right. Supposedly, Rodriguez also used the proof of concept to convince the actors he wanted to cast into various parts.

In security, for example both computer security and encryption, proof of concept is usually applied which shows how a system may be protected or compromised, without which a complete working vehicle will have to be built.

In software development "proof of concept" is often incorrectly used interchangeably with "proof of Technology" or "pilot project". The three terms refer to processes with different objectives and different participant roles and are therefore not synonymous. A proof of concept is a partial solution to business problem intended to prove the viability of the business concept. A proof of concept may involve a small number of users acting in a business (non-IT) role using the system to establish that it satisfies some aspect of the requirements for the complete solution. The proof of concept implementation will not affect business operational data although it may integrate with existing business systems to some extent. By contrast, the objective of a "proof of technology" is to determine the solution to some technical problem such as how two systems might be integrated or that a certain throughput can be achieved with a given configuration. No business users need be involved in a proof of technology. The third term, "pilot project", refers to an initial roll out of a system into production targeting a limited scope of the intended final solution. The scope may be limited by the number of users which can access the system or by business categories affected or the business partners involved or other restrictions as appropriate to the domain. The intent of a pilot project is to validate that the system is working in production as designed and limiting the business exposure if it is not.

In research and development, particularly in the field of applied research, including software development, a company presented with a project or proposal will often undertake internal research initially, to prove that the core ideas are workable and feasible, before going further. This use of proof of concept helps establish viability, technical issues, and overall direction, as well as providing feedback for budgeting and other form of commercial discussion and control.

The patenting/agency theory therefore posits that owners of the research products are less motivated if the product will not be commercially viable. Again, literature established that much of their compensation through patent/agency approach are quite low and in most cases fixed amount given for the research

efforts (Castrogiovanni, Bennett and Combs, 1995). However, support for the agency theory view was provided by Brickley and Dark (1987) and Thomas, O'Hara and Musgrave (1990) who found that high employee monitoring costs, low initial investment cost per product and high frequency of failed research product that could be commercialized gave a strong support to the agency approach.

Martin (1988) indicated that the research finding that need sponsorship must be evaluated based on the nature of the risk the product will attract for marketing. This theory posited that franchisors will try to reduce their risk by using corporate ownership only where the product can support the existing market in the geographical location or can neatly replace a product that have been proved not too marketable. The company can then come forward to support / fund the research in order to take the advantage of franchising either domestically to utmost launch to the international market.

One of the problems in analyzing the funding support for a budding research is the fact that in Nigeria, most research finding have started and died in the laboratory. However, areas of research such as those conducted by Federal Institute for Research Oshodi (FIRO), Product Development Agency (PRODA), Rural Agro Industrial Agency (RAID) and the International Institute of Tropical Agriculture (IITA) have succeeded to an extent owing to the frequent and deliberate strategy of franchising the products internationally. Welch (1989, 1990) discussed the details of the experience of a small number of Australian companies franchising activities, with diverse range of forms and paths to franchising from the laboratory to international operation.

The use of company-owned outlets initially as a basis for testing the franchising package and the market is a common approach. McDonalds typically employs this approach, and has in some cases extended the company-owned path for sometime, as in the case of the UK (Love, 1986). However, the Scottish Enterprise Limited a development institution in Scotland, have used the universities research findings, by funding /patenting and facilitating franchising of the product to domestic and international market. For the most part, researchers in international services have not examined explicitly the question of entry into the international market even when funding is given to patent the research findings. Most of the knowledge on entry mode selection to the international market comes from examining manufacturing firms. For example, Johanson and Vahlne (1977) have suggested that firms tends to follow a sequential

or evolutionary approach to inter-nationalization with a company advancing from export activity through agent and sales subsidiaries to setting up a manufac-turing subsidiary.

However, this type of sequential approach to interna-tionalization has little direct application to most franchisors that are characterized as "soft-service firms" (Erramilli and Rao, 1990). These firms market services where it is difficult or impossible to separate production and consumption. More specifically, an examination of the literature on franchising indicate that major fast-food restaurants used wholly -owned subsidiary, joint venture or master franchising to enter foreign markets (Daniels and Radebaugh 1989; Justis and Judd,1989).

3.0 CONCEPTUAL MODEL FOR "PROOF OF CONCEPT FUND"

Agrarwal and Ramwswmi, 1992 discussed the modes of bringing enterprise of the research to the market place, parti-cularly to the foreign market using the "Proof of Concept Fund", licensing, joint venture and sole venture. Because all of these modes involved resources commitments, firm's initial choices of a particular mode are difficult to change without considerable loss of time and money. Entry mode selection is therefore a very important, if not critical strategic decision.

Dunnning (1977; 1980; 1988) developed a framework for explaining choice among funding for production for exporting; licensing /patenting; joint-venture, and sole venture modes.

A brief description of the effects of the resource commitments to conduct either of the choice of exporting or franchising was given by Dunning. He went further to emphasize the need to create a special funding approach to research findings, such that the countries patenting research output would be investing in the future of such economy, creating jobs and be in position to enjoy sustainable development of the economy.

The Proof of Concept Fund as proposed and being implemented in countries such as Scotland , India, Malaysia, Singapore etc has the underlying assumption that the basic goal of any production / marketing is to generate maximum returns that will comm-ensurate with the tolerated level of risk, control and resources expended.

3.1 What is the Concept

The concept is an idea or method of using scientific findings or prototype to demon-strate its feasibility or a demonstration in principle to stakeholders that some concept or theory is probably capable of exploitation in a useful manner to the benefit of the economy using market mechanism. This approach is very virile in the media /

pharma ceutical field. It is growing in the cine matography, security and software development areas of economic development.

It is a concept that will support the efforts of non-governmental agents to partner in a private-public sector relationship to vend / do a trial of products for the benefit of the society. This concept helps establish viability, technical issues, and overall direction as well as providing feedback for budgeting and other forms of commercial discussion and control.

3.2 Where Has it worked

The concept has been used in Scotland and Pricewaterhouse Coopers (PwC) conducted an assessment of the economic benefits associated with the evaluation of the first six rounds of the Proof of Concept Programme (PoCP) on behalf of Scottish Enterprise. The details of the success are discussed below and the successes are tied to the set objectives:

The PwC evidence and findings from the evaluation was based on four key questions:

Have the objectives originally set for Proof of Concept Programme been realized?

What are the benefits of the programme over the first six rounds of funding?

How have these benefits been generated? And

What can be improved in taking the programme forward in the future?

Objectives

The initial objectives for the Proof of Concept Programme were set in 1999. As illustrated in the table below, these objectives were focused upon addressing the lack of available funding (or "market failure" to support the development of research concepts into commercial products or services. The table below suggested that the Proof of Concept programme has addressed the failure by meeting these objectives.

Proof of Concept Programme Objectives

Objective	Met	Evidence
Improve the level and quality of commercialization within Scotland and Universities and research institutions	✓	-Significant uplifts in commercialization activity and net benefit -Initiation and growth of commercialization offices in Universities has led to an increasing portfolio of Proof of Concept Programme and non-proof of Concept Programme projects
Raise the Profile of the Scottish capability in technology based research and development	✓	- Development of new support mechanism in response to growth in commercial project -Securing enterprise resource development fund support for enhanced delivery - Increased private sector interest and involvement in Proof of Concept Programme and non-proof of concept project - Proof of concept programme is internationally recognized as a leader in its field
Enable the creation and securing of intellectual property in Scottish institutions	✓	-Uplift in patents, licensing and in particular, level of spin-outs across Scottish Universities as a result of Proof of concept programme involvement
Encourage academic to take forward commercial as well as academic opportunities	✓	-Around 80% of projects surveyed would not have achieved a commercial outcome without Proof of Concept Programme

Proof of Concept Programme Objectives

Objective	Met	Evidence
Fund those applications with the highest level of economic impact to Scotland and create greater levels of employment (both quality and quantity)	✓	-Rigorous application process (with rejection levels of up to 15%) focused on commercial opportunities. -Significant proportion of spin-out companies
Encourage collaboration between Universities, Research Institutions and the National Health Service (NHS) Boards	✓	-All NHS applications supported by partner Universities -Evidence of new activity and cultural change in NHS as a direct result of Proof of Concept Programme -Emerging 'bundling' of successful Proof of Concept Programme projects
Contribute to the development of Scotland's cluster by facilitating the exploitation of technology	✓	-Alignment of Proof of Concept Programme support to priority industries and evidence of project clusters. -National and international recognition of Proof of Concept as leading exemplar of commercialization
Devise a programme structure which meets the needs of institution, clusters and Scottish Executive and other Stake-holders	✓	-Consistent responses from all stake-holders surveyed of net and additional benefit of Proof of Concept Programme in meeting needs
Generate comprehensive coverage in the range of applications/funded projects in terms of size, type and location of institution	✓	-Receipt of applications from the majority of eligible organization across all priority industry and related technologies

Generate comprehensive coverage in the range of application/funded projects an terms of cluster areas and tackle those lacking in relevance, quantity and /or quality applications.	✓	-Introduction of new 'cluster' areas overtime. -Rigorous application processes that ensures relevancy of project awards -Ongoing liaison with all commercialization offices/ SE network
Provide a simple, efficient and transparent application processes		Majority of project representatives confirmed efficiency of process relative to other funding regime.

Benefits and Benefit Generation

It is important in evaluating a programme that is meeting its objectives, to understand the benefits that may also have been achieved. The analysis of Proof of Concept Programme benefits, a net level, has involved the use of the standard Scottish Enterprise economic impact framework. The framework seeks to distinguish as follows:

Substitution or leakage effects; where, for example, funding other than Proof of Concept programe must have been sought and may have been available from alternative sources

Displacement; where again as an example, Proof of Concept Programme projects have displaced other economic activities outside of the University sector.

Deadweight; that endeavours to capture the effects and impact of what would have happened anyway; and

Indirect and induced effects; as a result of the 'knock-on' and'multiplier' impacts of the Proof of Concept Programme (across suppliers, project staff, Universities and investors)

Using this framework Proof of Concept Programme has demonstrated "value for money" (i.e. the benefits of the programme exceed the costs of implementation).

If the objectives are met, and net benefits generated, it is important to understand why; what has worked well and what has not? The following issues will give responses to the questions raised:

There were comprehensive consultation programme across Scottish enterprise staff, project representatives and wider stake-holder

There were gross value addition which was achieved through money ratio of costs to benefits of 1:4

There was a very transparent and efficient application process with relatively high success rate compared to UK (UNICO) commercialization activity.

It created cultural change within Universities, NHS and other institutions

There is an increasing recognition of and interest in Proof of Concept Programme "brand" and projects by private sector.

The risk level is very low

It was apparent that when the programme was first established, in 1999, there were no comparable initiatives within the UK or mainland Europe. Subsequently programmes have been developed (or are being developed) elsewhere in the UK (most notably the North East of England, Wales, the North Ireland), and in Canada, the Republic of Ireland, France, Australia, Korea, the Netherland, the USA and more recently in Sweden and Denmark.

Many of these programmes have been established following consultation with Scottish Enterprise as the programme is seen as a "best practice model" that employs staff with considerable experience and knowledge of commercialization.

The importance of the work being undertaken by the programme, and its success in securing increased commercialization activity within the University sector, is also reflected by UNICO recent election of the Head of Programme as their first committee member to represent affiliates.

From the consultations with a range of private sector fu.ders it is also apparent that:

Without the Proof of Concept Programme some of the funders may not have considered investing in Scottish University projects at all

The Proof of Concept Programme brand and quality of Proof of Concept Programme projects has led to funders considering support earlier than they must have otherwise; and

Future successes- across the whole Proof of Concept Programme portfolio-are likely to attract a wider range of potential funders

Improvement

Finally, the evaluation evidence suggests that the Proof of Concept Programme could deliver even greater benefits more efficiently by consideration of:

A pre-Proof of Concept Programme whereby successful applicants receive support over a reduced (or concentrated) time period to assess market potential and resource requirements in order to increase 'project successes' for reduced initial funding support;

Reducing the input (and thus cost) from non-Proof of Concept Programme staff in project support activities given the benefits of other advisors in both developing and managing project outcomes;

Tailoring the programme by varying the terms of support, stakeholder and advisory inputs according to the project theme and development profile (ie proof of concept or proof of validation or proof of commercialization) again to reduce costs and improve outcomes;

Development of mechanisms to increase the number of project applicants from academia (and thus the quantity and quality of projects) and interest from the private sector (and thus volume and source of private investment); and

The potential to enhance outcomes as well as derive economies of scale in operation and outcomes- reduce investor risk and thereby increase interest by the private sector- by "bundling" projects across similar themes and support needs.

1.1 The Process of Implementation in Nigeria

An academic researcher / research institution can select the Proof of Concept Funding through already established enterprise funding scheme as a mode of entry into franchising or patenting the research products. There should be options for very little risks and low capital expenditure funding; to relatively high risk and high capital investment. The area of funding had been found especially necessary in the agro-industrial research and technology prototypes developments. Consequently, an institutional framework should be established similar to the Scottish Enterprise. The institution should as a matter of convenience ride on the established SME funding programmes such as Small and Medium scale Development programme (SMEDAN), SMEIES etc.

The Proof of Concept Fund provides funding to early-stage ideas that have typically reached patent level, and could be packaged for export market. It is expected that this could lead to creation of new businesses, or the licensing of innovative technologies. This mode of funding could help individuals, research institutions to develop spin-out companies. The Proof of Concept funding will help enterprises commitments to increase the flow of good ideas from the research base into the industrial sector and the market.

This bridging funding

could be part of the small and medium scale initiative of the Small and Medium scale Industries Equity Investment Scheme (SMIEIS). The researcher / institutions should be encouraged to take advantage of this initiative. This could facilitate positive revolution in the Nigerian economy where research findings are translated into the market. If properly handled / channeled, it will address the technology gap and looking inward to efficiently and effectively attracting back the best brains that are making waves in the research areas in the developed economies and also retain the interest of those researchers in the country from going the way of other brain drained Nigerians. However, in the Government efforts at privatization, a wholly-owned subsidiary in the country could be encouraged to provide capital for research findings that could be a source of input /raw material into the company's manufacturing process. This means that the investor/company will provide all the capital and resources necessary for taking the research product from the Proof stage to the market. It is assumed that the firm who is adopting the research has a superior assets and skills that can earn economic rents that are high enough to counter the high cost of marketing, for enforcing intellectual property and contracts, and for achieving economies of scale. This assumption is taken because of the observed structural problems affecting the Venture Capital industry in Nigeria. The structural problems stem from the initiator of ventures, the funding institutions and the government. Again, most of the proprietors are very poorly skilled and lack the basic knowledge of what it takes to successfully run the business proposed by them. This observation has created a situation where the financial institutions are trying to shy away from investing for fear that such investment failing or crashing. The financial organizations on the other hand lack the manpower to handle equity investment which is different from normal banking. On the part of the Government, the dilapidating infrastructure all over the country adds to cost of doing business in Nigeria.

A small and medium scale inventor may likely choose to patent with a joint-venture or wholly-owned subsidiary to launch / patent/franchise its product, however, the important issue is to scale over the stage of having the researching findings die on the shelf. For example, the President Obasanjo initiative on cassava production and export had encouraged the research findings from the International Institute of Tropical Agriculture (IITA) to have timely coordination of research findings in this area. IITA had sent out timely warning on the imminent attack of the Cassava Mosaic Disease

(CMD) in Nigeria. The disease had caused untold hardship in Uganda several years ago. The warning was sequel to the CMD symptoms noticed in neighboring countries of Gabon and Cameroon. With the support of the Federal Government, and some local and international donors, IITA and the National Agricultural Research System (NARS) have been able to jointly multiply improved cassava varieties resistant to the CMD for distribution to farmers nation wide to stave off CMD incursion into Nigeria through the South-South and South-Eastern borders.

There are substantial empirical studies of countries that have used the Proof of Concept Fund approach to move the research findings from the laboratory to the level of franchising and patenting for the market. It had been used to leverage on bringing higher levels of control on production and product differentiations.

2.0 CONCLUSION

This paper aimed to present a conceptual model that seeks to encourage a bridging fund for research findings to the stage of franchising/ marketing and patenting. The model can fit neatly into the current initiative on SMIEIS.

The model is intended to address two issues. First is the issue of commercialization of leading edge research findings coming out of the universities, research institutes. Second, is the need to involve the industrial sector and the banks in considering this initiative as a product that could be supported, either as a joint venture capital and/or the wholly-owned subsidiaries companies who could affiliate with the researchers/institutes findings and using the product as input into their production or a support for their subsidiaries. This area of thinking has escaped academic attention, and this submission is intended to generate interest and direction in this area. In whatever mode the franchising/marketing proposal will take, it is quite obvious that there is serious need for resource commitments. The resources to be deployed to such proposal should not be limited to capital but also skills that will propel the success of the proposal.

REFERENCES

Agarwal, S., and Ramaswami, S.N (1992) "Choice of Foreign Market Entry Mode: Impact of ownership, Location and International Business Studies, Vol.23 No1, pp. 1-27.

Anderson, E (1984), "The Growth and Performance of Franchise Systems Company versus Franchise Ownerships" Journal of Economics and Business, Vol. 36,pp. 421-43.

Anderson, E and Weitz, B (1986) "Make or Buy Decisions: A framework for Analyzing Vertical Integration Issues in Marketing" Sloan Management Review, Vol. 27 spring, pp.3-19.

Chan, P. S and Justis, R.T (1990) "Franchise Management in East Africa." Academy of Management Journal, Vol. 4 No2, pp. 75-85.

Chan, P. S and Justis, R.T (1992) "franchising in the EC.: 1992 and Beyond" Journal of Small Business Management, Vol.30 No1, pp.83-88.

Doz, Y.L (1988), "Technology Partnerships between Larger and Smaller Firms: Some Critical Issues." International Studies of Management and Organization, Vol. 17 No4, pp. 31-57.

Dunning, J. H (1977), Trade, Location of Economic Activity and the MNE: A search for an Eclectic Approach. In Bertil Ohlin, et al, (Ed), The International Allocation of Economic activity, proceeding of a Noble Symposium held in Stockholm, Macmillian, London.

Dunning, J. H (1980), "Toward an Eclectic Theory of International Production: Some Empirical Tests" Journal of International Business studies, Vol. 11, Spring/Summer pp.9-31.

Dunning, J.H (1988), "The Eclectic Paradigm of International Production: A Reinstatement and some Possible Extensions" Journal of International Business Studies, Vol. 19, spring, pp. 1-31.

Gomes-Casseres B (1989) "Ownership Structures of Foreign Subsidiaries: Theory and Evidence" Journal of Economic Behavior and Organization, Vol. 11 No1, pp. 1-25.

Hoffman, R.C. and Preble, J.F (1991), "Franchising Selecting a Strategy for Rapid Growth" Long Range Planning, Vol. 24. No. 4, pp. 74-85.

Martin, R.E. (1988), "Franchising and Risk Management" American Economics Review, Vol. 78. No 5. pp.954-968.

Preble, J.F (1992) "Global Expansion: The case of US fast-food Franchisors", Journal of Global marketing. Vol. 6 No 112, pp. 185-205

Proof of Concept Fund (1992): The University of Paisley, Scotland.

Proof of Concept Fund.(1995) " Enterprise Fellowship Program" Scottish Enterprise, Royal society of Edinburgh, Scotland.

Stephen Choo (1999): "Small Business Unit" Curtin University of Technology, Australia.