



Monday 2 October 2005

BRITAIN - A NATION OF UNTAPPED ENTREPRENEURS
- UK's leading franchisor calls for Government action -

New research published today highlights the sense of fear that is preventing 4 out of 10 British people from realising their ambitions to be their own boss. The research, conducted by Domino's Pizza in collaboration with Durham University, shows that while one third of Britons harbour ambitions to own their own business, 40% never progress beyond the drawing board because they feel they lack the skills, training, and resources to succeed.

Fear over business start-up failure in the UK is well-founded. The Domino's "Franchiseurship" report shows that up to 80% of traditional new business start-ups in the UK will have either closed down or gone bankrupt within the first five years.

Domino's Pizza argues that not enough is being done to help latent entrepreneurs overcome the psychological as well as practical barriers associated with becoming your own boss. It is calling on Government to promote franchising as a successful alternative route for latent entrepreneurs to realise their ambitions, without the risks traditionally associated with business start-ups, especially for younger entrepreneurs.

The report highlights a remarkable lack of understanding of the franchising concept in the UK. Of those who have aspired to owning their own business, over half (55%) would not consider buying a franchise as they believed that they would not be their own boss, when in actual fact, as owners of their own franchise, they are just that. Furthermore, nearly half of latent entrepreneurs did not know what franchising is, with 21% believing it is a big business running several of its own stores across the country, and a further 16% believing franchising to be selling shares in a start-up business to several co-owners to raise money to launch it.

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Franchising provides people with many of the same freedoms associated with running their own company but often with better rewards and lower risk. The 2005 NatWest/ BFA Survey shows that 88% of all franchise businesses are profitable and the average franchisee has run his or her own business for 9.9 years. Moreover, whilst average turnover for new start-ups is only £30,000, the average turnover for franchised businesses is £291,000 a year, with 16% of franchised businesses turning over in excess of £500,000.

The franchising sector is worth some £10 billion to the UK economy, which is equivalent to the amount spent by the Government on transport each year. Many franchisors are experiencing constraints on further growth because people wishing to start their own business do not understand the franchising business model and, as a result of fear over their own prospective business failure, continue to remain in paid employment.

Stephen Hemsley, Chief Executive of Domino's Pizza, comments: "Franchising clearly contributes to wealth creation and to the economy with fewer risks for the individual. The Government wants to encourage latent entrepreneurs to realise their dreams but none of its policies and activities actually promote franchising as an alternative route to managing your own business. We are urging Government to include franchising in their enterprise policies. Franchisors and the BFA will do what they can but we believe the Government should take a lesson from abroad in seeing what can be achieved for entrepreneurs and the economy from this tried and trusted business model."

Professor of Entrepreneurship at Durham University and report author, Professor Simon Parker, says: "Estimates show that the UK would have more many more people starting up or running young businesses, if entrepreneurial levels rose to those of the US¹. The Government is already doing much to encourage enterprise in the UK, yet much of the ambition out there is going untapped because latent entrepreneurs are concerned about failing."

Franchising addresses many of these concerns head on. Franchisees benefit from a "halo effect" imparted by selling a well-known brand and by implementing a tried and trusted business model. This reduces risk, as most franchise relationships are long term and franchisees are furnished with ready access to finance, marketing support and training.

Raj Patel, Director of Policy for Enterprise Insight, a business-led, Government supported campaign encouraging young people to be enterprising, welcomes the report commenting, "The report rightly raises relevant points about how franchising can help to create an enterprise culture within Britain. It provides a genuine route to business success and entrepreneurship for young people who are inspired by enterprise but want a more supportive environment in which to get started."

¹ Estimates show that the UK would have 1.8 million more people starting up or running young businesses, if levels of entrepreneurial activity rose to those of the US (Creating an Enterprise Culture- Discussion Paper, *Enterprise Insight, Small Business Service and HM Treasury*)

The barriers which the Domino's report uncovers are recognised by the CREATE partnership, which helps people who are considering self-employment, particularly through franchising. Robert Looker, Franchise Manager with the CREATE partnership, comments; "Through our work with individuals, groups and companies who are disadvantaged in the labour market we know that there is a lack of awareness of the opportunities that franchising offers.

"The challenge is not just about increasing awareness but also attitudes. This is particularly important in the business support network, which should provide a co-ordinated and joined up approach if we are to help these individuals and groups through the enterprise journey. It is down to us all to be more creative in the way in which we open up franchising to more people."

Those who are interested in a Domino's franchise should contact Domino's on 01908 580 000 or e-mail franchise.sales@dominos.co.uk. Further information is also available at www.dominos.uk.com.

- ENDS -

For further information or case-studies of Domino's Pizza franchisees, please contact:

Lynn Brown / Hannah Bourne at Lexis PR on 020 79086488 or e-mail lbrown@lexispr.com / hbourne@lexispr.com

Notes to Editors:

- Independent research carried out amongst 1,000 UK adults in May 2005

Franchising – the facts*:

The BFA defines franchising as the granting of a license by one person (the franchisor) to another (the franchisee), which entitles the franchisee to trade under the trade mark/trade name of the franchisor and to make use of an entire package, comprising all the elements necessary to establish a previously untrained person in the business and to run it with continual assistance on a predetermined basis.

- You don't have to come up with a new idea - someone else has had it and tested it
- Larger, well-established franchise operations will often have national advertising campaigns and a solid trading name
- Good franchisors (BFA members) will offer comprehensive training programmes in all business skills
- Good franchisors can also help secure funding for your investment as well as e.g. discounted bulk-buy supplies for outlets when you are in operation – reads slightly oddly?
- If aware that you are running a franchise, customers will also understand that you will be offering the best possible value for money and service - although you run your 'own show', you are part of a much larger organisation

About Domino's Pizza

- Domino's Pizza is the leading player in the UK and Ireland's fast-growing pizza delivery market. Domino's Pizza UK & IRL plc is the parent company of Domino's Pizza Group Ltd which holds the exclusive master franchise to own, operate and franchise Domino's Pizza stores in the UK and Ireland. The first UK store opened in 1985 and the first Irish store opened in 1991. As at 3 July 2005, there were 380 stores in the UK and Ireland.

- Domino's Pizza was awarded the British Franchise Association's Franchisor of the Year Award in May 2004
- Founded in 1960, Domino's Pizza is the recognised world leader in pizza delivery. Through its primarily franchised system, Domino's operates a network of 7,530 franchised and Company-owned stores in the United States and more than 50 countries.
- Information on Domino's and photography is available from Michelle Curley at Lexis PR on 020 7908 6488.

About Create / Business Link Hertfordshire

CREATE is a unique partnership of national business support organisations who have joined together to help people who are considering self-employment, particularly through franchising. It offers a range of activities and a specifically developed blend of flexible business support to reflect your need in considering self-employment particularly through Franchising or other forms of licensing and distribution. The members of the partnership are Business Link Hertfordshire, Small Business Service British Franchise Association, Community Action Network, Everywoman, TIE UK, PRIME, whichfranchise.com, The Prince's Trust, The Franchise Alliance, Netcel and Blind Business Association Charitable Trust.

CREATE is supported and funded by the European Union through its EQUAL programme to assist individuals from ethnic minorities, women, young people, over 50's and people with disabilities access enterprise. For further information on the CREATE advice and support programme visit our website at: www.createproject.org.uk or telephone 01727 813747 or e-mail info@exemplas.com

Business Link Hertfordshire, part of a national network of local Business Link operators, provides an Information, Diagnostic and Brokerage (IDB) service supplying: business information; structured business diagnosis to help firms gain an objective and realistic view of their business and its performance; and brokerage to quality assured providers for solutions provision. Operating across the county, Business Link Hertfordshire has an extensive database of consultants and experts, and also draws on the specialist knowledge of more than 40 public and private sector partners. It aims to help businesses develop practical and value for money solutions that will help them stimulate greater success.

For more information on Business Link Hertfordshire visit our website: www.mybusinesslink.co.uk or telephone Judith Shone on 01727 813476 or e-mail judiths@exemplas.com