

An overview of the advantages:

1. Quality

Extensive quality assurance – extending beyond the simple guarantee for machines and equipment to providing a “conditional performance guarantee” combined with the know-how of the franchisor. At the same time, local SMEs can provide a local and more flexible service.

2. Costs

Costs are lowered by involving a local entrepreneur in the best possible way. This applies, in particular, to local construction work and the installation of facilities with a technology franchise. With a service franchise, all commissioned services are optimised in an integral manner: planning, construction, financing, operations.

3. Financing

GWFA framework agreements guarantee the financing of all profitable projects – directly to the local SME in its role as franchisee and/or to the franchisee’s municipal or private client.

4. Sustainability

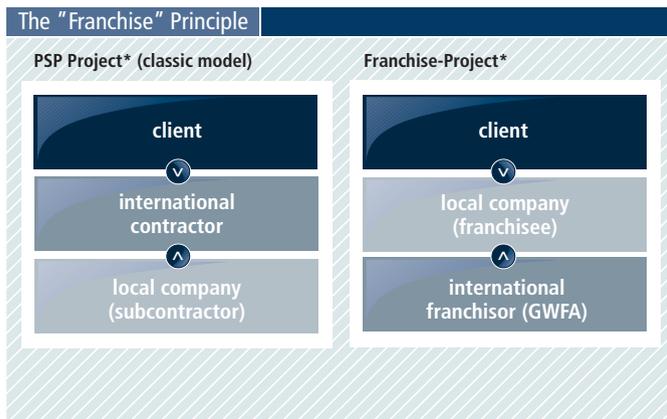
The local water sector is developed in a sustainable manner and the comparatively high value added to the region creates jobs. Further advantages: improved quality of life, improved public health, active protection of the environment.

The GWFA – open to everyone

The GWFA – Global Water Franchise Agency GmbH – was founded by the three companies, Hans HUBER AG, REMONDIS Aqua International GmbH and the Prof. Dr.-Ing. Dr. rer. pol. K.-U. RUDOLPH GmbH in response to the very great interest in and positive reaction to the Water Franchise from municipalities, international water supply and treatment businesses, banks and local companies alike.

As an agency, the GWFA is open to new cooperation projects and partners who wish to contribute additional know-how, products or capacities or who would like to use the agency to develop and implement projects within the water and environmental service sectors.

Water Worldwide.



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What is a Franchise?

In Germany, the word "to frank" means to stamp a letter to ensure free delivery. "Franchise" has a similar meaning: a high performance company (the franchisor) clears the way for a local, medium-sized company (the franchisee) to successfully market a certain service.

The franchisor ...

... frees the local firm, his franchisee, from problems that – were a person to start up on his own – would make it difficult or impossible to develop a business efficiently. The franchisor provides the necessary organisation, logistics, tools, management software, financing, know-how etc. He ensures quality levels are maintained and carries out national and international marketing measures. Moreover, he trains his franchisees so that they can provide the correct quality of service.

The franchisee ...

... acts as an independent entrepreneur. He is the contractual partner for his customers and is responsible for delivering the services and for the required investment sum.

Examples

Well-known examples are McDonald's (fast food), Mister Minit (shoe repairs/key cutting services) and the Hilton Hotels. In all cases, the local operator acts as an independent entrepreneur. He is the contractual partner for his customers and is responsible for delivering the services and for the required investment sum.

Water Franchise. Background information:

For a long time now, water experts have been looking at innovative organizational concepts and franchise models. A comprehensive franchise concept must fulfil the special requirements that characterize the water sector: public regulation of services, in particular financing conditions etc.

An award-winning concept

The comprehensive Water Franchise Concept was developed and successfully tested as part of a research project sponsored by the German government. It was presented with the prize for water management in the 2006 Global Contest organized by the World Bank.

From the classic model to a modern solution

The classic model for contracts that require high levels of technology or management involve the use of a so-called "international player" as a contractor – and this is especially the case in developing and transformation countries. The contractor then supplies the client – a municipal water, wastewater, waste management or industrial business – with machines or technology and, if necessary, acts as the local operator. It is often the case that the international player hires a local subcontractor, normally a medium-sized company, to provide construction, installation or operational services.

The opposite is true for a franchise model: here the client goes straight to a local company. By using a local business, the project is politically more acceptable and costs are lowered. However, the entrepreneur is unlikely to be able to handle the contract successfully by himself. He is only able to do this because of the support provided by the internationally experienced franchisor and his expertise.

Very important: the franchisor can effect a so-called "conditional performance guarantee" for operational services at the financing banks which goes beyond conventional guarantees for machines.

When is a Water Franchise suitable?

1. When sophisticated technology needs to be used and the operation of such technology cannot be readily guaranteed by the local capacity available (high tech or high brain/lean tech).
2. When there is a shortage of financing for water projects and investments because banks are reluctant to lend due to investment and functional risks even though the projects would be profitable with the right technology and management.
3. When technology is involved that can be applied on a large scale and can be realized more cheaply and more quickly through franchising as it has standardized organisational and financing concepts and can achieve significant savings through economies of scale.
4. When importance is put on developing the local water and recycling sectors.

Conclusion

- A Water Franchise enables a local entrepreneur – acting as a franchisee – to carry out complex contracts which he would otherwise not be awarded because of a lack of references and insufficient financial creditworthiness.
- A Water Franchise fulfils political and environmental provisions: from the sustainable development of the local economy to creating local jobs to breaking down political reservations by professionalizing the water sector.
- A Water Franchise is an innovative alternative to guaranteeing water supply and water treatment in places where up to now it has not been possible to do so or where the quality would not be so high without the Water Franchise.