

Success Factors of Franchising Retail Pharmaceutical Companies: A Proposed Action Plan for Entrepreneurs

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Abstract –*This study determines the success factors of franchising in pharmaceutical companies to be the basis for a proposed approach for aspiring franchisees. Specifically, it aims to present the profile of successful franchisees in terms of their expansion strategies, and professional qualifications; determine the franchise ability factors of a pharmaceutical retailer business and identify the success factors among the successful franchisees in the pharmaceutical retailer business. The study used the descriptive, co-relational method to determine the success factors for aspiring entrepreneurs. Research triangulation was done such as interview, questionnaire and focus group discussions. The respondents of this study are the 76 franchisees which have at least two or more retail pharmaceutical retail franchises and more than 5 years of franchise experience. The researcher retrieved 70 representing 90% of the target market respondents. Results of the demographic profile of the franchisees revealed they have franchising businesses of 2 -3, half of them are in the franchising business for 5-6 years and still planning to expand their business to 6 more branches. At present, respondents are having more than 5 franchising branches (41.50 percent) with professional experience of 21 years and above, as to their educational background, most of these entrepreneurs are either college graduates or high school graduates. From the respondents' perception, the highly important factors relative to the franchise ability is standardization; while important factors for them are profitability, flexibility, transferability, trustworthiness, and least important is management competency. When relationships were tested, there were demographic profiles found to be highly significant as to number of years and number of franchising to some franchise ability factors as to profitability, trustworthiness, transferability and flexibility, and standardization. Others, which are significant only are educational attainment and primary disciplinary expertise to dimensions as it is significantly related to management competency, trustworthiness, transferability and flexibility. There is no significant relationship between dimensions of franchise ability when grouped according to branches and years of operation.*

Keywords –*Success Factors, Franchising Retail, Pharmaceutical Companies, Entrepreneurs*

INTRODUCTION

Entrepreneurs claimed that the business of franchising is characterized by environments with a competitive market, changing customer tastes, and various trends in the localized market segments. It also provides large company advantages such as economies of scale in marketing and production.

There is no guarantee that entering in any franchise business activity under a well-established brand is franchisee's success factor [1]. Therefore, one needs to understand other contributory variables to influence this kind of business success. Although literatures explain the success of small businesses, performance in franchising has received limited attention. Factors such as education, industry

experience, managerial experience, and entrepreneurial capabilities could be influential in franchising performance [2]. Therefore, the ideal franchisee's characteristics combined with the business characteristics make major contributions to the success of their firms and their franchise systems.

Considering the data on the overall market of pharmaceutical company in the Philippines, it has consistently ranked as the 11th most attractive pharmaceutical market in the Asia-Pacific region, when compared to other Asian countries as Pakistan, Thailand, Taiwan and Indonesia per capita (Invest Philippines- PHAP, Report, 2008) and the third largest market in Association of Southeast Asian Nations (ASEAN). Thus, there is a big market for

entrepreneurs to venture into franchising in a pharmacy business, and big demand for medicinal and pharmaceutical products in the Philippines. Moreover, Filipinos, can take advantage of the opportunities available in the growing pharmaceutical industry which is financially tempting.

By 2018 there is a projected hit of P164 billion for pharmaceutical industry from the reliable report of IMS Consulting for the Pharmaceutical Healthcare Association of the Philippines (PHA). Factors that provide market opportunities for the pharmaceutical industry like the recently approved Universally Accessible Cheaper and Quality Medicines Act of 2008, which will result in lower prices. This will increase consumption as more people will be able to afford the needed pharmaceuticals for their health and wellness.

In this very tough time, there are entrepreneurs who are in their prime and in their mid-prime years, who have been part of the corporate world or not, have long been searching for a business that will give them financial sustainability. In an interview with some who wants to venture in to franchising, the question of where and what franchise to invest in have been a concern. While Franchise business works with capital along with of aspiring entrepreneurs, the skills as would be entrepreneurs still competency management in the operation of franchising system can be contributing factor to franchising.

With these benefits on hand, franchising business appears very attractive; thus, the gap between aspiring entrepreneurs and franchises is how to become successful in the demands of pharmaceutical business in the Philippines.

OBJECTIVES OF THE STUDY

The research proposed action plan to entrepreneurs or would be franchisees based on the identified franchise ability and success factors in pharmaceutical business industry.

Specifically, it aims to present the profile of successful franchisees in terms of their expansion strategies, and professional qualifications; determine the franchise ability factors of a pharmaceutical retailer business and identify the success factors among the successful franchisees in the pharmaceutical retailer business. This research also tests the significant differences when profiles of successful franchisees is grouped in terms of their expansion strategies and professional qualifications to

the franchise ability and propose an action plan for entrepreneurs in the pharmaceutical market.

METHODS

Research Design

The study used the descriptive, co-relational interview using a questionnaire and focus group discussion in order to propose an action plan for a business in the pharmaceutical market for would be entrepreneur. Descriptive research method to gather large amounts of standardized numerical data that can be coded and analyzed statistically [3].

Respondents of the Study

The respondents of this study are the 76 franchisees who have at least two or more retail pharmaceutical retail franchises and have more than five years of Franchise experience. The researcher retrieved 70 representing 90% of the target market experts.

Data Gathering Instrument

The researcher used a self-made survey questionnaire as its data gathering instrument. The questionnaire has been validated thru marketing experts who checked the instruments and made their necessary comments for improvement; after which the researcher sought the help of the university statistician in the consistency reliability coefficient (Cronbach Alpha test) to check the reliability of the self-made research instruments.

Table 1. Cronbach's Alpa results of the Franchise ability and Success Factors in Pharmaceutical Retailer Business

Franchise ability	Cronbach's Alpha	N of Items	Interpretation
Management	.987	19	Excellent
Profitability	.704	7	Acceptable
Trustworthiness	.986	12	Excellent
Transferability	.973	10	Excellent
Flexibility	.960	7	Excellent
Standardization	.991	12	Excellent
Success Factors of Franchising	.973	18	Excellent

The questionnaire has three parts

Part 1 presents the profile of successful franchisees in terms of their expansion strategies, and professional qualifications.

Part 2 the franchise ability factors of a pharmaceutical retailer business.

Part 3 refers the success factors among the successful franchisee in the pharmaceutical retailer business

Data Gathering Procedure

After the questionnaire is subjected to content validity, the researcher asked permission from pharmaceutical businesses to do the survey. After which, he sought help from friends in the marketing industry and pharmaceutical companies thus this questionnaire was distributed for two weeks. He was able to retrieve among 70 franchisees representing 90% of the target market experts.

Data Analysis

The data gathered was encoded, tallied and computed using SPSS version 11 and interpreted using the following statistical tools such as frequency counts and percentage, weighted mean and one-way analysis of variance. The following are the Scale used for interpretation: 6.50 – 7.00 = Highly Important; 5.50 – 6.49 = Important; 4.50 – 5.49 = Moderately Important; 3.50 – 4.49 = Somewhat Important; – 3.49 = Slightly Important; 1.50– 2.49 = Least Important; 1.00-1.49 = Not Important

RESULTS AND DISCUSSION

Table 1 presents the demographic profile of the franchisees as respondents of this research. From the table, it was noted that most of them 64.30% had franchising business of 2 -3, next is 27.10% and 8.60%. Half of them or 71.50 percent are in the franchising business for 5-6 years; others were 7-8 years. 44 or 62.90% are still planning to expand their business to 6 more branches, 22.90% also want to venture into 2-3 more expansion then 10% of them want to have 4-5 more business expansions. At present, 41.50% of respondents are having more than 5 branches while 31.40% count for 3-4 branches.

Their professional experience in the business of franchising is 21 years and above is 32.90% of the respondents, while 6-10 years is equivalent to 24.30% and 11-15 years is equal to 20% and 1-5 years' experience with 14.30% and 16-20 years is the lowest which is equivalent 8.60% who are into the business for 16-20 years. As to their disciplinary expertise, most of them are entrepreneurs, at 65.70%, others are professional lawyers at 15.70%, Business, Science and Technology is both equivalent to 10%, Engineering and Medical Profession are both equivalent to 4.30%. 65.71% of the respondents are college graduate;

however, 34.29% still are High school graduate of 24 are 34.29%

Table 1. Percentage Distribution of the Franchisee's Profile

Profile Variables	Frequency	Percentage (%)
How many franchises do you have?		
2 – 3	45	64.30
4 – 5	6	8.60
6 and more	19	27.10
How many years as franchisee?		
5 -6 years	50	71.40
7 – 8 years	17	24.30
11 years and more	3	4.30
how many branches do you plan to have?		
2 – 3	16	22.90
4 – 5	10	14.30
6 and more	44	62.90
How many branches?		
1 – 2	19	27.10
3 – 4	22	31.40
More than 5	29	41.50
Professional experience in years		
1 – 5 years	10	14.30
6 – 10 years	17	24.30
11 – 15 years	14	20.00
16 – 20 years	6	8.60
21 years and above	23	32.90
Primary disciplinary expertise		
Business	7	10.00
Engineering	3	4.30
Lawyer	11	15.70
Medical Profession	3	4.30
Science and Technology	7	10.00
Entrepreneurs	46	65.70
Highest Educational Degree		
College Graduate	46	65.71
High School Graduate	24	34.29

These demographics result of the franchisee is a manifestation that respondents are truly entrepreneurs and business- minded individuals. They are passionate in entering any franchise business activity. As such they understand the contributory factors for franchisees to be successful in this business. According to study [2], factors such as education,

industry experience, managerial experience, and entrepreneurial capabilities are influential factors in franchising performance. Therefore, the ideal franchisee's characteristics combined with the business characteristics make major contributions to the success of their firms and their franchise systems.

According to the respondents, their seriousness in considering to enter in a pharmaceutical business is the overall data market of pharmaceutical company in the Philippines which is consistently ranked as the 11th most attractive pharmaceutical market in the Asia-Pacific region. There is a big demand for medicinal and pharmaceutical products in the Philippines and therefore franchising in pharmaceutical business and taking advantage of the opportunities available in the growing pharmaceutical industry, is financially tempting [4].

Table 2 reveals factors contributory to franchise ability as to management competency. The composite mean of 5.26 means that all the management competency factors are important to them which include knowledgeable in having good customer service system (6.30), has an adept management knowledge in managing franchise operations (6.21) has broad base of knowledge of competitors (6.13), knowledge in financing and application of payment term (6.10) and knowledgeable in engaging the franchisee in entrepreneurial skills (5.96).

During the interview, one respondent revealed that in a pharmaceutical manufacturing, one needs to apply a customer-focused strategy since this business requires getting to know the customer at a deeper level than it is most often done. The competitive pharmaceutical industry in the Philippines is growing strong particularly with the future of personalized medicine; therefore, while personalized medicine is ultimately about the patient, a customer-strategy is about the relationship among the suppliers and partners who deliver the drugs to the patient.

Like any other organization operating in a competitive pharmaceutical market, pharma industry, seeks innovative ways to stay ahead of their competitors and secure their existence. A growing number of pharmaceutical companies as perceived by the respondents see potential in implementing a customer- focused strategy as a way to improve customer loyalty and drive growth. In the pharmaceutical and healthcare industry failing to build a customer- friendly approach in business is a matter of choice.

Even in other Asian countries like Japan, the pharmaceutical companies need to better understand the customer regardless of whether the company has a primary or specialty care focus have pharma companies to be more customer-focused, Understanding the customer is vital to both the primary care and specialty care markets.

Table 2. Factors Relative to the Franchise ability as to Management Competency

Management Competency	WM	VI	Rank
1. Has adept management knowledge in managing franchise operations	6.21	Important	2
2. Has knowledge in logistics and warehousing	6.03	Important	7
3. Knowledge in the marketing application as a support	6.03	Important	7
4. Knowledge in financing and application of payment terms	6.10	Important	4
5. Knowledge in sourcing materials for ample supply of inventory of franchisees	5.70	Important	18
6. Knowledge of good capabilities in dealing with franchisees	5.80	Important	14
7. Had broad base of knowledge of competitors	6.13	Important	3
8. Has undertaken relevant research and development:	5.96	Important	11
9. Knowledge in the use appropriate mix of hardware/software to meet needs	5.77	Important	16
10. Conducts personnel development	6.01	Important	10
11. Knowledge in engaging in new product development	5.87	Important	13
12. Knowledge in producing good documentation and technical manual	5.70	Important	18
13. Has knowledge in conducting systems analysis	5.80	Important	14
14. Has knowledge in analyzing business processes and requirements for system architecture	5.74	Important	17
15. Knowledge in evaluating franchisee- customer requirements	6.03	Important	7
16. Knowledgeable in having good customer service system	6.30	Important	1
17. Knowledge in providing appropriate technical support	5.89	Important	12
18. Had knowledge in personnel development	6.07	Important	6
19. Knowledgeable in engaging the franchisee in entrepreneurial skills	6.09	Important	5
Composite Mean	5.96	Important	

He stressed that knowing customers allows companies to better tailor or individualize their approach to everyone.

It also suggested several ways in which customer insight can effectively be incorporated into the development of sales and marketing strategy and daily field force activities; that is by educating sales people as well as marketing about customer insight, how to obtain it and when to apply it to tactics [5].

Least but also considered important is knowledge in producing good documentation and technical manual, sourcing materials for ample supply of inventory of franchisees (5.70), analyzing business processes and requirements for system architecture (5.74) and the use appropriate mix of hardware/software to meet needs (5.77).

In one of the studies conducted on franchising focused in the hospitality industry, disclosed that the future of franchising can be gained through strategies of distribution system which could launch the entrepreneur into the majority economy and business. It was clearly shown that franchising is considered as the most important thing in the growth of hospitality industry and they are influenced by many factors, which are; role of service quality, value in place, motivation for self-employment and availability of finance [1].

Table 3 reveals factors contributory to franchise ability as to profitability of the franchising business. With the composite mean of 6.43, the profitability factors are important to the respondents.

It was very notable that highly important to them is the ability of the franchise to have a system that determines fast-moving items from slow-moving items (6.67), followed by the analytical ability to review interpret, evaluate financial data (systems/operational data/ controls in order to form conclusions and/or make recommendations (6.53), and that franchise has a business model suitable for the kind of business being established (6.50).

Since profitability is the ability of a business to earn a profit which is the revenue a business generates after it pays all expenses directly related to the generation of the revenue, it is very important for franchisee to analyze how to manage the resources in the conduct of pharmaceutical business. In today's concept about franchise ability that the system on data on individual consumers, data about segments, data about regional markets, and data about different channels are truly important before investment. The ability of aspiring entrepreneurs to analyze and interpret of consumers and product behaviors are

factors contributory for franchising of pharmaceutical business.

Table 3. Factors Relative to the Franchise ability as to Profitability of the Franchising Business

Profitability of the Franchising Business	WM	VI	Rank
1. Products with reasonable rate of return	6.47	Important	4
2. Business model is suitable for the kind of business established	6.50	Highly Important	3
3. Creative/innovative thinking/ Generation of new ideas/ products to increase turnover	6.44	Important	5
4. Analytical ability to review, interpret, evaluate financial data (systems/operational data/ controls in order to form conclusions and/or make recommendations)	6.53	Highly Important	2
5. Has a system that determines fast moving items from slow moving items.	6.67	Highly Important	1
6. Analytical, give recommendation on what product has higher returns/profit margins	6.33	Important	6
7. Initiates training for productivity and resourcefulness	6.07	Important	7
Composite Mean	6.43	Important	

In a focused group discussion among respondents, they claimed that winners or true champions of franchising business are those that capture the market of the business from their customers, having store shelves especially for the relationships. It is a wholesale transformation of what it takes to win as a marketer or as a sales force, both for leaders in the fast-moving consumer goods industry and for the retail channels.

Furthermore, the benefit of franchising is your knowledge of local markets and share financial risk, and a leveraged business format for greater expansion and the revenues. To venture into franchise also provided some success benefits, such as; specialized in product design and marketing, limited commitment of financial and quick entry to targeted countries especially when market is too small to justify considerable investment [1].

Table 4. Factors Relative to the Franchise ability as to Trustworthiness of the Franchising Business

Trustworthiness of the Franchising Business	WM	VI	Rank
1. The policies and the system are fool proof	6.19	Important	6.5
2. The size of the organizations is adeptly enough to handle expansion in franchise	6.07	Important	11
3. The experience behind the franchise is adequate to handle the operations and management of the expanding operations	6.29	Important	2
4. There is competence and care in handling ongoing development of knowledge and skills	6.11	Important	8
5. Competent in performing one's professional duties in accordance with relevant laws, regulations and technical standards	6.26	Important	3.5
6. Competence in attaining objectives and complete reports and recommendations after appropriate analysis of relevant and reliable information	6.09	Important	10
7. Confidentially from refraining and disclosing confidential information acquired in the course of work, except when authorized, unless obligated to do so	6.20	Important	5
8. Confidentiality in informing staff as appropriate regarding the confidentiality of information acquired in the course of their work	6.19	Important	6.5
9. Confidentiality in refraining from using or appearing to use confidential information acquired in the course of work for unethical or illegal advantage either personally or through third parties	6.10	Important	9
10. Discharging responsibilities with competence and diligence and performing to the best ability with concern for the best interest of those whom services are performed	6.03	Important	12
11. Self-disciplined above and beyond requirements of laws and regulations; unswerving commitment to honorable behavior, even at the sacrifice of personal advantage	6.26	Important	3.5
12. Ability to discern between what is morally right or wrong	6.31	Important	1
Composite Mean	6.17	Important	

There are noted least important items for the respondents like ensuring products with reasonable rate of return (6.47), creative/innovative thinking/generation of new ideas/ products to increase turnover (6.44), analytical, give recommendation on what product has higher returns/profit margins (6.33) and initiates training for productivity and resourcefulness (6.07).

When respondents were interviewed, they claimed that while items mentioned are least rated they are equally important factors to franchise ability. It is reasonable to assume that an investment in a franchise should provide a return for both the money and the time they invested in the business. This ROI for an average business takes about two to three years and when evaluating what is a reasonable return in a franchise, they perceived it has to begin by looking at the return on invested capital at the very least; entrepreneurs suggested to look for a business that can provide increase in this standard return for the value of their time.

Table 4 presents factors relative to franchise ability like trustworthiness in franchising business. The composite mean of 6.17 means that franchise ability factors to trustworthiness are important to the respondents. Establishing credit worthiness in the eyes of prospective franchisees is very imperative as well Trustworthiness, usually, is a function of several

variables such as size of the organization, number of years in operations, etc. and a proven track record of franchising as reflected in significant number of successful franchises.

Respondents ranked the ability to discern between what is morally right or wrong as the most important (6.31); this is followed by the experience behind the franchise is adequate to handle the operations and management of the expanding operations (6.29).

In some cases, man is governed by some of his personal and socio-cultural views and assumptions, on what is generally acceptable in workplaces. Morality is most often used as what a person thinks or feels that is right or wrong. Applying to business that it is a factor to franchise ability for it is very much associated to human nature, his emotions and values in life.

In the operation of franchising business, the essence of being honest is a must. What is legal and what are provided by law must be transparent transactions between the parties involved.

It is also important that franchising businesses need to be competent in performing one's professional duties in accordance with relevant laws, regulations and technical standards, with self-discipline above and beyond requirements of laws and regulations; and unswerving commitment to honourable behavior, even at the sacrifice of personal advantage (6.26) and

confidentiality from refraining and disclosing confidential information acquired in the course of work, except when authorized, unless obligated to do so (6.20).

Franchising is likened to marriage by some franchising practices such as franchise agreement itself will always protect the franchisor and the responsibilities of the franchisee. This speaks of confidentiality on franchise agreement that it should never govern how the relationship is played out. A study [6] affirmed that cooperative and adaptable relationships between franchisors and franchisees allow room for entrepreneurial activity by franchisees with a positive effect on performance. Franchisee success and failure experiences need to be studied to guide aspiring and existing entrepreneurs to wield the franchising business approach more profitably.

Table 5 presents factors relative to the franchise ability as to transferability of the franchising business. With a composite mean of 6.28, all the items are considered important. Ranked first is Inventory management and sales processing with a WM= 6.43; next is operation and ordering process and management of personnel (6.33).

Table 5. Factors Relative to the Franchise Ability as to Transferability of the Franchising Business

Transferability of the Franchising Business	WM	VI	Rank
1. Operations/Process	6.40	Important	3
2. Marketing schemes	6.03	Important	10
3. Computer Information Systems	6.16	Important	9
4. Management of Personnel	6.33	Important	5
5. Business Design	6.21	Important	7
6. Ordering Process	6.34	Important	4
7. Inventory Management	6.43	Important	1
8. Sales processing	6.43	Important	1
9. Safety Management	6.23	Important	6
10. Risk Management	6.21	Important	7
Composite Mean	6.28	Important	

The Inventory management and sales processing was ranked first considering the importance of inventory processing. Respondents revealed that the process of inventory management is very complicated in pharmaceutical business. It is considered as factor to franchise ability since it includes quality control, product delivery and product records. As it is part of the operation process, knowledge of inventory

management can make it easy and effective and may reduce material handling time and counterfeiting of pharmaceutical products.

The transferability of a franchising business depends on the degree of complexity of a system. Relatively simpler system takes less time to transfer the knowledge to the franchisees. Complex system takes more time to fully transfer. In whatever model, usually, potential franchisees would not like to spend more time or a month to learn a business. The less the time required in transferring the knowledge pertaining to carrying out the business, the more the acceptability of the system. This is also contributory in the selection of franchisees for a specific business of choice.

Least from the rank of importance are marketing scheme (6.03), computer information systems (6.16), business design (6.21) and risk management (6.21).

Entering into the business of franchising is an agreement from paying the franchisor for their name, general business plan and that a two-way process in the marketing, business design and other related transactions covered by buying the operations. Therefore, such are least counted by the respondents for they are very certain that both parties are bound with how the business needs to be operated. Obviously, the franchisee needs the support and assistance of the franchisor to succeed, and the franchisor will be paid a percentage of the franchisee's sales. But the franchisor must also protect their most valuable assets: their name and reputation.

Table 2.4 below presents factors relative to franchise ability as to flexibility in franchising business the composite mean of 6.29 means the flexibility factors are important to the respondents.

Table 6. Factors Relative to the Franchise ability as to Flexibility of the Franchising Business

Flexibility of the Franchising Business	WM	VI	Rank
Marketing Support	6.31	Important	4
Product Offering	6.34	Important	1.5
Pricing Strategies and Policies	6.26	Important	5
Promotional Efforts	6.34	Important	1.5
Store Ambiance	6.21	Important	7
Frontage	6.33	Important	3
Location and Site Selection Criteria	6.24	Important	6
Composite Mean	6.29	Important	

Business-flexibility is the ability of a company to make whatever internal changes are necessary to respond effectively to the changing outward

environment, as quickly as possible. The respondents' flexibility of the products refers to promoting it to raise customer awareness of a product or brand, generating sales, and creating brand loyalty.

Even if aspiring entrepreneurs are responsible in running their franchise business over every operational decision, franchisor needs to maintain a consistent reputation throughout their market and among a number of different franchisees. Franchise owners can market how they want, sell at the price they want, develop the products they want, and really, make their own rules.

Ranked first in terms of both WM flexibility franchising business is promotional efforts and product offering (6.34 respectively), next is frontage (6.33), marketing support (6.31), pricing strategies and policies (6.26), location and selection area (6.24) and store ambience (6.21).

This is true with the mission of one of the pharmaceutical company Pharmedlink Philippines which is to sustain its promotional efforts as its position itself as the number one marketing services healthcare partner in this part of the world offering a diverse range of marketing services and business models to serve the needs of their Filipino clients. Building a solid reputation in healthcare sales and marketing excellence are valuable assets in the business of pharmaceutical market [7].

Also, franchise ability factor considered is frontage which for the respondents will help any organization have a deep understanding of pharmaceutical drug development, combined with the skills and commitment to solve complex challenges and reinforce ability to deliver reliable data. It will provide informed decision making as it promises a collaborative environment and a broad range of services and expertise toward flexibility and responsiveness.

To some respondents, lack of flexibility inhibits the growth of the franchise and eventually makes it an unviable business proposition. The business model should be flexible enough to accommodate taste and preferences of the consumers at local level. Therefore, though the product may be standardized, it should have sufficient scope for customization in accordance to the customer preference. The willingness of a franchisor to adapt to the needs of local market is an important factor in incorporating the element of flexibility in the franchise system.

The need to develop sales and marketing strategy and educate franchisee as well as marketing people about customer insight, how to obtain and when to

apply it to tactics and ways in which customer insight can effectively be incorporated [3].

Table 7. Factors Relative to the Franchise Ability as to Standardization

Standardization	WM	VI	Rank
Procedures	6.63	Highly Important	11
Well defined way of carrying out its business	6.71	Highly Important	3.5
The Product	6.71	Highly Important	3.5
Service Design and Offering	6.69	Highly Important	7.5
The Process and/or Procedure	6.69	Highly Important	7.5
The Equipments and Tools required	6.71	Highly Important	3.5
The Space	6.71	Highly Important	3.5
The Interiors	6.69	Highly Important	7.5
The Furniture	6.69	Highly Important	7.5
Criteria for Store Size and Location	6.64	Highly Important	10
Planning the business	6.61	Highly Important	12
Manpower practices	6.74	Highly Important	1
Composite Mean	6.69	Highly Important	

Table 7 presents factors relative to franchise ability as to standardization. The composite mean of 6.49 posted a highly important result. Franchising has penetrated all the businesses globally as it has been a good idea for businessmen who are afraid to start their own business and take the risk of being entrepreneurs, these businessmen they have to choose to join or track a successful business and make a "franchise an agreement whereby someone with a good idea for a business (the franchisor) sells the rights to use the business name and sell a product or service (the franchisee) to others (the franchisee) in a given territory" [8].

The franchising of a business is related with the concept that if a franchisee is taking the franchisors business, they must achieve the standards of the business; such people/ manpower must be trained and instructed to follow in order to keep the quality of the products. According to the respondents, there is tension between the franchisor who wants the standards of the business to be strictly followed and the franchisee who wants the business to adapt to the

culture he is operating the business in for marketing satisfaction.

Franchisors with high brand name value have high rates of company-ownership because they want to exert more control and protect their brands from franchisee free-riding [9].

In carrying out a well-defined business, that franchising definitions given by several authors that it is a systematic way of doing business by which everything is well described as to the marketing format, the right to franchisee to use its name, trademark or advertising, and to engage in selling, offering and distributing goods and services [10].

Table 8. Success Factors of a Successful Franchisee

SUCCESS FACTORS	WM	VI	Rank
Entrepreneurial Acumen	6.39	Important	8
Marketing Knowledge	6.39	Important	8
Management Competency	6.51	Highly Important	2
Leadership	6.46	Important	4
Motivational	6.24	Important	10
Believe in Product, Purpose and Advocacy	6.51	Highly Important	2
Inventory Planning	6.44	Important	5
Forecasting	6.19	Important	12
Cost Control	6.47	Important	3
Management Style	6.40	Important	7
Pharmaceutical Knowledge	5.94	Important	13
Hardworking	5.77	Important	15
Positive	6.21	Important	11
Initiating the Corporate Culture	5.59	Important	14
Living the Vision, Mission	6.30	Important	10
Financial Knowledge	6.43	Important	6
Franchising Background	6.34	Important	9
Passion and Commitment	6.56	Highly Important	1
Composite Mean	6.29	Important	

Table 8 shows success factors of a successful franchisee which got an overall important composite mean of 6.29, highly important factors are passion and commitment (6.56), management competency and belief in product, purpose and advocacy (6.51).

During the focus group discussion with respondents, people who have seen to achieve the greatest success in their professional and personal lives are passionate people that lead, support, and mentor others. A person with passion typically exudes

confidence, and confidence that creates value for themselves and others by leading the way, not showing the way. There is huge benefit to the individual that understands and lives their life by keeping commitments. For entrepreneurs, it also builds self-esteem, confidence and leads to greater success in every area of life not only in their business.

Other important factors are cost control, leadership and inventory planning. For entrepreneurs, cost control is also a success factor as it is the practice of identifying and reducing business expenses to increase profits, and it starts with the budgeting process. A business owner compares actual results to the budget expectations, and if actual costs are higher than planned, management takes action.

On the other hand, venturing in a franchising business needs leadership. It is the ability of a company's management to set and achieve challenging goals, take swift and decisive action, arrest the competition, and inspire others to perform well. Individuals with strong leadership skills in the business world often rise to higher positions.

It is truly important that passion and commitment is present in every business venture, because it drives the organization to greater heights, it steers the organization to the blue ocean wherein it specifies the positioning of the business in terms of competition. With passion and commitment, the customer journey becomes a delightful experience for everyone.

Believing in the product, the purpose and the advocacy drive the franchise business into one direction, one identity, and specifically identify the business in terms of its unique value proposition.

Such was affirmed [11], that franchisor's product brand image plays an important role in franchising, especially in franchisor-franchisee relationship, giving strong contribution to build franchisee trust and furthermore give impact on franchisee intention to remain in franchise system.

In order to maintain the sustainability of franchise business, franchisor's brand image is one of most important aspect that has to get best attention by franchisor. Building superior brand image can increase franchisee trust and furthermore give positive impact on franchisee intention to remain in franchise system. Likewise, superior franchisor's brand image can attract the potential franchisee to buy and make franchise agreement.

Advocacy may refer to reaching out to customers, like "libreng konsulta" and mobile clinics, generic talks renders a clear image to the mind of the customers that indeed the company is dedicated to

their well-being, and that generic medicines are indeed a good substitute to branded ones.

For successful entrepreneurs, one must know how to train and empower people. Controlling costs and inventory planning is essential in order to avoid non-earning inventory and necessary expenditures. Through this learning cash-flow is monitored and achieved for future expansions and business endeavors.

Table 9. Difference of Responses on Factors Relative to the Franchise Ability When Grouped According to Number of Franchises

	F-value	p-value	Interpretation
Management Competency	2.840	0.065	Not Significant
Profitability	2.170	0.122	Not Significant
Trustworthiness	8.662	0.000	Highly Significant
Transferability	13.812	0.000	Highly Significant
Flexibility	16.960	0.000	Highly Significant
Standardization	1.763	0.179	Not Significant

Legend: Significant at p-value < 0.05

It can be gleaned from Table 9, only trustworthiness (0.000), transferability (0.000) and flexibility (0.000) shows significant difference when grouped according to number of franchises. This was observed since the obtained p-values were less than 0.05 alpha level. This means that there is a significant difference observed and based from the post hoc test conducted, those that have two franchises differ significantly with the other group.

The franchisees had two or more franchises have placed the following factors as highly significant. Trustworthiness: it is perceived that for aspiring franchisees, it essential for the franchisor to be credible. Credible in terms of its reputation towards the respondents and it is believed by respondents that the integrity of the franchise is highly significant for aspiring franchisee to determine. This is in terms of its organization (the business model), number of years of operations and image have brought about through the years and its commitment to its franchisees which are the respondents. So, the respondents have considered it important in terms of its relations over the years.

Next is transferability where respondents take note that the processes, systems, procedures and business model can easily be understood and adopted, in order for an aspiring franchisee to succeed. As to flexibility the respondents consider it as highly

significant that the franchisor standardizes their product offering, pricing strategies, promotional efforts, ambience, frontage and product offering, It is part of flexibility because the factors are relative to market dynamics, that the franchisor should be flexible enough in adjusting or reacting to the situation due to the very competitive environment.

It can be gleaned from Table 10 that all computed p-values were all less than 0.05 alpha levels; thus, the null hypothesis is rejected. This implies that a difference exists and it can be observed that those who are in the business for more than one year and differ significantly.

Table 10. Difference of Responses on Factors Relative to the Franchise Ability When Grouped According to Years

	F-value	p-value	Interpretation
Management Competency	8.522	0.001	Significant
Profitability	8.633	0.000	Highly Significant
Trustworthiness	19.983	0.000	Highly Significant
Transferability	23.805	0.000	Highly Significant
Flexibility	34.322	0.000	Highly Significant
Standardization	4.260	0.018	Highly Significant

Legend: Significant at p-value < 0.05

The respondents with more than 5-6 years experience as a franchise have considered that profitability, trustworthiness, transferability, flexibility and standardization as highly significant in business sustainability.

Five factors were considered highly significant with the exception of the management competency which had an interpretation of significant. This shows that the procedures, systems, and the factors that affect the performance and sustainability of aspiring franchisees was considered by the franchisees, highly significant except for the perception or impression brought by the people behind the franchise. The five factors which were interpreted as highly significant were more on the impact with regard to the business of the franchisee and not only on what the impression of the stakeholders has to show.

As to years of experience as franchisee, their management competencies are very vital also in order to succeed in their jobs. Competencies provide

organizations with a way to define behavioral terms what it is that people need to do to produce the results that the organization desires [12]. By having management competencies, it allows employees to know what they need to be productive evaluate behavior of employees and where they may be lacking and reward practices to reinforce to reinforce key behaviors that the organization values.

Based on Table 11, trustworthiness shows significant difference since the obtained p-value of 0.024 is less than 0.05 alpha level. This implies that the responses of the respondents differ significantly. This was observed from the group who have plan for 2 to 3 years.

Table 11. Difference of Responses on Factors Relative to the Franchise Ability Factors When Grouped According to Plan

	F-value	p-value	Interpretation
Management Competency	1.395	0.252	Not Significant
Profitability	0.541	0.656	Not Significant
Trustworthiness	3.339	0.024	Significant
Transferability	1.982	0.125	Not Significant
Flexibility	2.589	0.060	Not Significant
Standardization	0.358	0.784	Not Significant

Legend: Significant at p-value < 0.05

As most of the respondents consider expanding to 6 branches or more, they have considered the trustworthiness factor as the only significant factor. The commitment to the franchising relationship and the fulfilment of its promises and support it should give, which is relative to the size of the organization, knowledge of controlling laws and the experience with reference to the number of years of the existence, encourage franchisees to expand and would be franchisee to expand and look forward to a good and sustainable business.

It can be gleaned from Table 12 that all computed p-values were greater than 0.05 alpha level, thus the researcher fails to reject the null hypothesis. This means that the respondents have the same assessment on the factors relative to franchise ability when grouped according to branches.

The respondents with two or more branches have considered all the factors as not significant. The planning of expansion was more given consideration

since the current number of branches that exists at present was more influenced by the plan of expanding and how many branches each of the respondent franchisee wants to have.

Table 12. Difference of Responses on Factors Relative to the Franchise Ability Factors When Grouped According to Branches

	F-value	p-value	Interpretation
Management Competency	0.287	0.751	Not Significant
Profitability	0.182	0.834	Not Significant
Trustworthiness	1.338	0.269	Not Significant
Transferability	0.746	0.478	Not Significant
Flexibility	0.700	0.500	Not Significant
Standardization	0.284	0.754	Not Significant

Legend: Significant at p-value < 0.05

After attaining the number of branches the adaptability of the system, processes and flow of things have already been done and they have no need to considered that all these anymore.

According to Table 13, the respondents did consider management competency, trustworthiness, and standardization as significant, on the basis of each of the respondent's disciplinary expertise. It follows that whatever the expertise is, they would apply and consider each significant factor and is therefore considered as a relevant factor to aspiring franchisees. Management competency is the expertise relative to law, engineering, medical profession, science and technology while trustworthiness is to business and entrepreneurial which comprises a big part of the respondents.

Table 13. Difference of Responses on Factors Relative to the Franchise Ability Factors When Grouped According to Primary Disciplinary Expertise

	F-value	p-value	Interpretation
Management Competency	2.202	0.078	Significant
Profitability	0.327	0.859	Not Significant
Trustworthiness	4.199	0.004	Significant
Transferability	3.380	0.014	Significant
Flexibility	3.357	0.015	Significant
Standardization	1.375	0.252	Not Significant

Legend: Significant at p-value < 0.05

Similarly, entrepreneurs, both neophytes and experienced, who are interested in taking advantage of franchising as an avenue for venturing into new businesses need to develop franchisees traits and management competency such as marketing skills, business and management franchising skills, communication skills and leadership skills [13].

Table 14. Difference of Responses on Factors Relative to the Franchise Ability Factors When Grouped According to Highest educational degree

	F-value	p-value	Interpretation
Management Competency	3.291	0.010	Significant
Profitability	0.650	0.662	Not Significant
Trustworthiness	3.547	0.007	Significant
Transferability	2.874	0.021	Significant
Flexibility	2.540	0.037	Significant
Standardization	2.101	0.077	Not Significant

Legend: Significant at p-value < 0.05

As shown on Table 14, there were significant differences observed on management competency

(0.010), trustworthiness (0.007), transferability (0.021) and flexibility (0.037) when grouped according to highest educational degree. This means that the responses differ and it was observed college graduate differs significantly.

Majority of the respondents were college graduates; therefore management competency, trustworthiness and flexibility were considered significant. The degree and the orientation of the respondents have high influence on these factors, as they consider it valuable for aspiring franchisees to take note.

Since researchers also discovered that franchisee's level of marketing skills was the trait that best predicts the franchised business' level of profitability; it is therefore contributory to the educational qualifications of aspiring entrepreneurs. When there are successful people in this kind of business even without high level of schooling; research recommendations also affirmed that still franchisees' success and failure experiences need to be studied to guide would be and existing entrepreneurs to wield the franchising business approach more profitably [13].

Table 15. Proposed action plan for entrepreneurs

Key Result Areas	Strategies	Persons involved
Management Competency	Venture into a customer- focused management strategy Attend customer management programs	Franchising managers PFA Marketing Institutions
Profitability	Managers attend SOM to determine which products have high rate of return Conduct a round table discussion on classification of products in terms of turnover	Franchisee FOA
Trustworthiness	Liaise with PFA on the business model of franchise Conduct company diligence to determine viability of company	Franchisee PFA Accounting Firm Graduate School Students
Transferability	Confirm with existing franchisees and PFA the processes and systems; Check and ensure that the systems and processes are easily adaptable	Franchisee, Franchisor, PFA Operations Managers
Flexibility	Validate prices versus competition and the target market; Compare promos and ask existing franchisees on the experience with regard to franchisor	Franchisee, Franchisor, Marketing , Institutes/ Universities
Standardization	Immerse in some training programs and see the application of the manuals on possible actual application; Compare with the norms of PFA on standardization procedures	Franchisee, Franchisor, PFA Management students
Success factors of Successful Franchisee	Read the manual of the franchisor (operations and marketing manual) Evaluate one-self if indeed the franchise is a suitable business model	Franchisee, Franchisor, PFA SME's (Association)

CONCLUSION AND RECOMMENDATION

The demographic profile of the franchises revealed they had franchising business expertise regardless of their educational qualification-are college or high school graduate. The highly important factor relative to the franchise ability is standardization while important factors for them are profitability, flexibility, transferability, trustworthiness, and least important is management competency. The success factors of a successful retail pharmaceutical franchise depends on the commitment of the franchisee to the business, with relevance to the management competency and belief in the product, and purpose and advocacy of the franchisor. Number of years and number of franchising are found to be related to some franchise ability factors like profitability, trustworthiness, transferability and flexibility, and standardization. Others which are significant only are educational attainment and primary disciplinary expertise to dimensions. There is no significant relationship between dimensions of franchise ability when group according to branches and years of operation. The researcher proposed a plan of action for aspiring entrepreneurs in order to address the franchise ability, flexibility and standardization specific in the competitive growing pharmaceuticals market.

It is recommended that for an aspiring entrepreneur, it is imperative to note that regardless of one's disciplinary expertise, he may venture to a retail pharmaceutical business using customer-focus strategy. Marketing gurus may offer series of seminars in applying flexibility in order to address the competitive and dynamic environment of a franchise business. Aspiring entrepreneurs may be sincere in their commitment of applying their belief in the advocacy of the franchisor of the retail pharmaceutical business. The proposed plan of action may be tabled for discussion among pharmaceutical business leaders. Future studies may be done using other success factors variables and franchise ability dimensions.

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