

Aruba, December 14, 2012 - The next time you stroll through downtown Kabul, you might be able to buy batteries from a RadioShack (RSH) outlet, the result of a new effort by the U.S. to shore up Afghanistan's economy: selling American franchises to Afghan entrepreneurs.

The U.S. has set a 2014 deadline for troops to withdraw from Afghanistan and turn security over to Afghan military and police. That is prompting capital flight, depressing property values, and triggering other economic pain. That's where franchising might fit—and an initial foray into the country proved promising, U.S. executives say.

"I didn't have huge expectations going there that we would consummate an agreement, but after being there on the streets and seeing some fairly sophisticated [retail] operators in a very difficult climate, I've walked away with the fact that we would do business in Afghanistan," says Martin Amschler, a RadioShack vice president who joined several American franchise executives to participate in a five-day matchmaking event in Kabul this week.

Organized by the U.S. Department of Commerce, the U.S. Agency for International Development, and the International Franchise Association (IFA), the event gave franchising brass a chance to explore the market and meet with Afghan businessmen and U.S. and Afghan officials. Outside of mostly fast-food chains on bases, there aren't any American franchises in Afghanistan, says Beth Solomon, a vice president at the IFA who led the trip. "There is a vast culture of young [Afghans] who are very tech savvy, Internet savvy. Everyone's got the latest Samsung or iPhone," she says, "and there is disposable income."

The big idea behind the effort is the "knowledge transfer" of infrastructure-building and business services expertise to locals to help rebuild the country, says Solomon, who recruited participants from RadioShack, Hertz Equipment Rental (HTZ), Tutor Doctor, and AlphaGraphics. "Franchising can be a very useful transitional economic development strategy, because the challenges of security and so forth can be minimized because it's Afghan business leaders who are going to run these businesses," says Solomon.

Source/ read more: <http://www.businessweek.com/articles/2012-12-07/extreme-franchising-bringing-radioshack-to-afghanistan>

