

See Every Franchisee, Every Renewal Risk, A Year Ahead

How BrightSteps Preschool gained live visibility across its franchise network: cutting royalty remittance from 47 days to 29, surfacing SGD 1.8M in product diversion, and identifying renewal risks a year ahead. Zero legal disputes on non-renewals.

**Company
Overview**

**Early
Education**
Industry

126
Centres

**4 Masters
20 Direct**
Franchisee
Tiers


5 Countries

1 The Challenge

Rachel Tan, Franchise Operations Director at BrightSteps Preschool, oversees a two-tier network: 16 corporate centres, 20 direct multi-unit franchisee centres in Singapore, and 90 centres held across four master franchisees in Malaysia, Indonesia, Philippines, and Vietnam. The 15% royalty on tuition is split 7.5% to the master, 7.5% to BrightSteps HQ. Direct SG franchisees pay 15% straight to HQ. In practice, masters remitted an average of 47 days late, always with the same explanation: “we’re still waiting for the sub-franchisees to report.”

Rachel had no way to verify what centres in Cebu or Surabaya were actually earning. Worse: some direct franchisees were ordering materials at a fraction of what their reported enrollment implied: a classic signal of unauthorised private-label merchandise or parallel-channel sourcing, but invisible without a live comparison. And when renewals came up, Rachel had no documented compliance record. Weak performers got renewed by default to avoid legal exposure. Strong performers weren’t systematically rewarded.

No Visibility Into Master Franchisee

Masters paid the franchisor’s 7.5% share 47 days late on average, with no visibility to verify outlet performance or detect under-reporting.

Product Diversion Hidden in Ordering Gaps

Franchisees ordered 30–70% less materials than expected, suggesting product diversion, alternative sourcing, or under-reported enrolment.

Compliance History Undocumented

Quarterly audits missed ongoing compliance issues, leaving HQ without a clear evidence trail for franchisee performance.

Renewal Exposure & Legal Risk

Weak franchisees were renewed to avoid litigation risk, while top performers went unrewarded due to limited performance evidence.

2 The Solution

TreeAMS gave BrightSteps a real-time compliance signal across all 126 centres, visible to HQ regardless of ownership tier. Master franchisees can no longer say “the data isn’t ready yet.” Three operational apps capture the daily execution signal; a two-way integration with the accounting system posts royalty due automatically; and every signal feeds a rolling 12-month governance record used at renewal.

Product Ordering App Product Orders vs Enrolment	Every order flows through TreeAMS and is benchmarked against monthly enrolment, with variances below -25% flag parallel sourcing, unauthorised private-label merchandise, or under-declared enrolment.
Training App Annual Teacher Certification	Teacher certifications, licence renewals, and CPD hours are tracked per centre, with automated billing and alerts for expired certifications. All visible for every master franchisee’s sub-network.
Communication & Event App Compulsory Events Execution	Graduation days, holiday programs, enrichment classes, and other events are tracked in one execution calendar. Parent announcements, event kits, and per-child licensing fees billed per-event. Missed events surface the day after the scheduled date.

The Franchise Governance Layer

All three operational modules feed a rolling 12-month record per franchisee: orders vs enrolment, certifications, events, timestamps of every warning. Used at renewal for two opposite moves: curate top performers with expansion offers, and systematically document non-compliance to defend non-renewal decisions with a legal-grade evidence trail.

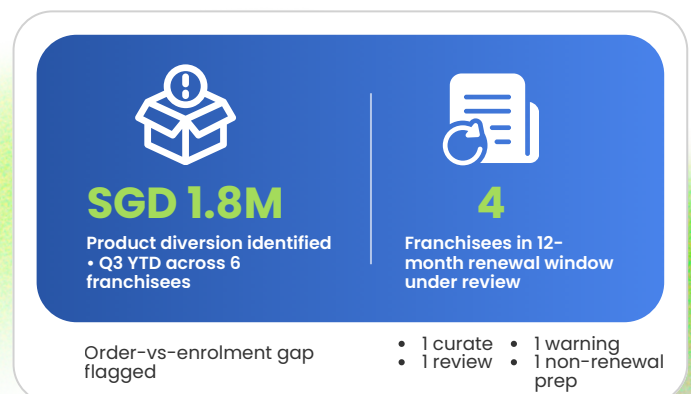
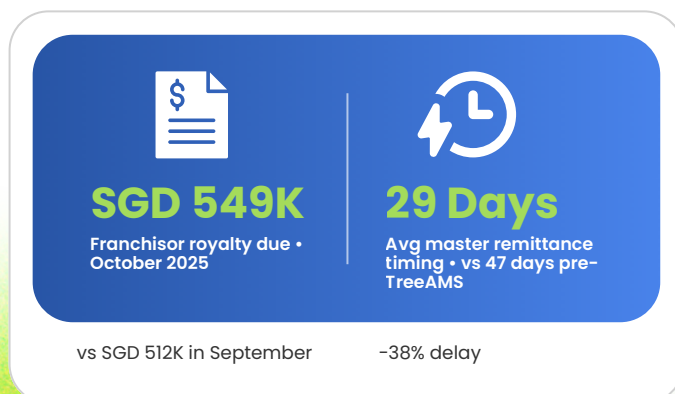


External data streams unified:

Student management system ♦ Monthly enrolment ♦ Xero/Quickbooks/ERP
Tuition & AR ♦ Master franchisee reporting portals

Real-time insights gained:

Live sub-franchisee visibility across all masters ♦ Order-to-enrolment variance flags ♦ 12-month renewal risk pipeline per-franchisee



3 Franchisee Governance Scorecard

Franchisee	Type	Centers	Enrol.	Royalty Due (SGD)	Days Late	Order Variance	Compliance	Renewal In
Chen ECD Group	DIRECT-SG	4	312	\$51,450 (15%)	0d	+2%	96%	10mos Curate
Lim Bright Learning	DIRECT-SG	8	624	\$112,350 (15%)	0d	+5%	94%	22mos Plan
Tan Family Preschools	DIRECT-SG	5	358	\$61,800 (15%)	3d	+14%	88%	16mos Plan
Wong Learning Co	DIRECT-SG	3	198	\$31,200 (15%)	22d	-68%	61%	8mos Warning
Prem EduCare	MASTER-MY	25	1850	\$90,000 (7.5%)	8d	+3%	82%	26mos Plan
Kartika Grup	MASTER-ID	30	2340	\$97,500 (7.5%)	12d	-18%	78%	34mos Plan
Del Rosario Ventures	MASTER-PH	20	1560	\$70,200 (7.5%)	45d	-42%	58%	14mos Review
Nguyen Group	MASTER-VN	15	918	\$34,650 (7.5%)	51d	-35%	65%	6mos Decide

*scorecard shows 8 top-level franchisee accounts

4 Priority Actions

Nguyen Group (Master • VN)

Renewal Decision

Renewal in 6 months • 51d royalty late • Order variance -35%

Master agreement renewal due in 6 months. Over the past 12 months: 51-day royalty delay, -35% order-to-enrolment variance across 15 centres, 5 sub-franchisees below 60% compliance, and 3 missed compulsory events. **Action:** Prepare non-renewal documentation and conduct legal review.

Del Rosario Ventures (Master • PH)

Master Review

Royalty 45d late • Order variance -42% • Sub-compliance 58%

Longest remittance delay in the network, with a -42% order-to-enrolment variance across 20 centres and 58% sub-franchisee compliance, indicating potential parallel sourcing. **Action:** Conduct a master performance review, audit the 6 flagged sub-franchisees, and implement a 90-day improvement plan.

Wong Learning Co (Direct • SG)

Warning Trail

Renewal in 8 months • Order variance -68% • Compliance 61%

Materials ordered were only 32% of enrolment-implied need for 6 consecutive quarters, with 14 documented non-compliance events. **Action:** Issue a formal notice of non-compliance and prepare documentation for potential non-renewal.

Chen ECD Group (Direct • SG)

Curate

Renewal in 10 months • Order variance +2% • Compliance 96%

Top-quartile compliance for 8 consecutive quarters, with +2% order variance, on-time payments, all compulsory events completed, and current teacher certifications. **Action:** Offer a 5-year renewal with expansion territory rights and invite them as a case-study reference.

Network Remittance & Renewal Pipeline • Rolling 12 months

On-time royalty remittance (all franchisees)	68%
1-30 days late	20%
30+ days arrears (2 master franchisees)	12%
Franchisees in "Curate for renewal" pipeline	9
Franchisees on active warning trail	3



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5 Business Outcomes

With TreeAMS live across all 126 centres, including every sub-franchisee under every master, Rachel's team stopped chasing masters for reports. Live order-versus-enrolment monitoring surfaced diversion within days rather than quarters. And every franchisee gained a rolling 12-month compliance record that made renewal conversations documented, defensible, and strategic.

-38%
Master Royalty Delay
47d → 29d

+SGD 4.5M
Annual Royalty &
Revenue Impact

12mo
Renewal Foresight
vs 3 months before

Area	Before TreeAMS	Action Taken	Result
Master Royalty Remittance	47-day average delay. "Waiting on sub-franchisees" was the standard explanation, with no visibility into sub-franchisee revenue.	Live sub-franchisee revenue visibility from every master's centres — enrolment × tuition posted daily; royalty auto-calculated.	47d → 29d. SGD 630K working capital released
Sub-Franchisee Revenue Transparency	Masters were remitting 7.5% based on selectively reported sub-franchisee revenue. Potential under-reporting could not be verified.	All 90 sub-centres now stream tuition and enrolment data directly to the franchisor via master's TreeAMS instance.	SGD 1.5M/yr additional royalty from previously under-reported sub-revenue
Product Order Diversion Detection	No systematic way to detect franchisees producing own merchandise or sourcing outside the supply agreement. Discovered only via ad-hoc site visits.	Product Ordering App auto-benchmarks order-to-enrolment ratio per centre against peer averages. Variance below -25% triggers diversion investigation workflow.	6 franchisees flagged in Q3. SGD 1.8M diverted revenue identified · SGD 2.4M/yr recoverable
Renewal Risk Identification	Compliance issues surfaced ~3 months before renewal, too late to build an evidence base or make an alternative plan.	Rolling 12-month governance record per franchisee. Compliance trajectory scored monthly; renewal window opens at 12 months.	3 mo → 12+ mo. 9 franchisees in curate pipeline, 3 on warning trail
Non-Renewal Defensibility	Non-renewal decisions couldn't be defended. Weak franchisees renewed by default. Legal exposure too high.	Every non-compliance event timestamped and logged. Formal notice sequence documented per franchise agreement clauses.	2 non-renewals executed. Zero legal disputes
Top Performer Retention	Consistent top performers went unrecognised. Renewal was a form-filling exercise, not a strategic conversation.	Curate pipeline surfaces top-quartile franchisees 12 months ahead. Expansion offers, longer renewal terms, reference invitations built into the process.	9 franchisees curated. 4 accepted territory expansion in 2025

"Before TreeAMS, I couldn't verify what my franchisees were reporting or see issues across our centres. Now I see every centre live, every order benchmarked, and every compliance issue tracked. A year ahead, I know who to reward and who to formally warn. Two exits, zero disputes. Four top performers accepted expansion offers we wouldn't have known to make."

— Rachel Tan, Franchise Operations Director, BrightSteps Preschool

Stop Guessing at Renewal Time, Start Deciding With Evidence

See how TreeAMS gives franchisors live visibility across every master, every sub-franchisee, and every direct centre, and turns the 12 months before renewal into a strategic window instead of a legal minefield.

Purpose-built for multi-outlet F&B, retail, and franchise operators in Southeast Asia.



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