

# the franchise review

ISSUE 59 EDITION 3 2019

## **The quest for outstanding performance**

What it takes to be a  
top-rating franchise system

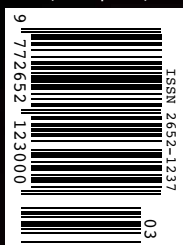
## **Innovation and change**

The vital role of leadership

## **Shopping centre leasing**

Time to redress the power imbalance

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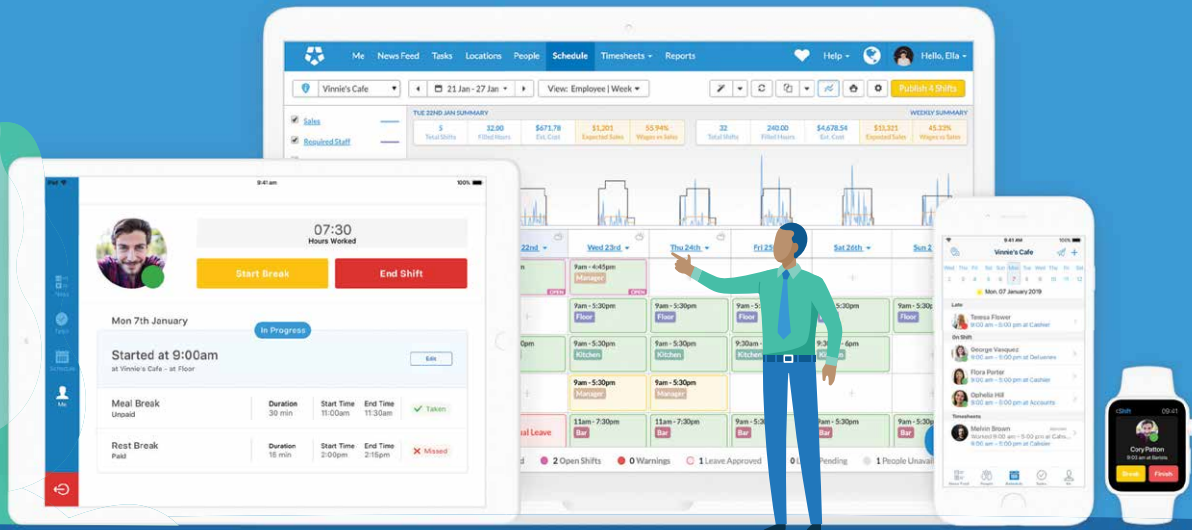
## Workforce management for your franchise

✓  
Build rosters  
in minutes

✓  
Stay *Fair*  
Work compliant

✓  
Scale your  
franchise

✓  
Connect to  
existing software



*"We're saving two admin hours (\$25/hr) per store per week on sharing rosters and news. With 50+ stores, it's saving a lot of money, about \$130,000 a year."*

**SAN CHURRO**  
CHOCOLATERIA

Giro Maurici  
CEO/Founder

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# Major shopping centres time for a new lease on life

**By Mary Aldred,**  
CEO, Franchise Council of Australia

There is no doubt that many small businesses in major shopping centres are currently in a difficult financial position. Flat or declining sales, serious margin compression and, according to a recent report by the UBS Evidence Lab, a 15 per cent drop in shopping centre visitor numbers combine with the pressures of increased rent, wages (notably penalty wages), utility costs and overheads to squeeze small business profitability.

In already difficult circumstances, shopping centre landlords often make the situation worse, with excessive rental increases and abuse of market power in particular causing substantial financial hardship for franchisees and franchisors.

By mandating excessive rental increases, particularly at end of term when the tenant is at its most vulnerable, landlords are able to take advantage of the substantial information imbalance and the vulnerability of the tenant to extract an

unreasonable rental increase that has no regard for the viability of the business at the location.

The abuse of market power to continually add new competitors to the shopping centre consistently and negatively impacts the revenue of existing tenants with no offer of rental abatement. Large urban shopping centres are currently undergoing a fundamental shift in their tenancy mix by replacing fashion and retail tenancies with even more food offerings without regard to the potential impact on existing food retailers.

If a franchised business fails, the franchisee typically loses everything, while franchisors are often left with a substantial debt and lease liability, as the franchisor will often have been required to take the premises head lease or guarantee the franchisee's obligations. The landlord, protected by leasing terms allowing for the collection of all rent and other costs, as well as bank and personal guarantees, suffers no loss and may even be able to financially benefit from the churning at the expense of franchisee and franchisor.

The essence of the problem is the captive nature of the business relationship, which enables landlords to require vulnerable small businesses to commit to contractual arrangements that are open to abuse.

Tenants are required to commit to high rentals with relatively short lease terms (five years is common), often with automatic annual rent increases (five per cent is common, and usually above CPI), yet landlords retain the right to add new competitors that reduce





business revenue without compensation. Landlords can exploit their superior bargaining power, armed with detailed information collected from tenants (and competitors) that enables them to know precisely how much rent the tenant can afford to pay. On the other hand, tenants have little or no access to market information, and no bargaining power.

This dynamic is particularly harmful in circumstances where a tenant is renewing their lease and the alternative to accepting a landlord's rent offer is to walk away and sacrifice the significant sunk costs involved in establishing the business. Despite this harsh paradigm, franchisors have a limited capacity to influence landlord behaviour. Ultimately, landlords are not regulated to the same extent as franchisors, nor scrutinised as closely by the media, so are less accountable for hard-nosed business practices.

Given the severe pressure our retailers are facing in the current environment, now is the time to look at reforming the regulatory regime for shopping centre leases, to recalibrate a broken system and protect vulnerable retail tenants.

## Leasing a key business challenge for FCA members

Against this backdrop, it was no surprise that when the FCA recently surveyed members about their current economic and business issues, leasing was highlighted as one of the top business challenges members are currently facing. Key findings included:

- More than 40 per cent of survey respondents told the FCA their leasing arrangements (cost and impost) were worse now than three years ago.
- When asked whether they felt based on the increase of their rent, that their business could absorb the ongoing cost to their business over the next three years, 36 per cent of survey respondents said 'no'.
- While 38 per cent of members nominated wages as the biggest challenge out of energy, red tape, wages, leasing and 'other', one quarter of respondents nominated leasing as their top concern.
- Overwhelmingly, more than 90 per cent of respondents agreed that the federal government should introduce an industry wide mandatory code of conduct to address the power imbalance shopping centre landlords have over tenants.

## The case for a Retail Leasing Code

The FCA is concerned about the critical level of pressure unfair commercial leasing arrangements and exorbitant rental increases are having on small businesses operating in the retail sector. While traditionally a state government issue, the power imbalance has created a competition issue that the FCA believes needs to be remedied by a sector wide code of conduct implemented at a federal level.

To that end, the FCA proposes the development of a voluntary Retail Leasing Code that applies to landlords and tenants or representative organisations that are signatories to the code under the legislative framework provided by the *Competition and Consumer Act (CCA)*.

Industry specific regulation can be achieved very effectively and efficiently under the industry code framework overseen by the Australian Competition and Consumer Commission (ACCC). The ACCC is well placed to oversee the operation of a shopping centre leasing code and has previously expressed its concerns about unconscionable conduct and unfair contract terms in retail leasing.

The content of the Code would be developed as part of the consultative process involving all key stakeholders. However, it would need to address the key identified concerns including:

- The significant and unfair financial impact on sitting tenants if competitive offerings are added. One proposal is for tenants in major shopping centres to be given the opportunity to exit their lease without penalty by giving three months' notice in the event that the landlord introduces a new tenant that materially competes with the existing tenant.
- End of term arrangements that result in substantial rental increases for sitting tenants in circumstances where the tenant has no real option but to continue need to be addressed. Similarly, some form of hardship relief needs to be offered to sitting tenants whose business is no longer viable.
- Measures to address the massive information imbalance between landlords and tenants, possibly by prohibiting landlords of major shopping centres from collecting, acquiring or distributing information on turnover and profitability of tenants.
- The introduction of a dispute resolution procedure similar to the Franchising Code of Conduct would be a

welcome tool in allowing tenants to openly discuss their concerns with landlords without the expense and inefficiency of litigation.

The proposed Code would also aim to increase transparency and reduce compliance costs for landlords and tenants by using consistent national disclosure and occupancy documents.

The intention of the Code would be to overlay additional protections on the existing state regimes, which would apply only to the specific sub-market of major shopping centres. The Code would complement and enhance existing state laws by adding a higher benchmark for the major shopping centre landlords and addressing some of the unique issues in that field. The application of the Code could be limited to shopping centres, or landlords, of a certain scale.

## What can the franchise sector do?

The introduction of new regulation to address the power imbalance within major shopping centres will be a difficult task and is unlikely to be achieved without considerable commitment from all stakeholders and Government. Any move towards higher regulation within the sector is likely to face resistance from the major landlords and their lobby groups, as it will undermine a protective business model which embeds profitability.

However, the current system is broken, and the status quo needs to be disrupted. Franchisors can support initiatives to change the rules by engaging with the Franchise Council of Australia in their work advocating for reform in this field.

In the meantime, both franchisors and franchisees should consider more closely scrutinising the proposed lease terms offered by shopping centre landlords and avoid short-term benefits offered by landlords (such as fit out contributions) at the expense of long-term viability. Landlords should be asked to provide assurances as to tenancy mixes and exclusivity, or an option to terminate without consequence in circumstances where the landlord introduces competitor businesses. In addition, caps on rent increases for renewal terms ought to be contemplated.

Ultimately, if reasonable lease terms cannot be reached with the landlord, franchisors should reconsider whether the risk of placing a franchisee into a shopping centre lease is too high to bear. ■

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Having recently been awarded Australia's first 5-star rating under the Australian Franchise Rating Scale, Quest Apartment Hotels has demonstrated an outstanding level of franchise performance across its network.

# Putting people first the key to Quest's success





It's an unwavering focus on people – be that existing franchisees, prospective franchisees or customers – that has been instrumental in Quest's ability to generate continued success over its 31-year history.

It's a seemingly simple formula of ensuring franchisees are provided with the structure, resources and support to achieve their business goals while meeting the needs of the customers who stay at any one of the brand's 130-plus Australian properties.

For Quest's franchisees, that means business planning is embedded in their operations right from the recruitment and selection process. Once a franchisee joins the brand, there is a culture of measurement, feedback, and benchmarking that provides the platform for franchise partners to succeed.

For guests, it means Quest's continual

pursuit to understand the customers' needs and delivering a great experience for each guest. Whether that's the type of coat hanger guests will find in their cupboards or the personalised service that is delivered at each property, the product and offering has been developed and refined to not only meet but exceed the requirements of its clientele.

### Nurturing talent within the network

A strong culture of internal recruitment is one clear indicator of the satisfaction that exists within the brand..

It's a model that through constant benchmarking and rigorous processes seeks to ensure very little is left to chance. A strong focus on reporting means a consistent flow of information between franchisees and head office, allowing the

appropriate support structure to be put in place so that franchisees can reach their business goals.

"Just over half our franchise network would like to buy another Quest business or sell their existing Quest business and buy another larger Quest business. From a satisfaction perspective, a franchisee wouldn't do this unless that's something they want to do. We understand this because we've done business plans with each franchisee, so we are clear on their business goals. It's not the only measure of satisfaction but I think it's a really important one because you wouldn't invest your money unless you believe in the Quest business format franchise model and brand," says David Ridgeway, General Manager – Franchise Operations at Quest Apartment Hotels.

According to Ridgeway, more than 35 per cent of Quest's franchisees have either worked at a property and then joined a franchisee in the business or they've worked at the corporate office before becoming franchisees themselves.

"People who understand the model quite intimately at a practical level have invested their money, which I think is a big tick for the sentiment of the network and brand," says Ridgeway.

### Franchise recruitment

With more than 700 leads generated through its franchise recruitment marketing programs in the last financial year, in addition to the internal interest in becoming a franchisee, for 22 franchise opportunities (eight greenfield and 14 existing properties) the selection process for franchisees is extensive.

At Quest, a seven-stage recruitment process is adhered to in order to ensure that when a franchisee joins the network they are doing so after a rigorous education, relationship building and business planning process.

It's a process that can take anywhere from three months to two years, depending where the prospective franchisee is on their path to owning a business.

"We need to make sure it's the right fit for them as a franchise partner and for us as a franchisor, but the recruitment process is also to educate them about the Quest franchise format business model," says Ridgeway.

"Some people like the idea of being hoteliers and it can have a romantic notion to it. But it's really hard to run a business like this so you need to know what you are getting into, not just financially but also from an operational perspective. The first thing is that we

want to make sure it's the right culture fit and that's not easy because it takes time to get to know each other and learn how our business works."

"For us the part that's probably a little different to some other franchise groups is that when we get to the end of the selection process, franchisees present a business plan, budget and cash flow to a selection panel which includes members from our senior leadership team so we can understand what they understand. It's a massive decision to buy into one of our businesses, they can cost anything from \$1.5 million to \$5 million-plus. So, prospective franchisees need to understand what you're committing to, not just financially but from an operational and sales perspective."

### A unique multi-unit approach

While the importance of franchisees having 'skin in the game' is well accepted within the franchising sector, at Quest this is taken a step further when existing franchisees look to expand their portfolios within the network.

"What's probably a little bit different to other networks, is that at Quest you can still own multiple properties but if you buy another business and hold your current business 100 per cent you can only own up to 80 per cent of the second business," says Ridgeway.

"So you need to partner with someone who owns 20 per cent or more of any subsequent business because we need someone who is an owner-operator on the ground, running the business day to day, managing the staff, delivering the guest experience, being part of that local community and driving the sales activity and presence in their local market. If you do it from afar you lose that insight, understanding and presence in your local marketplace. The guest experience to that degree has to be delivered by a hands-on franchisee."

These franchise partnerships are managed with the same rigour as any of Quest's recruitment processes, with the parties going through their own selection process, putting in place contingency plans for the business and putting together a partnership agreement to ensure that all stakeholders are protected and given the greatest opportunity for success.

### Supporting franchisees to achieve their goals

As part of Quest's ongoing franchisee support, business plans are reviewed on



a quarterly basis. The plans include a two-year forecast on the current financial year, so franchisee and franchisor alike are clear about the business goals.

"We always ask 'what are the guests' needs?' Well, equally important is the question 'what are our franchisees' needs?' And the business plan is the blueprint for the franchisee needs and aspirations," says Ridgeway.

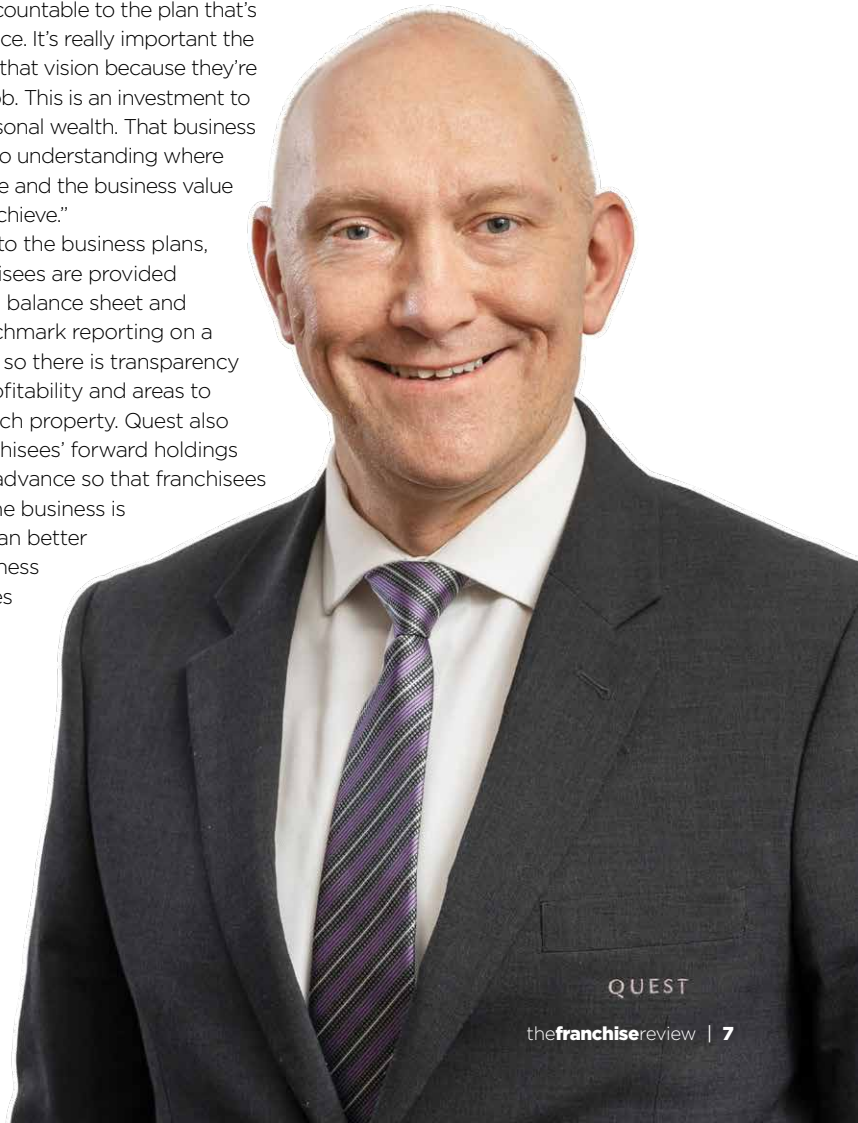
"Then as the franchisor, through our experienced Franchise Relationship Management (FRM) team we work to hold franchisees accountable to the plan that's been put in place. It's really important the franchisee has that vision because they're not buying a job. This is an investment to grow their personal wealth. That business plan is critical to understanding where they want to be and the business value they want to achieve."

In addition to the business plans, Quest's franchisees are provided profit and loss, balance sheet and extensive benchmark reporting on a monthly basis, so there is transparency around the profitability and areas to improve for each property. Quest also tracks its franchisees' forward holdings six months in advance so that franchisees know where the business is tracking and can better plan their business needs and sales and marketing activities.

"With the business plan, P&L reporting, benchmarking and forward bookings reporting franchisees have a clear action plan and roadmap.

I'm not saying it's an easy roadmap, because sometimes it's not. And then it's how can we as franchisor support the franchisee to help them achieve their roadmap," Ridgeway says.

"Firstly, it's making sure they're undertaking sales activity at a local level because sometimes when things get difficult you focus on the things you can't control. You've got to focus on what you can control, so I think we have a responsibility as a franchisor to work with the franchisee to do that.



QUEST



"The second part is how can we support franchisees from a corporate office perspective and that's where our national sales revenue and marketing teams can help and complement franchisee local activity, which is not easy as marketplaces vary around the country."

While each franchisee has responsibility for their local area marketing, Quest's national sales team focuses on building relationships and winning business from the top 500 companies in Australia.

"A procurement manager from a top 500 company doesn't want to deal with 130-plus franchisees, so we have a national account manager who represents the brand as an ambassador to give us the best opportunity to participate in the corporate tenders on behalf of franchisees," says Ridgeway.

According to Ridgeway, about 40 per cent of Quest's revenue across the country comes from the national sales program, 40 per cent from the franchisee local sales activity and 20 per cent from leisure, this will vary from franchise to franchise depending on their location and other variables.

### Understanding the customer base – and delivering on their needs

When Quest opened the doors of its first property in Melbourne's Fitzroy in 1988, the apartment-style offering for extended stay corporate travellers was an innovative accommodation option.

It's now the largest and fastest growing apartment hotel operator in Australasia with more than 170 properties in Australia, New Zealand and Fiji.

Last financial year the franchise opened eight new greenfields properties open across Australia, with seven more properties to open their doors here this financial year and its first foray into the European market due to open in Liverpool, England, in September.

While there has been constant growth and evolution across the past three decades, the corporate traveller remains the brand's core customer base and still comprises the majority of Quest's business on a national basis.

"Eighty per cent of our business is corporate, so if you think about that from a strategy point of view, it's about relationships. Relationships are not transactional. It's about developing an understanding of the needs of small, medium and large customers, identifying the solutions to deliver a home away from home experience. This provides

franchisees the base business to help them own sustainable and profitable businesses," says Ridgeway.

"When our franchisees have a thorough understanding of their guest's needs, they can provide guests a personalised home away from home experience. So, they will be asking guests what are the two or three things they need to make their stay more comfortable and enjoyable? It could be an exercise mat, a couple of extra bottles of water, something sweet. We use our reservation system to record the notes of our regular customers' needs

and then we can provide it, and check that's what they continue to want every time they stay.

"Paul Constantinou [the founder and chairman of the group] has been key to keeping us focussed and staying true to the core business and what sets Quest apart from our competitors. Quest provide premium serviced apartments for the extended stay corporate traveller. We've got to make sure we're true to that. We want to provide that home away from home experience for our guests, which is what we have been doing since 1988." ■





# Key drivers behind a top performing franchise system

**By Darryn McAuliffe,**  
CEO, FRANdata Australia

There are two keys to successful ratings systems – the assessment must be conducted independently, and the assessment must be objectively based on factors relevant to the decision of the prospective franchisee and others (such as financiers) involved in the transaction.

Assessments under The Australian Franchise Ratings Scale™ are made following a rigorous and independent review of information across seven key performance standards.

While there is significant variance in the size and industries of franchise systems, there are some common features of good franchise practice that support an engaged and successful franchise network.

The recent review of the Quest Apartment Hotels franchise system evidenced a strong level of performance across all seven categories. Some examples include:

## 1 System Performance

- A steady but highly disciplined growth rate in units was observed over multiple economic cycles with a low (and comparatively very favorable) level of franchisees exiting the system.

## 2 Franchisee Financial Performance

- Consistent and standard reporting formats were in place.
- A large sample of unit performance was available with the performance of every unit across the network captured.
- Key metrics and leading indicators of revenue performance were received daily by the franchisor.
- Detailed financial data to monitor and support a high level of business performance was received in a regular and timely manner (monthly) by the franchisor.
- Strong average financial performance (unit profitability) was evidenced across the network.

## 3 Franchisee Engagement and Satisfaction

- Regular and independent surveying of the network had been undertaken.
- Solid response rates (itself an engagement indicator) were achieved.
- Strong and positive indicators of engagement were evident.
- A high level of transparency was evidenced with the sharing of responses and outcomes across the entire network (including areas of decline from last survey).

## 4 Franchisor Training and Support

- Solid initial training programs were evidenced and were customised to the experience of the individual franchisee and their respective employees.
- A well-resourced support team structure was in place. This included the number of personnel and an ongoing investment in the professional development of that team to maximise their value to franchisees.
- Structured and disciplined interaction programs with franchisees were in place.
- A clear understanding of early warning signs was evident as were mechanisms to identify and address those early warning signs to support franchisee performance.

## 5 Franchisor Financial Performance

- A level of financial information was provided that evidenced the franchisor to be in a strong financial position. (Topline revenue, underlying profitability, gearing ratios and liquidity measures).

## 6 Lender Relations

- Multiple and longstanding lending relationships were evidenced. These promoted improved access to finance for new and existing franchisees.

## 7 Compliance and Assurance

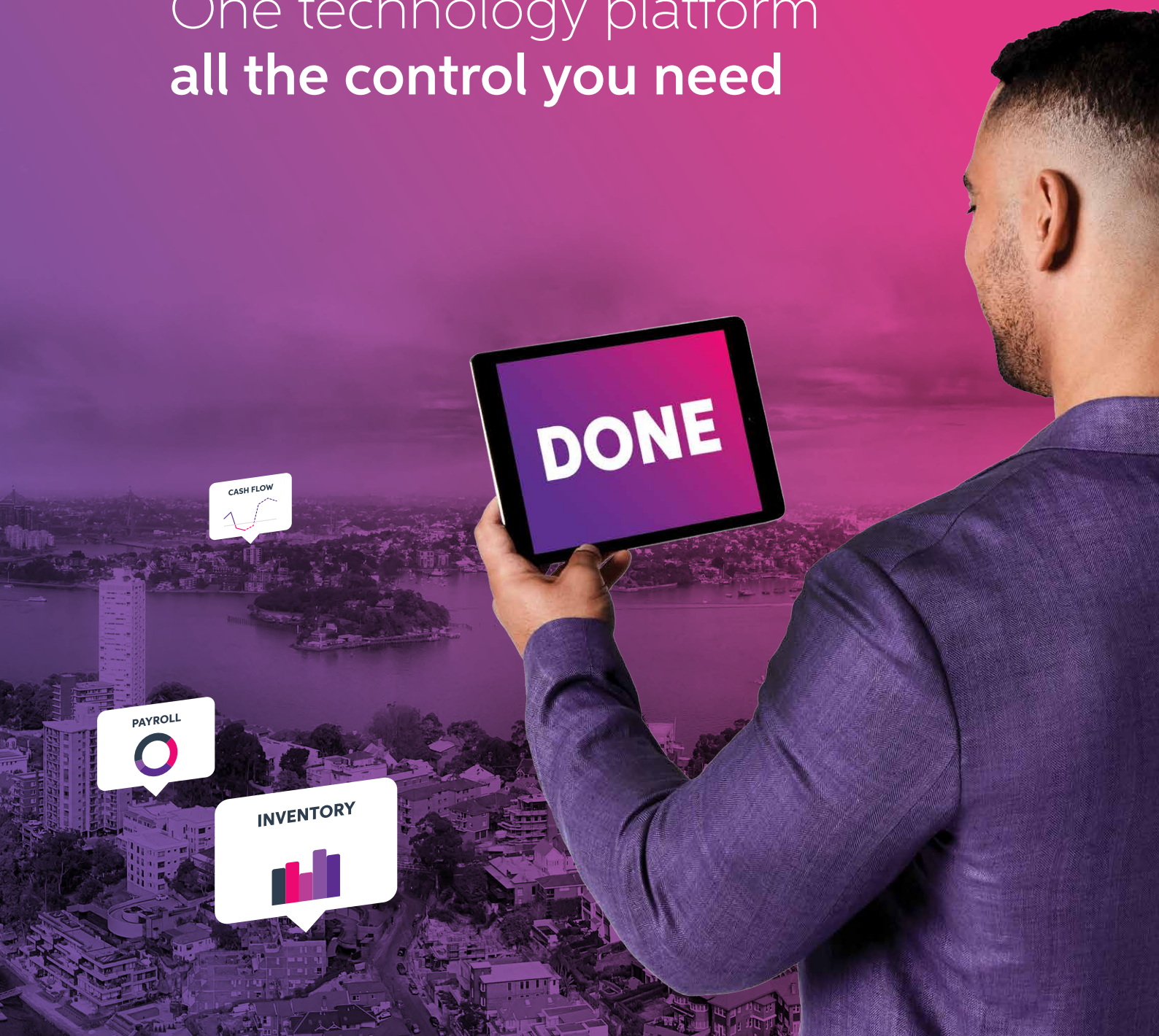
- Quest Apartment Hotels demonstrate a clear “culture of compliance”.
- Franchisees are educated, monitored, measured and supported to maximise compliance and assurance outcomes across key workplace relations, industry and other regulatory requirements.

FRANdata congratulates Quest Apartment Hotels on being the first franchise system to achieve a 5-star rating through the Australian Franchise Rating Scale™. This outstanding achievement is testament to the transparency and performance evidenced during the review.





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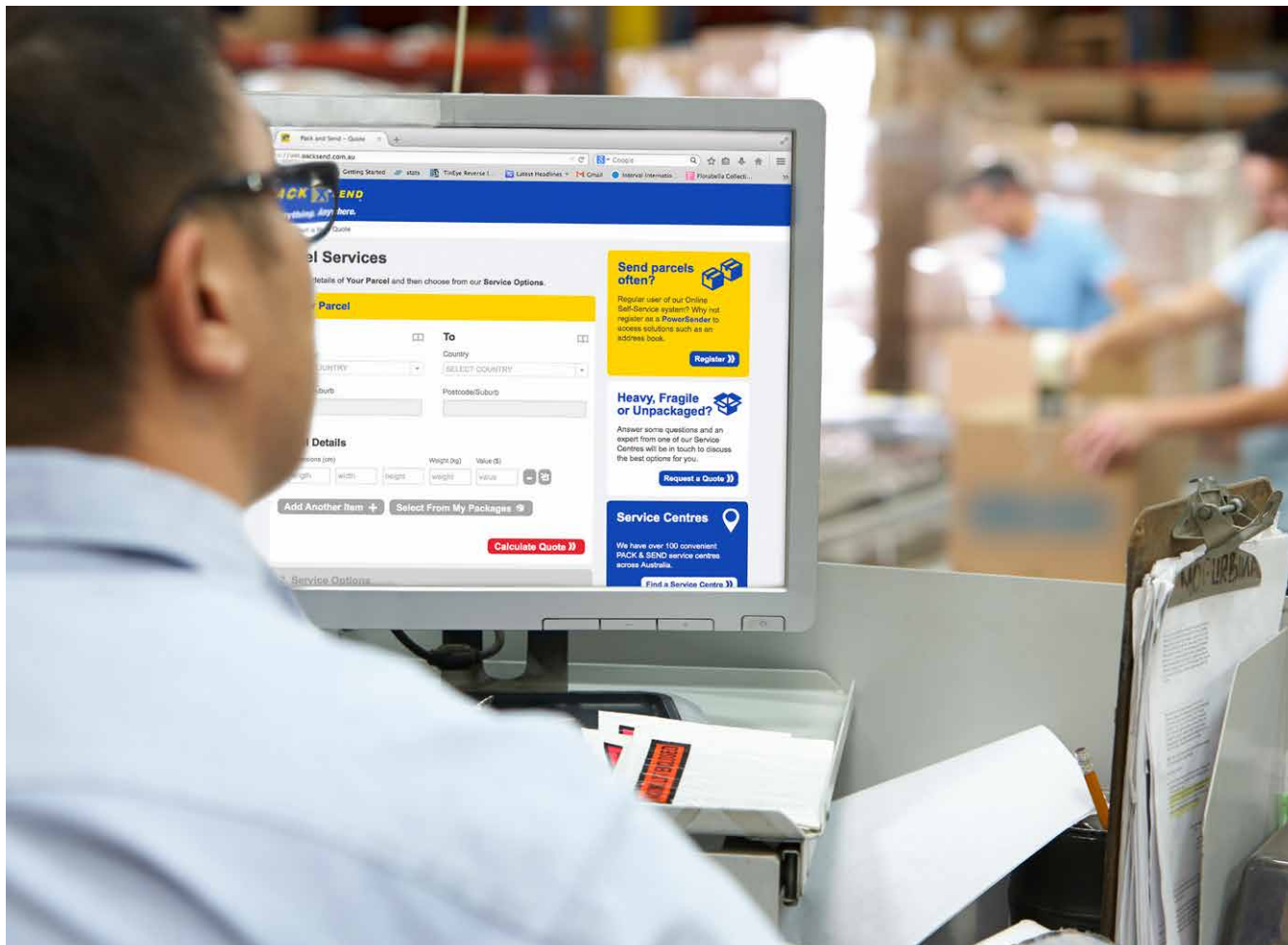




# Leading your business through innovation and change

Innovation is the lifeblood of any business. Just ask PACK & SEND Founder and CEO, and 2018 Franchise Council of Australia Hall of Fame Inductee, Michael Paul.





In the 26 years that PACK & SEND has been providing courier and freight services to customers across Australia, New Zealand and the United Kingdom, the franchise has been part of a rapidly changing global logistics market.

It's a market where the price of inaction is far greater than the cost of innovation, and where it has been imperative for Paul, as franchisor, to lead potentially reluctant franchisees through business change.

"People invest in franchise businesses on the basis that they can look to the franchisor to be on top of changes in the marketplace, understand the impacts on the business, investigate what needs to be done and determine the best way to implement the changes. This is one of the great values in being a franchisee in a good system," says Paul.

"Franchise systems must stay dynamic, not static. Whether driven by external or internal forces, every franchise system must adapt to remain relevant, viable, and competitive.

"The business and corporate world is full of examples of successful businesses that became too complacent to make changes which resulted in failure, including some franchise systems. If it can happen to global brands like Kodak or Toys R Us it can happen to anyone."

## The innovation that rejuvenated PACK & SEND

Rewind to 2012, and for PACK & SEND, this meant acting early to remain relevant and competitive in a marketplace where new competitors started offering an automated online parcel delivery solution at self-service prices.

It was a service PACK & SEND weren't providing and the brand was suffering the consequences of this disruption. PACK & SEND had built its reputation on providing convenient 'one-stop-shop' solutions for its customers, but found itself not being able to provide a service in demand. Customers were starting to choose competitor offerings.

Maintaining a business as usual approach was not a viable option.

So, in December 2012, PACK & SEND launched its online self-service channel, leading franchisees through a vital business change.

The launch of the online channel was undertaken with very extensive franchisee consultation, including through PACK & SEND's franchise advisory council.

PACK & SEND made a very significant investment to build the online technology. Whilst franchisees had no legal entitlement to operate an online

business or receive any income from the online channel, an arrangement was made that saw franchisees receive 100 per cent of online income and would pay 100 per cent of online expenses (which included franchisee royalties and a technology fee). In other words, franchisees would receive 100 per cent of the online profits from day one.

"As a franchisor, we made this arrangement in keeping with our fundamental commitment of increasing the profitability of our franchisee partners," Paul says.

They are changes which, almost seven years down the track, have resulted in a stronger and more profitable franchisee network. Customers loved PACK & SEND's combined 'visit, call and online' options which turned into a major competitive advantage.

Not only did the online solution provide increased profits to franchisees, but there were many other synergistic benefits. This included an increased brand awareness and reputation that resulted in very strong growth for the retail services channel as well.

In the lead up to having the online channel launched, however, the necessity of having an online sales presence was less well understood and many franchisees were resistant to



implementing the change that gave the customer more options, as they saw it as a threat to their retail services business.

"One of the great advantages of franchising is that it allows franchisees to be focussed on day-to-day running of the sales and operations of their business. But that means they can naturally view things through a more 'narrow lens' than the franchisor who has a responsibility to view the business through a much 'wider lens' so it can see further for the long-term benefit of the brand," Paul says.

"At the time of implementation, if it was put to a vote of franchisees it probably would never have got off the ground – as simply franchisees feared that it would negatively impact their retail services business.

"The easiest thing to do at that time would have been to make no investment in an online sales channel and keep the status quo. But we've all seen examples of companies pay the high price of being complacent and underestimating a rapidly changing market. Our commitment to our franchisees is that we will never become complacent and take the focus off the needs of the customer."

## Establishing a case for change

"In establishing a case for change, franchisors must be upfront about marketplace realities and changes that pose risk, threats and disruption. Franchisors can then present strategies to franchisees that not only mitigate the risks, but also will make the brand stronger and more profitable," Paul says.

According to Paul, franchisees can often be so busy in operating and building their local business on a day-to-day basis that they well often see change as an optional inconvenience, rather than something that is necessary for long-term survival and profitability.

"Franchisees often resist change

"A franchisor must lead their business and have the capacity to implement change that enhances the system and in turn better supports franchisees and their return on investment."

because they are comfortable where they are at with their business. In the day-to-day operation of their business, franchisees may not appreciate that today's disruptive market is like an ocean – full of dangerous icebergs that will sink you and your business if you don't keep your eyes on the horizon. This inertia to change is often only overcome when they actually hit an iceberg – but by then it can be too late," he says.

"Another reason that franchisees may resist change is expressed in the comment 'This isn't what I bought'. This comes about through a mental snapshot the franchisee takes when they join the network, believing it will always remain the same. However, franchisees don't buy a job – they purchase a business and all businesses must constantly change and evolve – as is contemplated in franchise agreements."

In order that its franchisees are more responsive to change, PACK & SEND has for several years communicated this as part of its recruitment phase,

with potential franchisees clearly and repeatedly informed that survival and success in business relies on the capacity to change.

Paul says this helps to develop a culture of embracing change, and to understand that change is an evolutionary requirement for all profitable franchise businesses to survive.

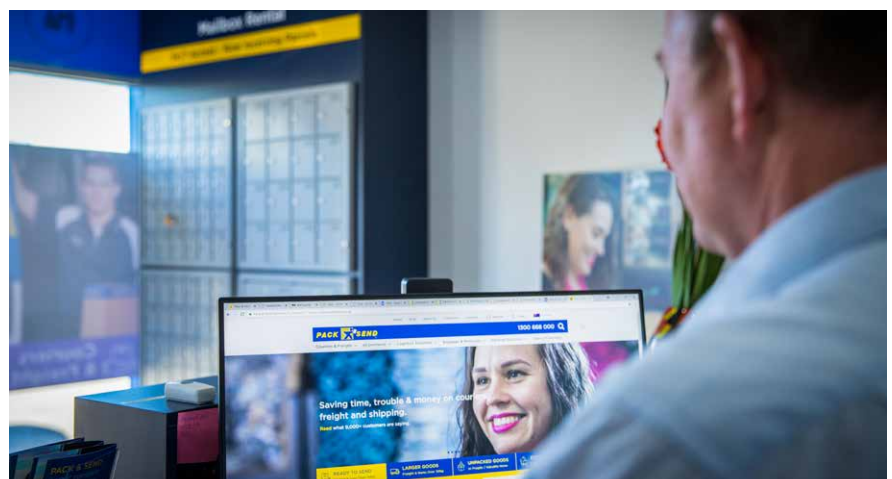
"A franchise agreement governs an ongoing and changing relationship over a long period of time. For PACK & SEND, this is a 10-year term. No company can possess the foresight to accurately predict such things as trading conditions, competition, new technology or the regulatory landscape over such a period.

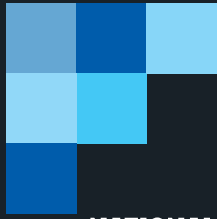
"Accordingly, franchise agreements in all franchise systems should include mechanisms that allow flexibility to maintain a fluid and successful business model, and ensure franchisees have the proper platform to build a successful business in an ever-changing marketplace.

The PACK & SEND online solution is viewed within the business as a critical innovation in the brand's history. Its initial success resulted in PACK & SEND's strategy evolve to become a technology driven enterprise. Today, the company operates a technology business within its operations to develop and support innovative proprietary technology products to provide franchisees new ecommerce customer solutions, increased sales, increased productivity and provide real time data analytics on the business operations.

"Innovation is fundamentally critical to ongoing profit growth and change must be focused on delivering franchise network profitability," Paul says.

"A franchisor must lead their business and have the capacity to implement change that enhances the system and in turn better supports franchisees and their return on investment. This is what the economic model of franchise systems is all about – the mutual success of franchisor and franchisee." ■





NATIONAL  
FRANCHISE  
CONVENTION



# NFC19 to deliver latest updates on franchising hot topics

G O L D C O A S T 2 1 - 2 2 O C T O B E R 2 0 1 9



# NFC19



**Janine Allis**



**Pippa Hallas**



**Dylan Alcott**



**Michele Levine**



**Nigel Collin**

In a fast-evolving franchising landscape staying up-to-date and adapting to change is crucial. Once again in 2019, the National Franchise Convention (NFC19), to be held from 20-22 October on the Gold Coast, will be an unmissable event for any franchise system or professional who aspires to best practice and business success.

As the largest event of its kind in Australia, NFC19, which is themed 'Evolving in a new landscape: innovation and transformation', will bring together around 1000 attendees, including franchisors, franchisees, suppliers and experts in the sector in an environment of learning and engagement.

Inspiration and insights abound in a keynote program featuring outstanding achievers in their fields, including:

- Franchising powerhouse Janine Allis, who grew her juice and smoothie empire from her kitchen bench, to an international success story - with 500 stores in 13 countries
- Ella Baché CEO Pippa Hallas speaking on adapting to a changing environment without losing your values or vision
- Three-time Paralympic gold medallist Dylan Alcott, who will inspire attendees to become the best versions of themselves
- Roy Morgan CEO Michele Levine, who has been responsible for many of Australia's largest research projects, many of which continue to play a critically important part in shaping our society today
- Change and leadership expert Nigel Collin, who will share his roadmap to no-nonsense, long-term business success

By attending the NFC19 panel and roundtable sessions, attendees will hear franchisors and industry experts

share the invaluable learnings from their own business experiences on topics including:

- The technology mega trends disrupting franchising and small business
- Communicating with your franchisees
- Differentiating in a crowded market
- Creating a healthy franchising culture
- Compliance update - best practice disclosure
- Risk and risk management in Australian franchising
- Retail leasing challenges and solutions

This year's NFC will also feature

- Updates on the latest legal information and issues facing the franchise community
- A vibrant social program providing opportunities to network with your peers and colleagues
- Exhibition hall showcasing the latest products, services and technologies available to the sector
- The celebration of franchising success at the MYOB FCA Excellence in Franchising Awards gala dinner

**Find out more at [nationalfranchiseconvention.org.au](http://nationalfranchiseconvention.org.au) or contact the Franchise Council of Australia on 1300 669 030 or email [nfc19@franchise.org.au](mailto:nfc19@franchise.org.au)**

**For information on sponsorship and exhibition packages at this unmissable event, contact [peter.white@franchise.org.au](mailto:peter.white@franchise.org.au)**



# Employee relations focus instils best practice culture



A focus on employee relations at Craveable Brands has delivered positives far beyond ensuring baseline workplace compliance requirements are being met across the network. *The Franchise Review* spoke to Trudie Harriman, Chief People Officer and Stephanie McGuigan, Employee Relations Manager at Craveable Brands to find out how delivering a suite of employee relations reforms has instilled a strong ER culture across the network.

**The Franchise Review (TFR): Can you tell us about the Craveable Brands network and the key workplace compliance issues that affect franchisees in your network?**

**Craveable Brands (CB):** Here at Craveable Brands we operate more than 570 restaurants across three iconic Australian chicken brands; Red Rooster, Oporto and Chicken Treat. Combined, our restaurants hire more than 12,500 employees and serve in excess of 150,000 customers a day.

As a franchise network we need to ensure that our franchise partners are educated on their employee relations (ER) requirements - this does not just stop at the end of their onboarding training, we continue to educate throughout their duration with us.

Our ER team not only focus on compliance issues that affect franchisees, they are committed to educating frontline staff about their rights as well.

Workplace compliance issues are wide and varied and employment award contracts can be complex at times. So,

our team are focussed on continually educating both franchisees regarding their obligations from minimum hours, base rates, overtime, allowances, superannuation and penalties; and staff regarding their rights.

**TFR: The role of National Employee Relations Manager was a new one at Craveable Brands. Why was this role created and what has been the practical effect in the network of having such a role?**

**CB:** As a part of the HR function at Craveable Brands there has always been internal ER support, however while the business believed our franchisees were complying with workplace laws, the Craveable Brands Board wanted to ensure that everything was in order and as a result dedicated resources to building a full ER team, consisting of an ER Manager (Stephanie McGuigan) as well as ER consultants in each state - our team are also supported by an external consultancy, ER Strategies.

The practical effect of the National Employee Relations Manager has been



the creation of a workplace culture with strong corporate governance, sound business practices and good ethical conduct. This culture underpins how we expect all our employees to be treated. It is really encouraging to see how the culture has developed and infiltrated our network. Employee relations has moved from an area in which very few people had an understanding or interest in, to today, where it is front of mind for everyone, not just our franchise partners and employees but also members of our head office. The role is highly valued and receives a great amount of support from the Board down.

**TFR: At Craveable Brands you've implemented employee relations reforms to instil a strong ER culture across the network. What are these reforms and how have you instilled this culture?**

**CB:** As the role of National Employee Relations Manager was new, it was a great opportunity for Stephanie to lead and shape the ER culture and agenda from the beginning.

"I'm not going to lie, it wasn't a quick fix to implement this culture, as ER is not intrinsically as sexy or fun as other areas of the business," Stephanie says.

"However, I was able to instil this culture due to the support I received from the Board and Executive down, which ensured the area was highly valued and prioritised as a key business area which then filtered directly to

my team. We were able to create a lot of traction in this space as a result of the high-performance culture within the team and the fact the team were delivering tangible results. It also helped that we were introducing so many new reforms and there was so much going on in this space. This meant we were really front of mind!

"In terms of my personal efforts, I feel I've successfully promoted and instilled a strong culture of employee relations across the network by leading by example, being passionate and committed to our employees and maintaining a positive and upbeat spirit.

"I feel I've effectively led the team and promoted an ER agenda across the network by articulating a clear vision, effectively communicating and collaborating with my stakeholders and peers; and supporting my team.

"At times the work can be difficult, however I continuously try to motivate the team and align everyone to the common goal of ensuring our franchise partners understand their obligations and employees are treated in accordance with their rights."

**TFR: What reforms were implemented and what is unique about the processes that Craveable Brands has implemented in the ER space?**

**CB:** The main aim of developing an ER Team was to promote a positive workplace relations culture across our franchise network and ensure our



employees are being fairly treated and in accordance with the law.

"We took the opportunity of launching the ER Team as the opportunity to reset initiatives from ground zero," Trudie says.

"What we have implemented at Craveable Brands is comprehensive in nature and focussed on consistent network-wide education and support. Broadly, the initiatives have included implementing a monitoring and supervision framework to prevent, identify and remedy workplace non-compliance.

"Moving forward, we are excited to continue to adapt our approach to the changing needs of our partners, as well as to the changing IR context. We have some exciting initiatives in the pipeline that we know will add great value to the Craveable Brands team."

**TFR: Please detail the initiatives and processes that have been implemented for prevention, identification and remedying workplace non-compliance under the framework?**

**CB:** The framework that's been created encourages and supports franchisees to comply with workplace laws and helps protect both the franchisees and the franchisor from legal risk under the *Fair Work Act*. It is supported by a range of policies, processes and initiatives and provides franchisees with support and education, while also mitigating their risk of workplace non-compliance.

Some of the initiatives developed include, but are not limited to, the following:

- **Employee Relations Policy** which outlines the franchisor and franchisee commitments to workplace compliance and the consequences for workplace non-compliance, e.g. further auditing,





conditions on future operations, termination of franchise agreement etc.

- A proactive **Employee Relations Audit Program** where over a 12-month period, the ER team audited all stores across three brands. Under the audits, franchisees are required to be 100 per cent compliant with workplace laws and required to rectify all areas of non-compliance for the duration of their operation of the restaurant. Key outcomes include accurate payroll administration, visa conditions being strictly adhered to, superannuation payments being made and employment related documents fully meeting the requirements of the Fair Work Act. We now have an ongoing external audit program throughout the network for



franchisees who have new restaurants, high risk restaurants and also franchisees exiting the network.

- Develop and launch an **Internal Employee Relations Auditing Program** which is ongoing and mandatory across the network
- Launch of an **Employee Relations Helpline**. This advisory line is available to our entire network, and its availability is required to be promoted in all restaurants across the network and on the company intranet.
- Deployed **preferred HR platforms and service providers** including IWS payroll, ZUUS time & attendance software and ER Strategies as a subsidised service.
- Developed **education and training initiatives**, e.g. mandatory ER training and assessment for all franchisees and separate ER training/assessment for all new employees for all brands
- Developed a **range of policies** such as a Visa Policy which, as an example, ensures employees are not working excessive hours

**TFR: How has the framework been communicated to franchisees?**

**CB:** The framework has a number of elements and was introduced gradually to ensure each of the initiatives were implemented effectively.

How the elements were communicated really depended on each of the initiatives, for instance the ER helpline is on our wage rate tables which are posted in restaurants, included in our employee and franchisee training, on each of the company's intranet front pages and on all notice boards in restaurants. On the other hand, some of the initiatives involved updating the franchise

“...there has been a huge amount of education regarding employee relations. Our franchisees, employees as well as us as the franchisor now know a lot more about and appreciate workplace compliance.”

agreements and in these cases this was communicated to new franchisees in their franchise agreement documentation.

Overall, we really use a range of communication forums to ensure everyone is appropriately notified and educated including intranet page for each of our brands, Facebook closed groups, weekly bulletins, Franchise Advisory Council meetings, state meetings etc. We also encourage open lines of communication whereby our franchisees and employees contact head office directly or use our ER helpline.

**TFR: What have been the key outcomes of implementing these reforms for you as franchisor, for franchisees and for employees in the network?**

**CB:** To start with there has been a huge amount of education regarding employee relations. Our franchisees, employees as well as us as the franchisor now know a lot more about and appreciate workplace compliance.

Not only do people now further understand the rules in this space (which can be quite complicated) and appreciate the risk if they get it wrong, but they also value doing the right thing and ensuring we're treating our employees fairly and ethically.

From a franchisor perspective, ER now forms part of all Board and Executive meetings where employee relations trends, activities and issues are discussed. The Board and Executive members are provided with detailed data on issues such as ER helpline calls as well as ER audit results and escalations.

With our franchisees, we've really noticed an improvement in the quality



of the ER audits which we've been conducting as well as the questions the franchisees are asking through our helpline. As a whole, franchisees have a far better understanding of the industrial instruments and the *Fair Work Act* and are doing the right thing. In general, the main issues we now find are more administrative based.

Employees are also definitely more informed of their rights from the training and education we are delivering. Employees are also more willing to communicate with us, either to simply ask questions such as clarification of their entitlements or raise concerns where they have broader issues. It is really encouraging to know that we've created such positive culture whereby people feel comfortable and protected to come forward and speak with us.

"We're incredibly proud of the systems and procedures we've developed in the ER space," says Trudie.

"What really stands out is the



collaboration and the capability development these initiatives have generated within the network. This is supported by a recent survey of franchisees which shows there has been a considerable capability uplift around ER and we can see from that franchisees are much more pro-active in this space now there's a rigorous framework in place.

"There is no 'us against them'

mentality around employee relations. From the Board, to the operations staff, to franchise partners there is broad recognition of the benefits of understanding employee relations obligations and delivering on them. This is true from a compliance perspective but also the overall benefit demonstrating a strong ER culture delivers to the brand." ■

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# Australian Employment Laws are Complex

Discovering your franchisees failed to meet their employment compliance obligations could be a financial disaster for you.

Franchisors can be held responsible for the wrongdoing of their franchisees. The Vulnerable Worker Laws were introduced over a year ago and it still is challenging for franchisors to understand what

their obligations are and how to meet them. Let us guide you towards meeting your reasonable steps requirements and give your franchisees access to tools they need to make the right decisions.



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To say that the global economy right now is turbulent is an understatement. Stock markets are up one day followed by significant falls the next. Trade issues between the superpowers add to the potential uncertainty. While we like to think that our local economy is resilient, and it has certainly proven to be over the last 10 years, global issues impact many sectors and retail is one of those.

# Three keys to succeeding in a turbulent retail climate

**By Neil McKay**

CEO, SME Finance Group



While dealing with these impacts, the retail sector is facing rapidly rising rents, disruption from technology and satisfying customers' ever-changing needs, including the generational change in purchasing behaviours.

All those challenges provide a dynamic environment where those that get the offering right thrive and the rest are left to make enough profit to keep their business operating.

Pleasingly, retail sales in Australia increased by an unexpected 0.4 per cent month over month in June 2019, the strongest retail sales growth in many months. Most likely this increase was driven by the recent RBA interest rate

cuts, signs of a turnaround in the housing market and Federal Government tax rebates to households. Of note were significant increases in personal shopping including clothes, shoes and accessories. Cafés, restaurants and takeaway services also recorded reasonable growth.

What this data tells us is that if consumers have some confidence and money in their pocket, they are prepared to spend it on items that are important to them.

## Making a good impression

For retailers, whether independent or part of a franchise system, the challenge is how to capture your share of the spending across the sector. Whether it is shopping for personal items or dining in restaurants and cafés, the customer is looking for an experience. How do you provide the customer with an experience that influences them to buy now, come back again and tell their friends? For those, particularly in hospitality, there is also the public scrutiny through social media where favourable posts will most likely bring new customers but criticism of your product or service will leave your business at a significant disadvantage against your competitors.

The first impression to your customer is critical to your business - whether that be your actual premises or your digital presence. Your store or café needs to be appealing to get customers in the door and spending their money. A unique well-presented fit out will help. Independent retailers will need to design the concept and negotiate the costing with the suppliers available. For established businesses, the cost of the fit out can be financed on an amortising facility up to a term of five years. This approach takes away the need for a substantial capital commitment at the outset placing a burden on the cash flow of the business.

For retailers as part of a franchise system it is likely the franchisor will determine what changes are required to store design and provide all the detail on design and costing. The same rule applies on the availability of funding to complete the fit out. There is also the availability of the Federal Government's Instant Asset Write Off scheme that allows you to fully depreciate up to \$30,000 (ex GST) of the cost in the first year. Businesses can make multiple purchases under \$30,000 so the benefit can be claimed on any invoice up to \$30,000.



## Getting your front of house systems right

Now that the appearance has been taken care of, think about your systems, particularly Point of Sale (POS). There are several POS systems available for your business that provide you with exceptional record keeping, particularly for accounting purposes but also provide benefits to the customer. The ability to provide the customer with transaction documentation and receipts via email or text is a value-add benefit. A good point of sale system designed for your business may not be as expensive as you think, and it can also be financed including any associated software to negate capital expenditure and support cash flow.

While talking about what happens at the point of sale, if you are in the retail industry you should consider the various buy now – pay later options available. You have a generation of customers who have become accustomed to this method of payment and you don't want to lose sales because your competitors down the street provide this option. There are now several providers of this service. Critical to you is finding one that has the lowest impact on your margins.

## Keeping your back of house in order

Now the front of house is in order to deliver a memorable experience to your customer let's look at what else can make your business efficient and profitable.

Purchasing stock, for example, particularly if it is imported, is a key component to your business success. Carrying the right stock and enough of it will not only have an impact on your revenues but also on those all-important margins. Having the right funding lines in place to support your purchasing is critical to your success. There are some very good import finance facilities available today that not only provide competitive fees and interest rates but also allow you enough time to receive and sell the stock in an orderly manner. This type of facility can also assist with the ordering and shipping process for you. It will also allow you to negotiate terms with your supplier that include a discount for prompt payment. All of this improves your all-important margins.

Another option that has become popular is using a business or cash flow loan to buy stock in bulk at discounted prices allowing you to sell at improved margins. There are now several non-bank


lenders who specialise in this product offering. If you use this type of facility, the impact of interest costs on your margins need to be considered, but this may well be a preferred option for you.

Finally, to have an efficient business you need to fully understand your cash flow and financial position. There are several accounting software packages available with functionality that readily provide you with this information. There is no excuse today for not understanding the financial position of your business daily. In fact, your bankers and alternative lenders will expect this information to be available.

Like many industries around the globe, retail faces many challenges and disruptions. At the end of the day as a retailer you are in the battle to win the consumer dollar. How you present your business and the financial structure that you have in place will go a long way to determining whether the outcome is successful. ■

SME Finance Group has a 40-year history in providing business solutions for the SME sector, which comprises more than 95 per cent of the Australian business community.



A woman with blonde hair tied back, smiling, wearing a green Subway t-shirt. The t-shirt has the Subway logo in yellow and white. The background is a soft-focus outdoor scene.

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# Small businesses empowered to deliver exceptional customer experience

With customer experience the new benchmark for any successful business, the Lott is empowering its franchisees with award-winning marketing, training and business support so they can surprise and delight their customers.

With a network of more than 3,800 outlets across all Australian states and territories, except Western Australia, the Lott is the nation's largest retail franchise network.

The Lott offers Australia's official lottery games from NSW Lotteries, Golden Casket, Tatts and SA Lotteries. This includes games like Saturday Lotto, Monday and Wednesday Lotto, Oz Lotto, Powerball and Instant Scratch-Its, which give customers the chance to dream big every day.

Franchisees with the Lott include a range of small businesses, including newsagencies, convenience stores, convenience supermarkets, pharmacies, and tobacconists.

The Lott General Manager of Lotteries Retail Antony Moore explained the vast majority of the Lott's retailers were small business owners who saw the value

of adding a lotteries franchise to their offering.

"Having a lotteries outlet within their existing small business enables our retailers to leverage the power and business opportunities that come from offering well-known national brands, such as Powerball, Oz Lotto and Lotto," he said.

"More importantly, they also benefit from comprehensive training, ongoing operational and technical support, and award-winning marketing campaigns. So whether they are running a newsagency in Cairns or a convenience supermarket on King Island, they're being boosted by the resources of a proven multi-state franchise system.

"In this way, we are continually working closely with small business owners to help them reach their full potential and benefit from better business performance."



“The Lott is a good example of what we call ‘listening’ franchises. The good systems are listening to their franchisees, who are listening to their customers, and are then refining and improving the model.”

Independent franchise intelligence company FRANData recently awarded the Lott’s Tatts, NSW Lotteries, Golden Casket and SA Lotteries five-star ratings, putting them among the top-rated franchise systems in Australia.

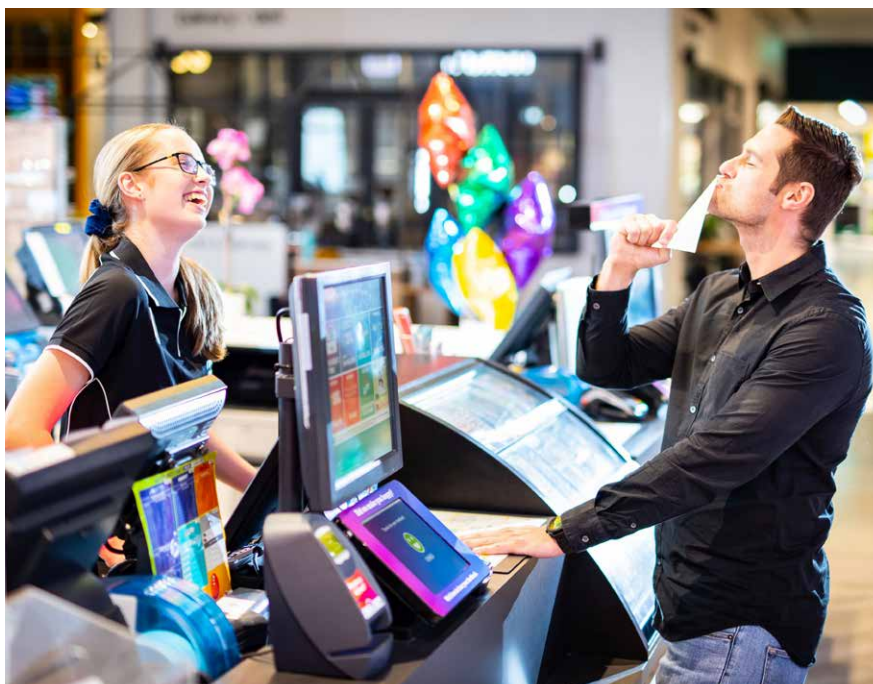
Five-star brands need to demonstrate a high level of transparency and an outstanding overall level of franchise performance across seven key categories. These include system performance, franchisee financial performance, franchisee engagement and satisfaction, franchisor training and support, lender relations, and compliance and assurance.

FRANData CEO Darryn McAuliffe said the review team was particularly impressed with the range of new initiatives introduced by the Lott to support the financial performance of its franchisees.

“The review revealed a high level of investment in the professional development of the Lott’s leadership and head office teams. This not only helps maintain a clear culture of compliance but also equips them to provide optimal levels of support to their franchisees,” he said.

“The Lott is a good example of what we call ‘listening’ franchises. The good systems are listening to their franchisees, who are listening to their customers, and are then refining and improving the model. In this way, they are continually enhancing the franchise system and addressing the financial performance of the franchisees.”

Mr Moore said training remained a crucial element of the Lott franchise system, not only ensuring retailers and their staff met their regulatory and business obligations, but also building understanding of their own business and customers.



“It starts with our New Retailer Program, a two-week competency-based program introducing the Lott’s products, procedures and equipment. The training also covers information regarding accounts and reconciliation, legal and compliance requirements, sales development and promotions,” he said.

“Ongoing training, both in-person and online via our eLearning platform, keeps franchisees up-to-date with the latest information they need to know about the Lott, their business and emerging industry trends. We have specialised training programs for managers and supervisors, along with new staff, as well as short online courses to hone the skills they need to best serve our customers.”

At the same time, each retailer at the Lott has their own business development manager, someone who regularly visits their outlet and is always on hand to provide guidance and support.

Regular communication, online resources and learnings from other retailers with the Lott bolster the wealth of information available to franchisees.

“The retail landscape and lotteries are continually evolving, which is why we have a team dedicated to keeping our retailers informed so they can make the right decisions for their business,” Mr Moore said.

At the heart of the Lott’s operations is a sophisticated and government-regulated lotteries technology system.

It starts with the lottery terminals in each outlet that print and scan the tickets that could make their customers winners. With at least one lottery draw conducted each day, and the chance to win instantly with Instant Scratch-Its, these terminals are an integral component of the lottery system and are required to meet robust standards.

Behind-the-scenes, the lottery terminals connect to a state-of-the-art technology platform that manages a range of important functions, including the administration of draws and payment of prizes.

Overseeing the performance of this is a dedicated technology team, who along with the Lott’s contact centre, provide ongoing support to retailers.

Award-winning marketing campaigns make regular and casual lottery players aware of the latest chances to win, including multi-million-dollar jackpots and new promotions.

In addition to television, radio, online and outdoor advertising, these campaigns are deployed on the digital point-of-sale screens in the Lott’s outlets, providing highly visual prompts for customers.

Mr Moore said the Lott was focused on providing its strong and growing retail network with all the resources needed to deliver an exceptional customer experience to Australian lottery players.

“To deliver an unparalleled customer experience, our robust retail franchise network is underpinned by world-class marketing, training and business support.

“We want to offer the games Australians know and love, from the retailers people know and trust.”

In the 12 months to 30 June 2019, the Lott paid more than \$3.2 billion in prizes to its players. This included 372 division one winners who pocketed more than \$1.14 billion.

In the 12 months to 30 June 2019, Australia’s Official Lotteries contributed more than \$1.1 billion via state lottery taxes and donations to help community initiatives, such as hospitals, schools and sporting groups. ■



# The team effort behind successful franchising duo

Successful franchising is always a team effort. For multi-award-winning franchisees Ashley and Heidi Weekes the relationship with their franchisor at Swimart and the development of a strong team within their business have both been critical to assisting the pair to reach their business goals.

The Weekes' acquired their Swimart Jindalee franchisee in May 2016, and have since experienced consistent growth, both in the franchise unit's performance in the market as well as its workforce size, which has doubled over the past three years.

## Swimart's collaboration culture

*The Franchise Review* asked Swimart Franchise Development Manager Alex Johnson about how the franchise fosters a culture of collaboration and communication within the network and how Swimart supports its franchisees to meet their business goals. Here's what he said:

"From the moment each new franchise partner joins the Swimart network, they spend time learning and working within an established Swimart franchise business. We refer to it as their 'Swimart Buddy Store' as it fosters the collaboration approach within our network. This is essential for new members.

Once their training period ends, this Buddy Store continues to be a reference

point, along with the Swimart support team, for the franchisee as they begin their journey in their own business. Setting this foundation at the outset ensures that our franchise partners across Australia and New Zealand work closely together to share knowledge and support one another.

Technology also plays a major role in this collaboration approach as it enables franchisees to, among other things, post questions and/or photos of issues they have never come across because invariably someone in the network has experienced a similar challenge. Additionally, our regional and national advisory groups allow franchisees to meet up regularly to discuss their businesses collectively and

navigate the day-to-day challenges they face. This communication channel also enables the national advisory council of franchisees to have a direct line of communication with Swimart's senior management team.

Each year our franchise business managers meet with their respective franchisees to develop a strategic business plan that includes targets for the year ahead. We know that if the vision is clear we can equip them with the tools they need to reach their goals. After 36 years, our network has valuable experience in what it takes to grow a successful business. The fact that some of our franchise partners have been with us for 20-30 years shows just how successful this formula is."



“Our customers deserve the highest levels of service to keep their pool safe, healthy and easy to maintain, and this can only be achieved when the franchisor-franchisee relationship is built upon mutual respect and cooperation.”

Recently, Swimart Jindalee has been recognised within its franchise network and the pool industry for business excellence, winning seven state, national and Australasian awards within a space of two months.

“Jindalee owner/operators Ashley and Heidi Weekes have quickly become exceptional assets to the Swimart franchise network this past three years,” says Swimart Franchise Development Manager Alex Johnson.

“Ashley and Heidi have been successful for a multitude of reasons. They are a strong couple with complementing strengths, both of whom have a history in the corporate world. They utilise their leadership and management skills to build a wonderful team around them and foster a fun and engaging culture, which consistently puts the customer experience at the core of everything they do.

“Ashley and Heidi’s management style has entrusted their team to make decisions by encouraging them to take leadership and ownership of their roles. This enables Ashley and Heidi to work



on the business rather than in it. They understand that the more the business owners work in the business, the less the business is worth. Consequently, they have now moved into their second store in Sunnybank in Queensland as they continue their growth within the Swimart network.”

In today’s retail environment, Ashley says a collaborative working relationship and open channels of communication between franchisee and franchisor have never been more important.

“Our customers deserve the highest levels of service to keep their pool safe, healthy and easy to maintain, and this can only be achieved when the franchisor-franchisee relationship is built upon mutual respect and cooperation,” he says.

“Ensuring our business has the right people, with the right skills, in the right place, at the right time, has been critical to our success in providing efficient, expert advice and service to customers,” Heidi explains. “Staff training and development and fostering a culture of continuous improvement are priorities for us.”

“Our team of retail staff and in-field technicians provide an authentic customer service experience, with tailored pool care solutions, utilising the vast amount of experience our team has gained over many years caring for pools,” says Ashley. “These awards are a great tribute to everyone’s hard work and dedication.” ■

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# Managing property in my franchise

The importance of property within franchise retailing goes well beyond choosing the right locations. As a franchise system grows, the need for doing more with property than just the deal is a cornerstone of its future success.

**By Lee Trevena**  
CEO, LeaseEagle



A successful franchise system relies upon both the franchisor and the franchisees – their success is not mutually exclusive. The most successful retail franchises also understand the fundamental importance of professionally managing their store network, whether they're actually paying the rents or not.

Retail franchise systems should be undertaking a number of core activities to ensure their property management is consistent, professional and effective, and operating as a united force, rather than just a few shop owners.

These include the tracking of key performance metrics across their store network; access to consistent information and reporting; being connected into the 'market'; having property expertise; and working closely with all franchisees.

## What KPIs should I be tracking?

In retail, property is typically the second largest expense after wages, stock notwithstanding. Whilst wages are primarily fixed in the business model, rent can vary widely from store to store, and in many cases might even determine its success.

The number one KPI for tracking the efficiency of a retailer's property is **Sales Productivity**, or sales per square metre. Quite simply, it is a measure of how much revenue each 'square metre' produces and a vital performance metric.

The calculation is sales MAT (Moving Annual Turnover) - the sales recorded over the previous 12 months - divided by store area. Tenants will prefer to use the usable trading floor space, whilst landlords generally benchmark using the entire leased area.

Landlords and agents will sometimes use Sales Productivity to measure a retailer's value to a centre or to determine affordability. With access to thousands of store trading figures these groups will determine the productivity a retailer should achieve to help set an 'affordable rent'. Consequently, these may also be used against a tenant during a negotiation, or even to assess the potential for more competition.

Knowing your ideal Sales Productivity is critical in managing your network, strategic planning, and negotiations. Assume a store is 150sqm and has a turnover of \$900,000 per annum, then Sales Productivity equals \$6,000/sqm. As not all stores are the same profile, average Sales Productivity across your portfolio will differ. So let's assume that your ideal Sales Productivity is \$5,500/sqm and so that for a new 160sqm site you might reasonably expect it would need to do \$880,000 to be at an 'ideal trading level'.

Also, when approaching a lease renewal, you would do an assessment of Store Productivity to understand store performance. Using the above numbers, if the turnover was \$1.2 million in the prior

year then your Sales Productivity would be at \$7,500/sqm, and the store is probably over-trading, meaning you may want a bigger store, or even a second one.

## Why is this such an important measure?

Equally as important as Sales Productivity is **Occupancy Cost Percentage**, more commonly referred to as 'Occ. Cost'. It is a reflection of the cost to the business of occupying the store, as compared to the revenue that the store generates. The calculation is the 'sum of all annual property costs' divided by the Sales MAT. For the above example, if the total 'rent' for the 160sqm store was \$200,000 then the Occ. Cost at \$1.2 million in sales is 16.7 per cent.

With gross margin standardised, and wages also typically constant, the rent or 'cost of occupancy' may vary between stores, and as a result, it is a quick and easy measure of how the store is performing.

Let's say that a takeaway business is turning over \$1 million a year, has a gross margin of 70 per cent and a wages bill of 30 per cent, then there's \$400,000 left to cover operating expenses. If the Occ. Cost is 10 per cent (\$100,000) performance is pretty good, however if it's 20 per cent or more, then profitability and contribution will be very tight.

As with Sales Productivity, tracking Occ. Cost can provide valuable strategic





In 2019 more than ever, data-driven decision making, reliable systems and internal expertise are critical and perhaps even more important than general business nous, gut-feel and relationships.

guidance. From the previous example, if Occ. Cost was just \$50,000 (five per cent), not only is the store far more profitable, but could again be considered to be an over-trading store.

Occ. Cost Percentage is like a mini profit and loss for a store, and in my opinion is the number one property metric a retail business should be tracking, consistently and constantly.

### **Franchisors and franchisees can do plenty to help each other**

Growing a retail franchise and expanding the store network adds a lot of complexity but should also greatly improve access to valuable data - if you know how to utilise it effectively.

In 2019 more than ever, data-driven decision making, reliable systems and internal expertise are critical and perhaps even more important than general business nous, gut-feel and relationships.

As already highlighted, Sales Productivity and Occ. Cost should be key property metrics for all retail franchises. Rather than once a year, these KPIs should be managed in real time, constantly being verified and improved, deal by deal, knowing exactly how each store rates at any given time.

Can you instantly determine your top 10 or bottom 10 stores? Strategically,

what should be done with these, what can we learn? Every franchise system should also know exactly which leases are expiring in the next twelve months, as well as the next three years. Tracking what is happening well ahead of time is crucial in making the right strategic decisions, and often it's not just about the rent, but also about the size, location or competition, and in some cases, major changes such as a redevelopment.

The twelve-month view is the most essential one. Coupled with the right KPI data, analysing the pending lease expiry profile at this range will generally provide enough opportunity for all strategic options to be considered. Having the understanding of a store's property performance is essential when setting out renewal plans, even if just to determine any risk of a damaging rental increase.

Retail property is a cyclical market just like any other, and as it changes so does the need for new information - constant market knowledge is the key. Having an outsourced property consultant is an ideal way of bringing this knowledge inside your business, especially before you can afford a full-time resource.

Even as a more mature system with internal expertise, adding an external 'gun for hire' can be a very effective way to navigate those busy years of renewal


and/or new growth, not to mention exposing your team to broader market knowledge.

Similarly, the sharing of all property data within a franchise system is clearly for the greater good of all partners. The more intelligence that a franchisor has for the portfolio the greater outcomes it should achieve for the brand.

As a franchisor, I'd want to ensure that I was also utilising my 'on the ground' team of franchisees, who typically have the best local knowledge. Who knows better the specific issues of a centre or property, than the ones living it day-to-day?

As a franchisee, I'd also be leaning heavily on my franchisor to help me negotiate the best deal possible. Every lease deal across the portfolio will impact each other in some way, so I'd also be pushing for some consistency and centralised coordination to ensure that all partners can operate with the full force of the brand, not just as individual store owners.

Property is a specialist function that may appear straightforward but requires the right expertise and great attention for the best outcomes. The most successful franchise retailers have all partners in their brands working together, combining their knowledge with the right expertise and a clear understanding of real property performance. ■



When you're thinking of the future of your franchise, would you be excited to know that there are more than 7.4 million people in Australia open to buying a business? What would you give to know who those people are, what they want and how you can turn them from an interested party into a buyer?

# 7.4 million reasons to re-think your franchisee recruitment strategy

**By Allan Sweeney**

Head of Partnerships, SEEK Business



“Make your franchise stand out when you’re pitching by showing potential buyers that it really is an established business. Talk to the advantages of your brand, your proven track record, the support you offer and what you can do to help new owners be successful.”

Figuring out how to identify, connect with and convert quality buyers is one of the greatest challenges for any franchise.

Ultimately, finding the right franchisees comes down to what you know about your audience. The better you know your target market, the easier it is to create a robust strategy and recruit with genuine insight.

As a key partner in the Australian franchise sector, SEEK Business wanted to help the industry better understand the business buyer market. So we carried out a comprehensive study.

We talked to nearly 4600 potential business buyers across the country to get an in-depth snapshot of exactly who they are and what they want.

With such a large sample size, our results are robust; we now know more about the business buying landscape than ever before.

And our findings could change the way you think about franchisee recruitment.

**Here are six insights from the research that you can start using today.**

## **The opportunity is huge**

7.4 million Australians are open to buying a business. Yes, 7.4 million.

Breaking it down, 4.5 million of those have never owned a business but are open to buying. Two million currently own a business and are open to buying another one, and 900,000 have owned a business in the past and are open to buying again in the future.

Of course, not every one of those 7.4 million people are going to purchase a franchise. But if you think the potential target market for new franchisees is small and niche, it’s time to think again. There’s a massive number of potential buyers out there and your brand could be the opportunity they’re looking for.

## **Play the long game**

For many Australians, business ownership is a long-term dream. More than half the people surveyed have been interested in owning a business for more than ten years.

Taking the plunge to actually buy one though? It’s a massive step, especially for the 64 per cent of people who have never owned a business. For many, they’re trading the security of a regular pay cheque for the opportunity to establish something of their own, so taking the next step is a slow and often scary process.

What does this mean for franchisors? Every potential buyer you’re talking to is on a journey and some of them may be years away from committing to a purchase. So, once you have new leads, nurture them. Too often, we hear clients assuming a lead is dead when they don’t hear back from someone. However, more sophisticated brands are converting three-year-old leads, simply because they’re continuing to reach out to potential owners through tailored, personal communications.

We also found that business ownership is contagious – 88 per cent of people who are seriously considering purchasing a business have had exposure to business ownership in the past. So, the more you can do to introduce owners to potential buyers and create a web of connections, the stronger your pool of buyers will be down the line.

Start planting the seed by encouraging your existing owners to share their experiences. Enable potential buyers at the start of their journey to reach out to current franchisees and build up their own network.

Remember, big decisions take time, especially when it involves a massive change to the direction of your life. When one of those 7.4 million people is ready to buy a franchise, you want to be the first brand they think of. To make that a reality, you’ll need to be with them on the journey.

## **People want established businesses**

Of those we surveyed, 14 per cent said they were interested in buying a franchise – that’s over a million Australians. However, we think that number could be much larger; 26 per cent of potential buyers weren’t sure if they wanted to buy a franchise or a private business. In addition to that, more than half of the interested respondents wanted to buy a business that was already established.

We think this is a huge opportunity. After all, what is a franchise but an established business?


Make your franchise stand out when you’re pitching by showing potential buyers that it really is an established business. Talk to the advantages of your brand, your proven track record, the support you offer and what you can do to help new owners be successful.

With so many potential buyers open to either a franchise or a private business, there’s room for persuasion. If you can convince people they’re buying a solid, long-term business, you’ll go a long way to addressing one of their biggest buying desires.

## **Target all the decision makers**

Almost two-thirds of potential business buyers in Australia intend to buy with someone else. That could be a partner, wife, husband, friend, or investor. For that reason, don’t assume there’s just one person who has sole discretion over the purchasing decision, or that they’re the only one taking a massive financial and emotional journey.

When you’re connecting with potential franchisees, find out if anyone else is involved in the process upfront. Then, ask yourself this: What about your franchise makes you attractive to the ‘other’ buyer? This isn’t just as simple as sending all your emails to multiple email addresses. If buying and running the business is going to be a team effort, take the time to consider how your franchise can support all your buyers. Long term, what about your people and culture will make the experience rewarding for everybody with a stake in the business?



It may also be worthwhile diving a little deeper into the makeup of your existing franchisees. For example, if the majority of your owners are husband and wife teams, is there a particular reason for this?

### Don't just focus on financials

We asked potential buyers what was motivating them to consider buying a business. Yes, money is a factor. But only three of the top 17 'most important' responses were financial.

Most key driving factors were emotional – things like doing something they're passionate about, having more time to themselves and being responsible for their family's future. For this reason, making the financial benefit of joining your franchise the key part of your marketing and communications will not address the emotional drivers that will get new franchisees on board. Of course, you need to mention the financial side, but it shouldn't be the focus.

Instead, sell the benefits of the financial outcomes your franchisees might enjoy. After all, what's the point in buying a business if it doesn't improve your life?

And remember, this is a long game. Take time to uncover the unique drivers of each individual buyer and how you can help meet their needs.

### Emotions are key

If potential buyers are excited about the prospect of business ownership (69 per cent mentioned 'joy'), they're also rather wary. 33 per cent of respondents mentioned 'fear'. That's not surprising – people are often quite literally putting their dreams on the line when they buy a business. Success sounds wonderful, failure sounds crushing.

That means you need to speak to both the joy and fear people experience when buying a business and address both of these emotions.

How? Find out what joy means to your potential franchisee. Is it sending money back to family? Spending more time with their children? Having control of their working life after years of long hours and poor working conditions? Show them how

you could offer them their own 'joy'.

And fear? Fear of failure is probably the biggest fear we encounter with business buyers. To quell that fear, be transparent and empathetic. Give your buyer the chance to talk to other franchisees and be as open and honest as you can throughout the process.

Additionally, don't forget that this is a huge decision. If you see your buyers' concerns as an opportunity to educate and show empathy, then they're more likely to trust you. And if they trust you, then they're less likely to let their fear overcome their joy.

### So, what will you do next?

We're not going to pretend that finding franchisees is going to be easy, but these insights are the best place to begin when it comes to evolving your recruitment strategy.

What this research really highlights is that the opportunity and interest for business ownership in Australia is definitely there. And that's pretty exciting.

Success, however, is going to come down to how well you address your target market and the needs of each individual buyer. Remember, people want to buy from people. So, find ways you can bring more empathy, connectivity and easy access to information to the buying process.

If you can start addressing the enthusiasm, motivations, triggers and challenges that make up the business buying journey, you'll be better placed to position your business for growth in the future.

Please reach out to the team at SEEK Business if you'd like to discuss the research and how we're utilising these insights. There's 7.4 million people we'd like to help you connect with! ■

*Research carried out by Lewers Research on behalf of SEEK Business, April - May 2019. n = 4,594*

SEEK Business partner with franchisors by connecting them to engaged business buyers. We provide the guidance and advice to make finding high quality franchisees easy.

### Key Stats

- SEEK Business conducted a study on business ownership in Australia and talked to nearly 4600 potential business buyers
- The opportunity is massive; 7.4 million people are open to buying a business
- A third of people have been interested in buying a business for more than 10 years
- Business ownership is contagious, 88 per cent of people considering purchasing a business have had exposure in the past
- 14 per cent of people are interested in franchises, 67 per cent are interested in private businesses, while 26 per cent are unsure – so there's a huge opportunity
- 59 per cent of people want to buy an established business
- Most people will buy with someone else, 63 per cent with either a partner, wife, husband, business partner, friend, other family member, or business investor. Only 37 per cent prefer sole ownership
- Only three of the top 17 motivations for buying a business are financial
- 69 per cent mentioned joy, and 33 per cent mentioned fear when asked about their feelings about buying a business



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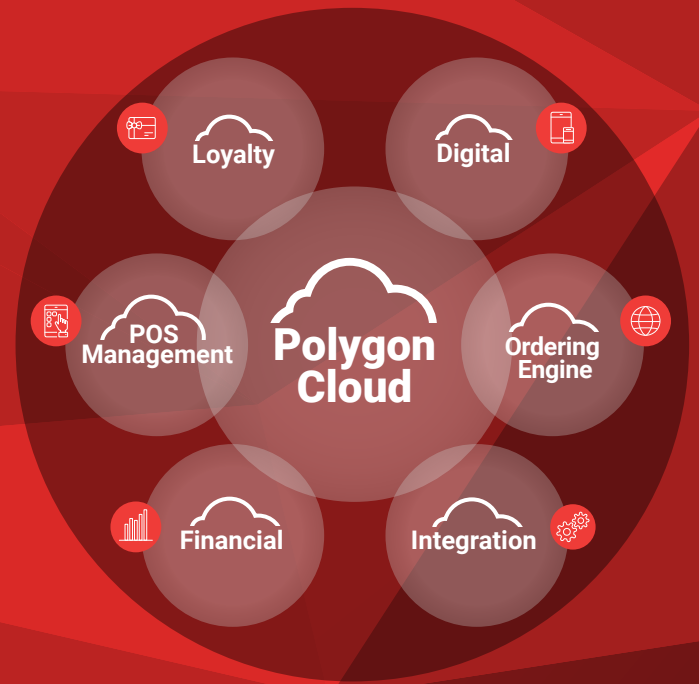
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# Lifetime Achievement Award

**Stephen Penfold** Kwik Kopy disruptor

Stephen Penfold, Executive Chairman at Kwik Kopy Australia has been awarded a Lifetime Achievement Award at the 2019 National Print Awards, recognising his invaluable contribution to the print industry over 65 years.

Penfold has been a key disruptor in the print industry's evolution in Australia, bringing the Kwik Kopy franchise to Australia from the United States of America in 1982 to leverage 'instant printing' and more recently branching out into digital, design, wide-format and signage at Kwik Kopy.

With a history dating back to the 1800s, the Penfold family has been a fixture in the printing industry for five generations. Stephen Penfold joined

the family firm of WC Penfold & Co in 1956, following an 18-month cadetship at Sydney printer S.T. Leigh & Co at just 17 years old.

Stephen became a major part of the WC Penfold plan to innovate and move with emerging trends within the print industry, which ultimately led to his most significant contribution; the launch of Kwik Kopy in Australia. The launch of instant print in Australia was a major disruption in the industry at the time, paving the way for print's future.

Stephen purchased the Australian franchise rights to the US company on behalf of WC Penfold and opened the first store in 1982. The first Kwik Kopy Centre opened in Sydney's CBD and was run by Stephen's sister-in-law and brother-in-law, Mary and Reg Waite.

When WC Penfold decided to offload its franchise business just a few years later, Stephen seized the opportunity to purchase the business. He left the family business and became the franchisor for Kwik Kopy Printing in Australia in 1985.

Continuing his record of innovation

in print, Stephen led Kwik Kopy into the digital era strategically transitioning the business from offset printing to xerography, then to desktop publishing and colour copying. More recently, Kwik Kopy has emerged as one of the fastest growing businesses in the wide-format and signage space and has also built a software as a service (SAAS) offering.

Stephen has contributed significantly to the franchise sector, holding positions as Director and Chairman of the Franchise Council of Australia and as a Board Member for the Federal Government Franchise Review Board. In 2003 he was an inaugural inductee to the FCA's Australian Franchise Hall of Fame.

Commenting on the Lifetime Achievement Award, Stephen Penfold said, "It is an honour to be recognised for my life's work in the industry I love. Print continues to be a dynamic and ever evolving industry with an exciting future ahead. I'm proud that Kwik Kopy is making its mark in print now and will continue to do so in the future." ■





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CELEBRATING



# The future of retail will bring products closer to our heads, hearts and hands

By Tommy McCubbin

As we know, a marketplace can only happen when the seller has something of value in the eyes of a buyer. Although the retail landscape continues to change dramatically, this simple model of buyer and seller has not. Technology simply helps put the right products in front of us, at the right time. It's just taken a few thousand years to really hit its strides.

As part of MYOB's third Radar Report, we reviewed the future of retail. This article is a snippet of the report, which is designed to get accountants and bookkeepers to drive strategic conversations with their clients in the retail sector.

There are three areas where the biggest innovations are happening in retail: getting

products in our **heads**, in our **hearts** and most importantly, in our **hands**.

Let's start with getting products in our **hands**.

In the second century BC, the revolutionary Silk Road distribution channel opened up trade between Asia and Europe in the first intercontinental marketplace, putting products in our hands from another world.

Fast forward to the 20th century, where the industrial revolution gave us the supermarket and shopping mall, almost anything became available within a few kilometres.

Then more recently, after a wobbly start, online retail has finally got a grip on targeting, selling, fulfilling and distributing products in a truly global marketplace.

Amazon is worth a trillion dollars for a number of reasons, but mainly because of their mastery and alleged 'monopolising' of ecommerce. Their counterpart in the East, Alibaba, has opened up the mega factories of Asia, and made these previously inaccessible products available for 'Ma and Pa' to buy one-at-a-time.

Now these products can be delivered at our door, surely they can't get any closer than that, right? Wrong. 3D printers are not just for printing unofficial Darth Vader pen holders - they have quietly been improving exponentially and are





set to give retail another monstrous step change. With printers able to produce products in over 300 different materials, we will soon be able to print anything from sneakers to speakers. We will start printing our own products, which will shake the world of retail arguably even harder than the dot com boom did. No inventory or distribution. Just buy the digital plans and shazam, products appear out of thin air, directly in our hands, in our living rooms.

In the report, we also looked at how technology puts products in our **heads**.

Amazon, Google, Facebook and Apple, are all in a frightening position to know what we are thinking today and tomorrow. When you combine their consumer data with the exponentially improving Artificial Intelligence, a hyper personalised, timely and

automated marketing landscape is inevitable. Leveraging these powerful platforms, while also collecting your own data is critical to building valuable relationships with existing and new customers.

And finally, winning the **hearts** of consumers, requires the most traditional tactics of the three: storytelling. To win at retail, your brand needs to stand for something. Find what is special about your provenance, people, product or purpose, and shine a light on it and use your physical stores to be 'museums' for the brand.

Take a story about a shoe shop in New York City who had been cobbling shoes in the same shop for over two generations. Their retail space was on the ground floor, and the cobbler's tools, leather, and workbench were hidden in the basement below. The owner asked a brand consultant to come and help grow their business. As she walked through the space, she had a simple solution: 'install glass tiles on the floor, so customers can see the craftspeople making the product right there underneath them'.

In an effort to win the hearts of

consumers, we are seeing brands turn bricks-and-mortar stores into 'brand museums' that happen to have shelves on them. As long as there are consumers, bringing the brand story to life will always be a valuable tactic.

The future of retail will continue to change, but the ingredients of a successful retail business will not. Win the heads with smart data, win the hearts with powerful storytelling, and get it into the hands using the global marketplace. And, in the meantime keep an eye on those 3D printers.

The full version of Radar Volume 3 examines key industry sectors that impact the franchise sector, either directly or indirectly, and provides some practical tips on how to navigate future trends. Download the full report at [myob.com/radar](http://myob.com/radar) ■

Host of award-winning technology and science podcast Future Sandwich, Tommy McCubbin is a leading futurist and speaker with a deep understanding of disruptive technology and the wider economy.





# Will AI make running a franchise easier?

Artificial Intelligence (AI) probably won't take your job (unless all you feel like doing is processing data) but it promises to help you make smarter decisions every day.

**Article supplied by Deputy**

## Three key benefits of AI in your business

- 1. Admin** – AI can already stay on top of common business admin and other repetitive tasks, from tracking inventory to reporting on sales performance.
- 2. People** – AI can help you be a better manager by streamlining team management and identifying what you can do to improve working relationships.
- 3. Customers** – AI can process huge amounts of customer data to help you improve the customer experience every time – and build loyalty.

## 1. AI loves repetitive data crunching tasks

Does anyone actually enjoy chasing up reports about day to day business activities? Or entering all that data into spreadsheets then setting up formulas to find out what's been going on?

It's fairly formulaic data administration work that consumes valuable time. Time you could use to make bigger decisions about improving your business. And every minute spent on that repetitive

admin by you, or someone working with you, costs dollars.

Most franchises already have multiple data processing tools from point-of-sale to the back office (and head office). So it's not a big shift to automate more of the data collection and then feed that to an artificial intelligence for analysis.

There are plenty of useful apps, cloud software, sensors and other technologies that can collect, track and report business data – but you need to set the data collection up properly.

AI can process huge amounts of data very quickly once it's taught how to sort good data from the noise. So, to get the best out of your AI:

- Define each activity and what it means – also keep in mind if you don't set up an activity for tracking, the AI can't analyse it
- Define clear relationships between different data sets so correlations can be made
- Define which emerging trends and discrepancies are worth reporting on.

If data is collected, processed and analysed well, you'll have fast access

to important decision-making insights, such as:

- Maintenance alerts – e.g. a sensor recording temperature inside a fridge helps the AI identify if the cooling system is malfunctioning, or if the door is left open too often.
- Inventory management – e.g. stock data collected by scanning items in storage, at point-of-processing, point-of-sale (in store or online) and in transit can help AI identify and report on which items need re-stocking, which items aren't worth offering anymore, as well as issues with deliveries on time.
- Cost-per-task – e.g. automatically tracking an employee's time spent on a task matched to earnings can help AI identify issues with under-pricing, as well as improve invoicing.

Remember: the better the inputs, the better your results.

## 2. AI can help improve working relationships

Good managers get to know their people well. That doesn't mean you have to be physically present all the time.





It's more about guiding your people in doing their jobs well and helping them solve issues. It can involve spending time listening to their feedback, watching how they perform a task, or giving them new tools, knowledge or processes that will improve their work – and their experience at work.

It also means communicating with them regularly about what they'll face each day, and what's expected of them.

If you can set up digital tools to handle a lot of your routine data-related processes, you'll have more time to manage your people.

AI can be taught to join the dots between multiple data inputs and give you reports that will improve your day-to-day management and communications for your team, including:

- Real time data from weather and traffic reports which can be used to notify changes to a menu or staffing levels to meet changes in demand
- Real time data from a logistics company about arrival time for new stock which can alert team members when they need to be available to help process new items
- Customer feedback and sales data matched with tribal knowledge within your team which can be used to change the offering for better sales, including selections for time of day
- Sales data matched to hourly costs per role or task, customer patterns and team feedback which can be used to schedule the most cost-effective number of people for a shift, such as a sale or busy event; it can also help ensure customers aren't left waiting to be served or staff aren't left without customers to serve
- Employee work preferences, availability and hours worked in a period which can be used to generate fair and balanced schedules, including combinations of people who work well together, while also being compliant with minimum/maximum hours and required staffing-level rules
- Feedback from employees matched

to data on their work habits (arrival/ departure; time taken to complete a task) and performance (sales, customer feedback) which can be used to monitor morale and alert managers about rewards, incentives or support

Importantly, automating the boring admin your employees don't like doing – such as timesheets, stock taking or recording orders and reservations – can make their work lives more satisfying.

### 3. AI can help you identify and serve your customers better

Franchises with access to insights from large and up-to-date network customer databases already have a huge advantage over individual competitors because they can see consumer trends play out in close-to-real time and region by region.

AI can analyse network customer activity to help drive and monitor changes to offerings and processes, including customer preferences for:

- Ordering and payment –self-service (kiosk, app or online) or human-guided service, confirmation of order accuracy (and availability), built-in upsell triggers for offers, and faster payments and order processing.
- Relevant products and services – digital channels collect shopping browsing behaviour as well as identify drop offs or spikes in interest depending on an offer, triggering better targeted offers; and in-store data of customer browsing behaviour can change the positioning of products and promotions
- Personalised service – data from customer feedback, online interactions and previous sales can help determine both the type of loyalty offer or upsell a customer will respond to and the way in which it is presented.

## Human interactions are important

Artificial intelligence is meant to help people do their jobs well – and refocus people's efforts from tedious tasks to more valuable work – not replace people entirely.

In fact, recent research suggests that even as we use more digital technologies (including AI), humans will crave more human interactions:

"People will still visit the physical shop and office of the future because of the all-important experience-factor," noted a 2016 report from the CSIRO (Tomorrow's Digitally Enabled Workforce). "To hear, touch, feel, smell products and the physical environment and, perhaps most importantly... to have social interaction with other people, are desirable qualities derived from their contrast with the increasing penetration of digital technologies."

The same CSIRO report also said service sector jobs requiring social interaction skills and emotional intelligence will become increasingly important.

We're all well-used to receiving personalised marketing via search, social media, ecommerce and franchise loyalty apps. And we can quickly tell if a business hasn't quite got it right.

Therefore customer facing people need to be incredibly agile at reading a person's personality, mood and interests on the fly – they need to be focused on the person rather than letting processes get in the way.

Similarly, you're a better boss when you're present for your staff, rather than being stuck in a spreadsheet.

So if you can use AI to handle a lot of the admin while you focus more on people, what will you and your team do to make every human experience in your business great? ■

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# Regional Franchising Awards recognise business achievements

On the face of it, a mechanic whose schoolteachers said he would never get anywhere in life, a former globe-trotting investigative journalist and a group of logistics professionals who started their business in a garage would appear to have little in common. But at this year's FCA Regional Excellence in Franchising Awards, all were recognised for their business success.

Their achievements, and those of all the winners and finalists at this year's Awards, have been built on passion and determination, a willingness to learn and a drive for constant improvement, all underpinned by the structures and supports of their franchise systems.

"The outstanding effort by the franchisees who took out the awards, and their contribution as successful small to medium business operators, shows the positive impact franchising can have on employment, the economy and community," says FCA CEO Mary Aldred.

"The businesses run by these franchise owners are fantastic examples of small to medium businesses achieving in a tough environment and setting the benchmark for franchising across Australia."

It's the kind of praise that Western Australia's Multi-Unit Franchisee of the Year for 2019, Warren D'cruz, was not accustomed to receiving back in his school days.

"I got told at school that I was lazy and wouldn't make anything of my life," says Warren, who is now the owner of three Auto Masters franchises in WA (in Malaga, Ellenbrook and Midland) and has also purchased two SA stores in the franchise (one of which he later sold after building its turnover by more than 150 per cent).

After leaving school at 15 and emigrating from the United Kingdom to Australia, Warren completed an apprenticeship as a mechanic and worked in the trade but wanted to achieve more.

"I was looking at opening my own

workshop of some sort and looked at a franchise as well. I chose franchising mainly for the structure. I work very hard, I've got a lot of passion about everything but I need that direction as well. For me it just seemed the perfect fit and I haven't looked back from buying a franchise," Warren says.

"I do want to be the best. Not the best in Auto Masters, not the best to win this award but the best in myself and that's what drives me," he says.

Elizabeth Nable of Xtend Barre, Northern Beaches is another great example of the diverse paths that can ultimately lead to franchising success.

The winner of the NSW/ACT Franchise Woman of the Year Award for 2019, Elizabeth moved from a career travelling the world working in investigative journalism to becoming Australia's first Xtend Barre franchisee. She now owns four studios on Sydney's northern beaches.

The decision for Elizabeth and her husband to become franchisees, though was made as she says "with our backs to the wall".

Having returned to Australia from the United States of America, Elizabeth was working in the newsroom but her husband couldn't find employment in the post-GFC finance sector and was at one stage working as a brickies labourer to make ends meet.

After 12 months of soul searching, they borrowed money against their house and were ready take an idea they'd had with the Barre workout in the United States and make it a reality in Sydney.



"We sometimes tell the glory story of how we love fitness – and we do love fitness – but that was really a turning point in our lives when we had to make a decision about what was next for us. We knew we had to make it work because we had everything invested in that," Elizabeth says.

Winners of this year's Queensland/ Northern Territory Single Unit Franchisee of the Year, two or more staff Award for 2019, Jason Hand, Wendy Hand and David Beggs have spent nearly 20 years in the shipping and logistics industry.

The trio brought their extensive experience with them when they purchased their InXpress Narangba franchise in 2009, recognising a growth opportunity in their industry without the need to invest in the large overheads of a traditional freight business.

"We bought the first InXpress franchise in Australia and started in our garage at home," says Jason.

"We were there for two years with up to around seven staff in the garage and two fat Labradors sleeping under our feet. I look back on those early years with affection because we were on a

wing and a prayer. We've really grown professionally and come a long way in the past 10 years and we have the warehouses and the call centre and that sort of thing."

Jason Heshusius of EFM Mawson Lakes was another fitness industry franchisee to experience success at the Regional Awards, being named South Australia's Single Unit Franchisee of the Year, less than two staff.

His career as an EFM franchisee spans almost 12 years across two separate stints, returning to the fold at the franchise in July 2016 after previously selling his franchise in 2010.

"I had worked a job that required long hours for an average wage, and it was very stressful. I tired of working for and answering to someone else. I wanted to be back in control and missed the training and camaraderie that came with EFM from years gone by," Jason says.

"I briefly considered going out on my own, but when an opportunity came up to buy an EFM franchise that was just missing a little TLC, it was a no-brainer to come back."

WA Single Unit Franchisee of the

Year, two or more staff, winner Soon Aun Khoo and Chin Wei Ming of Chatime, Carousel, took yet another path to success, but their passion for their business is just as obvious.

Since taking over the Carousel Chatime store in August 2017, the pair have grown sales by 113 per cent, making their store one of the top performing Chatime stores in Australia.

"Coming out from University I was looking for a business that I could potentially turn around and have a good franchise support," says Soon.

"Chatime provides amazing support in how they run their operations and how they run their marketing. They really inspire me to be able to use their systems and then add what I've learned from the corporate world and take it another step up.

"Winning this award means what we're doing has been positive. We've seen a lot of growth, we've seen a lot of new customers coming through, and we've seen the ability to bring the brand to the next level in Western Australia itself."

For Roll'd franchisee, Jenny Rayner, who was named the Vic/Tas Franchise





Woman of the Year for 2019, one of the benefits of being a franchised business owner is not just the support she receives, but the assistance she can provide her staff in developing their own careers.

Jenny joined Roll'd as the network's first female franchisee in 2013 and now owns two stores at Chadstone, which she runs with a team of 25 predominately female staff.

"I make my staff feel that no matter what you do within the business it's important," Jenny says.

"A lot of them are studying, so I accept that they're not going to stay with me forever, so where they need support, I encourage them to pursue their career related to their course. Some of them want to stay within the business, so I recognise what they do and help them move up within the business."

Following their success, all Regional Excellence in Franchising Awards winners have qualified as finalists for the MYOB FCA National Excellence in Franchising Awards, which will be presented at a Gala Awards Dinner on the Gold Coast on Tuesday 22nd October. ■

# 2019 Winners

## 2019 NSW/ACT EXCELLENCE IN FRANCHISING AWARDS

### NSW/ACT Multi-Unit Franchisee of the Year

Peter Kerr, ANZ Mobile Lending, Sydney CBD & North Sydney

### NSW/ACT Single Unit Franchisee of the Year, two or more staff

Brent Howard, Quest Apartment Hotels, St Leonards

### NSW/ACT Franchise Woman of the Year

Elizabeth Nable, Xtend Barre, Northern Beaches

### NSW/ACT Field Manager of the Year

Francois Nila, Hire A Hubby

### NSW/ACT Franchisee Community Responsibility and Contribution

Celeste Godwin, TaxAssist Accountants, Forster

## 2019 QLD/NT EXCELLENCE IN FRANCHISING AWARDS

### QLD/NT Multi-Unit Franchisee of the Year

Chris McIntyre, ANZ Mobile Lending, Gold Coast Central, Gold Coast North, Loganholme & Ascot

### QLD/NT Single Unit Franchisee of the Year, two or more staff

Jason Hand, Wendy Hand & David Begg, InXpress, Narangba

### QLD/NT Single Unit Franchisee of the Year, less than two staff

Kate Davidson, EFM, Noosaville

### QLD/NT Field Manager of the Year

Tim Spreadborough, Hire A Hubby

### QLD/NT Franchisee Community Responsibility and Contribution

Joanne Heidke, Bakers Delight, Burleigh Heads

## 2019 SA EXCELLENCE IN FRANCHISING AWARDS

### SA Multi-Unit Franchisee of the Year

Natalie and Jason Sims, Poolwerx, Somerton Park and Morphett Vale

### SA Single Unit Franchisee of the Year, less than two staff

Jason Heshusius, EFM, Mawson Lakes

## 2019 VIC/TAS EXCELLENCE IN FRANCHISING AWARDS

### VIC/TAS Multi-Unit Franchisee of the Year

Eric Ha, Roll'd Australia, Victoria Gardens & Malvern Central

### VIC/TAS Single Unit Franchisee of the Year, two or more staff

Mark and Ky O'Shea, Quest Apartment Hotels, Bundoora

### VIC/TAS Franchise Woman of the Year

Jenny Rayner, Roll'd Australia, Chadstone

### VIC/TAS Field Manager of the Year

Melinda Bowles, Shingle Inn

## 2019 WA EXCELLENCE IN FRANCHISING AWARDS

### WA Multi-Unit Franchisee of the Year

Warren D'cruz, Auto Masters, Malaga, Ellenbrook & Midland

### WA Single Unit Franchisee of the Year, two or more staff

Soon Aun Khoo & Chin Wei Ming, Chatime, Carousel

### WA Franchise Woman of the Year

Bianca Panozzo, Express Retail Group

### WA Field Manager of the Year

Marc Moniz, San Churro Chocolateria

### WA Franchisee Community Responsibility and Contribution

Bendigo Bank, North Perth

# Introducing change into your franchise system

**By Luke McKavanagh**

Associate,  
Stone Group Lawyers

Consistency is key in franchising. You have developed a proven business model for success through your brand and product recognition.

Franchisees have seen this success and chosen to partner with your brand. They have entered an agreement for the long run and handed over a large element of control to forgo operating independently. This exchange of give and take has arisen because they have:

- (a) invested most, if not all, of their available resources into this business venture;
- (b) observed the potential for value and their own success; and
- (c) importantly, placed their trust in your hands.

Being asked to change the original deal may not be received lightly.

## **Adaptability**

A franchise system must be adaptable. Markets and consumer trends change overnight in our fast-paced world. Your system has succeeded because you identified an opportunity in the market and made the most of it. There was a need for your goods and services. Your ingenuity gave your business model such an edge that you chose to replicate it through franchising.

Just like that that original market opening allowed your franchise system to grow and thrive, there will always be new openings. If you don't fill them, a competitor will. You may lose customers if you don't keep up with the latest trends. You understand that for your model to continue to be responsive to market changes, you must adapt. But do your franchisees understand this and share that same vision?

How you sell change to your franchisees is key, together with having the right mechanisms in place to facilitate this. You won't get far if your franchise agreement does not permit you to introduce change.



## Unfair contract terms

The franchising industry is currently facing significant changes itself. A government taskforce was recently convened to examine the sector following the release of the Parliamentary Committee report "Fairness in Franchising". Conduct of franchisors is under the spotlight. You don't want to be the next news headline.

This examination may soon result in unfair contract terms becoming illegal. The ACCC strongly backs this. At present, it may not be unlawful for your franchise agreement to contain an unfair term, but you may be prevented from enforcing that term if challenged in court.

The Australian Consumer Law contains strict criteria for what constitutes an unfair contract term and when it will be unenforceable. This won't necessarily apply to all franchise agreements. Generally:

1. one party to the agreement must be a small business;
2. the agreement was entered or renewed after 12 November 2016; and
3. the provision:
  - (a) causes significant imbalance between the parties' rights and obligations;
  - (b) is not reasonably necessary to protect the legitimate commercial interests of the stronger party advantaged by the provision; and
  - (c) would cause detriment to the weaker party if enacted.

If all criteria are satisfied, a court can declare that provision to be unenforceable. The remainder of the agreement will continue untouched.

In the context of a franchise agreement, this means that even if your agreement contains a provision permitting you to introduce change into your franchise system, a franchisee could challenge you. If a court viewed the provision as unfair, then you can't enforce it and can't introduce your change. Trying to bypass this by instead amending your operations manual could also be captured.

A court will also take into account whether you gave your franchisee a genuine opportunity to negotiate the agreement before signing. If you told your franchisee "take it or leave it", the franchisee might be in a stronger position.

If the laws are changed, it may then be illegal for a franchise agreement to simply contain an "unfair" provision.

"Use the carrot rather than the stick. Avoid simply quoting the section of your franchise agreement entitling you to enforce the change. Don't market it as something that will improve your own bottom dollar."

## Good faith

Unfair contract laws are not your only consideration.

The Franchising Code of Conduct (Code) imposes the obligation for both parties to a franchise agreement to act in good faith towards each other. This will not prevent you from acting in your own legitimate commercial interests, but you must act reasonably and have regard to how your actions and decisions may affect franchisees.

Failing to act in good faith can result in legal action or ACCC penalties.

## Selling your idea

So, even though your franchise agreement may give you flexibility to introduce change in your franchise system, whether it be a re-brand, new logo or different products and services, how do you enforce this in light of stringent laws? Reasonableness and communication.

Inherent to the laws is acting reasonably. It must be in your own genuine and legitimate business interests to make the decision to enforce a change. This must be a carefully considered decision.

This means do your homework, build a convincing case, and then sell it to your franchisees. Do this in person. The sale may not be easy as people generally resist change. Think about how you would sell a new product or service to a customer, then apply the same sales pitch to your franchisees.

Use the carrot rather than the stick. Avoid simply quoting the section of your franchise agreement entitling you to enforce the change. Don't market it as something that will improve your own bottom dollar.

Entice your franchisees by demonstrating how the change will benefit each of them personally. If they can't see a direct benefit, where's the incentive? Give them that incentive. Ensure they understand the necessity of this change.

Reinvigorate a franchisee by selling the potential to grow their business. Convince one, and they will spread the word to others.

Not everyone may be convinced, and that is when you may need to take a more forceful, but considered, approach.



## Costs

Numbers matter to franchisees. They spent substantial funds acquiring their business. If they are being asked to invest more, they will naturally be hesitant.

Be mindful of the restrictions under the Code for directing a franchisee to incur an item of significant capital expenditure. You are permitted to make this direction if:

1. details are disclosed in your disclosure document (which is why your disclosure document should contemplate these scenarios); or
2. it will be incurred by a majority of franchisees and they have approved it; or
3. it is necessary to comply with legal obligations; or
4. the franchisee agrees to it; or
5. you give the franchisee a written statement with a rationale for making the investment, the amount, the anticipated outcomes and benefits, and the associated risks.

## Takeaways

Whilst the law gives you a degree of flexibility to enforce change, having the cooperation of willing franchisees will always be preferable.

Have a clear franchise agreement, treat your franchisees as respected business partners and make reasonably informed decisions. That will put you on the right path for introducing change to your business model when there is a reasonable basis for doing so. Importantly, it will ensure your franchise system continues to hold its position in the marketplace. ■

Luke is an Associate at Stone Group Lawyers and a member of the Queensland Law Society Franchising Law Committee.

# The Franchise Rating Scale™



## A Focus on Performance and Transparency

**The Franchise Rating Scale™ is underpinned by seven performance standards which include:**

- System performance
- Franchisee financial performance
- Franchisee engagement and satisfaction
- Franchisor training and support
- Franchisor financial performance
- Lender relations
- Compliance and assurance

Following a robust and independent assessment, franchise systems are allocated a performance outcome (star rating) which can be used at their discretion.



Australian Franchise Rating Scale – 2019

**Provide your franchise with the credibility it deserves.**



## Insights from the FCA's 2019 Multi-Unit Summit

# Franchisees share their tips for multi-unit growth

Strategies to assist multi-unit franchisees improve the productivity and performance of their teams and grow their businesses were a key focus of the Franchise Council of Australia's Multi-Unit Summit, held in Melbourne during August.

Panels, round tables and presentations by some of Australia's most successful franchisees from top brands such as Anytime Fitness, McDonalds, Boost Juice, Hire-A-Hubby and Endota Spa provided attendees with access to the experience and knowledge of franchisees who have built their multi-unit businesses from the ground up.

The first practical lesson provided to attendees from opening keynote, Rhys Cutifani, Multi-Unit Owner at Anytime Fitness and Orangetheory was that it's okay to go back to the drawing board and reset for success.

"Every day starts at zero. If you execute with excellence every single day then over time that builds momentum and eventually you get that success that you're striving for," Rhys told attendees, while sharing a six-step operating framework that he uses across the six Anytime Fitness studios and five Orangetheory Fitness studios he currently operates.

Rhys and his wife Bridie opened the fifth Australian Anytime Fitness in 2009 and experienced immediate success that inspired them to purchase a second franchise business and grow to 12 units by 2012.





Rhys Cutifani

Having previously been accustomed to running high performing units, the growth had seen the businesses begin to perform below capacity. Ultimately, the pair sold some of their units so they could reset from a new platform for long-term growth.

As part of the process of scaling back and once again building from the ground up, Rhys began to develop his six-step operating framework for lasting success.

The six principles Rhys shared at the summit were:

1. Create alignment through a shared sense of purpose
2. Focus on the wildly important
3. Take action on the key priorities
4. Keep score
5. Create a rhythm of accountability
6. Celebrate the journey in order to renew commitment

The day was bookended with a presentation from Chris Carroll, a McDonalds multi-unit franchisee who owns 10 units with the global franchise giant.

Having bought his first McDonalds franchise nearly 25 years ago, Chris

waited a further five years to open his second unit, purchasing an existing store in his local area.

"You've got to get the first one right. If you're going to grow, don't grow until you get the first one right," said Chris.

With McDonalds operating a policy that only allows franchisees to grow within their geographical boundaries, Chris was well situated with his first store in Laverton when the western Melbourne suburb entered a period of dramatic growth around eight years ago.

After being a two-store operator for 14 years, Chris added another three stores to his portfolio within an 18-month period and "it nearly crushed me".

"Know when to get out and don't wait too long," Chris told attendees.

With this in mind, after six months, he sold his fifth store at a loss, in order that he didn't compromise the rest of his operations.

Chris then focused on building his teams and experience. Three years later he added three more stores, and two more quickly after that, this time having a clear understanding of what it took to scale up and having implemented the



Chris Carroll

infrastructure and system to achieve it.

The success principles Chris shared at the summit were:

1. Do it 20 per cent better than expected
2. Build relationships within business and with your franchisor. "Best practice to me is benchmarking," Chris told the summit.
3. Avoid energy suckers
4. Read the play and listen. "We run a people business and it sells hamburgers," Chris said.

With both franchisee and franchisor perspectives on multi-unit growth shared throughout the day-long event, the 2019 Multi-Unit Summit provided both franchisees and the franchise head office staff you attended with a unique insight into the experiences of those who had walked the path before them.

As summarised by Summit master of ceremonies, Organisational Development Consultant Danny Ginsberg: "What amazing insights. What it comes down to is relationships. Make sure you're supported by great people, looking after great people, have great conversations and make those relationships happen." ■







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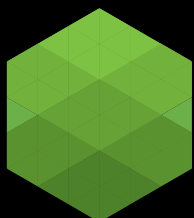
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By 2025, millennials will make up the majority of Australia's workforce. What will this future look like? What will my business look like? These are the questions I'm asked all the time as a business strategist. They're also the kinds of questions I ask myself as a leader of millennial teams.

# The Millennial Mindset: Understanding the future of work

**By Nicole Hatherly**  
Business Strategist





“Millennials are growing up with the technology we built. As a result they are high tech, high touch and are growing in their knowledge and capability faster than we can comprehend.”

With every new generation comes new opportunities for business. New customers. New ideas. New skills. And new expectations of how work, and life, should be.

With all of this ‘newness’ comes challenges. But it’s how we choose to adapt to these challenges that will determine what happens next.

Whether you’re a business leader working with young teams or a franchise owner looking to leave your business in safe, capable hands, understanding the ‘Millennial Mindset’ - how this new generation thinks and feels about work - is key to leveraging their new strengths and talents, inspiring new levels of performance and revealing new opportunities for your business to thrive.

Here are just a few of the ways the Millennial Mindset is changing the future of work today.

### **They’re Growing. Fast.**

The questions I hear from my clients are: ‘how do we keep Millennials engaged? How do we fuel potential for growth long-term?’

Millennials are growing up with the technology we built. As a result they are high tech, high touch and are growing in their knowledge and capability faster than we can comprehend.

Eager to learn on the job, the more we give exposure to every part of the business, the more we will see our younger team members thrive and deliver higher value.

### **They don’t want a Boss.**

Millennials don’t want a manager. They want an inclusive playing field, where information and advice can be exchanged freely. As business leaders, we must become less ‘directive’ and more ‘collaborative’ to ensure the future of our businesses work for future generations.

Leading, coaching and partnering are now tools used freely to enable this exchange. We must move from withholding information to enabling an intergenerational flow of wisdom. Hierarchy as we know it is not redundant: it does look more collaborative however, enabling diverse points of view.

### **They crave clarity above all else.**

A millennial’s kryptonite? Ambiguity. A digital world has conditioned this generation to crave instant access to information, and the ability to cross-check. It is critical as leaders, we give them the keys to a clear vision, the tools to succeed and the empowerment to enable them to take our businesses to the next level.

Never before have we had five generations in a workplace. A shared vision for the business is more critical than ever.

### **They want to know ‘Why’.**

The majority of millennials want to work for a business that shares their vision and values for the future.

Millennials are driven by their beliefs and a desire to be a part of something bigger. In the Millennial revolution, the focus is resolutely on purpose over profit. The purpose over profit mentality is critical for motivation, and potentially even be the key for businesses changing hands.

The common goal all generations share, is to leave our world better whatever our business is. If we want to build bigger, millennials want to build it better.

By making an active choice to understand the Millennial Mindset - the way millennials think, feel - we get one step closer to answering the big questions about the future of business. And moving forward towards something bigger, and better for all. ■

Nicole Hatherly will be delivering a keynote presentation on harnessing the Millennial Mindset at this Year’s National Franchise Convention to be held on the Gold Coast from October 20-22. To find out more about the NFC program, visit [www.nationalfranchiseconvention.org.au](http://www.nationalfranchiseconvention.org.au)

# Helpline assists members to meet employment compliance obligations

FCA members have been proactive in seeking information and guidance to ensure they meet employment compliance and industrial relations obligations, according to FCA Employment Compliance Helpline operator ER Strategies.

It has now been six months since ER Strategies took the reins of the Helpline, a service in which financial members of the FCA can call in and access practical employment and industrial relations compliance advice.

FCA members have taken this service in their stride and are using the Helpline, asking a wide range of questions and taking proactive steps towards employment compliance, with the ER consultants at the end of the phone highly skilled in all aspects of employee relations to assist with any employee-related issue FCA members ask of them.

Of the calls received since ER Strategies commenced operating the Helpline in April 2019:

- 18 per cent were enquiring about employment compliance strategy and proactive actions they can take to achieve employment compliance within their networks.
- Employment conditions and counselling and discipline related calls each accounted for 13 per cent of the calls received
- Award and agreement

interpretation related calls made up 11 per cent of total calls.

As part of the ER Strategies and the FCA's joint commitment to providing members with better access to information and education to help run successful and compliant businesses, an Employment Compliance Essentials webcast was held in June 2019, generating further helpline enquiries.

On the back of the webcast, the most common questions raised by franchisors through the Helpline were regarding strategies and compliance measures franchisors could put in place to understand and meet their obligations under the Vulnerable Worker amendments to the *Fair Work Act* in 2017.

Undertaking audits of franchisees, implementing an employee helpline for employees of franchisees to raise any issues, providing ongoing employment compliance training to franchisees and recommending time and attendance systems are just some of the recommendations the FCA Employment Compliance Helpline provided in this area.

The FCA and ER Strategies strongly


recommend calling the Helpline for advice regarding your specific circumstances.

Employee counselling and discipline enquiries are also a common reason for FCA members to contact the Helpline. Unfortunately, dealing with difficult employees can be a part of running any business, however, failing to follow a formal counselling and discipline process to deal with their behaviour can carry significant risk.

ER Strategies always recommends seeking advice prior to terminating an employee, be it for misconduct or a potential redundancy. With general protections claims on the rise, and the risk of unfair dismissal, a phone call to the FCA Compliance Helpline before acting can be of critical benefit.

Callers have also regularly sought guidance around award coverage, employment conditions and wage rates advice for employees within their network. Whilst this process might require more than the included 30-minute telephone discussion for members, it is always important for franchisors to ask



A man in a light blue button-down shirt and a green striped tie is holding a black smartphone in his hands. He is wearing a dark brown belt and a dark bag strap is visible over his shoulder. The background is a bright, out-of-focus window.

The FCA Employment Compliance Helpline has answered enquiries around wage rates, allowances and termination payments for members covered by different modern awards.

and understand award coverage for the employees of their franchised network when meeting their obligations under the Vulnerable Worker legislation.

The FCA Employment Compliance Helpline has answered enquiries around wage rates, allowances and termination payments for members covered by different modern awards.

The members who have accessed the FCA Employment Compliance Helpline since April have demonstrated a genuine commitment to meeting their compliance obligations. Employment compliance is complex, and the FCA Employment Compliance Helpline is there to help. ■

The FCA Employment Compliance Helpline is accessible to FCA members as an included membership benefit. Members with an employment relations question can call 1300 108 486 where a consultant will be pleased to provide practical ER and IR advice.





The recent Franchising & Business Opportunities Expo saw queues down the foyer of the Melbourne Exhibition Centre.

# New look for 2020 Franchising Expo

The industry's premier event for prospective franchisees, the Franchising & Business Opportunities Expo, will have a fresh new look in 2020 plus new open days and new workshops.

Event Director Tim Collett says it is a great time to refresh the event, which has been running successfully for 32 years. He says, "the industry has had a tough year, and if anything it reinforces the need for an independent platform like the expo to provide advice and information to potential franchisees".

"Next year we are moving the show to a Friday and Saturday to attract a better mix of professionals and families. We are also introducing 'be your own boss' and 'multi-unit franchise' workshops to attract a broader audience".

Collett adds that the Perth Franchising & Business Opportunities Expo returns to Crown Perth in 2020 for a one-day boutique event on Sunday 3 May.

The most recent Franchising & Business Opportunities Expo in Melbourne in August was one of the strongest shows in many years, with queues running down the foyer of the Melbourne Exhibition & Convention Centre.

A number of companies used the event to launch new franchise concepts in Victoria. They included Plumbing Bros, Pattysmiths Handcrafted Premium Burgers, The Great Greek, Quantum Blast Technologies, Solar Run and Eco Laundry.

"It's our first show, so we weren't sure what to expect," said James Riddle from Plumbing Bros on the first day of the show. "But we've had 25 strong conversations in just one day so we're very pleased. It is a great way to introduce people to our business".

However the Franchising Expo is not just for new brands. Established brands also use the show each and every year as part of their recruitment campaigns.

"The Expo is a predominant part of our marketing," explains Kevin Lacey, National Franchise Manager at Snap Print & Design. "It reminds people Snap is still around after 120 years in business, so it is very important for brand awareness".

Exhibition Manager Fiona Stacey says that strong results from shows in Sydney, Brisbane and Melbourne this year have spurred many exhibitors to rebook immediately for 2020.

"Exhibiting at the Franchising & Business Opportunities Expo really is the best way to recruit new franchisees, raise brand awareness and network with leading figures of the industry. I'm excited about all the changes coming next year and urge anyone interested in exhibiting



Kevin Lacey and Ian Tagliabue from Snap Print & Design.

to contact me now and lock in their stand".

For more information go to [www.franchisingexpo.com.au](http://www.franchisingexpo.com.au) or contact Fiona Stacey or Rachel Parker directly. Telephone 03 9999 5460 or email [franchising@specialisedevents.com.au](mailto:franchising@specialisedevents.com.au)

## Franchising & Business Opportunities Expo 2020

**Sydney:** 20-21 March at ICC Sydney, Darling Harbour

**Perth:** 3 May at Crown Perth, Burswood

**Brisbane:** 19-20 June at Brisbane Convention & Exhibition Centre, South Bank

**Melbourne:** 21-22 August at Melbourne Exhibition Centre, South Wharf



# SME FINANCE GROUP



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# Upcoming FCA Events

The Franchise Council of Australia holds numerous breakfasts, roundtables and education sessions across Australia. As a member of the FCA, you are entitled to attend some of these events free of charge, and some at member-only prices.

## New South Wales

<b>12 DECEMBER</b>	Christmas Function
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## Queensland

<b>21 NOVEMBER</b>	Christmas Function
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## South Australia

<b>28 NOVEMBER</b>	Christmas Function
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## Victoria

<b>1 OCTOBER</b>	Coffee Catch-Up
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<b>12 NOVEMBER</b>	Coffee Catch-Up
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<b>14 NOVEMBER</b>	WIF Wellness Event
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<b>3 DECEMBER</b>	Christmas Function
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## Western Australia

<b>3 OCTOBER</b>	Coffee Catch-Up
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<b>7 NOVEMBER</b>	Coffee Catch Up
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<b>10 DECEMBER</b>	Christmas Function
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## National

<b>20-22 OCTOBER</b>	National Franchise Convention
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<b>22 OCTOBER</b>	MYOB FCA Excellence in Franchising Awards Gala Dinner
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Events held by and in conjunction with the Franchise Council of Australia are designed to be informative and educational, along with providing ample networking opportunities. Meet franchisors, management staff and experts in the sector to discuss issues relevant to your brand and your career.

\*NB - Breakfasts, forums, roundtables and education courses are being added to the national calendar all the time. To see the most up-to-date version of the calendar and register for events, go to [www.franchise.org.au/event-calendar.html](http://www.franchise.org.au/event-calendar.html)



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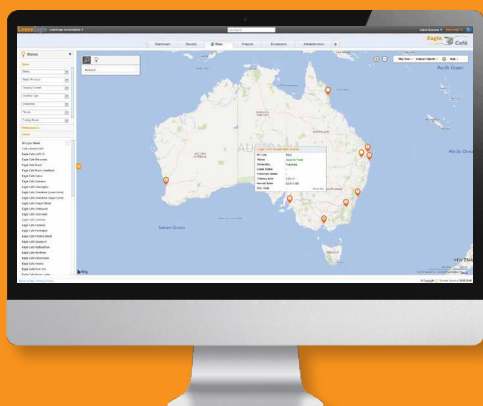
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**Booth: 46**

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