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Regions respond enthusiastically to franchise opportunity

By Mary Aldred,

CEO, Franchise Council of Australia

Fostering a strong and diverse small business sector is a significant component of a sustainable local economic development strategy. For many regional centres, slowing commercial investment has resulted in a shortfall in the range of retail and small business services and entrepreneurial opportunities.

To help address this, the FCA began a campaign in 2019 to support regional revitalisation by highlighting franchises as an efficient, innovative tool to address service and small business ownership gaps.

The FCA sent letters of invitation to nearly 80 regional economic development officers across Australia and is now in discussion with a number of councils interested in attracting new franchised businesses.

At the same time, the FCA sent an email to members to ask if they were interested in setting up in specific regions and looking to identify potential franchisees and business operators.

The result was outstanding and the FCA is now organising introductions between franchise members and local governments in several regions, on the path to become Australia's foremost small business and franchise system matchmaker.

The regional councils have approached the FCA mindful that selective franchises which address identified service and small business gaps in their area will help create a more diverse business mix, new employment opportunities and core activity in the community.

Franchises offer the brand recognition, efficiency and economies of scale advantages of a chain store while retaining the local economy and entrepreneurial benefits that are hallmarks of independent small businesses which help local economies strengthen and expand their base.

The franchise business model provides an organisational system and corporate support that lowers barriers to entry. Reducing these traditional obstacles may greatly enhance opportunities for many first-time entrepreneurs who traditionally lack adequate resources, access to capital, and extensive industry experience.

As CEO, I'm leading a small but focused FCA delegation in July meeting with regional economic development officers, councillors, local chambers of commerce and key regional landlords between the WA coast and northern NSW to discuss and introduce franchises which could breathe life back into their economies and communities through matching local business people with some of the nation's most successful franchise systems.

In doing so, we clearly acknowledge the model for the program developed with Greater Hamilton Council in southwestern Victoria.



As Poolwerx continues its expansion in the United States of America, the pool and spa care franchise has turned its attention to finding 'ma and pa' pool businesses and converting them to franchised operations.

Using a conversion growth strategy to realise potential

It's a recruitment strategy that is paying dividends for franchisor and franchisees alike.

For franchisees, it's a welcome move from being an unsupported independent business in a tough market to gaining the resources that come from joining a franchise framework to secure their livelihood.

As franchisor, Poolwerx gains a readymade customer base and the expertise of franchisees who have already been operating their own business in the market.

"Conversion as a franchise development strategy is an opportunity we have embraced over the past few years after realising the immense potential it held for our business," says CEO and Founder of Poolwerx, John O'Brien (left).

"Since adopting the strategy (in the USA), we have learnt so much about the process and honed our approach to great success, leading to a record 40 retail store conversions in 40 months," he says

Now, 70 percent of Poolwerx's USA network has been derived from conversion franchising and O'Brien says the strategy will also form a major element of the franchise's recruitment program in Australia, where he believes it will eventually account for half of the network's new franchise partners.

"There are so many benefits to conversion for both the convert and the franchisor and it is an underutilised strategy in my opinion. The opportunity is vast. In the US, research shows that 85 per cent of independent pools are 'ma and pa' operators. With our current trajectory of 300 new Poolwerx stores in the US over the next few years, we anticipate that 70 per cent of the new business joining the brand will be through conversion," O'Brien says.

"Comparatively, in Australia there are about 800 independent retail

pool businesses, with 500 'ma and pa' operators. As we strive for the goal of 300 stores new stores domestically as well, we expect over 50 per cent of our new Australian franchise partners will originate from a conversion."

Identifying a conversion prospect

'Our approach is based on a fair bit of science to ensure we are targeting the right businesses," O'Brien says.

"We map all independent stores in Australia, United States, and New Zealand and crosscheck those against our current franchise territories and pool ownership to see what options are available for expansion. We then rank the stores according to the opportunity level and utilise data from our suppliers to combine all this intelligence to populate our recruitment database and formulate a plan of approach to introduce the Poolwerx brand."

According to O'Brien, prospects usually fall into four categories.

- 1. Immediate acquisition. Usually there is a serious personal issue or illness that is driving the need for an immediate sale and they are grateful of the approach. If the business and location is right. Poolwerx will find a franchise partner to buy it as soon as possible or in some cases buy it corporately and find a franchisee buyer later.
- 2. Matchmaker. Some owners are still keen to sell but do not want to convert and are happy to wait for the right price. They realise it would be easier to sell as part of a franchise, so they become part of Poolwerx's match maker program to find a buyer. The buyer is aware the business will be converted to a Poolwerx and this is part of the purchase appeal.
- 3. COOT Convert, own, operate and transfer. These people are typically 65 years of age, have been in business a long time and don't have any family interested in taking ownership. They are

not ready to retire yet but want a solid exit strategy. This makes them willing to convert to the brand because of the higher future sales price it will drive.

4. COO - Convert, own, operate.

These independents are usually around 45 years of age, with about a decade of experience in the industry. They are ready to take their business to the next level but unsure how to achieve it solely. They realise the benefits of joining a franchise to make this goal come to fruition.

Promoting the advantages of franchising to potential converts

According to O'Brien, in the United States currently about 30 per cent of conversion prospects contact Poolwerx, with the remaining 70 per cent targeted through a direct approach.

Experience has taught O'Brien and his team that there are several influential factors that a potential conversion business considers before joining the network.

"The number one question people want to know is: how do I increase my revenue? Marketing is the answer, but the reality is it can be hard for a sole operator to turn their minds to investing in marketing and sales," O'Brien says.

"The fact we can go to them and say we utilise the combined resources of a national marketing fund to promote the brand regularly is an attractive benefit for a new prospect."

Drilling down further into the finances, potential conversion franchisees are also interested to know how being part of the network can increase gross profits and reduce costs. This is where group buying power comes into its own.

"The fact we negotiate pool product purchasing programs on behalf of our franchise partners means we can invariably negotiate better deals and leverage buying power. This leads to



reducing costs of goods and improving gross profit margins," O'Brien says.

For a non-franchised small business owner, the training and support offered when they join a franchise network is another big drawcard.

"Being in business for yourself can be lonely but in franchising there are strong support teams to guide you. From the professional development offered by our field management team, to the comradery established between franchise partners through regular meetings and conventions, there is no reason to feel alone," says O'Brien.

Finally, O'Brien lists access to the latest technology, including a state-of-the-art global website, a world class ERP system and "the quickest most accurate water testing" as influential to potential conversion franchisee's joining his network

"Everything we offer has a clear purpose, to ensure our franchise partners can manage their business more efficiently, effectively, remotely and profitably," he says. "...a conversion growth strategy has led to rapid market share and revenue growth and is now a cornerstone of our recruitment success."

Delivering a conversion strategy

"I am constantly surprised more businesses don't look at conversion as an option, especially those in less saturated markets where there are fewer players," O'Brien says.

"To deliver on a conversion strategy is very different to core franchising. We had to target a new market and it wasn't one where franchising was top of mind. They were not looking in the typical places we had advertised before. We had to make sure Poolwerx established a presence in pool trade magazines. We exhibited at expos and used our industry supply network for recruitment referrals. It worked to introduce the brand and get people thinking about a new way to do business.

And while conversion franchising can come with its own set of challenges, it's

a recruitment method that has delivered for Poolwerx.

"There is a perception that conversion franchise recruitment comes with some baggage, and that is true given you can be working with businesses owners who have been doing things their way for 30 years, but the bumps are worth it," says O'Brien.

"You get instant market share and inevitably learn things from these experienced business owners that can help shape and grow your brand too. Ultimately though, if an independent has selected to join a franchise brand, they are amenable because they have chosen to benefit from being part of a larger franchise system.

"For Poolwerx, a conversion growth strategy has led to rapid market share and revenue growth and is now a cornerstone of our recruitment success."

Conversion franchisees enjoy the benefits of franchising

As non-franchised small business owners. Frank Disher, Seon Jaramillo, and Cal Boothby all faced the challenges of flying solo as owner-operators without the frameworks of franchising to support them. Here, these three Poolwerx converts share their stories.

The Franchise Review (TFR): What are the reasons you decided that it would be beneficial for your business to join the Poolwerx franchise network?

Frank Disher, Poolwerx franchise partner, Keller, Texas (FD): I would describe myself as a hardworking, ethical person. I would never describe myself as a good businessperson. I retired last year as a Federal Aviation Administration (FAA) air traffic controller after 27 years. I have had my business for 22 years and it has been relatively the same size; around \$2 million in gross revenue, about 12 employees and a few hundred service accounts this entire time. I have been blessed to bring in enough work and make enough money to cover expenses most of that time, however there were many months where my FAA job was my only takehome income, and I had to contribute my savings to pay company expenses. I was working a total of 70 to 100 hours a week. I knew nothing about business and I knew that was my weakness. I felt Poolwerx's expertise in business was the missing component allowing me to achieve great

Seon Jaramillo, Poolwerx franchise partner, Austin, Texas (SJ): We decided to join Poolwerx as a franchise for several reasons. The first reason is that online sales are killing small business retail and we hope that joining a franchise with better buying power, better processes, larger foundation and better education at our fingertips can help us sustain the wave of online sales. We also like immediately having an expanded family that I can call upon at any time for help with pool issues. As a mum and pop business, creating processes and implementing them is not fun. Poolwerx stepped in and helped me with processes that have already been built so I do not have to reinvent the wheel.



Cal Boothby, Poolwerx franchise partner, Redlands, California (CB): We had many reasons but the main ones are:

- 1. We wanted our company to remain in business long term and that meant finding ways to stay competitive in retail by having better buying power, better marketing and better brand recognition.
- 2. We wanted more extensive training opportunities for our employees that would help them have not only jobs but rewarding careers in the pool industry.
- 3. We wanted our company to remain intact and our employees to keep their jobs when we decide to retire.
- 4. We knew that when the time comes, a franchise will be easier to sell and will have greater value than our small independent business. A new buyer will be able to obtain bank financing and will receive comprehensive training through Poolwerx.

TFR: What would you list as the main benefits of operating a franchise as opposed to operating as an independent small business?

FD: For me the main benefit is guidance and structure. The path to success is a paved road that is well maintained. I was in a maze that occasionally crossed that path but I had no particular direction to follow. I now understand what numbers I need, how to track those numbers, and how to achieve those numbers. Having a plan that is structured for my needs and capabilities is a huge blessing for me.

SJ: The main benefit of operating a franchise rather than a small business is brand strength.

CB: The main benefits are: potentially a better supply chain and pricing; better employee training opportunities; potentially better brand recognition and marketing; having other eyes looking at our company objectively and offering advice as to where and how we can improve; and a network of other franchise partners who support each other and share ideas.

TFR: What stood out about the way that Poolwerx managed the process of you joining the franchise network?

FD: I felt like Poolwerx worked hard to help me preserve the good aspects from my existing business and bring me around to the Poolwerx way without completely disrupting everything. They understand that I have customers that have been with me for several years and it is important that I maintain those relationships. They are also very patient and encouraging with my lack of proper business skills.

SJ: What stood out to us after meeting with them over a two-year year time span was trust. We had to trust the people that we would be joining forces with. We met John O'Brien, CEO along with his wife, and felt he truly has a connection with building relationships, people, and their businesses. Ben was the most influential person in our transition. As I told him, I have to believe in what I am hearing from him because it truly affects the lives of our families and my employees' families. If I did not feel that trust, regardless of the business model they offered, we would not have joined forces.

CB: The Poolwerx core values are very much in line with our own and that was very important to us when we considered making this leap. There has been an open line of communication throughout the process and that is critical in a major change such as this. Because we are a larger company that has been in business for 35 years and we are a conversion to Poolwerx rather than a new start, there have been some bumps in the road, but we have always believed that everyone at Poolwerx genuinely wants us to succeed in this venture. We have learnt a great deal about franchising from them and they have been open to learning from us (and other franchise partners) about the US market and customs, which can be different from those in Australia. They are committed to 'finding a better way', which many new friends! ■

FRANCHISE COUNCIL OF AUSTRALIA

2019 MULTI UNIT SUMMIT

Friday 9th August 2019 | Fenix Events | 680 Victoria Street Richmond VIC

Looking to create successful growth in franchising?

If you want to grow either in number of locations or quality of operations, the FCA 2019 Multi-Unit Franchising Summit is a must-attend event.

Top business speakers will be sharing their experiences and franchising success stories in a comprehensive, exciting and informative day.

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- · Learn cutting edge strategies to boost the engagement and performance of your people
- Discover the characteristics of successful multi-unit franchisees and how to develop these
- Collaborate with other high performing franchisees and experienced executives from top brands
- · Hear how successful multi unit franchisees have achieved greater financial success and lifestyle flexibility

The program provides a choice of franchisee panels along with a franchisor concurrent, run by highly knowledgeable and experienced franchise specialists with many brands represented by multi unit owners and brand area

Round table topics also give delegates the opportunity to participate in the discussion and personally contribute their experience as well as networking drinks at end of day.

This is the event for multi-unit and multi-brand franchisees and franchisors looking to build their businesses to achieve their growth goals.

For more information or to register, visit

FCAmultiunitsummit.com.au or call us on 1300 669 030.







Accountability and repaid wages

The plight of underpaid workers was the business' primary focus. Our owners promptly committed to repaying any underpaid individual, without any legal obligation to do so. The business took accountability for not only the issue but also the solution.

There was a great deal of debate and media coverage regarding the process and people involved in making restitution to those directly affected. What was lost in that debate and coverage was the focus on getting people paid quickly in what is Australia's largest ever wage repayment program. The process was entirely voluntary. More than \$160 million in wages and superannuation had been repaid.

We communicated directly and regularly to more than 15,000 current and former employees, and via public calls in a range of national and international media over 18 months. Wage claims were handled confidentially by the Independent Secretariat with its focus on making it as simple as possible for the claimant.

We said we would remediate underpaid workers as comprehensively and efficiently as possible, and that is exactly what we did.

New leadership

Providing restitution to affected employees was only one part of the journey. The business needed to change, and our reform appropriately started from the top.

A new Chairman of the Board was appointed, along with three new Non-Executive Directors. These new Directors brought diverse and highly relevant skillsets, across corporate governance, finance, strategy and crosscultural engagement.

The senior leadership team was also overhauled, including the departure of the former CEO and Operations Manager, and the appointment of a new CEO. More than two-thirds of the senior leadership team are new to roles or to the business since the underpayment issue was revealed.

Business reform

With franchisee employees now being repaid, a new look Board and Management team, 7-Eleven also took a number of substantial steps to tackle and stamp out wage fraud at the franchised store network level, including:

• a multi-million dollar investment in innovative store level technology to centrally record and capture time and attendance records for all Employees through biometric (thumbprint) sign-on and sign-off;

- · centralising payroll to ensure noncompliance is more easily identifiable;
- investing in a significant increase in field-level investigation and compliance activity;
- creating a sophisticated data analytics, monitoring and reporting platform to further help identify unusual patterns of behaviour;
- establishing a hotline to ensure that any employee (including those within the franchisee network) can make an enquiry or lodge a complaint about non-compliance with workplace laws;
- · investigating and, where required, acting upon any allegations of unlawful store activity, including termination of the Franchise Agreement; and
- increasing Franchisees' profit share and minimum profit guarantees under our Franchise Agreement, positioning 7-Eleven's model as among the most competitive and attractive in the franchise industry.

7-Eleven also voluntarily entered into an industry-leading Proactive Compliance Deed with the Fair Work Ombudsman (FWO) in which we committed to a range of further reforms. Natalie James, the former FWO said "The measures in this deed are the most robust and comprehensive that any franchise brand has in place in Australia."





Raising the bar

Through these measures and more, we have worked hard to ensure the highest levels of performance and compliance amongst our network. Where those standards are not being met, we will continue to take action.

Since October 2015, we have successfully terminated more than 20 Franchise Agreements for wage fraud. However, terminating a Franchise Agreement is not a decision we take lightly, nor is it as straightforward as commonly believed. It relies on having franchisee employees willingly provide evidence to 7-Eleven to support terminating the offending Franchisee evidence that can stand up to the scrutiny of the Australian courts and legal system. This requires bravery from those most deeply affected by wage underpayment. We should not underestimate the difficulty associated with calling out such behaviour, especially when it requires the individual to step outside strong cultural and ethnic groups.

Termination is only available to a franchisor if it can be demonstrated that the underpayment has occurred in a way that involves fraudulent conduct.

Our experience demonstrates that the barriers to terminating a franchise agreement in cases of underpayment are difficult enough for a company the size

of 7-Eleven to pursue through the courts, let alone the two-thirds of Australian franchisors that are small-medium businesses

7-Eleven was disappointed the Joint Parliamentary Inquiry into Franchising failed to recommend that the two relevant industry codes - the Franchising Code of Conduct and the Oil Code - be amended to give franchisors the right to terminate a franchise agreement in the case of serious non-compliance with Commonwealth Workplace Laws or Fair Work Instruments.

A further area for reform - both from our experience and as is now apparent in many sectors of the economy - is a mature discussion of student visa rules and policy settings. It is broadly accepted that current visa rules do not allow students to legally work enough hours to cover their tuition and living costs, which creates a pool of vulnerable workers at risk of exploitation due to economic needs or fear of deportation for breaching their visa.

A recent 4 Corners story on international students showed universities allegedly lowering the language requirements to admit more students. In addition, a former Immigration official also mentioned that their financial capability to support themselves - as required under the visa - is also rarely checked. However, the story did not link these factors with the increasing exploitation of foreign students being revealed across the economy.

"We have made mistakes but have sought to address these from the front and not retire from the debate we sparked. While there's more to be done, much more, we are proud of the progress we have made."

International education is a booming sector for the Australian economy, but we must be vigilant to the increasing number of vulnerable students now present in our country, working to pay for their education, but at the mercy of potentially unscrupulous employers.

In this regard, 7-Eleven cautiously welcomed the Government's Migrant Workers' Taskforce report released in March this year. However, we were disappointed the report and recommendations fail to address many of the key deep-seated cultural issues and visa enforcement and restrictions that unfortunately contribute to the vulnerability of migrant workers which we shared with the Taskforce based on our experience.

We have consistently argued that any comprehensive approach needs to include looking at the 'supply-side' of the issue, including a mature discussion about the visa restrictions for international students.

Business growth

Throughout our remediation and reform journey, the business has continued to perform strongly, beating our financial targets and grown to be Australia's second largest private company. We still open over 30 stores each year and have expanded our Corporate Stores to about 15% of the network enabling us to better understand the store environment, trial initiatives, and ultimately be better retailers.

The business has won a number of industry awards in the last year, including the NACS Asian Convenience Retail Technology Award for our 7-Eleven Fuel App, a world-first which has been downloaded by 1.6 million customers and saved nearly \$11.5 million off their petrol bills.

Most recently, 7-Eleven won the Canstar Most Satisfied Customers - Petrol and Service Stations Award for second vear running.

We have made mistakes but have sought to address these from the front and not retire from the debate we sparked While there's more to be done, much more, we are proud of the progress we have made.



Workforce management for your franchise











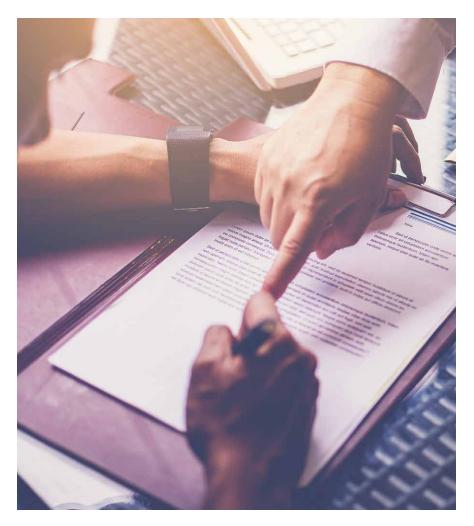


"We're saving two admin hours (\$25/hr) per store per week on sharing rosters and news. With 50+ stores, it's saving a lot of money, about \$130,000 a year."



Giro Maurici CEO/Founder





"The footprint of small business on the rest of the economy is too big to ignore and it's not just a lack of financing that's currently casting a looming shadow over arowth."

Small business is the canary in the cage for the rest of the economy. Over nine out of ten Australian businesses are small businesses, they pay 12 per cent of total company tax revenue and with over 40 per cent of Australia's workforce employed in a small business, are one of our biggest job creators.

There are a lot of reasons why it's tough to run a small business right now. Access to finance is near the top of the list, and the fallout from the banking inquiry has tightened the tap. The Reserve Bank of Australia's annual small business survey reports that one fifth of small businesses are now struggling to secure finance.

Consider that more than 90 per cent of Australian businesses are small businesses, and over 40 per cent of Australian jobs are in those businesses. This is particularly significant in franchising, because over 90 per cent of the approximately 80,000 franchise outlets in Australia are small businesses.

Of concern. ASIC reported that last vear the number of companies entering external administration increased by 11.2 per cent. This year, there's an added gauntlet of traps small businesses are runnina

In retail, discretionary consumer spending is dropping. The RBA has picked this up, saying it wants to see unemployment fall. That means seeing more people with a job, being able to afford to spend more in the retail sector. Right now, giving someone a job is the best boost you can give the economy.

There are many legitimate grievances that have been aired through the banking inquiry. But taking a deep, narrow dive into the banking sector without acknowledging the broader consequences was always going to punish small business and penalise Australian jobs. We're now seeing some of that impact come to fruition.

Announced late last year, the federal government's investment of \$2 billion to facilitate small business lending was aimed at countering this fallout.

Under the initiative, a loan to a franchisee or small business is secured only over the business, and not real estate security or personal guarantees. This is important, because many small business owners use their home to secure a business loan. With a slow down in the housing market already biting, this will have a big impact on small businesses and their ability to secure finance.

Ahmed Fahour, CEO of the nonbank lender Latitude Financial, has said that small lenders just don't have the capacity to take up the slack if the banks stop lending to small business, and warned that it was a serious issue for the economy.

As the Fidelity report on retail real estate found late last year, online shopping is transforming retail at a time when consumption is struggling and the role of consumption in growth is waning. And the speed of change is accelerating. The level of rents and floor space are becoming uneconomic for more and more bricks and mortar retailers. Many small businesses have their business finance equity tied up in a real asset, like their home.

The footprint of small business on the rest of the economy is too big to ignore and it's not just a lack of financing that's currently casting a looming shadow over arowth.

Retail leasing, energy prices, industrial relations, and the regulatory costs of doing business are all becoming bigger hurdles for small business to clear. With new technology and digital disruption, the way we do business is changing too, and it's tough for small businesses to keep on top of this let alone ahead of it.

The sector needs an emboldened focus and encouragement to grow jobs and invest. If small business takes its foot off the peddle, the rest of the economy will stall ■



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The FCA's new Franchisee Advisory Committee (FAC) has now had two meetings to discuss the challenges facing small to medium businesses and the type of on-theground support and services that can assist franchisees in the current tough consumer environment.

Franchisees provide input through new Advisory Committee

The Franchisee **Advisory Committee**

Crystal Petzer

The Alternative Board

Jane Lombard

Hire A Hubby

Beverley Taylor

InXpress

Rob Bruhl

Drug-Safe Workplaces

Shannon Hickey

The Lott

Peter Goulis

La Porchetta

Damian Colefax

Just Cuts Franchising

Tony Megalli

JAX Tyres

Soon Khoo

Chatime

Mike Downey

Gutter-Vac

The committee was established to give franchisees a formal avenue to provide input directly to FCA CEO Mary Aldred on relevant policy issues. Mary recently briefed the committee on the status of the franchising taskforce and its proposed approach to stakeholder engagement in coming months

Committee members were asked their views on the parliamentary inquiry's key recommendations and the resulting discussion focused on Franchising Code of Conduct enforcement activity, the Australian Competition and Consumer Commission (ACCC) complaints process and the merits of mandatory legal and financial advice, as well as the specific difficulties that franchisees (and franchisors) face in negotiating retail leases.

The FCA will provide the Taskforce lead organisation, the Department of Jobs and Small Business, with contact details of the members of the committee, to facilitate franchisee consultation with the taskforce.

Following a discussion about other services and information that might be of value for franchisees, Mary said FCA franchisor members would be urged to encourage their franchisees to register for access to FCA information events, webinars and the eDM mailing list.

Franchisors will also be reminded that individual franchisees can apply for direct membership of the FCA if they wish to have more direct involvement in the FCA.



"I regularly benchmark against leading franchisees, not just in Australia, but the USA and UK."

Beverley Taylor



"Every business requires consistency and effort to keep it on track."

Crystal Petzer



Staying ahead The views of FAC Members

Beverley Taylor

InXpress

I am always learning, and will never stop, and I don't waste 'dead' time. Whether I am driving in the car, or at the gym on the cross trainer, I am always listening to training CDs and making the most of the time. I continuously undertake internal and external training courses, on both running a business/finance and sales/ motivation. I continuously read business books. Always be learning. And take advantage of the education offerings via the FCA. In addition, I regularly benchmark against leading franchisees, not just in Australia, but the USA and UK. I analyse marketplace 'consensus' on pricing and securing more service offerings, which in turn help diversify our offering. This is in addition to spreading mv net turnover across a high number of customers, rather than leaving 'all my eggs in one basket' and relying on the revenue of a few key customers.

Crystal Petzer

The Alternative Board

I have been in franchising for more than 25 years in three different franchises and like to help the franchisor keep on top of the trends in business and generally ask for the new things that are out there to help the franchise achieve. Franchisees have to remember that it's up to them with the franchisor to make their business successful. It is a two-way street. As much as I love to help other businesses succeed, I need to succeed in my business too. Listening skills and good communication are key in this business. I am constantly looking for a way to help our clients achieve their goals. We have this amazing online Business Builders Blueprint software to help our business owners navigate their strategy, plans, goals and visions all in one place. This also helps me keep my clients accountable. To keep my discipline I set goals and check in every week and month. I also measure my KPIs in our system to ensure that I am on track. Having a diary with block out times really helps too. Every business requires consistency and effort to keep it on track. Doing lots of small things consistently works in the long term.

Tony Megalli

JAX Tyres

As a franchisee the essence of my business is to provide a quality service to my customers while maintaining the JAX business model. We run the business as a team, and every employee plays a key role in the day to day running of the business. I treat my staff well and maintain a safe, clean working environment and conditions. We follow the franchising guidelines and staff are trained to meet the high expectations of the customer's experience, as well as keeping up to date with technology and what our competitors are doing. I also make sure that we are involved in

JAX franchise meetings and have a say. I suggest that any new franchisee should speak with other franchisees already within the franchise to learn how to achieve the best outcome for their own. business

Shannon Hickey

Nextra (representing The Lott)

Newsagencies around the country are unique in some respects to the traditional franchise model as we are 'hosts' for the franchisor. The Lott, inside our own businesses. Being the first ever concept store for the Lott, I feel that as a franchisee, we have a need to 'raise the bar'. We have always had the ideology of 'look professional, act professional, be professional.' Being part of the FCA has always given me an opportunity to see what other franchises are doing, particularly the ones involved in this ever-changing retail landscape. We put a high expectation on staff and suppliers as well as ourselves in competing for the consumer's dollar over the ease of the online sale. I have always been a big believer in the franchise model with success coming only from the same level of uniformity across the board from major capital cities to small rural towns. I do believe however, every now and then the franchisor should step outside the 'cookie cutter' model and show the world its vision for the future. This is something that in partnership with the Lott we achieved at Chermside.



Sean Kinchington

EFM Victoria Park, SA

I first bought into an EFM franchise in 2006, when I was 21. I had only been in the industry for about 18 months and the club was one of the most successful in the nation, so it was too good an opportunity to pass up. I ran the club for four years.

The second time around it was 2017 and I was 32. I felt that with a growing family it was also time to grow as a personal trainer. I was working for a personal training company for the entire seven-and-a-half years between the two EFMs.

I knew it would be hard to do that at the job I was working in since leaving EFM, so when there was an opportunity to start up a new club in an a part of Adelaide that I knew well, with a company I had been familiar with, I felt it was the right time. The notion of building something from the ground up also was also a major pull.

When it came to starting up the new club, I had then been in the industry for 12 years and so I was pretty clear on the type of message I wanted to give people in regards to health and training. EFM messaging across the entire nation was similar to mine, so it felt right to go back to EFM. The model itself meant that I had constant support and the ability to bounce ideas off not only the head office team but other franchisees.

What stands out to me is that even though each club is run by a different trainer who can carry different traits and ways of implementing programs to their members, the EFM network shares a common goal of wanting changing people's lives in regards to their health and fitness, which can in turn change other aspects of their lives.



Jason Heshusius

EFM Mawson Lakes, SA

I bought my first EFM in May 2001 at age 21 because the fitness industry offered very few opportunities for full time employment. Buying an EFM franchise meant I got to train people, while having the potential to earn a fulltime income. The added benefit was that I could do so without having to do it all and learn it all on my own, and I'd have an asset to sell at the end. EFM provided support so I could follow a plan - the EFM way - which made the decision so much easier. I had the franchise effectively for nine years.

I bought again in July 2016. The reasons were varied: I had worked a job that required long hours for an average wage, and it was very stressful. I was 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. 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 hack

I figured that if I went out on my own, I'd only be replicating what EFM already has established, except I'd have to do all the little things that consume so much of your time and resources. EFM has

systems and processes in place that make life easier for me to just focus on the day to day, month to month operation of the club. It mitigated the risk significantly.

The EFM Franchise Support Centre provides a model to follow and many things were already in place, for example who insurance is with and how its structured, where our equipment comes from and who maintains it, the lease agreement details, the behind the scenes paperwork and member records and tracking systems. All the things that many new business owners or self-employed individuals don't realise they need until they are in their business and too far committed to change course. Plus, there is a great network of franchisees who also own clubs under the same banner. They provide a network of people I can reach out to if I need, and also an opportunity for me to give back by sharing what I

As a second time around franchisee, I'm impressed by the way the EFM franchise network has progressed significantly. The changes I noticed when I returned were huge. They genuinely want to make a difference to the health and wellbeing of our community, to make the biggest impact they can. To do so, EFM knows that the franchisees need to be given the direction and support they need to be successful. So that's what they set out to do - set us up for success. ■

When Australia dreams, we all win!

Why join us at the Lott?

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Each year Australia's Official Lotteries make dreams come true. With the help of our retailers, Australia's Official government-regulated Lotteries play an important role in helping to support Australian communities with over \$1.1 billion^ available for hospitals, schools and sporting groups. *State Lottery Taxes FY18 Australia-Wide (ex.WA).

We are Australia's largest franchise network with almost 4,000 franchisees, operating across all of Australia, except for WA.

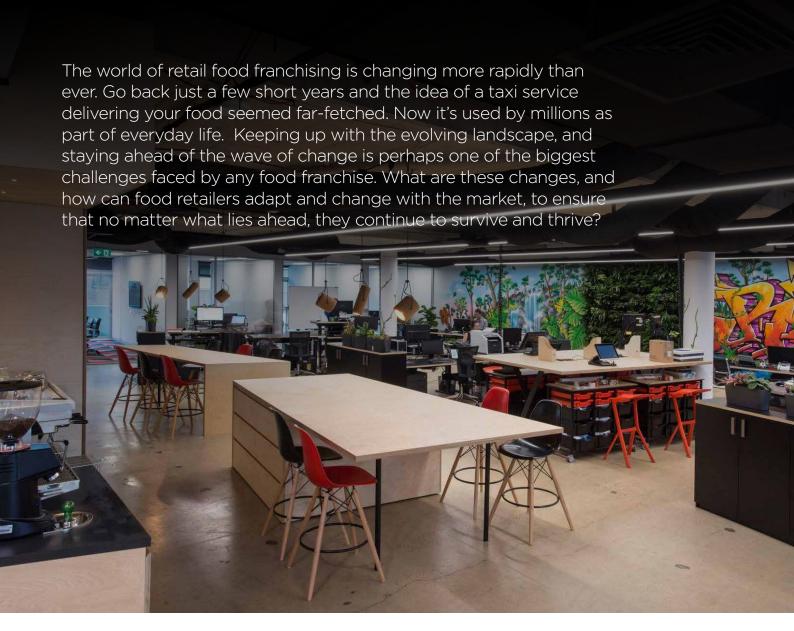












Redcat's IT platform is helping food retail franchises adapt for success



Customers driving change

Let's look at the way in which customers are driving change in the landscape. They are more powerful than ever - with increasing competition for their dollar, they are in the driving seat, knowing that retailers are wooing them hard for a share of their wallet. This means they can be ever more demanding, insisting on the highest standards of food, service, convenience and information. They want to feel valued by and connected with the retailers where they do choose to

Technology is driving changes in the way they interact with food providers too - there's a smartphone in every pocket and consumers want to harness its power and convenience. Just about the only thing they don't do via their phone is actually eat the food!

Businesses responding to change

What do the changes in consumer behaviour mean for food franchise businesses? How are they having to change and adapt?

They understand that the only way they can meet increasing customer demands and still run a profitable business is through information and connection delivered by technology. Technology that gives them insights into their customers, and their business. Technology that pulls together every element of their operation, front of house and back. Technology that goes outside their four walls to connect them to customers and suppliers.

What are some of the ways food retail franchises can address this rapidly changing world, and use technology to support new ways of doing business? The Franchise Review spoke to leading specialist hospitality IT platform provider Redcat, about how they are helping franchise food retailers to keep up to speed and succeed.

Delivery services

The biggest change in the retail food franchise market over the last three years has been the rapid growth of aggregation and delivery services. In Australia, Uber Eats, Deliveroo and Menulog are the primary players, offering an incredibly wide range of food and beverage options delivered to the door. For the food retailers, the extra business this generates is a boon, but until now, it has also been a big effort and cost to process the orders. The issue is that orders from Uber Fats Deliveroo or Menulog came in on their own separate, dedicated terminal, and then a staff member has to re-key them into the POS. Meaning loss of counter space, staff with less time face to face customers, and the risk of errors creeping into the orders. Redcat has changed the game for its clients, with the industry's first full integration of Uber Eats, Deliveroo and Menulog with a POS. Redcat's clients can now receive aggregator orders directly into their point of sale, increasing efficiency, and reducing cost and risk. The customer demand for delivery services. doesn't look like diminishing any time soon, but Redcat clients stay ahead of the wave by being able to process them rapidly and profitably.

Loyalty

One of the biggest drivers of customer insights, personalised marketing, and increased sales is a loyalty system. A great loyalty system makes it a 'nobrainer' for customers to use it and stick with your brand.

Redcat helps deliver the loyalty programs that customers really want, use and value. Customers want to use apps to do a whole host of things find restaurants and opening times, view menus, place orders, pay, collect and store points, check points, spend points, update their preferences, play games and receive offers and incentives. Redcat helps its retail franchise customers to do any or all of this, in a tailored, branded app.

Using Redcat loyalty, clients have seen sales from members increase by 12 per cent, return visits increase by 20 per cent and overall sales jump by 4 per cent. And because it's part of that fully integrated system, key information is shared so that, for example, there is a single version of the menu, with any changes visible in the app in real time: customer data is available to the reporting system; customer online orders go straight into the POS, the accounting and inventory systems, just as if they'd been placed in store. Which makes life simpler and responding to market changes faster.

Integration

To move fast and adapt to customer demands with functionality like the delivery service integration and loyalty described above, food retailers need be able to exchange and share information between all parts of their business. Duplication, re-entry and manual handling are 'brakes', slowing down the rate of change. Food retail businesses that adapt to rapid change can only do so because their systems seamlessly work together - point of sale, accounting, payroll, inventory, loyalty, kitchen management and every other piece in the puzzle. It's not as simple as it might sound there are lots of so called 'integrated' systems that are actually a collection of miscellaneous, mismatched parts, which never quite join up. Redcat designed its Polygon system from scratch to be a single end to end system, which could be implemented piece by piece. With point of sale at its core, it is extendable by simply adding other elements, like loyalty and digital apps. By allowing franchise businesses to easily implement new functions, without long and painstaking (not to mention expensive) integration work, Redcat helps them adapt rapidly and keep up with where their customers want them to be.

Uber Eats has generated enormous revenue opportunity for franchise food retailers. But without integration, it can cause a logistical headache. Nando's,

Tailored systems

There is little that is more frustrating for a business of any kind than being told that if they want to implement technology, they'll have to adapt their business processes to fit the system. It goes completely against the grain of innovation, and differentiation, which are the lifeblood of competitive edge. Imagine instead an organisation knows its IT platform provider will work with them to adapt the system to do exactly what they want it to do. That's what Redcat customers can do - Redcat helps them build systems that fit their ideas, not have to contort their business to processes to someone else's parameters. Redcat's approach plays a big part in helping some of the country's leading franchise organisations to rapidly adapt their business.

And the rest ...

While loyalty and delivery are two of the biggest, most visible and 'sexiest' features that Redcat offers, they're by no means that only way that its approach of integration and tailoring helps retail food franchises win in the market. Online ordering, payment gateways, paperless kitchen management, digital marketing boards, real time reporting dashboards - the list is extensive and impressive. And the reason that Redcat does it so well? It's because they're focused and they've been in their customers' shoes. Almost everyone at Redcat has worked in the food service industry and Redcat only does hospitality. They understand their clients' business and they are truly dedicated to helping them evolve, in order to succeed in the industry's new landscape.







McDonald's ability to adapt to food trends and changing tastes of consumers has helped it achieve five years of uninterrupted sales growth in the Australian market, according to industry experts.

Why the world's biggest franchise brand gets ideas from Down Under

by Anthony Coleangelo

Sydney Morning Herald, 1 May 2019

Presenting the global food giant's latest results on Tuesday in the US. McDonald's CEO Steve Easterbrook said the Australian McDonald's business had grown sales for 20 consecutive quarters, helped by the success of a delivery partnership with Uber Eats and McCafe drive-thru coffee.

'The Australian team has more than doubled McDelivery awareness, through our strong partnership with Uber Eats,' Mr Easterbrook said in a conference call.

'The [Australian] market is excelling at the fundamentals of running great restaurants, growing that delivery business and leveraging the investments we've made in digital.

'The US market event stole shamelessly from our friends in Australia by introducing Cheesy Bacon Fries,' Mr Easterbrook said.

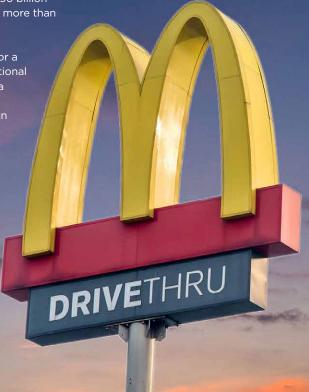
He said the Cheesy Bacon Fries dish was a 'great example of how a new McDonald's product could create buzz make and serve.

he announced McDonald's global sales

had grown by 5.4 per cent in the first quarter of its financial year, almost 2 per cent more than expected. Revenue for the quarter was \$USD4.96 billion (\$7 billion), \$US300 million more than predicted.

Earlier this year, the fast food chain revealed plans for a supersized \$500 million national expansion binge in Australia over the next three years. including a \$350 million plan to open 45 new restaurants in Sydney and Melbourne.

Over 80 per cent of the company's 970-plus are run by franchisees, with the remainder owned by the company itself. Accounts for McDonald's Australia for the 2018 calendar \$15 million to just under \$260 million. ■









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Getting your retail lease right

By Ange Kondos

Managing Director, LeaseWise

The phrase 'customer is king' is hardly a new one in retail or hospitality, but it has rarely been truer than it is today. Consumers are increasingly looking for an experiential aspect to their shopping; something that lures them from the comfort of their sofas and the warm glow of a blue screen.

If it's no longer enough for shopping centres to build a food court and squeeze as many shops as humanly possible around it, the same logic holds true for retailers. Gone are the days of poorly outfitted stores forever displaying discount dresses through a dimly lit window, eking out an existence from consumers with limited options.

In such a heavily saturated market (both online and physical), customers can afford to make snap decisions on businesses in seconds. A poorly outfitted store is the equivalent of an anaesthetised tiger in a Tinder profile - swipe left and

Having a pretty store in a pretty centre is only half the battle though, there are a few things every retailer should be looking at before signing a lease.

The importance of location and the right retail mix

Traffic flow is huge; you can have the best brand in the world but if you're tucked away by a disused exit, nobody can see you and nobody is buying.

Even if there is traffic flow, it might not be the right traffic. Knowing your demographic and the demographic of the stores around you is paramount - it's no good popping a Celebrity Ink down beside a Smiggle - no matter how much traffic these two stores might individually attract, there's very little crossover. You want stores that feed off each other, encouraging people to an area for a common purpose. This is where 'precincting' becomes important.

It's a fine line to walk, though, between a cohesive, symbiotic market pull and an over-saturation of competition. This can hurt not only the tenants, but the centre. Sure, shopping centres will point to the 'non-exclusivity' clause standard in all their leases, but it's always better (though not always easier) to have a good mix of tenants that will bring in more foot traffic and not dilute the earnings of their tenants - percentage rent is there for a reason.

If you do find yourself in the unenviable position of being one massage parlour amongst a string of twelve, to put it simply, you're making one twelfth the profit you might elsewhere.

Organising your retail lease

While it is, of course, important for retailers to be across as much of their business as possible, it's often unreasonable to expect them to be experts in both their own industry and the murky world of retail leasing. This is where it becomes important to have appropriate representation.

Typically, there are several steps to organising a new lease that many inexperienced retailers won't be aware of.

Firstly, you need to find a site, taking into account all of the points mentioned

Secondly, you'll want to benchmark your lease against similar sites in the centre - easier said than done when, understandably, few retailers are shouting their overheads from the rooftops.

Thirdly, negotiation. Impossible without



paying?

This third step is where the real art of leasing is. Typically, there are hidden costs littered throughout a lease that a tenant is also liable for. These can be found in the disclosure statement and account for a variety of centre costs, including marketing, outgoings (electricity, water etc.), storage and rates. Suddenly, a manageable \$80,000 rent has ballooned out to \$120,000 - more than a 50 per cent increase, without even accounting for hidden extras like design fees.

The role of leasing advisors

This is where leasing advisors are so important to retailers. They possess the knowledge to find the correct site, they often know the rent being paid for similar sites so they can benchmark effectively, and they can sift through the documentation efficiently, knowing what costs can be mitigated.

According to Nick Patrick, National Manager for Leasing and Development at Soul Origin, getting your initial lease right is critical.

"If you get the lease wrong day one, you're behind the eight ball and you can put yourself in a position where you just can't recover from it. You only get one chance to negotiate a lease so if you muck it up, there's not much opportunity to remedy it. Not without a lot of pain anyway. As far as franchising goes, we feel we have a responsibility to our

Patrick says.

Representation isn't just important for new leases though. Many tenants believe (and no landlord will tell them any different) that they have signed a lease and, like a medieval marriage it is 'until death (or lease expiry) do we part' but this isn't entirely true.

Much like divorce, lease disputes are a rarely pretty, but sometimes necessary aspect of retail life. Again, representation is imperative to understand the lease, disclosure statement and relevant legislature to limit liability and negotiate a favourable outcome. While the law may not always be on the tenant's side, often a landlord will be willing to enter a commercial negotiation. There's no point for either side in sending good money after bad. Leasing advisors can again guide tenants through the process; from initial dispute negotiation right up to mediation (if necessary).

The shifting retail landscape

The last few years have seen the balance of power shift slightly towards tenants, as vacancies creep up and consumers become a little more frugal. This opens exciting opportunities for astute retailers (or their advisors) to exploit. Larger fit-out contributions and more favourable leasing terms in general are becoming more common as centres attempt to entice both consumers and tenants through the door.

the one hand, they want an experiential, almost bespoke experience at odds with the mass-produced cookie cutter approach that was the norm in shopping centres not so long ago. But at the same time, they want a brand they recognise. So how can retailers best go about reconciling these seemingly contradictory notions at once?

Soul Origin is an excellent example of a business expanding quickly because of its ability to address both concerns simultaneously. Billing itself as 'fastfood for the soul', Soul Origin opened in 2011 with the notion to help people 'eat mindfully'. To see any one Soul Origin store is to see them all, yet with careful design and brand management they maintain a niche, boutique feel, despite having opened over 100 stores nation-

Patrick believes the franchisee has a huge role to play in creating this in-store feel.

"An important part of it is getting the right franchise partner who buys into the brand and what we're about. And that is creating ambience and environment, customer service and a passion for the product, not just buying an investment," Patrick says.

The face of retail may be everchanging, but the vision, passion, flexibility and knowledge to create the right store in the right location remains key to achieving business success. ■

A human approach to the evolving landscape

By Andrew Warren-Smith

Managing Director Australia, DDI

The world of business is changing rapidly and so are the strategies, people and processes being deployed to ensure organisations survive and thrive in these increasingly dynamic and competitive environments.

"90 per cent of CEOs believe their companies are facing disruptive

Deloitte

The world of business is changing rapidly and so are the strategies, people and processes being deployed to ensure organisations survive and thrive in these increasingly dynamic and competitive environments.

Franchising is not immune to these forces of change, which include shifting economic and employment cycles, increasing regulation and compliance, rapid disruption - often through technology - and rising employee and customer expectations, to list just a few.

Businesses with the right strategy and culture are far more likely to successfully navigate this complex and rapidly changing environment than most. A franchisee's ability to execute on the franchise strategy depends on his or her ability to deploy and leverage the people (and processes) within the system. Knowing what people (who come with different skills, knowledge, experiences, attitudes, passions and motivations) you need in order to be successful into the future is a key part of the puzzle. A 'one size fits all' strategy doesn't work when it comes to attracting, retaining and developing talent.

In order to align your business and people strategies, here are a few things to think about:

1. Define your key business drivers

These are the four to five core challenges that your leadership team must step up to in order to successfully deliver on your business and cultural priorities. These are (importantly) future-focused challenges to ensure that you attract, retain and develop your people against the future requirements of your business in this rapidly changing landscape. While this may be more relevant to a franchisor, it inevitably cascades to franchisees and their people and customers. Examples of franchise business drivers include 'Cultivate a customer-focused culture', 'Drive product and service innovation' and 'Enhance the brand'. Business drivers build the foundation for all your people systems including hiring, training and development, succession, and performance management.

2. Select for mindsets and skillsets

With a clearer picture of the future challenges you are facing into, the next step is to define the core skills. and attributes of the leaders and team members who will translate your strategies into action. Some of the increasingly important mindsets and skillsets required in a dynamic and fastchanging world include:

- adaptability embracing disruption; being resilient and thriving in ambiguity
- communication clarity of purpose; connecting possibilities; meeting people's personal and practical needs in every interaction - this may be a colleague, a team member or a customer
- coaching balancing 'seek vs tell'; making moments matter
- collaboration building and maintaining networks, some of which may be virtual in today's digital world
- empowerment resisting the need for control; creating the freedom for people to make decisions that benefit the customer and the franchise
- curiosity recognising that something is always broken or can be improved; seek creative and innovative possibilities
- customer focus ensuring customers are the driving force behind your plans, decisions and actions.

An important point here is that you can develop many skills (e.g. through training) but mindsets (attitudes) are much harder to develop or change. So, put in place the right selection processes (tools, methods, skills, accountabilities) to help make the right choices when it comes to finding the right people for your business. One of the most effective and accessible selection tools available is behavioural interviewing - an interview technique used to assess candidates against the target skills and attributes critical to the role. If franchisees want to differentiate themselves in the in-store experience as measured by the quality of interactions with customers, they want managers who are engaging, encouraging, motivating and unlocking the discretionary effort of their people, so look for examples of these skills in the interview/hiring process. Good selection requires rigour, discipline, skills and accountability, so build the skills of your hiring managers and adopt a disciplined and rigorous approach to using the right process and tools that align your business and cultural priorities. Be sure to provide a realistic preview of the job and culture on offer, as a mismatch here is very likely to end badly for one or both

3. Surface potential early

With a clear definition of future success in place, together with the appropriate process, tools and skills you can shift your attention to developing (and retaining) your future managers/ leaders. By investing in high-potential team members early in their career, you can dramatically reduce the cost and time to hire and onboard new

leaders. Effective development involves a mix of formal (face-to-face, online) and informal (coaching, on-the-job learning) development spaced out over time to ensure people have plenty of opportunity to apply their learning. One way to do this is to confirm people's motivations and interest in becoming a manager or leader and then assessing their readiness through simulated scenarios targeting the core skills and attributes. Insights from potential and readiness assessments provide individuals with targeted development priorities that can fast-track their progress towards the next level role with the right business and manager support.

By having a future focus; being clear on what you are looking for; and hiring and developing people with the right skills and attributes for the future environment, you dramatically improve your chance of success. At the end of the day, the experience customers have with your brand is largely impacted by the quality of the interactions they have with your leaders and team members.

Useful resources

Adapting to digital disruption - a perspective from Kathleen Yu, CEO of Rumarocket, a platform that employs machine learning and AI to assist with HR functions such as recruitment and retention

https://www.ddiworld.com/ resources/library/articles/adaptingto-digital-disruption

Free Guide Book - 9 Steps to Making Your Interviewing Skills System World-Class

https://www.ddiworld.com/ resources/library/slides/9-steps-toworld-class-interviewing-system

Free resources - on how to unleash diverse sources of hidden potential in your business

https://www.ddiworld.com/unleashleadership-potential/hiddenpotential

https://www.ddiworld.com/unleashleadership-potential/hiddenpotential/ebook

Frontline Leader Project - This ongoing Project explores research behind the anxiety of frontline leaders, including their path to leadership, the challenges they face, and the expectations of them by other people.

https://www.ddiworld.com/ frontlineleaderproject

Turn the page: How millennials are influencing your marketing

With over 35 years in the business, Kwik Kopy Australia recognises that success and sustainable growth requires a shift in the print paradigm that allows you to respond quickly to market demand. Today's Kwik Kopy franchisees take time to analyse audience needs and look for ways to make strong connections with them, including millennials who make up one of the fastest growing customer segments. Kwik Kopy Australia Marketing Manager, Karin Ingram discusses how to reach this influential generation of consumers and why when it comes to millennials - print marketing works!

Millenial: a person reaching young adulthood in the early 21st century (also known as Gen Y).

Millennials are often thought of as spending all their time online and on their smartphones and while this is true to a point, you may be surprised to learn that millennials are also the people who pay most attention to print advertisements too. So, by focusing your marketing spend on a mix of online and offline channels, you really are giving your business the best chance of reaching and engaging your millennial clients.

Born between the early 80s and late 90s, your Millennial Customer could be someone finishing a degree at uni, a person with kids or a professional already well on their way up the career ladder. That's a lot of buying power in the marketplace so it's important for your business to develop a marketing strategy that makes the right connection.

What are millennials looking for?

Millennial customers hold brands to a higher standard than any other generation. They expect quality at a reasonable price and have no hesitation in going elsewhere if they're not satisfied with your products or service. Millennials are drawn to companies willing to go the extra mile and expect you to be:

Authentic

Surveys show that 90 per cent of millennials consider brand authenticity important when deciding which businesses they like and want to buy from.

Engaging

Millennials don't want to feel marketed to and instead expect you to make a connection on their terms, finding ways to inform and involve them.

Socially responsible

Millennials prefer to buy from companies who can demonstrate sustainable and ethical business practices.

Use print to inspire trust with millennials

Your millennial customers have trust issues so if you're going to get their business then you have to first gain their confidence. Print marketing can be an effective way to connect with their core values and build an ongoing relationship.

Of the various advertising formats that millennials pay attention to*, print marketing tops the list:

Direct mail	77%
Retail inserts	73%
Catalogues	54%
Magazines	51%
Email	51%
Internet	50%
Mobile & text	48%

*Source - Quad/Graphics Customer Focus 2014 Research Study

Make your print marketing memorable

Print marketing - whether it's direct mail, print advertisements, posters or banners - can help your millennial audience remember you for all the right reasons. It has the potential to tick a lot of boxes that appeal to your millennial

Personalisation

A key advantage of a direct mail campaign is that you're able to personalise your print collateral from brochures, catalogues and newsletters to promotional flyers, offers and more. It's something millennials are extremely receptive to with 63 per cent of Gen Y consumers saying they would be willing to share data with companies in exchange for personalised offers and discounts.*

*Source: Salesforce - 2018 State of the Connected

Tangible

Giving your customer a tactile experience through printed marketing materials they can hold in their hands changes the way they interact with your brand message. The physical touch of textured paper stock or print finishes such as embossing, foil stamping and varnishes all help stir the senses, increase memory and further build trust.

Problem solving

Your print collateral should be something your customer wants to pick up more than once. Try to avoid the hard sell in favour of content that is educational, explains benefits over feature and that millennials consider, useful, informative and relevant to them.

Eco-friendly

Millennials all over the world are choosing eco-friendly products and services with studies showing that 73 per cent are willing to pay extra for sustainable goods*. With paper being one of the most sustainable industries in the world, investing in print marketing is a chance to highlight your company's commitment to sustainability and demonstrate your awareness of things that matter the most to your millennial customer.

*Source: Nielson, 2015

How millennial print marketing differs

Let's face it, the majority of millennials are on their devices most of the day and it's where they feel most comfortable. This means that they have more ways than ever to learn about, research and make a purchase from your business.

If marketing efforts are going to succeed, then your business needs to be able to think like Gen Y and understand how they access information and consume content.

Driving engagement through print

Print marketing can help improve the effectiveness of all your marketing channels including digital. You can include custom URLs and discount codes on promotional material that allows you to track the effectiveness of your campaigns.

Millennials pay attention to print and they expect their entire customer journey to be a seamless experience. Expect your millennial customer to:

- · Review catalogues before making a purchase online
- Discover your website or email address from your unique marketing collateral
- Apply discount codes from your direct mail promotions to online shopping carts
- Use QR codes on posters to access your website or promotional landing page
- Use hashtags you have featured on brochures, flyers or print ads to join a conversation on social media

Get your marketing efforts in sync

Millennials are an impressive economic force so it's important to get your marketing strategy just right. While print marketing resonates with this generation, today's digital age means that it's important not to rely on one marketing

By leveraging both print and digital marketing, you can maximise your reach, get a better ROI, build stronger connections and differentiate your business from the competition.



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kwikkopy.com.au/fca



















Every struggle in business, franchising or otherwise, that impacts personal and family life, is sad and disappointing. However, many of these published stories only reveal half the truth and, in some cases, do so with alleged misinformation.

It is true that sometimes, but not always, the 'franchising' element of small business is one of the causes of these challenges. But small businesses struggle for many reasons - mostly because they are small businesses in a competitive world, run by hard working people having a go. They require enormous amounts of

time, money, skill and luck.

In March 2019 the Parliamentary Joint Committee handed down its report into the Operation and Effectiveness of the Franchising Code of Conduct, and its behind-the-scenes look at the franchising sector - the Fairness in Franchising report.

While small business in Australia is full of challenges, and many small business owners do it tough, if the report highlights anything, it certainly confirms that life as a franchisee can be even more difficult if the relationship between franchisee and franchisor is not an even playing

field. Or more specifically, if not an even playing field, given the usual and expected disparity in size, business experience and financial means, then at least a fair playing

Since the release of the report, the franchising community has been waiting for the Government to respond with meaningful and helpful action to support the sector continue to improve. Now that Australia has settled on another term for the Morrison government, it is important to get on with championing the changes in the franchising sector that are needed.



What's wrong with franchising anyway?

The main theme of the Joint Committee in the Fairness in Franchising report, is the material power imbalance in most franchising relationships, and that this imbalance has been abused by many franchisors at the expense of their franchisees.

In theory there is nothing wrong with this power imbalance. In fact, by definition one of the key benefits to a small business operator of joining a franchise system is the larger, better funded, more sophisticated business supports and processes offered to a small business owner by a franchisor.

Importantly, the report points out that many complaints presented to the Joint Committee during the Inquiry were not a result of illegal or noncompliant behaviour by franchisors, but they were behaviours that fell well short of the expectations of franchisees, staff, customers and communities.

Andrew Hilson is leading the development of Deloitte's focus on conduct and advisory services to the franchising sector. He was previously the CEO of Back In Motion, a national franchise group of physiotherapy and allied health practices.

While the Joint Committee called for a raft of changes and improvements to the Code of Conduct and regulatory environment, it is very difficult to objectively define and legislate 'fairness' in business dealings, as the title of the report hopes for.

One would hope that 'fairness' is not a negotiable term of business.

Just because you can. doesn't mean you should!

As Commissioner Hayne pointed out in the Royal Commission into misconduct in banking, superannuation and financial services in articulating six basic principles of fairness - it's 'not what you could do, but what you should do'.

This lightning rod for big business needs to permeate throughout all business. Perhaps the question should rather be: 'What's wrong with business more generally'? Or even, 'what's wrong with those responsible for leading businesses?'

So many pockets of Australian business seem to have forgotten about the core principle of 'doing what is right and fair' that fosters optimal outcomes for all stakeholders, in favour of financial and personal gain. In fact, if we all followed it more diligently, this principle would also produce the best people, communities and economies (and maybe even world?).

The Fairness in Franchising report specifies that disclosure of relevant information alone is 'an insufficient regulatory response to power imbalances and exploitative behaviour by powerful corporations'.

That is, the franchising sector, and I daresay all corners of the business community, large and small, needs fairer conduct by its participants. Excellence in conduct refers to the way we behave in business, the way we treat our stakeholders - our franchisees, customers, suppliers, staff and communities. And importantly, the impact on others that results from this behaviour.

While there is nothing new about concepts in business like integrity, transparency, and compliance, there is a growing movement of expectation for an increase in compassion, understanding, partnership and fairness in business, including franchising. Perhaps these behaviours are less about business models and corporate structures, and more about the hearts of those involved.

If we merely aim to comply with a set of minimum standards, we may be 'compliant', but that often does not correlate with meeting and exceeding the expectations of those who matter. We need to take a different approach to our actions, commit to meeting a higher, sometimes unwritten, standard. Our actions and impact on others will be the final judge, not our compliance certificates on display at reception. ■

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From top to bottom: Beth Pocklington, CEO of Gymbaroo; Colin Lear, Founding Director of Tasty Trucks; Chris Mavris, former CEO, Soul Origin; Scott Enno, Managing Director, Flooring Xtra

"One of the most powerful things about franchising is that innovations in brands often come from motivated franchise owners at the customer end of the business."

Here. The Franchise Review talks to a selection of Australia's leading franchise professionals and examines the strengths of the franchise business model and the steps that franchisors and franchisees alike can take to create the best chance of success in a tough business climate

"I have every faith in the franchising model," says Rod Young (left) who as the founder of franchise consultancy DC Strategy and Global CEO of Cartridge World, amongst other franchise directorships, is well placed to know.

Risk minimisation

"There are a couple of enduring realities. There is a whole class of people who want to get into business for themselves, and they have options," Young says.

According to Young, these include starting their own business from scratch, buying an existing franchise, buying a greenfield franchise or buying an existing business.

"Why the franchise business is so compelling is that there is a brand and a system and a process in the market, and there is support and guidance," he says.

"There are 80,000 franchisees out there. Typically, the life of a franchisee is about seven years, so about 12,000 to 14,000 existing franchisees are putting their businesses on the market every

"Historically, if businesses are going to fail, they'll fail in their first five years and 50 per cent of them will fail in their first year. So new business startups have a propensity to fail quicker because there's a series of assumptions made about your new great idea of how to make money that often are false assumptions. The attrition in small independent businesses is quite substantial. Statistically it is substantially greater than the franchise model, especially if it's buying an existing franchise," Young says.

A mutually beneficial relationship

"The majority of franchisors do the right thing for the right reasons," says Beth Pocklington, CEO of Gymbaroo, which has been delivering its parentchild education program to Australian families for more than 35 years.

"Most franchisors are (or were) mum and dad business owners too before they chose franchising to scale. They are not corporate giants in relentless pursuit of profit, they are more often than not driven by passion and a desire to see their dream grow by others' hands to the benefit of everyone," she savs.

The franchise relationship has often been likened to a "commercial marriage", which makes selecting the right franchise partner a crucial decision.

"Every franchisor gets the franchisee they deserve," says Young.

"The task of a franchisor is to grant a franchise to an individual that is going to be the customer face of the business and be a proud representative of the brand and business system and adhere to the business system."

At it's best, franchising provides both franchisor and franchisee the opportunity to benefit from each party's respective knowledge, experience and ideas.

"One of the most powerful things about franchising is that innovations in brands often come from motivated franchise owners at the customer end of the business," Young says.

"McDonald's is quite a rigid system in terms of how they run their business, and everything that can possibly be prescribed has been prescribed, and yet McDonald's has tapped their network - the Big Mac, the Fillet O Fish, the Drive Thru, even Ronald McDonald, the playground - were all developed by franchise owners. The McCafe concept here in Australia came out of franchise











owners thinking about how they could capitalise on the coffee business.

"Product innovation, brand innovation. If you're prudent about recruiting and screening the right franchisees, you have a de facto management team," says Young.

A proven business model

Being part of a successful and proven business model is a major drawcard of franchising compared with non-franchised small businesses.

"Buying a franchise is buying a replica of a business that has already proven it can succeed. Franchising allows you to be in business for yourself, but not by yourself. It significantly reduces, but doesn't eradicate, the risk of failure" says Pocklington.

Joining a franchise is in no small way about buying the knowledge and experience of the franchisor. Just ask Founding Director of Tasty Trucks, Colin Lear, who has been behind the wheel of his business for 40 years and now oversees a fleet of 140 food vans.

"It's a business where the founders and the operators have made all of the mistakes and know all the reasons for success and they can put it all together and use that experience to pass on to other people," Lear says.

"At Tasty Trucks, we live and die by the person in the van, our van operator. Our franchise model is to do everything to support that person. All we want them to do is go out there and serve our customers in the best possible way on a daily basis and we do all the backend work.

"That's where we either live or die, we win or fail together. We are successful as partners together or we fail as partners, because our whole business model is that we are both successful and make profit by selling product."

Access to systems and support

"Most franchisors share the same objective and that is to be able to build and deliver an entire framework to franchisees, such as operations manuals, training programs, marketing collateral/ mechanisms, accounting, technology platforms and much more that is specific to that business or sector," says Chris Mavris, former CEO of quick service restaurant chain, Soul Origin.

"A solid framework drives efficiencies by enabling franchise partners to work on their business rather than in it, assisting them in making better business decisions, unlocking their earning capacity, spending less time and effort than otherwise would be required to open and operate a similar business on their own."

Scott Enno, Managing Director of the 150-store Flooring Xtra adds: "In its correct application, franchising provides a franchisee the opportunity to profit through working hard, whilst providing them better and more cost-effective systems to operate within.

According to Pocklington, a good head office will have a team of operations, marketing, finance, purchasing, training and other experts, available to support franchisees in their operations.

Brand recognition and development

The recognition that comes through being part of an established brand can provide a vital leg-up for franchisees.

"Existing market recognition should accelerate a franchise unit's growth - if they follow the proven model," says Pocklington.

As custodians of the brand, good franchisors focus on maintaining their reputation in a mutually beneficial business relationship.

"Most people who are using franchising in the right way, it is no doubt a successful model, because you put a lot of effort into building a brand and a business and a service. The opportunity is to take that on a much bigger scale with all those empowered franchisees. But it's got to be related to: 'Together we succeed by selling product or service.' That's got to be the fundamental point," says Lear.

"We have forty years of experience we can give to any person that's got the right make-up and they're willing and they're enthusiastic about our brand and our product and they don't have to go through forty years of pain and experience to learn what we've learnt. We put it all together and we can say: 'We want you to do the most important thing, and that is, be out there to do your best for the customer and service them to the highest level and together we will be successful'," says Lear.

The advantages of joining a franchise brand, according to Mavris, can include such benefits as increased buying power due to group volume power and faster development of new products and services, developed more strategically with access to greater data and resources.

"The franchise model offers franchisees the ability to grow under a common brand and share in the benefits of a larger group of business owners, whilst each business is independently owned and managed, all franchisees share in the collaborative benefits of the organisation through the support, experience, knowledge and community," Mavris says.

"Franchisors also benefit from this relationship, as it provides steady cash flow to the franchisor which facilitates further investment into system unlocking further benefits," he says. ■

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The re-launch of Inspirations Paint's customer loyalty program earned this paint store network recognition as the Franchise Council of Australia's national winner of the Excellence in Marketing Award in 2018.

The Franchise Review caught up with Inspirations Paint's Head of Marketing, Joel Goodsir, to find out more about the initiative and how it was rolled out across the group's 100-plus stores nationwide.

From humble beginnings as a buying group of five stores in Newcastle in 1979, Inspirations Paint now sells 24 million litres of paint or one in every six litres of paint to the Australian market each year, turning over \$300 million annually, and servicing both the professional trade painter market and the DIY retail market.

It's a large and varied customer base, but Goodsir says the business has a clear service proposition centred around giving personal attention to its customers' painting projects.

"As the franchisor, we support our stores to achieve this everyday through our marketing initiatives and customer programs," Goodsir says.

Inspirations Paint's customer loyalty

program is an important facet of its marketing mix and its re-launch was the was the initiative gained recognition at the 2018 MYOB FCA Excellence in Franchising Awards.

"This campaign was to re-launch our customer loyalty program, Paint Club, internally with franchisees and staff in response to the two key issues of program participation and database quality," Goodsir says.

"Tactically, your customer database is your best friend, the more information collected about customers and then smartly used to deliver helpful, relevant and timely information the better," he says.

Through a clever internal engagement campaign, Inspirations Paint brought



franchisees and staff on the journey to deliver a rejuvenated customer loyalty program that aimed to deliver these results.

To optimise buy-in from franchisees and staff, a user group comprised of staff from different regions, store sizes and loyalty program participation levels, was formed. The user group was involved in a collaborative project to uncover the issues with the Paint Club and the loyalty program's required changes.

"Project communication was face-toface at national and regional meetings, plus ongoing via webinars and emails. The user group contribution provided valuable feedback that directly impacted the content development of the marketing plan," Goodsir says.



The result was a marketing plan that included the following key strategies.

1. System Changes

Improvements and simplification of the in-store system for joining people to the Paint Club loyalty program.

2. Education Program

Educating franchisees and staff was key, and included:

- Face-to-face and webinar presentations with franchisees and staff reaching 60 percent of stores;
- A simplified user guide was placed on the Inspirations Paint intranet and all

campaign elements referred back to it. so all staff could access answers to their questions 24/7;

- The creation of a store re-launch kit to create excitement. This was badged as a celebration of Paint Club's fifth birthday and included the simplified user manual, new point-of-sale and prizes; and
- A staff magazine was produced. This parody magazine was designed to be intentionally controversial for maximum employee engagement. The articles explained the changes to Paint Club and the program benefits in a cheeky, fun and engaging way.

3. Online Learning Platform -'The Brush Up'

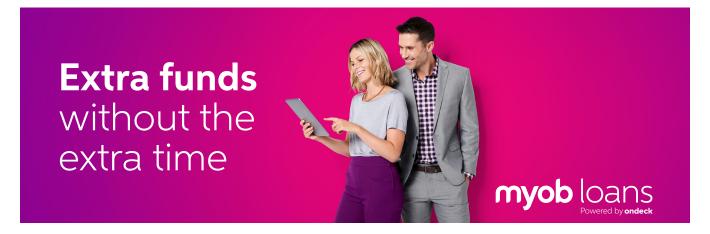
The online Paint Club training video on 'The Brush Up' focussed on overcoming staff misconceptions about the program and used role play to demonstrate how to handle different scenarios.

4. Staff Incentive Program

To help shift behaviour and reward effort, the incentive program was launched to reward program participation and the collection of accurate Paint Club customer data. The program gives all staff an equal opportunity to be rewarded, no matter how many hours they work or the size of their store's retail business. The incentive program was paramount in the continued motivation of staff to achieve KPIs around the Paint Club loyalty program in the first year.

"We believe the winning formula for both the campaign and the award was the stakeholder consultation process. This was a behaviour changing campaign and we knew that we couldn't just do it to the franchisees and expect change - we needed their insight and support to make it happen," says Goodsir.

'This consultative approach combined with a multifaceted communications campaign, with a dedicated team and budget, led to significant improvements in database quality and loyalty program engagement among franchisees and staff." ■



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End of Financial Year can be a busy time for any business operator, but that's no reason to put business planning aside. Here's a perspective designed to make sure you're on the path to success.

Winning in 2020: A business planning method for generating success

As we move into a new financial year, now's the ideal time for business operators to take a hard look at their business plan and consider what may need to be tweaked.

And while it's said that best-laid plans often go awry, and this is certainly true in business as in other aspects of life, a solid business plan that accounts for current market conditions remains the keystone of any successful venture.

With that in mind, here's a checklist of items you might like to cover in your planning sessions so that you can maximise the opportunities ahead of you.

The checklist covers the following three areas of interest:

- 1. Reviewing cost centres
- 2. Boosting profit centres
- 3. Leveraging network effects

Let's jump right in.

Identifying and reviewing cost centres

Mind the accounting parlance - a 'cost centre' is an area of the business to which costs are charged, such as human resources, freight and marketing.

While many people associate 'cutting costs' with 'trimming the fat', this is too simplistic a perspective to be useful in business planning. Instead, identifying cost and profit centres can help an operator think more strategically about the way value is created across the business.

Here's how it's done:

- 1. Identify cost centres which areas of your business can be categorized by listing all the expenses generated by a certain function performed within the business?
- 2. Benchmark performance how are these areas performing in terms of the expenses they've generated this financial year versus those previous?

- 3. Seek accountability regardless of whether expenses are up, down or neutral, managers of cost centres need to be able to justify (by the numbers) how theirs and their team's performance has generated value for the business. This should be as simple as having realistic, practical Key Performance Indicators (KPIs) in place. If not, setting KPIs should form a priority for you and your business.
- 4. Manage for efficiencies the value of identifying cost centres is that they should highlight areas of the business in which efficiencies can be monitored and, ultimately, managed. This may ultimately take the form of cutting or renegotiating in areas such as rental overheads, labour or supply.





Identifying and growing profit centres

Unsurprisingly, a 'profit centre' is an area of the business that directly contributes value in terms of profit.

Unlike as is the case with cost centres, profit centres are usually easier to define - they generate both revenue and expense, so benchmarking their performance is also simple. Your profit centres may include things like direct sales, e-commerce sales or even aftersales services if that department charges for its time.

The process for making the most of your profit centres is as follows:

- 1. Identify profit centres which business functions bring cash into the organisation?
- 2. Benchmark performance how much are they in profit? How is this tracking year-on-year?
- 3. Seek accountability can the managers of these functions justify their performance? Have you got the right KPIs in place to accurately measure how their work is contributing to this performance?
- **4. Manage for growth** efficiencies are harder to identify and manage for in a profit centre. Instead, consider whether the teams involved have a growth mindset with the goals to match. How will you be winning more business in the year ahead? This is the Number One question to be asking of your profit centres at FOFY.
- 5. Map costs versus profits a final, useful exercise would be to think carefully about the way your cost centres and profit centres are operating. Your business

may be in the black, but is this true of every internal function? Should you be considering withdrawing investment from one area to allow you to double down in another?

Leveraging network effects

In economics, a product or service has a network effect when its value increases with the number of people using it - such as a telephone network.

The truth is that this is a handy metaphor for the way people interact in general, and should be something you consider as a business operator.

People have network effects. Businesses have network effects. Trouble is, simply knowing more people or employing more people doesn't necessarily contribute more value to your operation. Instead, you'll have to consider how to get the most value from your network before putting plans in place to that utilise it.

Here's how:

- 1. Consider everyone this sounds funny, but it's nevertheless important. You may not wish to draw up a list of every single person that interacts with you and your business, but you should at least consider the broad categories: friends, family, customers, employees, mentors, suppliers and the list goes on.
- 2. Benchmark performance for employees and suppliers, this goes without saying. For your friends and family? It's probably not worth drawing up concrete KPIs, but you should certainly think about how they contribute to your success.

"...keep in mind there are no right answers. How you define and plan for success is up to you and your stakeholders."

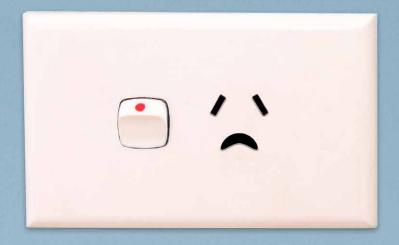
3. Benchmark your own performance

- what value do you and your business generate for your network? If we believe that many organisations live or die based on goodwill beyond mere profitability, then thinking about how you can provide appropriate value to every single person in your network must be considered as a business planning priority.
- 4. Manage for building value having thought about how value is exchanged between your organisation and key groups in your network, create a plan for how you can successfully build the twoway flow of value in the year ahead. Even better, if you can facilitate value to flow between those groups then you'll be wellpositioned to benefit. It may be as simple as helping a supplier win more business or providing a safe space for a group of customers to meet. Whatever the case, give a little and you'll stand to gain a lot

This was by no means an exhaustive list of items to consider in your business planning, but it should provide a more human lens at a time that can often lapse into an almost robotic, number-crunching state of mind.

Finally, keep in mind there are no right answers. How you define and plan for success is up to you and your stakeholders.

All the best for the year ahead. ■



Don't let franchise power costs get you down.

One of the regular concerns we hear from members is the spiralling cost of energy and the impact it has on profitability. The FCA has partnered with one of Australia's foremost energy solution providers, The Energy Alliance, to create a new free advisory service for members, using a team of independent and experienced energy analysts to provide assistance.

The FCA Energy Hotline will help franchises make simple changes in the workplace which can lower energy usage and achieve savings. It can check your bills to see if anything is out of the ordinary, and review market offers to find the best renewal option.

Win the power struggle. Call the FCA Energy Hotline today on 1300 005 021.



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 wrong-doing 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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Annual reporting and FRANdata report









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

4 JULY	NSW State Chapter Afternoon Tea: Franchise Recruitment Excellence
1 AUGUST	NSW Regional Awards Night 2019

Queensland

31 JULY	QLD State Chapter Breakfast Event
13 AUGUST	Coffee Catch-Up: How to Attract Franchisees
	That Are Perfect For Your Brand
15 AUGUST	QLD/NT Regional Awards Night 2019

South Australia

11 JULY	SA Regional Awards Night 2019
12 SEPTEMBER	SA State Chapter RU OK? Fundraiser

Victoria

2 JULY	Coffee Catch-Up
24 JULY	VIC/TAS Regional Awards Night 2019
6 AUGUST	Coffee Catch-Up
9 AUGUST	FCA Multi-Unit Summit 2019
3 SEPTEMBER	Coffee Catch-Up
10 SEPTEMBER	VIC State Chapter Breakfast Event
	Tro State Shapter Breaklast Event

Western Australia

4 JULY	Coffee Catch-Up
18 JULY	WA Regional Awards Night 2019
1 AUGUST	Coffee Catch-Up
5 SEPTEMBER	Coffee Catch-Up
10 SEPTEMBER	WA State Chapter Breakfast Event

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

*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



Perfect weather and the very best venue at OPTUS Stadium: Australia's newest and finest stadium for such events, as well as for the football season.

With the theme of 'Surviving Disruption', nothing was left to chance and this pivotal event went off without a glitch. Platinum Sponsor MYOB were front and centre with Head of Partnerships Simon Dennis presenting their very latest issue of the Radar Report. Walker Wayland were Gold Sponsors and Silver Sponsors on the day were, Think Done, MDS Legal, HR Central, Viva Photography, NFIB, Kwik Kopy Perth CBD and Franchise Australia. Thanks to these highly valued sponsors the event was attractive for delegates to invest in and their 'Value for Money' was from all reports very high.

Following months of planning the delegate support was always expected to be strong; however, a total of 156 delegates packed the beautiful River Room in high anticipation of what they would learn, and with an amazing blue-sky vista of the Perth skyline as the backdrop for the day's program.

The MC on the day was committee

member Rajiv Rajan from Ardent Business Sales & Valuations who did a superb job. Mary Aldred CEO of the FCA opened the proceedings and was followed with a further eight key presenters, including Denis McFadden of Just Cuts, Brad McMullen from McDonald's, Chris Mavris of Soul Origin, Marnie LeFevre of Fempire, Sue Papadoulis of Profile Media, Phil Chapman from Lease1 and FCA Chairman Warren Ballantyne representing his business GutterVac. Each speaker spoke from experience on how 'disruption' had framed their business over time, and they passed on many great lessons for delegates to

Alongside these powerful presenters there was also a four-person discussion panel made up of Rizwan Syed of Zubias Threading, Anthony Nixon of Kwik Kopy Perth CBD, Kylie Mishra from Aktiv Brands and Mike Kentros from The Lucky Charm. They spoke with great insight and experience about 'surviving to thriving', a session which resonated quickly across the room.

State Chapter President and FCA

Director Tamra Seaton said that the event was 'designed to bring the WA franchise community together in a significant and positive way following many years of economic pressure in the state. The intent was to spark enthusiasm, bring the people together to build confidence and knowledge, and to facilitate the creation of new relationships, all of which was achieved.'

Following the success of the formal program the entire delegation moved to The Camfield Bar and enjoyed the opportunity to mix'n'mingle over refreshments and share stories about the

Attendees included representatives from brands such as ANZ Mobile Lending, Aussie Pooch Mobile, Bakers Delight, Bridgestone, Coffee Club, Clark Rubber, Foodco, G.J. Gardner Homes, GutterVac, Jesters, Line-X, Soul Origin, SPEEDFIT, Subway, the HR Dept and Zubias Threading.

With this resounding success behind them the WA Chapter Committee are already in full swing planning the 2020 event, which they say will be bigger and if possible, better! ■















- 1 FCA CEO Mary Aldred and FCA WA State Chapter **President Tamra Seaton**
- 2 Brad McMullen, WA Market Director, McDonald's
- 3 Phil Chapman, Lease1, Chris Mavris, Soul Origin, and Denis McFadden, Just Cuts
- Simon Dennis, Head of Partnerships, MYOB
- 5 FCA Chairman Warren Ballantyne and WA State **Chapter President Tamra Seaton**
- **6** FCA CEO Mary Aldred
- Dandan Ma, Engineering for Kids Australia, Julianne Sullivan, Pace National, and Natasha Zamora, MBE



It's Day 1 and you've just launched your franchise. You have a proven and successful model and are now ready to pass on what works to others so they can succeed in your business concept and brand. You are excited, you have your systems in place, your marketing is right, and you have a definite successful culture in your business with a bunch of happy team members.

The crowds go wild and, before you know it, you have a few franchisees on board. You scramble to make sure you can service them and ensure they remain compliant with your hard-won systems. Things start to get tough. The team and franchisees aren't as happy as they were at the start. You want to make some changes to the system that will greatly benefit all parties. The franchisees object to these changes and your team are frustrated because no-one is listening to them.

You just can't get it right anymore. You ask yourself 'Why?' and you wonder if it is all worth it ...

Sound familiar? This is a common scenario in new franchised businesses as well as in established and mature franchised groups.

What happened? Your brand culture changed.

If culture encompasses the customs and social behaviour of the people in your group, then there may be times when your culture drifts away and becomes something completely different

Just as technology and human beings evolve, your business evolves too. Every time you introduce a new team member, or a new franchisee, they bring with them a particular set of skills and a certain behaviour and belief system. It's these behaviours and beliefs that can change the culture of vour brand.

Is there hope? Yes, there is. You can get back on track.

Here's how to get your culture back - right now.

- Re-share your passion, your 'why', your vision for the brand. Tell vour team and franchisees why you started the business, why you wanted to franchise, what you wanted your customers to receive in terms of product, service and experience. You

may have to tell them this over and over and over. Persist.

- Get your team on the same page. Spend time with them on the road, ask them what they are running into and ask them how they think it can be fixed. Your team are at the coalface with your franchisees, and probably now know them better than you do. Get your team to agree that something needs to change and get them to agree to help you on your new mission of culture change.
- Hold brainstorming sessions with your franchisees. Ask them to tell you how they want everyone in the brand to treat each other. Be present - don't just leave it to your team. If there are any discussions about culture or core values, make sure you are front and centre, leading those discussions.
- Conduct a Core Values Survey on everyone who works for your brand. Write a list of 20 to 30 words that you think could represent your culture. Here are some starting words you could consider - friendly, professional, caring, family oriented, customer focused, knowledgeable.
- Survey your customers and hold focus groups. Ask them why they buy from you and what is so good about your brand. Definitely ask them if there is anything that needs to change so can have a better experience with your brand. - Share all the results with your
- team members and your franchisees. Formulate a plan of what needs to change. Involve your team, franchisees and any external marketing experts. Don't step back at this stage, get stuck into the changes and personally drive the team and the franchisees to change with you.

It's now a couple of months after implementing these changes... and the crowds are going wild again! ■



it's a one-stop shop for all real estate visual marketing services including floor plans, drone, video, virtual reality tours and 3D visualisation. CEO Ralf Barschow says Top Snap now services all major metropolitan areas of Australia and New Zealand.

suit the industry and future generations and trends of business owners. We created an Affiliate program as an introduction to franchising and business ownership. It's more affordable, with a low barrier to entry, and training and support that is tailored to the individual whether their goal is to grow into a business with staff and contractors or remain as a 'one-man' sole operator.

What prompted the change in your franchise model?

Within our industry, there are a lot of freelancers who want to own their own business but may not have the knowledge, confidence or finance to become a full 'brand partner' franchisee.

Part of our research also identified three distinct types of franchises already existing within the Top Snap network, and could be categorized as either 'Affiliate', 'Brand Partner', or an 'Elite Brand Partner'.

This is where the introduction of our 'Affiliate' offering came in, to fulfil a gap in the market and providing these people with the opportunity to own their own business, which was not available previously.

How will the new model facilitate franchisee success?

By upgrading the franchisee training systems and process to be more relevant and supportive in alignment with current technological, marketing and business trends and practices. we've been able to put everything a franchisee needs to succeed at their fingertips.

What support systems do you put in place to ensure franchisee profitability and compliance?

We've made our franchise enquiry and acquisition process to be more open and transparent, providing more 'in-depth' information and support at every step of the process during the enquiry and due diligence stages to ensure potential franchisees are making a well-educated, calculated and confident decision when buying a Top Snap franchise ■

*Source: https://www.franchisebuver.com.au/articles/ what-franchise-buyers-are-thinking-right-now





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.



Provide your franchise with the credibility it deserves.





NFC2019 Evolving in a new landscape



The National Franchise Convention is the largest event of its kind in Australia, bringing together around 1,000 delegates, including franchisors. franchisees, along with suppliers and experts in the sector. This year, the National Franchise Convention is putting the focus on the fastevolving franchising and small business landscape. Because staying up to date and adapting to change is crucial to not be left behind.

Evolving in a new landscape: innovation and transformation is the theme for NFC2019, taking place on the Gold Coast from 20-22 October.

Keynote speakers

Kate Carnell AO, Australian Small Business and Family Enterprise Ombudsman

Janine Allis, Founder of Boost Juice Pippa Hallas, CEO of Ella Bache

Dylan Alcott OAM, Paralympian **Nicole Hatherly,** Happiness Concierge

NFC is inspiring, insightful and ultimately valuable. It's conversation and revelation. It's an unmissable event for any franchise system or professional who aspires to best practice and business success.

Every delegate attending NFC2019 will have the opportunity to:

- Engage directly with other conference delegates, speakers and exhibitors
- Gain introductions to potential partners and clients
- Hear directly about key issues shaping franchising and small business
 - Be educated on best practice
- Speak with over sixty high-quality exhibitors over two days

There's plenty of food for thought on offer in the NFC19 panels, roundtables, and plenary sessions, as well as

opportunities to catch up with exhibitors and network with your peers and colleagues at the NFC social events.

Interactive panel discussions

- Digital disruption
- MYOB panel
- Creating a healthy franchising culture
- Innovative financial systems for your business
- Communicating with franchisees
- Competing in the global economy
- Compliance update: Best practice disclosure
- Hall of Fame panel: Lessons from famous franchise systems
- Women in franchising
- Successful franchisee recruitment
- · Marketing for your brand

The celebration of franchising success at the MYOB FCA Excellence in Franchising Gala Awards Dinner at the conclusion of NFC19 is the cherry on top of this packed program of knowledge and information sharing.

For exhibitors, NFC2019 provides an affiliation with a credible and reputable event that is widely regarded as the franchise event of the year. Email peter. white@franchise.org.au for information about NFC2019 exhibitor and sponsorship packages.

national franchise convention.org.au

COMPETITION TIME

Many don't. We invite you to tell us why you do or don't.

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Terms & Conditions:

The 10 best responses will be eligible for a 25% saving on your SME Insurance Group broker fee* All other responses will be eligible for a 10% saving on your SME Insurance Group broker fee* provided that you appoint SME Insurance Group to arrange a quotation for your business. Anyone may submit their answers, but only business owners are eligible to win. Competition ends on 30/9/2019. Respondents will be contacted directly and no further correspondence will be entered into after this date.



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- Equipment Purchases
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