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# A message from the CEO

By Mary Aldred,

CEO. Franchise Council of Australia

Franchising has a very high profile in Australia at the moment, and not necessarily for all the reasons our members hope for. A lot of media attention on hardship caused by the current tough business environment, particularly for convenience stores and food retailing, has been written up as a problem with franchising. Franchising is simply a way of doing business and retail is only one of the sectors where franchising is increasingly a preferred business model.

Retail is often the canary in the cage as far as how the rest of the economy is travelling, and its particular challenges extend well beyond anything to do with franchising. In fact, a franchise outlet is more likely to succeed than a business without a supportive franchise framework.

As well as providing opportunities, running a business comes with an element of risk, especially in small business. No one wants to see anyone experience hardship and difficulty but sometimes businesses fail. The reasons can include workplace issues, quality control, unfair rentals or simply poor management.

Sometimes businesses do the wrong thing by their suppliers, employees and consumers and that is an unacceptable breach of regulatory and community standards.

Where the issues are related to franchising, they are breaching the existing code of conduct or ACCC regulations. Introducing a new level of regulation won't help this.

The current regulatory and dispute resolution framework for franchising in Australia has been carefully devised and is generally regarded as one of the most comprehensive and effective regimes in the world.

"We're committed to improving standards, providing our members with better access to information and education, and ensuring that regulations and rules are adhered to and enforced."

The FCA is not prepared to excuse poor behaviours. We're committed to improving standards, providing our members with better access to information and education, and ensuring that regulations and rules are adhered to and enforced.

I think we've probably got to be more diligent in following through with investigating alleged breaches and addressing them.

One of my key areas of focus in recent months has been to help prepare the FCA's submission to the Parliamentary Inquiry into the Franchising Code of Conduct. It's been a great way to get to know the FCA's nearly 500 members, and get their views and input on the issues canvassed.

We need to have an open conversation about better compliance and enforcement. That means acting swiftly, transparently and effectively to deal with breaches, including better resourcing of the ACCC to enforce compliance.

We recognize that there are issues that need to be addressed. So the FCA has come up with some measures to do just that. These actions have been developed in consultation with our

members, partners, regulators and sector advisers and analysts, and will be introduced progressively over the coming six-months.

Franchising legal expert Stephen Giles says mandatory registration of franchise systems could provide significant additional protection for franchisees. However, in his article this issue, he warns that placing the total burden of responsibility for success on the franchisor would undermine the very essence of the collaborative business model that drives franchising's competitive advantage.

Success for us is a vibrant, dynamic and sustainable sector that continues to provide a model for people to pursue their small business aspirations, provide an income for their family, employ people and deliver for consumers.

As Franchise Advisory Centre Director Jason Gehrke points out in his article, franchising is highly resilient and Australians still want to be their own bosses. The problem for franchisors is that there are just never enough potential franchisees to meet growth expectations.

I hope you enjoy reading Franchise Review.



## **National Franchise** Convention 2018



Beginning as 'Foodmobile' in 1979, the company started out as the quintessential Australian cottage family business. Colin Lear, who started the business as a oneman band, delivered sandwiches from his corner shop kitchen to workers in the eastern suburbs of Melbourne.

Today Tasty Fresh Food Co is a service that produces and serves fresh sandwiches, salads, cakes and hot pastries to more than 25,000 work places, during work hours across Australia, on a Monday-Friday basis. The fresh sandwiches and rolls are sold strictly for one day only, and the Tasty Fresh products are all hand made by the Tasty company exclusively for the Tasty Fresh Food Co customer.



## Philanthropy for growth

Colin Lear's commitment to ensuring that Tasty customers do not walk away empty handed results in higher levels of fresh food preparation than is expected to sell. "Today our system forecasts for a standardised variety of products for every single one of our 'last customers' on each and every one of our rounds. Every customer should see a good variety of products to choose from in a Tasty Fresh Food Co van" Colin says with passion. "All fresh sandwiches rolls and hot foods are considered 'leftovers' after one day. It's part of our fresh commitment to the paying customer. Fresh Daily".

"We've always made our left-over goods available to local community groups or schools - whoever enquired about it basically - but by 1994 the amount of food coming back to our Tasty Trucks base in Bayswater was starting to increase dramatically. We had over ten outlets on the road at that stage and had implemented plans to accommodate an additional 10 outlets, so we needed a systemised approach towards moving the leftover food. A lot of it was just going into the bin!" This pragmatic approach by Colin is where the partnership between Tasty and St Vinnies was born.

## A Pragmatic Approach

In order to get this system up and running, Tasty customised and fitted out a new food distribution van for Vinnies. The van has facilities to keep hot food warm and cold food refrigerated. Valued at approximately \$80,000, it was introduced to transport the donated food from Tasty's depots to the Vinnies depot for distribution to the homeless and marginalised around Melbourne. This van, which was joined by two others in recent years, meant that in addition to sandwiches and slices, Tasty Fresh Food Co was able to donate popular offerings of hot pies, sausage rolls and

Now in 2018, Tasty Fresh Food Co has 140 outlets Australia wide and is still donating all excess stock to the homeless and marginalised people who need it most. Over 24 years, the total value of the donation is estimated to be worth over \$25 million dollars.

Tasty Fresh Food Co is planning to double its business size over the next five years, which will result in further growth in donations to soup vans in the Sydney, Newcastle and Perth area as well as the established Melbourne areas that Tasty has traditionally donated to. "Everyone at Tasty is really behind it." In 2015, Colin participated in the Vinnies CEO Sleepout.

In December 2017 the Tasty Sales Team collected \$4,500 in loose change donations from generous Tasty customers aware of Tasty's commitment to Vinnies. The fundraising initiative was called 'Donate some CHANGE to Vinnies' and was presented to Vinnies as a Christmas gift. "There's a lot of support out there for the work that Vinnies does and our company is proud to be associated with that."

## From a Franchisees Perspective

When asked about how the Tasty Franchisees feel about donating so much food to charity, Sales Operations Manager, Bec Pritchard, responds with unexpected enthusiasm and we realise that their way of Franchising is as innovative and unique as the companies approach to charity.

"Tasty Franchisees are proud that their companies come with a system that integrates social responsibility and business. Many of our Franchisees have said that it's a big part of why they were interested in the company to begin with. Tasty doesn't just pay lip service to social responsibility. It's a very real and daily operational relationship."

What about the cost? "Tasty absorbs the financial investment in growth as part of its strategic initiative and therefore foots the bill for wastage. The franchisee only pays for the product they sell. So, the daily food donations have no financial impact on the Franchisees."

How many Tasty Franchises are for sale at this stage? "None! We only offer Tasty Franchises to people who work as Customer Service Managers at Tasty and have proven to have what it takes to be a success. This role is very specialised so the training is intensive. It's one-on-one for five days and strongly supported from then on. We don't advertise our Franchises externally."

"Where will Tasty go from here? Greater? Stronger? Better known? What we do know is that a key descriptor will be - Successful!" ■



See the next page for a milestone history of the Tasty Fresh Food Co.



## THE HISTORY



- 1979 Colin Lear goes into business with a corner shop kitchen and a single food-delivery van in Blackburn, Victoria.
- 1981 Colin introduces a **second** van to the growing business.
- 1984 4 mobile food vans are now on the road and a successful 'cottage' business has evolved.
- 1989 Colin sells his small business with a view to start again and take the mobile concept to a bigger and more professional operation.
- MAY Tasty is born in a factory in Bayswater, incorporating
- 1989 a food processing facility and a depot to house IO vehicles.
- 1993 Tasty celebrates its **10**th vehicle hitting the road.

  Tasty tackles local council and wins the battle to have mobile food vans on the road.
- 1995 An adjoining building is acquired to build a high-efficiency 'production line' and add space to increase capacity to 20 vehicles.

Tasty sets up its community partnership with Vinnies Soup Vans.

- 1998 Tasty celebrates its **20**th vehicle hitting the road.
- 2000 Tasty moves into larger new premises in Ferntree Gully with a state of the art production facility and capacity for 50 vans.
- 2002 Tasty has **30** vehicles on the road.

  South Australian based mobile food business tries unsuccessfully to take-on Tasty in Victoria.
- 2004 Tasty introduces a new point of sales system to the business. Tasty celebrates its **40**th vehicle.
- 2005 First Franchise Van hits the road.
- 2006 Opened a distribution depot in Tullamarine to service the north-west industrial areas of Melbourne.

- Tasty launches its MK.II state-of-the-art van to the market.vans now on the road.Tasty launches its I0th van in the north-west.
- 2010 Tasty commences the building of an expanded management team including specific purchasing, I.T. and finance departments to support growth of the Tasty brand nationally.
- 2011 With **59** vans on the road, **170** staff across two key locations and the introduction of Eftpos, Tasty looks to take the business to the next level.
- 2012 Tasty acquires lunch express in Newcastle for conversion into a **20** van Tasty business.
- 2013 Tasty grants a master franchise to Street Chef in Perth adding 23 vans to the fleet.

Tasty achieves complete coverage of all industrial areas across Melbourne.

2014 Tasty's **150**th manufactured vehicle rolls off the production line

Tasty launches its Burgundy van into the Sydney Market from a new **30** van depot in Wetherill Park.

- 2017 Tasty commits to the long term production of our products in Newcastle with major investments.
- 2018 Tasty acquires Perth master Franchise, Street Chef, and commits to a long term investment in the Western Australian Market

Makes plans to build a **50** van state of the art facility to cover the Perth Market.



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# The Juiciest Franchise

Australia's most loved juice and smoothie brand, Boost Juice, continues to grow and flourish worldwide. Founders Janine and Jeff Allis opened the first Boost Juice store on King William Street in Adelaide. Since then they have transformed their small dream into a household name, Boost is now an internationally recognized brand and boasts 485 stores across 18 countries.



Boost Juice commenced franchising in 2001, and has since built a network of strong foundations, systems and processes backed by a committed team. This incredibly strong and sustainable base has launched them into the international franchising stratosphere. In order to stay at the top of their game, the Boost team recognize that finding the right franchise partner has never been more important. Boost receives thousands of enquiries each year from Boost enthusiasts wanting to become their own boss and promote the brand's 'Love Life' ethos.

With a robust recruitment process in place, the Boost franchising team is able to identify individuals who are most suitable to the business. First and foremost, the team are looking to identify future partners who possess a passion for the brand. With 17 years of franchising experience under their belt, Boost knows that franchise partners are more likely to commit whole heartedly to their business and provide the best experience to customers and their team if they embrace, truly understand and embody the ethos of the brand in their everyday life.

Boost Juice prides itself on the open and transparent relationship they hold with their franchise partners, and this begins with the recruitment process. The franchising team understands the importance of building strong relationships with potential franchisees from the outset, to manage expectations and ensure that new partners to the network come in with their eyes open. Franchise Development Manager, Sally Nathan says, "we see this as a long-term partnership and we need to ensure all new franchise partners are the 'right fit' for our business from the get go. This is vital to protect the brand and the existing partner network. As such, the team is diligent in ensuring that the recruitment and selection process is always operated with integrity".

The Boost franchise recruitment process can take on average between eight to ten weeks. The team adopt a twelve-step process, covering every aspect of each application. Their process is also designed to provide support and education to each potential partner as they work through their due diligence and commence their Boost journey. One of the most important steps in the recruitment process is the in-store experience day. Applicants are invited to spend a few hours in store so they can see firsthand how the front and back of house operates within a Boost store, and what it takes to work in a juicy atmosphere.

Providing franchise partners with new opportunities for measured growth and expansion has been a responsibility that the franchisor has not taken lightly. Partners must have been in the network for a minimum of 12 months before they are able to purchase a second business with Boost. The operations team will then use industry-specific tools to measure the partner's readiness to expand. Each aspect of the partner's operation is assessed including; team structure, past operational assessment results, compliance records, financial capacity and family support.



Some operationally outstanding partners have also been offered the opportunity to work with new business model concepts such as drive-thrus, service centers and mobeels (mobile Boost vans/trucks). Those who excel also have the opportunity to further build their role in the franchise partner community and participate in the Franchising Advisory Council. The Boost Partner Advisory Team allows franchisees to present feedback to the franchisor on all elements of the business; identifying what they believe is working well and areas which require more attention or improvement. This encourages partners to speak up and improve the business model, to continuously improve on their processes and procedures and help form the future of the brand.

The Boost multi-site expansion strategy has been incredibly successful. The brand has seen over 40% of their stores owned by a partner who owns more than one store. National Operations Manager, Michael Ermer says, "the reason why Boost franchise partners wish to continue to grow their Boost store portfolio comes down to a number of things. Boost is a business model that is easily managed across multiple units, as the operational and administrative support is all there. Franchise partners see the business as scalable and are reassured by the direction of the overall brand. Having the comfort and the knowledge that they know the business well already makes the decision a lot easier."

Responsible growth is at the forefront of the Boost Juice forward brand strategy. There is still plenty of white space for Boost Juice to grow in Australia and overseas, however, ensuring that the right franchise partners are selected for these opportunities is paramount to the ongoing success of the brand.



# HR SOLUTIONS FOR THE FRANCHISE SECTOR



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Our approach is to work with any Franchise Head Office to develop relevant HR documentation and systems tailored to the network. We then help roll it out to all Franchisees to ensure consistency across sites and teams, compliancy with HR legislation, less staff turnover, increased performance and importantly minimisation of risk to brand, reputation and pocket.





## Long serving franchisees

Bob Tully, Campbelltown (NSW) was the store manager at Brian Archer Swimming Pools in Miranda, which was purchased by Swimart in 1984. Bob then became Swimart's first franchise manager, and he subsequently purchased the Campbelltown store soon after

"Swimart provides its franchisees with fantastic marketing and advertising support, and it's really good with keeping up with products trends and technology. It's good to be part of a company that moves with the times. It's also good to have loyal customers, some of whom have been with us for more than 20 years", according to Bob.

Reg Blue, Camp Hill (Qld) started working as Swimart store manager in 1989 before purchasing the Camp Hill franchise in 1995, which he still owns today.

Reg says: "I saw the potential in the Swimart franchisee and, having worked as a manager for a Swimart franchisee I saw how successful the business model was. I believe the company's success comes down to a reputable brand, quality products and high-quality training and support. Swimart has also been instrumental in educating Australian pool owners about water safety and healthy."

According to Alex Johnson a Swimart business is a franchise with several important differences. "Yes, it's a retail business. But there's a great deal more to it than that. It offers long term business and lifestyle opportunity. How many franchise operations can claim that their first franchisee is still on board? We can. And many more of our franchise owners have been with us for the long haul."



## Work out it out first

"When it comes to evaluating the franchise businesses that are available you have to work out what you really want out of your career and your life. If you're looking for a business where your income is not necessarily directly governed by the hours you work, then a Swimart franchise fits the bill" says Alex.

"There's a lot of truth in the cliché 'working smarter, not harder' and in Swimart's case, it means that income isn't restricted by the number of lawns you can mow in an hour or the number of pizzas you can flog in a day. The diversity of a Swimart business not only provides a more varied and satisfying career but also with a strong sustainable business with several income streams and regular repeat customers"

Alex says: "Swimart's retail business is complemented by ever growing pool & spa home service & commercial business divisions giving our franchisees a presence in both the retail and service industry sectors."

"Swimart's backing is another important difference. The franchisor is Waterco Limited, an Australian public company with operations around the globe and specialising in almost every aspect of the swimming pool industry. So it's an expanding, rock solid business in a growing industry. We think that's the kind of criteria you should be looking for when evaluating a business" says Alex.

"A Swimart business derives revenue from a diverse range of activities. It's more complex, more challenging and more satisfying than most franchise businesses on the market. It's also an unusual business in the 'life/work balance' opportunity it offers, but that doesn't mean you won't have to work hard. Name one decent business where success is easy!" ■



## Industry trends since the '80s

- Pool owners test water quality more regularly - weekly/fortnightly as opposed to bi-annually
- Chlorine sales have dropped significantly as pool owners demand healthier, low chlorine sanitisation alternatives
- Professional pool care services have increased as pool owners become more time poor
- · Automation and sustainability are now part of the conversation

## **Swimart milestones:**

**1980** Soon Sinn Goh migrates

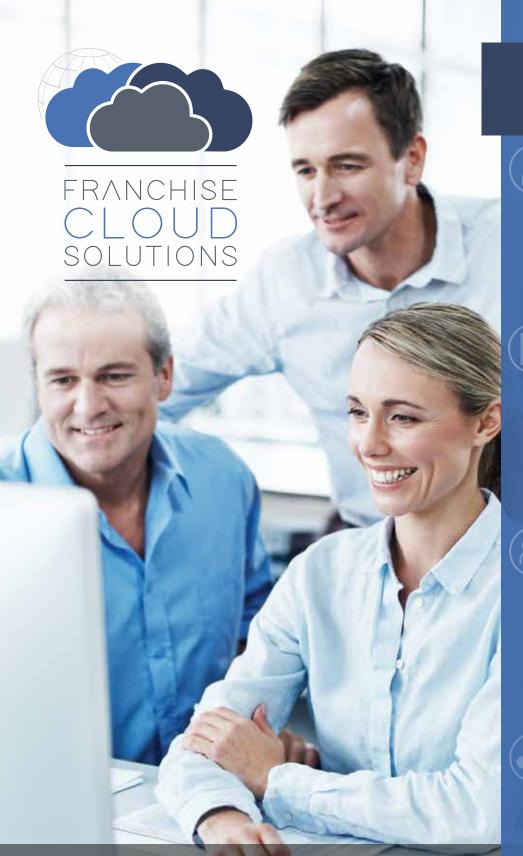
1983 Soon Sinn Goh acquires

**1986** Commences business as a

1987 Welcomes first franchisee,

1988 Expands considerably

2018 Celebrates 35 years in



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# Worried the Franchise Inquiry is slowing your recruitment? Take a look at the econon instead

## By Jason Gehrke,

Director, Franchise Advisory Centre

Concerns among franchisors that the current Parliamentary inquiry into franchising has decimated interest from potential franchisees has overlooked the significant impact of economic forces on franchise recruitment.

Franchising is a growth strategy for which franchisors need a constant stream of new franchisees to grow their networks. as well as to replace franchisees who exit. It is no surprise that franchisors would like to recruit more franchisees, as otherwise their networks cannot grow.

Unless a brand has been a specific focus of an adverse media report or a submission by aggrieved current or former franchisees, the inquiry's impact on franchise recruitment is much smaller than many franchisors would expect.

The franchise sector in Australia has been regulated now for 20 years, since the Franchising Code of Conduct was introduced on 1 July 1998, following the collapse of a previous, voluntary code. At the time, many franchisors believed that regulation would be the death knell of the sector, with one prominent American lawyer at the time recommending that international brands bypass Australia as unworkable for franchising.

And yet despite regulation, the sector continued to grow. Even after amendments to the Code as a result of franchise inquiries in 2006, 2008 and 2013, the sector has continued to grow in terms of franchise brands, overall sales, and numbers of franchisees.

## So what's different now?

There has been significant ongoing adverse media coverage of the franchise sector in the last three years, largely focused on two franchisors. The coverage initially commenced with allegations of widespread wage fraud in a major retail chain which eventually led to the introduction of the Protecting Vulnerable Workers Bill in late 2017 that now makes franchisors liable for wage underpayments by their franchisees.

Then in late 2017, the media coverage changed from worker exploitation to allegations of franchisee exploitation with a series of unfavourable articles about a listed multi-brand franchisor which has led to the current inquiry.

But the current inquiry, and the media coverage around it, is not the primary reason for a decline in interest among potential franchisees.

The sector is highly resilient and Australians still want to be their own bosses. Even high-profile franchise collapses like Aussie Farmers Direct earlier this year, or both Kleenmaid and Kleins in 2008, or Cut Price Deli back in 1996, will not deter people from wanting to invest in a franchise.

The problem for franchisors is that

there are just never enough potential franchisees to meet their growth expectations.

Franchisors have an ongoing appetite for new franchisees and are rarely ever satisfied with their level of franchise inquiry. Recruitment is an evergreen issue for all brands, with Franchising Australia surveys over nearly a decade from 2006, 2012 and 2014 all showing that the number one challenge for franchisors remains the lack of availability of suitable franchisees (typically followed by challenges in approved franchisees then obtaining finance).

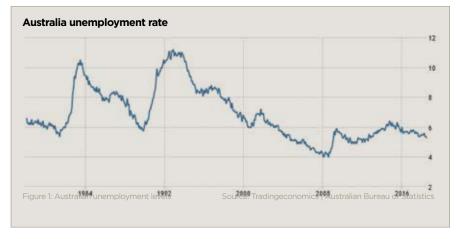
Franchising is a growth strategy for which franchisors need a constant stream of new franchisees to grow their networks, as well as to replace franchisees who exit. It is no surprise that franchisors would like to recruit more franchisees, as otherwise their networks cannot grow.

Yet despite the seemingly endless appetite of franchisors for new franchisees, there are major economic forces that impact the availability of potential franchisees in the marketplace. The first of these is the overall level of unemployment in the economy (Figure 1).

- something which is impossible today due to the Code's 14-day disclosure period. For many franchisors, those were the halcyon days when recruiting franchisees was easy, but unless the economy crashes badly, those days are gone for good.

During the recession of the early nineties, franchisors had no difficulty recruiting franchisees because for many unemployed people, there were no other ways of generating an income. There were not enough jobs to go around, and those who had lost jobs were often long-term employees who received redundancy payouts large enough to zero their mortgages and even pay cash for an independent or franchised business.

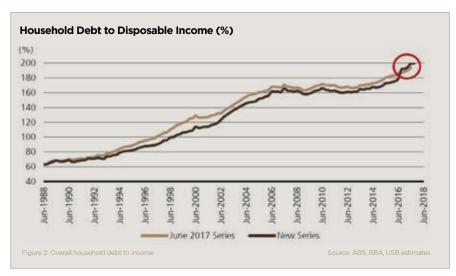
But in 2018, we have unemployment creeping back toward record lows, which takes the momentum out of franchise recruitment. In most industries, if someone tires of their current fulltime job, they can find a new one with relative ease in a low-unemployment environment (and may even pick up a pay rise along the way). Very few people in this economy need to buy a franchise to make a living, like they did back in the early nineties. Today it's a conscious choice between an often high-paying



Many older franchisors will remember the recession of the early 1990's during which unemployment in Australia reached 11%. At a time when there was no mandatory Franchising Code of Conduct, potential franchisees would line-up to attend a franchise expo and often pay deposits or sign contracts on the spot at the exhibition

job, or the risk of small business. For many people, the lure of the high-paying iob - which they can chuck in and move to another if they don't like - is far more alluring.

So in a high-employment environment, there will naturally be fewer candidates looking at selfemployment.



In addition to the impact of unemployment, even those people who might consider buying a franchise simply can't afford to become self-employed for the reasons that they can't raise the money in the first place, and even if they could, they would struggle to survive the start-up phase of their business because of the amount of debt they already carry.

In other words, growing household debt is becoming a major barrier to franchise recruitment, and unfortunately, household debt in Australia is at record highs and has spiked significantly in the last two years alone (Figure 2).

The overwhelming majority of household debt is actually mortgage debt. Rising property prices driven by low-interest and interest-only loans have forced Australians to borrow more to buy their own home. In markets such as Perth and central Queensland, which are highly dependent on mining, property prices have decreased markedly. Even in "hot" markets like Sydney, Melbourne and Brisbane, real estate prices are cooling or going slowly backwards. For anyone with a big mortgage, not only does self-employment look risky in terms of meeting their ongoing high mortgage repayments, but now the equity in their property may not be sufficient to raise a business loan anyway.

So between the two elements of decreasing unemployment and rising household debt, fewer Australians have the inclination or capacity to take on the risk of buying a franchise.

Migration is now outstripping the natural increase in population to generate overall population growth in Australia, and therefore deliver more franchise candidates to franchisors. However with most migrants now coming from non English-speaking backgrounds, this creates inherent language and cultural challenges for franchisors to train, manage and support these migrant franchisees.

Nonetheless, half of the franchisors

who responded to the 2016 Franchising Australia survey indicated that more than 30% of their existing franchisees were new Australians, indicating the ongoing significance of migrants to the growth of Australian franchisors (Figure 3)

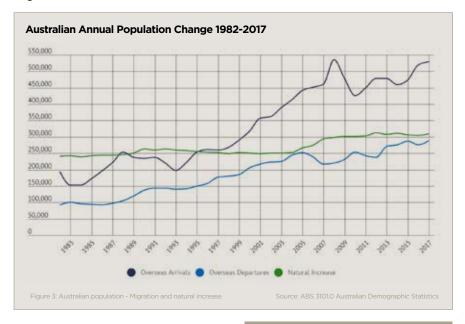
Migration then may be seen as a growth opportunity for Australian franchisors, but this is also impacted by two factors - the availability of visas (which the Australian Government has reduced recently), and the currency exchange rate of the Australian dollar versus the currencies of other desirable migration destinations.

who don't have a historical comparison don't feel this to be an issue. For them, the market "is what it is" and they just get on with promoting their concept and opening new outlets, regardless of the media coverage of franchising and regardless of the government's inquiry into franchising.

The economic headwinds that impact franchise recruitment are pervasive and impact franchisors long before they know it. High-profile issues like government franchise inquiries and negative media coverage are too easily blamed for slowing recruitment, but the reality is that these things have come and gone in the past and the sector continued to grow in spite of them.

Instead, it's the economic factors (of which this article explores just three) that have the bigger impact, unless of course your brand has been singled-out by the media or franchisee complaints to the government inquiry.

It's important to acknowledge the economic factors, even though there is nothing any one individual or brand can do to substantially change them. By adapting to these factors, franchisors can continue to grow, although as we saw in the graphs at the start of this article, franchisors may never be satisfied with their growth.



(In other words, if the Australian dollar is too strong, migrants bringing their wealth to Australia can afford to buy less, so instead may look at another country with a better exchange rate where their wealth may buy more).

## So where does this leave us?

Yes, franchisors are likely overall to be experiencing lower levels of interest from potential franchisees compared to years gone by, but newer franchisors

Australia and New Zealand and a director of the FCA. Visit www.franchiseadvice.com.au or



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# Recruiting the best



Franchise Right



Franchisee selection must become more sophisticated to achieve better outcomes for both franchisor and franchisees, according to experienced franchise recruitment, training and planning professional Sue Campbell, owner of Franchise Right.

Talking about Franchise Right's submission to the Parliamentary Inquiry in Melbourne, Sue Campbell says 'laser focused' recruitment strategies and compliant processes are critical to ensuring the ongoing growth and success of Australian franchise systems.

"Haphazard recruitment of franchisees can bring unsuitable franchise partners into networks, undermining the business del and, in the extreme, causing failure vstem."

re investing a single dollar in franchise recruitment, you want to have a crystal-clear picture of your ideal franchisee profiles", says Sue Campbell.

"Following specific steps will amplify every franchisor's chance of finding their ideal franchisee partners, optimise the long-term business relationship and

minimise the risk of partnering with unsuitable prospects."

Sue says there are seven key steps in her Laser Focus approach:

## 1 Address the non-negotiables

This exercise creates the fundamental requirements of entry to the franchise system and the blueprint for ongoing success by considering questions such as:

- What are the minimum skills and experience a franchisee needs to have?
- What are their values and are they aligned with the business values? Will they be a good culture fit?
- Do they have right aptitude and attitude to run this business?
- What is their appetite for success?

## 2 identify ideal franchisee market segments

Spend time identifying ideal franchise market segments to assist in casting a wide net to capture ideal prospects and maximise marketing dollars and opportunities.

Investing time in understanding your ideal franchisee profiles will help you understand who you are aiming to reach and assist in crafting messages that resonate with that particular audience.

Case Study: An emerging franchisor identified the common traditional target market groups for franchisees within their industry. By challenging their traditional selection criteria we uncovered an unexpected additional franchisee market segment for them which improved the franchisee model outcomes exponentially.

Creating an ideal franchisee profile is only the beginning of the process. Target profiles need to be constantly revised and overlayed with relevant and up to date information.

This exercise is equally important for existing franchisors, look at who your best franchisees are and what qualities, values and skills sets unite them? Equally, look at lower performing franchisees and ask the same questions.

## 3 Stepping into the franchisee's shoes

How well do you know your each of your ideal franchise market segments?

- Why are people looking into your franchise offer?
- What are their reasons for wanting change?

To answer these questions, you need to understand your franchisee prospects. What are their needs and challenges and how does owning a franchise help them achieve their goals?

Using our Franchise Empathy Mapping Process, we discover needs and identify the gains potential franchisees hope to receive from investing in a franchise

This helps to put together a specific message that strongly resonates with each of the prospective target groups.

A broad message is a wasted message that fails to acknowledge and understand your specific audience and a sure-fire way to recruiting the wrong fit into your franchise network.

## 4 Compelling messages

It is essential to be able to answer Why you are in business and Why your franchise system is a better investment than your competitors.

Franchisors must craft their very own unique value proposition by thinking

beyond the obvious reasons franchisees would invest in their model. Often the first few buying reasons that come to mind are similar to other franchise systems.

Rating each buying reason in terms of the value or benefit to the prospective franchisee provides the top 3-5 most compelling and unique reasons that truly embody a franchise system's distinctiveness. Buying reasons must also be rated against competitors offers to ensure that they're indeed unique.

This exercise results in a specific, compelling message that resonates more deeply with prospects and amplifies your chances of recruiting the right franchisee.

### 5 Raise awareness

Whilst some prospects will go to your website, franchising portals and business broking sites to commence their franchising buying journey what are all the other avenues for reaching your ideal franchise prospects?

Things to consider when putting together your communication channel strateav:

- Where do these people hang out?
  - Where do you find these groups congregate offline?
  - Similarly, where do they get together online?
- What websites do they visit other than the franchising portals?
- What social media platforms are they engaging on?
- What industry spokespeople do they listen to or hold in high esteem?
- What associations or networks to they belong to?
- Do they attend trade shows and expos?
- What are they reading?
- · Who are their advisers?

Once the right channels of communication have been aligned with the target profiles, the next step is to flesh out offers and ideas that would appeal to them

## 6 Engaging with your prospects

Once you have mapped out a clear franchisee recruitment pathway you need to overlay or match that information with where that prospect is on their buyer's

Awareness Stage: At the awareness stage of their journey, content needs to be focused on how your franchise system is helping to alleviate the current problems/ challenges that they are facing in their current situation. At this stage in the buying journey the content needs to entice them to start researching other options. It is also becoming increasingly important in

the current climate that prospects get a very good sense of who their franchisor is, your story and background and why they should invest in your franchise system.

Consideration Stage: At the consideration stage, the content or message needs to provide them with more information about the offer and what the outcomes will mean to them. They are interested but need more information to make their decision. Utilising the needs, pains and gains material gathered in the profiling stage, start creating blogs, videos or content around potential obstacles or objections they may have to buying a franchise. For example: I have never run a business before or what does a typical day look like for franchisees? etc."

Conversion Stage: At conversion stage, their interest must be heightened, and content must contain material that enables them to make a sound decision. For example, a day out in field with a franchisee, testimonials from other franchisees, content on due diligence etc.

It is important to note that engagement with your prospects should never stop at just the initial awareness stage, rather it's a continuous process of engaging prospects, building trust, credibility and confidence in your business offer so when they are ready to embark on their franchise journey, they see you as the obvious partner in business.

## 7 implement and optimise

Once all the information has been gathered, a concise and comprehensive franchise acquisition plan should be created that clearly outlines objectives, strategies and tactics.

The plan must clearly and systematically outline all the marketing activities, responsibilities, timings and budget. This then becomes the tool for keeping activity on track and for constantly measuring and revising return on investment.

Ultimately, franchisors with effective laser focused recruitment processes that embody best practise will grow and flourish.



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Laser Clinics Australia is Australia's leading provider of laser hair removal, skin treatments and cosmetic injections and, after recently opening it's 100th clinic, is gearing up for international expansion, securing their first location in New Zealand.

More than four million treatments annually are performed by Laser Clinics Australia, supported by a dedicated growing team of 170 experienced doctors and nurses who ensure the provision of safe treatments for clients and the maintenance of high clinical standards.

"We say: There's nothing to hide here. We are all different, we all have our own ideals of beauty and we all have different things that makes us happy - and that is our 'youness.' Life is short, so live your best and look great doing it," says Laser Clinics Australia CEO, Anthea Muir.

Laser Clinics Australia opened its first clinics in Western Australia and Tasmania in August. Now, with the expansion to NZ, Anthea Muir says the brand is poised for international recognition and further

"We're very excited about launching into

New Zealand, and we have already secured our first site in Auckland. The franchise model will be exactly the same as it is in Australia, it's a 50/50 joint venture."

"The look and the feel of the clinics will be as per our beautiful standard model, and we're aiming to open five to six treatment room sized clinics."

To coincide with the New Zealand launch, Laser Clinics Australia is also trialling a range of new skin treatments in selected Sydney and Brisbane locations.

Anthea Muir said the decision to diversify the brand offering was critical to maintaining Laser Clinics Australia's reputation as a leader in cosmetic experiences and treatments.

"Customers demand new and exciting treatments, we're also always looking to the forefront, to whatever we can do to better enhance the customer experience."

"Our customers are informed, they know what's happening out in the marketplace and they want up-to-theminute treatment and we're more than happy to provide the latest and safest in cosmetic therapies."





For Laser Clinics Australia, the franchise story has been an award winning success story, which Anthea Muir credits to the brand's highly competitive franchise model.

For New Zealand franchisees, Ms Muir said the methodology will be much the same. The model is based on significantly reduced start-up costs, requiring an initial investment of \$450,000 NZD (depending on location), securing the franchisee with a ready-made clinic and the promise of a guaranteed \$100,000 remuneration package for the director of the clinic from day one.

"The franchisees that we're looking for in New Zealand will be people who have perhaps managed their own business before, certainly have some business acumen and have experience leading teams, because that's key to our success as a franchise".

While experience within the industry is certainly beneficial, the real advantage for

franchisees is relationship management, enthusiasm and support.

"The vast majority of our franchisees don't have any experience in the field. It's all about interest and transferring those skills they already have into running one of our clinics."

"Having said that, we have already had some people that have grown through the business to become franchisees. We have beauty therapists and cosmetic injectors that became clinic managers that have then become franchisees and that's a great reflection of our business. It's great for people coming up through the business as well because they think, "I've got something to aspire to"."

Franchisee, Michael Makris, explains why opening a Laser Clinics Australia clinic in the Southland Shopping Centre in Melbourne (AU) is the best business move he has ever made

## How did you first get involved with Laser Clinics Australia?

"A couple of years ago I was looking for a career change after working in the fitness industry for 15 years. I'd heard about Laser Clinics Australia's 50-50 franchising partnership model, which means you get a salary but also an even share of the business. Under such a model, you know that head office is invested in the clinic and it gives me a lot of security getting a wage, especially having a young family."

## How is the Southland Laser Clinics Australia clinic performing?

"It's had strong results from day one and I'm really enjoying the chance to

expand our male and female client base. I believe there is a growing role for males in the cosmetic treatments industry. I really see this as a leadership role – helping staff, looking after the financials and being heavily involved in recruitment and marketing."

## Your brother-in-law, Vitanos Vitanopoulos owns the Laser Clinics Australia Northland clinic. How has this helped you?

"Well, together we have a good balance of skills because I have experience in the fitness industry and Vitanos comes from a management background in the corporate sector. So we have a blend of business and client-service skills - and it's great to be able to strengthen our family relationship through work at the same time."

### What are your goals from here?

"I want to keep growing the clinic. This industry is developing so quickly and I'm really excited to be part of a franchise that is attracting such successful."

Laser Clinics Australia will be looking to launch additional locations in Western Australia, Tasmania and New Zealand in the back half of 2018, with franchise opportunities now available. For enquiries, please contact Liz Seeto at franchiseopportunities@laserclinics.com.au or view the website https://www.laserclinics.com.au/franchiseopportunities





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"In both India and Bangladesh, populations are booming and the average spend per head on eating out and luxury goods is growing rapidly. Coupled with a love for desserts and all things 'Australian', Gelatissimo and the franchisees see a great potential for growth in both regions"

according to Felipe Barbosa. Although gelato is a newer concept to both countries, the ice-cream and premium dessert categories has expanded quickly and is forecast to increase significantly over the next five years. "The stores will be fitted in the internationally recognisable Gelatissimo branding and serve the brand's best loved flavours and products," says Master Franchisee Sangeeta Dumpeta from India. Bangladesh's Nilesh Jamnadas added, "The stores have been adapted with localised features and will serve some new flavours, adapted for local taste buds". Filipe Barbosa, CEO comments: "Making excellent gelato is a complex task and so is building a brilliant gelato business. Since launching our concept store in 2002 and commencing franchising in 2004 we have worked hard to create a business that works for our franchisees, locally and overseas. With a quality artisan product, a simple in-store production system, local marketing and brand building campaigns and an ongoing training programme, we



set all our franchisees up for success." The Gelatissimo story began in 2002 with the opening of the company's first store in the heart of Sydney. Churning gelato in store, using traditional Calabrian family recipes, the word of mouth spread and before long, there were queues out the door and new store openings followed. Filipe Barbosa says: "Every day our artisan gelato makers are churning freshly made gelato in store using only the best ingredients, with no artificial flavours and no artificial colours. Our range of over 40 flavours includes classics to quirky and award-winning combinations, because choosing is half the fun!"

"Since taking the Gelatissimo business overseas to Singapore in 2005 we have



been actively recruiting Master Franchisees across the globe who share our vision of creating 'Gelatissimoments'. Bangladesh and India represent big opportunities for us and our partners and we look forward to making it a sweet success."

The franchisees in both Bangladesh and India are forecast to open at least five stores in each country in the next 12 months. Bangladesh and India join the portfolio of international franchisees with Gelatissimo already available in Philippines, Singapore, Saudi Arabia, Kuwait and China. "Alongside overseas expansion, the company will continue to grow its Australian footprint with plans for additional franchises across all six states" according to Filipe Barbosa.



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sector to embrace an industry led initiative for the mandatory registration of Australian franchise systems, according to corporate and commercial lawyer, Stephen Giles, global leader of Norton Rose Fulbright's International Franchising Business Group.

# The case for egistration of ranchise systems

by Stephen Giles Norton Rose Fulbright



Despite having one of the most comprehensive disclosure and conduct based regulatory regimes in the world, overseen by a broadly effective, well-resourced regulator with strong investigative and enforcement powers, too many things fall through the cracks.

Distilling the various submissions to the Parliamentary Franchising Inquiry, and objectively reviewing the issues and apparent underlying causes, a few key structural themes emerge:

- Too many franchise systems are not complying with the existing regulatory framework;
- Not enough franchisors have elected to register on the voluntary Australian Franchise Registry. In its submission to the franchising inquiry, Frandata Australia, which administers the Registry, indicated that it felt the registration pre-requisites to lodge a compliant current disclosure document and franchise agreement were a significant reason why some franchise systems failed to register. The concern for the sector is that the Registry's compliance prerequisites are in fact statutory obligations under the Franchising Code. Although the ACCC is able to access the Registry it does not appear that the ACCC currently considers the Registry when framing enforcement activities.
- Too many franchisees are not meeting the underpinning expectation that they will use the Franchising Code framework to assist them in conducting proper due diligence. Specifically, too many franchisees are choosing to ignore the strong and explicit recommendations in the Franchising Code (and the mandatory documents provided by franchisors to every prospective franchisee) to obtain legal and business advice;
- Franchisees, the media and the general public expect more assurance around franchisor compliance than is currently provided by the Franchising Code, which is essentially disclosure based and assumes franchisees will accept their obligations to undertake due diligence:
- The ACCC's largely complaintsbased enforcement activities are not sufficient, and no amount of further resourcing will solve that problem. Industry experts would say that it is hard to objectively fault the enforcement activities of the ACCC, but the clear conclusion from numerous submissions to the Franchising Inquiry critical of the ACCC is that the ACCC is simply not positioned to provide the level of comprehensive sector oversight that franchisees appear to expect.



Although some improvements could be made to the Franchising Code, and ACCC enforcement could be enhanced. these changes will not be sufficient to restore confidence in Australian franchising. On the flip side if the total burden of responsibility for the success of a franchisee's business is placed on the shoulders of franchisors this undermines the very essence of the collaborative business model that drives the competitive advantage franchising enjoys over other business structures.

Mandatory registration of franchise systems could provide significant additional protection for franchisees, but not tip the balance too far or remove the important duality of responsibility that should underpin a business joint venture where the franchisee enjoys all net income and capital growth benefits. If it is industry led, mandatory registration will not impose excessive compliance costs on franchisors or franchisees. It would also be relatively simple to administer.

## How would registration work?

The registration system would be relatively simple, and could be incorporated into the Franchising Code of Conduct:

- Franchisors would be required to be registered on an approved public registry to engage in the granting of franchises. Registration would require franchisors to provide a certification in relation to certain matters or corporate details, and to confidentially provide a copy of their current franchise agreement and disclosure document;
- On registration franchise brands would be given a distinctive registration number;
- The Register would be publicly searchable by any person free of charge, with a flexible search mechanism permitting searches by brand;

- · If they failed to renew their registration, or had their registration cancelled or suspended, franchisors would be unable to enter into new franchise agreements. (They could continue to operate their businesses, and would of course continue to be obliged to comply with their obligations to franchisees under existing franchise agreements.)
- Failure to register would not of itself trigger any fine or other penalty. However any franchise agreement entered into by an unregistered franchisor would be voidable at the option of the franchisee, who would be entitled to a full refund of all monies paid;
- Other compliance obligations contained in the Code would still apply, and would be enforceable by the ACCC. So failure to register could, and often would, trigger an investigation or audit by the ACCC, and prosecution or other enforcement action would occur if the failure to register related to noncompliance with the Code obligation to update disclosure documentation;

Registration of franchise systems is not a new idea. Indeed it occurred prior to the introduction of the Franchising Code of Conduct in 1998, and was recommended by various State and Federal franchise inquiries.

The main objections to registration were cost, on the assumption that the registration system was Government operated, and preference for lighter touch industry regulation. Those objections would remain valid if the registration system was Government operated, but I believe an industry led but Government backed initiative would receive positive sector support. Whereas a Government funded registry would probably cost in excess of \$20 million per annum to establish and operate, an industry led initiative would be self-funding at relatively modest cost from franchise system annual registration fees.

Mandatory registration is not a complete panacea, but it does deliver several significant new benefits:-

- 1. It ensures core fundamental compliance obligations are met by all franchise systems, not just those that chose to do so or are audited by the ACCC:
- 2. It provides additional information for prospective franchisees and their advisors in an easily searchable registry;
- 3. It provides an early warning mechanism that could alert the ACCC to possible breaches of the law

Unless the Government was prepared to provide some form of statutory indemnity registration would not include the vetting or audit of submitted documents. However the ACCC has the statutory indemnity, and these functions are probably best left with the ACCC. Registration augments disclosure, and would sit well alongside additional Code changes recommended by the franchise sector, such as mandating that franchisees obtain legal and business advice.

If the franchise sector genuinely wishes to restore confidence in Australian franchising it must embrace a significant new substantive initiative. Tinkering with the wording of the Franchising Code is not enough. The time has come for the Australian franchise sector to embrace an industry led initiative for the mandatory registration of Australian franchise systems. ■



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# **Three** essential ingredients to recruit the right franchisees and then support them to **SUCCESS**

Every prospective franchisee is different: a unique mix of personality, skills and experiences. They each have different beliefs, values, goals and expectations for their journey as a franchisee. It's simply the nature of people we're individual, messy, complex.



**By Yvette Sholdas.** Co-founder and Managing Director. Remarkable Franchises

So, how do you systemise the seemingly "un-systemisable"? How do you create a framework and structure to assess and filter the right people into your brand? How do you create an effective, frictionless recruitment journey that delivers the "right fit" franchisee (or even team members for that matter) - every time?

Here's the good news!

Every franchisee while complex and unique, will either fit, or not. And by simply putting in place the right filtering system, your recruitment success and franchisee satisfaction rate will rise. And the time consuming and frustrating friction you manage day to day, when you discover a franchisee you recruited is a square peg in a round hole, or appears to be, will become a worry of the past.

Whether you're an established, mature brand, with a large franchisee network; an emerging franchise; or a brand-new franchisor to the sector, looking to recruit your first franchisees, these three essential ingredients will help make recruitment decisions that not only serve your brand best, but also serve the franchisee best on their personal franchise journey and ultimately deliver a better customer experience.



## Essential ingredient #1: **Culture fit**

Whether by design or by default, your franchise has a culture —and it's either working for the success of your brand, or against it. Therefore, it is #1 on the essential ingredients list, because it is most important in filtering for the "right fit" franchisees.

It is well documented in many studies that culture drives performance in organisations. And that a highly engaged culture will drive uplift in employee and customer satisfaction rates, and in sales. It is also true in franchising.

In fact, culture becomes even more important in a franchise environment because of the unique relationships between the franchisor, the franchise company's teams, and their franchisees.

Culture is the character and personality of your franchise. It's what makes your organization unique and is the sum of its values, traditions, beliefs, interactions, behaviours, and attitudes. It creates the "rules of the game" or "how we do things around here".

These invisible threads - whether clearly defined and by design or unconsciously evolved - they are what bind together your network, or not. And once you've got a genuine and strong franchise culture, lived out by everyone, it will have an astoundingly positive impact, attracting the best franchisees, team members and customers and keep them satisfied and staying around.

The culture in your franchise, with a clear vision, set of values and standards, is like the carefully prepared soil and environment which grows the garden, that attracts the butterflies! Using this analogy means it's a bottom up process - everyone in your franchise needs to be embedded in, growing and thriving from it. So, start your recruitment process here, ensuring every step whether website content, ad, interview question or touch point - describes and amplifies your culture and attracts people that are a good fit for it, filtering out those who are not.

## Essential ingredient # 2: Personality fit

Too often in the recruitment process, and in fact even through the induction and onboarding of new franchisees, the individual's personality type is not taken into consideration. By simply understanding this, you can get a clear picture of their natural talents and strengths, as well as identify upfront the areas in your system and in running their franchise business they'll struggle with most or find most challenging or stressful.

Using the Talent Dynamics profiling system, franchisees, or in fact any person in your team, can be categorised into eight different types. Each of the eight types are a unique combination of four key strength areas or energies, which means even franchisees that are the same profile can seem to be quite different, with widely different needs. All eight types can be successful franchisees in vour system.

These eight franchisee types enable you to segment and then provide the relevant social environment, support and an individual development pathway, that serves to leverage their strengths and the value their strengths bring to your network; and through collaboration or careful team selection, enable them to leverage others' strengths in areas where they're challenged, inefficient or stressed.

Like when forming a team, it's the balance of different strengths that enables a team to function most effectively and efficiently. We can't be great at everything. And as strengthsbased organisations experience higher levels of engagement, franchise brands that recruit and work with the strengths of individual franchisees, and team members, create higher levels of trust, commitment and engagement across their network.

The important step here isn't the system you use, it's that you do have a system for identifying the personality of an individual. This is a crucial ingredient in understanding whether a franchisee is a good fit in your network, where the franchisee offers the most value to your network and how you and your support team can best help them achieve greater success and profitability.

## Essential ingredient # 3: Business fit

There are 250 key success factors for business, according to IBISWorld and one of the top three most important for the franchising sector is business expertise of operators.

Franchise candidates, either through choice or simply the desire to be gainfully employed, seek out a franchise business. Often, they are first time business owners, with little or no experience in running a business. Let's face it, candidates and new franchisees are often "unconsciously incompetent" - they don't know what they don't know - and the transition from employee to successful business owner can be a rocky, overwhelming and scary journey that doesn't always deliver to their rose-coloured expectations or the success either party expect.

So, it is important that your recruitment process filters candidates for their level of minimum business expertise and experience that matches your model, your culture, and the level of support available.

There are nine levels in business and each level has a specific winning and losing formula. Every franchisee can be mapped to a level which takes into consideration their personal financial situation and business expertise. Franchisees can move up and down these levels at different stages of their franchisee journey.

The recently accredited CFE course "Understanding Franchisees" provides access to the Franchise Dynamics framework which incorporates the Talent Dynamics system that enables you to quickly and easily determine which of the eight personality types a franchisee is (essential ingredient #2); and the Franchise Spectrum where you can quickly learn at which of the nine business levels a franchisee will be operating at (essential ingredient # 3). This gives you valuable intel upfront for making informed decisions on whether someone is a good fit; the level of support or coaching that will be necessary for their success; and a way to individualise a development pathway specific to their needs.

Yvette Sholdas, 2018 WA Franchise Woman of the Year, is a social entrepreneur, author and co-founder of Remarkable Franchises, leaders in franchise culture, franchisee education and profitability. Yvette can be contacted at yvette@ remarkablefranchises.com.au or on 0409 292 588 or learn more at www.remarkablefranchises.com.au.

Reference: https://www.ibisworld.com.au/industry-trends/ market-research-reports/thematic-reports/franchising.html





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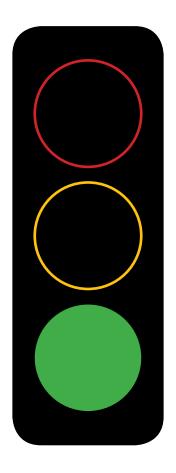
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"We were thrilled to see the franchising industry out in force and also the huge response from visitors," says Exhibition Manager Fiona Stacey.

"Franchising has had a tough year, but the model remains the best way for everyday Australians to get into their own business. The good franchise chains know they need to get out and speak with people about how to get involved. And the expo is the ideal place for potential franchisees to start their research."



Held at the Melbourne Exhibition & Convention Centre from 25-26 August, the event was the fourth in a series of expos staged around Australia. It was also part of the Victorian Small Business Festival.

Exhibitors covered a huge range of industries; from food and beverage, retail and home services, to accounting and finance, tutoring, healthy living and many more. There were also legal, financial and business consultants ready to offer advice and information.

Most exhibitors were Australian, but there were also some exciting concepts from the USA, Europe and Asia. These

included a national pavilion from Malaysia coordinated by the Malaysian Government and Franchise Association.

A number of companies used the Melbourne event to launch their franchise concepts in Victoria, including Supatramp, Flatpack Assembly Services, Delicia Açai, Gutter Knight, Nanoshield and Vendpro.

"This was our first show and it has been fantastic," says Nev Wright from Supatramp.

"Our business is not for everyone, but we met the right people here, it was a great place to introduce our franchise to the market." Wright adds he was likely to sell at least one franchise from the show. which made his investment worthwhile

Andrew Wilcox, National Operations Manager at Flatpack Assembly Services, was also pleased with the turnout and level of enquiries: "It has been constant, we have been very busy for two days, with a very good number of high quality leads," says Wilcox.

"I have been coming to this event for many years in various roles and this is the best one I've done," he adds. "This is a great new brand and the Expo is the best place to show that to people. We have booked for next year's shows with a much bigger stand."

Gutter Knight's co-founder David Myles says he was impressed by his first Expo and has over 45 leads to follow up. "It has been very worthwhile for us - not just in the good number of leads, but also in meeting the other franchisors, many of them are very experienced and have been more than helpful."

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

"Being face to face is the best way to explain the many aspects of our business,"

Andy Reid, Chief Development Officer at Poolwerx, says that exhibiting at the Franchise Expos around Australia is a key component of their marketing plan.

"We often have people walk past our stand and say, 'I didn't know Poolwerx was a franchise!'. so we would never have found these people otherwise, we weren't even on their radar before," he explains.

Clayton Treloar, CEO at Mail Boxes Etc. (MBE) agrees that exhibiting has been beneficial in building the network.

"Being face to face is the best way to explain the many aspects of our business," he says. "The recruitment process for MBE takes around six months; we met someone at the Sydney Franchising Expo who is just coming on board now.

"The Melbourne Franchising Expo is always a big one for us - I expected it to go well and it has, we have met quality people who were asking all the right questions."

As always, the seminar sessions were a highlight of the event. "Throughout the year we have had a very strong speaker program, featuring keynotes from Jim Penman from Jim's Group and John O'Brien from Poolwerx, plus an industry









Soul Origin 🛦

Clayton Treloar. CEO Mail Boxes Etc.



overview from the new Franchise Council CEO Mary Aldred," says Exhibition Manager Fiona Stacey.

"In Melbourne we also welcomed Frank Milner, President of global tutoring franchise Tutor Doctor, Peter Sinodinos, CEO of Snap Franchising, and the Victorian Small Business Commissioner Judy O'Connell."

Suzanne Jarzabkowska, CEO of DC Strategy, presented a session on the benefits of growing a business through franchising, along with new General Manager Neil Soares.

Despite negative press and dissatisfied franchisees appearing before the Senate Inquiry this year, Jarzabkowska believes the franchising industry in Australia remains strong, as demonstrated by the large exhibitor turnout at the Melbourne Franchising Expo.

"We know that the internet is a great place to do your research," she commented at the show. "But I still think the big decisions are only made when you can touch and taste and feel the business."

Jarzabkowska says DC Strategy has been long-time supporter of the Franchising Expo over the past 31 years, assisting people who wish to franchise their business and also recruiting franchisees for its clients.

"Both sectors are vibrant here today, there is a real buzz in the room. We've seen fewer tyre-kickers and dreamers, instead we have just seen quality and more quality, people who are actually ready to invest."

In 2019, there will be three Franchising & Business Opportunities Expos, at ICC Sydney in March, at Brisbane Convention & Exhibition Centre in June and at the Melbourne Convention & Exhibition Centre in August. The Perth Franchising Expo will return in 2020.

"We are gearing up for three more vibrant and exciting events next year," says Fiona Stacey, "And, after such a successful show in Melbourne, we saw a large number of exhibitors immediately rebooking." ■

Franchising & Business Opportunities Expo 2019:

#### **SYDNEY**

23-24 March at International Convention Centre, Darling Harbour

#### **BRISBANE**

1-2 June at Brisbane Convention & **Exhibition Centre, South Bank** 

#### **MELBOURNE**

24-25 August at Melbourne **Exhibition Centre, South Wharf** 

For more information go to www.franchisingexpo.com.au or contact Fiona Stacey at fiona@specialisedevents.com.au or (03) 9999 5464.





An interview with Hog's Townsville franchisee Ben Harrison who started in the franchise working with his father and is still in the business, along with his sister and his mother. who has been there since the start.

#### What were you doing before becoming a Hog's franchisee?

I was an employee in the franchise but I took over from my Father, Robb 90's, and before that, he owned a popular Video Game arcade in Townsville on the same street as the Hog's Breath that he would go on to purchase (from franchisee Mark Allen who still has several Hog's

#### What was it that attracted you to the brand?

I can remember dining at Hogs in the 90's as a young teenager prior to have distinct memories of how delicious the food was. I remember how as soon as I walked through the front door I could smell the smoky Prime Rib steaks being flame grilled in the kitchen. I also remember how fun the staff were and the "I love it when I wear a Hog's Shirt and someone will come up to me and say how they love our curly fries or how tender our steaks are!"

way they would interact with customers was something special. They would treat their customers as if they were just one of their mates.

#### What has motivated you to keep in the franchise as long as you have?

Being a part of a recognised brand that is so appreciated is amazing. I love it when I wear a Hog's Shirt and someone will come up to me and say how they love our curly fries or how tender our steaks are! Also it's hard to not want to stay a part of this franchise when we have a great support team in Head Office who make our lives so much easier.

#### What's the best part of being a franchisee?

have to worry about because the majority of the hard work has been sorted by the

#### And the hardest part?

There can be times when customers don't like something that is out of my control. Sometimes there may be a because it will affect the entire system. For example, if there is a dish on the menu that customers don't seem to like we can't simply change it. However, the good thing is our Support Office is very receptive to feedback and it will usually be rectified as

#### What would your advice be to anyone considering a restaurant franchise?

I would absolutely recommend being a franchisee. People always ask if it is challenging being a franchisee because of royalties but I just explain that I'm happy to pay that to have the privilege of not having to sweat the small stuff. I don't know how Independent Business owners can manage creating/calculating/adjusting a full menu and sourcing products/ negotiating prices while being able to look after staff on a personal level.

#### What do you attribute your success to mostly?

With a menu that's broad and caters to all tastes, all we have to worry about is just being consistent and looking after our customers by exceeding their expectations, and hoping they have the same experience I used to have back in the 90's! ■

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"I think the key ingredients to be a successful franchisee are really being passionate about your brand, being passionate about what you're doing and really being involved in your business and leading it from the front."



The state winners have qualified as finalists for the MYOB ECA National Excellence in Franchising Awards at a Gala Dinner which will be the closing event of the 2018 National Franchise Convention in Melbourne on Tuesday 16 October.

Congratulating the winners, FCA CEO Mary Aldred said they were fantastic examples of people thriving in the sector and setting the benchmark for franchising in their respective states.

Dione Mauric joined Finn Franchise Brokers as the network's second franchisee and a decade later remains passionate and positive about the sector and its ability to help families achieve their small business goals: "I think the key ingredients to be a successful franchisee are really being passionate about your brand, being passionate about what you're doing and really being involved in your business and leading it from the front."

QLD/NT Franchisee of the Year, two or more staff Award winner Russell Hampton joined Hire A Hubby after a 24-year career in management at Woolworths. The decision to walk away from a well-paid corporate job was made easier with an income guarantee from Hire A Hubby backing his success as a franchisee.

For Michelle Graham, who has been a Poolwerx franchisee for 15 years, it's the network's systems and structure as well as a culture of inclusiveness that have helped to achieve her business goals: "Franchising gives you a structure that I don't think you would find in any normal business."

QLD/NT Field Manager of the Year for 2018, Stephen Halls, is another long-term franchising professional, having spent 17 vears in the sector both as a franchisee and in senior franchise business development roles: "In my role, it's good to see people who, just like me many years ago, have invested in their life and a dream."

Evan Davis of RAMS Home Loans says being named Victorian Single Unit Franchisee of the Year (two or more staff) was a "very humbling recognition of years of hard slog". "Client needs come first. If we look after our clients, everything else becomes comparatively easy."

Victorian Field Manager of the Year La My Linh (Linda) Tran from Roll'd Australia says she has had a great journey with Roll'd and says the key to success is "throwing yourself into the job and always thinking about what you can do better".

Tasmanian Franchise Woman of the Year, Jessica Saxby of Banjo's Bakery Cafe, attributes her success to guiding people to be their very best. Five years in the role as CEO at Banjo's after taking over from her father who was the founder, Jessica has a vision to now expand the franchise to eighty stores: "I thrive on helping people to grow in their role and push them to get where they want to go. We have people who've gone from working in a store or being a baker to running their own

"Baking has always been male dominated and I actively encourage women to get involved in the process and

#### Winners

**NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY WINNERS** 

Field Manager of the Year

Franchise Woman of the Year

Single Unit Franchisee of the Year, less than two staff

Single Unit Franchisee of the Year, two **or more staff**Dan McKenzie, Kwik Kopy

Multi-Unit Franchisee of the Year

#### QUEENSLAND/NORTHERN **TERRITORY WINNERS**

Field Manager of the Year

Franchise Woman of the Year

Single Unit Franchisee of the Year, two or more staff

Multi-Unit Franchisee of the Year

Single Unit Franchisee of the Year, less than two staff

Single Unit Franchisee of the Year, two or more staff

#### VICTORIAN/TASMANIAN WINNERS

Field Manager of the Year

Franchise Woman of the Year

Single Unit Franchisee of the Year, less than two staff

Single Unit Franchisee of the Year, two or more staff

Multi-Unit Franchisee of the Year

#### **WEST AUSTRALIAN WINNERS**

Franchisee Community Responsibility and Contribution

Franchise Woman of the Year

Single Unit Franchisee of the Year, less than two staff

Single Unit Franchisee of the Year, two or more staff

Multi-Unit Franchisee of the Year







develop in the industry. I think women need to encourage and support each other because there are not as many of us and we have a role to play. I'm proud if this award makes me a role model for other women".

Kirri Clark paid tribute to EFM Health Clubs for their supportive attitude that helped her get started and make a success of her business. "I had been involved as a fitness professional for some time, but knew nothing about business. Starting up was daunting but thanks to the guys at EFM I had ready access to the support I needed."

Battery World Vale franchisees, Mark and Cindy Edwards bought a struggling

tore and within months turned it around and doubled the turnover. Mark says that the key to their success has been teamwork and sharing the workload: "The Battery World business has allowed us to work together in a strong franchise business that we are proud is being successful."

Jim Kelly and Crystal Petzer had more than a decade experience as convenience store franchisees when they made the decision to change direction and partner with Hire a Hubby, where they have been franchisees for nine years, winning multiple awards within the franchise network along the way: "The franchisor has a really good system and we follow that system to a tee. Maybe that's the secret - we take that system and we work it."

Kwik Kopy's Dan McKenzie is another franchisee who has seen his hard work pay off with a successful franchise business and recognition from within his franchise network: "I like to excel at what I do. So, when the opportunity came to buy a struggling franchise business and turn it around I took it"

NSW/ACT award winners, Mel Flavell and Grant Maloney both brought strong business backgrounds to their franchise, but according to Grant the support of the franchise system has been invaluable: "I think when you have that entrepreneurial view of things, having that franchise structure and having that accessibility is just amazing. Our franchisors are always there if we require them, and we have 39 agencies nationwide that we can reach out to as well."

Supporting franchisees in their success is what drives NSW/ACT Field Manager of the Year, Tin Ly: "Just being able to be a positive influence on somebody's success in any way, big or small, is what I enjoy", and NSW/ACT Franchise Woman of the Year, ANZ Mobile Lending's GM, Kate Thomson agrees: We're always looking to recognise

"It was a progression of finding something that I loved and being supported through it all. The personal growth that I've had through franchising has been huge."

our franchisees, particularly our women franchisees, and encourage them to grow and develop and recognise them for their contributions to our business".

Manish Gupta came to Australia from India in 2010 with an extensive hospitality background and was initially deemed overqualified for a job at Hog's Breath. However, after first working in the network, he bought his own Hog's cafe in Mandurah in 2014. Manish has already expanded to three franchise sites, and attributes his success to hard work and determination, a supportive franchisor and a good staff team.

WA Franchisee of the Year, two or more staff Award winner, Kenneth Ting, grew up in Malaysia helping out in a small family-owned bakery, before moving to Australia in 2005, where his passion for retail and hospitality continued to develop: "I like going out and eating at restaurants and that sets my standards. How I feel I want to be treated is how I treat my customers."

Aaron Gunthorpe brought 20 years' experience as a franchisee at Harvey Norman with him when he purchased the Pack & Send Midland franchise in 2016: "The franchise model makes the path and progress easier. You don't need to change anything. If do it how it needs to be, that's where you get your result."

WA's 2018 Franchise Woman of the Year, Emily Slevin of Aussie Pooch Mobile, started out as a franchisee but when the chance to become Western Australia's Regional Master Franchisee for the brand presented itself, it was an opportunity she couldn't pass up: "It was a progression of finding something that I loved and being supported through it all. The personal growth that I've had through franchising has been huge."



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From a small, local company in regional New South Wales. Green Homes Australia is now one of the nation's fastest growing franchises and an international brand. Founded in the early 2000s by builder Mick Fabar, Green Homes Australia was created on the idea that sustainable, energyefficient homes could be delivered to customers for very little difference in cost compared with traditionally built homes.

# From Orange to Green and heading for Gold

**bv Sally Kav** 



Mick Fabar was determined to explore the idea and created a company. From a small, local builder in Orange, the company rapidly established attention for its expertise in best-practice sustainable building.

Driven by customers and other builders, Fabar franchised the brand in 2011. Today, there are over 30 GHA franchisees across Australia, the brand is quickly spreading in New Zealand and recently launched the sustainable building brand in the US.

Green Homes Australia was the first building company to be certified by the International Organization for Standardization for Energy Management Systems (ISO 50001) and is on a mission to be recognised as the global market leader in sustainable homes.

The speed with which builders around the world are jumping on board the Green Homes Australia franchise is largely due to a shared vision for building quality, sustainable homes and



Green Homes Founder and Managing Director, Mick Fabar (R) and Andrew Mason, Master Franchisee of New York State.



"You don't have to sell a client on the brand. Ninety percent of people who ring are already aware of the brand so they know what we are implementing into our builds,"

the support offered by GHA that assists them into this growing market, said GHA Operations Manager Josh Hughes.

"We provide a custom build system that helps a builder manage their customer's journey from initial enquiry through to moving into their brand new home and beyond, tracking all the critical information that every business owner needs," said Mr Hughes.

"We offer our franchisees dozens of energy efficient designs to suit every block and climate zone in Australia and the world and also have an inhouse design team able to help modify any existing plans or do full custom designs."

Mr Hughes said one of the areas GHA found that their franchisees needed assistance was in the sales process.

"We have an in-house new homes sales specialist who works closely with the franchisees to help facilitate discussions with customers and move them forward into building contracts, eliminating tyre kickers and freeing up a builders time to do what they're best at; building quality, homes," he said.

Building energy efficient homes with good solar passive design had long interested Dan Vardanega, who today operates the Green Homes Australia South East NSW franchise with his brother Troy.

Dan stumbled across GHA while designing his own sustainable home and was immediately attracted to the concept, recognising it could be a niche market.

"GHA was able to provide us with the resources to follow that and develop ourselves as a good provider of sustainable, energy efficient homes and we haven't really looked back since then," he said.

"We've gone from building, at the initial stages, one or two homes in the first year, and at the moment we are booking probably 10 to 12 a year."

Daniel Wilcox, who owns the Orange franchise, joined GHA in January and



said the assistance he has received as a franchisee has been invaluable to his business and it is translating into more inquiries and contracts.

"It's fast tracked me by, I'd say, a couple of years of trying to do it on my own at least," said Daniel.

"Just the setup, the website and getting people in the door and inquiries - it basically just tees everything up. Whereas before you used go through and quote and spend your own money to get to a point just to have a client walk away, the franchise systems are in place to protect you, so it is great that way.'

Daniel is booked up for the next twelve months and said he still gets one or two new inquiries a week as more and more people become aware of the advantages of sustainable building and the Green Homes brand.

'You don't have to sell a client on the brand. Ninety percent of people who ring are already aware of the brand so they know what we are implementing into our builds," he said.

"And it is just all there - the systems are there, and it is not a problem to ring up and talk to someone in head office. They give you an answer then and there."

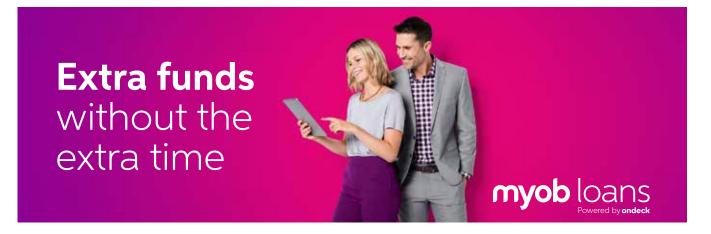
Toby Smith, Armidale, said it was the building philosophy of Green Homes Australia that attracted him at first, but the overall business management and support that saw him sign up as a franchisee.

"They really are the two biggest things, said Toby. "Before dealing with Green Homes we were anti-franchise I suppose, I guess because we were independent and we knew what the other side of it was and there wouldn't be any other franchise we would have

gone with apart from Green Homes

"Their ideals sat well with us. They weren't just another project builder, they stand for a bit more than that. They are not into volume building - they emphasise higher quality and doing things right. That is definitely the way the industry is going to go I think, it has got to -- high energy bills and just the amount of waste we go through in the building industry. I think more are going to go that way." ■





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In recent weeks, the Australian Taxation Office has been intensively promoting research the ATO commissioned into the impact of a business being 'cash-only'.

Now, while the ATO has a valid underlying reason for promoting financial inefficiencies - it obviously is more likely to miss out on tax revenue from businesses that operate as 'cash only' - the survey has come up with some interesting statistics about customer perceptions of businesses that operate on a cash-only basis.

The thrust of the ATO's message about the survey is that there is a real cost to cash-only businesses beyond the financial inefficiencies of just operating in cash; there could be a risk to their reputation as well.

According to the survey, nearly half of Australians felt inconvenienced when confronted with a 'cash only' sign, and "inconvenient" was one of the top words used to describe cash-only businesses.

As we move to an increasingly cashless economy, consumers are also becoming increasingly sceptical of the motivation for refusing electronic payments, with two-thirds simply assuming these businesses aren't

paying their fair share of tax.

The ATO says that view is actually unfair because "most cashonly businesses are run by honest, hardworking Australians. These people are a valuable part of our economy but many continue to run their businesses as they have for many years and believe it is what is best for their business".

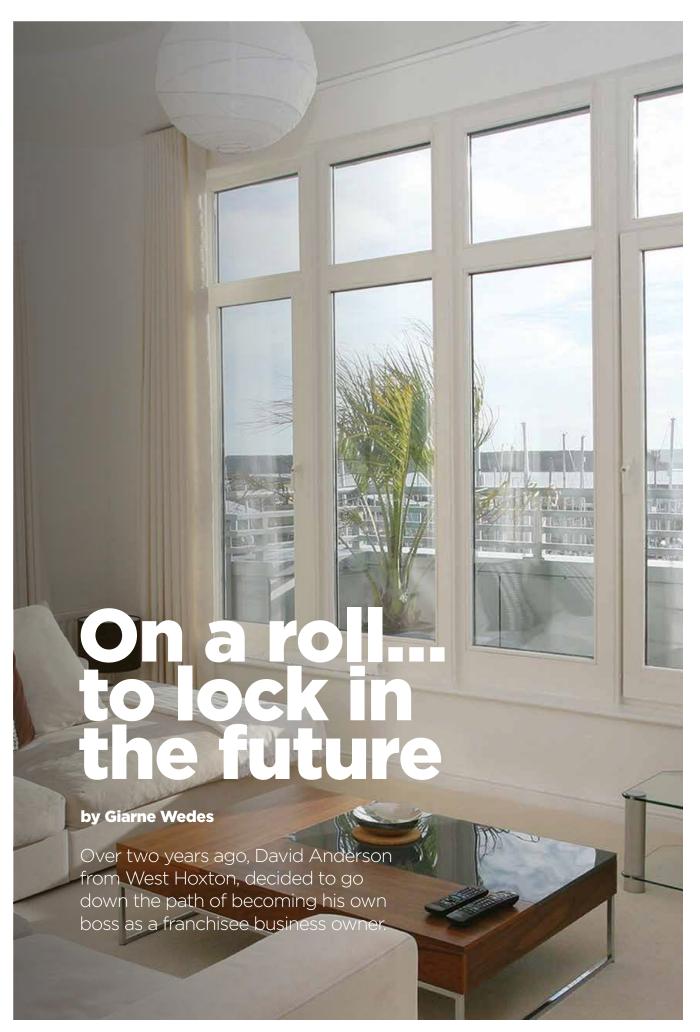
The research also found that more than 40 per cent of cash-only businesses have never investigated electronic payment systems and these business owners could be missing out on opportunities to make their businesses easier to run.

The ATO argues that electronic payments are more efficient and secure than cash payments, and also make it easier to keep detailed records. More than 90 per cent of businesses already accept electronic payments.

People are increasingly demanding the flexibility of cashless payment options so it could be a good opportunity to investigate different options, according to the ATO.

Benefits of

More information about electronic payment systems is available at ato.gov.au/electronicpayments and more about record keeping at ato.gov.au/electronicrecordkeeping





"Being a part of a franchise group never crossed my mind until I stumbled across the Lock & Roll opportunity whilst job-hunting," said Mr Anderson.

Lock & Roll is a Sydney-based specialist window and door repair, maintenance & upgrade service for domestic and commercial property owners and managers.

Lock & Roll's business proposition is simple. They specialise in fixing the hardware and functionality of windows and doors. Hardware will inevitably deteriorate or fail over time with constant use, and doors can become stiff, making them almost impossible to slide.

"The scope of work and benefits were certainly appealing; a strong rewarding income, flexibility and an opportunity to build a business based on quality workmanship," continued Mr Anderson

Now managing the Leichhardt NSW territory, Mr Anderson has built a strong clientele consisting of strata management companies, fixing windows and doors for both rental and owneroccupied properties, along with timepoor residential homeowners.

"The main challenge I faced when

starting the business was to learn about the hardware and technical side of things - but with Lock & Roll's training programs and support, it made for a smooth transition."

As a Lock & Roll franchisee, owners have the support of a pro-active operational team including a Training Manager, Franchisee Manager, Marketing Team, Business Director and General Manager. The focus for the operational team is to understand what their franchisees are looking to achieve and how they can improve the system by implementing support structures.

The flexibility is really what sold the idea of owning a franchised business to Mr Anderson. "I start my first job around 9am after I drop the kids to school. I'll typically finish my day around 4pm and my partner helps me on a part-time basis with admin and invoicing in the evening. I still work hard but if I need to take time off, I can easily book it in."

Mr Anderson's advice for those considering buying a franchised business is to, "do your research, pick a good area and build your relationships in that area, be prepared to work hard and increase your skills - there's a lot to learn."

"The main challenge I faced when starting the business was to learn about the hardware and technical side of things but with Lock & Roll's training programs and support, it made for a smooth transition." ■

#### Lock & Roll's window safety checklist for homeowners:

- The Building Code of Australia allows a maximum opening of less than 12.5cm (representing the size of a young child's head) for windows
- By law, window safety devices must be installed on any open-able window that is two metres or more above the outside surface beneath
- · Ensure your sliding windows and doors glide smoothly to avoid jamming fingers
- Have a professional fit security screens to your windows to act as a deterrent to burglars along with key-operated locks for further peace of mind



# to deliver new standards

At a time when service delivery and customer satisfaction is a key focus of attention for Australian businesses. leading parcel delivery service Couriers Please has appointed its first-ever process improvement specialist to enhance customer experience and standard operating procedures across Australia.

Newly appointed national Process Improvement Leader, Tara Heylin has been tasked to review and improve systems and processes across all Couriers Please operational units including operations, customer experience, sales, commercial, finance and IT

With more than a decade of experience in improving processes and operations for some of Australia's blue-chip financial corporations, Tara has hit the ground running in her new role.

To get the process improvement ball rolling at Couriers Please, Tara says she aims to improve the customer pain point of on-time pick up performance, strengthen communication between teams to develop a strong foundation, and improve the process design of onboarding new customers.

Tara says, "While the processes in finance companies and those in logistics are very different, the methodology is the same in any industry. It's about quantifying the problem, working through it and figuring out how to get to the core issue. The skills that I've acquired in my previous roles are transferrable to any industry and, as such, have equipped me for the challenges in the logistics industry.



"CP will deliver many exciting initiatives in the months ahead - not just in process improvement but also in transformation, internal digital to drive better customer experience and all other areas. It's an exciting time to be in logistics and I'm looking forward to providing a structured framework - to have that continuous improvement mindset - so that we can ensure our processes are industry leading."

With logistics a male-dominated industry, Tara joins a senior management team at Couriers Please that comprises mostly women. The team includes recently appointed Queensland State Manager Tracey Baldwin, COO Hoy Yen Hooper, and Head of Commercial and Transformation Jessica Ip. ■

## SINGREDIENTS FOR SICCESS

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## NFC18

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## Upcoming FCA Events

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



#### **New South Wales**

#### NOVEMBER

27 November NSW-ACT Chapter Christmas Celebrations

#### Queensland

#### NOVEMBER

13 November Coffee Catch-up

**22 November** QLD-NT Chapter Panel & Christmas Celebrations

#### South Australia

#### SEPTEMBER

13 September Breakfast: RU OK Fundraiser

NOVEMBER

**29 November** SA Chapter Christmas Celebrations

#### Victoria

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2 October Coffee Catch-up: Parliamentary Inquiry

NOVEMBER

13 November Coffee Catch-up:
Cultural Diversity in your Network

DECEMBER

4 December VIC-TAS Chapter Christmas Celebrations

#### Western Australia

#### OCTOBER

2 October Coffee Catch-ur

#### NOVEMBER

ember Coffee Catch-ur

#### DECEMBER

11 December WA Chapter Christmas Celebrations

#### **National**

#### OCTOBER

**14-16 October** National Franchise Convention

Events held by and in conjunction with the Franchise Council of Australia are designed to be informative and educational, along with providing ample networking opportunities. Meet franchisors, management staff and experts in the sector to discuss issues relevant to your brand and your career.

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



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