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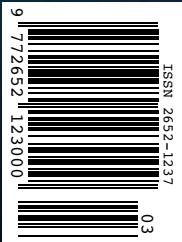
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Rethinking business in a post-COVID market

By Mary Aldred,
CEO, Franchise Council of Australia



“Previously, innovation in business was only thought of as start-ups and new jobs, when this pandemic has proven it’s so much more. It is also about what do we do now that we can do differently, and better.”

I had hoped three months ago, as many of you also would have, that by the time I wrote my next FCA CEO’s piece there would have been significant improvement in the impacts of COVID-19 pandemic and that harsh restrictions would have been lifted across Australia.

Unfortunately, that has not been the case, especially in Victoria where most businesses remain closed, and in other states there is weak recovery being reported with various surveys indicating many are still at risk of permanent closure or reduced size of operations.

The FCA has continued to proactively help members navigate complex and continually changing government restrictions on business’s ability to operate, particularly home services where there seems very low risk to the community of having those services still working, especially when their government-owned equivalents are operating.

Commercial leasing arrangements have been a continuing source of friction for both small and large businesses. The FCA has secured an exemption on collective bargaining on commercial leasing from the ACCC and state-based leasing legislative reform remains a key priority.

The FCA has also been providing expert advice and support for members on key business operations and compliance matters, especially workplace relations and the challenges associated with remote workforce management and working from home.

As some of the larger industry groups, such as airlines, retrench significant staff, the FCA has been promoting best practice franchising as a good investment option to run a small business and develop a new career.

I have been particularly impressed by businesses adapting and implementing innovation in the current environment as their strategy to survive, and in some cases even thrive.

The Australian economy is fundamentally altered and will continue to be this way until we can contain the virus, and beyond that.

Governments are regulating the way businesses are allowed to operate, or not operate, on a weekly, daily and sometimes hourly basis.

Because of this, we are now moving back to a hyper localised life. We’re all living, working, and shopping in our own suburbs and towns, and that is habit forming over the longer term. That changes the way we interact and serve

our customers, and the way we market to consumers who buy our products.

A Sensis business survey in August said that 13% of metropolitan businesses indicated they would close their doors in the next 12 months, and 5% of regional businesses would do the same. I suspect it will be far higher than that.

Cultural, accommodation, cafes, and restaurants were most worried about their prospects. Construction, building, transport, storage, finance and insurance were most confident about their survival.

The FCA recently commissioned our own research through FranDATA. That research found that 46% of survey respondents reported their revenue last quarter was less than 50% compared to the previous quarter, and that the hardest hit businesses were cafes, restaurants, fitness clubs, accommodation and child services.

By comparison, 37% of respondents actually reported an increase in revenue, with takeaway food, maintenance, health, freight and baked goods having an improved trading outlook.

There’s a couple of guiding principles at play for businesses who I’ve seen succeed through what you’d call a culture of innovation.

The first is scenario planning. Looking

at many possibilities for your business, not just one. And while we can’t employ people who can predict the future, we can create an anticipatory culture within an organisation.

You can’t hang out your shingle and expect people to come buy your coffee. What are your targets? How are you going to meet them? How are you going to out market your competitors and have nimble and lean supply chains? Systems and processes win the day.

That’s why I like franchise systems. Because if you’ve got a passion for serving your customers and working in a team, franchise systems give you those processes, supply chain advantages, market analysis and data that gives you a better shot at success than going it alone.

Part of that technical and data driven approach to business means looking closely at how our operating environment changes. Let’s take city CBD areas for example.

Office jobs won’t return to what they were before this virus. We’ve proven people can work from home, or as a hybrid between the office and home. We’re not going to have the same levels of international travellers and students coming into the CBD.

For international cities like Melbourne and Sydney, there’s a huge correlation between how those international travellers sustain retail trade, and how retail trade directs the city ecosystem, from trading hours, community safety and cultural attractions.

That’s why we’re seeing a rethink on retail outlets that were once thriving in the CBD, with their outlets forecast to rationalise in number, but surviving in the suburbs and regional towns where people are living and now working too.

People are changing their shopping habits and long-term consumer behaviour.

Convenience stores and petrol stations, where people once grabbed some milk and a loaf of bread on the way home, are seeing customers now doing more of a grocery shop there, or buying more from their local bakery, to avoid crowds and queues at shopping centres.

The lifestyle benefits of regional areas are coming into their own without the worry about a long commute into a CBD job. You can now do nearly any job based miles away from home. From a business perspective, that’s a great investment signal for regions.

Previously, innovation in business was only thought of as start-ups and new

jobs, when this pandemic has proven it’s so much more. It is also about what do we do now that we can do differently, and better.

In franchising, there’s been some great examples. Home repairs businesses prevented from day to day jobs because of government restrictions are now installing Perspex glass to protect retail workers and partnering with Bunnings home deliveries that have exploded by 100%.

Macca’s and Pizza Hut are providing milk, bread, toothpaste and eggs for people who can’t leave home as part of a convenience option. This goes to the heart of businesses trying to support vulnerable customers, especially where there was panic buying at the start of the pandemic.

Jack Welch from General Electric once said that when the market is moving faster than your business you are doomed to fail. And there’s no bigger test of that right now, in the biggest economic crisis any of us have ever lived through.

Think about your product, your place in the marketplace, and more importantly, the role you can play in helping our community make it through this to the other side. That’s a job for all of us. ■

Opportunities for franchising in the current market

By Rod Young

Managing Director, DC Strategy



While it is easy to be despondent about the current business and employment environment and outlook in the wake of the COVID-19 pandemic, franchising is a dynamic management and marketing system and the value of the franchised business model is being demonstrated during what is the biggest challenge to business and our community since the great depression.

With challenges come opportunities and those franchisors with vision and determination are already reaping the benefits that franchising can provide.

During and following this COVID-19 crisis, franchising can be better suited to both growth of business unit revenue and the alternatives of network development by investing further capital into more company owned stores, vans or offices to grow revenue and profits.

It is important to understand that both the business environment and consumer behaviours have changed and changed permanently.

But don't be misled that this is bad for business across the board.

There are some sectors which may take years to recover, with airlines, travel agencies, cruise ships, tourism and some retail sectors in a world of pain.

However, cocooning is driving 2020 sales levels well past 2019 figures in many sectors and these sectors will continue to benefit from the money provided by governments in fiscal stimulus and the switch from billions spent on domestic and overseas travel and dining out, to food, home and wellbeing-related purchases, including cleaning services.

While 10% of the workforce may be unemployed, those who were unemployed pre-COVID have seen increased benefits and the 90% still in work are still spending at pre-COVID levels but often via the internet and delivery services.

As a result, an online offer is no longer an option but a necessity for every franchise network and their franchisees.

Online growth strategy

Some DC Strategy clients and their franchisees are reporting 2020 financial year results that exceeded 2019 by over 10% with the May, June, July 2020 quarter one of the best ever results and the first two months of the new financial year exceeding expectations.

The use of the internet for communications and e-commerce has taken at least a five-year leap forward in the past six months and those who have pivoted quickly to embrace this phenomenon are reaping significant benefits.

While foodservice businesses have been smashed and many forced to close, many franchisors, like Soul Burger, have responded with new activity, tactics and strategy.

New franchisor, Amit Tewari, the Founder and CEO of Soul Burger saw sales plunge as COVID struck Sydney and home delivery became his only market with store sales down 70%. Delivery fees were gouging the meagre gross profit remaining.

Rather than sit on his hands and hope things would get better, Tewari not only accessed all the State and Federal Government assistance he could qualify for, including JobKeeper, but also restructured his whole operation and staffing model, launched new product lines and created a partnership with a delivery app developer focused on capturing his own online orders resulting in the business at his stores skyrocketing over the last three months of F2020. The result was a new retail-based but online focused business model that produces comparable profits to pre-COVID sales.

To encourage new franchisees, he is

offering to sell existing company owned stores to new franchisees, providing them with a low-risk opportunity to get into business with instant cash flow and a proven and profitable franchised business with the figures to show that good profits can be made during the COVID-19 period even in the restaurant business.

Furthermore, to drive network growth, Tewari is planning to invest the proceeds from the sale of these company owned stores into new stores and repeat the process of converting them to franchisees.

Conversion growth strategy

Not all franchisors and franchisees have been successful in the current market, however the success of franchisees exceeds the success rate of independent small businessmen and women, and many franchisors have grown substantial businesses during several very difficult economic episodes over the past 50 years, the latest before the current COVID-19 emergency being the Global Financial Crisis.

We believe lack of success in an ocean of opportunity is due in part to the underestimation of the know-how required to build successful networks and brands and grant franchises to compete in a sophisticated and competitive COVID and post-COVID market and the failure to embrace change.

One strategy to drive growth is the conversion of independent competitors to join the franchise network.

As small businesses look to the future, some owners are finding that independence means being alone in a tsunami of change and are fearful of the future. Joining a franchise can be a lifeboat to a more certain future with

the support infrastructure of a franchise brand.

Alternatively, the number of businesses for sale is increasing as some independent owners just don't have the desire to press on in times of uncertainty.

This represents a real opportunity to increase the footprint of a franchise network.

We are actively encouraging DC Strategy clients to match prospective franchisees with good competing independents and execute a sale and conversion to the franchisor's brand. The new franchisee steps into an existing but rebranded business base, the vendor exits the market and the franchisor takes out a competitor and adds another outlet to the network.

Franchising provides the two primary requirements for growth in today's COVID-driven environment and franchisors need to invest in redeveloping their business model and/or franchise offer and spend more now promoting their franchise opportunities.

Human resource

At no other time since the great depression has unemployment in Australia been higher and the outlook is for this to remain elevated for years with over one million Australians now unemployed and Seek, the job advertising marketplace, advising August 2020 job ads are down about 30% on same month in 2019.

With low wages growth in our economy, and high unemployment driven up by the current health crisis, many Australians are highly motivated to get into business and generate above average wage incomes and an asset for the future.

Given that independent small business failure rates are high in the first 5 years, and 50% of those who fail do so in the first 12 months, while the best advised, prepared and operated franchise systems have franchisee failure rates of less than 2% in the last 5 years, the better developed franchisors are well placed to continue attracting the best franchisees and building significant enterprise value for themselves and their franchisees.

As budding entrepreneurs look to a business model that reduces the risks of being self-employed and can provide a future for their family and jobs for them and their kids, franchising is well placed to capitalise on these opportunities.

Many employees have realised that even so-called secure jobs are at risk and have found themselves unemployed or just surviving on JobKeeper with a precarious outlook.

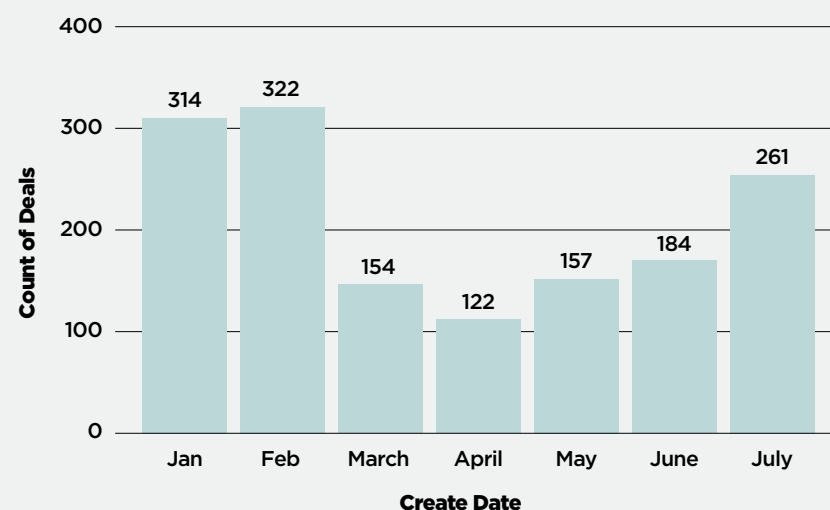
These include a large group of middle and upper-management executives well capable of running and managing businesses who are now seeking business opportunities to provide them and their families a future in which they have more control than when they were an employee.

This new class of franchise buyer presents a valuable resource keenly sought by good franchisors and represents a significant new opportunity to attract quality franchisees.

Franchising fulfils many of these needs for those individuals who find themselves between opportunities and looking to get into business.

As the following graph provided by the DC Strategy's Franchise Sales and Lead Generation division shows, demand for franchises, which plummeted in March and April, is accelerating and is predicted to exceed 2019 levels before the end of 2020 and remain high for at least the next 3 years.

Lead Generation Monthly Stats 2020



Franchising is a highly effective human resources strategy. It can bring the right people to manage growth. Australia's workplace laws and wage policies have become so onerous that many businesses choose not to grow further as their payroll balloons with company-operated locations and the hidden costs of payroll tax, staff turnover, loss of intellectual capital, and the continual recruiting and training of new staff, workplace compliance, staff theft and unfair dismissal claims that eat into profits and the return on capital and equity tied up in a growing business.

Correctly recruited, screened, selected and trained franchisees who need to get into business and out of the COVID-19 unemployment queue are motivated owner-operators with 'skin in the game' (their own money invested), driving sales, improving profitability, managing costs and staff and caring for their customers under the franchise brand at the customer-end of the network.

Now is the time to invest in developing and expanding a franchise network to take advantage of this emerging demand.

Capital raising

There are billions of dollars tied up in equity in Australian homes and the Federal Government has announced a new program to provide guarantees to banks to lend money to small business, which of course includes franchising.

Franchisees can bring the capital required to expand, one unit at a time. For the business owner choosing to adopt franchising as a business development strategy to grow an already proven and profitable company-operated business, this means they do not carry bank loans or finance

"Pivoting to the new normal and executing impeccably on strategy during and beyond this COVID-19 crisis will create the profitability to attract quality franchisees and eventual investors."

arrangements to build further locations, so no interest or collateral requirements like bank guarantees, and very importantly, no dilution of equity or reduction in control of their operation.

The elite 15-20% of successful franchises

Of the approximate 1200 Australian franchise networks, only a couple of hundred operators have a franchise model that has grown to critical mass or have enterprise value in excess of \$5 million. Developing your current business into a franchise system robust enough to expand in the current environment requires a flexible approach and good strategy and execution.

Franchisors such as Poolwerx, Ben & Jerry's, The Yiros Shop, MBE, Ovenu, Motto Motto, Nurse Next Door, Thermawood and other nimble franchisors are already reaping the benefit of modifying their franchise offering and plunging heavily into the promotion of their brand and their franchise opportunities with new franchises already being granted during July and August and a pipeline of prospective franchisees stretching into 2021.

All this while the timid stand on the sidelines of business and hope things will improve before they decide to act.

Pivoting to the new normal and executing impeccably on strategy during and beyond this COVID-19 crisis will create the profitability to attract quality franchisees and eventual investors.

This will allow these franchisors to join the elite, successful, sustainable franchise networks and brands that will be among the icons of Australian franchising in the coming decades. ■

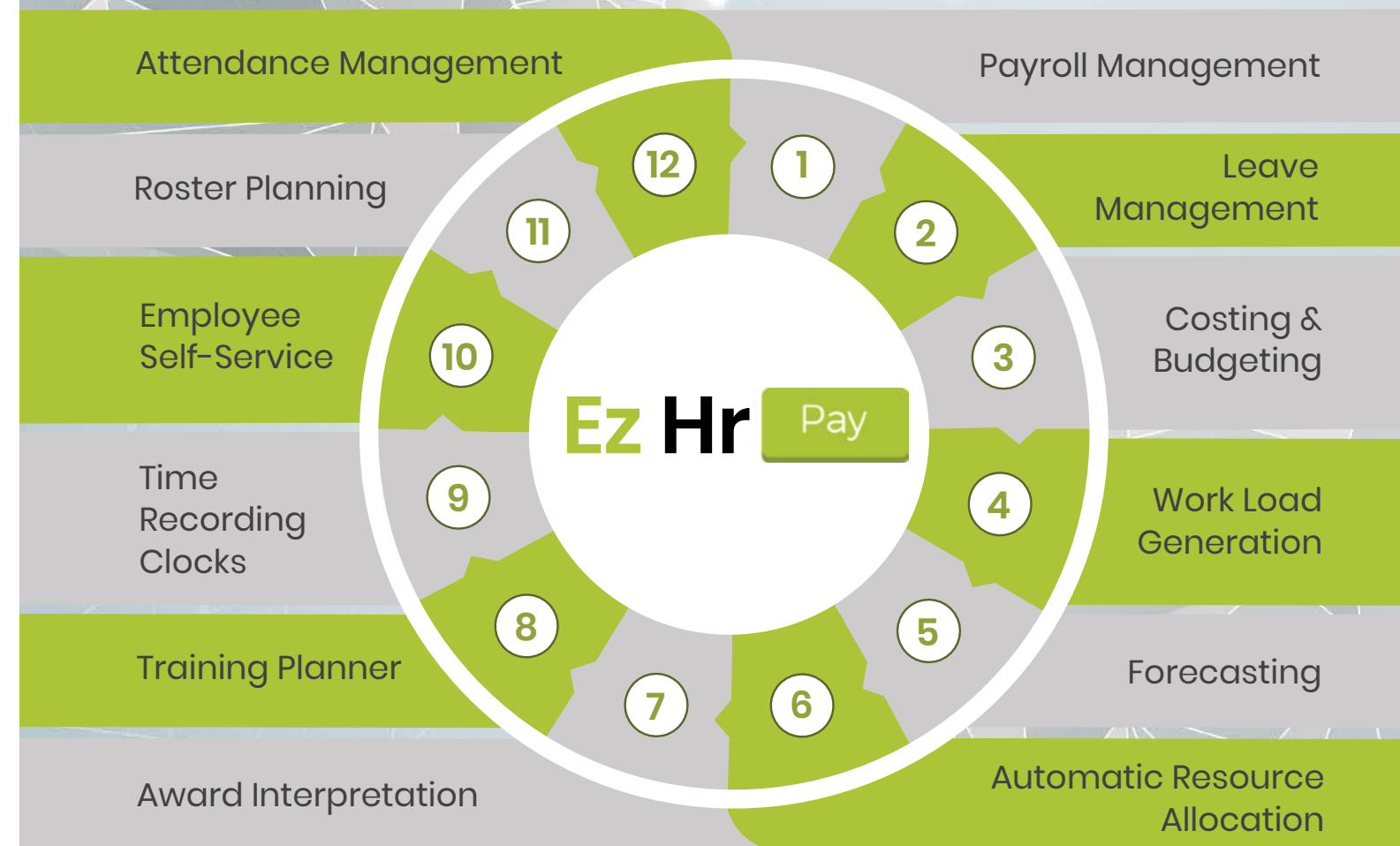
About DC Strategy (DCS Franchise Group)

Founded by Rod Young in 1983, DC Strategy is an Australian end-to-end franchise consulting, legal, recruitment, lead generation and marketing firm. For more information, visit www.dcstrategy.com

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With dining restrictions enforced in recent months, Quick Service Restaurants (QSR) have had to change the way they communicate, operate and deliver to meet customer needs and demand, and respond to changing policy. **craveable brands.** CEO Karen Bozic explains how its network of franchise partners across 580 Red Rooster, Oporto and Chicken Treat restaurants was supported in adapting business to succeed in uncertain times.



Resilience in franchising: Adapting in uncertain times

By Karen Bozic
CEO, **craveable brands.**



“We have sought to stay ahead of the game where possible and ensure we had workable and effective solutions for each challenge our franchise partners faced. We are proud that the majority of feedback from our franchise partners about how we have handled the complexities during the crisis have been excellent.”

Support

The level of complexity that franchise businesses have had to deal with in recent months has been immense. At **craveable brands.**, we have a core team of 180 people to assist and support our franchise partners, and to help them navigate tumultuous events like the recent coronavirus outbreak. The advantage of having three brands is being able to draw on the collective knowledge and wisdom of three groups to provide franchise partners clarity and solutions in a very complex environment.

There is a lot of responsibility to get things right on behalf of our franchise partners, particularly when the market changes so dramatically.

Our support has included navigating and rolling out new processes, sourcing urgent items such as sanitiser, gloves and masks, and providing guidance through accessing stimulus and government support. We have had our team in stores coaching franchise partners on operational changes, conducting regular communication, and of course providing financial assistance where

required. This has enabled our franchise partners to focus on trading, hygiene and building customer trust in an uncertain environment.

Communication

craveable brands. has a national network of 13,000 people across 580 restaurants. The constant flow of information, changes in policy and regulations, and local response over recent months has affected each franchise partner differently depending on their location. We very much adopted a strategy of optimising how we traded in the circumstances we found ourselves in, aware that regulations or other circumstances could change at any time. As a parent company, it has been our role to decipher and deliver information so franchise partners better understand their options and responsibilities.

We formed a core working group across our brands and key support areas which met daily to find uniform best practice globally and domestically. This group communicated regularly via video conference calls, but importantly, a WhatsApp group was used to quickly disseminate information as restrictions were introduced, eased and re-introduced in some markets. This channel allowed for

constant and quick sharing of information so members could consider options and approaches before scheduled meetings. It was this agile and informal communication stream which proved to be very effective and allowed for a fast response time.

We knew communication with our franchise partners was key to help them understand how we as a company would navigate regulatory changes, upkeep supply and support our restaurant owners in changes to delivery. We held information sessions, funded one on one sessions for external advice where franchise partners wanted it, and circulated numerous communications to help. We also trained our operations team in the field across these topics to ensure they could assist our franchise partners in the field.

We needed to remain in regular contact with our franchise partners to ensure we stayed connected with what was happening in stores across the country. Regular video conferencing and calls were used to update and connect with our franchise partners and team on our responses to change, which were happening quite literally by the hour, and the help available to them. We might not have had all the answers, but we could

share what we knew and explain what we were planning to do. This is something we had done less frequently before, but which we plan to continue as the feedback has been positive from our franchise partners.

Communication was required with our stakeholders too. Interactive video sessions were held weekly with our 180 restaurant support staff, instore signs and communication through our CRM helped our customers navigate through the changes, while our brand CEOs were in constant contact with franchise advisory councils. As an industry, we united to find a way to be able to continue our core business purpose – to provide Australians with affordable, convenient and quality food. Importantly, our individual brands also responded in a bespoke manner when it came to product offers and connecting with customers.



Responding to customer needs

When taking the role of CEO in December, the overall strategy adopted was of transforming **craveable brands** into a modern, customer focused powerhouse of food brands. While customer-focus has always been a priority, we've seen initiatives launch at an accelerated rate over recent months, and the pandemic has also provided a whole new perspective.

It's never been clearer that customers want to interact with a brand at times and ways that are convenient. Our drive-thru, delivery and convenience models have excelled during the crisis, as these options have proven to be safe, convenient and affordable for our customers. Contactless payments, and a shift to delivery, using both our own service for Red Rooster and aggregator partners across all three brands have helped us to develop a position of what we call "convenience leadership". In Victoria, during the time of extended lockdown, in one of our brands, more than 50 per cent of our sales were from delivery alone.

We don't see the hunger for convenience slowing down at all. While

other aspects of life in general may return to "normal", our customers will continue to do what works best for them. We intend to sustain the rhythm and pace of our efforts to accelerate convenience, no matter what the future holds.

Fortunately for those in food service, people have to eat, and those playing at the value end can still remain an affordable and convenient alternative when things get tough. In an environment full of uncertainty, people turn to brands and offers they can trust, and that has certainly been true during the pandemic when more customers have turned to us more often. Established brands like Red Rooster, Oporto and Chicken Treat are who customers can turn to when they want to make their lives easier, bring a bit of joy during a difficult time and give them a break from the pantry lockdown diet of pasta, rice and beans.

A crisis of this magnitude creates complexity in many areas. When it came to supply chain, not only did we have to ensure supply of our usual stock was maintained and in many instances increased, we also had to procure and supply Personal Protection Equipment to all our franchise partners and staff, as well as hygiene/sanitisation products to customers.

Our approach during this crisis has been to move with speed and then refine over time. A great example is the requirement to collect customer details. Initially, as a quick solution details were collected on the POS and iPads, this was then migrated to QR codes to make it easier for team and customers.

Foundational change

Social distancing has fundamentally changed the way customers and staff interact and operate. For bricks and mortar fast food outlets, we need to consider physical changes with the new norm of distancing and capped maximum capacity likely to continue. We may need to look at changes to the physical layout of kitchens and floor design for dining spaces and consider ways to further minimise interpersonal contact and food handling. We also need to accommodate the multiple ways customers will interact with the brands going forward and ensure in-store, delivery and drive-thru offer seamless ways our customers can access and enjoy our food in a way that best suits them.

Change is here to stay

While many of the changes we have implemented formed part of our original strategy for the coming years, several have been fast-tracked and others are new innovations brought about by the adversity faced by the industry. Some

changes we've introduced have worked so well during the recent crisis we wonder why we weren't doing them before, and as such, many changes are here to stay.

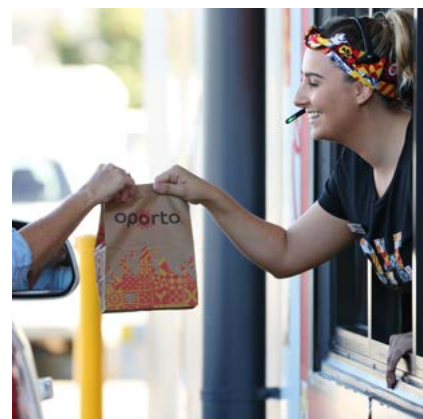
Trust, convenience and a return to the simple things are going to be attributes that customers will continue to connect with beyond the pandemic. We are thinking about this a lot across our multiple customer touchpoints, channels and brands as we turn to strategy execution going forward. Principles around transparency and greater levels of communication is something we want to take forward. We have seen exponential delivery growth in all three brands and expect this channel to continue to do well. As a business we have loved the agile, fast, resourceful and flexible ways we have worked as a team during this period and the support that has meant for franchise partners. These are behaviours and focuses we want to continue.

Conclusion

One of the many things we have learned this year is that no day is exactly how you plan it, and resilience and adaptability in business is more critical than ever. As someone who grew up in a family business, I very much understand that the whole family's livelihood depends on that business, and that has shaped the way we have prioritised supporting our franchise partners.

I am proud of how the QSR industry has responded to recent challenges. We know the important role we have in feeding Australia, and as an industry, we have moved quickly, and shared practice and knowledge to ensure we can continue to operate when our customers need us.

We're incredibly proud of the way **craveable brands** franchise partners have worked with us to pivot and adapt for our customers. Our businesses are performing well, and the majority have not only recovered but are experiencing growth, proving quick service restaurants to be a very robust sector for franchise partners, even during times of uncertainty. ■



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Crisis leadership through the uncertainty of COVID-19

Article provided by
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The crisis leadership strategies to implement right now in order to enhance your business's future.

COVID-19 is unlike any health crisis the modern world has experienced. For many it means a bleak outlook and an uncertain future. During a crisis like this, the first thing employees look for is a leader, someone who can offer stability and reassurance, lighting the way through the uncertainty even if the destination is anything but certain.

2020, the year of crisis leadership

"During a crisis, your goal is to reduce loss and keep things operating as normally as possible." - Gene Klann, author, *Crisis Leadership*.

You should be both leading and managing, addressing the urgent needs of the present, and allocating resources for future planning. Decisions need to be made fast and the pace is unrelenting.

So, is there a silver lining? Yes. As many leaders are tested – and fail – those who successfully navigate the storm will come out the other side with fewer competitors, a stronger team culture and a significant lead.

The things you do now will have lasting implications for your people and your business. Here's how to get it right.

Effective crisis leadership strategies

Build trust with honest, authentic communication

When communicating with your people during a crisis, paint an honest and accurate picture of reality and be as clear as possible about what you need them to do, while delivering hope and inspiration.

Harvard Business Review suggests that the success of New Zealand's four-level alert system can be put down, in part, to how the system was communicated.

Amid what was an ambiguous threat, the messages were explicit in instruction, but honest and compassionate in delivery.

"I understand that all of this rapid change creates anxiety and uncertainty, especially when it means changing how we live. That's why today I am going to set out for you, as clearly as possible, what you can expect as we continue to fight the virus together." - Jacinda Ardern, Prime Minister, New Zealand.

On top of her press-room clarity and use of metaphor – as to when she asked people to stay in their 'bubbles' – Ardern also added a feeling of transparency and comradery with public question and answer sessions, streamed live on social media. Her openness and an at-home personality that so closely matched the heavily scripted daily briefings brought authenticity to all communications from her camp.

Forget traditional business hierarchy

COVID-19 will mean you're faced with making big decisions about unfamiliar problems. It can be hard – or impossible – for a small executive team to respond quickly and effectively. That might not be as big an issue as you think.

According to Forbes, many business leaders wrongly believe that in times of crises it's their decision-making that creates change. McKinsey & Company adds that it's actually a network of response teams that will ensure the business keeps ticking over. A leader's role is to set clear goals and then model the behaviour that will achieve them.

So, use your people. Set clear response priorities, create teams with expertise from different areas, and empower them to create and implement solutions. Lead by example, encourage collaboration, and share information that will help teams make decisions faster.

Plan for the worst, hope for the best

While the priority for most is keeping the books out of the red and people in jobs, you must also think beyond the current emergency. What's the plan for when this all comes to an end?

Chief executive and advisor, Michael Ilczynski, writes that, although businesses of all types and sizes have had very little time to react strategically, scenario planning will go a long way towards survival.

"Given the massive variation in potential outcomes, the only way for leaders to navigate is to create and debate multiple, detailed scenarios. You must create multiple scenarios and not necessarily "pick one" to follow, but rather manage as much as you can for "all of them" until time passes, and certain scenarios either become more likely or fall away..."

Similarly, Harvard Business Review suggests that sustained scenario practice can make leaders more comfortable with ambiguity, helping them to prepare for futures that might happen, rather than just for the future they would like to create.

Use technology to your advantage

At a time when working from home and physical distancing are the new norms, technology provides a much-needed lifeline for businesses. It enables productivity and connectivity and will be an important part of executing any crisis leadership strategy.

You can use tech to bring teams together, spot issues, create solutions and innovations, and extend your antennae of influence across the organisation.

Leverage technology to:

- **Boost trust, transparency, and authenticity.** Use technology to convey messages through multiple channels – a single email won't be enough. Get up to speed with new tools and platforms and set clear protocols for their use to support regular communication. Create engaging content to put where your workforce is – on social media platforms, not just in their inboxes. This is especially important for your younger workers, who have never before experienced an economic downturn of this magnitude.

- **Change your hierarchy.** Cross-functional teams need access to real-time data if they're to make agile and informed decisions. Technology enables that.

- **Increase efficiency.** Create clear guidelines about what information is shared where, and how people can access it.

- **Aid scenario planning.** Use scenario planning to drive IT strategy, focusing on the technologies and applications that will position the business to adapt quickly to any scenario.

General manager for Enterprise at MYOB, Kim Clarke said: "While there's uncertainty around what the future will look like, we can be certain about one thing: the most essential element to any business now and next is to ensure you stay connected to your people and your people can stay connected to your business".

"The businesses we have seen flourish have been able to harness their people and their business management software to pivot at pace," said Clarke.

"A new bar has been set in terms what is expected for businesses and it is the responsibility of all business leaders to ensure they are equipped for this new future.

"Ensuring you have the right business management software is critical for business continuity."

People will follow great leaders

This crisis requires a different strength of leadership. Focus on building a new level of trust within the organisation.

Be prepared for every possible scenario. Use the expertise of your workforce to discover new solutions and drive business forward, and leverage technology to maintain connections and productivity.

In these unprecedented times, a lot will be expected of leaders. There's no way of knowing how long the repercussions of COVID-19 will last, or what the world will look like after we've beaten it. But if there's one thing we know for sure, it's that what your people need most right now is a great leader.

This article originally appeared here: <https://www.myob.com/au/blog/crisis-leadership-under-covid-19> ■

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Many business owners buy into a franchise for the support that the franchise model offers them: proven systems, processes they can draw on, and marketing and financial back-up. Now, the franchise model is being put to the test for hundreds of thousands of franchisees as we enter into the largest recession in a century.

By Mark McGinley
CEO of CouriersPlease

What you can expect from your franchisor to help you through the economic downturn





Thousands of businesses have been struggling since March, not just to keep their employees safe and comply with Government-mandated restrictions, but to keep their businesses on a lifeline while they deal with markedly lower revenues. A significant majority would be concerned about whether their business will remain viable on the other side.

By drawing on the support of their franchisor and the franchise network, I believe franchisees have an advantage over independent businesses in the current market. Businesses operating under an established brand also benefit from increased buying power and a lower risk of failure.

However, not all franchises are the same, and many might discover the true value their franchisor offers them in the current climate. In an economic crisis, businesses should expect more from their brand, with extended measures offered to them. I have outlined four common areas of support businesses should expect.

Discounting or waiving fees

Franchisees might pay fees such as royalties – a percentage of the franchisee's gross revenue or a fixed periodic amount to operate under a franchise business – and marketing, advertising, ongoing training and support. In the current market, good franchisors would provide some financial breaks to franchisees who are doing it particularly

tough, depending on the industry in which they operate and how severely they have been impacted. This could be in the form of discounted fees, relaxed payment terms, or even the waiving of some fees for a fixed period of time. If a franchisor has not offered this kind of help, franchisees should ask for it.

Negotiating expenses on behalf of their network

Franchisors are in a strong position to negotiate on behalf of a franchisee for expenses such as capital purchases and commercial leasing. The franchisor has increased buying power due to their ability to lock in purchases on behalf of an entire network, the promise of repeat business by that network, and its brand recognition. This puts them in a better position to negotiate purchases.

At CP, for instance, the boom in parcel delivery volumes during social restrictions has led to some of our franchisees requiring larger, or additional, vans to enable them to meet their delivery deadlines while handling larger parcel volumes. We have been able to draw on our collective buying power to get our franchisees better deals, to help them maintain operational excellence.

Commercial leases are one of the largest expenses for a business. Earlier this year, the Government announced a range of measures to help commercial tenants affected by social restrictions

and shutdowns, including a temporary hold on evictions and a mandatory code of conduct for commercial tenancies. A franchisor can go further by negotiating with commercial landlords to reduce the cost of rent during this challenging time, as well as managing the contractual work. A franchisor normally has more administrative resources than its franchisees to carry out this type of work.

Pivoting services and product sales into in-demand areas

I recently spoke to a CEO of a printer franchise about the necessity for small businesses in struggling industries to pivot their products or services into new geographical areas, or new service or product areas, to help them maintain their business income levels. He let me know about the fall in demand for printing services as a result of businesses stationing their employees at home. In response, he led his network into pivoting their services to COVID-19 signage, a new demand area. He led the retraining effort of workers across the franchise network and the repurposing of facilities, to ensure franchisees had the skills, knowledge, and equipment to deliver the new product offering. The franchisor also led the marketing of the new service offering, enabling franchisees to get on with the work. The re-pivot was a success: by generating new work, all franchisees were able to retain their employees.

CouriersPlease (CP) is another example. The pandemic and subsequent shutdowns saw a proportion of franchisees experience a significant boom in delivery volumes, while others experienced a large decline. To help the network, we temporarily redrew our delivery territories, thereby diverting the latter to work in locations where volumes cannot be fulfilled by the former. We also onboarded new franchisees in high-demand areas. This helped franchisees who experienced a drop in deliveries in their location to maintain their incomes, while franchisees in higher-growth areas were able to meet delivery deadlines.

We have also focused our efforts in supporting the volume growth by expanding our business, investing in more equipment to help our network, and partnering with third-party delivery partners to help franchisees with the overflow in activity. Over the last few months, CP has opened new depots in Sydney, Perth, Gold Coast, Brisbane, Melbourne and Newcastle. This has enabled our franchisees to expedite parcel pick up and distribution – and spend less time on the road – via a depot in closer proximity to them.

Developing customer communications on franchisees' behalf

Strong and clear customer communication is essential during times of crises and uncertainty. Customers want to know if a business is operating as usual and whether they can expect any changes in services, products, opening hours or resources. For franchisors, consistency in service and communication across the network is essential. This is what franchise models are all about: essentially one interconnected brand across an entire network. For this reason, it makes sense that the franchisor be responsible for developing and distributing consistent and timely mass customer communication across said network, in the form of SMS messages, emails, brochures and signage. In addition, franchisors are normally better resourced with administration staff – or external agency partners – who can manage such communication.

Franchisees cannot be expected to carry out all activities and aspects of their business themselves. It is the role of the franchisor to offer their network with the skills and support to succeed, particularly during this economic downturn.

Aspiring franchisees are best to buy into businesses in recession-proof industries

Business is hard. If demand for a product or service is consistent in weak and strong economic environments, the more likely the business delivering that product or service will succeed consistently over the long term. As such, those looking to run a franchisee are best to choose an industry that is not only recession-proof, but continues to grow in an environment like the current one.

Logistics is one such industry. As a result of the eCommerce spike during nationwide shutdowns, CP's fleet of more than 750 franchisees has continued to operate alongside the rest of the logistics industry as an essential service. Not surprisingly, we have seen a consistent 80 per cent increase in delivery volumes over the last four months.

As a result, we are recruiting more franchisees to maintain our growth, and are keen to work with people who share the same values: the desire to work as a team to create an exceptional customer experience and to provide a reliable and high-quality service. Our 30-plus year legacy has created a proven franchise model. More than 20 per cent of our network has been with us for more than 10 years – a testament to our position as a leading franchise business. ■

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Set your business up to thrive in uncertain times

By Susie Salmon

Partner, Private Clients
Strategy & Consulting, PwC

In today's market agility & speed equals resilience.

As the immediate crisis passes, businesses will need to adjust to be successful in the new normal.

As the dust starts to settle from the economic shocks of COVID-19 and stimulus is wound back, businesses will operate in a changed landscape, one in which the old rules may no longer apply. Adapting to the 'new normal' at speed is not only a matter of survival, but also the key to outperforming competitors and being on the front foot of opportunities that a disrupted marketplace presents.

A challenge for most small to medium businesses - and particularly those in the

franchise sector - is accessing affordable advice and support to design a refreshed strategy that tackles those immediate needs relating to cash flow management stimulus and grant funding, followed by longer term strategies to ensure the businesses culture, customer experience and operations are working together effectively. This 'whole- of- business' strategy refresh approach will ultimately create a clear pathway to set the business up to thrive.

Staying up to date with shifts in consumer demand

To be resilient in uncertain times, it is crucial that your franchise stays relevant by keeping up with new demands and shifts in your customer behaviour. Understanding how your customers' needs have changed allows you to rethink your products or services and create something that no-one else has



thought of to propel you in front of the competition.

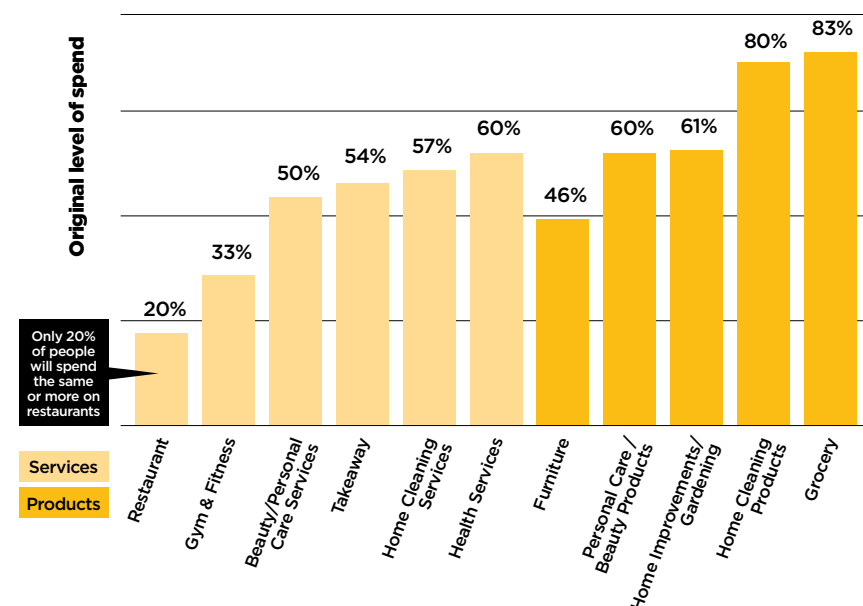
COVID-19 has been the catalyst for a significant societal shift in the way we do business and communicate with each other - whether it be our approach to remote working or understanding consumer consumption patterns- the impact of change may have a long-lasting effect.

This impact was substantiated by PwC Australia and Swinburne University's recent consumer behaviour research, where consumer spending habits, pre, during and post COVID-19 were analysed. The good news is that we found that consumer spending is not universally down - well targeted products and services that add value are being bought at scale, meaning that businesses that move quickly have a significant head start on businesses that don't refresh their thinking or operate aimlessly in the dark.

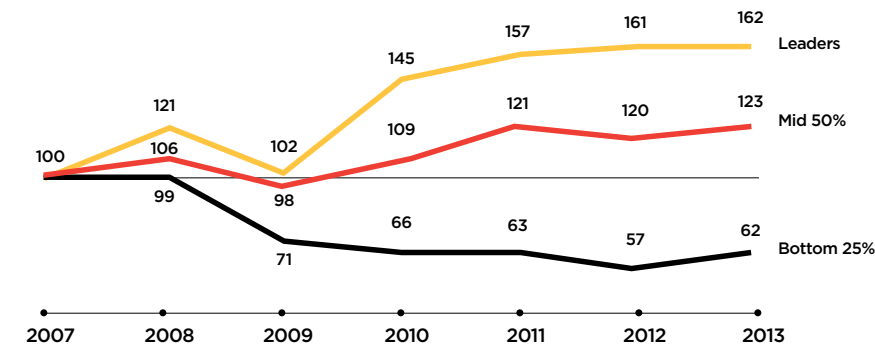
Other key short term indicators from our research show a number of emerging consumer behaviour trends: a demand for greater digital access and engagement with goods and services, perception of cleanliness, and a desire to help local businesses were among the areas which may persist over time. The key to thriving long term is not only to be aware of these trends, but to analyse the 'why' behind them, and then to pivot one's strategy to meet the future demand relevant to your business.

You and your franchisees need to focus on your strengths to deliver against these trends and communicate these successes to your customer base.

People who will spend the same or more during COVID-19



Learnings from the 2008 Global Financial Crisis



Thriving in turbulent times

Learnings from the Global Financial Crisis in 2008 show that businesses that did not refresh their strategies or plan for their recovery had 39% less EBITDA growth over the following five years than those who demonstrated agility, using the crisis as a time to assess the direction of their business and refresh their approach.

Refreshing your strategy is crucial in adapting to new consumption trends, but it's easier said than done. The key to a successful refresh, or conducting an initial strategic plan, is to think methodically and use a process to help frame the right questions that you need to solve.

A good strategic planning process starts with analysing what value your

business creates for its customers followed by evaluating how your market can leverage areas of competitive advantage to efficiently allocate resources.

"Success will be determined by resilience, speed & focus"

Speed of adaptation is now more important than ever and embodies the core characteristic of a resilient business in uncertain times. Your strategy refresh needs to be both practical and impactful, and tracked for success. As with all change, continuous improvement must be applied and measured to maximise the impact of your strategic initiatives and efforts.



"Preparing for the 'new normal' won't be easy but reimagining the possible for your business can create a competitive edge that will sustain change no matter how big. If you need support to reshape your strategic business plan, reach out to me to help you navigate your options or for a complimentary strategy discovery session with one of our franchise strategy specialists. You are not alone; we are here to help."

Susie Salmon

Partner, Private Clients
Strategy & Consulting, PwC

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t +61 499 016 116

PwC's Fit for Recovery strategy refresh model provides this practical framework to reshape how you can serve new customer demands and think about what's your next big move.



So how do we bring the strategy refresh to life for the franchise industry?
A whole-of-network strategy where everyone benefits - It's a win win!

Having worked with more than 200 franchises across Australia, we have a deep understanding of the challenges and opportunities facing the industry. These insights have helped us design Thrive, a whole-of-network strategy refresh program designed to help both franchisors and their network reset their strategic vision, reimagine the possible to create a competitive edge that will sustain change no matter how big.

How does Thrive work?

Our Thrive Strategy Refresh Program looks at helping both the franchisor and franchisee develop a consistent approach to strategy planning and execution - working in tandem at both Head Office and with individual franchisees. This integrated consulting approach ensures that all parties reach their full potential to make a lasting impact well into the future.

Key areas to address as part of your strategy refresh	
Radically transform your cost structure	<p>Review cost of sale models and clearly differentiate between 'nice to have' vs core/strategically aligned costs</p> <p>Understand cash flow through quick and efficient forecasting, analyse for deferrals and quick wins for both franchisor and franchisees</p> <p>Perform a support scan at the state and federal level - identify what support is available to franchisors and franchisees. Educate your network on how to access and provide assistance if necessary</p> <p>Identify cash flow risks and engage with banks and financiers early</p> <p>Review resourcing in light of new strategy</p> <p>Understand value adding vs bloat costs in your business</p>
Build strategic capabilities	<p>Build out business capabilities in line with core strengths in the post COVID world</p> <p>Grow and nurture strategic partnership relationships - integrate at the franchisor HQ and franchisee level to help drive sales</p> <p>Build your workforce of the future - understand the talent in your network and assist with redeployments within the network to ensure capabilities are not lost</p> <p>Accelerate training and skills development across the network</p> <p>Review physical footprint and find ways to digitise your customer experience</p>
Re-imagine your operating model	<p>Put digital transformation up front and center and fast track any digital projects to reflect changing customer behaviours</p> <p>Have a business continuity plan in place for future waves and educate franchisees prior to implementation</p> <p>Develop an operating model that is cost effective and targeted at strategic initiatives</p>
Activate culture led change	<p>Reconnect with your core values as a network</p> <p>Inspire all stakeholders in the network to walk with you on the journey - identify how to incentivise and motivate</p> <p>Embrace change and articulate successes to the network</p> <p>Practice flexible working and leverage digital capabilities to align with consumer trends and build resilience into the business model for future shocks</p>

Thrive for Franchisors - strategic planning for value creation

The Thrive Strategy Refresh program starts with a complimentary discovery session where we get to the heart of the franchisor's vision, goals, issues and opportunities. This component incorporates a business diagnostic and facilitated strategic planning workshops, culminating in the delivery of a value creation plan. In addition, we also provide on-going leadership advisory support to help implement the strategy plan.

Thrive for franchisees - consulting and education at scale

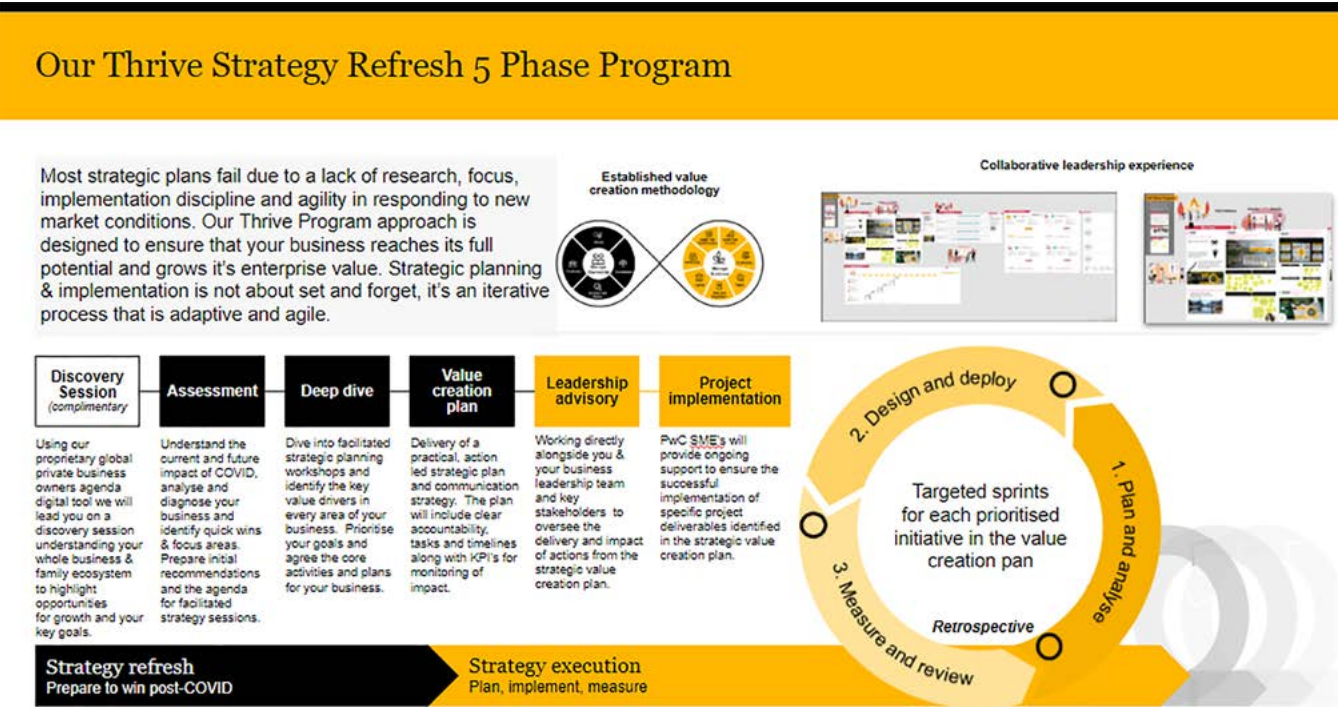
Being a member of a franchise network has many advantages, including access to a large pool of motivated contributors and a built-in engagement model which integrates into the success of the broader network. However, franchisors must also lead the way and take their franchisees on the refresh journey - bringing together diverse priorities, strengths and weaknesses for one common goal - sustainable success!

Thrive for franchisees combines consulting and education for owners to help solve their most common issues: from financial literacy, cash flow and business planning to helping implement the right professional advice at the right time, this approach is scalable and delivers notable impacts such as improvement of franchisee financial management, proactive cash flow scenario planning, actionable business plans, access to government stimulus & tax planning & effective implementation of key network growth strategies.

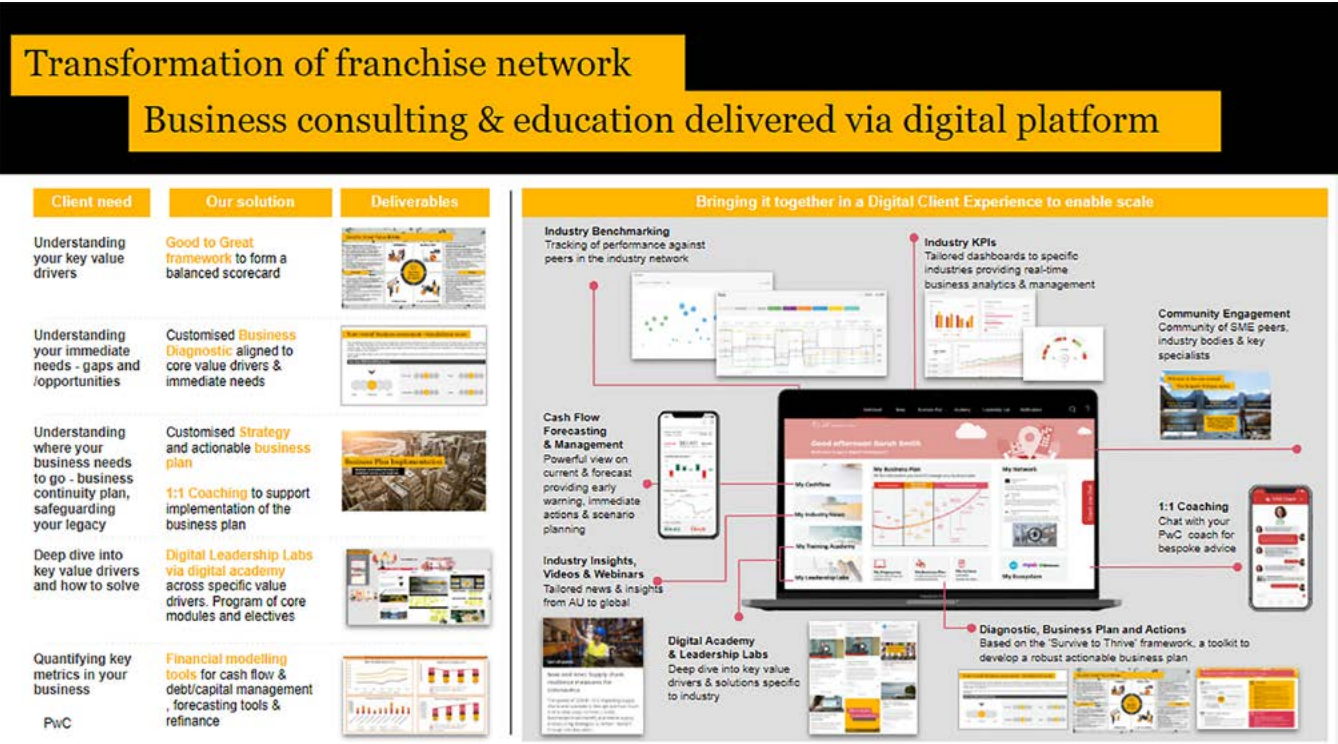
A key component of the program is education to the network via webinars and leadership lab sessions. These sessions aim to improve business acumen across common KPI gaps such as pricing models, community engagement strategies or strategic partnerships. The beauty of this scaled education approach is that these common KPI's can be tracked via data analytics and pulse checks. These insights help the franchisor identify where they need to boost support to their network.

Whilst going through this period of uncertainty, it's never been more important for franchises to plan effectively and act quickly. By accepting that consumer behaviour is changing permanently, we have to be agile in our response to the current environment so that not only can we survive COVID 19 but emerge stronger and ready to thrive. ■

Whether you are building your business for the future or optimising for a sale, preparing for the next normal won't be easy. We are here to support you emerge stronger and more resilient with tailored strategic advice, planning and focused execution.



This top down and bottom up approach provides the opportunity to share learnings across the network, builds trust and allows franchisees to learn from each other - leveraging a core strength of the franchise model.



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Annual reporting and FRANdata report



Communication is the key to success

By Warren Ballantyne
Managing Director & Founder,
Gutter-Vac

We have all had quite a journey through COVID this year and after 20 years as a franchisor, I wasn't quite sure how we, Gutter-Vac, would go through this world pandemic and what it would do to our business, and more importantly, the businesses and lives of our franchisees.

Something I've always prided myself on is just being honest and getting to the point. When the pandemic hit, I knew we would need to use this to get through as a business family. I needed to take the role of captain and bring some calm to a crazy situation.

The first thing we did was open up the communication channels. The key to communication is knowing how best to communicate to your franchisees. We have learnt two things when communicating with our franchisees over the years. The first is that is no one reads emails and secondly, to get an important message across, it needs to come from their peers. This meant that when the pandemic hit, we already knew how to get the information out to our franchisees so that we could help them navigate their way through this situation.

I'm so glad that we had set up a really strong Franchisee Advisory Council years ago (ours is called the GAC) and if you don't have one, then do it because this was the first point of call of communication. We held an 'emergency' advisory council meeting on the Saturday. All of our GAC members

were more than happy to jump on a video conference call to work through all the "what if" scenarios so that we could be as prepared as possible. This was an invaluable meeting because it meant that the franchisees knew we were working collaboratively with them and that we wanted their in the field knowledge to make better decisions as new regulations and restrictions were brought in.

The second thing we did was we started to communicate via short video updates. We have a closed Facebook group for franchisees to 'talk shop' and this was the perfect place for us to publish short videos. In those first couple of weeks, we were doing this daily and

sometimes a couple of times a day. The beauty of this type of communication was that firstly the franchisees actually consumed the information (didn't ignore reading a long email) but it also meant that I could speak to them directly. They could hear it from my mouth and could pick up all the visual cues and tonality that you just don't get in an email. We got such great feedback and it also enabled me to keep them calm and focussed when they could have easily started to panic (along with the rest of the world).

I have to say, we have made it through COVID to date considerably well, especially as we can work without





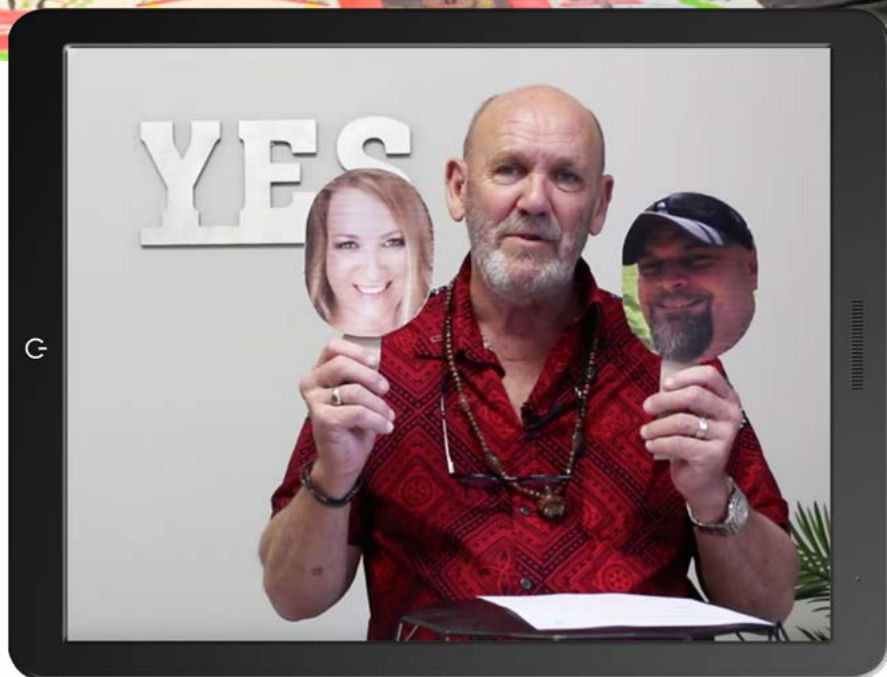
Gutter-Vac's Annual Conference looked very different this year (right) compared to past events (above)

contact so we have been seeing record sales coming through. We worked really hard to keep this message to our customers via social media, via email and through our day to day interactions. Franchisees were also really good at communicating this with their customers and also providing assistance to our more elderly customers that needed extra help... all without contact.

The next issue we faced wasn't just day to day, it was our annual conference. For our franchisees, this is the highlight of the year, the time they get to come together and reconnect. Many of our franchisees are simply working on their own or with a single staff member so the conference is where they get to be with a group of friends and talk business.

The conference isn't just about business though, it is about community. We knew the pandemic would bring a real need for community and this concerned us because we knew not having this time to get together could potentially really impact our franchisees – without their favourite annual highlight, something they talk about all year long.

This year we were to have our first international conference in Fiji and everyone was so looking forward to it. But, COVID hit. No flying in or out of Australia so we had no choice but to



cancel our early May conference and the devastation hit our franchisees hard and fast. They were so disappointed – not that they couldn't go to Fiji, but more that they wouldn't be able to get together.

We knew we had to do something, so we put our heads together and decided to run the conference online. That is how our Conference 2020 @ Home was born.

Our first session was our awards ceremony... you can even find it on my Linked In profile somewhere. We recorded me presenting awards to the franchisees – well a cardboard cut out of their face. I was dressed in

my Bula best and for the winners, we gave them a quick Zoom call before releasing the awards ceremony video so that we could record their reaction to winning the award and share this with all the franchisees. We had the majority of the group sit down at 5pm on a Thursday night to celebrate and watch the ceremony so in the end, it was an extremely fun night with a lot of laughter and it immediately brought everyone's spirits back up. We could still be a team that worked together, even though we were all separated by distance.

We have since been doing a session at 4pm every Thursday afternoon for

"If you are given lemons, turn it into lemonade. We have discovered that even all over Australia, you can learn, have a laugh and celebrate together – even through a video conference call."

Conference @ Home, covering a range of topics with a one-hour session each week. We have had guest presenters, our team here at head office and of course franchisees presenting and to say it has gone well is an understatement. It may not be conference in Fiji, but the franchisees are loving it just the same and really participating.

So what are the keys we have found over this time:

- Increase communication with franchisees. You can't keep them up to date too often, keep them in the loop so they are not left wondering.
- Communicate in a style they will actually consume.
- Add some fun and humour –



everyone loves a laugh, especially in tough times.

- Use peer to peer communication (such as your advisory council) as this will smooth a path during difficult situations. The franchisees want to have input, so let them be heard.
- If you are given lemons, turn it into lemonade. We have discovered that even all over Australia, you can learn, have a laugh and celebrate together – even through a video conference call.

I certainly hope that during this time you have been able to manage the forever changing landscape of business and I know that compared to other brands, we have had relatively only a minor bumpy road, but I think this is also because we took action BEFORE a crisis happened, had good communication already in place AND we knew our franchisees – who they are, what they would need and how we could help them best. ■

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By Jodie English
National Sales Manager,
MizziSoft

Making the new normal work for you and your workforce

A modern workforce solution, driven by technology, is more critical than ever for organisations dealing with a reduced workforce or a more fragmented availability in their workforce due to the COVID-19 pandemic. The new complexities of operating amidst the various, and changeable, levels of restrictions that characterise the COVID-19 business environment now sees technology playing a key role in assisting the return of employees to work and helping them stay there.

Leveraging existing solutions

Businesses have long been leveraging technology to manage everything from payroll to rostering and leave management.

The key questions to ask now are: what were the solutions there before, and how can they be leveraged even more effectively in post-COVID? We have a lot of these conversations now. What's changed in a very short period of time, is what everybody is referring to as "the new normal".

How do we start using workforce management solution technology for those priorities that didn't exist a couple of months ago?

If a modern workforce management solution was already in place for pre-COVID needs, the good news is a lot of that existing system can be adapted to address what the post-COVID needs are, a good solution that's customisable — business rules and laws that are changeable or agreements can get updated so that customers are self-sufficient.

For example, if a company has an automated workforce management system chances are employee information is stored in it if they are being rostered. Companies can easily reach out to employees through Employee Self Service and provide a wellness questionnaire to ensure they are able to work before they even leave their house to head to the workplace.

Contactless and temperature testing in the "new normal"

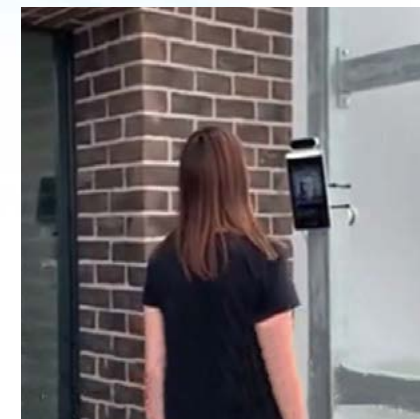
Businesses that are able to remain operational during the pandemic are now faced with the challenge of determining what they can do to minimise the risk of spreading the virus whilst still being able to provide products and services to their clients and communities.

Contactless options are now a big focus — the ability to clock in and clock out on mobile devices so there's no physical contact with data collection terminals, for example, or incorporating facial recognition capabilities. Temperature taking technology can also have a positive impact on controlling risk and joins the list of current priorities, from an access standpoint.

As they come to work, a lot of our customers have additional safety protocols even from a premise access standpoint, regarding temperature testing technology, some with facial recognition and data tracing or as simple as an infrared temperature check that dispenses sanitiser at the same time.

There are a number of points to consider when undertaking temperature testing in the workplace, including supporting workers who may be struggling through these times to stay at home if unwell; ensuring managers and staff understand why you require temperature testing in your workplace; and having set processes in place should an employee or colleague have a temperature.

"The technology you use fundamentally doesn't have to do anything massively different — the information was always there; it can just be used more effectively in 'the new normal'."



Changing the way you work

The next step for companies is what has to be done differently when employees are at work.

It's easy to take some aspects of a workforce management solution for granted — unless you don't have one. For example, the ability to stagger shifts and break times to minimise crowding in high traffic areas, incorporate flexibility to allow for increased cleaning of common areas and disinfection of equipment ensuring enough time between shifts for putting on and taking off PPE.

The new capability leverages data, so if somebody comes down with symptoms organisations will have a lot of information about that employee — when they were rostered, where they clocked in and out and which specific area they worked. It's relatively easy to do if you have a system already in place.

The technology you use fundamentally doesn't have to do anything massively different — the information was always there; it can just be used more effectively in "the new normal." ■

MizziSoft has strived to be a workforce management software innovator with rostering, award interpretation, automated time and attendance flexible working arrangements, and in the COVID-19 operating environment, temperature testing and contactless solutions.

Find more information about MizziSoft at www.mizzisoft.com.au



\$2,000,000 Relief Fund to help franchisors support franchisees

There has never been a tougher time for Australian franchise businesses than what they are facing right now.

Franchisors' are stretched by the twin problems of reduced revenues and an immediate need to support their franchisees through COVID-19.

Australian-owned software company, Op Central, specialises in providing cloud-based systems to help franchisors provide support and resources to their franchisees. Op Central gives franchisors the tools to improve compliance, internal communication, HR practices and relationships with their franchisees.

Op Central is used by franchise businesses – and other multisite groups – across all industries. Currently the systems support 56,000+ users across 8,900+ businesses in 37 countries.

COVID-19 Usage

Since March 2020, usage of Op Central has surged by 718% in the franchising sector. This is a result of franchisors supporting their franchisees' efforts to operate their businesses safely and in line with their respective state based restrictions.

Franchisors have been using Op Central to distribute their COVID-safe operating procedures and resources, to provide HR support and to conduct staff check-in surveys.

Op Central automatically notifies franchisees and staff of each relevant policy update, requiring them to

complete a mobile sign-off, including a verification quiz to ensure understanding and compliance.

In many cases, Op Central's trackable policy sign-off data has made the difference between businesses being able to safely re-open or not.

\$2,000,000 Franchise System Relief Fund

Op Central, with support from its investors, have announced a \$2,000,000 relief fund for franchise groups that have been impacted by COVID.

"A spike in Op Central's usage in the franchising community has coincided with a reduction in that sector's revenues due to forced closures. We feel a moral obligation to help these businesses right now when they need us the most."

Op Central, Managing Director, Josh Cairns

The relief efforts began in April 2020, when \$200,000 was allocated to support Op Central's existing clients and this additional \$1,800,000 fund extends support to all franchisors across Australia.

The relief fund provides free access to Op Central's software for affected franchise groups as follows:

- \$0 setup, onboarding and data migration fees
- \$0 monthly licence fees until March 2021

- 25% lifetime discounted monthly licence fees

This provides franchisors with anywhere from \$4,000 to \$80,000 in fee waivers and concessions; but more importantly it offers an opportunity to reach a new level in operational excellence and franchisee support.

For more information, eligibility criteria and to apply visit: <https://opcentral.com.au/franchise>

About Op Central

Op Central is an Australian owned software company, with cloud based products used by 56,000+ users in 8,900+ businesses of all sizes, across 37 countries.

Their product suite includes; Learning Management System, Online Operations Manual, People and Culture, Site Auditing, Digital Contracts and Franchisee Relationship Management along with integration capabilities with all of the most popular enterprise platforms.

Many of Australia's best businesses use Op Central, including; The Cheesecake Shop, Baby Bunting, Bounce Inc., The Cotton On Group, KX Pilates, Snap Printing, Bedshed, Barry Plant Real Estate, Spudbar, Haymes Paint and Amcal Pharmacies.

More information can be found at: <https://opcentral.com.au>

Building business resilience at InXpress

InXpress in Australia and globally have been fortunate to navigate successfully through the challenging environment that the COVID-19 pandemic has presented for franchising and the wider business community.

During these unprecedented times, our B2B franchise model within the freight industry has shown resilience and growth, but with that came a refocus on our go-to-market strategy. Reviewing, planning and monitoring the market on an almost daily basis became normal practice to ensure we remained agile in an ever-changing market.

Personalised customer service from a local franchise representative has always been at the core of the InXpress model, which is essentially about SMEs looking after SMEs. That hasn't changed during COVID-19, but we have worked hard to ensure the service our franchisees deliver is meeting changing customer needs.

Our business moved fast to implement a three-month global training program targeting not only more detailed sales techniques, but importantly customer service and general business training to ensure that our franchisees were able to navigate through the initial and post COVID-19 business environment.

The focus on phone selling techniques, understanding the current and future requirements of business customers outside of our traditional face to face sales methods and a greater focus on the use of online and social media channels to reach out to customers were all key elements in the regular weekly training undertaken online.

With this has come a greater level of appreciation for the challenges our business customers have been facing, how InXpress can assist them to be more efficient and save money with their freight requirements, and for our franchisees to continue to be a source of advice and support through different means of communication. It also highlighted that the experience and knowledge from InXpress franchisees is a valuable asset in itself for SMEs at any time, but especially during challenging times such as these.

One of the main requirements for being an InXpress franchisee is around targeted activity in their business. There is a balance



By Marcel Lal CFE
CEO Asia Pacific,
InXpress



"We all feel incredibly privileged and grateful to be in this position and to continue to provide opportunities for our staff, franchisees and customers in the future."

between new business development and providing exceptional support to existing customers.

COVID-19 created a great deal of uncertainty not only for franchisees but also for the business customers whom they manage. The importance of ongoing communication was highlighted during this period because customers were themselves in a situation where many aspects of their business were either unknown or at risk.

For InXpress, there remained an ability to distinguish between just selling to a new or existing business customer and understanding their requirements and circumstances to be able to support them now or in the future.

The additional training implemented and increased level of communication between InXpress Corporate and the franchise network (via publications, calls, webinars etc) meant that we were able to stay nimble, engaged and up to date with what was happening around us. This in turn resulted in a greater understanding of our business customers, what they were going through and how InXpress could help them.

Internally, there have been more regular types of engagement within country, regionally and globally for all management and staff to ensure franchisees (and their customers) are supported and we continue to capitalise on opportunities whilst being mindful and respectful of the challenges businesses are facing. There have been a number of learnings and the importance of ongoing evaluation and self-reflection for all has been magnified during this year. We hope to take that experience into our planning for the future.

InXpress Australia and the wider Asia Pacific region experienced strong revenue growth this year when compared to last year and this has been largely due to the company culture and work ethic at all levels along with strong franchise network engagement making customer contact a top priority. Instead of stepping back from engaging with business customers, our franchisees have increased their level of support and feedback suggests that this has been appreciated and valued by those customers.

We all feel incredibly privileged and grateful to be in this position and to

continue to provide opportunities for our staff, franchisees and customers in the future. The support of carriers has also highlighted that maintaining and harnessing business partnerships is critical at any stage but particularly during a challenging time as 2020 has been.

InXpress is a proud supporter of franchising in Australia and feel that the COVID-19 pandemic has only reaffirmed that being a part of a reliable franchising system remains a strong proposition for anyone looking to start their own business, regardless of the business climate or market. ■

Business growth in a pandemic

There is no one size fits all approach to business success during COVID 19, but at InXpress, we've focussed on:

- **Managing uncertainty.** Reviewing, planning and monitoring the ever-changing market, and remaining agile in our response to market needs.
- **Developing business resilience.** Providing franchisees with targeted training so they have the information and skills to navigate the new operating environment
- **Prioritising our customers.** Undertaking meaningful communication with existing and new customers to ensure we understand their circumstances and challenges so that InXpress franchisees can provide assistance and support to help them through these times.
- **Finding opportunities.** Strong engagement across the entire franchise network with a view to incorporating learnings from these processes and experiences into future business planning.



Rest is a super fund that understands franchises.

As one of Australia's leading funds we have the insight and experience, earned over many years, to help business owners navigate the complexities of super.

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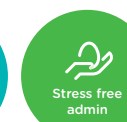
The world is always changing, but our commitment to you never will.

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Our commitment to helping our members



Rest
Industry Super



By Paul Benjamin
Benjamin & Benjamin
Insurance Group

It's been more than 50 years since the first workable prototype of the internet was created with funding from the United States of America's Department of Defence.

Less than a decade later, the first unsolicited commercial email message was sent out to 600 users, and in 1988 the first major malicious internet-based attack caused major interruptions across the Internet.

And that was before the first web page was even created (1991) and the 1995 development of SSL (Secure Sockets Layer) encryption to make it safer to conduct financial transactions online, bringing with it the commercialisation of the internet.

This commercialisation fuelled e-commerce, and in the 21st century delivering products and services online has moved from a nice to have to a need to have for businesses – with the current COVID-19 pandemic only increasing this reliance.

Businesses today communicate through the web internally to their employees, and externally to their customers, prospects, suppliers and the general public. There is no touchpoint that cannot be, or is not undertaken, online. Alongside this, the rise of smartphones

Demystifying cyber risks for business

and internet connected devices now sees billions of devices globally collecting real-time data across what is known as the Internet of Things (IoT).

In today's internet connected world, data is currency and data is valuable. This leaves the door wide open for privacy and security dangers and single point vulnerability of single or multiple systems – so businesses, governments and individuals are all vulnerable to cybercrime, especially in the areas of privacy and security.

Cybersecurity is not just a technical issue, but a business issue as a cyber-attack could potentially lead to a brand and reputational issue with effects on the bottom line.

The threats are the same regardless of size, industry and type of organisation – no one is immune!

While high profile security breaches including LinkedIn, The Australian Red Cross, and the Denial of Service Attacks on the Australian Bureau of Statistics on Census Day in 2016, have made headlines, cyber attacks are by no means limited to large organisations and governments.

In fact, the Australian Government estimates that of almost 700,000 businesses that have experienced a breach in cybersecurity 60% of these attacks were targeted at small to medium size businesses with the average cost of a cybercrime attack costing more than \$275,000.

And according to the Australian Cyber Security Centre, cyber security incidents cost Australian businesses an estimated \$29 billion every year.

While franchises are among those who have been quick to pivot their offerings online during COVID-19, doing so does not come without exposure to risk and vulnerabilities that in the rush to grasp the online lifeline, they may not have fully considered.

But with the 2020 Cyberthreat Defence Report predicting cybercrime damages will cost globally up to \$6 trillion annually by 2021, there is no better time than now to take stock of your business' cyber security and consider the consequences of a cyber attack for your business.

It is critical that all businesses understand and protect against their potential cyber security weaknesses, and there are myriad examples of those who have failed to mitigate against them and fallen victim in the past.

Legal obligations under the Notifiable Data Breaches scheme

Businesses should also note their legal obligations in regard to reporting data breaches.

A data breach happens when personal information is accessed or disclosed without authorisation or is lost. This can occur if personal information is hacked, but also where a smart, phone, laptop or USB that holds customer or supplier information is stolen or lost, or if some's personal information is sent to the wrong person.

If the Privacy Act 1988 (Cth) covers your organisation or agency, you must

notify affected individuals and the office of the Australian Information Commissioner when a data breach involving personal information is likely to result in serious harm.

Under the Notifiable Data Breaches (NDB) scheme, which came into effect in February 2019, there is a mandatory reporting and notification process for eligible data breaches under the Privacy Act for all Australian Government agencies; businesses and not-for profit organisations that have an annual turnover of more than AU\$3 million; private sector health service providers; credit reporting bodies; credit providers, entities that trade in personal information and tax file number (TFN) recipients.

The NDB scheme also requires that an organisation or agency must notify individuals they think that may be affected by the data breach. Penalties of up to \$340,000 for each director and up to \$1.7 million for the company apply for failing to (i) report and (ii) remediate in line with the NDB.

How you can you protect your business against financial loss from cybercrime

The Australian Government's business.gov.au website provides practical tips for businesses on how to protect against cyber threats, including: backing up data, securing your devices and network, encrypting important information, using two-factor authentication, managing passwords, monitoring use of computer equipment and systems; putting policies in place to guide your staff, training staff to be safe online; protecting customers' information; protecting yourself through insurance; and getting updates on the latest risks.

Apart from investing in cyber security, current hardware and software and great IT advice, cyber liability insurance needs to be a key part of any organisation's mitigation strategy.

Reasons business owners think they're ok	Business result of a cyber attack
"We have a great IT manager."	How can one person know how to fix the 100,000s of cyber threats? What happens to your business if you're offline for a week or a month?
"We use a great IT company for security."	In a large-scale attack like Wannacry, what happens when your great IT company is trying to handle multiple companies' cyber problems and they can't get to you immediately? What happens to your business if you're offline for a week or a month?
"We're in the cloud."	What happens if your cloud supplier is offline for a week or longer because they've been hacked? What happens to your business if you're offline for a week or a month?
"We outsource our website hosting."	What happens to your business if your website is offline for a week or a month because the hosting company has been hacked?
"We trust our employees."	The people trusted are the people who are given access to finances. Online banking has led businesses to reduce the double checks and balances which has led to huge employee theft. Many businesses (big & small) have been bankrupted, e.g. 2015 Clive Peters \$24 million theft by the CFO.
"Our suppliers are safe to deal with."	What happens if their computer system was hacked and you couldn't order, couldn't get supply, etc for a month or longer?

Cyber liability insurance can take the financial and logistical stress out of cybercrime. If you do not have cyber liability insurance you do not have around the clock protection, 365 days a year for financial loss caused by cybercrime.

Cyber liability insurance is like having a SWAT team, on your command they swoop in to protect your business from:

- Business interruption/financial loss, including suppliers, due to a network security failure or attack, human errors, or programming errors.
- Data loss and restoration including decontamination and recovery
- Incident response and investigation costs, supported by a 24/7 multilingual incident reporting hotline and on-demand vendors
- Delay, disruption, and acceleration costs from a business interruption event
- Crisis communications and reputational mitigation expenses
- Liability arising from failure to maintain confidentiality of data
- Liability arising from unauthorised use of your network
- Network or data extortion / blackmail (where insurable)
- Online media liability
- Regulatory investigations expenses
- Cybercrime – direct financial loss

- following cyber theft
- Reward expenses
- Telecommunications fraud
- Pay on behalf for incident response expenses
- Flexible incident response providers
- Rogue employee
- Voluntary notification
- Voluntary shutdown
- By endorsement: reputational harm extension,
- Social engineering fraud
- Cyber terrorism

Key points to look for from a provider when considering cyber liability insurance include:

- Worldwide coverage
- Dedicated global cyber practice that offers combination of global reach and local cyber expertise
- Supported by extensive pre-loss and incident response services

As companies become ever more interconnected and reliant on technology, the likelihood of cybercrime increases. Any good cyber risk mitigation strategy should include seeking appropriate insurance protection that covers first party losses as well as third party losses, and other potential losses to their specific business through an insurance broker that both really understands their business and really understands cyber liability insurance. ■

Peace of mind from getting your brand's employment compliance right

Employment compliance has been a particular area of focus for all employers in recent years - and for franchising in particular - with only something of the scale of the COVID-19 pandemic able to overshadow some new accountabilities, including criminal sanctions for so-called wage theft and industrial manslaughter.

Payroll Failures

One of the top-of-mind issues over the past 18 months has been business payroll and HR system failures causing multi-million dollar wage back-payment claims and exposing the business to potentially huge fines.

If it can happen to Woolworths (\$390 million plus) and Coles (class action claiming up to \$200 million) with their well-resourced HR Departments and Payroll offices, then business leaders are now worried it can happen to any business!

Many businesses, franchising included, now rely on outsourced payroll systems to ensure compliance, but often the people given the task of managing those systems appear to have been 'asleep at the wheel', or at best unaware of areas of non-compliance with our complex system of industrial awards and agreements. Board members are focusing on this now due to the associated reputational damage if their organisation does not meet its employment compliance obligations, not to mention the unfunded liability hurting their business' share price or the threat of huge fines. Franchisors should already be aware of the need to take reasonable steps to ensure they don't become liable for franchisee non-compliance with our employment laws.

Safety Laws

Work Health and Safety laws also hold officers and businesses accountable, with substantial fines of up to \$3 million for corporations and \$600,000 for individuals and potentially five years in jail. These penalties, together with jail sentences under industrial manslaughter laws in Queensland, ACT, NT and Victoria, are becoming a real and present threat, with a \$3 million fine and suspended jail sentences recently imposed on a small business and its directors in Queensland.

In the case of franchising, the model Work Health and Safety Act provisions applicable in almost all states and territories imposes a duty on 'Persons Conducting a Business or Undertaking' (PCBU) to ensure the health and safety of workers and other people coming into contact with their business, "so far as is reasonably practicable". Most franchisors will be a PCBU and this duty cannot be delegated to franchisees or contractors, so they must ensure appropriate risk management systems are in place.

Discrimination, Bullying and Harassment

Discrimination, bullying and harassment damages are now stretching into millions of dollars - recently in Queensland damages of \$1.5 million were awarded against a State Government health service where it was found to be responsible for the actions of its CEO whose "managerial mistreatment" included repeated blaming, humiliation, belittling, isolation and undermining of a senior employee.

New Whistleblower Laws

Newly introduced Whistleblower legislation, which now applies to virtually all businesses, provides maximum damages of up to \$525 million for a corporation and a massive \$1.05 million fine for an individual, as well as criminal sanctions including jail time for mistreatment of those who blow the whistle on corporate wrongdoings.

The new laws also provide stern penalties for breaching confidentiality surrounding the identity of whistleblowers, leading to a surge in specialist businesses offering confidential whistleblower hotlines. Whistleblowers are not limited to being employees either - they can be contractors, suppliers or even family members of these categories of people.

What is also new is the expansion of these laws to go beyond just breaches of federal laws and other misconduct,

Employment Compliance Framework



to include disclosures by whistleblowers about the existence of an 'improper state of affairs', which might encompass breaches of a company's internal policies, for example.

Our 'Employment Compliance Framework'

With more and more federal, state and territory laws making individuals, officers and directors personally liable for a range of different criminal offences, including 'wage theft' and industrial manslaughter, what steps can franchisors, directors and senior managers take to ensure they don't inadvertently fall foul of these major new responsibilities, whilst also having to continue to manage the existing ones?

Rather than just responding to random requests to help our clients meet bits and pieces of these obligations, we thought it important to develop what we have named our 'Employment Compliance Framework' (or 'ECF' for short), to help franchisors, directors and managers systematically work through their employment compliance and related responsibilities. The framework is a series of checks and processes we use to ensure our client is achieving its particular compliance goals.

This needs to be an ongoing responsibility, not a 'once-off, set and forget' activity.

Our framework uses the simple, 4-step 'P-D-C-A' model for implementing change made famous by the father of Total Quality Management, Edwards Deming. The 4-step acronym stands for Plan, Do, Check, Act (although we prefer to replace the 'Do' step with the alternative 'Execute').

"Having a structured plan to resolve identified issues in a systematic way will also help reduce your exposure to higher penalties, whilst you are acting to fix them."

Our experience is that no two compliance programs are going to be exactly the same - but the process we follow should be. And the lesson we have learned is that the process needs to REPEAT, REPEAT, REPEAT!

Summary

The above analysis hopefully has convinced you that every organisation has a lot to do, but with the ongoing focus on employment compliance by regulators, all franchisors, senior managers and board members must focus on getting its compliance program fit for purpose.

Having a structured plan to resolve identified issues in a systematic way will also help reduce your exposure to higher penalties, whilst you are acting to fix them. ■

About ER Strategies

ER Strategies has been working with franchise clients for all our 21 years of existence. Our all-inclusive WorkShield Franchise service is designed to provide our franchise clients with a total employment compliance solution. Clients can also add-on our secure Whistleblower service, to confidentially receive whistleblower phone calls and even anonymous disclosures via our encrypted, secure webform. Call us on 1300 55 66 37 if you would like to explore how our Employment Compliance Framework, WorkShield service package, or any other service element, can work for your brand.

Looking to reduce your business' energy costs?



EnergyAustralia
LIGHT THE WAY

An Energy Efficiency Assessment from EnergyAustralia could help.

We understand that the difficult circumstances faced by businesses have made reducing costs a priority.

As the trusted energy partner of the Franchise Council of Australia, we're offering members free Energy Efficiency Assessments to make sure you're optimising your usage and saving money where you can.

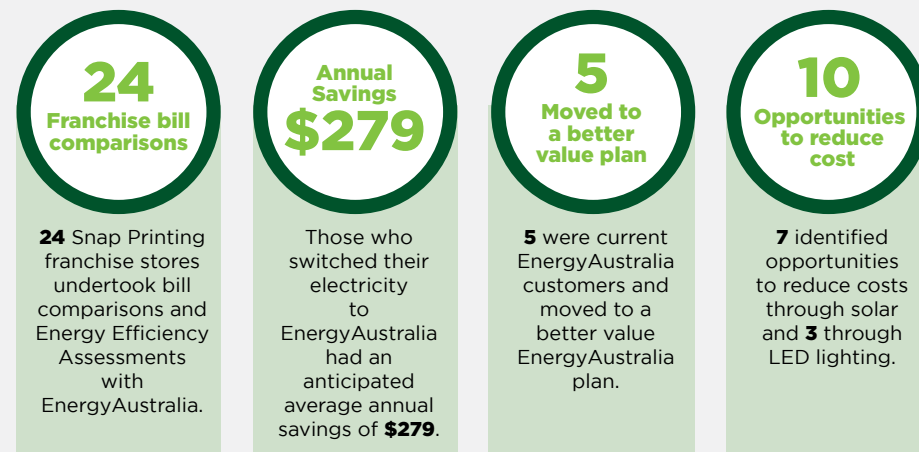
Benefits.

- ✓ Identifies possible cost savings for your business.
- ✓ Outlines a range of ideas and product solutions designed to help you reduce your energy use or enhance your business' energy efficiency.
- ✓ May lead to reducing your business' carbon footprint if you start using less energy.

How it works.

1. Our Australia-based business energy specialists will do a price comparison with your current energy bills.
2. They'll give you a call at a time that suits you (between 8.00am and 6.30pm, Monday to Friday) to ask some questions about your electricity appliances and usage - this only takes around 15 minutes.
3. You'll then receive a tailored report including energy saving recommendations, which we'll discuss with you on a quick follow-up call.

Case study: Making it Snap-py with our Snap Printing trial.



Result: Stores that either switched their electricity to EnergyAustralia or changed their EnergyAustralia electricity plan saved a projected combined total of over **\$15,000** on their annual electricity bills.



For the love of print

An Energy Efficiency Assessment does not guarantee energy bill savings because potential savings depend on your individual circumstances. These include your location, usage, applicable tariffs, meter type and the EnergyAustralia pricing in your area.

"In these times when money is tight, savings are the most important factor."

John Douglas

Franchise owner
Snap Printing
Capalaba, Queensland



John became an EnergyAustralia customer after we conducted a bill comparison and an Energy Efficiency Assessment.

John's projected annual electricity savings were:
\$1403.92

If you would like an Energy Efficiency Assessment to help you identify ways to save on your business energy now and in the future, please email or call peter.white@franchise.org.au (03 9508 0888) or vanessa.winter@energyaustralia.com.au (0429 518 043).

Put your energy in the right place.

As individuals and businesses, COVID-19 has impacted us all differently. We have all learnt a lot during this time, and I am amazed at both the adaptability we all have shown in the franchise sector and the opportunities that being focused can create.

Franchise recruitment 2020: trends and tips

By Ben Johnston

Co-Head, SEEK Business

Businesses have changed their operating models and have had to react quickly to government support and business restrictions, managing often complex yet changing regulations. Opportunities to leverage more technology and focus on cost management have also been prevalent across many customers we support.

Many individuals, facing either unemployment or underemployment as a result of the pandemic, have also needed to rapidly reassess their career options in a tightly constrained job market.

These new market conditions have meant that like many of you, SEEK Business has also had to adapt. Strategically, we moved quickly to shift our focus to our business buyers, knowing that many franchisors would allocate their efforts in supporting existing franchisees.

Our quick pivot was based on the hypothesis that as unemployment increased, candidates would look to alternative income streams such as business ownership. Many would also use the time to reflect on what they really wanted to do, including that ambition of being a small business owner.

Having never really seen a period like this before, looking at historical data was difficult for future predictions, but it was pleasing to see that Google search trends highlighted that the term “business for sale” increases as unemployment rate increases.

enquiries being attributed to this channel. Part of our efforts during COVID-19 has been to speak to many buyers who make an enquiry. We are keen to understand their motivations during this period and learn further how we can help them, and in turn support our franchisor customers.

Google Search Trends vs Unemployment Rate January 2004 to April 2020

When the unemployment rate increases, searches for the term ‘business for sale’ also increases



Sources: Google Trends & Australian Bureau of Statistics

So, what have we seen? Record visits and enquiries

From mid-March to mid-April, visits and enquiries at SEEK Business declined 30% and we certainly started to doubt our belief that our audience would grow. However, by the end of May the bounce back was significant, particularly with the volume of enquiries buyers were making.

May enquiries were +50% compared to April (+87% compared to March) and broke our previous monthly record by +15%. A great result, but June was even better. Another record with visits surpassing 300,000 for the first time and enquiries once again growing substantially, +45% year on year (or +67% compared to April). The chart below highlights the recovery from March and the visit and enquiries records in May then June.

Importantly, we have also seen an increase in buyer engagement, with email communication proving one of the best performing channels to drive traffic and engage our buyers. Although we regularly communicate content to our audience, they certainly were more responsive, and this was seen particularly through emails they were sent promoting some key franchisor brands. Email engagement peaked in June with 8% of

Some of the key findings after several hundred buyer interviews were that many were existing or had been existing business owners. Quite a few of the buyers saw the period as being an opportune time to purchase and as our research has indicated, a lot were purchasing an asset with their partner. Unfortunately, a large number said the seller hadn't contacted them after a few days.

A trend that doesn't probably surprise given the restrictions businesses have faced, has been the increased volume of keyword searches on our site

The recovery from March



Sources: Seek Business

including “online”. “Online” prior to March was typically our ninth largest monthly keyword but now sits at number two and has double the searches compared to the third most popular search term, “service station”.

What does all of this mean for franchise recruitment?

First, we recommend that you still have some marketing efforts to let potential franchisees know that you are still operating and have or will have future opportunities, even if you have other priorities as a business right now.

Our results certainly give us confidence that buyers are in market so you need to make sure you have some exposure. Consider streamlining the channels you are using to communicate with potential buyers in line with cost restrictions to your business, but certainly have one that works for your brand.

Second, the use of email to directly communicate to your existing pipeline continues to be important. I mentioned the emails that were sent promoting franchise brands to our relevant subscribers, received strong volume of enquiries, but it is pleasing that 40% of these enquiries were from buyers who hadn't made an enquiry in over twelve months.

Nurturing your potential buyers is needed and often for more than twelve months. Remember, our extensive business buyer segmentation research last year (Lewers 2019) indicated a third of potential buyers had been thinking about business ownership for more than ten years.

Third, communicate how your model has adapted during this period and how it can survive periods of uncertainty. As a search term, “online” may relate to the nature of the business type but also can include how this may now be a channel for sales that your business has focused on during COVID. This may be a good reminder to review the content you produce and certainly refresh your ad copy to maximise buyers seeing your opportunities.

Finally, we also know via SEEK recent research, that candidates are considering their next options, with many suggesting that they don't want their careers to resume pre-COVID in the same way. Some are being unfortunately forced to change whilst others are keen to pursue their dreams and find something more fulfilling. For many of you, we hope that will be your franchise offering.

Please reach out to bjohnston@seek.com.au if you would like any further information. ■

About SEEK Business

SEEK Business is Australia's largest online business-for-sale marketplace; we help people realise their dream of owning their own business by connecting them with franchise & business sellers. For more visit www.seekbusiness.com.au

SAVE
THE
DATE

The franchise sector's essential guide to legal information and developments, the FCA's annual Legal Symposium returns for 2020 in a brand-new virtual format.

FCA Legal Symposium

18 - 19 November 2020

With access to a wide array of speakers from within Australia and internationally the FCA Legal Committee expects the 2020 to be the biggest and best yet.

Feature content will include:

- A comprehensive regulatory update; and
- Sessions on hot topics such as new compliance obligations, multi-party mediation, conciliation, arbitration, termination in special circumstances and registration of franchise systems.
- Interactive franchising roundtables to delve in more detail into topics of mutual interest.

We are also seeking to maximise the benefits the virtual platform to deliver a special international stream featuring some of the world's leading foreign lawyers.

This will be an unmissable event for lawyers and franchise executives looking to navigate an ever evolving legal and regulatory landscape.

Registrations opening soon. Group discounts will apply to ensure your organisation can gain the benefits of attending multiple content streams.

For more information, visit franchise.org.au





Business as usual in unusual times

the Lott supports retailers throughout COVID-19

Along with the health and safety of its retailers and their customers, helping its franchise network to continue to grow and thrive during recent times has been a focus for the Lott, the home of Australia's official lotteries.

As Australians have navigated through this challenging time, the Lott has sought to move quickly and respond to the changing environment so that its outlets can continue to provide essential services and keep Australians' dreams of winning the big one alive. Essential businesses, such as newsagencies, convenience stores, and petrol stations, have been able to continue trading in recent months.

Since March, when the pandemic reached Australia, the Lott has worked closely with state governments, retail associations, retailers and regulators



to swiftly implement multiple support mechanisms to its network of outlets. This included the fast implementation of social distancing measures guidance, including POS material, education collateral, signage and sneeze guards.

This support has adapted during recent months as different states implement different restrictions and guidelines.

The Lott General Manager Lotteries Retail Antony Moore said he was proud of how retailers across the network had adapted to the required changes.

"We know that during the past few months, retailers have had to quickly adjust their operations to bolster health and safety. Many of our outlets have also embraced the opportunity to build stronger relationships with their customers at this time," he said.

"Many of our outlets are a trusted hub in their local community, so it was important that they continued to operate in a safe way and provide essential services to customers.

"We've provided support to our outlets during this time through a coordinated effort across our teams, such as government relations, retail development, and marketing, who worked together to ensure our franchisees had what they needed to continue to trade safely.

"This has included individual outlet support from our team of dedicated Business Development Managers, who ensured their regular visits continued virtually, meaning they were able to answer any questions and provide help to retailers who need it."

Despite most retail outlets remaining open throughout the pandemic, Mr Moore explained there had been extensive planning throughout the business on how to support the retail network in the case of forced closure.

"We have been fortunate that many of our outlets have remained open, but we are aware that the impacts of COVID-19 can be fast-moving and unpredictable, which is why we have been extensively planning for a variety of situations," he said.

"A vital example of this is planning is what the impact of higher-level restrictions and forced closures would have on our businesses, similar to what we have experienced in Victoria.

"When the Victoria shutdown occurred, our dedicated team called every outlet in the state to discuss the situation. These calls allowed us to provide support to our retailers who were experiencing an unprecedented shutdown.

"Not only did they receive a phone call, but they also received an information pack, which included FAQs, signage and checklists to help them navigate staying open under the highest level restrictions in the country.

"For those that needed to close, these calls and information packs provided much-needed information on how to safely and securely prepare their business for lockdown.

"Had we not spent several months planning for different scenarios, we would not have been able to act so quickly to ensure our franchisees had the most up-to-date information available.

"We also wanted to provide information and support to our customers. This is why we have frequently updated digital POS materials and created a dedicated area on our website regarding COVID-19.

"These communication channels feature the most up-to-date health requirements, so customers are reminded of the strict social distancing guidelines our outlets adhere to. They also feature

information on how to purchase tickets if options to buy in store are limited."

Despite the COVID-19 pandemic impacting customers across the country, Mr Moore said lotteries games had continued to inspire Australians and provide an opportunity for some good news for players.

"Over the past few months, we've seen our jackpot games reach some exciting heights including \$80 million Powerball, and \$50 million Oz Lotto as well as several \$20 million Saturday Lotto Superdraws," he said.

"Not only do these offers encourage players to visit their local outlet, but it also encourages Australian's to dream of an exciting future beyond 2020 and the challenges it has provided.

"We have also seen many players reignite their love of Instant Scratch-Its tickets with a successful gifting campaign for Mother's Day kicking off a busy few months of top prize winners.

"With this kind of demand occurring during this period, it is crucial that we continue to deliver exciting offers to our customers so that they continue to visit their local retailer.

"We have increased the development of our Instant Scratch-Its tickets range, so we can offer our customers more variety of products and ensure our retailers have ample stock during this period.

"We have also accelerated our jackpot rolls in the first few months of FY21 to offer players bigger jackpots, more often.

"With exciting offers, we are providing our retail network with an opportunity to connect with their customers during these ever-changing times. In doing so, our outlets continue to be a community hub and beacon of positivity." ■

The home of Australia's Official Lotteries, the Lott operates and markets Australia's leading lottery games customers know and love creating everyday winners, winning every day.

Last financial year, more than 104.9 million winners took home more than \$3.45 billion in prize money from their favourite games at the Lott, including Saturday Lotto, Monday and Wednesday Lotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries, Keno, Super 66, Lotto Strike and Instant Scratch-Its.

In the 12 months to 30 June 2020, Australia's Official Lotteries contributed more than \$1.4 billion via state lottery taxes and donations to help community initiatives, such as hospitals, health research, disaster relief and education

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Intensive care can revive your business

The global pandemic - the scourge of COVID-19 - has been like a punch in the guts for so many small businesses throughout our nation. So many hardworking small business owners who have risked everything to build wealth by backing their own commitment, self-belief and making untold sacrifices, are now facing a challenge that no-one could have prepared for. While good franchisors will provide leadership, support, and strategies, at the end of the day, each franchisee needs to provide specialised intensive care to their own business.



By Corina Vucic
Director,
FC Business Solutions

Survival mode – business and personal

Look after your own mental health. You can't make clear decisions, and nor can you lead effectively if you are running on empty. Take advantage of online tools for stress management and seek professional advice from experts if you need it. Make quality time for yourself every day and practise gratitude. It's a simple thing to write down three things each day that you are glad about, but ongoing, it has the powerful effect of making you recognise the good stuff as it crops up in a day, rather than being overwhelmed by problems.

Accept the situation we are in. Come to terms with it and apply yourself to shock-proofing your business as much as you can. Where you are operating in Australia will very much dictate your mindset. Those in Victoria have a far harder road than those in Western Australia. But this virus is determined, and without a vaccine or cure, every business needs to plan for a future lockdown, while hoping one doesn't occur. Research the effective strategies that Melbourne businesses are applying and learn from their need to be inventive and quickly adapt.

Make sure you get good quality information. Choose your source of information carefully – what do you really need to know to help you make the most effective decisions now? Talk your situation through with your “inner circle of trust” experts. Block out the noise, the chatter, the other so-called experts – this wall of rumour, speculation and click-bait will overload your mind and derail you.

Make plans for your business in 30-day blocks with seven-day milestones. This is a big chunk of time in an environment that is changing by the minute, but you need goals to re-centre your vision and stoke your purpose. Every goal reached builds your sustainability.

What do you need to do to maintain your business in short blocks of 30 days? Make decisions swiftly to stop any obvious bleeding points in your business. This is survival mode and you need to strip to the basics and run lean. You don't have the luxury of evaluating a problem over time because the longer you wait, the harder it will be to fix and the longer it will take to re-coup losses. What do you need to survive now? Use the tools at your disposal to identify this, make a list and just do them.

The nuts and bolts

Examine every aspect of your business. Every cost and the value it provides.

Government grants. There have been billions of dollars pumped into the Australian economy and this includes grants for businesses as well as help with paying wages. Regularly check out the Federal and State Government websites to see what you qualify for.

Bank Loans. Investigate terms and conditions – can you get a better interest rate? Can you pay interest only? Can you negotiate a repayment holiday? Can you extend the term to minimise your cashflow short term? Get the best advice you can to drive down your outgoings on borrowed money.

Insurance. Have a close look at your policies in view of how your business model might have changed. Do you have staff working from home? Business laptops and mobiles are now in private homes – are they covered by your insurance in this situation?

Lease Management. Can you renegotiate better terms on any leased business space and equipment?

Workforce Management. JobKeeper will allow you to keep staff on at reduced hours but this prop won't be around forever and the reduction post September will mean that, unless you supplement wages, you'll need to reduce people's hours further. What does the staffing of your business look like longer term? Is now the time to consolidate roles, to re-train people? You want the most efficient, highly skilled and focussed workforce you can get. Make plans now to shape it.

Other expenses. Go over every item in your outgoings column. Particularly focus on recurring expenses. Do you need the daily papers delivered? Are there online & software subscriptions that you can cancel or suspend for a period? Conduct a thorough review.

Leadership and responsibility

Embrace your leadership role and help your team and wider network, process, understand the situation, and perform at their best during these challenging times. Share your knowledge with your team, be honest about the business and what's happening. Drawing on the combined knowledge and intellect of your team could well throw up some innovative solutions.

Your teams are essential to your ongoing business survival and ultimate success so spend the time to nurture their mental health. Get across the personal situations of your people. Make sure you see them – whether in person or on Zoom (or similar) frequently, noting how they look, their body language etc and then following up on any you think are not in a good place. Foster a culture where they feel safe to share how they feel and what is happening in their homes. Find the key to help each team member accept the current situation while motivating them to plan and work to a brighter future post CV-19.

Work on team morale. Foster platforms that help the team chat, engage, share, laugh.

- Spotify - share what they are listening to
- Closed Messenger Groups
- Private Facebook Groups
- Zoom catch-ups
- HouseParty
- Facetime

Are you cruising in survival mode?

Be honest. Is this the only speed you and your business can possibly operate at this moment in time? Is your industry in the same mode? Are you cruising at the same pace as your industry, above the speed or have you fallen behind?

If regulation has your business paused, use this time to evaluate all your products and services. Are they relevant? Do they require change? Take input from your team – get feedback from your customers. Get excited about making change, innovating and planning for the future.

Do you have the passion to fight through these times and emerge with a sharper, more efficient business? If not, look at an exit plan sooner rather than later.

Place a goal on the horizon

Keep moving forward. Don't get moribund, or paralysed by indecision. Come up with a goal and set it on the horizon. Devise a plan made up of small achievable steps to reach it. Sure, there may be foggy or rainy days when you can't see the horizon, but it's still there. Envisage it, work towards it, celebrate small victories.

Give your business the intensive care it needs and a fitter, healthier business will emerge at the end of this. ■

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A legal overview

Review, revamp and refresh Adapting your franchise's business model to thrive during COVID-19

The Coronavirus has had (and will no doubt continue to have) an enormous impact on many businesses. In these unprecedented times, many of our clients are having to make quick decisions in order to limit the effect that this health and economic crisis will have on their business. Franchise systems are not immune to this and we have seen many systems heavily impacted by the nationwide lockdowns and downturn in the economy.



By Racha Abboud
Principal Lawyer,
Commercial | Franchising,
macpherson kelley

As a lawyer, I recommend regular reviews of any franchise to ensure that you're ahead of the curve in meeting (and exceeding!) customers' needs whilst at the same time adhering to the contractual obligation that you have with your franchisees. The arrival of COVID-19 in Australia and indeed, across the globe, has made this a much more pressing concern for many franchise owners who have had their business halted in its tracks by restrictions, panic buying and an economic downturn, to name just a few of the resulting curveballs.

So, what are some legal considerations for you as you adapt and innovate during COVID-19?

Transitioning online

Many franchise systems have focussed on the online space to continue conducting business in recent months. For instance, gyms have delivered online classes and medical professionals have performed consults via video conferencing technology whilst others have created or expanded digital shopfronts. This is a great way to adapt your business if you haven't already done so, however, make sure that you're aware of your obligations at law and to your franchisees.

Providing services in the digital space means that you're collecting information and data you may not otherwise be able to collect and record from your standard face-to-face interactions (address, date-of-birth, credit card number, etc). Make sure you update your Privacy Policy accordingly, and review and update

terms and conditions to ensure that your rights and those of your customers are protected, and that the obligations and responsibilities of all parties are documented.

It's also key to keep your franchisees in the loop, especially if moving online will result in the closure of physical premises, for instance if you are in retail. If this is the case, you should also consider financial and contractual obligations regarding any leases held.

Changing your franchise's offerings

Some franchise systems have altered their approach through the addition or removal of goods and services. In the hospitality sector for example, many businesses transitioned to contactless payment or home delivery. Others have – by way of necessity or by identifying an opportunity in the marketplace – shifted into completely new offerings altogether. For instance, selling hand sanitiser and other COVID-related necessities.

Innovation and adaptation are admirable skill sets and necessary for any business to evolve and remain viable long-term. However, it's important, especially given the rapid pace of change that franchise systems have experienced – and are still experiencing – that you do so within the bounds of the law and what you are permitted to do under your franchise agreement.

Another consideration you will need to assess is any new supply arrangements and your contractual obligations under existing ones. Given that many businesses are experiencing supply difficulties and the overarching question we all have of “what next?” that currently hangs over our heads, it's important to assess the viability of any changes and whether those changes are being made as an interim measure or to the system overall. Consideration needs to be given to existing contractual obligations and what it may mean for you and your network if those obligations are not met and cannot be met in the future.

Protecting your intellectual property

Protecting your franchise's intellectual property is critical but it can be easy to overlook, particularly during times of rapid and unprecedented change. Failing to take appropriate steps to protect areas of intellectual property such as your logo and other brand elements and unique concepts within the marketplace specific to your franchise can leave you open to competitors and cost you dearly.

If you are moving your business online, please ensure that your trade marks are adequately and appropriately protected through registration. If you are establishing new goods and services, you may need to consider new or additional registrations to protect new marks and materialised ideas/concepts as well as ensuring that you have the appropriate non-disclosure documentation in place.

Whilst for most businesses the changes have been rapid and often reactive to the situation we are finding ourselves in, it is vitally important that when making changes to ensure that you still do your due diligence ahead of launching anything new, ensuring that you're not infringing another company's intellectual property. Without careful due diligence, even at a basic level, you may find yourself embroiled in legal action that you did not foresee.

Other financial obligations to remember

If you or any of your franchisees have utilised available supports during this time (rent waivers, mortgage deferrals, JobKeeper payments, etc) you should check how this could impact your business plans moving forward. For instance, depending on the type of support utilised, you may be legally required to pay monies owed at a later date (such as deferred mortgage payments, deferred rent etc). This is likely to have an impact on cashflow and will play a factor in the financial viability of the business overall.

And the most important thing to remember?

Franchising is unique in the business world in that success is dependent on the ability of a franchisor and franchisee to work together. I have been heartened to see many experiences of this firsthand since COVID-19 arrived on our shores and it is critical now, more than ever, to work together.

A central tenet of the Franchising Code is acting in good faith. Franchisors and franchisees alike are experiencing extraordinary times and it is important that both parties continue to act in good faith towards each other so as to have the best chance to survive.

Listening to each other and communicating is important, particularly when considering changing the very structure upon which your business is built. Franchisors should respect the fact that franchisees may feel uncomfortable with how quickly changes are being made so it is important to ensure that concerns are addressed and that documentation is reviewed regularly (weekly, monthly or quarterly as necessary) and updated as required. Any out of the 'ordinary' arrangements including fee relief and waivers should be carefully documented with clear details on the nature of the arrangement, the duration of the arrangement and the rights, responsibilities and expectations of both parties during this time.

In short, despite the negative impact that COVID-19 has had on many within the franchising sector, there have been great instances of adaptation that have seen some businesses grow from strength-to-strength. There are exciting opportunities moving forward but it's important to make sure that you do take some time to assess your legal obligations now and continue to do so in the future. ■



Why Nurse Next Door is thriving in the new COVID world

As a provider of essential services, Nurse Next Door Home Care Services has found itself in the enviable position of growth during the COVID-19 pandemic. System-wide sales have increased dramatically, with client revenues growing at more than 35 per cent month-on-month since February, as the pandemic drives greater interest in home care than was already being experienced. While many businesses struggle to stay afloat, discussions around business resilience at Nurse Next Door have been focused on operational excellence and a strict adherence to systems purpose built to manage rapid growth in these challenging times.

Co-CEO of Nurse Next Door Australia, Matt Fitton, says he and partner Amber Biesse are not surprised by the increased demand for services.

"Right now, there is monumental growth in the home care industry, which we expect to continue well into the future, driven by Australians who want to access care on their own terms, in their own home," Matt says.

"What Nurse Next Door is experiencing on the frontline is what economists, health care specialists and the Government have been predicting for some time. That is, a shift from the traditional model of centralised care where people requiring care move out of home into centralised facilities, towards a decentralised model in which people remain at home."

The exponential growth of the home care sector is being driven by the coming of age of the Baby Boomers, coupled with the NDIS - a once in a lifetime reform of funding for disability services that puts the choice for care in the hands of those living with disability. Together, these factors have resulted in a demand for home care that simply can't be met right now. If proof is needed, the growth is backed by findings from the Royal Commission, and a survey of more than 10,000 older Australians - 80 per cent of whom said they want to remain at home.

This is not to say that all home care providers will prosper. Matt says some of his competitors are struggling under the weight of the demand - either too big to pivot quickly for changes to what clients need right now, or too small to cope with the increased demand due to a lack of resources.

"Home Care businesses need to be scalable to meet the ongoing and increasingly high demand for complex care at home. They need proven systems and processes that ensure care delivery continues to meet the highest quality



standards to safeguard, above all, the client's wellbeing," Matt says.

This is why home care, says Matt, is what the franchise model was intended for: a local entrepreneur, passionate about making a difference in their community, coupled with a franchisor offering world class systems, a reputable brand and ongoing support. That knowledge of, and connection with, their local market, and its nuances, is such a valuable asset, and this "neighbourhood" insight combined with proven systems is the power of the franchise model. The results speak for themselves. In just 18 months, Matt and Amber have seen Nurse Next Door Australia's revenue experience exponential growth and it continues to climb.

Of course, rapid growth brings its own challenges. It's easy to take your eye off



the actual operation of the business, even if, or especially when it's thriving. In the first few weeks of the pandemic, with a lack of clarity around health and safety measures, Matt says there was some fear and concern from franchise partners, staff and clients, which had the potential to create confusion about the best way forward, or indeed, any way forward. The ability to come together quickly as a system globally, support each other and, more importantly, work together was, Matt believes, what enabled the system to thrive rather than just survive during those first few weeks of uncertainty.

To ensure Nurse Next Door franchise partners felt supported, particularly during the early stages of the pandemic, Matt explains that communication from HeartQuarters globally was immediately ramped up to include a daily call system-wide to foster:

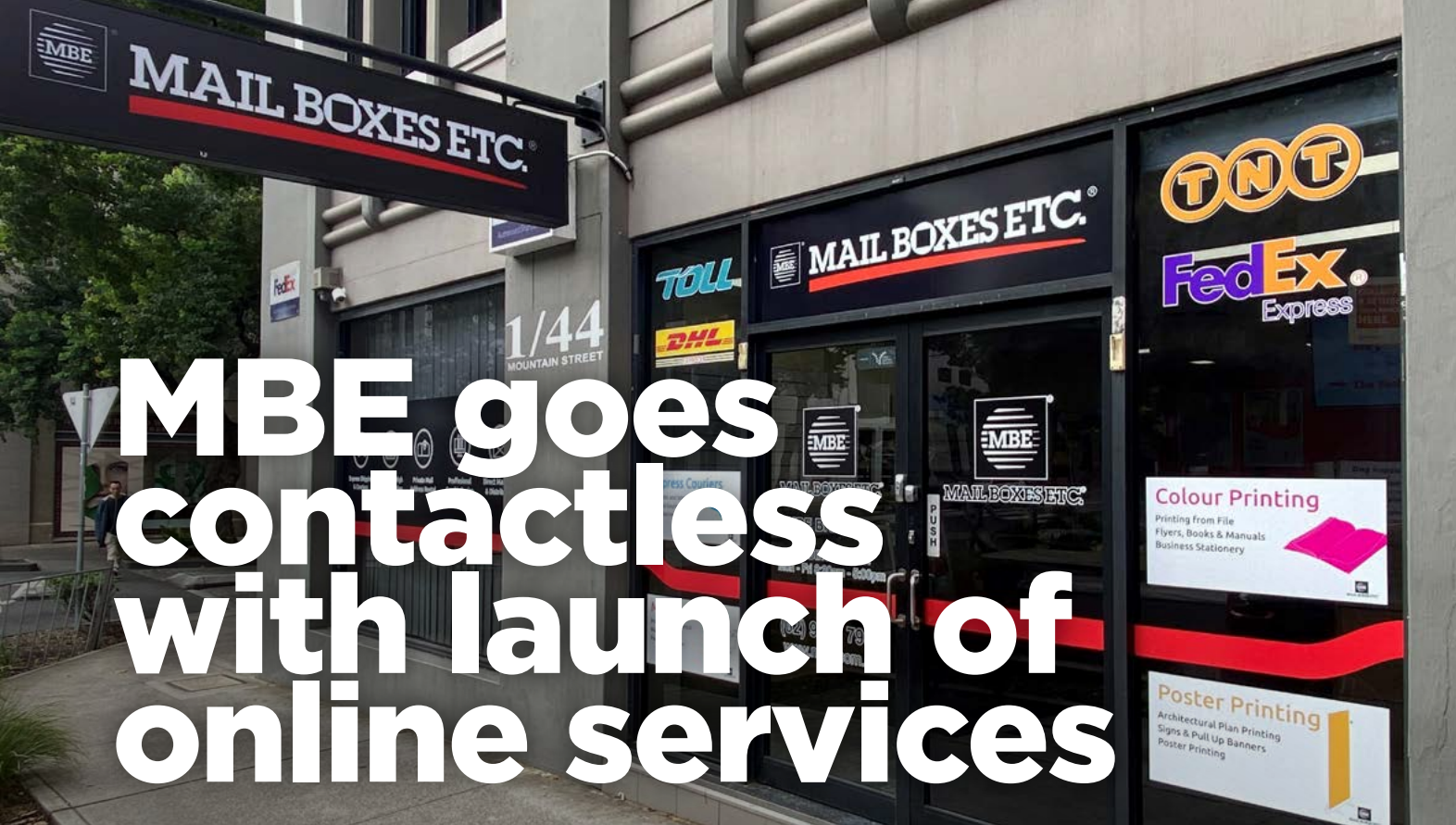
- Current clinical updates researched by Nurse Next Door's team of senior nurses and clinicians that allowed franchise partners to have all the facts clearly explained and put into operational context. [Matt notes that over time this has been developed into a Clinical Task Force that continues to support franchise partners both now and into the future];
- An intentional focus on opportunity and sharing ideas to help every franchise partner 'pivot' and develop new services in response to COVID, e.g. provision of wellness checks for employees in large organisations who cannot work from home;
- A forum to discuss challenges such as accessing PPE or helping to educate communities and clients overwhelmed by misinformation around community transmission and caregiver health.

Above all, throughout COVID-19, Nurse Next Door franchise partners, led by the team at HeartQuarters, have come together to remind each other why they got into this business in the first place.

"Nurse Next Door's "why" has always been, and continues to be, a belief that home is the best place to be for older people, and people living with disability. Regardless of any crisis, our purpose of Making Lives Better hasn't, and won't, change. Navigating through any time of rapid change must be led by the core values of the brand and ensuring that they continue to be the foundation on which we run our business, so that everyone from caregiver to franchise partner has that clarity around the things that matter most," says Matt.

To confirm this, Matt points to Nurse Next Door Australia's first franchise partner, located on the Southern Gold Coast and operated by local resident, Lauren Macdonald, born and bred on the Gold Coast. She and her partner (and husband) Glen knew they wanted to do something that would make a difference in their community and Lauren was passionate about aged care. Nurse Next Door's purpose of Making Lives Better struck a chord with them and today, just three months after opening their doors, they're exceeding all expectations in both brand reputation and care delivery, meeting targets six months ahead of their financial models and already scaling up to accommodate demand for 24/7 high level care clients juxtaposed with requests from others who simply want transportation to a doctor's appointment or companionship on a weekly basis.

Matt says there is no denying home care is complex, but with the franchise business model, the home care provider is backed by the master franchisor whose role is to provide systems and support to ensure business resilience and success, combined with the knowledge that each franchise partner is able to deliver world class client needs focussed care, clinical policies and even 24/7 scheduling and client support - with a local touch. ■



MBE goes contactless with launch of online services

As the world adjusts and adapts to living and experiencing life 'online', Mail Boxes Etc (MBE) Australia has launched a new digital mailbox that allows customers to use a secure cloud-based platform to view and manage their mail from any location.

"The new digital mailbox program has always been in the pipeline and on the cards to complete and implement, however when the pandemic hit, it was escalated into the next phase of development and we were able to implement within 60 days," says MBE Australia CEO, Clayton Treloar.

The new tool allows customers to easily manage their mail from a mobile device or computer. Depending on the selected service plan, customers can choose from features such as open and scan, forwarding, and shredding mail.

"Eighty per cent of our clients have no need to come into our centres on a regular basis, however we have been able to successfully make changes to assist those who need to collect mail, parcels, or print jobs," Treloar says.

According to Treloar, the digital mailbox will be a catalyst for future growth of the business.

"It will give customers access to their mail without coming into the centre. So that means customers won't have to drive to their PO Box or wait until they return from a trip. Plus, we all want to continue to be cautious in this ongoing pandemic, which makes this new service 'non-contact'," he says.

The virtual mailbox has been embraced by franchisees, with MBE's Franchise Advisory Council involved in deciding the price structure and launch to assist with franchisee "buy in".

"We are pretty much a fully contactless business now," Treloar says.

"Other than the digital mailbox offering, we now also offer 100% online shipping. Our new shipping portal is in

co-operation with our shipping partners, DHL, FedEx, TNT, Toll and many more, making both domestic and international shipping more competitive and easy to use from the consumer's home or office. No need to bring in the package and send from our locations, however, we are still happy to do this.

"In light of all these new tools, we are also trialling a fully automated online printing and design portal currently available in our Brisbane landing page of the website. This is a good place to order the basic business cards, flyers, posters etc, at the click of a button."

These innovations are just one of the ways MBE has supported franchisees during Covid-19.

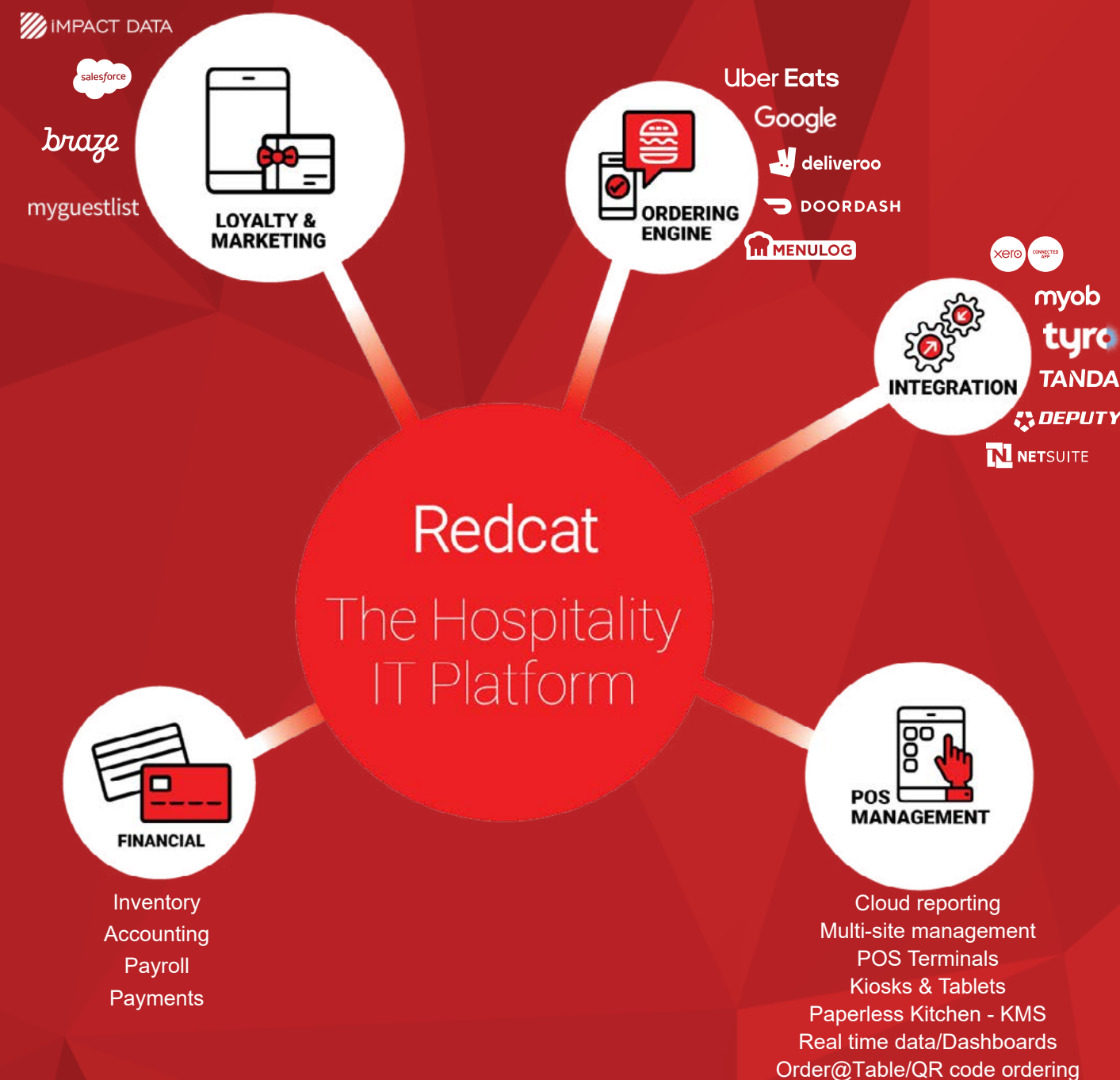
"We have a number of franchisees who have been in our business for 10, 15, 20 plus years, and my team and I treat all our franchisees like family," says Treloar.

"We're doing everything we can to support franchisees, by offering reduced royalty fees, ongoing communication and training, and increased awareness for the changing business landscape. I have spoken with almost every MBE landlord in the country to ensure our partners are being well looked after and they are closely following the National Code of Conduct when it comes to landlords and tenants," Treloar says.

"I have been in close contact with the Franchise Council of Australia to ensure we are all well looked after and the support from both Federal and State Government has been very welcomed. Not one of our 40 locations across the country has closed and business is starting to boom again." ■



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