the franchise review

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Looking Forward

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Growth strategies

People and performance

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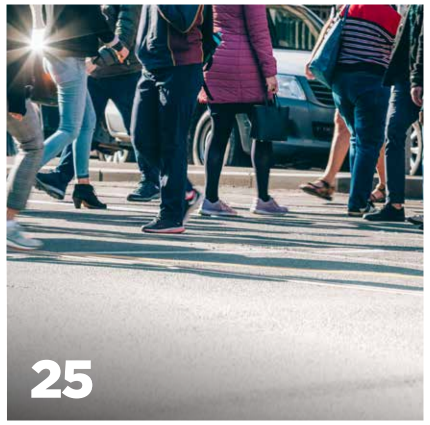
Contents



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A message from the CEO

Mary Aldred,
CEO, Franchise Council of Australia

The first quarter of 2022 showed much more optimism in business than 2021 and I attended the IFA Annual Convention in San Diego, California in March to hear from leading international business experts and entrepreneurs re the post-COVID business landscape.

The International Franchise Association's IFA Convention is always one of franchising's biggest yearly events, bringing together the true heavyweights of the international franchising community and providing a range of global perspectives on the year ahead.

Taking place over the course of five days, the IFA convention featured countless meetings, seminars, and educational sessions and, along with 20 other Australian delegates, I tried to attend as many as possible with topics relevant to franchising in Australia.

As well as robust education content and the opportunity to engage face-to-face with the franchising community, the atmosphere at the convention was extremely optimistic and attendees were buzzing with ideas about maximizing business development in 2022.

A key theme was the use of technology to drive productivity, especially in retailing. The main technological challenge in retail post pandemic is to build loyalty and better databases, mapping purchasing behaviour, introducing efficiencies without diminishing customer experience and better use of digital messaging.

On workforce capacity, a shared view was that retailing cannot continue to rely on unskilled labour that may not see a future career in retail. Unemployment is at its lowest rate in history in the US and the minimum wage is lower than Australia (e.g. $20.50 per hour at an in-and-out burger store) but workers are less efficient.

In terms of Australia, our country is seen as one of most challenging economic markets to deal with because of the cost of labour, red tape and commercial leasing arrangements. The US perception is if you can succeed as a brand in Australia, you have good chance of making it in the US.

Feedback to me was to promote that there will be an Australian management team when launching in the US because Australia is so highly regulated it gives US stakeholders assurance of compliance.

Based on the information I gathered and the input from attendees at the conference, I am considering forming an international working group for FCA members. I will keep you informed and look forward to hearing from those interested in this idea.

As Franchise Council of Australia members look ahead throughout 2022, the FCA remains committed to delivering value through advocacy, education and support activities and initiatives.

Engagement across our membership continues to inform the FCA's policy approach, with committees including the FCA Franchisee Advisory Committee, CEO Policy Advisory Committee and State Chapter Committees providing opportunities for members to engage in dialogue on key issues and topics facing franchising and small business.

With a Federal Election imminent, the FCA will continue to engage with politicians and policy makers to ensure the valuable economic, employment and community contribution of franchising is understood by decision makers.

We are excited to bring you the National Franchise Convention 2021-22, the most comprehensive professional development event on the FCA's annual calendar. The NFC is the first in a series of national events the FCA has planned this year that will provide a deep dive into core topics for franchises as they look to consolidate and grow.

Building on the success of the national webinar program in 2020-21, a series of informative webinars is planned to compliment resumption of face-to-face events in 2022.

The FCA's focus on informing and educating franchise professionals has also recently been expanded with the launch of the FCA Academy. The academy provides member organisations with online access to learning and development content specifically tailored for franchise networks, with courses on topics such as employee compliance, sales and general business skills.

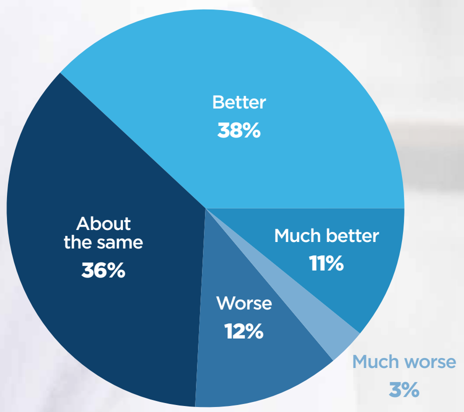
I look forward to working with you all throughout 2022. ■

"As Franchise Council of Australia members look ahead throughout 2022, the FCA remains committed to delivering value through advocacy, education and support activities and initiatives."

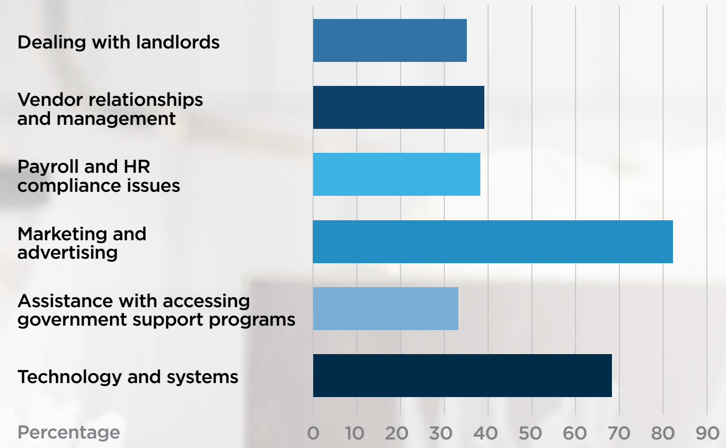
Australian franchised businesses positive about 2022

Business is looking up in 2022 according to many of the more than 1000 individual businesses representing 83 franchise systems in the first national survey of Australian franchisees.

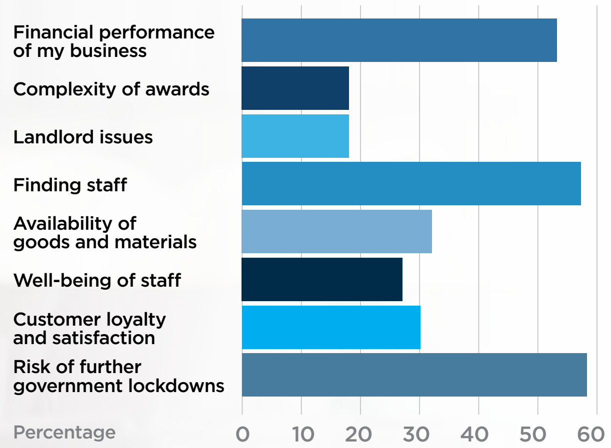
Financial performance expectations for the next twelve months



Areas where franchisors are providing a high level of support



Greatest challenges expected over the next 12 months



The Australian Franchisee Survey conducted by FRANdata for the Franchise Council of Australia confirms that a growing number of franchised businesses saw an income turnaround in the closing months of 2021 and further improvement is expected over the next six months.

Almost half (49%) of respondents expected better trading performance in 2022. The most optimistic industries included convenience stores, retail food outlets, retail stores, pet services and home services. Thirty six percent (36%) anticipated conditions to remain "about the same".

The "Risk of Further Government Lockdowns" was identified as the greatest challenge for the next twelve months at 57%. This was closely followed by "Finding Staff" (56%) and "The Financial Performance of my Business" (53%).

More than 70% of respondents indicated they hoped to increase employment numbers over the coming twelve months. Thirty percent of these businesses hoped to employ an additional 2-4 people, 21% an additional 5- 25 people and 3% more than 25 people.

Eighty (80%) per cent of respondents found their franchisors supportive over the past twelve months.

"The fact that a majority of survey respondents indicated they felt being part of a franchise system provided an advantage over operating an independent business shows that the franchising model provides a strong framework for small businesses," said FCA CEO Mary Aldred.

"Since 2018, the FCA has worked consistently with all stakeholders, including franchisors and government, to improve support for franchisees, including small business advisory and education services and tighter regulatory compliance across systems."

"The fact that being part of a franchise network has helped many small businesses make it through the pandemic impacts and restrictions is a strong indicator that franchising is achieving success in Australia," said Mary Aldred.

80% of survey respondents indicated they were receiving high levels of marketing support from their franchisor and 67% said they were receiving high levels of technology and systems support.

Between 30-40% of the sample indicated they were receiving high levels of franchisor assistance in the areas of dealing with landlords, vendor relationships, payroll and HR issues and accessing government support programs.

> "Since 2018, the FCA has worked consistently with all stakeholders, including franchisors and government, to improve support for franchisees..."

Snapshot of Australian Franchisee Survey participating businesses

Responses from 1,007 franchisees representing 83 Australian franchise systems.

The survey sample indicated that 69% of Australian franchised businesses were operated by men and 29% by women.

Whilst the majority of respondents (57%) were born in Australia, more than 40% were born overseas with India the second most common place of birth at 15%, followed by China 7% and the UK at 3%.

A high level of education across franchise owners was evident with 18% holding a tertiary degree and a further 27% holding a Post Graduate Qualification. 52% of respondents indicated High School (22%) or Diploma/ Certificate (30%) as their highest level of education.

The vast majority (73%) of franchise units were owned by single operators. A further 20% of respondents indicated the operation of 2-3 units and 7% indicated the operation of 4 or more units for their franchise system.

The survey reflected that 33% of respondents had commenced their business in the last five years (2017-2021). A further 30% commenced their business between 2012 and 2016 and 37% had now been operating their business for more than ten years.

Responses indicate that franchises are typically operated by mature age owners with 76% of respondents aged 40 years or older.

Franchised businesses are a significant employer in the Australian economy. The employment of more than 2 people was indicated by 81% of respondents. Single operators accounted for 19% of respondents. Almost half of all respondents (48%) indicated their business employed 2-10 people with a further 34% reporting their franchised businesses employed more than 10 people.

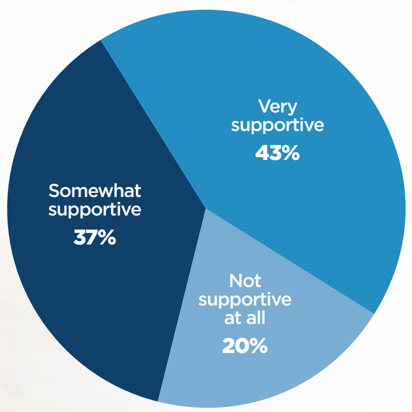
The majority of franchised businesses (76%) were based in capital cities. Franchised businesses also have a significant regional footprint with 24% of respondents indicating their businesses were based outside of state and territory capitals.

There is a significant variance in average weekly sales across franchise units, attributable to the type of industry, business structure and the scale of the individual business.

Higher turnover levels were evidenced from respondents working in food-based businesses, which accounted for 80% of the businesses reporting turnover of more than $10,000 per week.

For franchises with sales of less than $10,000 per week, 91% were involved in non-food businesses which in many cases were operated by mobile businesses without rental and wages overheads. ■

Overall view of support provided by franchisor over the last twelve months



Franchise Pulse Check Survey finds worker attraction and retention a growing concern

There has been increase in small business concerns about attracting and retaining workers, according to the latest Australian Franchise Business 'Pulse Check' survey.

The December quarter 2021 survey included responses from 51 Australian franchise brands covering 11,875 individual business outlets (10,594 franchised and 1,281 company operated) and employing 63,220 Australians.

The greatest concern or challenge reported was the availability of suitable employees (73%), jumping significantly from 55% in each of the two previous surveys.

Supply chain Issues (55%) were also materially higher than the 47% and 44% in the previous two quarters.

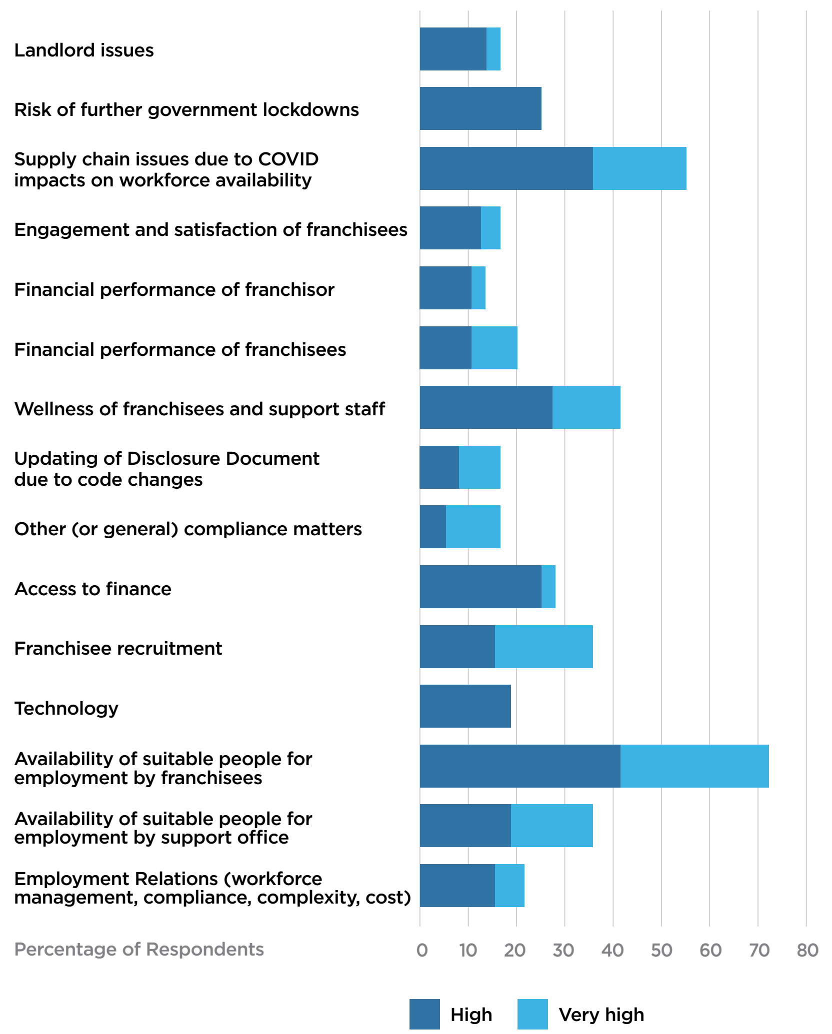
The wellness of franchisees and support staff (42%), franchisee recruitment (36%) and the availability of suitable support office staff (36%) were also in the top five key concerns and challenges.

The most significant fall in business concerns was regarding the risk of further government lockdowns (25%) which dropped from 61% in the previous quarter.

The percentage of businesses feeling optimistic about business conditions in the next six months remains solid at 73%. Only 8% of respondents were pessimistic.

Respondents anticipated opening 484 new franchised outlets in 2022 across their respective networks and were most likely to expand business in NSW (51%), followed by VIC (23%), QLD (14%) and WA (9%). ■

Key challenges being faced by Australian Franchise Systems



FRANdata, has undertaken this 'Pulse Check' survey for the Franchise Council of Australia (FCA) to provide insights on the status and experiences of the Australian franchise sector during the December 2021 quarter.

NATIONAL FRANCHISE CONVENTION

NFC21-22 Keynote Speakers

Bernard Salt AM

Bernard Salt is widely regarded as one of Australia's leading social commentators by business, the media and the broader community.

Bernard heads The Demographics Group which provides advice on demographic, consumer and social trends for business.

Prior to that Bernard founded KPMG Demographics.

He writes two weekly columns for The Australian newspaper and is an adjunct professor at Curtin University Business School.

In conjunction with KPMG Australia he hosts a top-rated podcast called "What Happens Next" which discusses rising trends and important business issues.

Simon Griffiths

Simon is an engineer and economist turned social entrepreneur.

Driven by a passion to use business to give back, in 2010, Simon had the idea to start a toilet paper company that builds toilets in the developing world. In 2012, he launched Who Gives A Crap with a crowdfunding campaign, agreeing to sit on a toilet on a live webfeed until he had pre-sold the first $50,000 of toilet rolls. The multi-award-winning launch attracted global media attention and generated over $1 million of PR value.

Since launching, Who Gives A Crap has tripled in size year-on-year, primarily relying on word-of-mouth to fuel its growth. In five years, Who Gives A Crap donated more than $1 million, reaching a milestone in 2020 of $8.3 million.

Simon is one of Australia's most prominent social entrepreneurs. His work has been covered by countless media outlets around the world, including The Huffington Post, MTV and The Stanford Social Innovation Review.

Rachael Robertson

Rachael Robertson (CSP, MBA) is an Antarctic expedition leader, Chief Ranger and leader with 20 years of 'extreme' leadership experience. She is a best-selling author and leadership guru whose talents are in great demand from leading organisations around the globe.

As only the second female to lead a team to Davis Station in Antarctica she managed a diverse group of up to 120 people, through total isolation, months of darkness, with no way in and no way out. It was a leadership laboratory in the most extreme and hostile environment on Earth, where most of the theory doesn't apply.

In Antarctica she built a resilient and highly successful team based on the foundation that 'respect trumps harmony'. Prior to leading the expedition Rachael had 16 years' experience in a variety of senior operational roles in complex and challenging environments.

Mark Carter

Mark Carter is a director, international keynote speaker, trainer and author.

He has 24 years' experience as a global learning and development professional including dynamic environments like Contiki and TRAVCorp. He also spent over two years leading primarily virtual and hybrid solutions across APAC: relevant experience for current times.

Mark is a regular mainstream media contributor including prestigious publications like Harvard Business Review. His specialisation in people and behavior, translates into bespoke programs including themes like change, culture, leadership, operations and client facing skills for the experience economy.

His TEDx talk, 'Paws and Effect: how teddy bears increase value perception' was the movie trailer for his latest book published globally by Wiley: Add Value.

Leading demographer and futurist Bernard Salt believes that optimism and entrepreneurship will characterise post-COVID society in Australia.

Will Australia move forward after the impact of COVID-19?

Bernard's theme setting presentation at NFC21-22 will outline how the world and the way we live has changed and what that means for Australia to 2030, including opportunities for inventive and motivated businesses.

His forecast, based on history, is that highly disruptive global events such as wars and pandemics are followed within a matter of years by a "celebration of life" and innovation.

Naturally, there will be winners and losers, but Bernard says the pandemic has created "game changing" events that will have a lasting impact on the way we live and do business.

As a result of our relatively low coronavirus death rate, Australia is perceived as a safe haven, a place of good governance, a good place to invest, to migrate to, to study in, to visit and to shift to if you're a business migrant.

Net migration plunged in 2020 and 2021 but is likely to rebound by the start of 2023.

Similarly, Bernard says Australia's changing internal demographics, including the escape from cities and regionalisation and families moving to an area where they can buy a bigger house, will increase demand for goods and services.

Lockdown has shown workers, workplaces and bosses that many people can be just as effective working from home and this will have a profound impact on the shape of our cities, the demand for services and the value of property. Plus, it's underpinned by generational shift.

Bernard forecasts that the number of people working from home will double or triple and that by the 2030s the cities we know today will be compartmentalised into fully-serviced mini cities and regional hubs, precipitating a shift in property values.

His final prediction?

Sea change and tree change 2.0 could mark one of the big social shifts of the 2020s. ■

Bernard Salt AM is one of Australia's leading social commentators and business analysts. He draws upon vast datasets to interpret the overall trajectory of social change in the past and into the future. His presentation at NFC21-22 will be a keynote event that business decision makers can't afford to miss.

Culture is a collective

By Mark Carter
Peak performance, productivity and leadership authority

Mark Carter is an international keynote speaker, trainer and coach. He has over 20 years' experience as a global learning and development professional. His TEDxCasey talk 'Paws and Effect: how teddy bears increase value perception' was the movie trailer for his latest book Add Value. You can contact Mark at markcarter.com.au or his book site addvalue.markcarter.com.au

For a culture to thrive, regardless of remote or physical presence, there are four evolutionary pillars requiring constant attention. The task of leaders is to gel and bond individuals (tapping into a single magical ingredient) to keep moving them along the culture evolution pathway.

Evolution of fundamental pillars

If your business were an ancient temple these four pillars serve like solid Corinthian columns keeping the culture roof sound overhead.

Now's a great time to look at which of your pillars require a little maintenance.

Administration

In an ideal world you'll have clarity around a playbook of processes. One that's clear enough for all to follow, fair enough so everyone is playing by the same rules yet not so complex or convoluted that it unnecessarily slows you down.

• Order – methodical environments where people play by the rules

• Safety – creating environments that are predictable, risk conscious and people feel safe, including psychologically

With more people working remotely, are you clear with what your administration and process playbook looks like? Do people understand what compliance is from the confines of their own homes?

Performance

When more individuals have clarity around their goals, are self-accountable and supported by leaders to help achieve them, performance tends to take care of itself.

• Results – specifically characterised by achievement and winning

• Authority – competitiveness where people strive to gain personal advantage

When a business puts greater focus on behaviours, the results and numbers (the lagging indicators of performance) tend to follow. Be mindful not to confuse strong, directional leadership in creating a strong performance culture with 'micro management' or 'win at all costs': both of which are beyond out of fashion!

Learning & Knowledge Sharing

If you rewind a decade or two, generally HR or L&D were knowledge holders for upskilling and growth. These days it's accepted that great knowledge lives across the entire tribe. The role of HR and L&D (as much as it may include scheduling and owning components of continual learning) is also one of knowledge organisers to ensure best practice and upskilling loads are shared, more easily accessed, curated and spread.

• Learning – exploration, expansiveness, open-mindedness, curiosity and creativity are all embraced

• Enjoyment – workplaces are fun, stimulating and playful (NB. which also translates into learning environments both virtual and live)

It's a curious fact that often when people are feeling busy, or severely challenged or stressed, learning is one of the first calendar activities to be sacrificed. A learning culture means recognising continued personal growth is as important as many other aspects and tasks towards your overall culture and achievement.

Unique

As much as we're in a digital age, we're also still firmly rooted in the experience economy. Customers and employees alike will align and support brands and organisations that make them go 'wow' and make them feel good. Additionally we're seeing a generation care as much about the impact of the organisation they work for as they do their own pay packet.

• Caring – work environments are truly collaborative, warm and built on relationships of solid mutual trust

• Purpose – exemplified by idealism, altruism and trending themes like social causes and sustainability

I'll be expanding on these themes and more: such as that magical single ingredient you want to tap!

In the son et lumière, experiential signature style 'CULTURE' keynote for FCA 2022, I'll be sharing content and tools within my 'Add Value' model, (published globally by Wiley) and '5C MODEL' of which culture is a part.

Culture, the fifth and culminating 'C', is a canvass that business leaders may follow – using a variety of mechanisms and tools, encouraging their whole team participate colouring in the canvass and driving the vision and purpose. ■

NATIONAL FRANCHISE CONVENTION

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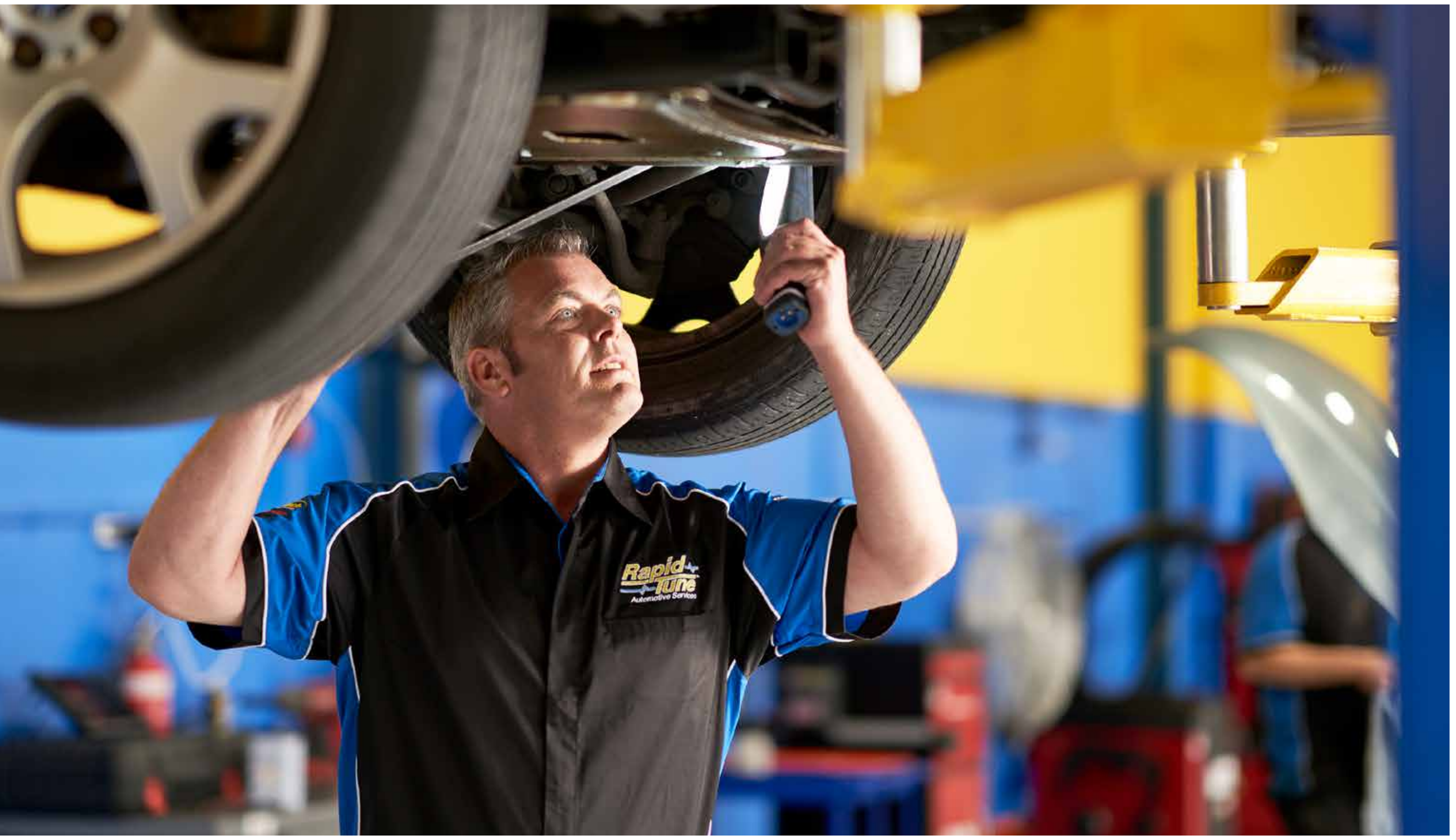
Putting franchisees first for sustainable growth

Putting franchisees first in a sustainable growth strategy has proved to be a winning formula for Rapid Tune, with the automotive aftermarket repair franchise named as the Australian Established Franchisor of the Year for 2021.

It's award success that's been nearly two decades in the making, starting from humble beginnings in a small office of the first store in Ferntree Gully, Victoria, in 2003 where Rapid Tune CEO, Mark Rippon (right), developed his franchising vision for the future.

Since then, Rapid Tune has steadily grown its brand, franchise footprint, customer and franchisee satisfaction scores and revenue. There has been a deliberate choice to expand the network sustainably, with the brand now operating in 32 locations (30 franchises and 2 company owned stores) across Victoria and Queensland, with 22 of these launched within the last five years.



A unique culture

Having been a franchisee himself with other brands, Mark had personally witnessed the systems and processes of other franchise networks and intimately understood the needs of franchisees. He set out to create a franchise brand with a unique culture and high franchisee satisfaction.

"Business performance is often measured within spreadsheets, business systems and KPIs, but what's often overlooked are the personal needs of the business owner," Mark said.

"Fears and anxieties about business performance often stem from what's happening in our personal lives.
I've learned that you can't focus on performance without taking into account the personal and emotional needs of the business owner. That was especially the case throughout the pandemic when we really needed to provide both professional and personal reassurance for our people."

Mark outlined the key elements of building Rapid Tune's unique culture as:

- A wholly inclusive and supportive franchise network with open door access to the franchisor
- Getting to know franchisees at a personal and professional level in order to provide support and solutions to help them achieve their goals and to alleviate any fears or anxieties that may come with business ownership
- Focused training and professional development addressing the individual's needs

This has resulted in strong and sustained relationships between franchisees and the Rapid Tune brand, high levels of trust in the Rapid Tune business system and the ability to attract and retain the highest quality franchisees to represent the Rapid Tune brand and further enhance its strong culture and reputation.

Recruiting for success

As with any successful franchise brand, Rapid Tune's expansion has been built on a strong and structured franchise recruitment process.

"90-95% of franchisee candidates come from within the Rapid Tune network with the remainder attracted word of mouth. Candidates are attracted by our reputation for extensive franchisee support, culture and personal touch," explained Mark.

"We will never succumb to expanding for expansions sake, selecting the right franchisees for the network always comes first.

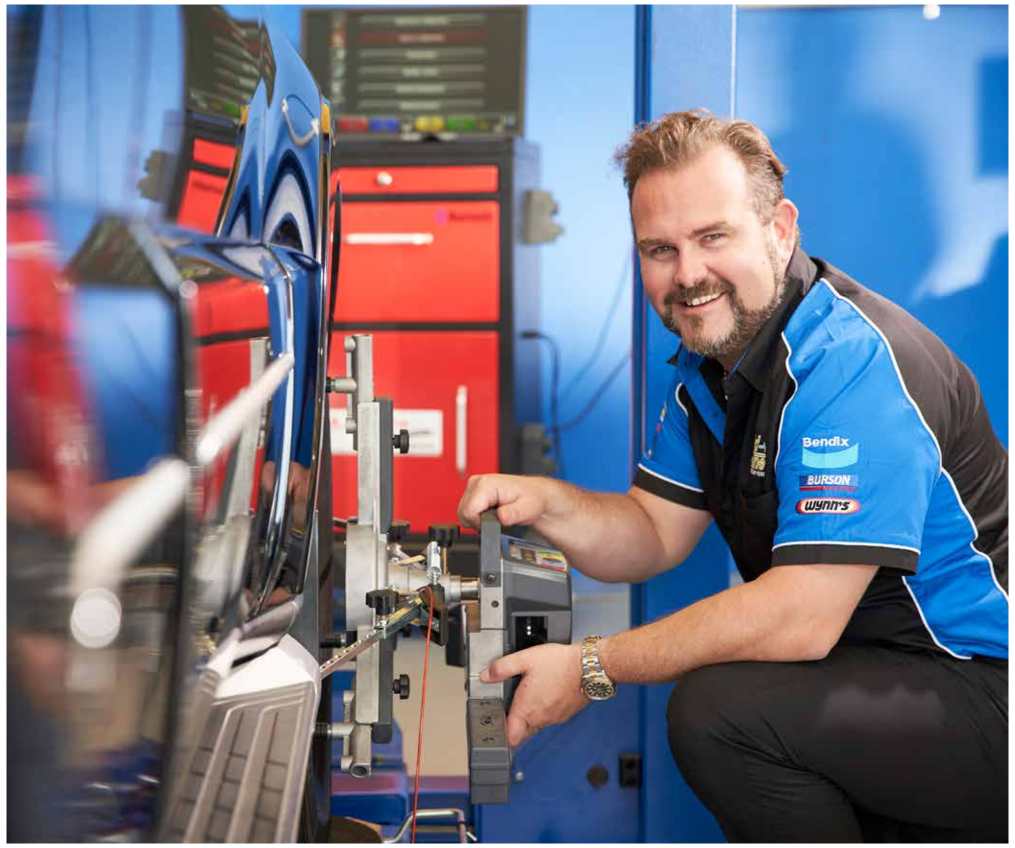
"We have a structured step-by-step franchisee recruitment process and are very particular when selecting franchisees. We carefully screen candidates to assess suitability and alignment with our business model and culture. This is achieved via detailed information gathering in the application phase followed by one-to-one meetings with our GM and CEO. In-store work trials are provided where necessary to ascertain suitability for both parties.

"Once we are satisfied the prospective franchisee has conducted due diligence and the cooling off period has lapsed, we continue to engage with the franchisee before approval is granted. At the next series of meetings, we address any concerns and answer any questions that have arisen from the incoming franchisee research and ensure they are fully aware of the financial and legal obligations required of them when purchasing a Rapid Tune franchise business."

According to Mark, this approval process ensures:

1. The prospective franchisee's personal and professional profile has been assessed to ensure the correct cultural fit for the Rapid Tune network
2. The franchisee's skills and experience have been assessed to produce an initial tailored training and support program that will most effectively benefit the income franchisee: "When it comes to training and support one size does not fit all," said Mark.
3. An alignment of expectations has been conducted to ensure the Rapid Tune business system has the potential to satisfy the incoming franchisees perception toward work / life balance, financial expectations, and personal goals.
4. An understanding of the legal and financial obligations involved with acquiring of Rapid Tune franchise.

The importance Rapid Tune places on providing opportunities for the right franchisees, and to in turn support the sustainable growth of the network, is



underlined by the implementation of the Rapid Rune finance product.

"We realised that aspiring franchisees with great potential didn't always have access to the capital required to attain business ownership. This not only restricted individuals from achieving the personal goals and career advancement, but also robbed the Rapid Tune network of highly skilled and experienced business operators. This led us to create Rapid Tune's financing arm to make business ownership more accessible to the right people," said Mark.

"Through our vendor's finance product, we have opened doors to deserving franchisees to achieve their dreams of becoming business owners. This has also supported the wider Group's successful growth and expansion objectives by retaining highly accomplished and dedicated professionals within our network."

Innovation and identifying opportunities

As part of the rapidly evolving automotive industry, Rapid Tune is constantly undertaking research and assessing the market to determine which products and services to launch to ensure ongoing business success across the network.

And at Rapid Tune, the process of identifying new opportunities is a collaborative one, with franchisees encouraged to share their ideas on new products, opportunities and best practices. Group-wide communication is facilitated through cloud-based software and mobile apps, which are also used to help capture customer feedback and deliver training for employees and business owners.

"Our cloud-based RMS system also enables the head office to undertake real-time analysis and provide immediate support as needed for all of our franchisees. The sophisticated software delivers valuable data analytics that enable us to pair customers' most needed services with opportunities for franchisees to generate profit and repeat business," said Mark.

COVID-19 too demanded innovation, with contact free vehicle servicing and sanitization practices implemented to enable customers to have their vehicles picked up and delivered back home in a contact-free manner amongst the initiatives implemented by the franchise.

Building the brand

To build brand awareness and accelerate the expansion of the growing network, in 2019 Rapid Tune launched an ambitious television campaign and an expanded social media presence.

"We see marketing as a vital tool to building brand recognition and consumer trust. In 2019, we saw an opportunity in the market to create brand differentiation from Rapid Tune to other organisations in the car servicing industry," said Mark.

"Our 'We keep you moving campaign' not only represents our strong customer service philosophy and range of products, it promotes the values and professionalism of our people who deliver those services every day.

"The connectivity, TVC campaigns and social media presence have all had a knock-on effect to our online reviews, resulting in high levels of customer satisfaction reflected in our Google ratings."

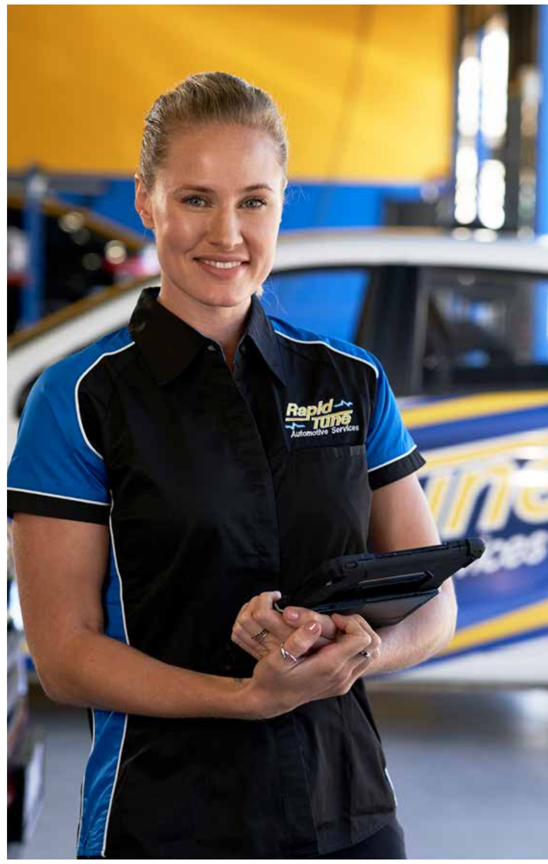
Being named the Australian Established Franchisor of the Year at the FCA's 2021 Excellence in Franchising Awards provides still more recognition for the network.

"Winning the FCA Australian Established Franchisor of the Year award is a great honour and testament to the amazing culture we have built together and are renowned for at Rapid Tune," said Mark.

"Australian small business owners have demonstrated their ability to adjust and adapt during one of the most economically disruptive periods in history.

"It's a surreal feeling to be put up on a pedestal alongside some of Australia's top franchisors including [2021 Australian Established Franchisor of the Year Award finalists] Chicken Treat, Couriers Please, Pirtek, and RAMS. I thank the FCA and commend all award finalists and winners on their outstanding efforts and well-deserved recognition in 2021.

"I am proud to be a part of a community that has shown so much bravery, tenacity and resilience and proven that no challenge is too great to overcome." ■



It takes a village: Navigating franchise businesses through the pandemic

Almost two years into the global pandemic, uncertainty felt by businesses is higher than ever. However, the distinct advantage that businesses in franchising have over other businesses, is that more than half of franchisees feel that being part of a franchise group provided more of an advantage than if they were operating their business alone.

By Sarah Eltakchi
Partner, Accounting and Business Advisory, Findex

COVID-19 has brought numerous obstacles for many businesses, from supply chain and staffing issues to lockdowns, closures and many more.

This is a crucial time in the franchisee/franchisor relationship. Now more than ever, franchisees need the right support to help them through the turbulence and franchisors need to be proactive about giving their franchise group the right support. For both parties to navigate this period, it's critical the franchisee understands the guidance provided by the franchisor and the two are working together to ensure the success of the franchise system.

Findex has worked with hundreds of franchise businesses - some from the very beginning of their franchise journey and others later along in the journey. Our Accounting and Business Advisory team are experts at helping franchise businesses navigate franchising's unique model, working with their finance, legal and operations team to create the best approach for the franchisor and franchisees.

There is no cookie cutter response. It's based on the current and future needs of the business. But there are a few things we've learnt along the way that can help ensure the franchise group is protected and gives franchisees the very best chance at making their business a success from the beginning.

Maximising the value of your franchise group and minimising risk

With so many variables and unknowns for businesses in this current environment, it's important to identify business opportunities for your franchise group and minimise risk to assist you to drive your franchise business, add value and grow your returns.

Poor business structure, lack of cost control, ineffective management and inefficient systems can all be catalysts for a franchisor to fall into financial hardship. Don't let your business be one of them.

Business Structure

Your business structure quite often tells a story of your business journey. If set up correctly, it shows the clear direction that your franchise group has taken, whist providing the business with flexibility, protection and segregation of business operations.

It's never too late to ensure that you have the right structure for your franchise group. Expanding operations interstate or overseas, capital raises, vertical or horizontal diversification plans, business acquisitions and sales and succession planning can all be achieved successfully and safely with the right structure.

A poor structure can not only put your entire group at risk, but can limit the ease and effectiveness of implementing business plans. Worse still, the wrong structure can reduce the value of your business. Too often you see a business undervalued because the assets are not structured correctly and that can be detrimental to capital raises and business sales.

Lack of Cost Control

We often place a great deal of emphasis on the businesses top line, setting targets and success based largely on sales.

In an environment where the cost of doing business is increasing rapidly, a lack of cost control and management of your bottom line may see you hitting those sales budgets...but not making any money.

Excessive price matching, COVID franchise fee relief, inadequate or outdated supplier and sales contracts and the increase in cost of labour are only a few factors that need to be closely monitored as we navigate this "new normal" with COVID.

Whether this is the new normal or simply the current normal, franchise businesses need to do things differently, as the exposure and risk that poor cost control can cause your business is huge. Review of supply agreements, cost vs benefit analysis and price escalation clauses are only some of the things that we have assisted our clients with as we realign the focus on ensuring the business is profitable and not just hitting sales growth.

Ineffective Management

There are so many dimensions that need to be managed in a franchise business, and ineffective management can be disastrous to the entire group. It is essential to ensure that not only the franchisor is managed effectively but that the franchisees are too. At Findex we often work with our franchise groups where the best performing franchisee is rewarded with complimentary strategy sessions. However the ones who need it the most are the struggling or underperforming franchisees, and a great management team acknowledges that. We are currently working with groups to provide training, compliance and mentoring to the underperforming franchisees to help them understand the right way of doing business. Understanding the concerns of the franchisor and the franchisee and working together to manage the process and establish a solution. It doesn't happen overnight but managed properly, the outcome is much more successful than burying your head in the sand.

Ineffective Systems

In the franchise model, standardised systems, accurate information and benchmarking are very important to running a successful franchise group. Your group needs a "one best way" of doing things from a financial compliance and reporting process, as well as operational. This ensures that you have reliable data for decision making, and highlights areas that may need particular attention or things that are working really well.

Working as the preferred supplier of Accounting, Bookkeeping and Advisory services for franchise groups, Findex provides:

- Accounting software setup and training
- Tailored training delivered through webinar customised to the franchise group's needs
- Back office systems and processes to support a 'one best way' approach across the franchise group.
- Greater visibility over franchisee performance with benchmarking and insights.
- Cashflow forecasting.
- Business advisory support to drive growth and profitability.
- Funding applications.
- Lender negotiations.

We assist both the franchisee and franchisor to achieve the best strategic and operating outcomes by ensuring that they have effective systems in place.

Recent changes and increased regulation in the franchise industry have seen a lot more reporting and disclosure required to be prepared by the franchisor, but whilst it's a lot of work, the transparency between the franchisor and franchisee will inevitably improve the overall relationship if carried out properly.

Setting franchisees up for success

In this environment, franchise models are proving to be more appealing. People are willing to pay more money for a franchise business than they would a no-name brand. They are willing to pay a premium for a business model that has been tried and tested and proven to be successful, for the operational and marketing support and the stability, reputation and brand of the franchise group.

When recruiting franchisees, it's important to remember and communicate that purchasing a franchise business doesn't give you overnight success. Not only does the franchisee need training on the operations and process of the business, they need to know how to run a successful business. Don't just show them how to make your perfect burger or run the perfect cycle class. Show them how to manage their cashflow, how to understand their numbers and what the numbers say about their business.

When franchisees start out on their franchise journey, it's important to get it right from the beginning. Buying any business is a big decision that comes with serious personal and financial commitments, but quite often, so much time is spent on the legal side of the franchise transaction that the accounting and business planning side is overlooked by the franchisee.

It is critical to have a business accountant who specialises in franchising to help guide the franchisee through this first stage of assessing and buying their new franchise and then to guide them on an ongoing base to help implement their business plan.

Financial due diligence, pre-purchase review, business and structure setup, assistance with business plans, cashflow forecasting, funding applications, lender negotiations, accounting software setup and training are just some of the things that need to be dealt with by the new franchisee, and often with no experience. Appointing a preferred supplier for accounting, tax advisory and bookkeeping can help franchisors to establish a better onboarding training process that helps ensure new franchisees know how to prepare accurate information, assist them with business planning, funding and cashflow and give them the best opportunity and tools to succeed.

Franchisees that have no prior trading history to show when applying for funding or asset finance, can often end up with much higher interest rates and repayment terms for their finance. This puts significant strain on the franchise business. But, without understanding if they'll be able to meet these repayments, franchisees agree to these terms because they don't know they have any other choice. No funding means no equipment. No equipment means no business.

An accounting partner can help to improve this by working with franchisors to establish consistent reporting across the group, which provides them with the ability to benchmark and provide guidance to franchisees, especially in the early stages and through tough times such as COVID-19.

Navigating the impacts of COVID-19

Over the past two years most franchise businesses have had to deal with a constantly evolving environment which has required immense agility. Whether it was navigating working from home, limits on dining and venue capacity or contract changes to accommodate fluctuating prices, franchise groups as a whole have needed to work together to ensure they had the right information to make decisions efficiently and effectively.

For many franchise businesses, this has highlighted a deficit in their ability to obtain information across the franchise group accurately and use it in a standard way to analyse and benchmark what the business needs.

Now is the time to fix these things. Franchisors with group-wide, standardised back office procedures that are set up so they can obtain data in a seamless and periodically manner, find it easier to access the information they need to adapt and change.

COVID 19 stimulus packages and rental assistance have been a challenging road to navigate and many franchisors have been left to carry the burden of the rental stimulus packages.

It's common practice in a franchise group for the franchisor to hold the head lease with the landlord and grant a sub-lease to the franchisee. But the rental assistance that has been offered by the various states in many instances, has meant that franchisors were required to pass on the rental assistance to the franchisee, but were not eligible to receive any assistance themselves.

As a result, some groups are shifting away from the traditional rent deal. Instead of charging franchisees rent, they are charging a higher rate on goods supplied. This has proved to be successful for both parties as it reduces the pressure of fixed costs during these uncertain times.

The COVID 19 stimulus packages were implemented to help businesses get through to the other side of the pandemic. The deferral of rent, bank and ATO payments has resulted in an increase in debt for many businesses - businesses that were successfully trading prior to the COVID. It will take planning, management and understanding by all parties for both the franchisor and franchisee to get through this successfully.

Conclusion

As a franchisor or franchisee, take the time to reflect and ask yourself how to give your business its best chance for success. What tools and advisers do you need to help ensure that your group can navigate these uncharted waters?

There are so many variables for businesses at present. Emotions are high and it's difficult to see the light at the end of the tunnel. An impartial accounting partner, who is there to provide independent advice on the issues that the franchisor and franchisee are trying to overcome, can help your franchise business understand the needs of both sides and provide strategic advice and recommendations on what can be done by both parties to navigate the situation.

Getting the right advice can be hard. The team at Findex understand how to bring franchisors and franchisees together. With over 30 years' experience in the industry, we understand franchising. Our expertise in finance, accounting and tax are a trademark of our business and provide a solid base from which franchisors and franchisees can strengthen their relationship. Find out more at findex.com.au/fca ■

About Findex

As one of Australasia's leading integrated advisory firms, Findex provide uniquely tailored, integrated solutions for people, businesses, government organisations and institutions that transform and grow as their needs do. We pride ourselves on a high touch, personalised approach to help our clients achieve their financial, professional and life goals. With over 100 offices throughout Australia and New Zealand, our vast geographical footprint provides you direct access to our expert advisers, the ability to respond to international and national issues, access to competitive solutions in your location, while understanding and supporting local communities.

For more information on Findex and the Family Office approach to small business finance, visit www.findex.com.au

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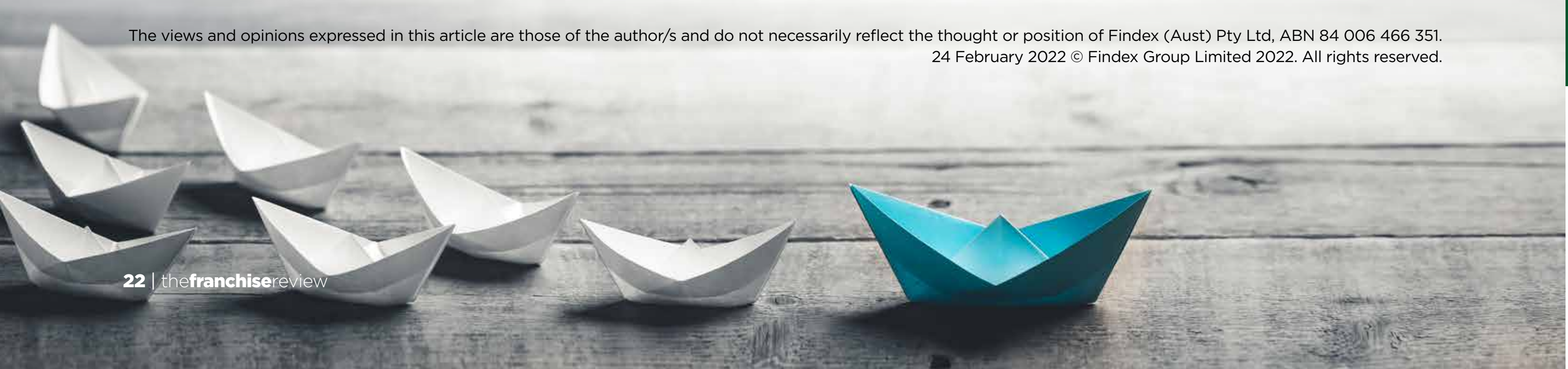

Strategic Network Planning for post-COVID-19 growth

By Peter Buckingham CFE
Managing Director, Spectrum Analysis Australia

There is little doubt that Australia has changed considerably in the past two years as we have come to live with COVID-19, and made many lifestyle changes accordingly. Whether we work from home, or have taken bigger decisions and moved to a new location, these changes have a great impact on the purchases we make and the services we require in our daily living.

About the author

Peter Buckingham is the Managing Director of Spectrum Analysis Australia Pty Ltd, the leading demographic, mapping and sales prediction modelling company in Australia. Spectrum is the 2021 FCA Supplier of the Year.
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Some of the effects have been:

- Greater demand to move out of the big cities to places offering different lifestyles.
- Decimation of many CBDs and CBD related support businesses (cafes and restaurants) as people work far less from the Head Office / CBD environments.
- Less demand for retail in major shopping centres.
- Property prices escalating overall, and especially in areas seen to be offering improved lifestyle opportunities.

As franchisors, this can be a frightening outlook. However the national changes can offer some new opportunities and maybe some levels of rationalisation in areas that have been most affected.

Australia has a wealth of information to help you make the correct decisions. We recently had the 2021 Census, which enables the Australian Bureau of Statistics (ABS) to provide excellent information you can rely on.

The Census tells us how Australia is as of a certain date – think of it like a balance sheet. On August 10th, 2021 – we had a population of X, average income of Y and Z% of us were born overseas. This data comes out at very small area levels, the major one being Statistical Area 1 (SA1) of which there is 57,523 covering the whole of Australia. The 2021 Census is being released in stages, and they expect the major data release at small area levels to be in June 2022.

Growth forecasting

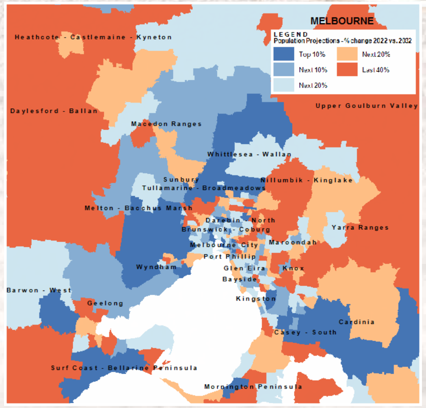
There are a couple of ways to look at forecast growth, such as extrapolating between two past points in time, and take the change and move it forwards. However our friends at the ABS do it far better than that.

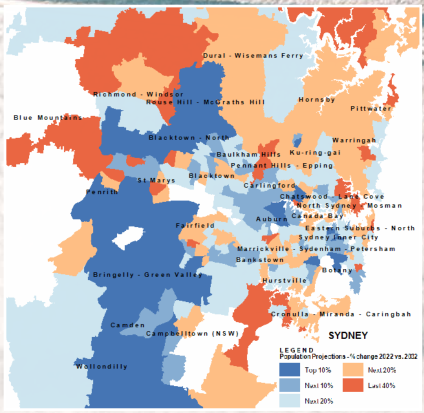
In October 2019, the ABS released their forecasts for 2017 – 2032 for population projections by gender and by five year age groups for the Department of Health. This data is the gold level data for consistently looking at future population growth. These data sets represent contributions from States, Councils and Federal policy settings to come up with the best available projections at that time. Having inquired recently, the ABS at this time is not planning to amend these forecasts due to COVID-19.

In our capital cities, the identified growth areas will continue, and many are a 20 – 30 year project, and while there may be a few hurdles on the way (COVID-19), the major directions will not change.

While COVID-19 has had some effect on this, growth areas will continue to grow, and there are some regional areas that will exceed original expectations for the next few years.

We are all hearing circumstantial evidence of migration into regional areas, but I often think that the effects of an additional 10% increase in population in a smaller town or city has a much larger impact (in the media) on the balance of that town than the increase warrants.





For example if a town is 5,000 persons, and an additional 500 people move into that town over a 12 month period, there will be a push on housing, pressure on all vacant rental real estate, increased sales for blocks of land on the outskirts, a few more new builds of houses. The effects at the supermarket, banks, post office etc. will probably be minimal, and in most cases will not be felt, as tourism has been down for most areas due to lockdowns.

On the other hand 500 people (or even 50,000 people) leaving Melbourne or Sydney will have little effect on the operations of that city.

There is little doubt that towns and cities across regional Australia are experiencing a population boom. The areas like the Gold Coast, Sunshine Coast, Newcastle, Central Coast, Wollongong and Geelong already have large infrastructures and are expanding well above their pre COVID-19 expectations.

Part of their attraction is that you can live in these areas, work from home, but still be close enough to go into the CBD if required. Much easier going from the Central Coast or Wollongong into Sydney once or twice a week rather than every single day!

Many others are finding working remotely has become the way of the future, and can move to wherever they wish. One of our staff now lives in Casino (NSW) and is working happily from her new office (in the back of the cow shed I believe) and I am still very happy with the work she produces.

Fifth Intergenerational report

According to Josh Frydenberg and the 5th Intergenerational Report (released in June 2021), Australia's population is expected to reach 38.8 million in 2060-61, six years later than was forecast in the 4th IGR. We can see the small "speed bump" however the long term effect can be altered by Commonwealth migration policy quite quickly in Chart 2.1. If you want to see the small changes that lead to this graph, we can see this in Chart 2.2.

What does a high growth area look like?

If I had to summarise high growth areas almost anywhere in Australia I would expect:

- High percentage of young families
- High levels of ethnicity as many immigrants are very keen to purchase a house at their earliest convenience, and often with their community who are in a similar situation
- Most families have a mortgage and in many cases both parents working
- A high demand for child care
- Lower levels of socio economics, normally what we expect with young families trying to purchase a house
- Older vehicles – often needing work to remain on the roads
- Smallish modern houses, in fairly tight living (small blocks of land)
- A high percentage of multigenerational families – often up to 3 or even 4 generations

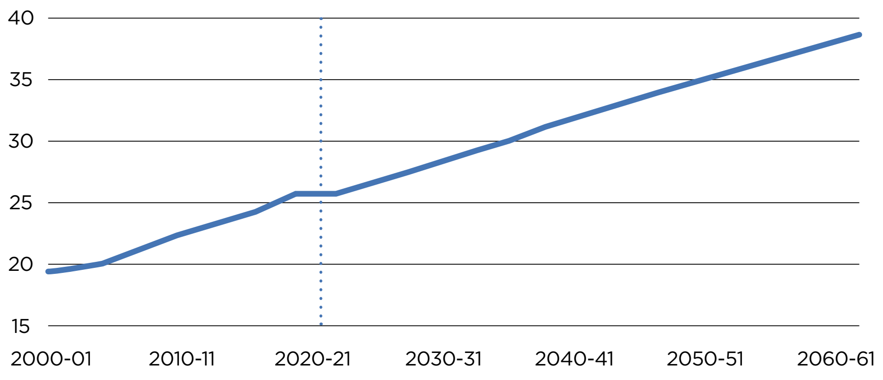
We need to think of this as opportunity for certain products and services, and try and bring them into the areas.

Summary

Demographics and population forecasting can tell us a great deal about an area's future, and help guide us in our decision making. I suggest you think for the long term (10 – 15 years), and adjust your strategic network planning accordingly.

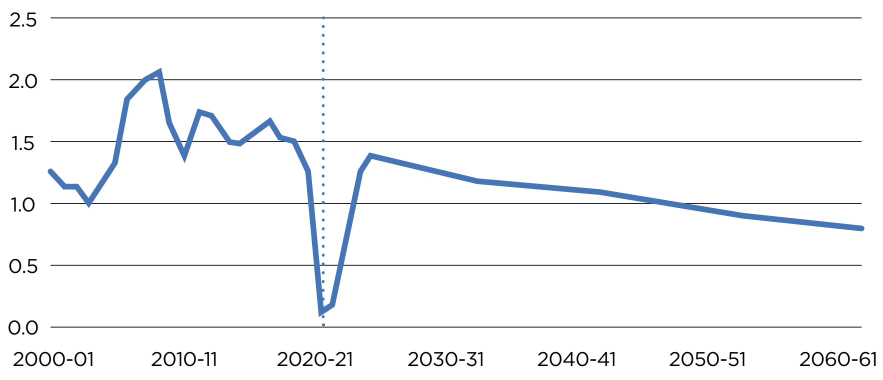
Franchisors need to be aware of the internal migrations from metro to regional areas, but this will not surpass the long term growth of the major cities across Australia. Whilst some new opportunities will be coming up in regional areas, once Australia reopens to immigration, I still forecast that Melbourne and Sydney will continue to take by far the highest proportion of immigrants, as they have for generations in the past. ■

Chart 2.1 Australia's population levels (millions)



Source: ABS National, state and territory population, September 2020, and Treasury

Chart 2.2 Australia's population growth (%)



Source: ABS National, state and territory population, September 2020, and Treasury

The highest growth statistical area 3s (SA3) across Australia by # Change (> 50,000)

SA3 Name	State	Population Projection 2022	Population Projection 2032	# Change
Wyndham	Victoria	314,957	444,605	129,648
Whittlesea - Wallan	Victoria	290,429	398,667	108,238
Casey - South	Victoria	236,594	332,759	96,165
Wanneroo	Western Australia	230,899	306,204	75,305
Melton - Bacchus Marsh	Victoria	205,991	279,517	73,526
Tullamarine - Broadmeadows	Victoria	215,068	288,017	72,949
Bringelly - Green Valley	New South Wales	147,644	220,155	72,511
Blacktown - North	New South Wales	132,036	193,164	61,128
Sydney Inner City	New South Wales	280,388	339,883	59,495
Ormeau - Oxenford	Queensland	160,289	216,042	55,753

The highest growth statistical area 3s (SA3) across Australia by % Change (> 40%)

SA3 Name	State	Population Projection 2022	Population Projection 2032	% Change
Molonglo	Australian Capital Territory	10,880	20,782	91
Serpentine - Jarrahdale	Western Australia	39,658	63,757	60.8
Bringelly - Green Valley	New South Wales	147,644	220,155	49.1
Blacktown - North	New South Wales	132,036	193,164	46.3
Kwinana	Western Australia	51,692	75,611	46.3
Rouse Hill - McGraths Hill	New South Wales	47,258	69,055	46.1
Jimboomba	Queensland	65,085	94,077	44.5
Wyndham	Victoria	314,957	444,605	41.2
Wollondilly	New South Wales	54,054	76,221	41
Casey - South	Victoria	236,594	332,759	40.6

Source: Customised projections prepared for the Australian Government Department of Health by the Australian Bureau of Statistics (2017-2032)

Cultural diversity helps build business success

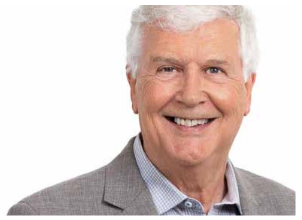
As Australia becomes one of the most culturally diverse countries in the world, new markets are opening up for franchises willing to think outside the box.

This is especially true in the aged care industry. One in three older Australians were born overseas, and across the general population, 20 percent of people speak a language other than English at home.

While seniors from culturally diverse backgrounds have unique experiences and needs, the recent Royal Commission into Aged Care Quality and Safety found they face common challenges: social isolation, being unable to access government support due to language barriers, a lack of culturally safe care.

These issues are driving a strong demand for ageing at home, rather than moving into a residential facility. According to the Australian Institute of Health and Welfare, community-based aged care (support services offered in the home environment) has the highest proportion of culturally diverse customers, with 27 percent of home care recipients from migrant backgrounds.

A culturally diverse aged care market



Bill Lockett

FCA's 2021 Australian Emerging Franchisor of the Year, Home Caring, is making the most of this opportunity by providing individualised care to Australia's multicultural population.

As an Australian-owned service, Home Caring is committed to helping seniors and people with disability live independently and stay connected to their local community. It has opened 45 locations across Australia since launching its first one in 2019. According to Franchise Manager Bill Lockett, those franchisees meet the needs of 15 different nationalities, and cater for over 30 different languages other than English.

"We have such a diverse range of franchisees from different communities – Vietnamese, Indian, Chinese, English, Brazilian, Spanish, Nepalese, Ghanaian and more," says Mr Lockett.

"Those franchisees have gone into their communities and done a fantastic job of helping people understand the home care and disability care system, discussing with them and their family members the details of their plan, then executing that plan and finding the perfect carers for them."

While Home Caring doesn't intentionally recruit for cultural diversity, Mr Lockett believes a home care business is a natural pathway for seasoned health professionals – many of whom come from ethnic communities across Australia.

"Our first focus is to recruit suitable people who are either a Registered Nurse, or have experience in aged care or the National Disability Insurance Scheme (NDIS) – particularly those who embrace our values and match our caring culture," says Mr Lockett.

"The reason we get such diverse responses is because many people from migrant backgrounds work in these sectors. Some seek to build their future, and want to do a better job of caring compared to how they've seen it done in aged care homes and hospitals. That's a powerful driver as a franchisee, as partnering with us offers a chance to make an impact while owning a business."

Paving the way for success

Finding the right franchisee is only half the equation; attracting candidates with a business opportunity that supports growth is also an important piece of the puzzle.

To help healthcare professionals buy into the business, Home Caring offers a 50/50 partnership that is unique in the market. This business model cuts the franchisee's initial investment by half, and includes a salary which allows them to focus on building their business, knowing their personal finances are secure in those crucial early years.

Franchisees also receive a high level of support throughout their journey. To supplement their existing healthcare skills, Home Caring provides training on how to execute their business plan – from marketing and onboarding new clients, to managing shift workers and compliance support in a highly regulated industry.

Minh Pham

One franchisee who has benefitted from this support is Minh Pham, a former care worker who opened a Home Caring franchise in the multicultural suburb of Inala, in Brisbane.

To land his first customers, Mr Pham engaged with the Vietnamese community through door knocking, visiting aged care homes and attending seniors clubs. After creating a growing base of clients and expanding his multilingual team to 16 staff members, he went on to launch two more franchises: one in Sydney and another in Perth.

"A lot of people can't speak English that well. They don't know about the help that is available to them. That's the most rewarding thing about this business: I can help people get all the assistance they need and relieve the burden," says Mr Pham.

"When I first started, I lacked business skills and knowledge to run a company – skills like finance and staff management. I had (and still have) plenty of support from head office," he added. "I've learnt so many things, and every day is a fresh challenge."

The future of aged care

Home care has a strong future in Australia. As of September 2021, 186,570 people had a Home Care Package, an increase of 24.5 percent from the previous year. It is estimated that there will be 275,597 Home Care Package participants by June 2025 – especially in light of the Royal Commission and the health crisis in nursing homes and the coronavirus pandemic.

In disability care, over 484,700 people are currently being supported by the government through the NDIS – a figure that will increase to over 682,000 people by June 2025.

Government funding for home care can only rise, as healthcare moves towards a consumer-based model that aim to prevent overrun hospitals and premature admission into aged care homes. The most recent budget forecast predicts NDIS funding will be more than $30 billion in 2024-25.

Michaela Brown

Home Caring is primed to meet this need, especially for the CALD population in Australia. Michaela Brown, Home Caring Group Chief Operating Officer, says being culturally aware comes from the company's commitment to treat each client as an individual.

"Most of our carers come from the local community where they work. They understand the client's ethnic background, which puts them in the best position to deliver culturally appropriate care. They see an opportunity to not only build a career doing what they know and love, but to help their own communities," says Michaela.

"We do our best to match clients with carers who they can get along with. If they are more familiar with a certain language, this means finding a carer who can speak that language," she adds.

Home Caring franchisee, Sharmila Bastakoti, is another franchisee who has built a successful business from helping people in her community.

Trained as a pharmacist, Ms Bastakoti migrated from Nepal in 2007, speaks Nepalese and Hindu, and is an executive member of the Macarthur Region Nepalese Community. Her team intuitively understands the client's cultural needs, putting her a cut above the competition.

"One of my NDIS clients, who has an ethnic background, has an elderly grandmother who is with him most of the time. Our support worker who take cares of him understands her language. The family really happy with him, and it was a plus point for us to have someone else who knows how to respect the elderly in their culture," says Ms Bastakoti.

Sharmila Bastakoti

"To be able to help people in any way is significant. I have been volunteering in the community for a long time, so for me, I'm happy to be involved in a business like this," she adds.

"I'm really happy that I'm making changes in people's lives. Giving service to people who need it and bringing smiles on their faces … it gives me a lot of satisfaction." ■

Fast forward
The top 10 key QSR trends to watch in 2022

By Louie Scarpari
Marketing Manager, Redcat

As the world and its restaurants are re-opening, the QSR (Quick Service Restaurant) industry can turn its back on the rollercoaster that was the last 18 months and look forward to exciting times ahead.

QSR never stands still. The sector is seeing pandemic-driven acceleration of change, new customer habits and an ever-greater use of technology. So, as we move into a new year, what are the top trends to look out for in 2022 in the world of QSR?

Here's our take on the top ten QSR trends to watch:

1 Driverless delivery

Pizza lovers in Houston are already getting their deliveries from an ' autonomous, no-occupant, on-road delivery vehicle' as Dominos tests a partnership with Nuro's R2. With takeaway delivery by robot already a reality, it is set to increase significantly in 2022 and beyond.

2 Search, maps, and payment integrated with online ordering

The growth of online ordering was well underway before 2020 but has accelerated with the pandemic. For many hungry consumers, the starting point to finding their meal is Google. As Google integrates search, maps and payment with restaurant menus, the trend of consumers finding a nearby restaurant, ordering, and paying, all through Google, is one for QSR operators to watch.

3 White label delivery

Delivery is a trend that is clearly here to stay. The new angle, however, is the growth of white label delivery. Until recently, the choice for QSR operators was to use in-house delivery staff or go with an aggregator like Uber Eats, DoorDash, Deliveroo or Menu Log. But both have their downsides: In-house delivery has complex logistics, and aggregators are expensive, and 'own' the customer details.

But with white label, third party drivers (such as DoorDash Drive and Uber Direct), deliver native orders. It's a 'best of both worlds' that leaves delivery to the logistics experts, has a fixed cost, and give QSRs visibility of their customers for marketing and loyalty, making it an attractive option in 2022.

4 Delivery straight to POS

Traditionally, delivery orders came into the QSR via a dedicated tablet and were then re-keyed into the point of sale (POS) for transmission into the kitchen management system (KMS). A growing trend is for QSRs to use a POS that allows direct integration of online orders. This saves time, eliminates re-keying errors and takes away the need for reconciliation between systems. Staff can focus on customers who are in the store, and orders are fulfilled faster.

5 Contactless ordering

After 18 months of lockdown, many diners are keen to get back into the restaurant. But they're still understandably nervous about contact - which is driving rapid growth of contactless ordering in store. It could be from their own phone, from a tablet on the table, or at a kiosk. It's a trend that helps QSRs (typically labour-intensive businesses) to streamline and be able to run with fewer front of house staff. It also enables a consistent approach to upselling, meaning that online orders are typically larger, on average, than orders placed with staff. And of course, it helps to make customers feel safer about coming into your venue.

6 Digital insights

The increased digitisation of ordering gives QSRs greater opportunity for digital insights about their customers. Through their digital behaviour, the QSR can get to understand each individual customer - their meal preferences, how they navigate the menu, their price points, their favourite locations. They can use this information to create very specific incentives and offers, to present customers with their favourite menu items first, and show them new dishes that are likely to appeal to them. Research shows that in the QSR space, loyalty is very much driven by offers - and with digital insights, these offers can be 100% tailored to each customer.

7 Dark kitchens/ Virtual brands

Dark kitchens and virtual brands - that is, brands and restaurants that have no public shop-front presence, just a kitchen and delivery operation - rapidly accelerated in 2020/2021 and are still very much a growing trend for 2022. Dark kitchens allow cost efficiencies by having one kitchen to several brands and menus. They allow QSRs to launch new brands faster, to test the market without expensive high-street property costs, and move into new areas with a low price of entry.

8 Restaurant layout

Not all the trends are tech-based. The increase in off-premise dining appears to be a permanent change, and one that will lead to a change in the design and layout of QSR premises. Forbes Magazine reports that the current 70/30 front-of-house/back-of-house split could be completely reversed as soon as 2025, along with an increase in dedicated areas for pickup drivers.

9 Healthier menus

'Fast-food' is no longer synonymous with 'unhealthy'. As QSR magazine reports, the pandemic saw an increase in the existing shift towards healthy eating and local produce. Customers are demanding those options from QSRs, who are responding with wider menu choices, more salads and fruit, less salt and sugar. It's a healthy trend that's set to continue in 2022.

10 New approaches to catering

For QSRs that offer catering, there's change ahead too. As Forbes reports, as workers return to offices, on-premise catering is building up again, but in a different format, with more demand for individually packaged meals, rather than shared platters. Smart QSRs are looking at their packaging options for 2022.

QSR is one of the fastest moving sectors within hospitality - they have demanding, tech savvy customers, who are driving change at a rapid pace. It's a sector full of exciting developments, and we've pinpointed the ones we believe are the trends to watch. One thing is certain in the world of QSR - change, like the food, is delivered fast. ■

Community purpose key to customer connection

Having endured natural disasters and a pandemic, Australians have set new expectations of how big and small businesses should play their part in the community.

Those businesses that have demonstrated their community support, can be rewarded with positive brand recognition and customer loyalty. Those that haven't, face a potential customer backlash.

Research shows two-thirds of Australian consumers prefer to do business with purpose-based organisations. It's also shown customer awareness of an organisation's community contribution improves the overall customer experience.

The Lott General Manager Lotteries Retail Antony Moore said the role of business in supporting and positively impacting its community of stakeholders has never been more pronounced.

"Businesses across the world are moving to ensure they continue to show real and genuine examples of how they make a positive difference. This community contribution reflects the values of the business, and people can see they share the same values," he said.

"During the past two years alone, the bar has been raised, and consumers are looking for brands they can trust, have a purpose, and are honest and transparent.

"It's no longer something that's nice to have, but imperative to the business' brand and growth, regardless of the size of the business."

For over a century, Australia's official lotteries have supported important health initiatives and infrastructure, education programs and disaster relief.

Last financial year, The Lott, the official home of Australia's lotteries, contributed more than $1.5 billion in community support through both state government taxes and donations to not-for-profit organisations. These organisations include Starlight Children's Foundation, Daniel Morcombe Foundation, The Children's Brain Cancer Centre, Mater Foundation, Children's Hospital Foundation and The University of Queensland.

Mr Moore said this community contribution was part of a broader Environment, Social and Governance (ESG) focus for The Lott.

"Developing a thorough and proactive strategy not only allows us to be accountable for our role in the community, but can also serve as a tool for continued stakeholder and customer engagement," he said.

"Lotteries' ongoing support of important community initiatives is only possible because of our players and our retail network. That's why it's important for us to close the loop and demonstrate how their support of us, in turn, supports others.

"In addition to dedicated customer and retail communication through emails, social media and our website, we also deploy the digital point-of-sale screens in our retail network to highlight this community support.

"This not only makes customers feel comfortable about their interaction and purchase but can also foster trust and a sense of pride among customers and retailers that their actions are helping others.

"But it needs to be more than a marketing exercise, rather a holistic approach where companies show their values at every touch-point – through their products, services, ways of working, staff values, HR initiatives, and deep commitment to the community."

Mr Moore said ESG initiatives were about more than simply "doing the right thing" with the potential to deliver tangible benefits to a business.

"Research shows ESG is better for business, with 81% of companies with better ESG profiles outperforming their counterparts in 2020," he said.

"It also creates better customer relationships, with 76% of consumers saying they'll discontinue their relationship with companies that treat the environment, employees or the community poorly.

"Studies also repeatedly show that businesses with better employee satisfaction and a stronger sense of corporate purpose among employees also have better financial performance. In fact, 86% of employees prefer to support or work for businesses that are taking positive strides in the ESG space."

Mr Moore said an ongoing community commitment helped to engage and inspire The Lott's network of more than 3,800 retailers.

"We really saw communities rally together in the wake of the Black Summer Bushfires of late 2019 and early 2020. Thanks to our customers and retailers, The Lott was able to donate over $1.8 million in proceeds from the Saturday Lotto Bushfire Benefit draw to eight state and national organisations supporting relief and recovery efforts," he said.

"Then when COVID-19 hit, The Lott quickly moved to donate $1 million to The University of Queensland's vaccine development research.

"But on the ground, our retailers were also working hard to offer support to their communities.

"People have often thought of their local outlet as a focal point for their community, and this positioning has been enhanced during the past two years."

Blackheath Newsagency owners Doug and Janette Forsyth are among the many franchisees at The Lott who ensure local residents get the services and support they need during their time of need.

"We've owned the Blackheath Newsagency for almost 10 years now, and throughout that time we've always been involved in the local community by sponsoring local sporting teams and things like that," Janette explained.

"Blackheath is a town at the top of the Blue Mountains with about 5,000 people in the area. We have been impacted by both the bushfires at the beginning of the 2020 and the COVID-19 pandemic.

"It's been a tough time for the whole community.

"Throughout the bushfires, we did our best to stay open for as long as we could so we could provide essential services to our customers, such as phone recharges and access to news.

"At one point the fires were only a kilometre away, so we did have to evacuate, but as soon as we could, we opened so we could help our customers.

"Then COVID hit, and we had to do what we could to help our customers again, especially the elderly and at-risk who needed these services. We decided to provide home delivery to ensure that they had what they need.

"We wanted our community to know that we are here for them all the time. We're open seven days a week, and here to help if they need it. Along with other businesses in the area that went above and beyond to help, we've become a go-to for the people who need us."

Outlets in The Lott's retail network are often viewed as hubs of their local communities, and Redbank Plains Post Office is no exception.

Owner Gaye Kalpus and her team happily call their customers their friends.

So, it was only natural for Gaye to treat some of her friends to a festive surprise at the end of a challenging year.

"The Seasons Retirement Village is in the street right beside us, and there are about 90 residents there who we see regularly," she explained.

"There's one dear gentleman who's 92 years old and comes every day to buy a Crosswords Instant Scratch-Its ticket for his wife.

"But then, with the pandemic and restrictions, he wasn't able to come at times because of lockdowns. So then one of his daughters would come, and they bought the Instant Scratch-Its tickets for them. Every now and then, I'd also do up a little package for him, just so he knew we were thinking of him.

"During those lockdowns, all those residents couldn't have family and friends visit, which I thought would be very isolating. For many of the residents there, life is hard enough without having to deal with COVID.

"So, I had the idea of little Christmas gift packs, and thought maybe it might bring a smile to their faces after a difficult year.

"I organised some Instant Scratch-Its tickets and gift soaps and popped them in little organza bags – one for each resident and for the hardworking staff.

"You've got to look after your people. That's what being a small business is all about." ■

As an Australia-wide network of 130+ franchisees, SNAP has hands-on experience with the challenges of maintaining brand consistency across a multi-site business. In this article, SNAP shares their top tips for achieving brand control.

Maintaining brand consistency & controlling printing costs in a franchise operation

Aside from brand and image protection, maintaining brand consistency also helps to control printing costs by eliminating wastage. This article provides the steps in undertaking a Print Audit, a key starting point in achieving print efficiencies.

5 top tips for maintaining brand consistency

No matter what business you're in, your brand is everything.

It's what makes you recognisable to your customers, shapes how they see you, and guides their engagement with you. A strong brand can even power your business, securing increased product recognition and market penetration.

However, to build a great brand takes years of hard work and consistency.

Why is brand consistency important? It comes down to trust and expectations.

If your brand looks or feels inconsistent, customers begin to question it. You don't feel as familiar to them or as trustworthy.

Maintaining brand consistency is about protecting the brand, and the trust and loyalty the brand has earned. For a small operator, maintaining brand consistency is easy. But when managing a national footprint of franchises and outlets, the risk of a team member inadvertently straying off-brand is high.

Here are five tips for maintaining brand consistency at a national level.

Brand Consistency Tip #1 - Set Robust Brand Guidelines

Your brand is more than a logo and a set of colours, and your brand guidelines need to reflect this.

As well as the visual elements of the brand, your brand guidelines need to include your:

- Tone of Voice strategy,
- key messages,
- brand vision and values,
- and anything else relevant to how the brand should be represented in, and to, the market.

Your brand guidelines should also never be static. Instead, they should naturally evolve over time as the brand grows.

Robust brand guidelines are thorough and adaptive. They provide brand direction across all scenarios, update frequently to reflect new campaign messaging, and include examples of how to adapt and translate national level campaigns into Local Area Marketing (LAM) efforts.

Brand Consistency Tip #2 - Align Your Partners

A key element in maintaining brand consistency is aligning your partners.

If you work with a different print supplier in every location, the risk of brand irregularities and inconsistencies is much greater.

A single print supplier who can offer national solutions and local connections overcomes this problem. At a national level you control your brand and messaging, while your individual branches and stores can connect with their local partner centres - who are linked in with the national guidelines and standards.

When finding your ideal printing partner, on your list of questions to ask should be how their solutions support national brands with a large footprint.

With the right print partner, providing national support at a local level, you can avoid brand inconsistencies and focus on higher level marketing activities.

With print brand consistency secured, make sure to also align your digital and media partners. This ensures you're maintaining brand consistency across your entire portfolio of creative assets.

Brand Consistency Tip #3 - Build a Centralised Brand Platform

Maintaining brand consistency is as much about controlling your brand guidelines as it is making them easy for people to follow.

The first step in achieving this is ease of access. Create a central platform, housing all brand guidelines and brand assets, so local branches, stores and suppliers can easily find and access what they need.

An effective centralised brand platform needs to:

- Have the flexibility to grow with your business.
- Be intuitive, accessible, and easy to use.
- Have reliable tech support behind it.
- Meet your needs across design, print and digital.

Brand Consistency Tip #4 - Put Governance in Place

Strong brand guidelines aren't worth anything if you don't support them with effective governance.

By providing robust governance you ensure your team has absolute clarity as to your expectations of them and how they represent your brand.

For nationwide initiatives, governance is relatively simple. Approve the assets at a head office level and then advise your network when they're ready to be ordered and put to use.

For LAM you need to think more carefully about how to implement workflow governance. One approach is for any variations to any of your designs to require stakeholder approval before they can be used online or in print.

Establishing a brand consistency checklist to ensure collateral and assets are always on brand is also highly recommended.

Brand Consistency Tip #5 - Conduct Audits

Even with the most thorough checks and balances in place you should still expect a few brand inconsistencies to occasionally slip through, especially when you're introducing new processes or initiatives.

Visual audits will help you identify these inconsistencies, so you can address them and prevent future occurrences.

Having partners who offer national solutions and local connections, and who are connected and engaged with your brand guidelines, can also act as an additional quality check. ■

Controlling Printing Costs: It Starts with a Print Audit

When it comes to running a successful business or department, effectively controlling costs will always be at the top of your agenda. But how do you know if your printing costs are higher than they should be?

The answer is a print audit.

When you conduct a thorough print audit of your business, you can:

- get a complete understanding of where you're spending money on printing,
- enhance operational efficiency,
- improve the experience for your customers, and marketing and sales teams,
- and cut costs.

Step 1: Review your current print processes

To create a plan for the future, you need to know where you are now.

- Collateral - What are you printing?
- Order cycle - How frequently are you printing each item, and in what quantities?
- Specifications - What are your requirements for each print asset?
- Distribution - Where is your print collateral distributed? Are you delivering internally or externally?

By focusing on these questions, and conducting a deep dive across your entire business, you can get a total picture of your printing process.

This can take some time, but with the possible savings and efficiencies the return on investment is well worth it.

Step 2: Identify opportunities

The next step is to take the findings and use them to uncover enhancement opportunities, for example, how to streamline your print processes, boost your delivery, improve your print quality and save money.

These opportunities may include:

- consolidating local and national requirements,
- moving to a print-on-demand model,
- increasing print runs for fast moving items,
- enhancing specifications, quality and consistency,
- optimising your delivery and distribution framework,
- and switching to a simpler ordering process.

Step 3: Take action

The full value of a print audit comes when you put its findings into action.

Look for a tailored solution and action plan. What you should expect:

- an accurate overview of your complete print requirements,
- cost breakdowns, including the savings,
- removal of duplication to increase efficiency,
- national and local plans as required,
- and a transition plan to streamline your business printing.

Protect your brand and control the bottom line

To learn more about how Snap Corporate Solutions can help you implement a Print Audit and maintain brand consistency, contact Adrian McBean at amcbean@snap.com.au or 0432 080 141.

Scan to QR Code to learn more:

As franchise brands strive to set their networks up for success in the wake of COVID, *The Franchise Review* looks at three systems who faced the challenges, and identified and seized the opportunities to build stronger and more resilient businesses into the future.

Innovating for growth

Genesis Health + Fitness introduces new franchise option

Genesis Health + Fitness is expanding its business model and franchise offering with the introduction of 'Genesis Express' clubs.

These clubs operate within a smaller footprint and will feature the core, 'hero' elements of the Genesis model in a compact format.

The CEO of Genesis Health + Fitness Ian Jensen-Muir said the Genesis Express model had been in development for more than 12 months, with much consideration given to the design and inclusions to ensure the offering was strong and didn't diverge from the brand people know and love.

"These clubs may be up to a quarter of the size of some of our larger facilities yet will still provide the most popular features that members would expect when attending one of our gyms," said Ian.

"This cost-effective option will appeal to many new franchisees because of the smaller upfront investment and quick time to market and will allow owners to customise the gym for the local area giving them a competitive edge.

"It also allows franchisees to get into busy suburbs, where larger floorspaces just aren't available, and also suits growing Australian regional areas that don't need to service larger numbers in a large space."

Having recently commenced a national rollout of Reformer Pilates, Ian said he was confident about what lies ahead in 2022 for Genesis Health + Fitness.

"We are innovating and responding to changes in the market with enthusiasm and an open mind to ensure we continue to meet the needs of both our members and franchisees."

The art of adaptability at Paint and Sip Studios

Starting as a mobile operation in 2018 before opening their first studio, Paint and Sip Studios has since expanded to include seven studios across two states – surviving and even thriving over the past two years.

Recently opening studios in Yeppoon, Castle Hill and Glebe, their first in the heart of Sydney, and with additional stores in the pipeline, Paint and Sip Studios is a testament to the ability of a franchise in successfully providing memorable experiences for their customers.

"As a franchise business, our philosophy is about making our customers feel good and providing a memorable art event experience through simple, special moments regardless of the occasion," says Kathy Chalker, Founder and Franchisor of Paint and Sip Studios.

"Expanding Paint and Sip Studios is something I am extremely passionate about and franchising is such a natural pathway to grow a business, however, finding the right location is paramount to its success."

The three new locations were all carefully selected for their burgeoning arts scenes, providing new opportunities for talented local artists and a creative activity for local residents.

The last two years have been difficult for many business, but the ability to be adaptable to change has been key to Paint and Sips continued success and expansion.

"Running a successful business can be daunting at the best of times, let alone during a pandemic," says Kathy. "As a franchise business, we quickly realised we had to change the way we operate. During lockdown, we offered virtual painting sessions for both adult and children's classes, providing all the painting supplies via contactless delivery and customers were able to join a live or pre-recorded zoom class via a link hosted by a Paint and Sip Studios mentor. Giving people a fun activity to do while in lockdown meant we were able to continue working while simultaneously providing our customers with a much-needed distraction."

7-Eleven continues to grow to serve customer needs

With over a dozen new 7-Eleven Australia stores opened in Victoria over the past two years, 7-Eleven is continuing to plan for growth that meets the needs of local communities.

"Despite the challenges of COVID, we've opened about 13 new stores in Victoria in the last two years, including expanding our network to the Colac and Albury Wodonga communities. We'll open our first store in Shepparton in early 2022 and expect to open at least five other new stores in Victoria in the next 12-18 months," 7-Eleven Australia Area Lead South, Nick Maddox, 7-Eleven said.

Nick believes CBD locations are certainly the hardest hit by the impacts of the pandemic, but thinks being agile and adapting to customer insight at a store-by-store level is key to navigating the changes.

"While traffic patterns are certainly evolving, we're continuing to focus on having our offer in the right locations, in the right format, to provide convenient solutions for our customers. Recruiting good people who can deliver an extraordinary offer is also a key priority," he said.

"We've supported our teams and franchisees through these tough times and adapted to serve our communities safely.

"Being agile and adapting at pace has meant we have been able to adjust to have the products and services our customers need, when and where they need them. This has been critical for us over the last two years."

"While CBD locations have had a slower recovery, the changes in customer behaviour patterns have been beneficial for sites such as those in suburban areas, regional centres or outer metro locations.

"We're investing in bringing our offer to new communities and regions and the potential for regional expansion for us is a significant opportunity for growth."

The company is continuing to look for new sites across the state that have high customer traffic. ■

Achieving respect at work for all staff

By Georgia Croxen
Senior Consultant, ER Strategies Pty Ltd

The Australian Human Rights Commission's (AHRC's) 2020 National Survey on workplace sexual harassment showed that a third of people who had been in the workforce in the previous five years had experienced workplace sexual harassment, including 39% of women and 26% of men.

The AHRC noted that "victims of sexual harassment can be profoundly impacted by their experiences, which can include emotional, physical, psychological and financial harm".

As a result, the Federal Sex Discrimination Commissioner, Kate Jenkins, initiated an Inquiry into Sexual harassment, entitled **'Respect@Work'.**

In September 2021, the Federal Government's Sex Discrimination and Fair Work (Respect at Work) Amendment Act 2021 (Respect@Work) came into effect, overnight creating changes for employers with the aim of achieving safer work environments for a broader range of workplaces.

In the time since this legislation was enacted, the national conversation around sexual harassment and gender discrimination has continued to dominate mainstream media. Not only is it an important public conversation, it is also important that employers continue to keep prevention of sexual and other forms of harassment at the forefront of their attention, continually reviewing their obligations under the Respect@Work legislation as well as other sources of obligations in relation to the welfare of all employees and other people coming in contact with their business.

Below is a summary of the changes, and a breakdown of key actions employers should have implemented in response to the legislation to ensure they are meeting their obligations in response to these changes.

What is Respect@Work?

These Respect@Work changes formed the legislative response to the AHRC's Respect@Work Report, with implications under the following forms of legislation, which impact Australian employers –

- Fair Work Act 2009 (Cth)
- Fair Work Regulations 2009 (Cth)
- Sex Discrimination Act 1984 (Cth)
- Australian Human Rights Commission Act 1986 (Cth)

The aim of the legislation was to make changes to key pieces of employment-related legislation, to take active steps towards reducing the prevalence of sexual harassment and gender-based discrimination in Australian workplaces. Whilst the original report detailed over 55 recommendations, the Federal Government to date has only adopted 6 of the recommendations, although the possibility of further changes has been flagged.

Whilst employers have an obligation to implement the legislative changes in their individual workplaces, they are also encouraged to adopt additional recommendations as suited to their particular workplaces.

Fair Work Act and Fair Work Regulations

In terms of the Fair Work Act 2009, and the Fair Work Regulations, whilst on paper the changes appear minor, they provide additional avenues for both employers and workers to address sexual harassment in the workplace. The changes include: –

Stop Sexual Harassment Orders

In the same way that the Fair Work Commission (FWC) can issue orders to stop bullying at work, the FWC has now been provided with the power to issue orders to stop sexual harassment in the workplace.

The purpose of this amendment was to give workers access to an accessible, low cost and relatively informal mechanism to deal with complaints relating to sexual harassment in the workplace. An eligible worker who believes that they have been sexually harassed at work, can apply to the FWC for an order to stop the sexual harassment. For the orders to be issued, the FWC needs to be satisfied that the harassment has occurred, and that the employee remains exposed to future harassment.

The Fair Work Commission has since made its first decision under the expanded jurisdiction, in a matter involving an applicant allegedly harassed by workers who shared the same warehouse complex.

The FWC concluded that orders were not required and that the matter was to be dismissed due to the risk of ongoing harassment not being evident in the matter, but this case provided the first look into the ease of use for applicants accessing this forum and the first example of the types of matters we are likely to see in this space moving forward.

Sexual Harassment now listed as a confirmed form of serious misconduct

Under the Fair Work Regulations 2009, sexual harassment is now included as a confirmed form of serious misconduct, and therefore a valid reason for dismissing an employee. Whilst confirmed cases of sexual harassment have likely always been considered a form of serious misconduct, this inclusion provides additional assurance for employers who move to terminate employees involved in serious matters of sexual harassment in the workplace.

Introduction of 'Miscarriage leave'

The changes to the Fair Work Act 2009 also included the introduction of 'Miscarriage Leave' for employees (and their partners), who experience a miscarriage. The legislation confirms that employees will now have access to up to two days of paid compassionate leave (unpaid for casuals) if the employee, or their spouse or de facto partner, has a miscarriage. This provision extends the 2020 inclusions to the Fair Work Act 2009 relating to a stillbirth or death of a child.

Additional changes with implications for Employers

Updates to the Sex Discrimination Act 1984 (the Act) include –

In addition to sexual harassment and unlawful discrimination, **sex-based harassment** is now expressly presented as a form of unlawful conduct under the Sex Discrimination Act 1984.

Sex-based harassment is defined as unwelcome conduct of a seriously demeaning nature by reason of the person's sex in circumstances where a reasonable person would have anticipated that the person harassed would be offended, humiliated or intimidated. For context, sex-based harassment includes a range of conduct considered to be sexist, misogynistic or misandrist, with examples of making offensive comments or requests, whether verbal or in writing.

Another change was that unpaid workers (as well as paid workers) are now also expressly protected under the Act from sex-based and sexual harassment. This was achieved by the legislation adopting the far wider concepts of a 'worker' and 'person conducting a business or undertaking' from Work, Health and Safety legislation. This means that interns, apprentices, volunteers, and those who are self-employed, are now protected.

Changes to the Australian Human Rights Commission Act 1986 (Cth) included -

The legislative changes have also introduced better protections for people who report instances of sexual harassment to the Australian Human Rights Commission. Persons who are threatened or are subject to detriment as a result of reporting these behaviours or making a complaint to the AHRC, can now pursue civil and criminal proceedings under the Act.

Another key change is that ancillary and/or accessorial liability under the Act is extended to sexual harassment and sex-based harassment. This means that any person who 'causes, instructs, induces, aids or **permits'** another person to participate in a form of unlawful conduct under the Act, is considered to have engaged in the same conduct. This change could have considerable impacts for employers who do not proactively take steps to prevent discrimination and harassment, or who have previously ignored their responsibilities in this space.

The AHRC discretion to terminate complaints on the basis of time delay has been extended from six to 24 months

in line with the Respect@Work Report findings, that the shorter time period was a barrier to justice for victims of sexual harassment.

Application of the Sex Discrimination Act

The application of the Act has also been broadened to include state and federal parliamentarians, judges and their staff, and public servants. Additional recommendations from the Respect@Work report beyond those discussed above are also likely to be adopted by the federal government in 2022, confirming that the changes to the Fair Work Act, the Age Discrimination Act and the Disability Discrimination Act will be extended to people employed under the Members of Parliament Staff Act ('MOPS Act'), also making it clear that the Work Health and Safety Act applies to a Member or Senator in their role as an employer of staff employed under the MOPS Act.

Notable absences from the Respect@Work Changes

Whilst it has always been perceived that employers have a positive obligation to prevent sexual harassment from occurring, this positive duty does not come from the Respect@Work changes. The original AHRC report recommended that a positive duty be introduced, requiring employers to take action to prevent sexual harassment in their workplaces.

This recommendation was not included in the draft legislation, with Labour and the Greens classifying this as a missed opportunity. Whilst Labour and the Greens introduced amendments supporting the introduction of a positive duty for employers to prevent sexual harassment, this was blocked by the Federal government (with support from One Nation) and does not appear in the final Act. The Government argued that such protections already apply under safety legislation, with employers having an existing obligation to provide a safe workplace free of discrimination and harassment.

Activists, including Brittany Higgins and Grace Tame, have called for imposition of a positive duty on employers to prevent sex discrimination, sexual harassment and victimisation, as the Government continues to consider adopting additional recommendations from the original Respect@Work report. Employers are encouraged to continue to watch this space, with possible changes to be introduced in the months and years to come, requiring further attention and action from employers.

Next Steps

Employers should identify and understand the specific risk factors for sexual harassment in their workplaces and continue to address workplace sexual and other forms of harassment as a work health and safety issue, as a minimum.

Whilst the legislation as it stands encourages a compliance approach rather than a more proactive one, employers should consider their next steps based on both a safety and best practice approach, as it is becoming increasingly clear that employees and the wider community are expecting more from employers in this regard. Employers will continue to face scrutiny to move beyond a mere compliance approach to addressing workplace sexual harassment, towards proactive prevention measures, with a possibility this will be a legislative requirement in the months or years to come.

Employers should use this opportunity to review their current policies and procedures to address or eliminate sexual harassment in the workplace.

Having an (idle) workplace policy is unlikely to be enough to ensure your business is protected and your workers supported. ER Strategies recommends totally reviewing your current practices, including any policies and training materials, to ensure they reflect the new standards and expectations around sexual harassment and sex-based harassment in the workplace. ■

Super-secrets to winning the contest for talent

With competition for talent set to intensify long into the new year, business owners are battling to position themselves as an employer of choice.

The extended closure of international borders significantly reduced the number of skilled migrants and working holidaymakers in the labour market, driving local talent into the spotlight.

There's no shortage of media commentary around the staffing challenges employers are facing in 2022.

It's a trend backed by recent information released by The National Skills Commission, which reported online job advertisements are now at their highest level since September 2008.

Rest, as a super fund with over 1.8 million members, many of whom work within the retail industry, is in a unique position to help business owners understand what workers want from an employer.

We recently interviewed* a group of new members – primarily aged between 18–20 years– to learn more about their experiences and expectations when joining a company.

We think these insights could be a valuable reference point for employers when it comes to onboarding and learning and development programs, particularly for younger workers where engagement can be a challenge.

Here's a snapshot of the findings

First impressions count

The first impression a new employee gets about a company is through its onboarding process. Getting it right validates a new starter's decision to join while getting it wrong puts at risk the time and money invested in bringing the talent on board.

Financial literacy of younger workers

Securing their first job is often a financial 'rite of passage' for young adults and an opportunity to become financially independent from their parents. With this freedom comes new financial responsibilities such as paying rent, buying a car, or funding their study.

Given most young workers have limited cash flow, money management and budgeting are the topics they are most interested in. Rest's research shows they would like to learn more about:

- How to manage their earnings.
- Good ways to save.
- How to make sure they don't overspend.
- Ways to make their money work harder.
- How to save for a house.

What employees expect from employers during onboarding

Young workers will often turn to their employers for advice on super – particularly those in their first job or international students from countries where superannuation does not exist. At the very least, they would like to know:

- The name of the fund they have joined.
- How super works and who pays it.
- How much the contributions are and how to see this on their payslip.
- Where to find more information on their fund and the superannuation system.

Corporate promises that align with intrinsic values

Many working Australians aspire to join companies whose corporate values align with their own. Opening an opportunity for employers to help employees contribute positively to the planet and the larger global community through their superannuation investment options.

From salary sacrifice to financial education programs, employers can create an environment that will make their company appeal to potential employees, as well as support existing staff.

Recognising super as a valuable resource that already exists within their workforces can help employers position themselves well ahead of their competition.

Rewards young workers care about

Rest's research shows an overwhelming preference for simplicity and ease of use with rewards programs. Young workers generally want to claim rewards without having to sign up for anything or be hit with a minimum spend requirement.

There is a strong preference among employees to use rewards for everyday spending – such as on groceries – rather than purchasing luxury items. The dollar value does not need to be high for the benefit to be appealing. Rest's research showed that even $5 was an incentive. ■

Find out more...

To discover more of the research findings, such as young workers preferred style of communication, visit Rest.com.au/why-rest/about-rest/news/onboarding-new-employees

*The insights and findings contained in this article are based on research undertaken in April 2021, commissioned by Rest and conducted by research and insights company Kantar. The research interviewed 30 members from across Australia who had joined Rest in the preceding three months, the majority of whom were in the 18-20-year-old age group. This information is current as at August 2021. Neither Rest nor Kantor accepts any liability arising directly or indirectly from any use and/or reliance on the information contained in this article and disclaim all liability to the maximum extent permitted by law.

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Introducing the

FCA Academy

An online learning hub for the franchise sector

The FCA Academy provides FCA member organisations with access to learning and development content that has been specifically tailored for franchise networks.

The Academy includes:

FCA Member Training Bundle

(complimentary for all FCA members)

Explore 10 FCA curated online courses that are relevant to use for franchisors, franchisees and their staff. These courses explore employee compliance, sales, business skills and more. Find out more about the FCA Member Training Bundle.

Business Essentials Training Bundle

This offering includes all of the programs from the FCA Member Training Bundle in addition to 20 member selected courses which support the smooth operations and successful growth of a franchise organisation.

Complete Coverage Training Bundle

This offering allows FCA Members to develop a purpose built online training platform to suit their specific training needs. With access to the full Go1 training library with a dedicated Go1 Customer Success Manager they will have a customised training solution to support business growth, with the ability to create multiple unique training platforms for different groups.

About the learning platform

Go1 makes it easy for organisations to learn. How? The Go1 Content Hub is the largest curated eLearning library from the world's top training providers, available for a single subscription within a wide range of platforms.

We would like to thank the team at The Lott who assisted the FCA in the curation of the content library.

Please complete the expression of interest form at **www.franchise.org.au/education/fca-academy/** to find out how you can start using this offering in your organisation!

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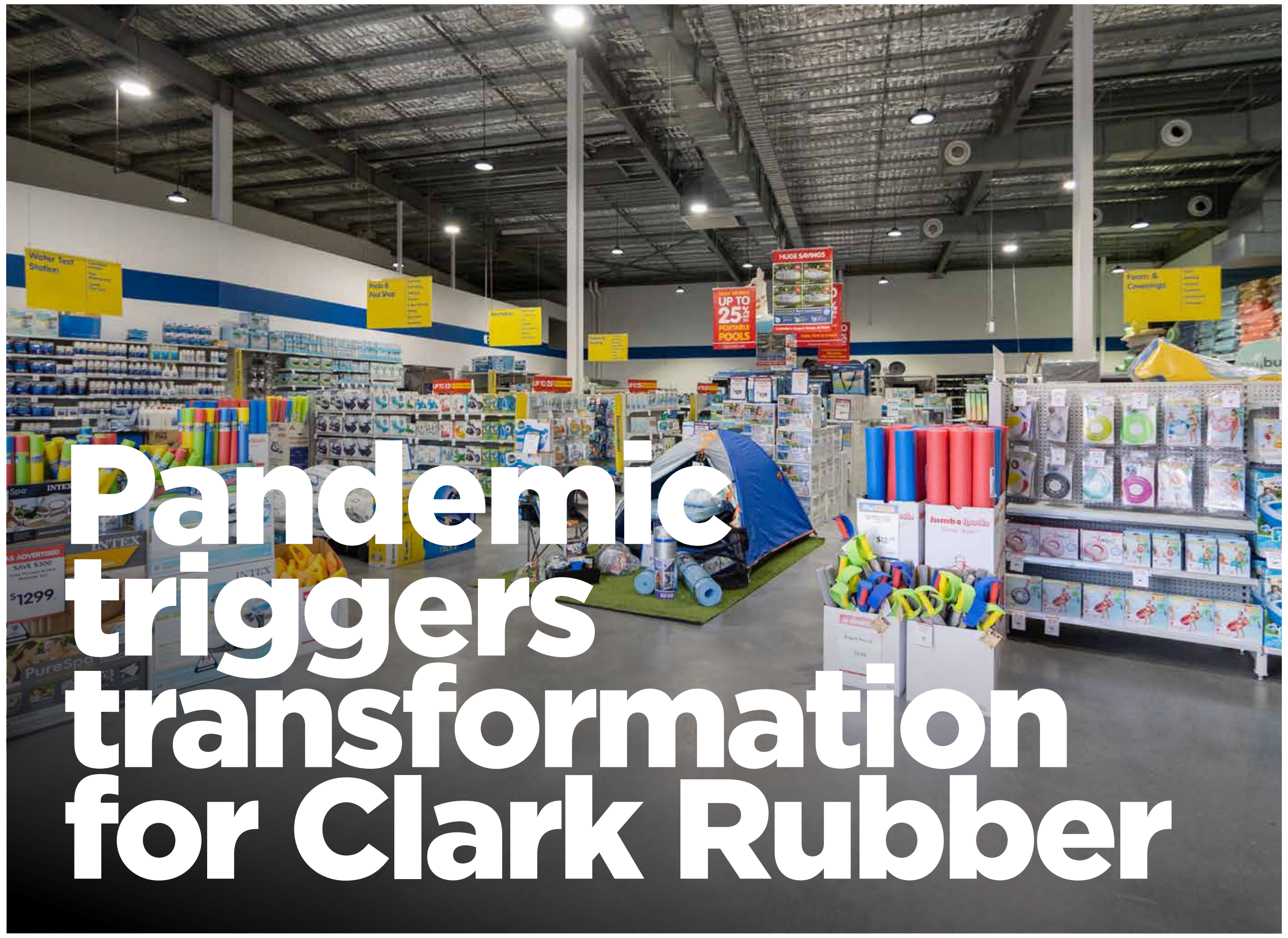


Pandemic triggers transformation for Clark Rubber

As with most conventionally 'bricks and mortar' based retailers, the pandemic has forced Clark Rubber to adopt significant changes in every corner of the business, including Operations, Merchandising/Purchasing, Supply Chain, HR, and Sales & Marketing.

The business has been strongly focused on improving efficiency, becoming more self-sufficient, and creating buffers against future impacts.

"While the business was able to quickly pivot to online and 'call & collect' sales as pandemic restrictions impacted, it required a substantial reduction to opening hours, and unfortunately, a number of staff needed to be stood down, to ensure stores remained financially viable," says Matthew Gannon, National Operations Manager, Franchise Stores.

To give a sense of scale of the operational challenge, Matthew explains that no region has gone untouched – but NSW and VIC were obviously the hardest hit. At one point, over half the group's store network was unable to trade directly to the public.

Interpreting and communicating the ever-changing state by state regulations and managing relationships with franchisees in different states was challenging, particularly as harsh restrictions and lockdowns were implemented.

"It's a lot to manage, when you have some stores closed and unable to operate, and others in unaffected states doing strong trade," says Matthew. Clark Rubber supported their store network with reduced franchising fees, where operations were impacted.

"We didn't lose a single store and the shift to serve our customers in every way possible has seen us emerge in a stronger financial position". As a group, Clark Rubber achieved record sales and profit for FY21, and continues to trade above the pre-COVID trend.

Clark Rubber has developed a strong culture of adaptability over the past two years, and Matthew is confident the business is well placed to respond to any further challenges and continue to support its franchisees and expanding company-owned store network.

Maintaining supply

"Strong prevailing demand across all ranges was ironically the first challenge of COVID, with stock depleting in record time," explains Matthew Nash, General Manager Merchandise. "As a result, plans needed to be adjusted to ensure the most in-demand lines were available across the network".

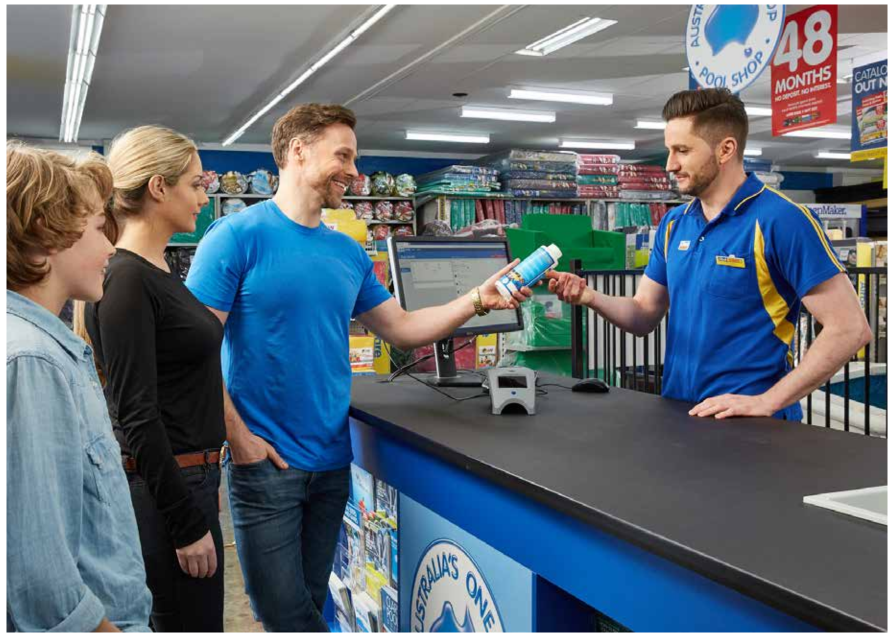
"As international supply became further impacted, shipping lead time moved out considerably, and freight costs skyrocketed to unprecedented levels, putting enormous upward pressure on retail pricing," says Matthew.

"Clark Rubber had the advantage of having a significant proportion of its range manufactured in Australia, but it wasn't that simple," explains Matthew: "We did need to put in place contingency plans for components sourced from overseas, that are required for the production or finishing of goods locally".

Matthew says sourcing/shipping issues will continue to play a role until at least mid-2022, with the company already planning around ongoing impacts: "We're ordering more, ordering early, and working with our supplier base to identify alternative ranges and substitute products for when the need arises".

Matthew says maintaining local supply is a vital part of the company's

"...the pandemic has thrown us a few curve balls of course, but we couldn't be more enthusiastic about our plan for network development."



strategy: "Locally produced goods are a substantial part of our offer and we will continue to align with strong Australian manufacturers to ensure customers have access to the best possible product across all our key categories".

Expansion plans

Since coming under new ownership early in 2020, Clark Rubber's plans for network expansion have been no secret, with the business looking to roughly double its large-format store network to 120 locations, and actively pursue an expanded retail offering with smaller-footprint Pool & Spa stores, and the establishment of around 300 mobile service vans over the next five years.

"You might assume the business moved to a war footing during the pandemic and parked these plans, but the exact opposite is true," says Jason Charles, Network Development Manager. "It's been an incredibly busy two years given our ambitious expansion target, and the pandemic has simply upped the tempo."

"The biggest impact has been the difficulty in traveling to meet prospective franchisees, which has led to a need to host productive online meetings and have high quality collateral/information available".

Potential site mapping has also been a challenge says Jason: "As you can imagine, travel to visit potential Greenfield sites has often been impossible, and we've had to employ a few alternative methods to plot out possible store locations".

In cultivating relationships with potential franchisees, Jason says the pandemic has presented both challenges and opportunities: "It's kind of a double-edged sword – some people are finding themselves incredibly enthusiastic at the prospect of getting into their own business and having true control of their destiny, while others are still understandably concerned about what the pandemic may still throw at us, and how this could impact their investment".

Unsurprisingly, Jason says interest in new franchises has been strongest in states less affected by COVID, with strong demand across WA and SA in particular.

Marketing challenges

The pandemic has caused numerous marketing challenges, from both an internal, and customer facing perspective says Mick Guerin, GM Marketing: "We built a fresh and expanded Marketing/Digital group over the course of 2021, and it's been a tough recruitment environment, with our Victorian head office affected by rolling lockdowns, and our new starters having to bond and develop a great operating rhythm remotely, to a large degree".

From a customer facing perspective, Mick explains the challenges in getting the message mix right, across an often very segmented country: "With the various states often in very different levels of restrictions, we had to ensure our national messages were of relevance to all Australians, with quite a lot of nuance built into our state-level, and region-level, targeted comms."

"We wanted to keep customers informed of prevailing retail operating conditions at all times, and our tone needed to strike a balance between enthusiastic lifestyle messages reflective of our product offering, and the need to be respectful of regions experiencing restrictions and hardship."

Mick says being a Victorian-based head office, the team was well placed to achieve this: "We've had it quite tough down here over the last couple of years, and it's definitely given us an appreciation of how to communicate effectively, and what our customers want to hear".

The Clark Rubber team says the pandemic has "thrown us a few curve balls of course, but we couldn't be more enthusiastic about our plan for network development". They're all united in the view that the next five years are going to be transformational for the company. ■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