



Make it your business

Put your money to good use, invest in a franchise and make it work for you so you can reap the rewards.

When it comes to investing in your future franchising offers a structured way to build a business, backed up with franchisor and peer support. The choice of business is not just financial but dependent on personality and lifestyle options, age, preference for security, exit plan. But whatever the choice, there are plenty of options in the market – with more than 1100 franchise systems in the \$138 billion sector, there really is something for everyone. Here we look at franchise options between \$100,000 and \$200,000.

United Home Services regional master franchises



Franchising since 1995; current owners since 2003.

Number of regional master franchisees: six.

How many multi units: six.

Total franchise investment: regional master franchises available Australia-wide with an upfront cost of \$100,000 plus. You will be allocated a broad geographic region with a high income demographic. As a regional master franchisor you will be responsible for attracting and

recruiting new franchisees to your region, providing ongoing support (motivating and mentoring) as well as regional strategic development and marketing.

Set-up costs inc fit out/stock: included.

Vehicle loans: none.

Working capital required: about \$50,000.

Ongoing marketing and royalty fees: 20 per cent.

Training costs: these are included in the franchise purchase price.

Any franchisor funding available: approximately 20 per cent vendor financing is available.

Average time it takes from initial enquiry to franchise opening: it normally takes between one and three months.

Term of agreement: 10 years.

Lease: none.

Main method of franchisor/franchisee communication: phone conferencing, email, newsletters.

Frequency of BDM visits: six months according to needs.

Do you have a franchise advisory council? Yes

Lead generation – is it centralised or local?

There is a centralised call management and email management system.

What and when was your last investment in back office reporting? \$5,000 six months ago for ongoing enhancement.

Percentage of franchisees up for renewal who have renewed since November 2008: N/A.

The number of closures since November 2008: none.

Frequency of franchisee profitability reporting: annual.

Average franchise turnover July 2008 to July 2009: \$120,000.

Growth plans for 2010 to 2011: to expand regional master franchises in Victoria and Queensland, and to expand into Perth. There are aims to increase profitability of the current regions by expanding the services offered, and we will enhance and implement a stronger public relations program.

Expense Reduction Analysts



Franchising since 1993.

Number of franchisees: 30 active associates.

How many multi units: none.

Total franchise investment: \$84,500

Set-up costs inc fit out/stock: under \$10,000.

Vehicle loans: no.

Working capital required: \$50,000 to \$75,000 for first 12 months.

Ongoing marketing and royalty fees: marketing is three percent, royalty 15 percent.

Training costs: these are included in the upfront cost.

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Any franchisor funding available: no.
Average time it takes from initial enquiry to franchise opening: 12 weeks.

Term of agreement: five years with one option to renew for a further five years.

Lease: not required.

Main method of franchisor/franchisee communication: face to face, quarterly business meetings, webinars three times a month, annual conference.

Frequency of BDM visits: as required but a minimum of quarterly.

Do you have a franchise advisory council?
No.

Lead generation – is it centralised or local?
Both.

What and when was your last investment in back office reporting? Customer relations management (CRM), July 2009.

Percentage of franchisees up for renewal who did renew since November 2008: not applicable.

The number of closures since November 2008: two.

There are aims to increase profitability of the current regions by expanding the services offered, and we will enhance and implement a stronger public relations program

Frequency of franchisee profitability reporting: monthly.

Average franchise turnover July 2008 to July 2009: confidential.

Growth plans for 2010 to 2011: to appoint eight new franchisees in 2010, and 11 new franchisees in 2011; to continue expansion in NSW and Victoria.

Cafe2U Pty Ltd.

Franchising since 2004.

Number of franchisees: there are 150 overall; 100 in Australia, 50 in the UK and one in the Republic of Ireland.

How many multi units: four in Australia.

Total franchise investment: \$125,000 + GST.

Set-up costs inc fit out/stock: there is no additional cost; all set up costs are included in the initial franchise investment fee.

Vehicle loans: the price of the Cafe2U

Mercedes Benz Vito van is included in the total purchase price of \$125,000 + GST.

Working capital required: we recommend about \$2000.

Ongoing marketing and royalty fees: there is a weekly franchising fee of \$130 and a marketing fund contribution of \$21.42 per week.

Training costs: Zero. Barista, business and on-road training are included as part of Cafe2U's exclusive Acceleration Package.

Any franchisor funding available: Cafe2U has a well established relationship with Commonwealth Bank Australia who are able to provide approved Cafe2U franchise partners with financial assistance.

Average time it takes from initial enquiry to franchise opening: 12 weeks. This period includes ordering and building of the franchise partner's custom Cafe2U Mercedes Vito van.



Term of agreement: five years with one option to renew for a further five years.

Lease: none.

Main method of franchisor/franchisee communication: monthly phone calls and quarterly visits from the franchise development manager. Monthly e-letters, email correspondence and phone calls are sent and made in-between these visits; there are an annual national conference and both annual state and regional meetings for franchisees.

Frequency of BDM visits: each franchise partner is allocated their own franchise development manager who spends two weeks on the road with the franchisee during the launch period. After this, visits are quarterly.

Do you have a franchise advisory council? Yes. Cafe2U has a franchise partner-elected franchise advisory council which has both a metropolitan and regional representative from each state/territory (including ACT).

Lead generation – is it centralised or local?



Leads are generated from a wide range of sources. They are all processed centrally through Cafe2U head office.

What and when was your last investment in back office reporting? Cafe2U does not provide back office support to its franchise partners.

Percentage of franchisees up for renewal who have renewed since November 2008: two have not been renewed during this period, but the territories were resold.

The number of closures since November 2008: none.

Frequency of franchisee profitability reporting: Cafe2U does not charge a sales

turnover royalty, and therefore does not require franchisees' financial information to be provided to the franchisor.

Average franchise turnover July 2008 to July 2009: as financial details are not collected by the franchisor we can only estimate from survey collection - about \$150,000.

Growth plans for 2010 to 11: for Australia, further development of regional areas and increased concentration in existing territories with multi-unit operations. On the international front, increased growth for the brand in the UK; launching Cafe2U USA and New Zealand. ■