



# Business you can call your own

By NICK GARDNER

FRANCHISING is soaring in popularity as workers grow sick of wavering job security and decide to take control of their own destiny.

Franchising is the easy way to become your own boss and is often referred to as "business by numbers" because the brand, training and infrastructure are already in place. All you need to do is pay your fee, get your training and off you go.

But is it really that simple?

Patrick McMichael of Domino's, one of Australia's largest franchisors, says not.

"No. You are not buying yourself a job — you are setting up a business to compete with other businesses," said McMichael, Domino's franchise development manager.

"It requires a lot of work and organisation. And you could be putting tens or even hundreds of thousands of dollars at risk if you do not take it seriously."

The franchising sector grew by 14 per cent between 2006 and 2008, according to the Asia-Pacific Centre for Franchising Excellence (APCFE). But owners of franchising businesses say business is booming and the number of applicants has never been higher.

*The Sunday Telegraph* spoke to three franchisors who are looking to recruit more franchisees in Sydney and NSW.

## ■ DOMINO'S

**Cost:** New store: \$250K-\$400K; existing store: \$250K-\$1m

Plus weekly royalty of seven per cent and marketing levy of six per cent of turnover.

**Average store turnover** \$17,000 a week with average net profit 12-16

per cent (\$1800-\$2000 a week).

So confident of its intensive eight-week training program, the company is happy to let the right applicants loose and monitor their performance in-house for the first few weeks to see if they need further training.

But Domino's stresses that this is no easy ride.

"If you buy a new store it can take a year of hard work and long hours before you are properly established," McMichael said.

Essentially it's a simple business — take orders, make pizzas and deliver them within 30 minutes. But with the rush of orders that flood in from 5pm every day, and continue often until midnight or 1am, it can be exhausting work.

"To be successful you have to work hard and work smart — it's highly competitive and you always have to be innovating. So we are constantly training franchisees with new menus and products."

Domino's actively encourages franchisees to take on numerous stores, but only when they are ready and the first is sufficiently profitable.

And while most are successful, Domino's has its fair share of franchisees who fail either because they operate the business badly or discover it just isn't for them. However, if you are prepared to invest heavily for a year or so, with time, passion and money, it could pay dividends.

## ■ ECOWASH

**Cost:** \$55,000

**Royalty:** Fixed fee of \$800 a month for the first car, including the marketing levy.

**Training:** Two weeks induction: first week in the classroom, the second week out on the road putting theory into practice.

**Typical earnings:** \$1200-\$4000 a week based on one operating vehicle

**Peak hours:** Mon-Fri office hours.

Ecowash is a mobile, waterless car-washing business using state-of-the-art materials to clean inside and outside of the car.

Each car service takes between 30 minutes and two hours and franchisees charge between \$35 and \$120.

Ecowash says it has a big problem: it can't meet demand with its existing network of franchisees and is looking for more willing operators in all of Australia's major metropolitan areas, including Sydney.

"Some of our operators are booked out for months in advance," said Jim Cornish, founder of Ecowash.

The fee includes exclusive territory, fully prepared vehicle, initial inventories of marketing material and products and uniforms.

"They come to training with nothing and walk away with a complete business," Cornish said.

"We do two-week induction — first week in the classroom covering business management, the service and territory management and sales.

"Then the second week is spent in the field with a field support team applying principles to practicality."

Ecowash helps generate business through advertising and connections with big companies and government bodies, such as the ATO.

Typical earnings from a one-car business can be as



high as \$4000 a week but, as franchisees add cars to territory, the earnings increase.

One franchisee has two cars and regularly clears \$20,000 a month.

“You can buy more units, buy additional territories or even sub-franchise to manage other franchisees,” said Cornish, who claims a 100 per cent success record.

He expects new franchisees to be washing cars for six months only before progressing to expansion and managing other franchisees.

■ **CAFE2U**

**Cost:** \$125,000 for van, equipment and training.

Plus flat fee of \$130-\$160 a week.

Company guarantees that within two weeks the franchisee will be selling \$500 of coffee a day.

**Typical earnings:** \$700 a day.

Cafe2u boss Andy Simpkin claims the business to be recession proof as franchisees visit non-traditional locations such as office parks and industrial estates.

“Most work from 6am or 7am until lunchtime, plus they go to occasional events such as concerts and festivals.

“Our average franchisee is earning about \$700 a day, which is a good living.

“All you need is the ability to speak to people and make coffee — and we teach you the second part.”

■ **BEWARE**

It can all sound so easy, but don't be fooled — things can and do go wrong.

The APCFE says 17 per cent of franchisors reported being in a dispute with a franchisee that had to be referred to an independent arbitrator.

There have been times when franchisees have been disgruntled by sales or collapses, such as the sale of Wizard to Aussie and the collapse of Kleenmaid.

Even with the support of what you think is an established brand, the future is unpredictable. But the overwhelming experience of Australia's growing band of franchisees is positive, and appears to show a greater success rate than going it alone with an independent small business.



**Help wanted:** Jim Cornish of Ecowash is seeking franchisees



**A revitalising break:** Cafe2U franchisee John Panuchio

*Picture: Ella Pellegrini*



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# Grounds for success

JOHN Panuchio left his job as a duty supervisor at the Canterbury Leagues Club a year ago after chatting to a neighbour who had a Cafe2U franchise

It sounded great — almost too good to be true — so Panuchio bought his van, took his training and got to work.

He began before the company's "accelerated training" program, which guarantees franchisees will be selling \$500 of coffee a day within two weeks, but it took him only three months to build a thriving business.

"I found it quite easy. My territory covers Rosebery, Rockdale and surrounding suburbs, and most of my customers are in business parks a long way from a decent coffee," he says.

"I also target a lot of weekend sports events, where kids are playing footy or netball and parents are watching."

During the week, Panuchio serves a regular clientele. He makes 20 to 25 stops every day and sells 150 to 200 cups of coffee a day.

At \$3 a cup, and with a typical profit margin of 70 to 80 per cent, it's easy to see why he's so happy.