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Franchising

Incorporating FCA News



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NEW! SMALL BUSINESS SECTION



The gelato franchisor

Alex Johnston, Fritz Gelato

27 Why pay full retail price for the latest equipment with all the bells and whistles when it's going to be scratched within a day at the shop? Try to pick up pre-loved equipment from a number of different places. Look in the *Trading Post*, jump on the internet and monitor the online auctions. Keep your ears open for competitors that have closed stores and selling their equipment. Demo models are a good option too, giving your near current equipment with a substantial saving.

28 Do your homework and look at numerous franchise consulting companies. Interview them and make sure you know what is (and what isn't) included in their fee. While the fee is important, make sure the personality fit and vision for the company are aligned.

29 Employ a web designer to set the site up and get you going. Make sure the designer constructs the site up so that you can then do the updates and maintenances. This eliminates expensive ongoing costs.

30 Everyone loves to be a winner. Establish competitions that get customers involved and help you with your marketing, ie name a new flavour.

31 Employ consultants to help you with specific tasks, ie marketing, lease negotiations. Utilising professional consultants will give your business the expertise without having to employing a team yourself.

The property franchisor

Go Gecko CEO Geoff Doyles

32 Know the costs involved before you sign! The key to entering into any business is preparation, understanding the costs involved, both with the initial costs and ongoing costs. There are many different types of costs involved with owning a franchise. Some of these are typical expenses that you would expect to pay in any small business, however, some are unique to franchises: an initial upfront franchise fee, ongoing fees including royalties, marketing levies, and renewal fees, and typical business expenses such as rent for premises, utilities and the costs of any employees you take on.

33 Negotiate, negotiate, negotiate. Whether or not you can negotiate the terms and conditions of your franchise agreement depends solely on the franchisor. Most large, established franchise networks will not permit changes to the franchise agreements but you may find some franchisors who can accommodate changes in certain aspects of the franchise agreement to ensure they attract the most suitable franchisees.

34 One of the main benefits of joining a franchise network is due to the purchasing power of the collective network. This alone, will enable new franchisees to potentially save considerable dollars in establishing their business and reduce the ongoing business expenses. These may include direct purchasing rebates, advertising rebates, shop fit contribution from landlords, and reduced rental.

Q and A

There are a lot of things to consider before becoming a franchisee. Do you believe in the direction the business is going and are you confident you will get an adequate return on your investment? Is there a natural fit between the culture of the company and your own personal views and beliefs? To help kickstart your research we've put the spotlight on the following franchises.

Under \$100k

Fritz Gelato

How would you define your brand?

Fritz Gelato is organic, a healthy choice, award winning, great for birthdays and events, a vibrant place to work.

How old is the company and when did you start franchising?

The company started trading in 2002 and was acquired by the current owners three years later. We began franchising in 2007.

How many stores do you have?

Four company stores, and one franchise.

How are you going to grow the business in 2008?

We will grow in 2008 by careful addition of new franchise sites, franchising one or two of the company stores, and further developing our in-store franchise concept of branded counters within existing cafes and juice stores in markets not suited to a full Fritz Gelato store.

Where do you expect the business to be in 2010?

We will be a growing franchise benefiting from input from its well chosen franchisees.

What do you expect from a franchisee?

We are seeking experienced managers with the enthusiasm to work and grow within the franchise network, the dedication to succeed, at least three years retail experience, a proven business development track record, a mature and commercially astute disposition, the willingness to work hard with the full support of family, and financial stability.

What are the start-up costs for a franchisee and what working capital should they have?

An initial franchise fee of \$50,000 however substantial discounts will apply for the first few franchisees. A training fee of \$3000



covers one week's training at head office and one week in the field and a \$5000 initial advertising launch fee to be spent solely in the territory. In addition, leasing costs and sufficient working capital.

What is the length of agreement?

5 year term with a further four 5 year options.

What sort of hours will the franchisee have to work to get the business established and how long should that take?

Typically 40 to 50 hours a week while getting established – this time span will vary according to site and skill and aptitude.

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A4 Maths Learning Centres

How would you define your brand?

We are a premium educational service provider, with a responsible, accountable philosophy.

How old is the company and when did you start franchising?

13 years old, first franchisee 12 years ago.

How many franchises do you have?

Four.

How are you going to grow the business in 2008?

Advertising and expo participation.

Where do you expect the business to be in 2010?

15 outlets including overseas licensing of our system.