

FranchiseReview

Official Journal of the Franchise Council of Australia



Specsavers' success

Seeing eye to eye
with Specsavers

Page 24

INSIDE

Page 10 Australia's first CFE graduate

Page 18 NFC13 roundup

Page 36 Franchising Expo gears up for 2014

We know print.



And franchising.

With over 12 years experience supporting franchise marketing we're here to partner with you.

Our print management system administers all your print and fulfilment needs, online 24/7, and supported by our personalised service. And we'll look after your brand by producing high quality, cost effective products, every time.

We're ready to support your franchising print needs.



www.whirlwindprint.com
National 1300 129 227



WHIRLWIND®

FranchiseReview

inside

Franchise Review is published four times per year by the Franchise Council of Australia (FCA)

Publisher

The Franchise Council of Australia

Design and layout

at+m integrated marketing

Studio Manager

Eddie Mallinson

Editorial content and

Advertising Sales enquiries

Stephanie Wells,

Franchise Council of Australia

T 1300 669 030

F +61 (0) 3 9508 0899

E stephanie.wells@franchise.org.au

Franchise Council of Australia

ABN 17 002 789 988

PO Box 2195 Malvern East VIC 3145

T 1300 669 030

F + 61 (0) 3 9508 0899

E info@franchise.org.au

W www.franchise.org.au

General information

All material is published at the discretion of the FCA. Advertisements are published and positioned in the journal at the discretion of the editors. Editorial contributions, advertising bookings and artwork deadline information is available by contacting the FCA on 1300 669 030.

Disclaimer The publication of articles is for the purpose of promoting matters of interest to members of the FCA. The views expressed in this journal do not necessarily reflect the views or policies of the FCA. Publication of advertisements for products or services do not indicate endorsement by the FCA.

Franchise
Business

Cover story:

Specsavors: Franchisor Interview



24



**NAB FCA
Excellence in
Franchising
Awards**

16

**International
Trends: Pakistan**



8



Franchising Expo 2014

36



Innovate your way to success

38

Michael Paul: A time for reflection and strategy	4
ACCC: Exclusive franchising supply arrangements	7
CFE launched at NFC13	10
Lessons from a serial innovator	12
US Franchisor study tour	14
National Franchise Convention 2013	18
NFC14 - save the date	22
Better connecting your business	23
Franchise health check	30
Sharing the cost of innovation	33
Innovation vs Adaption	34

From cover, Franchisor of the Year, Specsavers



FRANCHISE COUNCIL OF AUSTRALIA

Another year comes to a close - a time for reflection and strategy



Michael Paul,
Chairman FCA

I'd like to congratulate everyone in our sector on a successful 2013. As things wind down towards Christmas, there comes an opportunity to reflect on everything that has happened and all you have achieved in the past 12 months.

It has been another great year for franchising. While it has not been without its challenges – small business has never been for the faint of heart – it has been incredibly positive.

FCA Chairman, Michael Paul

National Franchise Convention

Evidence of this was at our National Franchise Convention in late October. For those of you that did not attend, you missed three solid days of networking, some powerhouse CEO keynote addresses, no fewer than 20 expert panel sessions and the ever generous knowledge exchange and thought leadership that has come to define Australian franchising.

It is our constant objective to provide speakers of value, insight and inspiration to you at these events. This year was no exception.

Opening keynote speaker, Guy Russo, CEO of Kmart, shared his insight on the benefit of keeping things simple in a multinational corporation. Bernie Brookes, CEO of Myer told how the retail giant was using technology to its advantage in competition with online only operators. FCA Member and 7-Eleven CEO, Warren Wilmot provided a rare inside look into an award-winning Australian franchise.

The feedback from the event has been spectacular, with the above speakers each scoring an almost perfect response through the real time survey we ran throughout the convention.

Another worthy mention at NFC must go to Minister for Small Business, Bruce Billson. Minister Billson opened day one of the Convention with a commitment from the new Government to continued consultation with the sector. It was humbling to be able to put a human face to those who represent our interests at a federal level. In his address, Minister Billson told of his own triumphs and challenges as a small business owner and showed his respect and admiration for those of us still at the coalface.

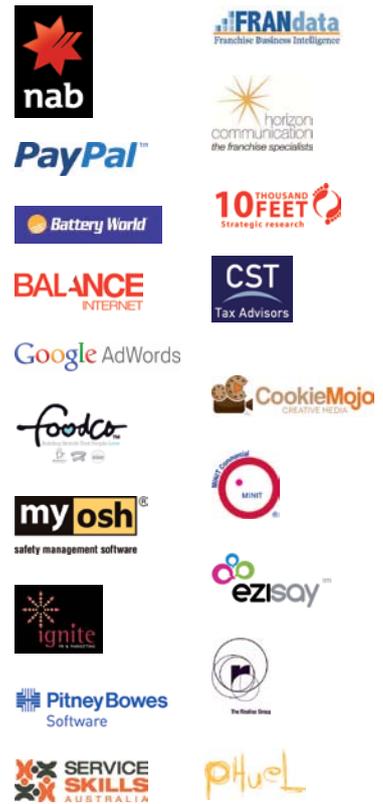
The coalition sees franchising as an essential part of the fabric of the Australian economy and plan to move forward with the Code review with a view to collaboration. Minister Billson's main message was 'no surprises'.

A final note on the convention; this event would not be possible without the support of our sponsors. I'd like to thank each of them, not only for supporting the event, but also for imparting a new level of knowledge to our delegates. Our sponsors are innovators and leaders in their field. Each brought insight, professionalism and expertise to the convention.

Next year's National Franchise Convention will be held in Sydney at Olympic Park from 26-28 October. See page 22 for more information.

“We asked experts from around the sector the steps they take to look inward and how they encourage others to see opportunities to innovate in their business”

Thank you to our NFC13 sponsors



Time for strategy

As we look forward to the Christmas break, spending time with family and perhaps away from the office, it is also a time for planning. This edition focuses on innovation. We asked experts from around the sector the steps they take to look inward and how they encourage others to see opportunities to innovate in their businesses. You can see the commentary pieces throughout the following pages and hopefully apply some of their insight into your planning for 2014.

As the FCA lays out its strategy for the next 12 months, there will be a focus on increasing engagement with our current members, representing those members' interests to Government and the wider business community, continuing to build our education platform through the Certified Franchise Executive Program and promoting best practice Australian franchising across the world.

I wish you all a safe and happy holiday break and look forward to congratulating you on more success in 2014. [fr](#)



A franchise is not like any other business and Walker Wayland are not like any other Accountants.

We know Franchising.

Walker Wayland Chartered Accountants provide a friendly, efficient and professional service for both developing and established franchises.

Our qualified experts can assist with:

- Due diligence services when buying and selling franchises
- Feasibility and growth strategies to facilitate franchise system start-ups
- Franchisor solvency audits for disclosure documents
- Marketing fund audits
- Structuring and business advice
- Valuation services for franchisees and franchisors

Arrange a meeting with us to see how we can help and receive the initial consultation FREE.

To find out more, call 9364 9988 or visit www.ww-wa.com.au



Walker Wayland WA | Chartered Accountants

www.ww-wa.com.au

Connect with us



Providing the latest Audio Visual, Lighting
and Sound technology, whilst creating
Australia's most creative...

Events
Conferences
Theme Events
Gala Dinners
Product Launches
Touring Roadshows



Brisbane

Gold Coast

Sydney

Melbourne

Creators & Producers of quality corporate events



Dr Michael Schaper
Deputy Chairman of the Australian
Competition and Consumer Commission.

Exclusive franchising supply arrangements

Exclusive supply arrangements are common in franchising. Having control over the way franchisees operate allows franchisors to maintain consistency and efficiency across the network.

But supply arrangements can also be a source of friction. Franchisees may question why they are required to purchase a product from an approved supplier when they can buy the same product cheaper elsewhere.

Franchise supply arrangements must comply with the Franchising Code of Conduct and the *Competition & Consumer Act* (the Act), which are enforced by the Australian Competition and Consumer Commission (ACCC).

The ACCC has published a new guide, *Competition issues in franchising supplier arrangements*, to help franchisors and franchisees better understand the ACCC's role in reviewing franchising supply arrangements.

In some systems, franchisors set quality standards and allow individual franchisees to source goods or services from any supplier which are up to scratch. Arrangements of this kind will only raise concerns under the Act if they have the purpose or likely effect of substantially lessening competition.

However, in other systems a franchisor will require franchisees to purchase goods or services from a particular supplier, or from a list of nominated suppliers. This is known as 'third line forcing' which is illegal under the Act.

“...franchisors who wish to engage in third line forcing can formally “notify” the ACCC of their arrangements, which then provides them with protection from legal action under the Act.”

However, franchisors who wish to engage in third line forcing can formally “notify” the ACCC of their arrangements, which then provides them with protection from legal action under the Act.

The ACCC may only remove this protection if it believes that the public detriments arising from the arrangements outweigh the benefits. This decision is based on the impact of the exclusive dealing on the entire community, and not just on franchisees. Benefits of these arrangements might include consistency across the franchise system, a more efficient franchise system or improved terms of supply to franchisees, all of which may result in benefits to end customers. Some franchisors may also enter into rebate arrangements where a nominated supplier will provide the franchisor with some kind of financial benefit when franchisees purchase goods or services from that supplier.

Many franchisees object to rebates, as they consider the franchisor may select a supplier based on the expected value of the rebate. Franchisors,

however, often consider that rebates can be used to support marketing campaigns or reduce fees that franchisees would otherwise pay.

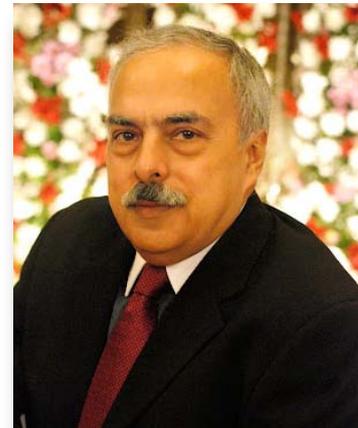
The Franchising Code of Conduct requires franchisors to disclose whether they will receive a rebate from the supply of goods or services to franchisees, and whether the rebate is shared directly or indirectly with franchisees.

If you are signing up to a franchise system, study the franchise agreement and disclosure document carefully. Make sure that you are fully aware of any supply arrangements.

Competition issues in franchising supplier arrangements is available at: <http://www.accc.gov.au/publications/competition-issues-in-franchising-supplier-arrangements>. 



Building up an appetite! Pakistan, an emerging market for food & beverage franchising



Tahir Mahmood
Business Development Manager
responsible for South Pakistan

With the help of Austrade, Franchise Review takes a look at the franchise landscape in countries around the world.

Pakistan was introduced to the global franchising phenomenon in 1993 when Pizza Hut first entered the market.

With its relatively large population of 200 million, a young demographic and a rapidly growing middle class looking for new experiences, Pakistan offers strong growth for franchise systems wishing to enter an emerging market.

The franchising sector has since grown strongly with KFC now operating 64 outlets; Subway, 39; and McDonald's, 27. Nando's, Cinnabon and Dunkin' Donuts are also expanding their footprint. Notable franchises in the non-food sector include Debenhams, Nike, Nine West, Accessorize, Mothercare, Next, FitFlop and The Body Shop.

Pakistan has also developed a number of "home-grown" franchise systems such as Student Biryani for biryani and kebabs, Copper Kettle, which specialises in traditional Pakistani food, and Gourmet bakeries, where chocolate cake and other desserts appeal to the famous Pakistani sweet tooth.

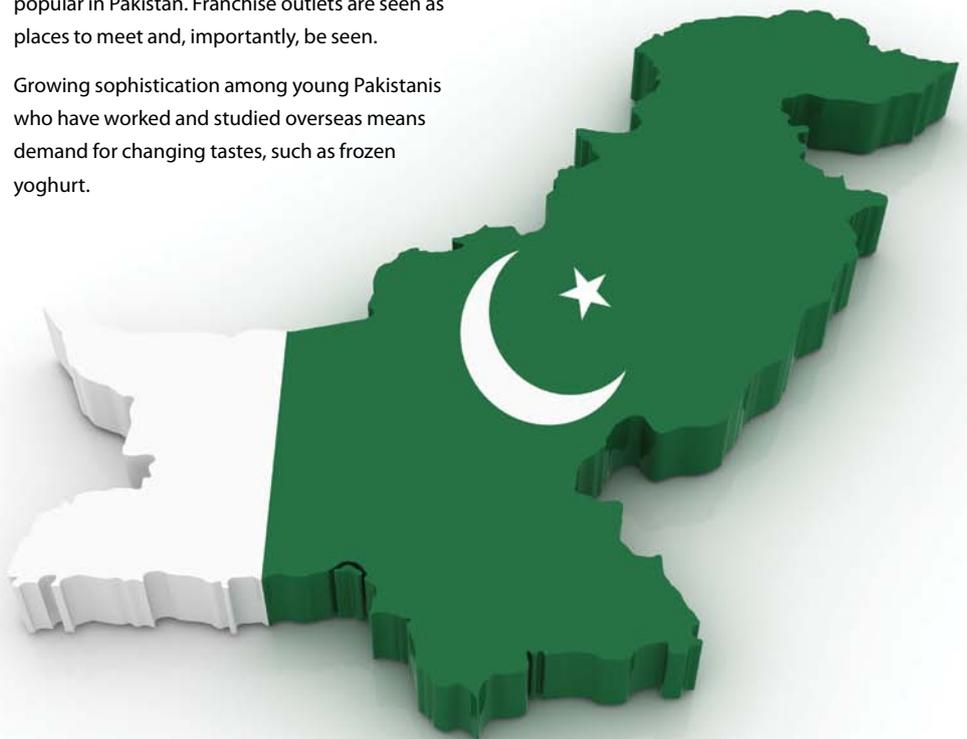
According to World Franchise Associates, annual sales by internationally franchised outlets in Pakistan are estimated at US\$24 million. This is small compared to the US\$924 million spent every year on eating out at the 20,000 outlets nationwide. According to Islamabad research firm Macro Economic Insights, Pakistan's middle class is estimated at 70 million people, or about 40 per cent of the total population.

When it comes to relaxation, most Pakistanis prefer to enjoy a meal with family and friends outside the home. The takeaway model is not popular in Pakistan. Franchise outlets are seen as places to meet and, importantly, be seen.

Growing sophistication among young Pakistanis who have worked and studied overseas means demand for changing tastes, such as frozen yoghurt.

Tutti Frutti opened its first store in late 2011 and now has over 20 outlets with plans to expand to 100. The company's self-service frozen yoghurt bars, where customers can create their own combinations, have opened in Karachi, Lahore, Islamabad, Faisalabad, Multan, Peshawar and Sialkot.

"Pakistanis spend 90 billion rupees (US\$924 million) a year on eating out at the 20,000 restaurants nationwide because of a lack of



other entertainment facilities”, says Nauman Mirza, founder and CEO of online restaurant guide Food Connection Pakistan.

Ghulam Hussain Soomro, owner of Berrylicious, a local frozen yoghurt chain that opened in 2011 agrees. “Pakistan is an amazing destination for food outlets because eating out has become the nation’s biggest source of entertainment,” he said.

“Every new place that opens up is packed because the spending power of consumers when it comes to eating out is amazing.”

Pakistan’s current per capita income is US\$1,365 and rising.

In major cities, a growing portion of that income is spent in luxury shopping malls, which have given foreign retail and food franchises the opportunity to open stores in a modern setting.

Gloria Jean’s Coffees has spearheaded the Australian move into the market. The global coffee and beverage franchise opened its first store in Lahore in 2007. It now has a presence in Lahore, Karachi, Islamabad, Faisalabad and Gujranwala. Moreover, the company reached its 10-year growth target in only four years.

“The greatest advantage is consumers’ confidence in, and demand for, international food brands, and ultimately, these factors will help grow the market regardless of the hurdles.”

The success of Gloria Jean’s indicates that consumers are willing to frequent an environment that offers a quality product with good service and consistency. Similarly, there are potential opportunities for other Australian franchises in non-food areas.

Rafiq Rangoonwala, President, Pakistan Food Association and CEO of KFC franchisee Cupola Group, believes the market offers good potential to international franchisors.

“The greatest advantage is consumers’ confidence in, and demand for, international food brands, and ultimately, these factors will help grow the market regardless of the hurdles,” he says.

There is no specific legislation for franchising in Pakistan. An agreement is drawn between the franchisor and franchisee which determines the rights and obligations of both parties. The franchising relationship is purely contractual.

A foreign entity can establish a business in Pakistan and is allowed to repatriate profit and capital to the parent company. Australian firms should seek advice from local law firms in determining and creating the appropriate type of legal entity.

Austrade can assist Australian franchise systems assess the Pakistan market for their products or services. 

Franchise Business.com.au

How is your brand represented on ... The Official Directory of the FCA

- Over 1200 franchisors listed
- 80,000 potential franchisees visiting every month
- Measureable, cost effective lead generation -
 - Email leads
 - Web clicks
 - Phone calls
- Expert advice from legal, financial and business consultants

To discuss *your* listing and how it’s working for you...
Email: info@franchisebusiness.com.au or call +61 (2) 9422 2418



Education



FCA Chairman, Michael Paul, Certified Franchise Executive, Greg Nathan and CEO and President of IFA, Steve Caldeira

CFE Program officially launched at NFC13

The Certified Franchise Executive program, the only internationally recognised professional accreditation for Franchise Executives, was officially launched in October at NFC13 on the Gold Coast.

The launch included a CFE specialist education stream held on Sunday 20 October. There were more than 40 delegates in attendance, who participated in sessions on the Franchising Code of Conduct Review facilitated by Philip Colman of Mason Sier Turnbull, Achieving Franchising Excellence, facilitated by Greg Nathan of Franchise Relationships Institute, and International Development facilitated by IFA member and CEO of Edwards Global Services, Bill Edwards.

Victorian Chapter Committee member and Director of FC Business Solutions, Corina Vucic was in attendance and spoke of the value of

the event, not only in terms of education, but also the networking opportunities.

"Participating in the inaugural CFE program at the national convention was rewarding both on a professional and networking level. The day enabled an opportunity to meet business owners and share their experiences within the current business climate.

"The content of the workshops challenged my thinking through robust discussion and case studies which highlighted current practice within franchise systems," she said.

For many, the special sessions were the first step on the road to becoming a Certified Franchise Executive. The program is open to anyone, and is known and respected by franchise leaders around the world

Sharon Jurd, Senior Director of Franchising at HydroKleen said the professional development available through the program allowed her to better support her franchisees and benefited the brand as a whole.

"I attended the CFE day held this year at NFC as was pleasantly surprised! The content was

"The content of the workshops challenged my thinking through robust discussion and case studies which highlighted current practice within franchise systems."

“Greg was awarded the accreditation following years of activity both as a student and educator with the CFE program in both the United States and Australia. Greg is a valued member and contributor to both the FCA and IFA..”

remarkable. One’s self education is never ending and as a franchisor I want to make sure I am educating myself on a regular basis and this format allows me to do this. It was directed at my level of education and had relevance and was up-to-date. It was great to network with likeminded people in the room wanting to learn, grow and have fun,” she said.

Along with the CFE special sessions, the event convention also featured a Graduation Ceremony.

FCA Chairman, Michael Paul and IFA CEO, Steve Caldeira presented Greg Nathan, founder and Director of Franchise Relationships Institute with the first CFE designation in Australia.

In 1989, after 10 years as a multi-unit franchisee and a senior franchisor executive at Brumby’s, Greg founded the Franchise Relationships Institute, which is, today respected internationally, for its high quality franchise research and training programs.

Greg was awarded the accreditation following years of activity both as a student and educator with the CFE program in both the United States and Australia. Greg is a valued member and contributor to both the FCA and IFA.

During the CFE graduation program, IFA CEO Steve Caldeira , leading the IFA Study Tour, congratulated FCA’s leadership in taking steps to launch the CFE program, stating, “The cooperation of our two organisations in the launch of the CFE program is, I believe, an historic step in fulfilling our mission to protect, promote, and enhance franchising not only in the U.S., but here in Australia, and around the world.”

FCA Chairman Michael Paul extended a warm welcome to the IFA member delegation adding that the CFE program will enhance the “already high standards in franchising and it directly correlates with the FCA mantra of constantly looking for ways to improve business performance.

For more information or to apply for the CFE Program, please contact FCA Education Manager, Simon Heggen on 1300 669 030. [f](#)



Earn CFE credit for your in-house training

Did you know you can earn education credit towards CFE accreditation through your in-house training programs?

The internal training you provide and participate in is just as important as any external courses available to your staff.

Completing in-house training is a great way for your staff to begin their professional development and pathway to becoming a Certified Franchise Executive.

To apply to have your internal training approved for CFE credits, or for more information, contact FCA Education Manager, Simon Heggen.



WANT PEACE OF MIND?

It's **OUR** business to help you lead, grow and protect **YOUR** business.

Whether you're a franchisor or a franchisee, performHR is here to make sure your message is consistent – whatever it is. We minimise risk while you concentrate on other things. It's that simple really.

Call us for a HR Health Check now!

**Fully outsourced HR services • Strategic HR Top-Up
HR Projects • Payroll Services**

call 1300 40 60 05 email info@performhr.com.au visit www.performhr.com.au





Greg Nathan
Founder, Franchise Relationships Institute

Lessons from a Serial Innovator

By Greg Nathan, Founder, Franchise Relationships Institute

I have to admit, my passion for innovation has got me into trouble on more than one occasion. As an employee with Brumby's, I remember watching the mouth of my bakery manager drop in disbelief as a batch of Rye bread literally exploded in the oven before his eyes.

I had doubled the amount of bread improver in the ingredients, thinking it would give the loaves an extra lift. It sure did. "What have you done?" he stammered as I edged backwards. While I did get a tongue lashing, it never dampened my enthusiasm for innovation and continuous improvement. That was 30 years ago.

These days innovation continues to play a vital role in my work at the Franchise Relationships Institute. We are constantly developing new products and looking for fresh opportunities to improve the way franchising is conducted. Here are eight things we have learned that help us to maintain a successful innovation program.

1. Use whiteboards to focus discussions.

Never underestimate the power of a group of people working together on a diagram. Notice the way people will continually refer to a shared image and the way it keeps discussions focused. This is particularly useful when creating your shared vision for a project and also for working through the inevitable barriers you are going to face.

2. Use collaboration software instead of meetings.

Regular catch up meetings can be useful at critical milestones or for solving problems. However they are often not necessary if people are clear on what they need to be doing. We use a cloud based collaboration product for R&D projects called Basecamp to ask each other questions, solve problems and share progress. It's a great time saver.

3. Have a balance of experts and non-experts.

Research into the performance of management teams has found that groups of smart, creative experts will consistently perform badly because of intellectual competitiveness over whose idea is best. While we often need input from intelligent experts to successfully innovate, we also need people with strong project and people management skills to make sure the right things happen at the right time. As our Advisory Board Chair, Louise Broekman says, it's dangerous to have know how with no how!

4. Be unambiguous on IP ownership.

Because innovation is usually the result of collaboration, clarity over who owns the intellectual property (IP) is essential. This usually involves consultants, contractors, or indeed franchisees, assigning their copyright to the IP owner. For instance, in a franchise network, franchisees will often be contributing ideas and innovation for the good of the group without any remuneration or ownership of the IP. In this context it is important for franchisors to recognise the contributions of franchisees through gestures of genuine appreciation.

5. Have clear innovation guidelines.

While we're on the topic of working with franchisees, have clear processes that guide franchisee involvement in innovation projects. For instance, create simple procedures, guidelines and checklists for trying out or testing new ideas. This is obviously critical where multiple parties are sharing a brand and are affected by each other's actions. Something that may work well for one franchisee might be inappropriate or even damaging for the rest of the group.

6. Ensure ideas are objectively evaluated.

A common enemy of successful innovation is blind spots caused by personal bias. For instance, project teams often lose their objectivity, becoming attached to pet ideas or the specific outcomes of their efforts. An objective evaluation or governance process can prevent this by being given permission

to ask the hard questions such as "Where's the evidence this works?" or "Have these results been replicated across different environments?"

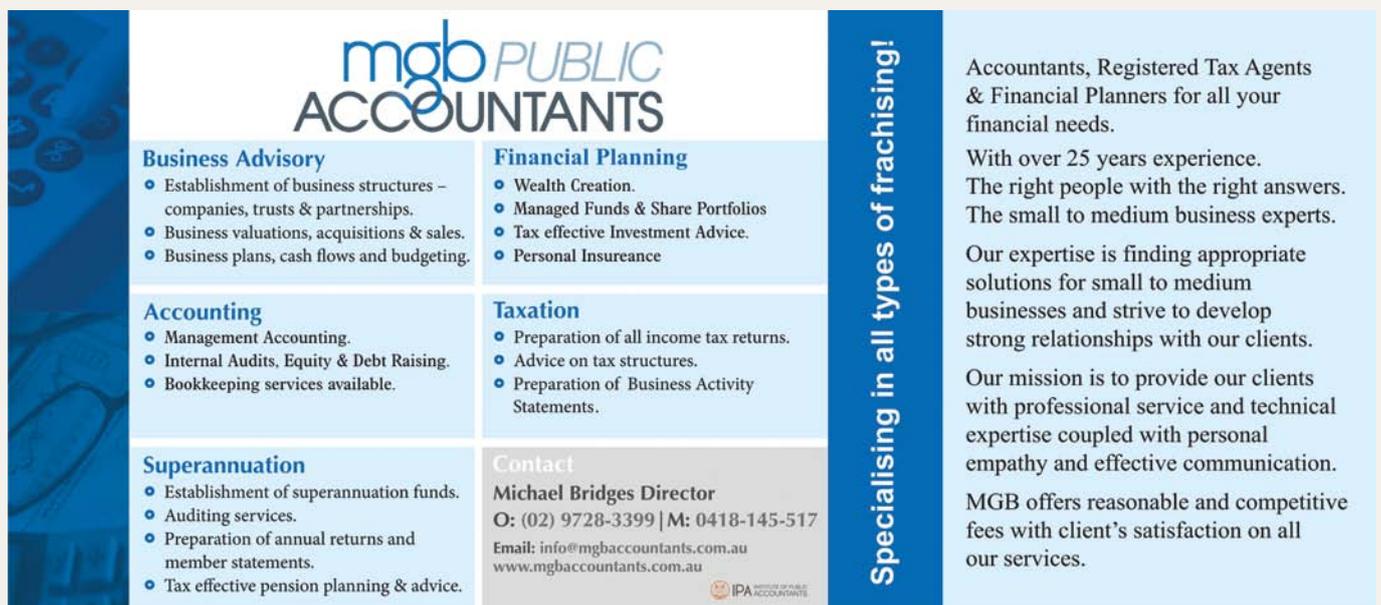
7. Make sure it looks good.

I once asked a software developer, who had sold several successful programs, to tell me the most important thing he'd learned about developing software. He said "Make sure it looks good!" When I challenged him on what I thought was a superficial answer, he went onto explain that people initially judge products on their appearance and, while a good initial impression won't save a bad product, a bad initial impression can jeopardise a good product.

8. Don't give up.

Probably the most important lesson of all is the value of perseverance. There will be times when you're going to ask "Why on earth are we doing this?" If you can't answer this question you are going to be in trouble. So keep that initial diagram handy – the one you created together on the white board that got you all so excited. 

Greg Nathan is a psychologist, author of four popular franchising books and Founder of The Franchise Relationships Institute. He has also developed several models and products such as The Franchisor Wheel of Excellence, The Franchise E-Factor and The Nathan Profiler. For more information go to www.franchisere relationships.com or you can contact him at gregnathan@franchisere relationships.com



mgb PUBLIC ACCOUNTANTS

Business Advisory <ul style="list-style-type: none">Establishment of business structures – companies, trusts & partnerships.Business valuations, acquisitions & sales.Business plans, cash flows and budgeting.	Financial Planning <ul style="list-style-type: none">Wealth Creation.Managed Funds & Share PortfoliosTax effective Investment Advice.Personal Insurance
Accounting <ul style="list-style-type: none">Management Accounting.Internal Audits, Equity & Debt Raising.Bookkeeping services available.	Taxation <ul style="list-style-type: none">Preparation of all income tax returns.Advice on tax structures.Preparation of Business Activity Statements.
Superannuation <ul style="list-style-type: none">Establishment of superannuation funds.Auditing services.Preparation of annual returns and member statements.Tax effective pension planning & advice.	Contact <p>Michael Bridges Director O: (02) 9728-3399 M: 0418-145-517 Email: info@mgbaccountants.com.au www.mgbaccountants.com.au</p> 

Specialising in all types of franchising!

Accountants, Registered Tax Agents & Financial Planners for all your financial needs.

With over 25 years experience. The right people with the right answers. The small to medium business experts.

Our expertise is finding appropriate solutions for small to medium businesses and strive to develop strong relationships with our clients.

Our mission is to provide our clients with professional service and technical expertise coupled with personal empathy and effective communication.

MGB offers reasonable and competitive fees with client's satisfaction on all our services.

IFA Study Tour Group tours Australian franchise systems



To coincide with the official launch of the CFE program (see page 10), a delegation from the International Franchise Association travelled to the Gold Coast to participate in the National Franchise Convention. The group, led by IFA Chairman Steve Romaniello, CFE, Managing Director, Roark Capital Group, and Steve Caldeira, CFE, President & CEO, IFA, and John Reynolds, CFE, President, IFA Educational Foundation, participated in the conference program, CFE sessions, and a three-day visit with FCA members in Melbourne and Sydney, following the conference.

Addressing the opening session, IFA Chairman Steve Romaniello spoke of similarities between Americans and Australians and the appeal of the franchise business model. "In both our countries, franchising has become a vehicle for our citizens to express themselves, to gain independence by working for themselves, but through franchising, not by themselves," he added. Romaniello told delegates about his experience at Focus Brands and Roark Capital and outlined some of the key traits that Roark Capital looks for in evaluating franchise brands for investment.

During the conference Caldeira and Romaniello met with FCA Chairman Michael Paul, FCA General Manager Kym DeBritt, and Bruce Billson, Member of Parliament, and Minister for Small Business. Billson described his own struggles as a small business owner and assured IFA and FCA leaders of his government's desire to work closely with the FCA, adding, "The best policy is no surprises".

At the conclusion of the conference, IFA members attended the Excellence in Franchising Awards Gala Dinner.



Study Tour of IFA Members Visit Franchises “Down-Under”

Following the conference, a delegation of IFA members participated in a three-day study tour of franchise operations in Melbourne and Sydney, meeting with their counterparts for networking and sharing best practices.

Among the highlights of the study tour visits were a social reception hosted by FCA member Aon at their corporate offices in Melbourne, a presentation by 7-Eleven Australia’s executive team covering operations, marketing, and organisational development, and a presentation by Foodco’s Managing Director Serge Infanti and his executive team on brand management and marketing.

Study tour members got ‘hands-on’ training in FoodCo’s kitchen, learning how to make muffins and barista-style coffee. All the sessions featured a lively exchange between IFA and FCA members.

Capping off the Study Tour, FCA members hosted a luncheon for IFA members at the famous Doyle’s Restaurant, Watson’s Bay, looking out to the Sydney opera house and historic harbour bridge.

Plans are currently underway for a Study Tour of FCA members, following the IFA Convention in New Orleans next February. FCA members will visit franchise operations in the Atlanta area for meetings with IFA members hosted by IFA Chairman Steve Romaniello. **fr**

Thank you

The FCA would like to thank Warren Wilmot, Serge Infanti and the teams at 7-Eleven and Foodco for graciously hosting the IFA delegation.

Members of the IFA study tour

Steve Caldeira, CFE, President & CEO, IFA

John Reynolds, CFE, President, IFA Educational Foundation

Bill Edwards, CFE, CEO, Edwards Global Services and International Affairs Committee Vice-Chair

Rogelio Martinez, CFE, Vice President, International Development, Tutor Doctor Systems

Duane Messerschmidt, Director, International Sales and Support, The Johnny Rockets Group

Tabbassum Mumtaz, President, Apex Restaurant Management and IFA Board member

Crystal Bednar, Operations Manager, Apex Restaurant Management

Amit Pamecha, CFE, CEO, FranConnect

“Study tour members got ‘hands-on’ training in FoodCo’s kitchen, learning how to make muffins and barista-style coffee.”



This has been published with permission from the International Franchise Association.

The best in Australian franchising honoured at Gala Dinner

The Franchise Council of Australia honoured franchising's best and brightest at the NAB FCA Excellence in Franchising Awards Gala Dinner at Jupiters on the Gold Coast on 22 October.

Optometrist franchise Specsavers took home two major prizes on the evening – Established Franchisor of the Year and Excellence in Marketing.

Global Retail Director and GM for Australia and New Zealand, Derek Dyson, was very proud of the win.

"To win Established Franchisor of the Year will mean an incredible amount to our (franchise) partners who work so hard each day in their own businesses," he said.

"The award criteria were focused on systems and franchise leadership as well depth of support levels for franchisees, so to win this is also a great testament to how well we work with our partners. The Excellence in Marketing award is a perfect example of the lengths we go to in our support role."

Health and fitness franchise, Plus Fitness took out Emerging Franchisor of the Year at the event. Franchisors John Fuller and Nigel Miller, who are opening four new clubs this week, said the awards process helped them understand where their focus needs to be in a rapidly growing business.

"We have 82 franchisees with 69 clubs open – which will actually be 73 as of tomorrow. Our franchisees will be just over the moon about this award," they said on the night.

There were 15 awards presented on the evening, proudly sponsored by NAB. Successful individuals and businesses were recognised across a range of functions including franchisees, support staff and franchise innovators. (see page 17)

Accepting the award for Excellence in International Franchising, G.J. Gardner Homes CEO Darren Wallis said the award is a major achievement for the business and endorses the strategy of sustainable growth especially within the US market.

"Our approach to international expansion isn't just focussed on selecting the right location, it's about finding the right people to grow the business and provide plenty of support and resources.

"The G.J. Gardner Homes model in Australia and abroad is based on giving small builders the skills, resources and systems to take their building business to the next level," Darren said.

The awards also included the induction of a new member into the Franchise Hall of Fame – Denis McFadden from Just Cuts, along with the annual Contribution to Franchising award which went to Derek Sutherland from HWL Ebsworth for his tireless work on the FCA Legal Committee.

FCA Chairman, Michael Paul said the awards are a terrific opportunity to celebrate some of the amazing work being done in the franchise sector.

"The finalists, regional winners and national winners acknowledged tonight showcase what a truly robust and thriving sector Australian franchising really is. Despite economic hardship and political uncertainty in recent times, ours is a sector that continues to grow, and with proven systems, established brands, and constant innovation, franchising continues to be the intelligent choice for small business owners across the country," Mr Paul said.

Stay tuned for information on the 2014 awards season early in the New Year. [fr](#)

[Click here to view the awards video.](#)



NAB FCA Excellence in Franchising Awards 2013 Winners



Established Franchisor of the Year
Specsavers - Sponsored by Horizon Communication Group



Emerging Franchisor of the Year
Plus Fitness - Sponsored by 10 Thousand Feet



Multi-Unit Franchisee of the Year
Caroline and Paul Attard, PoolWerx



Franchisee of the Year, two or more staff
Anthony Hamod, Fastway Couriers Wollongong



Supplier of the Year
FC Business Solutions



Franchise Innovation
Bartercard International Group



Franchisee of the Year, less than two staff
Tim MacKinley, Appliance Tagging Services Aspley



Excellence in International Franchising
G.J Gardner Homes
Sponsored by CST Tax Advisors



Franchise Woman of the Year
Debb Meyer, Narellan Pools



Excellence in Marketing
Specsavers - Sponsored by Horizon Communication Group



Contribution to Franchising
Derek Sutherland, HWL Ebsworth Lawyers

Field Manager of the Year
Adam Moody, Wendys Supa Sundaes
Sponsored by 10 Thousand Feet

Franchisor Social Responsibility
Battery World Australia

Franchisee Community Service
Bendigo Bank, North Perth

Franchise Hall of Fame Inductee 2013
Denis McFadden, Just Cuts



National Franchise Convention 2013

FUTURE LANDSCAPES

Franchising descends on the Gold Coast



FCA Chairman Michael Paul welcomes delegate to NFC13.



An expert panel session in full swing.

“There’s no doubt the ability to innovate and use technology is very important. The lure of comfort stifles innovation.”

Bernie Brookes, CEO Myer, 21 October 2013.

In an economy that is constantly looking forward, the message from one of Australia’s retail giants was clear. The ability to innovate, adapt, change and harness technology is absolutely key to surviving and thriving in the future landscape of Australian business.

Bernie Brookes was just one of the keynote speakers addressing a packed plenary across three massive days filled with insight, inspiration and intense motivation. This year’s National Franchise Convention was held from 20 – 22 October at Jupiters Hotel and Casino on the Gold Coast

Guy Russo, MD of Kmart reminded us of the value of ‘keeping it simple’. His courage in taking an international brand ‘back to basics’ and posting their first profit in more than

a decade was the perfect way to start the convention and had everyone buzzing for the next two days.

“We needed to figure out who we were and be proud of it. It’s an easy motto that I would tell each and everyone of you when trying to be something other than your core business,” he said.

Russo went on to describe the various changes he made to the 100-year old retail chain as he turned the ship around.

“I can tell you as a retailer, shoppers aren’t looking for a religious experience. They’re time poor. They come in, they want to get out and they want the best possible, fastest service they can get,” he said.



The speaking program included an international CEO, Chairman of the International Franchise Association and CEO of Roark Capital Group, Steve Romaniello addressed the audience on day one; a Federal politician, Minister for Small Business, Bruce Billson opened proceedings; world leaders in technology, both eBay and Google sent executives to speak and Australian franchise leaders, 7-Eleven CEO Warren Wilmot and Retail Food Group CEO Tony Alford both presented to the delegates.

The technology and innovation flavour was strong across the entire event, as FCA Chairman Michael Paul pointed out when he welcomed delegates at the start of the convention "We are at a time when all companies face the challenge of adjusting the way they do business," he said.

"Success of course has always required adapting to an ever changing marketplace. But it is the rapid pace of that change that

represents the new challenge – What was satisfactory for customers yesterday may no longer be wanted or superseded by something better today.

"The challenge with this is perhaps best summed up by Jack Welch...the Chairman and CEO of General Electric who famously said *'If the rate of change on the outside exceeds the rate of change on the inside, the end is near,'*" he said.

Along with the keynote presentations, delegates were able to choose from 20 expert panel sessions held across five times slots. Each session was made up of a panel of franchisors sharing their professional experience, opinions and war stories on a range of topics that covered technology, strategy and leadership.

NSW Chapter President and Partner with Thomson's Lawyers, Sean O'Donnell led a session on building trust and issues management in your network. The panel,

chaired by Serge Infanti, CEO of Foodco, Georg Chmiel, CEO of LJ Hooker and Geoff Sinclair, CEO of San Churro shared stories and strategies for building culture and dealing with disharmony in your system.

There was also a technology focus in some sessions facilitated by partners PayPal, Shoebooks and Shift8, covering m-commerce, record keeping and accounting, and point of sale.

A keen interest in franchisee recruitment was evident in strong attendance at three sessions around recruitment, including using online and social media for recruitment, conversion and using live events to recruit franchisees. Finding quality franchisees continues to be one of the most difficult aspects of franchising for many. Insight from VIP Home Services, True Value Solar, Luxottica and Mortgage Choice on their activity in the space was a valuable addition to the convention for many delegates.



National Franchise Convention 2013 cont.



Guest are welcomed to the Networking night at McLarens Landing



Minister for Small Business the Hon Bruce Billson opens NFC13



Bernie Brookes, CEO and MD Myer Group talks omni channel sales

The event also had its share of political input with both the Minister for Small Business, Bruce Billson and the Australian Small Business Commissioner, Mark Brennan providing opening addresses on each day of the main program.

Minister Billson spoke not only of the Coalition's collaborative approach to the franchising sector and small business more generally, but also shared his own personal account of running a small business in what is an incredibly competitive and fast changing environment.

"The day my wife and I decided we couldn't keep pouring money into our business was one of the toughest of our lives," he said.

The Minister offered the entire Government's support to a sector they see as a major contributor to the Australian economy.

"Franchising is such an important part of our economy. One hundred and thirty-one billion dollars is a serious proportion of economic activity in our country.

"The way in which we can all nurture opportunities, wealth, prosperity and

livelihood for our country, and for the people that live in it is a crucial task that the Abbott Government takes very seriously," the Minister said.

Organisers were sure to maintain the same level of networking and social atmosphere as at previous conventions, beginning with the Welcome Reception on Sunday night in the Exhibition Hall with a lively group of exhibitors who showcased a range of products and expertise relevant to the sector. On Monday night delegates were taken off site, and travelled by Catamaran to McLarens Landing for a night of great food and live music. There were no formalities and guests were free to make their own connections and enjoy each other's company (and have a dance!) in the beautiful island surrounds. By all accounts, this year's networking night will be tough to beat.

Organisers are pleased to announce that NFC14 will be held in Sydney on 26 – 28 October. Early bird registrations will open in mid 2014. Stay tuned for exciting keynote speaker announcements. See the next page for sponsorship and exhibition opportunities. fr

Thank you to our NFC13 sponsors



A crowded exhibition hall.



Networking was a key focus at the convention



McLarens Landing



POWERFUL WAYS TO KEEP THE KRYPTONITE OUT OF YOUR FRANCHISE MARKETING

As you well know, promoting your franchise group has super challenges. High among these is finding a marketing communications partner who fully understands you, and is set up to give you the powerful services and support needed. at+m is here to help you put together the right ads, brochures, promo items, direct mail, promo email – everything it takes to help your franchisees succeed, including a full range of offset and digital printing services. We roll up our sleeves and get on with it, combining local area expertise and contacts with the highest creative and production standards. Call or email us and we'll prove it.

at+mintegratedmarketing
creative campaigns | brand strategy | design | web | sprintprint
Tasmania+Victoria+Queensland freecall 1800 356 164



National Franchise Convention 2014



Save the date!



We are pleased to announce that next year's National Franchise Convention will be held at Sydney's Olympic Park on 26 – 28 October, 2014.

Look out for some exciting announcements in the early months of next year. Early bird registrations will open in mid 2014.

Early bird sponsorship and exhibitor opportunities

The National Franchise Convention is the largest event of its kind in Australia, bringing together franchisors and franchisees, along with suppliers and experts in the sector.

If you would like to place your brand in front of leaders and decision makers in the sector, now is your opportunity.

Confirm your sponsorship/exhibitor package by **Friday 14 February 2014**, and a discount of **10% for sponsorship** and **5% for exhibitors** will apply at the time of confirmation

Contact Angie Cooksey on 03 9508 0811 for more details on the NFC exhibitor and sponsorship packages. [fr](#)

CLICK HERE TO FIND OUT WHY YOU SHOULD BE INVOLVED WITH NFC14



What this year's sponsors and exhibitors are saying:

"We're delighted to partner with NFC and showcase our brands here. It's a great way for us to meet all the guests that are visiting the conference, and more importantly, give them a great cup of coffee."

Drew Eide, Foodco, NFC13 Espresso Cafe Sponsor

"The NFC13 has given us a fantastic opportunity to not only connect further with our existing clients, but also to meet some great potential clients."

Jono Britton, Shift 8, FCA Partner and NFC13 Exhibitor

"The main benefit for Microsoft to be a part of this conference is being able to engage with this very important community... being able to engage with the franchisors and franchisees who are a core component of the SMB market is critical. We couldn't think of a better place than here to do that."

Gianpaolo Carraro, Microsoft, FCA Partner and NFC13 Exhibitor

"Battery World has been involved with the FCA conference for 2013 because we really see the benefit of being involved with the peak industry body."

Kerry Hannah, Battery World, NFC13 Delegate Bag Sponsor

Better connecting your business

At the recent National Franchise Convention, delegates were offered a range of expert panel sessions to attend.

Technological advances were of particular interest to attendees this year and there was much to learn at the event.

One of the standout sessions included a panel with Mr Rental, one of Australia's leading franchises. The company's CIO, Ian Roderick explained the methods he has used to reduce costs and streamline his business.

If you missed the session – here's a video link to a case study with Mr Rental. [fr](#)



“You can never be overdressed or overeducated.”

Oscar Wilde



FRANKLYN
SCHOLAR

The Franchise Academy's education partner.
Specialists in workforce training and development.

www.franklynscholar.edu.au

Seeing eye to eye with Specsavers

2013 has been a massive year for Specsavers. As well as winning the Established Franchisor of the Year and the Excellence in Marketing award, they were also recognised as the Australian Retailer of the Year and Australian Retail Employer of the Year by the Australian Retail Association, and Asia Pacific Retail Training Organisation of the Year by the Federation of Asia Pacific Retailers Association.

The industry recognition caps off an intense five years for the company, who opened their first Australian stores in 2008.

Initially launched into the Australian market in 2007 as a wholesale business, in 2008 they achieved the impressive feat of opening 100 stores in 100 days – growing to more than 300 stores in Australia and New Zealand by 2011.

Their central support office in Port Melbourne is also home to one of the largest optical manufacturing plants in the southern hemisphere.

Franchise Review caught up with Charles Hornor, Director of Communications and Mike Protosaltis, Head of Professional Recruitment to learn about the Australian Specsavers story.



The Model

The first Specsavers opened in the UK in 1984. Was it a franchise model from the beginning?

It actually predated what we all popularly refer to as franchising although, yes, it was a franchise of sorts from day one. Doug Perkins and his wife Mary met at Cardiff University and graduated as Optometrists together and immediately went into business. Three or four years later they had grown to 27 optometry practices. Eventually they had to admit something that size was unworkable – one or two people couldn't manage that many stores personally and it would be harder and harder to grow the business and its brand. Times were good and they sold the business.

But Doug kept chewing on the fact that there must be another way to do it – a way to build a brand and a business that supported owner-

operators with a range of products, marketing and back-office services, that would free up the owners to focus on providing exceptional customer service and building and training their teams. Usually when the shop shuts, that's when an owner often has to sit down and do the bookkeeping, payroll, tax compliance – necessary but not particularly enticing. He scoured the world for a support model for owner operators and, bringing together a number of differing models, he created the 'joint venture partnership' model – a franchise by another name but distinct in its shape and form.

The point was putting Optometrists in their own practices as owner-operators. That's why there has never been a focus on multi-unit ownership. It's always been about local owner operators in their own community. That's why it works so well.



Essentially there are three partners in a Specsavers joint venture partnership.

We pair an optometrist with an optical retailer (often a qualified dispensing optician). They are the partnership team. They own all the profits. They own all the equity of the business. When it's time to sell it, it's theirs to sell. But in the partnership, there is a B-Class shareholder – and that's Specsavers. Specsavers itself doesn't own any of the profit. Or any of the equity. But as a business we do own a seat at the partnership table. That's a really powerful part of the model, because it means all those business decisions are made together.

Part of the B-Class Shareholder's role is to provide the entire range of services that this central support office provides, in exchange for management fees.

One of your core values is 'keep it simple, get it done'. How does this flow through the business from executive level right down through to your partners?

That attitude is fundamental to the business. Even to the extent that the joint venture model ensures that we do all back of house for the partners – payroll, BAS, banking, billing etc.

This keeps things simple for partners, and allows them to focus 100 per cent on providing phenomenal customer service and building their store teams. That's their focus. It's a great model for them (the partners) to be able to maintain focus on what's really important and to just get things done.

You're a manufacturer, a retailer and a healthcare provider. How would you describe Specsavers' core business on behalf of your partners?

We're an optometry business. We look to provide affordable eye care to all, exceeding customer expectations every time.

You'll often hear people talking about customer segments in terms of D1, D2 etc. For us, we look at providing a phenomenal customer experience for four segments; young, old, rich and poor. That's the whole market satisfied in simple terms that everyone can understand. That remains unchanged since our inception in 1984.



Coming to Australia

In 2008 Specsavers opened 100 stores in 100 days – and 150 by the end of the year. What was the need for speed?

Australia is the ninth country Specsavers opened in, the 10th being New Zealand. They're the two fastest in terms of growth.

The question at the time of arrival in Australia was to work out how do we gain critical mass quickly and build on it fast? We had a launch marketing fund of \$12 million, and no revenue. If we were to spend that money, we had to ensure that Australians had easy access to a Specsavers store, otherwise that money would be wasted.

Hence the concept of 100 stores in 100 days, which began in February and we were at 150 by December. Seventy of those stores were independents who chose to convert to Specsavers branding, systems and processes. We found the most business minded independent optometrists we could and showed them the model. They understood the market, they could see that change was coming and they jumped on board. At the same time,

Franchisor Interview cont.



Professional Training and Development

Optometry is a specialist profession. Where do you find your potential partners?

Currently there are only six universities in Australia and New Zealand that offer optometry as a course. All up there are approximately 5000 optometrists across the two countries. So current practicing optometrists and student / graduate optometrists are critical for us: initially as employed team members and then – if they show they have the acumen matched with an ambitious nature – as partners.

On the Retail Partner side of things, we focus on training our own retail and dispensing teams while recruiting the best of the best into partnership roles from across the optical world in Australia and New Zealand.

In a business with core specialist skills, what kind of training does Specsavers provide for potential partners?

We have two fantastic vehicles for people that aspire to be partners in the first place.

One is called Pathway, which is effectively a dedicated platform of overall training for people who understand optics to help them become a great JV partner. So they're already optics professionals and we focus on making them great leaders of a business. That is a six-month program, followed by a month of dedicated project work.

We have another vehicle with is called Partner in Development. Imagine an outside retailer, who is a great retailer, someone who has commanded very well the position of leader in a retail business – but who has no background in optics. What we provide them is a dedicated program that teaches them optics, to build upon the skills they already have in retailing and make them great leaders in an optical environment.

These two programs deal with people coming in to what we would call a future partner pipeline.

we also purchased a number of stores from individuals who were keen to sell up and retire.

That gave us the critical mass we needed. Since then, we have opened brand new, greenfield stores – our JV partnership model sees us find a well-placed location and pair up the right optometrist and the right retail dispenser with the right skills and ambition, and we open up in a new location.

How long did it take you to source the 100 stores?

We did it in a year. We arrived in January 2007 and got to work setting up the manufacturing arm of the business in a freshly minted 20,000 square foot warehouse in Port Melbourne. In 2009 we set up an expanded manufacturing laboratory half a kilometre away from that initial site which was 10 times the size, which is where we are now.

You've used a couple of very 'Australian' faces in marketing campaigns – fashion designers Alex Perry and Collette Dinnigan. What was the research behind that?

When we first arrived, we did 18 focus groups around the country. We learned that people

thought eye care and eyewear was expensive as a general rule. That was a great opportunity, because people didn't think they were paying too much, when in fact, we knew they were. We also learned they wanted a really Australian feel for the brand, so we were able to do some work around that from the beginning.

We've had Roxy and Quicksilver involved in our range, but it became a quest to find a well-known and respected Australian designer to have their own range. Alex Perry is certainly one of the best known Australian designers – he's also well known for wearing prescription glasses. It made perfect sense. He's a fantastic ambassador for the brand. That's was the beginning of 'Australianising' Specsavers.

Collette Dinnigan came into the mix after seeing the success that we had experienced with Alex. She is the best known Australian couture designer – and she's also very well known in the UK.

From Roxy through to Collette Dinnigan, it's all about engaging with different customers.



“ We started off as a new player five years ago. We announced this year, we are now number one for eye tests in Australia to add to our market leadership in eyewear so now, more Australians choose to have their eyes tested and buy their prescription eyewear at Specsavers than anywhere else.”

And what about training for existing partners and staff?

Imagine a 17-year old school leaver that by chance comes to work in retail at Specsavers. They go on a career development program from day one. They have global induction then quickly they find themselves working through modules that lead them to Certificate IV in Optical Dispensing. Suddenly they're getting a whole career laid out before them. At that point, they can be a career manager, or perhaps they have the requisite skills and ambition to apply for partnership.

The great thing is that everyone has that opportunity and everyone has a documented

career path. It's quite unlike the vast majority of retail businesses in the way that it provides for its staff. In the last year alone, we've taken 400 people through to Certificate 4 in Optical Dispensing.

What about career development for specialists?

As healthcare professionals, every year Optometrists, like their counterparts in Medicine and Dentistry have to earn CPD points to maintain their registration. We have a whole range of events and programs to enable them to get those points easily – they can earn more than enough. The largest event put on each year is called the Specsavers Clinical

Conference. That brings together 400 of our Optometrists to learn from a world-class line up of Ophthalmologists and eye care specialists who can talk about all the latest trends and developments in eye care. It's also a great networking event and a fantastic opportunity to have a lot of fun together.

We also have quarterly local gatherings called Ground Rounds which are opportunities across the country for our Optometrists to get together and share various cases and learn from each other at a clinical level.

Franchisor Interview cont.

Partnerships to be proud of

Your customers have the ability to shop online. How do you balance your online sales with the relationship with your partners?

If you're shopping online for contact lenses, you will quickly find that Specsavers has the best prices available anywhere in the market.

Our regular customers and our new customers can go online, key in their prescription and make their purchase. What we offer to those customers is free aftercare. At the time of purchase, they nominate their closest store. If they need to go into a store for any reason to do with their purchase or to see a specialist, the visit to a specialist is free of charge – it comes with their online purchase. In turn, the nominated store receives the profits from the online transaction, regardless of whether the customer subsequently visits the store. It's a great way to ensure 100 per cent buy-in from the partners. They know we need to be online, but this way we are providing them with profit, but also with people through the door, who will likely make other purchases.

Tell us about Specsavers' relationship with the Fred Hollows Foundation?

It's fantastic relationship because our values are so closely aligned. Their goal is to eradicate preventable blindness and ours is to provide affordable eye care for all. Our partners can see that alignment and fully support helping the Fred Hollows Foundation.

There is a range of ways we raise money for the Foundation. For example, an online raffle we hold in the lead up to our conference where partners can bid on a number of prizes, such as having Alex Perry in their store for a day. That particular raffle raised \$75k.

The aim for next year is to raise half a million dollars – we're at \$200k and counting. All the stores have got behind it with customers given the opportunity to donate at the time of purchase.



What do accolades like Established Franchisor of the Year and the Excellence in Marketing award mean to the staff and partners at Specsavers?

It means everything, it really does. It means an incredible amount to the support teams here, as well as to the partners and their store teams. This year we also won two awards from the Australian Retail Association and were the only Australian business to receive an award from Federation of Asia Pacific Retailers Association - Asia Pacific Retail Training Organisation of the Year.

It (the awards) recognises that we're not just blowing our own trumpet and talking about how much we have achieved. There is actually a third party taking a look under the bonnet and we are operating as well as we believe we are. That's what is important to us. Especially in terms of recruitment, people look at us as an opportunity and we've been given a stamp of approval. It's a tremendous recommendation for our partners. 

Specsavers magnified

Australian Stores - 285

Partnered stores vs company owned stores - 285/0

Highest concentration of stores - 79 in NSW and 78 in Vic

NZ stores - 53

Partners - 580

Employees - Just over 5500 including support office

Revenue - Last year \$533 million in Australia, \$88 million in NZ

Growth - 17% like for like store growth, 22% overall growth, year on year

2014 stores forecast? 15-20

Which countries is Specsavers currently operating in? UK, Republic of Ireland, Netherlands, Denmark, Finland, Norway, Sweden, Spain, Australia and New Zealand.

The Simplest & Most Comprehensive Online Accounting Software For SME's and Franchise Networks



- Proudly owned, operated & 100% securely hosted in Australia
- Enjoy the freedom of accessing your accounts from your laptop or iPad, anywhere, anytime
- For small businesses that require the minimum to run their business through to complex businesses requiring flexible payroll, online timesheets, job costings, divisional reporting, inventory, debtor management & more
- Increase business efficiency while saving time & money through central performance reporting tailored for your network
- Give your bookkeeper and accountant access to real time data, remotely

Visit us at www.shoebooks.com.au/franchises

Or call **TODAY** for a **FREE** consultation on **1300 882 428**

Free Trial NOW



Shoebooks.com.au
Simplest and Most Comprehensive Online Accounting Software

Looking inward: How healthy is your system?



By Andrew Kelly
Director, Marketing & PR, FC Business Solutions

Innovation is critical to the success of any organisation, and is undoubtedly the backbone of many successful franchise systems.

By its very definition, to innovate is to make changes in something established, especially by introducing new methods, ideas, or products.

During my long career in franchising, I have realised this need for constant innovation, and have assisted numerous franchisors to recognise areas within their own business that may require changes.

This constant process of innovation and development is what enables franchisors to build and cement a successful and proven system.

A proven system is the first key area that attracts a new franchisee. Everything else flows on from there – business support, training, systems and procedures, leadership, financial management, marketing and PR and of course brand awareness.

The franchisor who runs a successful business model provides all the training and support that the franchisee requires, assists with financial and business management, provides the local area marketing and public relations to support the franchisee and provides the leadership and mentoring to ensure he or she is provided with all the tools to succeed.

And of course, your business needs to be in the healthiest condition it can be to ensure sustained growth.

It is important to have a close, hard look at your operation and to ensure that your business is in a healthy position to expand and grow.

What has been working well for your business over the past 12-24 months? What are the areas that you believe need improvement in order to take your business to a new level in the next one to three years?

The franchise sector is forever evolving.

Innovation is vital!

What separates my franchise from the next?

What am I offering a franchisee that a competitor or another franchise business is offering.

How do I make my franchise system more robust, more attractive, more profitable.

An innovation that has proved extremely successful in our business is the implementation of the Franchise Health Check.

The Franchise Health Check provides a comprehensive review of a franchise system across a broad range of business imperatives grouped in six key categories. Results are thoroughly analysed and recommendations devised and prioritised to provide the system with a clear road map towards best practice.

The Health Check takes a microscopic view of the key elements of your business. These elements include:

The Head - Business Planning and System Development

The Face - Public Relations & Communications / Marketing & Promotion

The Backbone - Organisational Structures and Personnel

The Heart - Franchise Performance & Financials

The Hands - Network Management & Support

The Eyes - Policies, Procedures & Legal

In very recent times, franchisors, including House of Golf, Kumon Learning Centres and Cincotta Discount Chemists have all undertaken the Franchise Health Check, with outstanding results.

Following the comprehensive Health Check, we were able to work with these clients to assist them to develop a strategic plan which comprehensively articulates their intended business vision, key objectives and a prioritised framework for realisation of the strategy over the short, medium and long term.

As one CEO pointed out; "The Health Check process identified a broad and very relevant range of important recommendations to strengthen the operations of our business and position it for growth and higher levels of profitability. I believe that the implementation of these recommendations will assist in the development of a corporate environment that will enable us to relaunch the franchise system and restart its growth phase in a manner that is consistent with the objectives for the franchise and the brand."

Be innovative and think about the best way that you can analyse your business with fresh eyes and an objective approach. [fr](#)

Bespoke Insurance for FCA Members



Proudly endorsed by the Franchise Council of Australia (FCA), Aon is the trusted insurance broker for many of Australia's largest franchise networks.

How we work?

By listening to you and developing an in-depth understanding of your franchise network, we can define your specific risk exposure and create a bespoke insurance program to help protect your business and franchisees.

No other broker can match our level of access to insurers and products. By negotiating strongly with leading insurers, we help ensure that your franchise network benefits from tailored insurance at a competitive price.

With 40 offices across Australia no matter where your franchisee is based there will always be a team of insurance experts close at hand to support you.

Why Aon?

- Access to a dedicated, local client manager – your single point of contact
- An insurance programme, specifically designed for your franchise network
- Competitive Premiums – a benefit of our negotiating with insurers power
- Risk Management support, to ensure you identify and manage common risk issues across your network
- Claims support to ensure you receive the best possible outcome
- Access to bespoke insurance solutions including:
 - Business contents and property insurance solutions;
 - Public Liability;
 - Products liability;
 - Management liability;
 - Professional indemnity and franchisor liability;
 - Accident and illness cover; and
 - Workers compensation.

The Endorsed insurance broker for FCA members



FRANCHISE COUNCIL OF AUSTRALIA

We are proud to recommend Aon as our endorsed national insurance broker. Aon's level of understanding around business format franchising and the Australian franchising sector as a whole, makes their bespoke solutions among the best in the market.

Franchise Council of Australia (FCA)

97%

of our customers give us the thumbs up for levels of cover*

93%

give us the thumbs up for our level of service*

Call Chris Ristevski, Sales Manager
(03) 9211 3149
> or email chris.ristevski@aon.com

* Results based on customer satisfaction survey conducted by an independent research company, accurate as at 14/5/2013.

©2013 Aon Risk Services Australia Pty Limited ABN 17 000 434 720 AFSL No. 241141

The information contained in this flyer about Aon Franchise Insurance products is general in nature and should not be relied on as advice (personal or otherwise) because your personal needs, objectives and financial situation have not been considered. So before deciding whether a particular Aon Franchise Insurance product is right for you, please consider the relevant Product Disclosure Statement or contact Aon at (03) 9211 3149 to speak to an advisor. The Franchise Council of Australia will earn commission from the placement of insurances.

Franchise Council of Australia does not offer financial advice or financial products and this flyer must not be construed as such. You should consider obtaining independent advice before making any financial decisions.



FRANCHISE COUNCIL OF AUSTRALIA



Shift8™

Point of Sale, Management
& Reporting Solutions



Hundreds of thousands of Australians use our software and loyalty systems, with millions of transactions processed each year.

When converting to Shift8 we manage the rollout project making the switch painless and efficient. No head office server or expensive hardware required.

Experience the benefits of global POS management and cloud reporting.



hivemind



DRONE™

www.shift8.com

Sharing the cost of innovation



By Jonathon Britton
Managing Director, Shift8 Pty Ltd

Technology provides a connection between your customers and your brand in a way that was nearly unachievable 10 years ago. From loyalty programs and mobile applications to sales and demographic analysis, the underlying values, ideas and execution of these concepts are moving and changing faster than ever before.

The difficulty with this is in not only keeping up with the advancements in technology, but in actively adding to and improving current systems. Products and services are still core to the business however technology allows you to engage with customers whilst they are not in your stores, driving them back and increasing sales.

To be constantly innovative in this area most companies will use the services of a third party rather than build in-house. Software companies rely on being ahead of the game to sell their products and whilst in-house developed programs are generally innovative at the point of inception, they are rarely improved upon on a regular basis, if at all.

Technology incorporating "order in advance" and "queue busting" is on the rise in the quick service retail and café franchise industries. Whilst Internet shopping is considered the norm, mobile point of sale and consumer applications are fast becoming another serious contender, especially when they can encompass both the payment and rewards program in one step. With two thirds of Australians now owning a smartphone, and the ability of the platform to form a direct link between brand and consumer, the presence of these devices cannot be ignored.

In-store experience is paramount, and innovation in technology development is now being embraced in the form of interactive customer displays, integrated digital panels, near field communications and GPS location based services. Consumers can also interact with brands through social media, online pre-ordering and customer loyalty programs, although few brands are currently taking this to a truly cutting edge level with personally branded mobile applications which are completely seamless with the point of sale and reporting systems.

“ Key to externally developed, hosted platforms is that the cost of advancement in new technologies is effectively shared between all users. ”

The Cost of Innovation

A couple of years ago strong investment in highly advanced software would have been out of reach of most marketing budgets. Now, however, the true innovation takes place in the domain of hosted software platforms. New features and software updates are added to the core software immediately upon development and brands can choose if, when and how to implement these features to their user base.

Key to externally developed, hosted platforms is that the cost of advancement in new technologies is effectively shared between all users.

Additionally, as more and more brands move to an integrated digital system to compliment the traditional software and hardware, not exploring this new technology will be costly in the long run as the non-adopters will get left behind.

Importantly, choosing to implement the correct innovation strategy for you brand will determine the success and whether the features are seen as gimmicky or truly adding value to your systems. Ensure you are working with the correct software partners whose ability allows for continuing development and adaptation to emerging technologies and your brand will stay ahead of the game and your competition. **fr**

Innovate or die? Don't get caught up in the drama



Gis Marvin
Sales Director, Whirlwind Print

“To succeed you must innovate” or something to that effect, is a catchcry that has been echoing through the business landscape for the past decade. Innovate what? Innovate how? We’re peppered with spectacular success stories and shielded from the carcasses of the businesses that have trekked the innovation path, invested everything and failed.

The problem with implementing ‘innovation’ as a lead business strategy is that it is a top down approach, which carries risk and relies on a ‘big idea’ solution to deliver business growth. An idea, which to be truly innovative, is therefore unproven. An idea that is unlikely to take off on its own, instead in most cases it will require a lot of infrastructure and support to get off the ground.

For an established business, and a franchise especially, your capital is in your proven business practices. It’s unlikely there will be much spare cash to invest in innovation in the first place, as operational costs have a much higher precedence in spending priorities. If you do decide to implement an innovative strategy, you may find that you’re no longer competing in your territory. Not only is an unfamiliar market a risk to consider, you may find unknown competitors, such as small start-ups that have much less to lose and can throw their whole company behind their big idea.

The irony is that many franchises carved out their niche through innovation, so why do I not continually advocate for a greater pursuit of this strategy? The fact is that it has its place and you need to understand your business and

your current position in the business lifecycle, in order to determine the most appropriate business strategy. An innovative approach is most likely to have great impact in the early days of a business, be it a new product or an entirely new way of operation. Once established, there comes a point when it is necessary to invest in business structure, processes and procedures, therefore the single-minded pursuit of innovation is overridden.

So what happens when you’ve established your business and you’re confident in the marketplace but you’re beginning to feel

the pressure from the competition, market conditions and even those younger innovative start-ups? To be forced to innovate because you’re feeling the heat isn’t the best place to be in when you’ve got a lot to lose, so why not dial down the pressure to re-invent your business and give some attention to innovation’s less attractive cousin; adaptation.

Adaptation isn’t as showy as innovation, but it is often more intelligent. Sometimes referred to as incremental innovation, adaptation is a bottom-up approach to business, which is founded on an in-depth understanding of a company’s



“The irony is that many franchises carved out their niche through innovation, so why do I not continually advocate for a greater pursuit of this strategy?”

internal and external environmental factors. Including, most importantly, the evolving needs and wants of the customer.

Take the time to objectively assess your business and ask the questions that may provide insight into existing inefficiencies or new opportunities. Something as simple as implementing an improved ordering system can provide incredible value without the immense risk and investment associated with creating something entirely unique. Sometimes the best approach is to do the same thing, just better.

Another resource that could be tapped into is your network; seek examples of adaptation through your franchises. They may have an entirely different perspective of a problem, or they may have already implemented a change that you've been considering. What works in another industry or customer segment may only require minimal input to be a functional solution in your market.

Although this approach is relatively low risk, there are still a few pitfalls that should be avoided. A common trap is trying to jump on board of every new fad or trend. A vast amount of time and resources can be wasted trying to keep up with every change in the market and it can be difficult to resist the hype. Every fad that captures your excitement should be carefully measured against business objectives.

If growth is driven through a constant process of analysis and adaptation, your business will benefit from a solid foundation of best-practice operations that is defined by the core drivers of your brand. It is important to keep an open mind; a small change may have a great impact. You may even stumble across a spectacular innovation. [fr](#)

A proud partner of the FCA since 2005, Whirlwind Print will continue to build upon current and new franchise relationships to ensure the continued success of marketing and print solutions in the franchise sector. The relationship between Whirlwind Print and the brand is built upon the close working relationship they have with both franchisors and franchisees, this allows for a true understanding of the brand demands and allows them to provide expert advice on marketing and print solutions.

Gis is currently the Sales Director with Whirlwind Print, a major print services supplier and a partner of the FCA. Prior to joining Whirlwind Gis has held senior management positions throughout her career, including CEO of Marven Poultry, a family business employing in excess of 600 people, with domestic and export sales of more than \$85M.

Are you protected?



The team at Insurance Made Easy (est. 1991) have highly experienced and qualified AFS authorised advisors to help you get the best possible cover for your business, at the best possible rates.

We also appreciate that all businesses are different and offer personal service to tailor insurance cover that suits the needs of individual franchisors, franchisees or any retailer.

If you want to maximise the benefits of buying your insurance, look no further than Insurance Made easy.

Insurance advisors to the franchise and retail industries and specialists in:

- ✓ Franchisor & Franchisee
- ✓ Professional Indemnity
- ✓ Directors and Officers
- ✓ Fire
- ✓ Burglary
- ✓ Business Interruption
- ✓ Money
- ✓ Glass
- ✓ Public Liability
- ✓ Products Liability
- ✓ WorkCover
- ✓ Income Protection

Call today and arrange an obligation-free meeting to discuss your insurance needs. Our services include risk/needs analysis, recommendation and advice and, most importantly, when it looks like it will break the bank, full claims assistance - 24 hours a day, 7 days a week.

Call James Gillard on 1800 641 260

INSURANCE

 Made Easy

www.madeeasy.biz

AFSL#285920



MEMBER OF NIBA

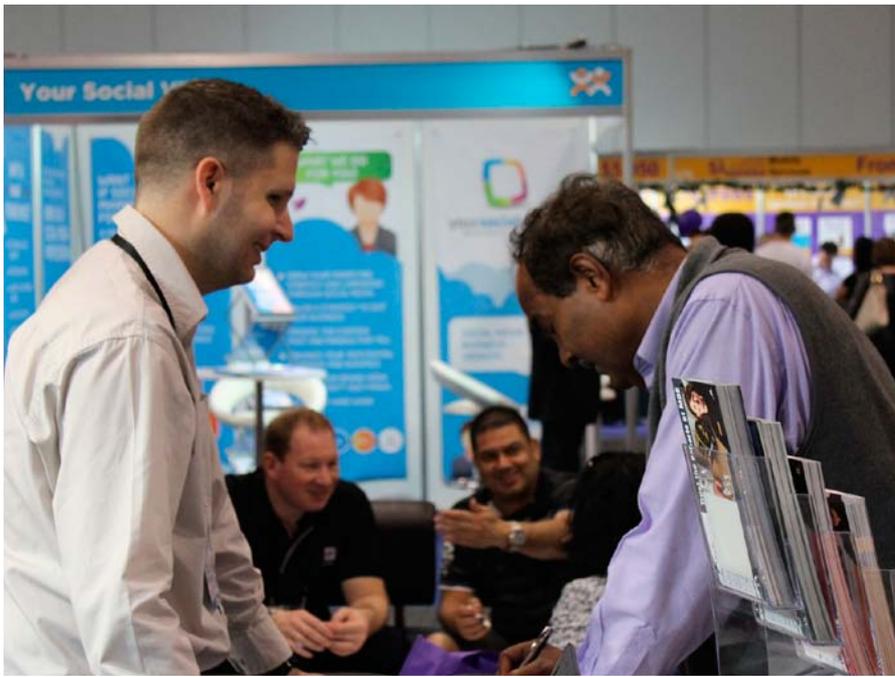


MEMBER OF FCA

Building on success Franchising & Business Opportunities Expo gears up for 2014



New show organiser Specialised Events is gearing up for a busy and exciting year in 2014, building on the fresh new look and feel of its first three Franchising & Business Opportunities Expos this year.



“Now we are working hard to ensure the 2014 series of Franchising & Business Opportunities Expos is even bigger and more exciting, so make sure you get in early to reserve your stand, as it looks like each one will be a sell-out!”

According to Exhibition Manager Fiona Stacey, the three shows in Sydney, Brisbane and Melbourne reported excellent numbers this year, with the recent Melbourne Expo in particular exceeding all expectations – more than 4000 people streamed through the doors over the show’s three days.

“We had three really good shows but Melbourne really stood out,” says Exhibition Manager Fiona Stacey. “It just had a fabulous feel, a great number of exhibitors and visitors, and exciting show features.”

The show’s 80 exhibitors agreed, with many saying it was their best show yet. “The first day was fantastic, I looked at the figures and we did three times what we did the same day last year,” says John Gill from Cleantastic. “I would say it’s the best Friday we’ve had at one of these expos and we’ve been doing it every year for 15 years.”

“Yes it was a very good day (on Friday), we were quite surprised at the numbers that came through,” agrees Lilian Tartaglia from McDonald’s. “We saw some really strong candidates so it’s a great start.”

Richard Reid, from Salts of the Earth, said he thought all the shows reflected well on the new organising company. “They seemed to be doing a lot more and better advertising and marketing. We are very happy, particularly with the quality of people applying for franchises.”

Tim Collett, Specialised Events’ Managing Director, says there was a lot of attention paid to solid marketing and promotions for the three shows.

“For the Melbourne show we decided to risk putting the bulk of our marketing dollars into television,” he explains. “This strategy really paid off, as demonstrated by the numbers – and most importantly the quality – of visitors to the Melbourne show. We’ll be looking to use TV extensively again for all three shows in 2014.”

Fiona Stacey says the Sydney Franchising & Business Opportunities Expo will be held earlier than this year, from 28-30 March 2014. With the closure of the Darling Harbour venue, the Sydney show will be held at the Royal Hall of Industries at Moore Park in Sydney’s Eastern Suburbs.

“This venue is only 10 minutes from the CBD with easy access by car or public transport, and cheap or free parking.” she says. “It’s also convenient for exhibitors, with level loading dock access directly onto the show floor and excellent surrounding facilities.”

Stacey adds that the most popular features of the 2013 shows will remain, such as the free seminar program and the Franchising Advice Centre. “Through the year we were paying attention to feedback from exhibitors and made improvements with each show,” she says.

“Now we are working hard to ensure the 2014 series of Franchising & Business Opportunities Expos is even bigger and more exciting, so make sure you get in early to reserve your stand, as it looks like each one will be a sell-out!”

Next year’s dates are:

- Sydney** 28-30 March at Royal Hall of Industries, Moore Park
- Brisbane** 19-20 July at Brisbane Convention & Exhibition Centre
- Melbourne** 22-24 August at Melbourne Exhibition Centre

For information about participating in the 2014 Franchising & Business Opportunities Expo contact Fiona Stacey on **03 9999 5464** or email **Fiona@specialisedevents.com.au** or **www.franchisingexpo.com.au** 

Look outward to innovate your way to success

The benefits of engaging outside expertise to sharpen the inside of your business



Innovation in the franchising industry is one of the most powerful tools when it comes to moving forward. And, with an ever changing industry that is constantly facing challenges, it's time to look beyond the obvious and determine where innovation lies within your company.

Technology has fundamentally changed

the way we do business, and like all sectors, franchising needs to keep up by shifting its thinking and taking advantage of the broader range of avenues it can explore when it comes to innovation. It's easy to think of innovation as being an internal process and, perhaps skewed toward technological change, but my experience shows that innovation is far more pervasive.

This year I was delighted to attend the Excellence in Franchising Awards and see first-hand a number of great examples of innovation, both across sectors and in individual businesses. I would like to congratulate the winner of the Innovation Award at this year's awards, Bartercard (pictured), for its initiative to go paperless and decrease its carbon footprint.

The Convention also allowed me to hear from Guy Russo, the CEO of Kmart, Guy Russo, as he talked about the successes he'd generated in his business by delving deeper within the folds of the company.

Those who have followed Guy's career know that he's a hands-on leader. He has demonstrated that innovation doesn't have to



Innovation Award winners, Bartercard

“It’s easy to think of innovation as being an internal process and, perhaps skewed toward technological change, but my experience shows that innovation is far more pervasive.”

come from the top, but instead can come from the front lines. It was by spending six months visiting each and every Kmart store in Australia that allowed him to hear from customers and staff alike, and then implement their ideas that was the key to turn around an operation that was breaking even, into one that generated over \$350M profit in the first year.

It is so often these simple solutions that get overlooked. - The challenge to franchisors and all business leaders is to not wait until there is a problem, but to uncover these issues and turn them into opportunities. Even if you can't get to every store yourself, make sure your communication plan supports and encourages upward feedback from the front lines, whether it be from your customers or franchisees – the intelligence you gain will be amazing.

Remember also the value in having a third party play the role of investigator in your business – invite them in and let them get into the nooks and crannies of your business to source the ideas and innovations that could be right under your nose. I can't tell you how many times I've seen innovative practices that my clients have not thought noteworthy become great stories. Another benefit is that if they uncover something potentially damaging (a “sleeper” issue) steps can be taken to remedy it before it becomes a problem.

Innovate further afield

Another way to innovate is to source ideas and knowledge from experts outside your field of expertise. MindChamps Preschools, due to launch here in Australia in 2014, is a prime example for this approach.

MindChamps is a revolutionary early learning and childcare facility that looks beyond the norm when it comes to development in the early years of a child's life. MindChamps could have looked to the educational and childcare fields, as one would expect to, for

inspiration. But instead, they chose someone in a completely unrelated field to help them develop a world class curriculum - someone who would ask questions and offer ideas that, otherwise, they would never have dreamed of.

Professor Allan Snyder, Director of the Centre for the Mind at the University of Sydney, founded the theoretical physics behind fibre optics after studying flies' eyes as a biologist. An area related to early learning? Not, on the face of it! However he is who MindChamps turned to for insight into the working of the human mind and co-development of the 'Champion Mindset' that is at the core of these game changing Early Learning Childhood centres.

As a result, innovation is at the core of the entire MindChamps business model. One simple example of innovation built into the preschools is the use a small piece of technology to scan children's body temperature as they arrive each morning. This small technical innovation reduces the spread of illness among the students, teachers and parents. Incredibly, MindChamps did not see how this was a revolutionary system, instead seeing it as the norm. However, partnering with Horizon, our perspective showed them how this can not only help to leverage their brand, but also put them on the map when it comes to innovation.

Innovate as a brand building exercise

Another franchisor we recently worked with was Ali Baba Kebabs, a company looking for new ways to build their brand profile. A well-established player in the franchise sector, they were open and willing to listen to new ideas that challenged existing thinking, and it paid off. We recommended working with a nutritionist to create an innovative new product that would connect the Ali Baba brand with current health and wellness trends

to better communicate the credentials of the humble kebab.

The result was the Superfood Kebab – a product that included Goji berries, Acai berries and Quinoa that is actually very beneficial and qualifies as a super food. This co-created product generated both renewed interest in the brand and generated national media coverage.

And it's not only franchisees that can benefit from this sort of innovative thinking. Hilton Sydney was open to transforming its traditional romance package into a more provocative concept designed to set it apart from its competitors. Horizon created and launched Hilton Sydney 'Provocateur', an upmarket romance package which included menus, seduction manuals, tools and engaging Sydney's own 'Madame Lash' paired with celebrity chef Luke Mangan.

This concept was taken up by national media and resulted in significant sales for the hotel, ultimately seeing it adopted globally.

Partnering with communication strategists is a crucial element to staying in the game and keeping on top of your competitors. We think differently, we ask different questions and we look at the bigger picture. By involving us in the planning, not just the execution, we can guarantee that you will generate a better outcome. After all, the definition of insanity is doing the same thing over again and expecting a different result (Albert Einstein), so why do it? Take risks and trust people and the innovation will come to you. [fr](#)

With more than 10 years of experience working with some of Australia's leading franchise brands Justin, and his team at Horizon, have the knowledge and understanding of the needs and challenges of working across the franchise sector.

“Remember also the value in having a third party play the role of investigator in your business – invite them in and let them get into the nooks and crannies of your business to source the ideas and innovations that could be right under your nose.”



gohospitality

.com.au

Australia's leading online directory for Hospitality professionals

Join over 40,000 other industry professionals sourcing and researching products and services every month.



www.gohospitality.com.au