



Franchise Success Path Program

Module Three

DESIGN

Module Three

DESIGN

Operations Manuals Legal Structures

Introduction to Module Three

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Module Three

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Some Terminology

Words are used in so many different ways in the franchise industry. Some are legally defined and others just in general use. Before beginning it is useful to clarify the way we use terms and why.

Legal definitions

Legally, through the Franchise Code of Conduct and Franchise Agreement Template, the following terms are set.

Franchise System includes a business system in which a franchisor grants a franchise to a franchisee

Franchised Business is one franchise outlet

The Manual or Operations Manual is the franchisee operations manual and includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)

Franchise Documentation includes the Operations Manual and all the legal documents and anything else needed to conduct the Franchised Business

A more extensive list of more commonly used terms is included in the appendix of Module One.

Franchise Simply definitions

I have extended these terms, however, because I consider it essential that you deal with both sides of a Franchise System, the franchised business operated by your franchisees and your franchisor business.

So...

The **Franchise System** is the whole franchise group consisting of the **franchisor business** and the **franchised businesses** operated by your franchisees.

The **franchisee outlet** or **franchised business** will have:

- a. **Franchisee Documentation** which includes:
 - i. The **legal documents** (Franchise Agreement and Disclosure Document and any associated legal docs)
 - ii. The **Franchisee Operations Manual** which includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)
- b. The **Franchised Business** (goodwill etc.)

The **franchisor business** will have:

- a. **Franchisor Documentation** which includes:
 - i. The legal documents (the franchisor is party to the franchise agreement) and any other legal documents which make up the brand etc.
- b. The **Franchisor Operations Manual** which includes everything operational needed to run the franchised business, however crafted (audio-visual, graphic, text, software etc.)the **Franchisor Business** (goodwill etc.)

Introduction to Module Three

Design the Franchise

Now you have the big picture of your franchise in place and you have built each of the detailed elements needed to structure and manage the group, it is time to pull everything together to create your Franchise System.

This is done in **Module Three** by creating two sets of documents.

The **Franchise Agreement and other legal documents** will structure the legal aspects of the group.

The **Operations Manuals** for franchisee and franchisor will determine how the business is managed. These documents need not be written on paper. Modern Operations Manuals are normally held in some form of cloud based software so they are easily accessible and updatable.

Franchise Simply offers access to FranchiseSimplySYSTEM, a software program designed to help you construct and deliver your operating systems simply and successfully. This system is designed so it is easily accessible for the right people at all times and so procedures can be simply updated.

The Operation Manuals, can include a number of separate parts.

For instance Manuals often refer to separate **accounting systems** held elsewhere.

And in more complex franchised businesses there are **separate training processes** which cover some training issues in more detail.

If separate systems do exist, they will probably need to be developed in association with the Operations Manuals, referred to in the Operations Manuals as appropriate

All of these linked documents and systems combine to make up the Operations Manuals for the Franchisor and Franchisee.

DESIGN

Unit Seventeen

Franchisee Operations Manual

Purpose

Create the Franchisee Operations Manual

Action

Action 1: Expand the Franchisee Organization Structure you created in Unit Seven to add operations to the tasks

Action 2: Work with your staff to develop the Operations Manuals for the franchised business

Guide

G9: Franchisee Operations Manual

Supporting Material

SM17a. Examples from Operations Manuals

DESIGN

Unit Seventeen

Franchisee Operations Manual

Purpose

Create the Franchisee Operations Manual

Action

Action 1: Expand the Franchisee Organization Structure you created in Unit Seven to add operations to the tasks

Action 2: Work with your staff to develop the Operations Manual for the franchisee business

Action 1: Review the Franchisee Organization Structure you created in Unit Seven

Review your organization structure

It will pay to look at all the structures you developed for the whole Franchise System at this stage.

Then you need to expand the Franchisee Organization Structure against all the work you have completed to date.

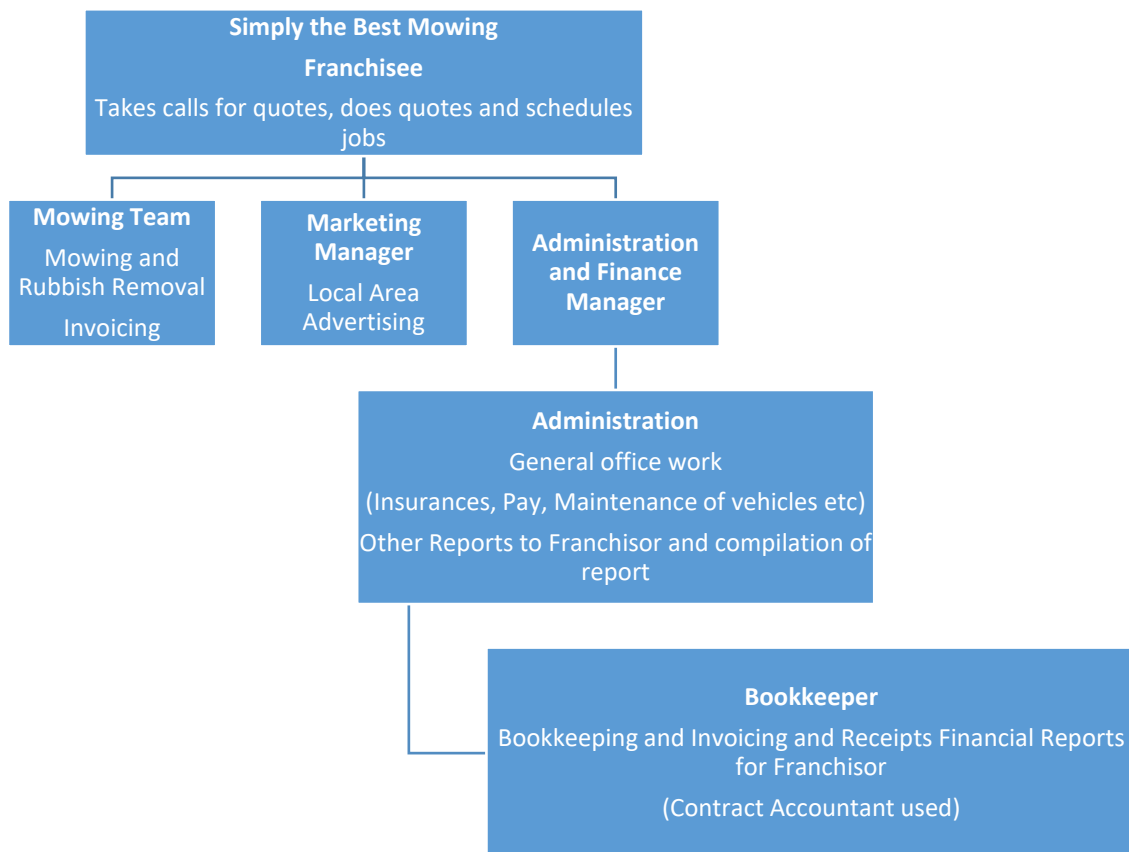
Look at:

Units Six, Seven and Eight and the organization structures you developed there which form the big picture system of your Franchise System in Module One.

Review the summary documents and plans developed for each part of your Franchise System in Modules One and Two.

Check the draft systems you have been collecting for all parts of your Franchise System.

In Unit Seven you created a Franchisee Organization Structure.



And you expanded on these areas of work by allocating broad tasks to each team or person.

TASKS	OPERATING NEEDS	WHAT THEY NEED TO LOOK LIKE
Simply the Best Franchisee <ul style="list-style-type: none"> Hiring and firing team members Taking phone calls for jobs Quoting Follow up on quotes with prospective client Allocation of jobs so work flow is maintained Keeps an eye on volume of work, costs and quotes for each job so revenue and expenses etc. are on track 	<ul style="list-style-type: none"> Office space Computer, Tablet connected to Company system Phone Vehicle 	<ul style="list-style-type: none"> Hats and other protective clothing Uniform Appropriate good quality vehicle with logo

<ul style="list-style-type: none"> • Keeps an eye on quality of work to keep it consistent and to standard • Team spirit • Deals with incidents and problems if not dealt with by others • Helps with jobs when needed 		
<p>Mowing Team Leader</p> <ul style="list-style-type: none"> • Organizes how the team will approach each job • Takes on share of mowing task (ride on mower, whipper snipper, rubbish etc.) • Responsible for training apprentices, work cover enforcement etc. • Does letter box drop for new clients in area when appropriate • First point of contact for client for additional work or dealing with problems etc. • Organizes control and maintenance of equipment • Applies to Garden Maintenance Manager for purchase or hiring of equipment etc. • Organizes delivery of product for tasks such as topdressing and fertilizing etc. <p>Team Member</p> <ul style="list-style-type: none"> • Takes on share of mowing task • Does letter box drop for new clients in area when appropriate 	<ul style="list-style-type: none"> • Vehicle/s • Mowers • Whipper snipper • Blowers • Rakes • Barrows • Basic garden equipment 	<ul style="list-style-type: none"> • Hats and other protective clothing • Uniform • Appropriate good quality vehicle with logo • Equipment well maintained and in good order

Now you need to take each of those tasks and expand them further to create operations for each.

If you are on one of the Franchise Simply Programs which gives you access to our documentation specialist and training specialist, now is a good time to have a meeting with them, maybe together, to discuss your needs.

Use the simplest system to expand the tasks

At the end of the day though, simplicity is key. A few really good and important measures are better than many complex ones. You want to be building an Operations Manual which will be used, not one to put on the shelf.

And the key is to keep it all very simple.

Only cover the essential parts of the task.

Think through what is essential to get the task done appropriately. If there are many ways to do something with a good outcome, then leave the doing to discretion or just give an idea of the finished result.

I try to use simple dot points. I always keep in mind, advice from friend of mine who is a systems expert, who states there should be no more than 5 dot points to each task.

Any numbering system I use is kept to three levels.

I like to use video or graphics (infographs are great) if possible

And, if another system exists, don't try to replicate it, just refer to it. (Accounting systems for instance)

The other thing to remember is there will be different requirements from different sections in The Manual. Some parts are simply describing what is in place. Other parts will be outlining how to do things. So think about the purpose and the way the document is written.

Have a look at the examples in Supporting Material 17a.

SM17a. Examples from Operations Manuals

In summary, keep everything to the point and simple. Do not drown everyone in the detail. And critically, make it simple to find things when they are needed.

Operations Manuals will always be a project in process

Remember that you will never be done with this part of the work. Operations Manuals are always being reviewed and changed. They are never perfect.

So get something down and then have your pilot franchisee test the system for you, giving you feedback on what works and what needs to be upgraded.

Download the Franchisee Operations Manuals Guide

Download the Guide for the Franchisee Operations Manual because the information contained in that document will also help you understand how to put the procedures which apply to the more detailed part of The Manuals together.

G9. Franchisee Operations Manual Guide

An overview table of contents is also given below.

Remember the Franchisee Operations Manual needs to be tailored to your business and, while Guides have been provided to make the job easier, they contain examples, many of

which may not apply to you. Also they may omit many issues which you will need to cover.

You need to adjust the contents to suit your franchisee outlets.

So, work through the Guide, a Section at a time and try to build your Operations Manual for your business.

Make sure Key Performance Indicators (KPPs) will be included in your procedures where relevant

Key Performance Indicators are measures against which performance can be judged. Such indicators can be numbers or not as the case may be. Whatever is used make sure they are clear and easy to compare. Numbers are the easiest measures and most often used.

The Operations Manuals are the documents where Key Performance Indicators start to come into their own.

Build Key Performance Indicators into the task lists where ever you can. Certainly build them into the parts of the document where money is dealt with. Levels of profit, expenditure, capital are all things which should be measurable against a standard.

Marketing is another area. Standards for response to advertising should all be tested and measured so the effectiveness can be tracked.

Decide if you are going to use a software system such as FranchiseSimplySYSTEM

Franchise Simply offers access to **FranchiseSimplySYSTEM**, a software program designed to help you construct and deliver your operating manuals simply and successfully so procedures are easily accessible by the right people at all times and so they can be simply updated.

Check out the details here.

FranchiseSimplySYSTEM.com.au

In developing this SYSTEM, we researched many other options and all fell short.

Google Sites is limited in the amount of material which can be held.

Dropbox is not secure as documents can be easily removed by other users and updating documents can be difficult if they are held in more than one place.

Websites will have problems with updating documents.

FranchiseSimplySYSTEM is secure, provides control over who can access what, is easily updatable, can be linked to other systems if required, allows you to use content in many forms (PDF, Word, Video, other software) and simple to use.

Action 2 – Develop your Franchisee Operations Manual

A Notional Table of Contents

The Guide is divided into Sections to reflect the different Operations you will be developing for your responsibilities as a franchise partner and for your responsibilities in managing your franchised business.

Remember this is only a guide and you will need to work through the suggestions and modify according to the nature of your business and the structure of your franchise system.

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Section 4 – Simply the Best Core Business Systems

This is all about the managing the technical details of the product, serving the customer, what, and how it is done

- 4.1. **Overview of Core Business Systems**
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Section 5 – Administration and Accounts

This is all about administration for both the broader responsibilities of being a franchised business and managing the core business processes

- 5.1. **Administration and Accounts Overview**
- 5.2. **Bookkeeping and Financial Control**
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Section 6 – Personnel, Staff and Training

This is all about administration personnel for both the broader responsibilities of being a franchised business and managing the core business processes

- 6.1. **Staff and Suppliers**
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Section 7 – Appendices



Supporting Material

SM17a Examples from Operations Manuals

Some Examples from Operations Manuals

Here are some examples of systems created for different tasks.

Descriptive

What a company does.

1.5.2 Franchise Development and Growth

Simply the Best helps business grow through franchising. This is achieved by:

- Specialising in business and franchise development.
- Building teamwork with all experts involved in franchise development
- Mentoring and coaching
- Building and delivering digital and other systems for Simply the Best products
- Working with clients to build such systems within their franchise structures

Responsibilities of Web Developer

2.1.10 Web Developer

Key Responsibilities

Web Sites

- Responsible for all websites
- Construction of all new websites
- Maintenance of websites, website content and the automatic flow of material
- Keep them up to date
- Ecommerce and Auto-responder and associated software and links
- Google analytics and split testing of all websites
- Backup
- Hosting
- Registration

Reporting on Website Performance

- Responsible for reporting regularly on website performance

Social Media

- Responsible for liaison with Social Media Assistant to ensure uniform structure and appearance across all platforms

Provide any technical help when required

- Responsible for liaison with Production Assistant to ensure uniform structure and appearance
- Provide any technical help when required

Coordination

- Responsible for coordinating work on websites and other digital platforms across the team

- Responsible for attending each team meeting as required

Meetings

1.1.3 Strategic Meetings

A strategic meeting is conducted once every 3 months. These meetings focus on the long-term goals of the business is reviewed and examined.

- A meeting is held in November to examine results and data for the year.
- A meeting is held in January to set the direction for the year
- Meetings are held in April and July to check progress

These meetings are managed by Director Production and all members of the Management Team attend

Minutes are taken and copies are given to attendees.

1.1.4 Weekly Team Meetings

A Management Team Meeting is held each Friday at 9:00am on Skype. These meetings:

- Cover weekly KPIs and standard actions from the Strategic Meetings as shown in Form AA (*hyperlink this so the form is readily available*)
- Cover any issues raised during the week
- Cover any staffing matters

Specifying tasks

Emergency Telephone Numbers

You are advised that the telephone numbers of you and the staff entrusted with keys to the franchised premises should be registered with the alarm security service (where the premises are fitted with an alarm) and the local Police Station. This will enable the local Police and the security service to contact someone in the event of an emergency.

You the franchisee should also prominently display a list of emergency numbers for the

- Police
- Fire Station
- Ambulance
- Local Doctor
- Your Home
- Shop Manager's Home
- Telstra
- Glass Replacement

Recommended Service Repairers (machinery etc.)

Typical Daily Functions

3.00 AM Pastry Cook and Baker arrive. They turn on the machines and equipment as required. Baker and Pastry Cook evaluate the specific orders of the day for pastries and breads. Work is commenced on the

normal stock supply and special orders in preparation for the arrival of the decorator.

7.00AM The Decorator arrives. The Decorator's main job is preparing the products for display i.e. icing cakes etc.. When the Decorator arrives, the Baker and Pastry Cook will have timed the production process so that the required products are coming out of the ovens. The day's order for sponges etc. will have been made first and are now ready for decoration.

The Decorator will start by placing the cash drawer in the till, the cream in the mixer to whip and the pies into the oven to heat. He/she will then prepare, clean wire trays for counter display. He/she will fill cream buns, ice finger buns, Chelsea buns and tea cakes and wrap large buns. Then the trays will be filled for display in the counter.

8.00AM The Shop Assistant will arrive. He/she commence by turning on the shop lights and opening the roller shutters ready for trade. The Shop Assistant prepares the bread display, placing bread on the stands with prices and name tags on items and bread rolls on the counter. While completing these tasks, the Shop Assistant will be expected to serve customers and make sure any orders in the Order Book are put aside for collection.

In the meantime, the Decorator has been preparing trays of slices for the counter, creaming apple pies, turnovers, éclairs and cream puffs etc..

9.30AM The Decorator will commence filling sponges and complete Birthday Cake orders. The Decorator is expected to assist with serving customers throughout this time and is responsible for keeping the pie warmer topped up as required. This task will take to approximately 11 30AM.

The Decorator and Shop Assistant will take turns in starting to clean the store. Washing up will be done, cleaning of the work-benches, sweeping and washing of the floors.

And so on...



Guide 9

Franchisee Operations Manual





Franchisee Operations Manual

Some advice on how to use this guide

General

This Guide is general in nature so that it can be applied to a wide range of businesses.

In using the Guide remember:

- Keep The Manual as simple and short as possible
- It will not be used if it becomes too complex
- Bearing that in mind, The Manual you create does need to address all the issues that will ensure your franchise outlets are all managed to your specifications and that each is identical to the others

The key is to use bullet points wherever possible, especially for procedural tasks which are not itemized in detail in The Manual.

Examples

See the examples given in the Supporting Material

SM17a. Examples from Operations Manuals

Level of detail

Remember that there will be some sections which will require considerable detail and others where a general comment will suffice. The Guide does not make the decision for you on how you need to deal with each topic. There are so many businesses with different areas of interest and requirements that, although some examples are given, you will need to decide what is important for your franchise.

So take this Guide with an open mind, a clear idea of what you want your franchisees to understand, and the instructions in the Units you have completed, and get started.

Advice on content

Throughout the Guide, plain text and italics are used to differentiate between examples and advice given to you in putting your document together.

Advice to you, the franchisor writing The Manual on the actions you need to take is given in italic font. Sometimes it is in a box

Advice on Content

This is how the box will look

And sometimes it will just appear in the body of the document like this.

Use the material you put together through the Units you have completed.

Simply the Best Confidential Franchisee Operations Manual



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Date 20 Feb 0000



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Section 7 - Appendices

1. Introduction

Advice on Content

The introduction is just a brief outline of your Franchise Group and the direction you will be taking and why. The headings below give some idea of the topics which could be covered.

Remember, the topics will be dealt with in detail in later sections so keep this very short.

Welcome

Welcome to Simply the Best, a customer focused business servicing those in need of home care.

Background to Simply the Best and the Founder

We provide our franchisees the help and support you need to develop a successful and profitable business. Call us at any time if you have questions or want to share any ideas on our franchise system.

However your franchise is your business and it is your role to service your customers. The responsibility for your ongoing success lies with you and your staff.

The product

Your customer

Something about the Company and how proud you are of it

Something about the Why

Something about the Culture

Something about the fact that you have an open door and are supportive

Keep this very brief – you will be going into the detail later. If it is more than half a page – think about it...

The Organization of The Manual

This Manual has been organized into three main sections.

- Your responsibilities as a franchisee
- Your responsibilities managing the core business processes and serving the customer
- General administrative tasks which apply to tasks which overlap across both the core business processes and your responsibilities to the franchise group

This has been done so that you can better organize the work between yourself and your different staff.

Who to Call

We have an open door policy and take pride in being there for our franchise partners. There is a section in The Manual which describes our Support Office. However we know that sometimes you just want to make a call and take it from there. So, if you need to call us about anything at all, please do so.

Your first point of contact is always your Franchise Liaison Officer who can be contacted on

Phone:

Email:

A more detailed outline of structure and responsibilities is included in ??? below.



2. Disclaimer

Advice on Content

The Disclaimer is a legal statement on your liability

Get your lawyer to provide you with your disclaimer statement

Simply the Best

-Logo-

Section 3 – Your Franchised Business

This Section deals with your responsibilities as a franchise partner of Simply the Best. It deals with issues such as connection with the Support Office, reporting requirements and payments. It also deals with the way we, as franchisor, will provide our part of the deal.

3.1. Management of Simply the Best Franchised Business

Advice on Content

This is the core function of the franchisee – to run a profitable business servicing the customers of Simply the Best

Policy

As a franchise partner of Simply the Best, you are responsible for running a profitable business, servicing happy Simply the Best customers.

Operations

Business Plan

To establish goals for managing the franchised business, prepare a 5 year business plan for running a profitable business which addresses:

- Customer Base
- Staffing and support
- Local Area Marketing
- Interaction with the franchise system
- Budgets and Cash flows

(The time will need to fit with the term specified in the Franchise Agreement)

Review the Business Plan:

- Every three months to see how the goals are being met
- Every year to reset goals for the next reporting period
- Provide a copy of the reviews to the Franchise Liaison Officer

3.2. Simply the Best Business Culture

Advice on Content

Your Branding Strategy will give you the direction to take with this section. It will show how you want the each franchise to look and operate. Use these to create this section.

In the examples below, the italics give instructions on the sort of thing you should be adding.

Keep it short. You will be building the detail around most of these issues later in The Manual

Policy

Put in an overview about the fact you want this business to be the best (not necessarily the biggest unless you do). That you want everyone dealt with to be treated with honesty and integrity and high standards of business ethics.

Operations

The Vision

What is your vision for the franchise group?

- What do you think it will look like in ten years' time?

Importance of protecting the brand

While great branding is important for any business it is essential for a franchise business. It is the brand that is recognized by your customers. So it is essential that every franchisee outlet looks the same, has the same signage and that the way an outlet looks is maintained to the high standards of Simply the Best.

We maintain the way your outlet looks by providing or requiring you provide a number of things.

Don't deal with the detail of the Brand Plan here – this comes in a later section on managing your core business.. (Refer to the sections dealing with the detail)

Customer Service

Who are your customers?

How do you want your customers to be treated?

- With courtesy, overwhelming value, quality of service, speed of delivery.

Our Product

How do you want your product or service to be viewed?

- Tasty, good value, the highest quality, safe,

Staff and Suppliers

How do you want your staff and suppliers to be treated?

- With integrity, fairly, openly, professionally, great training and employment opportunities

Franchisee – Franchisor Relationships

You are looking for an open relationship in which you provide the systems and support for your franchise partners to successfully manage their franchised businesses.

How do you expect to behave and to relate to your franchisees?

- Protect the brand
- Provide a great system
- Provide great training and support
- Listen with empathy and an open mind
- Be open in any discussion or communication
- Bring up issues early as they arise for resolution

How do you want your franchisees to behave and to relate to you?

- Run a profitable operation
- Protect the brand
- Follow the system
- Be open in their discussions with you
- You want them to bring up issues for discussion early

3.3. The Franchise Agreement and Franchisee Operations Manual

Advice on Content

Check your Franchise Agreement and where the item you are describing is referred to in the Franchise Agreement, then make reference to it in the Operations Manual. This is simply a dot point outline of responsibilities that arise from that Agreement

Take care to use the same wording and not to contradict it in any way.

Policy

The Franchise Agreement and Operations Manual outline the way we at Simply the Best operate our franchise. They form the legal structure and system behind the Simply the Best System.

Operations

The Franchise Agreement

The Franchise Agreement is a signed legal contract. It outlines the rules and obligations for both franchisor and franchisee. The terms and conditions are there for the protection of both parties and are the foundation of the business relationship between the two.

Failure to comply with the Franchise Agreement could result in termination, especially for:

- Failure to pay outstanding invoices and fees
- Failure to actively carry on the business
- Selling unauthorised products
- Violating State or Commonwealth regulations concerning the business
- Disclosure of trade secrets, improper use of signs and logos or violation of the business practices set out in this manual

If for any reason termination occurs, the following must take place:

- Return the Operations Manual and all other printed material
- Return all Simply the Best documents and stationary
- Remove all notices with your name as franchisee
- Cancel or transfer any registration of your name as franchisee
- Settle all outstanding accounts for product, fees and costs
- Conclude all leases for any vehicle or equipment supplied by Simply the Best or associates
- Transfer any telephone, facsimile numbers or any domain names to Simply the Best

Following termination, you are not permitted to engage in a business in a similar industry as described and for the period nominated in the Franchise Agreement

Sale of your Simply the Best Franchise

Should you decide to sell your Simply the Best Franchise, first refer to the Franchise Agreement. You may engage your own sales agent or undertake the sale of the business yourself provided you comply with our terms and conditions in relation to:

- All advertising contains the Simply the Best logo and has the prior written approval of the franchisor
- All advertising conforms to the Competition and Consumer Act and contains no form of misrepresentation
- Sale Price
- Documentation
- Contracts
- Approval of Assignee
- Fees and charges
- Concept of Transfer
 - Banks
 - Creditors / Suppliers
 - Insurance
 - Chattels
 - Equipment Leases
 - Licences
 - Employees
- Hand Over Process
 - Settlement Day
- Training
- Professional Advice
- Summary

Franchisee Dispute Resolution

Where a dispute arises between two or more franchisees, all parties must set out in writing the nature of the dispute and forward to the Franchisor.

In the first instance all parties will make every effort to resolve the dispute.

In the event that the parties are unable to resolve the dispute, either party may, by written notice, advise the other party or parties that it seeks to have the dispute resolved by conciliation.

The conciliator will be the Franchisor or a person nominated by the franchisor.

The conciliator will have the right to determine procedures and may or may not allow lawyers on behalf of the parties and may co-opt other expert assistance.

The conciliator is to be satisfied that all parties have made a determined and genuine effort to resolve the dispute and have cooperated with the conciliator.

The proceedings of the conciliator will be as informal as is consistent with the proper conduct of the matter, and shall allow the conciliator to communicate privately with the parties or their lawyers.

The parties to the conciliation will agree that:

- Everything that occurs before the conciliator will be in confidence and in closed session
- All discussions will be without prejudice
- No documents brought into existence specifically for the purpose of the conciliation process will be called into evidence in any subsequent litigation by either party

It will be the role of the conciliator to act fairly, in good faith and without bias for the purpose of seeking a resolution of the dispute and will treat all matters in confidence

Each party will have the opportunity to adequately present their case.

The conciliator will have regard to the fairness and reasonableness of any matters pertaining to a dispute and the need for the maintaining of the integrity of the Simply the Best name.

The conciliator will deal with any matter as expeditiously as possible, but no later than 14 days after referral of the matter, and the decision of the conciliator is to be considered final.

The Operations Manual

This Manual describes how we operate our successful business. Through the Agreement made, you are required to protect the contents and any knowledge gained through training. This applies both while you operate your franchise and following any expiry or termination of your business.

Remember, as part of a franchise group, it is important that every outlet look, feel and perform the same way. This Manual will help you and your staff to do that and to be a very important part of a very powerful group.

Confidentiality

The information is a trade secret of Simply the Best.

- No copy is to be made
- It is not to be left for employees or others to see
- All copies are to be returned to Simply the Best within one week of expiry or termination of your lease

Revisions and Suggestions

From time to time your Field Officer will provide pages to update your document.

You are encouraged to make suggestions to improve these operations and procedures.

Replacement

Report any loss to the Support Office immediately. Replacement manual can be made available at a cost of \$0000

Manual Organization

The Manual is organized in several sections. The most important division is between:

- This first part, containing the Introduction, the way we will interact in the franchise group, and your responsibilities as a franchisee
- The second part, which outlines how your franchised business should function.

Ownership of The Manual

As outlined in the Franchise Agreement, this Manual is the property of Simply the Best Franchise System, is protected and is yours to use only while you are a franchise partner in the System.

Purpose of this Manual

The power of a franchise group lies in the fact that your customers come to you knowing exactly what you sell and how it will be delivered.

This Manual will help you to manage your franchised business so it fits the values and purpose of Simply the Best's Franchise System, and so you deliver Simply the Best product/service in a way that meets our customers' expectations and the brand.

How to use The Manual

These systems represent the way you run your business. They have been specifically written and should be used in on all occasions.

The value in using this system will be reflected when you decide to ultimately sell your business. Hence, it is important that your manual becomes what your team rely on. It should be referred to regularly so questions from your team about how to do something or how much something is should be answered by saying – '**Check The Manuals**'.

Getting used to this rather than simply blurting out the answers will train your team not to rely on you or any person but rather to rely on The Manual to do things.

Keeping The Manual current

Because The Manual is so important for making sure your franchised business is managed as a recognizable part of the franchise system, it is essential that it is kept current and that you are aware of any changes that have been introduced.

You will be involved in discussion about any significant changes being considered and given the opportunity to comment.

You will be advised of any changes when they occur and given training if necessary on how to implement them.

Submitting Suggestions

As a franchisee in Simply the Best, you and your staff are in the front row. You are the people who interact with our customers/clients. You will therefore be on the receiving end of client comments, approvals, and complaints. So you will have useful suggestions and comments to make and requests for change. And we encourage you to make suggestions.

Send these to your Franchise Liaison Officer:

Phone:

Email:

And discuss these with the Officer at your frequent meetings

In a group this large, however, it is not easy to incorporate changes quickly without input from other affected members of the group. Some of your suggestions may not be taken on board and others may take a longer time than you like to be adopted.



3.4. Franchise Structure

Advice on Content

Add other tiers (Master Franchisees, State Franchisees) as relevant.

Take the structure from the one you prepared in previous units

Policy

Operations

Simply the Best Franchise Structure



Franchisee Organization Structure

Take the organization chart for your model franchisee structure from previous Units.

Franchisee Business Structure

Business Name Registration

Register the business as required with the relevant State or Federal Department.

Registration may be as a Proprietary Limited Company or as Business Name.

Register your franchisee business as 'Simply the Best Area'

Forward a copy of the Certificate of Registration to Simply the Best Support Office.

Franchisor Responsibilities

Our responsibility is to support you to run a profitable and happy business with many happy customers and we welcome opportunities to help you achieve maximum success and growth.

We provide you with ongoing support in many ways:

- Initial training
- Training for your employees
- Ongoing help and advice

- Conducting periodic franchisee performance reviews
- Advice on operations, sales techniques, customer relations, etc.
- Marketing and advertising for the Group
- Assistance with bookkeeping and general administration
- Determining product ranges and pricing
- Group purchases of supplies, insurance, services, etc.
- Regular franchisee meetings
- Annual franchisee conference
- Bulletins and newssheets

Franchisee Responsibilities

The terms and conditions outlined in the Franchisee Agreement give the basic outline of your responsibilities.

However, you own and manage your Simply the Best franchise outlet and, as an independent business person, you will succeed through your own efforts. You do have the independence to run your own business and to choose how you do this.

Bear in mind, you are at the front end of Simply the Best, your responsibility is to bring in and service many happy customers. And you will succeed at doing this if you help us to support you.

- Look after the brand and the corporate image of Simply the Best. Ensure vehicles, signs, paperwork, and email, etc. all comply with current branding.
- Look after your customers
- Employ staff to ensure you can service your customers to the standards of the Group
- Manage your staff so they are happy and able to provide the level of service you expect
- Provide relevant information daily, weekly, monthly and annually as required by The Manual and agreement
- Participate in periodic franchise performance reviews – at least annually
- Order your stock from approved suppliers to maintain standards and to help to keep prices low
- Pay franchise fees and all accounts on time
- Promote your outlet locally through your territory
- Continually train yourself and your staff on product
- Inform Support Office of any problems as they occur
- Communicate with your Field Consultant

3.5. Franchise Communication and Support

Advice on Content

Take the content from the Communication Plan you prepared previously

Policy

The relationship between all franchise partners at Simply the Best is at the heart of the System. We cannot operate a great franchise group, serving our customers as they want, if our communication and support is not of the highest caliber.

We have put in place systems to make sure communication is always open and caring.

Operations

Franchisee – Franchisor Relationships

How do you want your franchisees to behave and to relate to you?

- Run a profitable operation
- Be open in their discussions with you
- To be open with you
- To bring up issues for discussion early

Simply the Best Support Office Structure

Personnel

- Director – Name
 - CEO of the whole franchise group
 - Development of new franchise territory
- Administration Manager – Name
 - Administration of Support Group Offices
 - Accounts
 - Reporting
 - Group Purchasing
- Field Consultant – Name
 - Franchise Liaison
 - Franchisee Training, Support and Management
 - Franchisee Meetings and Events
- Marketing Manager – Name
 - Development of Franchise Corporate Marketing Strategy
 - Research and Brand Awareness

- Corporate Advertising for Franchise Group
- Overview of Local Advertising by Franchisees

Contact Details

- Support Office Address
- Central
 - Phone Number
 - Fax Number
 - Email Address
- Manager Title, Name
 - Phone Number
 - Fax Number
 - Email Address

Liaison with franchisor

How often to contact franchisor, key points to pass on, etc.

How often they will contact you

Reporting obligations

Payment obligations

Meetings

Conferences

Franchise Advisory Council

Franchise Training

Induction

Ongoing Training

Communication with Support Office

Regular Meetings with your Field Consultant

There will be regular monthly (weekly) meetings with your Field Consultant

- Franchisees will be advised in writing of any amendments or additions to manuals and procedures and general operating instructions
- Field Consultant visits
- Open Door Policy – phone if you have any questions
- Other franchise meetings will be held regularly. There will be meetings held for all franchisees to attend each year as well as the regular one-on-one meetings with your Field Officer. These meetings are to give you the opportunity to meet other franchisees, learn about things such as new product, services, suppliers and system changes.

Simply the Best Annual Conference

There will be a conference held each year, paid for by the Franchisor or any prescribed fund. You and your families and partners are required to attend.



- Purpose
- How funded
- How long
- What it will involve

Regular Regional Meetings

As the group grows, it will be good to establish regular regional meetings of franchisees with your Field Consultant to build relationships

Simply the Best Franchise Advisory Council

The franchise legislation allows your franchisees to set up a Franchise Advisory Council with nominated representatives to discuss how the franchise group is going and to make suggestions. They can do this without inviting you to join. So it is best to establish an Advisory Council yourself early in the piece and include the rules in this Manual.

You will have dealt with the issues in your communication plan

Purpose of the Council

The purpose needs to be clear. There are many ideas:

- Marketing
- Product R and D
- Conflict Resolution
- Service
- Suggestions

Selection of members

How members are selected to the Council

Term

Length of time elected members serve on the Council

Numbers

Number of members

Expenses

How expenses are covered, travel accommodation etc..

Officers

Who

What they do

How elected

Duties

Officers' duties

Submissions to the Franchise Advisory Council

How to make a submission to the Franchise Advisory Council for its consideration



3.6. Strategic Alliances

You may have a list of strategic alliances with the franchise industry or the industry within which your business falls.

Your franchisees may need to be encouraged to build their own relationships within these alliances or maybe not

- Franchise Council of Australia
- Other organizations or bodies, brokers etc.



3.7. Franchise Payments and Reporting Responsibilities

Policy

The Franchise Agreement outlines both our franchisor and your franchisee reporting and payment requirements. Simply the Best requires reports to be submitted weekly, monthly and annually. There are also rules around the regular payments which have to be made.

Operations

Franchisor Reporting

The Franchisor will report regularly on:

Fee Income

- How fees are spent
- The results

Marketing

- Research results
- What marketing has been done
- The results

Feed-back from the Franchisees

- General comments coming back from the franchisees
- The Franchisor's response

Franchisee Reporting Responsibilities

Weekly Sales Form

- Each franchise is required to record sales each week on the Weekly Sales Form downloaded from the franchisees' area on the website
- The Weekly Sales Form will be submitted to the support Office by the Wednesday of the week following the reporting week

Monthly Sales Report

- Each franchise is required to record sales each month on the Monthly Sales Form downloaded from the franchisees' area on the website
- The Monthly Sales Form will be submitted to the support Office by the Wednesday of the week following the reporting week

Annual Financial Report

- Franchisees are required to submit an Annual Financial Report within 3 months following the end of the reporting financial year
- The Annual Financial Report must include a Profit and Loss Statement and Balance Sheet

Franchisee Fees and Payments

- The Franchise Agreement specifies three different fees payable to Simply the Best. These include the:
 - Franchise Fee
 - Marketing Fund
 - System Improvement Fee
- These fees are your monthly contribution towards the cost of many facilities provided by Simply the Best:
 - Training programs
 - Field Assistance
 - Development of Central Administration
 - Business negotiations and transactions on your behalf with suppliers
 - Marketing and product research and development
 - Marketing campaigns
- In addition there will be payments for stock and supplies and

Payments

Payment Schedule

Put a schedule of payments and outline of when they are due.

How payments are to be made

- All payments are to be made by direct debit and your franchise name or other reference as may be notified by the franchisor from time to time
- Payments are to be received in the Simply the Best Company cheque account on or before the nominated date and it is the Franchisees responsibility to effect any electronic transfers or other deposits in time to allow for clearing by the banking system
- All fees and payments will be paid monthly by close of business the third day of after the end of each month during the Term and Renewal Term

3.8. Franchisee Induction and Training

Advice on Content

Training needs for simpler businesses, can be met through this Operations Manual. More complex businesses, however, will probably need to develop detailed training systems which will be held outside the Operations Manual. Although, these detailed training requirements will possibly only cover the product delivery systems.

Whatever the case, if separate training systems are involved, then they only need to be appropriately referred to in the Operations Manual. Do not try to duplicate.

Policy

The training in this Section deals with training given to the Franchisee on responsibilities of being part of the franchise group and franchise business processes.

Separate training for product delivery is discussed in the Section on Core Business Processes. It is appreciated that there will be an overlap in training requirements for franchise partners, especially through Induction, but this separation makes it easier to deliver the different kinds of training to staff where required.

Simply the Best will do everything it can to ensure that you are given the best start and support to do a great job delivering the product to our valuable customer base.

So Franchisee Induction and Training will be provided within the regular training program and, if additional support is required, as needed.

Operations

Induction

Describe the process you will put your franchisees through on induction.

Describe their responsibilities to attend and do the work required to learn the processes involved

- The Franchise Group
- Culture
- Support and Communication
- Business Training
- Staff Management
- Core Business Processes (*refer to the training given to staff here*)

Assessment

Describe how this will happen and the criteria

Ongoing training

Describe how this will happen

- Weekly meetings with Field Consultant

- Annual Conferences
- Special training programs for specific needs

Support for training

Describe how this will happen

- Meetings
- When needed
- Contact as needed



Simply the Best
-Logo-
Section 4 – Simply the Best Core Business Systems

This Section deals with the core business functions for Simply the Best.



4.1 Overview of Core Business Systems

Advice on Content

These are the processes which will control how your franchise operates each day, week, month or year.

These activities may differ markedly from franchise to franchise so some generic categories are included below to give examples.

You will need to work with your staff to create procedures for your business. Keep the actions and rules short.

Take care you do not repeat too much some of the procedures covered by other sections. Just refer to the detail elsewhere if there needs to be duplication

Overarching Policy

It is Simply the Best policy that each franchise will be operated in the same way so it looks and feels the same way, and our customers receive the same service from each outlet.

Our customers need to know that they can visit a Simply the Best outlet and it will be open between certain hours, they will receive the same level of great service and they can rely on the quality of our wonderful product. This level of service is the strength behind our brand and ultimately is reflected in the value of your business.

4.2 Product or Service

Advice on Content

Your business will have a range of product or services. This needs to be specified for your franchisees. There will be brochures and other information but this is the place the range is specified clearly.

It is also where you clearly outline policies which restrict the franchisee from supplying product or service outside your range.

Policy

Simply the Best carries a specific product range which is packaged to meet our customers' wants and is sold in a manner that has been found to be successful.

Operations

This will cover issues such as:

- Product Range
- Product or service supplied to different customer bases
- Standards of product or service
- If anything is supplied by the franchisor (do you manufacture any part of product being supplied)
- How the product or service is supplied
- Managing Stock and Supplies

Place the product or service range developed through your existing business and Units here.

The Product Range

Describe the product range or refer to separate schedules or documents giving the descriptions

Standards of Product or Service

Outline the standards you require for service or product

Introducing New Product/Services

- From time to time, in response to market research, Simply the Best will introduce new products, remove existing product ranges or make modifications.
- Your Field Consultant will introduce and explain the changes at meetings
- You will be given any training required at that time

No Other Range Permitted

- In accordance with your Franchise Agreement, you are not permitted to carry any product outside the current Simply the Best range
- Infringement of this requirement will put your business at risk

This outlines the quality you want for Simply the Best Product.

Training

Training on use of product and its delivery and maintenance is outlined in detail in the separate section on training

- You will receive training
 - On how to use our product range through your induction
 - Ongoing training to make sure the full product range is understood
 - Training when new product is introduced

See the details on how training is delivered in Section



4.3 Technical Aspects of the Business

Advice on Content

This section describes any technical issues that you expect your franchisee to deal with. Take care – if your franchisee needs to be a qualified technician, you will not be telling them how to do this part of the job. However, you may wish to refer them to the appropriate rules and regulations. But if there are specialized technical issues which need to be covered for your product or service then they are covered here.

Policy

At Simply the Best we know what we are doing and our technical service is the best around.

Operations

Technical Standards



4.4 Stock and Supplies

Advice on Content

This section describes the way your Franchisees will source stock and supplies and will vary significantly depending on your business. It may not apply to some service businesses.

The main point to get across is the quality of the product you provide and how this quality is maintained. The overview of this will be in material you prepared in previous Units but the detail will not have been covered.

There are three options for supply of product.

- *The franchisor manufactures some or all product and supplies each franchisee*
- *The franchisee manufactures the product (e.g. bakeries)*
- *The franchisee has to buy product from franchisor-approved general suppliers, possibly at a discounted price negotiated by the franchisor*
- *The franchisee has to source and buy product from the general market place*

The directions given in the procedures will differ markedly with each option.

Particularly if you currently have a service business with staff, use their knowledge to help you develop the detail in this section.

Sections are given below to give an idea of the sorts of procedures you might need.

Policy

This outlines the quality you want for Simply the Best Product.

This will have been covered in your marketing material. You will have used these words elsewhere in the Operations Manual to set the scene but repetition will not do any harm, but make sure to keep it short.

Operations

Source of Product

Specify where this will come from. If it is specified in the Franchise Agreement that product comes from you, then this needs to be clearly outlined here.

- *Franchisees are to obtain product only from Simply the Best. Stock is not to be obtained from any other source under any circumstances.*
- *If you carry unauthorised products, you will be in breach of your franchise agreement and risk your business investment.*

Source of Other Supplies

Specify where these will come from. If it is specified in the Franchise Agreement that supplies comes from you, then this needs to be clearly outlined here.

- Franchisees are to obtain eternal supplies only from Simply the Best approved suppliers. Supplies are not to be obtained from any other source under any circumstances.

Or

- Franchisees are to obtain supplies only from ----- . Supplies are not to be obtained from any other source under any circumstances.
- If you use unauthorised supplies, you will be in breach of your franchise agreement and risk your business investment.

Quality of Product and/or Supplies

Identify the quality you want and what you do not want your franchisees to do. (i.e. source supplies from an inferior but cheaper supplier to the detriment of your business and brand. For instance a hairdresser may want franchisees to only supply and display particular brands of product for sale, other inferior brands will look different on display, detracting from the image of the store and will not give the results for customers, detracting from the service)

Layout of Stock and Supplies

- As shown through initial set up of the store and induction training and from time to time by your Field Consultant

Updating of New Products and Supplies

- This will be all provided by the Franchisor from time to time

Stock and Supply Check

- Ensure efficient management of stock and supplies to maximise your sales and profits and minimise investment in expensive and wasteful stock holding.
- Undertake a visual stock-take each day
- Unless requested to do otherwise, a complete stock-take is only necessary on June 30 each year for final accounting and taxation purposes

Stock and Supply Orders

- Use the Simply the Best Order Forms
- Simply the Best Stock and Supply Order Forms are held online in the franchisees' area

Freight

- All stock and supplies are delivered to the franchisee at the franchisee's expense
- Each franchisee will make arrangements with a suitable carrier and provide details to Simply the Best Support Office unless otherwise advised

4.5 Customer Service

Policy

The most important people to Simply the Best are your customers. We depend on them to make our business successful and we depend on you to make that relationship work.

Simply the Best customers get our most courteous and attentive treatment. Simply the Best has well tested and successful procedures for customer service which you and your staff are required to follow.

Operations

Simply the Best Customers

Give a brief description of:

- Your typical customer
- Their wants and needs

Simply the Best Customer Service

- What our customers want
- Make it easy for people to deal with you
- The customer is always right
- Listen to them
- Get to know your regulars and call them by name
- Know your product and be helpful but not overbearing
- Build goodwill with your customers
- Greet customers promptly
- Be polite, even if the customer is being difficult
- Keep promises
- Don't argue, keep your cool
- Show your appreciation
- Apologise if it is due
- Keep appointment times

Sales

- Don't oversell. Simply the Best sales policy is to be helpful and knowledgeable and get to know your customers
- Sell the benefits of the product

Give examples for your product or service

The Telephone

- Answer calls promptly
- Use the telephone script to greet the caller

- Complete the call promptly, do not leave the caller hanging on
- Ask questions to clarify
- Be polite and personable

Complaints

- Customer Service
- Customer Feedback Process
- Complaints, Grievances and Appeals
- Complaints can be hard to handle, especially if the customer is angry
- Stay calm and confident
- Listen to your customer until they have finished the complaint. Ask questions and let them know that you are listening
- Only then let them know you understand the substance of their complaint (you do not have to agree, just let them know that you have heard their side of the story)
- Express concern and offer sympathy
- Offer to refund or fix the problem if this is within guidelines
- Staff should consult you if they are experiencing a problem
- Remember, a complaint handled well can be turned into a satisfied repeat customer who will promote the business. A complaint handled badly loses customers and creates people who bad mouth your business

4.6 Regular Processes and Methods

Advice on Content

In every organisation there are regular processes and methods which deal with managing the core business. These will include things like:

Standards of appearance, cleanliness etc.

Regular tasks

Opening and closing times

Cleaning

Stocking up

Logistics

Technical aspects of the business

Quality of outputs

These vary considerably depending on the business its products and service and the customer profile

Some may be included here or details held in other documents or separate parts of this Manual and just referred to here

Hours of Business

- The normal trading hours of Simply the Best outlets are ...

Daily Procedures

- When staff arrive and leave
- The activities each staff member undertakes
- Reconciliation of the till at the end of the day, shift etc.
- Invoicing
- Cleaning
- Stock control
- Merchandising
- Email management
- Etc.

Weekly Procedures

Cleaning

Check week's Profit and Loss and Cash flow budgets

Fortnightly Procedures

- Check fortnight's Profit and Loss and Cash Flow budgets
- Reports for Support Office



- Ordering stock
- Cleaning

Monthly Procedures

- Check with Field Consultant on what's new
- Merchandising
- Check month's Profit and Loss and Cash Flow Budgets
- Review last month's marketing and plan next month marketing drive
- Cleaning

Key Performance Indicators

Area	Form Title	Period of Review
Accounting	Profit and Loss and Cash Flow	Monthly
Sales	Turnover	Weekly
Advertising	Summary	Monthly
Etc....		

Quality Control

-

Cash and Security

-

Vehicle and Equipment Maintenance

- Standards of appearance and safety
- Maintenance schedules

Security

- General security hints
- Theft
 - Theft prevention
 - Identifying theft
 - Reporting theft
 - Follow up messages
- Protective measures
- Computer
 - Passwords

- Games
- Etc....



4.7 The Brand

Advice on Content

The Brand covers everything in the business, it outlines how we are different and attract our customers to us. It involves much more than the graphic details of how the business is presented. This will have been covered in your Brand Plan and is embodied throughout this Manual.

This part outlines the graphic presentation of the brand that is not covered in other parts of The Manual

It may be enough to refer to that plan for the detail.

Policy

The Simply the Best Brand is the heart of the franchise. It is this which is recognized by our customers and brings in new customers. It is the essence of our difference in the market and needs to be protected. The Brand includes much more than just the graphics and physical appearance of the business. It covers things such as our friendly service, efficient delivery and the quality of our product. Accordingly, there are specifications on the Simply the Best Brand throughout this Manual.

This part concentrates on appearance, especially the way we use the logo, colours, merchandising and other graphic and visual elements of the business which need to be the same everywhere.

Operations

Consistency

- It is essential that the Simply the Best Brand is consistent across the whole franchise group

Standards of Presentation of Premises, Vehicles and Staff

- State of Repair and Cleanliness of Premises
- Uniforms
- Signage

Simply the Best Colours and Logos

- All signs, logos are to be as approved by Support Office
- Simply the Best corporate colours are

Name and Trademark

- The logo of Simply the Best is a Trademark and protected by law
- Do not abbreviate or change it in any way

Shop Fitout

- To specifications provided by Simply the Best

Signage

- External signs
- Internal signage

Vehicles

- All vehicles must be maintained to the standards of
- All vehicles must carry signage to the specifications of

Printed and Digital Material

- Originals of logos are available from the Support Office for use in preparing printed material including business cards, corporate stationary, advertising material

Note: If this is supplied or managed by you the franchisor, write this clearly here

Web Design

- Originals of logos are available from the Support Office for use in any local web page being constructed or use on the internet

Note: If this is supplied or managed by you the franchisor, write this clearly here



4.8 Marketing

Advice on Content

You will have outlined the promotions which will be done in your Marketing Plan and Schedule.

Broadly outline the franchisor responsibilities and then detail how you want any local advertising done by the franchisees. Obviously this will differ from business to business. Take the material from the Product Marketing Plan

Policy

Great, consistent marketing is the foundation of any franchise group.

The way Simply the Best is presented to our customers through marketing efforts needs to be of the highest quality and consistent from franchise to franchise.

Considerable effort has gone into market research and development and we know that the marketing attempts by Simply the Best are successful. Continued market research and adherence to our policy ensures that it stays that way.

All marketing, whether undertaken by the franchisor or franchisees, will be within the guidelines outlined in the Branding Strategy, Brand Plan and Marketing Plan.

Operations

Franchisor Marketing Responsibilities

Market Research

-

National, State and Regional Campaigns

- This is funded by your Group Marketing Fund and is the responsibility of the franchisor
- It will involve:
 - The website
 - Television campaigns
 - Radio campaigns
 - Yellow Pages
 - Advertising in National Press

Grand Opening for a New Franchise

-

Franchisee Marketing Responsibilities

Local Advertising

- It is anticipated that franchisees will advertise locally
- All advertising and marketing material is to be to the standards of Simply the Best

- Contact the Support Office to obtain examples of advertising which has been proven to work
- Contact the Support Office to obtain copies of logos and other artwork to be used by printers etc.
- Avenues for local advertising include
 - Local Yellow Pages
 - Brochures and Letterbox Drops
 - Local Sponsorships
 - Local press, radio and television

The Internet

- Internet advertising using a website is a must today.
- Franchisees may have a local website constructed at their cost but this needs to be consistent with the Franchise website and the links between the two sites need to be seamless. Accordingly, the company's web designers will construct the local website
- Social Media

Data Base Management

- Collection of names, email addresses and other information
- Customer Relationship Management Software
- Management of the Database
- Email marketing
- Other promotions

Simply the Best

-Logo-

Section 5 – Administration and Accounts

This section is separated out from the Core Business Section because administration and accounts will overlap both your responsibilities to the franchisor as a franchisee and with your responsibilities to your customer.

5.1. Administration and Accounts Overview

Policy

Good records, good bookkeeping and organized administration are the basis of good business management. As a part of Simply the Best you are required to keep good records of essential activities and items. You are also required to undertake sound bookkeeping in a way that the results can be easily reported.

Operations

Any overview of operations or descriptions needed

5.2. Bookkeeping and Financial Control

Policy

Simply the Best keeps open, transparent accounts and reporting procedures.

Operations

Banking

- You are required to open a business trading account 'Simply the Best – Territory'
- Open a credit card and eftpos facility
- Bank takings everyday

Bookkeeping

- Simply the Best bookkeeping system is based on a software program called QuickBooks. If you are unable to do bookkeeping on this system, it is strongly recommended you employ a bookkeeper to assist
- Bookkeeping should be undertaken regularly, weekly is the minimum

Taxation

- Group Tax
- Reporting
- Payments
- GST
- BAS returns

Superannuation

- Policy
- Selection of fund
- Deduction
- Payments to fund

Collection of Debts

-

Recording, Reporting and Payments

The parts on Recording, Reporting and Payments can sit here or in the Section 1 – Your Franchised Business

The Franchise Agreement outlines your franchise reporting and payment requirements. The reports are linked to your service and franchise fees. Simply the Best requires reports to be submitted weekly, monthly and annually.

The details for these reports and payments are outlined in Section 1 of this Manual.

Audits

In accordance with the Franchise Agreement, the Support Office has the right to conduct an audit at any time under certain conditions.

- You will not be given prior notice
- The audit must be during normal business hours
- Support Office can nominate the accountant to undertake the audit
- Support Office can demand payment for the audit if it is being undertaken:
 - Because of your failure to provide the necessary reports and payments
 - Or because a discrepancy is found to our disadvantage
- We expect your full cooperation in any audit
- The Auditors' Report is binding and final on both parties

5.3. Administration

Policy

Something here...

Operations

Insurance

- Insurance is mandatory. All Simply the Best Outlets require:
 - Public and Product Liability
 - Burglary and Theft
 - Workers Compensation
 - Care Custody and Control

Note: You may be interested in 'Key Man' Insurance

- Simply the Best has secured an insurance package through a reputable insurance agent. Contact the Support Office for details
- Simply the Best must be nominated on every policy for 'their respective rights and interests',

Computing Systems

-

Telephone

-

Mail (including email)

-

Franchisor Correspondence

-

Filing

-

Simply the Best

-Logo-

Section 6 – Personnel, Staff and Training

This section is separated out from the Core Business Section because many of your staff will deal with both your responsibilities to the franchisor as a franchisee and with your responsibilities to your customer. The Human Resource functions apply wherever the staff responsibilities exist.

6.1. Staff and Suppliers

Policy

How do you want your staff and suppliers to be treated?

- *With integrity, fairly, openly, professionally, great training and employment opportunities*

Operations

Job Descriptions

Recruitment

Induction

Training

Professional Development

Leave

Discipline etc.

Occupational Health and Safety (*this may be a separate section in high risk businesses*)

6.2. Human Resources Management

Policy

As a franchise partner of Simply the Best, you staff and subcontractors are as important to your business as your customers. It is your staff who will make first contact with your customers and the impression they give is essential to the way we, at Simply the Best, operate. Take considerable care in selecting and managing your staff and subcontractors.

Operations

Selecting Staff

- Selection procedure
- Employee profile
-

Subcontractors

- Selection
- Legal requirements (are they really contractors or are they staff?)
- Attached is a copy of Simply the Best conditions of hire for contractors. It outlines termination, and other conditions

Conditions of Hire

- Attached is a copy of Simply the Best conditions of hire for staff.
- State Awards
- Their pay over different time periods (overtime etc.)
- Probationary period
- Termination
- Appearance and personal presentation
- Smoking
- Alcohol and drugs
- Outside employment policy

Leave

- Bereavement leave
- Jury Duty
- Sick leave
- Annual leave
- Leave without pay
- Extended leave
- Long Service leave

Employee Operating Procedure

- Each employee category will have an operating procedure
- Attach one to each employee conditions of hire
- It will cover things like behaviour with customers, vehicle maintenance, uniform,

Managing Staff

- Management Style
- Staff Training
- Motivating employees
- Regular performance appraisal
- Application for Leave
- Time Records
- Grievance and mediation

Employee Records

-

Legal Requirements

- Workers Compensation
- Superannuation
- Leave
- Award and payment for work over holidays and overtime
- Harassment
- Equal opportunity

6.3. Training Staff and Other Personnel

Advice on Content

Training for staff and other personnel in different businesses will vary considerably. Some training processes will be simple and can be handled in this Section of The Manual.

Others will be complex and need to be held elsewhere and just referred to in this Manual.

You will have made the decision on how Training will be done in your Communication Plan and, if you have done one, the Training Plan.

Policy

Great training is the foundation of the Simply the Best System. We will provide training in every aspect to help you run the best operation you can.

Operations

Induction

Welcome to the company

Assign a mentor

Training For Different Sectors

Administration and Accounts

Product Delivery

Technical Aspects

Customer Service

Sales

Occupational Health and Safety

Ongoing Training



6.4. Occupational Health and Safety

Advice on Content

Visit

<http://www.business.gov.au/BusinessTopics/Occupationalhealthandsafety/Pages/default.aspx>

Occupational Health and Safety is covered extensively in legislation and it is not necessary nor wise to try to cover the issue in detail here. Simply direct staff to the relevant website

However, there may be some simple directions needed for some businesses

Policy

Simply the Best considers good Occupational Health and Safety practice to be a fundamental part of business.

To minimise work related injuries and illness, the Company will provide safe work facilities and equipment, including the training and resources necessary to assist in maintaining a safe and healthy work environment.

Franchisees and employees are responsible for observing safe work practices.

If you are at all unsure of your obligations to Simply the Best and your employees, sub-contractors, staff and customers, please contact your Field Consultant to discuss Occupational Health and Safety training for yourself and your staff.

Operations

What is Occupational Health and Safety

As a business owner and employer, you have a responsibility to work with and meet your requirements under relevant State and National Occupational Health and Safety and Workers Compensation legislation.

The Australian Government has a website, and a great outline of your responsibilities to your staff and customers.

<http://www.business.gov.au/BusinessTopics/Occupationalhealthandsafety/Pages/default.aspx>

This is its introduction:

Safety in the workplace is critical to the success of your business, no matter what size it is. As a small business owner you have responsibilities regarding health and safety in your workplace. Even if you don't have any employees, you must ensure that your business doesn't create health and safety problems for your customers and the general public.

It is suggested you visit the site to get an update on your legal responsibilities.

At Simply the Best we also take the safety of our working community very seriously.

You are required to maintain a working environment in which you, your employees, sub-contractors, staff and customers are not exposed to hazards.

Hazards include things such as:

- Disorderly conduct

- Unsafe plant, equipment, substances and workplace activities
- Inadequate training, instruction or supervision
- Inadequate protective clothing
- Working in confined spaces
- System tasks such a lifting, digging
- Noise and hearing
- Plant machinery and equipment
- Radiation
- Ultraviolet Radiation – sunlight

Accident Reporting

- Regulatory bodies
- Insurance company
- Support Office
-

Emergency Situations

- Overview
- Training
-

Training

- Simply the Best provides workplace training for Occupational Health and Safety and all employees must attend
 - Outline how this will apply (it might be through Personnel Training in the previous part)

Major Issues for Simply the Best

Lifting Heavy Things

- Anything over ?kgs will be lifted by
- Bend your knees...

Noise

- Franchisee to provide hearing protection
- This is to be worn by all in any environment with noise levels above...

Slippery Surfaces

-

7. Appendices

Advice on Content

*Include standard forms, check lists, booklets or texts that you use in your business.
Provide list of any books that you refer to or recommend.*



DESIGN

Unit Eighteen

Training System

Purpose

Create the Franchisee Training System if required

Action

Action 1: Workout how detailed training procedures fit with the overall Franchisee Operations Manuals if a separate Training System is required

Action 2: Work with your staff to develop the training systems for the franchisee business

Supporting Material

SM18a: Franchise Radio Show 46, *Why Training Counts Every Time*, with David McLean

SM18b: Franchise Radio Show 47, *Optimizing your sales outcomes, or getting your team to do what you want them to do*, with Roger Simpson

DESIGN

Unit Eighteen Training System

Purpose

The purpose of this Unit is for you to create the Training Systems in conjunction with the Franchisee Operations Manual if a separate Training System is required

Action

Action 1: Work out how detailed training procedures fit with the overall Franchisee Operations Manual so there is no duplication

Action 2: Work with your staff to develop the training procedures for the franchisee business

Action 1: Work out how detailed training procedures fit with the overall Franchisee Operations Manual so there is no duplication

Not all franchises need separate training systems in addition to the Franchisee Operations Manuals. You will probably have worked out if you do when you prepared the Communication Plan in Unit 14 in Module 2.

Listen to Brian chatting with David McLean and also Roger Simpson about the need for training here.

SM18a: Franchise Radio Show 46, *Why Training Counts Every Time*, with David McLean

SM18b: Franchise Radio Show 47, *Optimizing your sales outcomes or getting your team to do what you want them to do*, with Roger Simpson

If you do need a training system, however, you will need to work out what kind of system is required and how it will integrate with your Franchisee Operations and Procedures.

Some Franchise Simply Programs give you access to a training and communication specialist, either for a preliminary discussion or to work with you to set up your training system. If so then this is a good time to contact your specialist to discuss the type of system you need and how to go about setting it up.

You have a number of options.

1. No separate training system

Your franchise is very simple and no separate training system is required.

2. A simple separate training system

You may just need parts of your Franchise Operations expanded into more detail than normally provided through the Operations Manuals. Perhaps there are a few letters or emails which need to be specified in templates or maybe it is just the way local marketing is carried out. If this is the case, then a simple separate system, held in separate systems or software will be adequate.

For instance, if you are using our systems software program FranchiseSimplySYSTEM, there is a separate training section where this material can be held. The Operations and Procedures will just refer to the need to use that section

3. Complex monitored training

If your franchise requires separate training for complex procedures, especially procedures which need to be legally monitored or accredited, then you will need a separate system that is carefully established with specialist input.

You may need to go to the extent of putting in a separate Learning Management System or LMS.

An LMS is a software or e-learning system which handles the management and delivery of eLearning courses.

It lets you **create** eLearning content (lessons), **organize** it into courses, **deliver** the content (either internally to your business or to a wider internet audience), **enroll** students to said courses, and, finally, **monitor** and **assess** their performance (attendance, grades, etc.).

These systems can be very complex.

One of the most cost effective is a plugin you can add to your website to create a separate learning system only accessible by those with passwords etc..

The *Responsive Learning Management System WordPress Theme* from Code Canyon might meet your needs.

<http://themeforest.net/item/lms-responsive-learning-management-system-wordpress-theme/7867581>

If you need to head down this path then you need to chat to our training specialist.

Action 2: Work with your staff to develop the training system for the franchisee business

Once you have decided how training will be conducted in your franchise, then work with your staff, and any of the appropriate specialists to put the training systems in place.

Developing a Training System

Whichever training system you use, keep the following points in mind.

1. Always start with the end in mind.
 - a. Make sure you have clear outcomes thought through before you begin
 - b. Make sure these outcomes are achievable in terms of time, cost and any constraints you may experience
2. Then work through your training for a single unit, developing a sequence of blocks of learning
 - a. Making sure all the way that each block of learning is not too much for the trainees to absorb at that point
 - b. Remember it is better to train in layers, allowing people time to absorb the basics before moving onto more advanced material
3. Once the blocks of learning are in place, expand each one with dot points, keeping each block of dot points to 3 or 4 points of absorbable material
4. Constantly overview your work, making sure you can achieve the outcomes against your constraints, time and costs
5. Once this schematic is in place, workout how you are going to test the outcomes – for example using...

- a. Quizzes
 - b. Questions
 - c. Business Plan
6. Then design your training aids to fit the schematic

Whichever system you need, it is best to use a Training Specialist

It is always best to develop training with specialists who have the experience to pull together material in a way that will be effectively absorbed.

Modern training for adults has moved worlds in the past decade, taking into account new discoveries on the way the brain works. If designed correctly it makes designing the system and using it downstream easier and much more pleasurable and effective.



Supporting Material

SM18a: Franchise Radio Show 46, *Why Training Counts Every Time*, with David McLean

SM18b: Franchise Radio Show 47, *Optimizing your sales outcomes or getting your team to do what you want them to do*, with Roger Simpson

You can access this through the Members' Page on the website or through the links in given to you in Dropbox

DESIGN

Unit Nineteen

Franchisor Operations Manual

Purpose

Create the Franchisor Operations Manual

Action

Action 1: Expand the Franchisor Organization Structure and task tables you created in Unit Eight to add operations to the tasks

Action 2: Work with your staff to develop the operations for the franchisor business

Guides

G10. Franchisor Operations Manual

DESIGN

Unit Nineteen

Franchisor Operations Manual

Purpose

The purpose of this Unit is for you to create the Franchisor Operations Manual

Action

Action 1: Expand the Franchisor Organization Structure and task tables you created in Unit Eight to add operations to the tasks

Action 2: Work with your staff to develop the operations and procedures for the franchisor business

Action 1 – Understand how these detailed procedures fit with the overall systems developed previously

Go back to the work you did in Unit Eight and the organization structures and task tables you developed there for the Franchisor Business.

The contents of your Franchisor Operations Manual will, often, be a mirror image of the contents in the Franchisee Operations Manual.

Take the Franchisor Table of Tasks and start to develop the operations for each task in the same way as you did the Franchisee Operations Manual.

The focus of the Franchisor Business is to:

- Make sure the whole franchise system and all sides of the business is profitable and works
- Take responsibility for the brand and make sure all outlets look, feel and perform the same
- Take responsibility for marketing (although the franchisee might do some)
- Provide support and training for your franchise partners

So in many cases, it will be the Franchisee Operations Manual which will become your guide in preparing this Franchisor Operations Manual.

The Franchisor Operations Manual will give the operations on the way you and your staff cover your part of the deal and to make sure your business is systemized and running well.

If you have developed your Franchisee Manual in a software program such as **FranchiseSimplySYSTEM**, then the Franchisor Manual can be developed in the same program.

Download the Franchisor Operations and Procedures Guide

Download the Franchisor Guide here. It differs from the Franchisee Operations Manual in that it is not divided into Sections. Your business is structured differently and with different outcomes so the Sections are not necessary.

G10. Franchisor Operations Manual

However, this Guide is very short because the substance has already been covered in the franchisee document.

Make sure Key Performance Indicators will be included in your procedures where relevant

Also put a few good performance indicators into this document to measure the performance of your side of the business. This is especially important in sections which will require reports to your franchisees. The performance of the work done with the Marketing Fund or other service areas will be closely watched by your franchisees and some concise, clear reporting measures can be helpful.

Simplicity is key

At the end of the day though, simplicity is also key. A few really good and important measures are better than many complex ones. You want to be building an Operations Manual which will be used, not one to put on the shelf.

Action 2 – Develop your Franchisor Operations Manual

Use Guide 10 to develop your Franchisor Operations Manual

G10. Franchisor Operations Manual

An example of the Table of Contents is given below.

A Notional Table of Contents

1. Introduction

2. Philosophy and Business Culture

- The objectives of your business
- How you want the business to look, feel and behave
- Management style
- Customer service style
- Ethical behavior

3. Organization Structure

- How your franchise group is structured

4. Support Office Personnel

- How your franchise head office is organised and the people running it

5. Development of the franchise group

- Ongoing research and development for the group so it stays current

6. Franchisor Responsibilities for the brand and marketing

- What the franchisor is responsible for in keeping the brand true and marketing fruitful

7. Product or Service, Stock and Supplies

- Outline of any product or service, stock and supplies needed by either franchisor or franchisee and how these are obtained and distributed



8. Franchisee Relations and Management

- How you will look after your franchisees so they remain profitable and happy and stay true to the brand

9. Franchisor Reports to the Franchisees

- What reporting is made to franchisees on your part of the deal and how

10. Accounting and Administration

- Basic accounting and administration for your head office and any interaction or support for your franchisees





Guide 10

Franchisor Operations Manual



Instructions for completing the Guide for the Franchisor Operations Manual

These Guides are very general in nature. The Franchisor Operations Manual does not need to be as detailed as that for the Franchisee. However, there are some tasks which need to be clearly systemized to ensure that they are carried out consistently with their mirror tasks in the franchisee manual and the vision and objectives of the Franchise Group.

It is easiest to create the franchisee manual first then to create this franchisor manual, mirroring the tasks that are applicable.

The special franchisor tasks, such as organizing the communication and management systems for the group, and the overall marketing will then follow.

In using the Guides remember:

- Keep The Manual as simple and short as possible
- It will not be used if it becomes too complex
- Bearing that in mind, The Manual you create does need to address all the issues that will ensure you become the leader for your franchise group

The key is to use bullet points wherever possible, especially for procedural tasks which are not itemized in detail in The Manual.

Examples

If it you need them, have a look at the examples in Supporting Material 17a.

SM17a. Examples from Operations Manuals

So take this Guide with an open mind, a clear idea of what you want your franchisees to understand and the instructions in previous Units.

Simply the Best

Confidential Franchisor Operations Manual



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Date 20 Feb 0000



Table of Contents

Table of Contents

- 1. Introduction**
- 2. Philosophy and Business Culture**
- 3. Organization Structure**
- 4. Support Office Personnel**
- 5. Occupational Health and Safety**
- 6. Development of the Franchise Group**
- 7. Franchisor Responsibilities for the Brand and Marketing**
- 8. Product or Service, Stock and Supplies**
- 9. Franchisee Relations and Management**
- 10. Accounting and Administration**



1. Introduction

The introduction is just a brief outline of your Franchise Group and the direction you will be taking and why. The headings below give some idea of the topics which could be covered.

Remember, the topics will be dealt with in detail in later sections so keep this very short.

Introduction

Customer

Give a brief description of:

- Your typical customer
- Their wants and needs

Product or Service

This will cover issues such as:

- Product or service supplied to the customer
- Standards of product or service
- If anything is supplied by the franchisor (do you manufacture any part of product being supplied?)
- How the product or service is supplied

Distribution of your Franchises

This will give a summary of:

- How many franchises exist
- How many are anticipated over the next year
- The expected distribution

Vision and Goals

A summary



2. Philosophy and Business Culture

This section is not a long one. Just put dot points in on the way you want the organization to operate. It is the mirror of the Philosophy for Conducting Business in the Franchisee Manual.

Think about how you want your business to operate. Give a very general description of **how** you want the franchise group to operate:

- Professionalism
- Friendliness
- Communication between staff and customers
- Communication between franchisee and franchisor
- Ethical behavior

Simply the Best Philosophy for Conducting Business

Our primary aim over the next ten years will be to establish Simply the Best as the leader in the service industry.

It means being “The Best”, not necessarily “The Biggest”.

Being the Best will be measured by all those with a stake in the company: -

- **By our customers** – in terms of value, range and quality of the service we provide.
- **By our franchisees** – in terms of profit and on-going support.
- **By our employees (direct and indirect)** – in terms of remuneration, conditions of work, training and employment opportunities.
- **By our suppliers** – in terms of fair and mutually profitable dealings and their willingness to develop their business with ours.
- **Our product philosophy** – is the maintenance of a healthy market share at individual locations.
- **Our people philosophy** – staff, customers and suppliers - maintenance of honesty and integrity in all our dealings at a consistently high standard of business conduct and ethics.

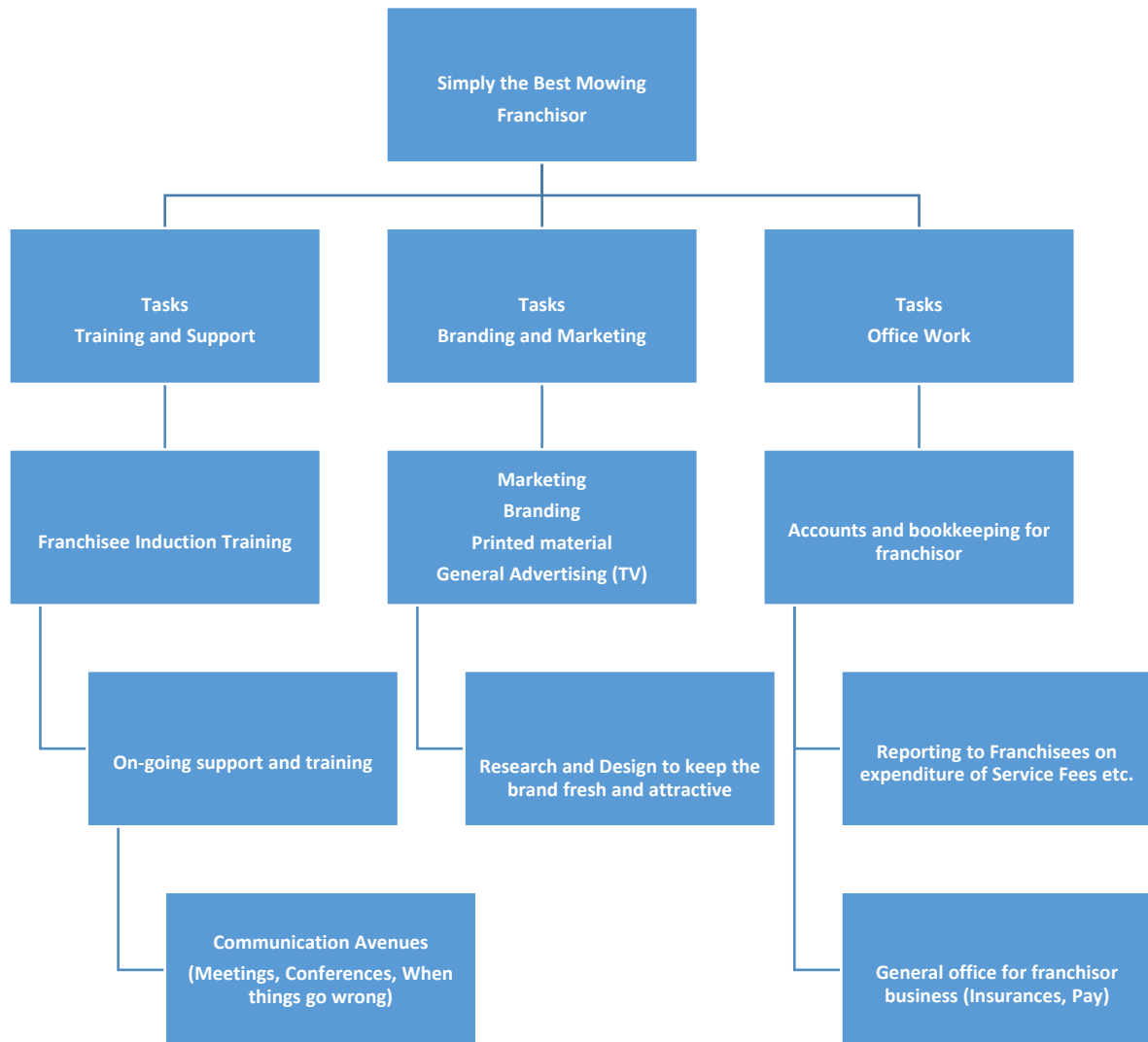


3. Organization Structure

Organization Chart – Franchisor / Franchisee Relations

You will have dealt with this through the Units.

Franchisor Support Office Organization Chart



4. Support Office Personnel

Personnel

- Director
- CEO
- Manager
- Administration
- Field Consultant
- Accountant
- Marketing
- Public Relations
- Training

Responsibilities

- Franchise Liaison
- Marketing and Advertising
- Group Purchasing
- Franchisee Training
- Franchisee Reporting & Payment
- Corporate Marketing
- Development of New Franchisee Territories
- Administration and Accounting
- Corporate Advertising



5. Occupational Health and Safety

This chapter looks at your responsibilities for Occupational Health and Safety both in your own Franchisor Support Office and any responsibility you may have for your franchisee outlet

It is the mirror of Chapter Nine in the Franchisee Operations Manual Guide – Occupational Health and Safety

Support Office

-

Franchisor Responsibility for Franchisee Outlets



6. Development of the Franchise Group

These are probably franchisor responsibilities but listening to others is an important part of development. The franchisees will have great ideas and will know what works and what does not.

Proposed Development of the Franchise Group

-

Research and Development on Service or Product

-

Expansion Potential

-

Territory Planning

-

Master Franchisees

-



7. Franchisor Responsibilities for the Brand and Marketing

This chapter looks at your responsibilities as Franchisor and keeper of the Brand.

It is the mirror of Chapter Nine in the Franchisee Operations Manual Guide.

The Branding Strategy, the Brand Plan and the Product Marketing Plan developed through previous Units will give you the strategies and plans governing the brand and marketing. This chapter can refer to those plans so that material does not have to be repeated.

However, as Franchisor you will have prime responsibility for looking after these things for the Group.

Outline your responsibilities, the responsibilities of your franchisees and itemize how you, as Franchisor, will perform your role.

Branding Strategy

Refer to the Branding Strategy or summarize the tasks which will be covered by the Franchisor

- The vision and goals
- The Brand Strategy

The Brand Plan

Summarize or refer to the Brand Plan which outlines the brand details. Then think about issues such as:

- How often will this be reviewed
- By whom and with whom (involve the franchisees)

Marketing

Summarize or refer to the Marketing Plan. Then detail issues such as:

- Who is responsible for which item
- Itemize the franchisor role
- How often will this be reviewed
- By whom and with whom (involve the franchisees)



8. Product or Service, Stock and Supplies

This outlines the Franchisor Responsibilities

Some Franchisors will supply stock or supplies to the franchisees and this chapter applies. Others will not.

Where stock and supplies are provided, then there will probably be a separate system and Operations associated with this.

The section which governs how stock and supplies are to be used by the franchisee will be the mirror of Chapter Seven in the Franchisee Guide Manual.



9. Franchisee Relations and Management

This is probably the most important of the roles played by the franchisor and the Support Office. It is here you will set up and systemize how you will communicate with and manage your franchisees. The Units and digital book 'How Do I Franchise my Business?' both spend much time on this issue and both give really good references on the topic.

Spend time here establishing the systems and the detailed Operations. It starts with good franchisee selection processes and good regular communication from you the franchisor. The dispute resolution mechanisms should only be used in extreme circumstances.

Franchisee Relations and Management

Franchisee Selection Process

You will have identified this through your Units.

Franchisee set up

This is a mirror of the process in the Franchisee Manual. You will have identified who is responsible through your Units

Franchisee Induction Process

You will have identified this through your Units. This is a mirror of the process in the Franchisee Manual

Availability of Franchisor

-

Meetings

-

Conference

-

Newsletter

-

Updates to systems, systems, stock etc.

- Review of franchisee at end of term for renewal

When things go wrong

-

Dispute resolution

-

Termination

-

Role and responsibilities of the Field Officer

- Contact, how often, what for
- Visits, how often, what for
- Conduct of Field Office



Franchisor Reports to the Franchisees

There will be responsibilities for reporting to your franchisees on a number of issues.

Marketing Funds

This will cover issues such as:

- How often reports are given
- What they are to cover

Service Fees

This will cover issues such as:

- How often reports are given
- What they are to cover

Research and Design

This will cover issues such as:

- How often reports are given
- What they are to cover

Change and New Avenues being pursued

This will cover issues such as:

- How often reports are given
- What they are to cover



10. Accounting and Administration

Accounting and Administration will mirror the Franchisee Manual to some extent.

It will not need to outline the details of how accounts are to be done. But it will need to outline any specific systems and the reports required.

Accounting

Trading Accounts for Simply the Best Company Pty Ltd

For

- Taxation
- Annual Reporting

Profit and Loss, Cash-flow and Balance Sheets

Weekly, monthly and annually to chart progress and budgets to keep an eye on the future

Reports on Marketing Fund and Service Fee accounts

For

- Reporting to the franchisees
- To keep an eye on progress, Cash-flow and effectiveness of expenditure

Administration

Mirror the Franchisee Manual but very simply with Franchisor roles and responsibilities



DESIGN

Unit Twenty

The Legal Documents

Purpose

Learn how the legal documents fit into a franchise

Have your lawyer to create your franchise agreement, Disclosure Documents and other legal documents

Action

Action 1: Understand your legal obligations

Action 2: Work with your lawyer to develop the franchise legal documents

Guides

G11. Schedule of questions to help your lawyer when preparing your legal documents

Supporting Material

SM20. Video of Andrew Barr from Legal Vision discussing the legal aspects of a franchise

SM21. Radio Show 59 – *“Emma Jervis - Legal Agreements In Franchising – relationship between the franchisor and the franchisee....”*

SM22. Radio Show 62 – Emma Jervis - *The Difference Between Licensing and Franchising - does it really matter.....*

External Resources

Guide to the Short and Long Disclosure Documents from the ACCC website

www.accc.gov.au

Code of Conduct from the FCA website

www.franchise.org.au

Internet resources

Australian Competition and Consumer Commission

<http://www.accc.gov.au>

The Franchise Council of Australia

<http://www.franchise.org.au/>

DESIGN

Unit Twenty

The Legal Documents

Purpose

Learn how the legal documents fit into a franchise and have your lawyer create your franchise agreement, Disclosure Documents and other legal documents

Action

Action 1: Understand your legal obligations

Action 2: Work with your lawyer to develop the franchise legal documents

Action 1 – Understand your legal obligations

The legal interpretation of a franchise

Franchising in Australia is legislated under the Franchising Code of Conduct.

A franchise is clearly described by the Code. If your business meets the criteria set out for a franchise, then however you describe your business, it will be deemed to be a franchise and you must abide by the requirements of the Code.

If a business has the elements of this Four Part Test, then it is legally a franchise.

- Is there an Agreement (Written, oral or implied)?
- Is there an association with a trademark?
- Is there an initial or continuing fee?
- Is there a system to follow?
 - Is there a Marketing Plan to follow?

A really useful video of Andrew Barr from Legal Vision outlines your obligations in this regard. There are also Radio Show Interviews on the subject

SM20. Video of Andrew Barr from Legal Vision discussing the legal aspects of a franchise

SM22. Radio Show 62 – Emma Jervis - *The Difference Between Licensing and Franchising - does it really matter.....*

SM22. Radio Show 62 – Emma Jervis - *The Difference Between Licensing and Franchising - does it really matter.....*

Under the law, at least 14 days before entering into a franchise agreement or making a non-refundable payment in connection with the agreement, prospective franchisees must be provided with:

- A Disclosure Document
- A copy of the Franchising Code of Conduct
- A copy of the franchise agreement in the form in which it is to be executed.

Additional requirements apply to sub-franchising. This 14-day period also applies to renewals, extensions and extensions of the scope of a franchise agreement.



All other agreements which the franchisee is required to enter into under the franchise agreement – such as lease, hire purchase, security or confidentiality agreements, or restrictions on business – must be provided to the prospective franchisee at least 14 days before signing the franchise agreement or as soon as they become available.

A useful set of reference texts can be downloaded from the ACCC site. The Franchisee Manual which has been prepared to give any franchisee a concise outline of their rights and some background information is also useful for a prospective franchisor.

Australian Competition and Consumer Commission, *The Franchisee Manual*, 2014

Australian Competition and Consumer Commission, *The Franchisor Compliance Manual*, 2014

These documents are downloadable free from <http://www.accc.gov.au>

The other site which is useful is the Franchise Council of Australia on <http://www.franchise.org.au/>

The Franchise Agreement

The franchise agreement is the cornerstone of the relationship between the franchisee and the franchisor. It is the legally binding document which lays out the responsibilities and obligations of both parties.

For the franchisor, it is essential to get the basics in this document right up front as it can become difficult to change later.

The franchise agreement covers issues such as:

- Obligations of the franchisor and franchisee
- Training and operational support from the franchisor
- Territory allocations and any exclusivity
- Initial duration of franchise
- Renewal periods
- Cost of the investment
- Intellectual property such as trademarks etc.
- Fees
- Tax issues
- Selling and transferring franchises
- Termination, disputes
- operating practices
- advertising policies
- cancellation and legal fees

The 'Franchise Simply' program gives you access to a lawyer with considerable experience in franchising to prepare your agreement.

A schedule has been prepared by our lawyer.

This schedule enables you to list the items which need to be included in your Agreement, making sure you cover all the issues important to your franchise group. The schedule makes the first meeting with the lawyer more meaningful.



If you are not using our lawyers, you can take this schedule to your lawyer for discussion and, if agreeable to you, they can prepare your Franchise Agreement.

The Disclosure Documents

Under the code, franchisors are required to provide prospective franchisees with certain current information which is relevant to the franchise, in the form of a Disclosure Document.

The Disclosure Document will contain financial information and details about the franchise owners and the franchise system.

The Disclosure Document must follow the format set out in the Code.

Guides of the Disclosure Documents are available in Annexure 1 and 2 in the *Franchising Code of Conduct Compliance System* available from the Franchising Council of Australia and can be downloaded free from <http://www.accc.gov.au>

A Disclosure Document must follow the format set out in annexure 1 of the code. The information disclosed must include:

1. A statement that franchising is a business and, like any business, the franchise (or franchisor) could fail during the franchise term and this could have consequences for the franchisee.
2. Information about the franchisor, including the business experience of the people running the franchise
3. Details of any past and present criminal, trade practices and other relevant litigation (as defined in the code).
4. Details of any payments the franchisor will make to other parties for the introduction of the prospective franchisee to the system – i.e. as a ‘finder’s fee’ or commission.
5. Details of existing franchise outlets (including similar businesses operated by the franchisor) and franchises which have been terminated (were not renewed, transferred or bought back) during the last three years.
6. Any trademark, patent, design or copyright which is significant to the franchise system.
7. The proposed franchise territory, including whether:
 - The territory is exclusive to the franchisee
 - The franchisor can alter the assigned territory
 - Franchisees may operate other similar businesses outside the territory
8. Details of any goods, services, equipment or products the franchisee must acquire or provide, including restrictions and obligations on where these may be purchased or acquired

If you do fill in your Disclosure Document Guide, do recognise this document is just a draft.

Action 2 – Work with your lawyer to develop the franchise legal documents

As a part of the package supplied for our clients, our lawyers also recommend and provide other legal documents you will need as you put your franchise business in place. These are provided in addition to the basic Franchise Agreement.

These include:

- Application Form



- Disclosure Document
- Confidentiality Agreement – Franchisee
- Confidentiality Agreement – Works
- Confidentiality Agreement – Works Intellectual Property
- Confidentiality Agreement – Employee
- Intellectual Property Transfer
- Intellectual Property Licence
- Bank Authority
- Disclosure Document Prompts, Franchise Agreement Prompts
- Structure Diagram
- Explanatory Notes on the Structure Diagram

Preparing the legal documents

Our lawyers have provided a list of questions which will help them prepare the documents efficiently and cost effectively. The schedule of questions can be downloaded in Guides 11a and 11b.

Guide 11a Schedule of questions to help your lawyer when preparing your Legal Agreement

Guide 11b Schedule of questions to help your lawyer when preparing your Disclosure Document

Have the Disclosure Document checked by a lawyer

If you do not use a lawyer to prepare your documentation, take care.

This is one of the areas where it is essential to have a specialist franchise lawyer check the document before you use it with a franchisee. Even if you use the Guide available from the ACCC site, you need to ensure the document is legally sound and it meets the special requirements of your new business.

So you need to refer to an experienced lawyer to discuss the document and prepare them for you.

It is also really recommended you discuss the contents with an experienced franchise mentor who will look at the document with a different eye. Your franchise mentor will check the business soundness of your document rather than its legality.





Supporting Material 20a

Video of Andrew Barr from Legal Vision discussing the legal aspects of a franchise

See your personal Dropbox folder or visit the Members' Page on the website





Supporting Material

SM20b. Radio Show 59 – “Emma Jervis - Legal Agreements In Franchising – relationship between the franchisor and the franchisee....

SM20c. Radio Show 62 – Emma Jervis - *The Difference Between Licensing and Franchising - does it really matter.....*

See your personal Dropbox folder or visit the Members’ Page on the website





Guides 11a and 11b

Questionnaires you need to provide answers for, to help your lawyer when preparing your Legal Agreement and Disclosure Document



Purpose of this Guide

This document was prepared by our franchise expert lawyers, LegalVision, to help them prepare your legal documents to suit your proposed franchise group.

It is comprised of a list of items and questions which they want you to cover before you have a meeting with them on your legal documents.

You will have prepared most of the material needed through the work in these Units.

So, simply go through the Guide and address each of the issues.

Guide 11a

Questionnaire – Franchise Agreement

Thank you for engaging LegalVision, we are delighted to assist you. Please provide the information requested and please let us know if you have any questions, thank you.

QUESTIONS	ANSWERS
General	
Please provide a brief overview of what you want this document to cover.	
Head Count Do you, or does the party on the other side of this agreement, employ 20 people or less? <i>Count employees who are employed on a regular or systematic basis. Do not count casual employees or contractors.</i>	<i>If you do not know about the party on the other side, but it is possible that they employ 20 people or less, please write 'yes'.</i>
Contract Price Is the upfront price payable under the agreement: (a) \$300,000 or less? (b) if the contract is more than 12 months - \$1,000,000 or less?	<i>Please confirm: yes – means either (a) or (b) apply, or no – means neither (a) nor (b) apply.</i>
Franchisor Details	
1. Company name and ABN	
2. Date of incorporation	
3. Address	
4. Phone Number	
5. Email Address	
Please provide a brief description of your franchise activities.	



Franchisee Details <i>If you do not have a prospective franchisee or we are creating a master/template agreement, leave this blank.</i>	
1. Company name and ABN	
2. Date of incorporation	
3. Address	
4. Phone Number	
5. Email Address	
Guarantor Details <i>If you do not have a prospective franchisee, leave this blank.</i>	
1. Name	
2. Address	
3. Phone Number	
4. Email Address	
Setting up the Franchise	
<ul style="list-style-type: none"> • What will the term of the franchise be? • Can the franchisee renew their franchise? • What will the additional term be? 	
Will the franchise have a fixed location? It could also be: a) Mobile; or b) Online.	
Does the franchisee need to lease or license a premises? Will you be leasing the premises on their behalf? <i>(They will need to enter into a licence agreement with you to use the premises in this case)</i>	



Does the franchisee need to lease or license any items or equipment?	
How long will you allow to find an appropriate premises location? <i>(only relevant if one has not already been found)</i>	
Will there be a fitout of the premises? Who will take responsibility for fitting out the premises? Are there specific requirements?	
Will the franchise be located in a specific geographical area? <i>This is referred to as the 'Territory'.</i>	
Do they need to get any licences or qualifications before they can operate the franchise? <i>E.g. If they are selling alcohol, they will need a licence to do so. If they are providing a trade, formal certification will be required.</i>	
Do they need to have a marketing campaign in place prior to the opening of the franchise? Do you have a prescribed or suggested initial marketing campaign? <i>This is called the 'Opening Promotional Campaign.'</i>	
Fees <i>(Please provide us with an amount you would like to charge for each fee)</i>	
1. Documentation Fee <i>This fee is the amount they pay you to prepare the franchise agreement and associated documents.</i>	
2. Initial Franchise Fee	



<p><i>This is how much will you charge them to purchase your franchise.</i></p>	
<p>3. Training Fee</p> <p><i>This is the cost for you to provide the initial training to the franchisee.</i></p>	
<p>4. Site Selection Fee</p> <p><i>This is how much will you charge for your assistance in locating, inspecting and assessing the suitability of any proposed premises. It is also paid when the franchisee relocates the premises.</i></p>	
<p>5. Project Management Fee</p> <p><i>This is how much you would you like to charge for helping to design, plan, organize and oversee the fitout of the premises. It is also paid when the franchisee relocates the premises.</i></p>	
<p>6. Royalty Fee</p> <p><i>This can be what you charge them for the ongoing use of your Intellectual Property, advice and assistance you give them in operating their franchise.</i></p>	
<p>7. Opening Promotional Fee</p> <p><i>This is the amount you will require to help develop the franchisee's opening promotional campaign.</i></p>	
<p>8. Local Marketing Contribution</p> <p><i>This is the amount you would like to ensure the franchisee spends for local promoting/marketing the franchise. We include a standard clause for the operation of this which we can discuss with you. This is to be differentiated from a marketing fund which is administered by you.</i></p>	
<p>9. Marketing Fund Contribution</p>	



<p><i>This is how much you will charge the franchisee for general promoting/marketing that is administered by you.</i></p>	
<p>10. Renewal Fee</p> <p><i>This is how much will you ask the franchisee to pay to renew the franchise.</i></p>	
<p>11. Assignment Fee</p> <p><i>This is how much do you want them to pay to transfer the franchise. It is usually calculated as a percentage of the total price their franchise is transferred for.</i></p>	
<p>12. Security Retention Amount</p> <p><i>This is a fee they pay for you to hold on to when the franchise agreement ends in case any claims come up against their franchise. It is usually reimbursed if not used after a certain period of time.</i></p>	
<p>Will you charge interest on late payments? At what rate?</p>	
<p>Will you require a direct debit form or similar to be entered into by franchisees?</p>	
<p>Will you require a guarantee?</p>	
<p>Operating the Franchise</p>	
<p>What kind of training will you provide?</p> <p><i>The initial cost can be included in the Initial Franchise Fee or charged separately per above.</i></p>	
<p>Will the training be provided on an ongoing basis? If so, how, when, where and at what cost?</p>	
<p>Do you require certain persons to undertake training to your satisfaction, e.g. management?</p>	
<p>Do you require the franchisee to train new staff?</p>	



Can the franchisees recruit employees?	
Do you wish to have access to/be able to audit franchisees books and records?	
Will you allow other franchisees to operate in their Territory or Marketing Area? On what conditions? In what circumstances? Will the Territory be exclusive?	
Will you be providing equipment and stock for the franchisee?	
Is the franchisee required to get the equipment and stock from an approved supplier?	
Is there a list of approved suppliers? Where is it located?	
Is there a specific list of equipment/stock to be obtained prior to operation?	
Do you have an equipment schedule? If so, please provide same.	
Will you sell the products or services to customers in the Territory or Marketing Area if the franchisee is unable to? <i>This clause is about customer management and is useful if you will have a website with various locations and contact details accessible.</i>	
Are there any minimum performance criteria that the franchisees must meet? <i>We include a standard clause.</i>	
What intellectual property do you have? (e.g. trade marks, patents, designs, copyright) <i>Details of your intellectual property will be included in the disclosure document.</i>	
What are the franchisee's rights and obligations in using your intellectual property?	
Do you own the intellectual property you have? If not, who owns it? Are there any	



agreements in place that affect your right to use it?	
<p>What are the franchisees reporting requirements?</p> <p><i>This clause refers to keeping appropriate financial records and sets out when and how they need to provide you with this information.</i></p>	
Does the franchisee need to offer you the first option to purchase the franchise if they would like to sell/transfer it?	
<p>Will you require your franchisees to maintain a debt to equity ratio?</p> <p><i>This ratio compares their level of debt from creditors to their level of equity (often from shareholders). It is used to measure the riskiness of their business.</i></p>	
Will you provide an Operations Manual? Do you wish to be able to update the Manual?	
Are there any other special features applicable to the franchise?	

ADDITIONAL QUESTIONS (leave in as required)

Technology	
1. Will you have prescribed software or hardware?	
2. Will you be able to access computer records?	
Meetings	
Will you have ongoing meetings of the franchise network? When and where?	
Security	
1. Will you require a guarantee and indemnity from the franchisees and/or their guarantors?	



<p><i>We can include a standard clause and discuss with you.</i></p>	
<p>2. Will you require the franchisee to grant you a security interest in their personal property and real property?</p> <p><i>This is in relation to the Personal Property Securities Act and protects you if the franchisee is unable to pay any amounts associated with the franchise agreement. We can include a standard clause and discuss with you.</i></p>	
<p>Privacy and Confidentiality</p>	
<p>1. Do you want to require the franchisee to comply with any privacy laws or your privacy policy?</p> <p><i>We can include a standard clause that requires them to comply with Australian privacy law. Please let us know if you also have a privacy policy.</i></p>	
<p>2. How can the franchisee use confidential information? Who can they disclose it to? When must they stop using it?</p> <p><i>We can include standard provisions in the agreement and discuss with you if you would like anything more extensive.</i></p>	
<p>Restraint</p>	
<p>1. Will you restrain the franchisee and/or their employees from undertaking a business similar to your franchise after the franchise agreement ends?</p> <p><i>We can include a standard provision and discuss with you.</i></p>	
<p>2. What would you like the restraint area to be? (e.g. Australia, the State where the franchise is located, the Local Marketing Area)</p>	



3. What would you like the restraint period to be? (e.g. 3 years after the agreement ends)	
Retail	
1. Will you have, or do you want to be able to introduce a mystery shopper program or similar?	
2. Will you provide signage/promotional material?	
Trade/Services	
1. Will you have, or do you wish to have, an ability to inspect works?	
2. Who is responsible for rectification?	
3. What are the usual qualifications required to operate in the industry?	
Food/Hospitality	
1. Will you require the premises to contain specific fitout relevant to the food/hospitality business?	
2. Will you require the franchisee to purchase particular equipment?	
3. Will you require the franchisee to comply with certain health and safety or other statutory and regulatory requirements?	
Additional Franchise	
1. Will you be able to establish a new franchise in the same area as the franchisee?	
2. Will you give the franchisee the option to purchase the new franchise?	
Master Franchise Agreement	
1. What type of territory are you granting for the master franchisees?	
a) Will it be exclusive/non-exclusive?	
2. Is the master franchisee taking on all the responsibilities of the franchisor or is it more of an administrative role for the master franchisee?	



3. Will the franchisor be signing the franchise agreements or the master franchisee?	
4. Who will control which franchises are to be issued? Will the franchisor need to consent to each franchisee?	
5. Will the master franchisee also be carrying on the franchise business?	
6. Will the master franchisee be provided with guidelines for recruiting franchisees?	
7. What training will be provided to master franchisees?	
8. What will be the master franchise fee?	
9. What will be the ongoing master franchise fee?	
10. How will the franchise fee be split between franchisor and master franchisee?	
11. Are there any minimum performance criteria that the master franchisees must meet?	
12. Will the franchise be located at a specified premises?	
13. Will the franchisor/master franchisee lease the premises?	
14. What are the reporting requirements for master franchisees?	

Insurance

1. Do you have business insurance?

The common types of business insurance are as follows:

- **Public and Product Liability Insurance** – to cover your business for liability to a third party (such as a customer) who might claim for an injury caused on your property. Examples of events which are covered include a client sustaining an injury on your premises, property damage you may cause to clients' property on their premises, and personal injury to people using products manufactured or altered by your business.
- **Professional Indemnity Insurance** – to cover professional services businesses e.g. an accountant, doctor or designer.
- **Worker Compensation Insurance** – you need to provide injury insurance for your employees through an insurer approved by the relevant statutory body in your state or territory. This should also cover you.



- **Revenue and Assets Insurance** – includes insurance for content damage, stock deterioration, loss of profits, employee theft or destruction to electronic equipment.
 - **Motor Vehicle Insurance** – you must insure all business vehicles for injury liability to third parties. There are a range of business motor vehicle insurance options such as compulsory third party, third party property damage and comprehensive insurance.
 - **Fire and Perils** – to cover your business for damage caused by accidents or faulty equipment, including fire and flood.
 - **Income Protection Insurance** – to cover you if you are unable to work due to illness or injury.
 - **Death and Permanent Disability Insurance** – Life insurance provides a cash lump sum in the event of death. Some policies pay on the diagnosis of a terminal illness. Total and permanent disability insurance is usually an optional extra on a life insurance policy and covers against a permanent disability.
2. Would you like an insurance broker to contact you to discuss your business insurance needs?

Please note that LegalVision does not provide insurance advice and has no liability for any insurance advice or information provided by any third party.

Thank you for this information; we will use it to create your Franchise Agreement then have a call with you to discuss.





Guide 11b

Questionnaire – Disclosure Document

Thank you for engaging LegalVision, we are delighted to assist you. Please provide the information requested and please let us know if you have any questions, thank you.

QUESTIONS	ANSWERS
General	
Please provide a brief overview of what you want this document to cover.	
Please provide us with a brief description of your franchise activities and purpose.	
Franchisor Company Details	
1. What date did you begin operating in Australia?	
2. Has your franchise operated under another company or name previously?	
<p>3. Does your company have any associated companies or entities? If so, please provide the following details for each entity:</p> <ul style="list-style-type: none"> a. Company/Business Name b. ACN or ABN c. Address of Registered Office d. Principal place of Business e. Relationship to your franchise company and the franchise system <p><i>Associate' in the Franchising Code of Conduct means a person (or company) 'who:</i></p> <ul style="list-style-type: none"> (i) <i>is a director or related body corporate, or a director of a related body corporate, of the franchisor; or</i> (ii) <i>for a franchisor that is a proprietary company—directly or indirectly owns, controls, or holds with power to vote, at least 15% of the issued voting shares in the franchisor; or</i> (iii) <i>is a partner of the franchisor; and</i> (b) <i>whose relationship with the franchisor is relevant to the franchise system, including because:</i> <ul style="list-style-type: none"> (i) <i>the person supplies goods or services to a franchisee; or</i> 	<p>Associate 1</p> <ul style="list-style-type: none"> a. b. c. d. e. <p>Associate 2</p> <ul style="list-style-type: none"> a. b. c. d. e. <p>etc.</p>



<p>(ii) <i>the person gives the franchisee a right to occupy premises, whether under a lease or otherwise; or</i></p> <p>(iii) <i>the person owns intellectual property used in the franchise system; or</i></p> <p>(iv) <i>the person is involved in market research, market testing, market development, sales promotion or management of the franchise system.</i></p>	
<p>4. For each officer of the franchisor company, as well as any associates, please provide the following details:</p> <ul style="list-style-type: none"> a. Name b. Position Title c. Qualifications d. Business experience relevant to operating the franchise over the last 10 years, including length of experience. <p><i>An officer is a director, secretary, and person participating in making significant decisions or who has the capacity to significantly affect the financial standing of the business.</i></p>	<p>Franchisor Company Officeholder 1</p> <ul style="list-style-type: none"> a. b. c. d. <p>Franchisor Company Officeholder 2</p> <ul style="list-style-type: none"> a. b. c. d. <p>etc.</p> <p>Associate Company Officeholder 1</p> <ul style="list-style-type: none"> a. b. c. d. <p>etc.</p>
<p>5. Please provide details of the business experience of the franchisor company:</p> <ul style="list-style-type: none"> a. Length of experience in operating a business similar to that of the franchisee b. Have you offered any other franchises? c. Have you offered franchises for other businesses? If yes, please provide the information below: 	



<ul style="list-style-type: none"> i. a description of each business; and ii. the length of time you offered franchises for. 	
Litigation	
Has the franchisor company and/or directors been involved in criminal or civil litigation? If yes, please provide details of all disputes.	
Payments to Agents	
<p>Is there a payment for introduction or recruitment of the franchisee? If yes, please provide the following details:</p> <ul style="list-style-type: none"> a. the name of any people to whom any payment is payable 	
Existing Franchisees	
<p>For all existing franchisees, please provide the following information:</p> <ul style="list-style-type: none"> 1. Name 2. Location 3. Address 4. Business phone number 5. Year when they began operating the franchise <p><i>If you have over 50 franchises, then please provide details for those in the relevant state or territory.</i></p>	
<p>For the last 3 financial years, have any franchises:</p> <ul style="list-style-type: none"> a. ceased to operate? b. were terminated? c. were not renewed? d. were transferred or bought back? <p>If yes to any of the above, please provide the following details:</p> <ul style="list-style-type: none"> a. The number of franchises in each category above b. Franchisee Company/Business Name c. Address d. Phone Number e. A brief description of the basis of termination (if applicable) 	
Is there a Master Franchisor?	



<p>If yes, please provide the following details:</p> <ol style="list-style-type: none"> Name Address of Registered Office and/or Principal Place of Business ABN or ACN (or foreign equivalent, if applicable) Name under which they carry on business in relation to the franchise Details of officers <ol style="list-style-type: none"> Name Position Title Qualifications Term of the agreement Territory of the franchise Can the franchise be renewed? Can the term be extended? Can the franchise be transferred? Grounds on which the franchise can be terminated <p><i>We will discuss further information about master franchisors with you.</i></p>	
<p>Intellectual Property</p>	
<p>Please provide details of the intellectual property of the franchise including:</p> <ol style="list-style-type: none"> Trade marks (provide the following details as applicable) <ol style="list-style-type: none"> Trade mark number Class Word Image Date of registration Place of registration Patents Designs Copyright 	
<p>1. What are the franchisee's rights to use the intellectual property?</p> <p><i>Usually such a right is licensed per specific terms of the franchise agreement which we will include.</i></p>	
<p>2. Any issues that could affect use of the intellectual property? (e.g. any court proceedings, does someone else own it, do you have an agreement to license it)</p>	



Franchise Site	
1. Does the franchise operate from a particular location?	
2. Does the franchisee have an exclusive right to operate in a specified area?	
Supply of Goods or Services	
1. Are there any requirements and restrictions relating to the supply of goods and services by the franchisee? (i.e. only Approved Products)	
2. Can the franchisee or franchisor make the goods or services available online? If yes, are there any restrictions?	
Franchise Site or Territory	
1. What are your policies for selecting sites or territories? E.g. by city, by regional area, by suburb.	
2. Has the subject site or territory been previously franchised? If yes, please provide details of why it ceased to operate. <i>These details must be included in a separate document.</i>	
Payments	
<p>Please provide details of the following payments:</p> <ul style="list-style-type: none"> a. Prepayments (before the agreement is entered into) b. Franchising Fee c. Establishment Costs, e.g. setting up the premises d. Other payments, e.g. marketing fee, royalty, transfer fee, etc. <p><i>A practical tip is to look through bookkeeping references to itemise all expenses. We will provide a base list of common expenses and discuss with you. Please note that ALL expenses must be listed by the Franchisor.</i></p>	
Marketing or other cooperative funds	
Do you have a marketing fund or local marketing contribution? If yes, please provide a brief overview of how it works.	



Financing	
Do you provide financing arrangements with franchisees? If so, please describe the material conditions.	
Franchise Agreement Procedures	
1. Can you vary the franchise agreement unilaterally (without the franchisee's consent)?	
2. Can the franchisee renew the franchise? If yes, please provide an overview of the process you will use to decide this.	
3. Can the franchisee extend the term of the agreement? If yes, please provide an overview of the process.	
4. Will the franchisee receive compensation if you decide not to renew?	
5. What happens to the equipment and stock of the franchise at the end of the agreement?	
6. Does the franchisee have the right to sell the business at the end of the agreement?	
7. Will you consider any significant capital expenditure undertaken by the franchisee in determining what happens at the end of the agreement?	
8. Will you amend the franchise agreement before transfer? <i>You can get the franchisee to enter into the then current version of the agreement.</i>	
Related Agreements: Are there any obligations to sign related agreements such as leases, licenses or supply agreements? <i>These documents must be provided to the franchisee 14 days before signing the franchise agreement or when otherwise available.</i>	
Earnings Information – you can provide this to franchisees or include a statement that this information is not given. <i>Please see our Franchisor Guide to Financial Disclosure guide.</i>	
Financial Details – this is a statement as at the end of each financial year that the franchisor is of the	



<p>opinion on reasonable grounds that it can pay its debts as they fall due.</p> <p>If you have been operating for less than 2 years, we need to provide a statutory declaration of your solvency and an independent auditor's report.</p>	
Any other relevant information/ conditions you want included?	

Insurance

3. Do you have business insurance?

The common types of business insurance are as follows:

- **Public and Product Liability Insurance** – to cover your business for liability to a third party (such as a customer) who might claim for an injury caused on your property. Examples of events which are covered include a client sustaining an injury on your premises, property damage you may cause to clients' property on their premises, and personal injury to people using products manufactured or altered by your business.
- **Professional Indemnity Insurance** – to cover professional services businesses e.g. an accountant, doctor or designer.
- **Worker Compensation Insurance** – you need to provide injury insurance for your employees through an insurer approved by the relevant statutory body in your state or territory. This should also cover you.
- **Revenue and Assets Insurance** – includes insurance for content damage, stock deterioration, loss of profits, employee theft or destruction to electronic equipment.
- **Motor Vehicle Insurance** – you must insure all business vehicles for injury liability to third parties. There are a range of business motor vehicle insurance options such as compulsory third party, third party property damage and comprehensive insurance.
- **Fire and Perils** – to cover your business for damage caused by accidents or faulty equipment, including fire and flood.
- **Income Protection Insurance** – to cover you if you are unable to work due to illness or injury.
- **Death and Permanent Disability Insurance** – Life insurance provides a cash lump sum in the event of death. Some policies pay on the diagnosis of a terminal illness. Total and permanent disability insurance is usually an optional extra on a life insurance policy and covers against a permanent disability.

4. Would you like an insurance broker to contact you to discuss your business insurance needs?



Please note that LegalVision does not provide insurance advice and has no liability for any insurance advice or information provided by any third party.

Please note:

Franchisee signs an acknowledgment that they have received the disclosure document and may retain it.

Franchisors must update their disclosure documents within four months after the end of each financial year.

Thank you for this information; we will use it to create your Franchise Agreement and Disclosure Document then have a call with you to discuss.



DESIGN

Unit Twenty One Develop your Franchisor Business

Purpose

Use the systems developed in the Franchisor Operations Manual to develop your franchisor business

Action

Action 1: Collect all the documents you developed for the franchisor side of the business

Action 2: Develop your franchisor business

Resources

The Franchisor Operations Manual, the Budgets, Marketing Strategy and other documents prepared to build your franchisor business

DESIGN

Unit Twenty One

Develop your Franchisor Business

Purpose

The purpose of this Unit is for you to use the systems developed in the Franchisor Operations Manual to develop your franchisor business

Action

Action 1: Collect all the documents you developed for the franchisor side of the business

Action 2: Develop your franchisor business

Action 1 – Collect all the documents you developed for the franchisor side of the business

This Unit looks small. There are only a few lines on this page.

However, the actions you are about to take are important and will take time. This is where you start to put all the planning, budgeting and documenting in place to construct the franchisor side of your business.

Collect together all the documents which apply to your new franchisor business.

Action 2 – Develop your franchisor business

You probably won't have a franchisee to manage yet, but to make it easier:

- Put induction and training in place for your pilot outlet or when your first franchisee arrives
- Put the systems for accounting, and communication and in place so they can be immediately activated.

Use the material developed in the Franchisor Operations Manual and other documents to make sure you have all your systems and procedures ready.

To begin with, you will probably take on all the roles and tasks. Without a clear franchisee outlet to manage, there will not be much to do.

As soon as your pilot outlet and first franchisee outlet are functioning, you will be making sure these roles and tasks are allocated to your staff.

The Manuals you have developed will enable you to delegate effectively.

DESIGN

Unit Twenty Two

Create a Pilot Franchisee Business

Purpose

Use the systems developed in the Franchisee Operations Manual to systemize your existing business or develop a new business

Action

Action 1: Collect all the documents you developed for the franchisee side of the business

Action 2: Develop your franchisee business

Resources

The Franchisee Operations Manual, the Budgets, Marketing Strategy and other documents prepared to build your franchisee business

DESIGN

Unit Twenty Two

Create a Pilot Franchisee Business

Purpose

The purpose of this Unit is for you to use the systems developed in the Franchisee Operations Manual to systemize your existing business or develop a new business

Action

Action 1: Collect all the documents you developed for the franchisee side of the business

Action 2: Develop your franchisee business

Action 1 – Collect all the documents you developed for the franchisee side of the business

This Unit also looks small.

However, the actions you are about to take are important and will take time.

Your tasks here are to create a pilot franchisee outlet, either using an existing outlet or by creating a new outlet.

Establishing a pilot franchisee outlet prior to selling your first franchise will do two things.

- It will enable you to finalize and test the Operations Manuals and other parts of the business including the way the franchisee and franchisor interact. Most franchise groups need to make changes to the business at this stage.
- It will give you a proven trading situation to show prospective franchisees when you get to sell the franchises.

You will act as the franchisor and help your staff turn your business into a systemized franchise outlet.

So collect all the documents you developed for the franchisee side of the business

Action 2 – Develop your franchisor business

Using an Existing Business

Systemizing an existing business or business outlet is the preferred way to establish your first franchise. The existing business will have proven ways to do things and proven outcomes. So you can measure the impact new systems will have on the way things are done.

So, if you have an existing business, put it under management and ask your staff to put into action the systems developed in the Franchisee Operations Manual.

If they have helped you to create the systems in The Manual, this task will be easier.

If you have more than one outlet, select the most successful and have the manager of that outlet to implement the systems for you.

Remember, you are the franchisor and need to keep yourself apart in that role.

As each area of the business is systemized, you will be able to:

Check each task and operational system is itemized correctly in The Manual. Do the systems work or are there adjustments to be made?

Check your budgets against the actual financial outcomes. Again, are the budgets on track or are there adjustments to be made?

Check your new marketing against previous marketing efforts. Is the new approach working or are there adjustments to be made?

These checks and measures will be on-going.

It is recommended that you operate your new systemized franchise for at least a year. Once you are happy with the results and have a proven set of financials, you can proceed to the next step and start to recruit your new franchisees. If this is less than a year, then you may wish to commence recruiting then

A new business

If you do not have an existing business, much of the work is the same. The difference is you will start up a new business using the systems in the Operations Manual.

Again, you will need to check to ensure the recorded systems and marketing actually work. And are the budgets on track?

As with existing businesses, it is best to run this pilot for at least a year until you have a proven outlet.

Then you can proceed to open new franchised outlets knowing what to expect.