



IN THE MEDIA

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The franchising sector has had casualties over the past 12 months, of which the Kleenmaid collapse received the most publicity.

However, Franchise Council of Australia (FCA) executive director Steve Wright says franchises have continued to produce substantial success stories, particularly in niche areas and service delivery.

“The sector has continued to achieve the 7 to 8 per cent growth it has experienced for the past decade,” he says.

We suggest you ensure any franchise you purchase is a member of the FCA. Members have to abide by professional standards that reflect the requirements of the mandatory Franchising Code of Conduct that is enforced by the ACCC.

To make it onto the AFR Smart Investor list of Best Value Franchise Systems, a franchisor must first be a member of the FCA.

Contenders must then pass the following rigorous tests:

STEP ONE

- Have a nationally recognised brand or a brand showing strong potential to achieve national recognition.
- Have been an established franchise system in Australia for a number of years, operate in at least three states and have new franchising opportunities available.

STEP TWO

- Require a competitive initial and total capital outlay within the peer group.
- Have comparatively low borrowing requirements and an established relationship with at least one lender.
- Charge comparatively low ongoing franchising and marketing fees.
- Charge no non-refundable deposits.
- Charge no, or comparatively low, training fees.
- Offer a long initial franchise agreement term with excellent renewal options.
- Offer excellent business planning support, initial and ongoing training.
- Generate competitive expected and average annual turnover for franchisees.
- Exhibit unique features that give the system a competitive edge.

CASE STUDY:

Lee Lansbury of Reservoir, Victoria says he has more control over many things in his life as a result of being a Superfinish Express franchisee for the past five years.

“I’m just turning 40 and we’ve paid off our home,” he says. “We own all our cars. Everything we’ve got we own and we wouldn’t be in that position if I hadn’t quit my job and become a franchisee for Superfinish.”

A chef by trade, Lansbury had held down a few

administration jobs and managed an industrial hose company before he decided to buy a Superfinish franchise. He was not a panel beater or spray painter although he did have a passion for cars.

“Business is going magnificently,” he says. “It’s really good and has been very successful. In my previous job I left home at 5am and got home at 7pm and worked six days a week which was stressful. I’m now encouraged to work five days a week and have more control over my hours.” Lansbury has managed to maintain many of the same clients, all car yards within his exclusive territory, for the past five years.

“The great thing about Superfinish is that it’s a trade-based system,” he says. “Because your clients are car yards in the trade it makes getting return business much easier. They’re always going to have cars that need spraying and touching up.

“I’m still happy in my work after five years so I must be doing something right. Working on cars has been my hobby since I was 15 and now I’ve managed to turn it into a livelihood for my family.



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- Have the best possible territory or job allocations within the peer group.