



NEW BUSINESS PACK

*those without the ability
to have their mind blown*

**NEED NOT
APPLY**

FROM THE TEAM OF.
Mixology

Information statement for prospective franchisee

THINKING OF BECOMING A FRANCHISEE? IT IS IMPORTANT TO CONSIDER THE RISKS AND THE REWARDS

This document is not a complete guide to franchising, it is a starting point.

It should be combined with your own independent legal, accounting or business advice and the disclosure document provided by the franchisor.

Entering a franchise is a big decision. Before you do so, you should:

Conduct due diligence – this means researching the franchise system and talking to current and former franchisees.

- **Get advice** - get legal, accounting and/or business advice from professionals with expertise in franchising.
- **Read all the documents** - carefully study the disclosure document, franchise agreement and any other documents provided by the franchisor.
- **Know your rights** - make your own enquiries to ensure that it is the right decision for you. The Franchising Code of Conduct sets out the rights and obligations of the people involved in a franchising relationship. It can be found at <http://www.comlaw.gov.au>.

You should also consider taking a specialist franchising or business course before making a decision to enter a franchise agreement. There are **free, online education courses** available for prospective franchisees. Some courses can be found here <http://www.franchise.edu.au/education.html>.

What is franchising?

Franchising is a model for doing business. When you enter a franchise agreement, the franchisor controls the name, brand and business system you are going to use. The franchisor grants you the right to operate a business in line with its system, usually for a set period of time. There is no guarantee you will be able to keep your franchise business after the initial period of the agreement ends.

Franchisors and franchisees must comply with the Franchising Code of Conduct, which exists under the *Competition and Consumer Act 2010*, as well as consumer and company laws. The Franchising Code sets out minimum requirements for a franchisor to provide specific information to you. A franchise agreement, once entered into, is a legally binding contract that sets out the terms of the franchise.

Why consider franchising?

A franchise can offer particular benefits over other types of businesses. For example, franchises may have an established product or service and an existing reputation and image. It may also give you access to the franchisor's experience and knowledge in the industry, planning, marketing skills and operating procedures. Some franchise systems provide support, some do not. You should carefully think about whether the franchise system you are considering suits your business experience, skills and needs.

Understanding the franchising relationship

Two important features of franchising are that the franchisor has established the business system you are using and that most franchise systems rely on each franchise maintaining consistency. For those reasons, franchisees are usually required to strictly comply with the operating procedures set down by the franchisor. As a result, you may be limited in the changes you can make to the franchise system without the agreement of the franchisor.

You will usually also be bound by confidentiality obligations. This includes limits on your rights to use the franchisor's intellectual property or business system outside the franchise.

Most businesses adjust to meet changes in the market. The franchisor might make changes to the franchise system at any time but does not have to discuss them with all franchisees.

Unexpected expenses

In franchising, as in any business, unexpected expenses may arise. Events such as a natural disaster or a change in the law or Australian standards can impact your business.

You need to have a business plan that takes this into account when working out the funds you will need for the future. You should also make sure you have the type of insurance which is right for your situation.

During the life of your franchise agreement, a franchisor might also decide to update computer systems or introduce new uniforms or change the appearance of the franchise system. These changes might not have been thought about when you entered the agreement. Those costs would normally be paid by the franchisee under the agreement.

The risks of franchising

Statistics suggest franchises have a lower failure rate than other businesses, but franchising is not risk free.

Franchising is a business and, like any business, there is the potential for a franchisor or franchisee to become **insolvent**. If this occurs this may have significant impacts on your business, for instance, you may no longer be able to use the franchise system's branding.

Some of the things you should think about are:

- How much **working capital** or **extra funds** you need for the first year or two while the business is getting established.
- Consumer demand for products or services is not the same in every **geographical area** and a franchise system might not be successful in every area.
- As a franchisee, you may not have an **exclusive territory**.
- Your franchisor may have the ability to compete with you **online**.
- As a franchisee, you won't necessarily have the **choice of where you buy the products** you need to run the business, even if you believe you can get those products for a lesser price somewhere else.
- An agreement may allow the franchisor to **terminate the agreement** even if there hasn't been a breach by a franchisee.
- Some **locations** are better for some businesses than others (i.e. consider a shopping centre versus a main street).
- The **economy** has its ups and downs.
- Whether the business is a **fad** or should it pass the test of time.

You may not have an automatic right to renew your agreement once the initial term is over. You should think about what happens at the end of the agreement:

Will you be able to recover your outlay and make a profit during the term of the agreement?

- What are your rights and responsibilities around renewing your franchise agreement?
- What are the rules about you selling your business?
- Are there any restrictions on you starting a similar business if you want to?

The **Australian Competition and Consumer Commission** (ACCC) administer and enforce the Franchising Code. For example, the ACCC can provide information on how supply arrangements work in a franchising relationship.

Further information

Further information on franchising can be found at <http://www.accc.gov.au> or by calling the ACCC Small Business Helpline on 1300 302 021.



Important

Please respect the confidentiality of this document. In an effort to provide you with quality information we do disclose some of our valuable Intellectual Property. Please feel free to share this document with your professional advisers. We ask that you respect the Confidentiality Agreement that you have signed and to not distribute or to share this document with anyone who will not play a role in your decision to proceed with your application for a **Cold Rock** franchise.



What is Cold Rock?

Cold Rock is a complete experience of personalised indulgence. At **Cold Rock** the choice does not stop at simply deciding on a great flavoured ice cream. This is merely the beginning of the **Cold Rock** experience.

Cold Rock is an interactive approach to dessert. This means you get to customise your own flavour sensation by choosing from a variety of popular and classic treat Mix Ins to create thousands of flavour combinations. Some of our most in demand Mix Ins are Crunchie, Mars, Kit Kat, Cookie Dough and strawberries.

After you “Choose it” we go ahead and “Mix it”, using the magic of a refrigerated granite stone. We skilfully fuse together your selected ingredients creating a dessert which is as unique as you!

Choose it.



Mix it.



Smash it.

Love it.



Cold Rock - Our Journey so far...

The **Cold Rock** concept was introduced to Australia in 1996. The original concept – mixing ice cream and lollies on a frozen surface – was pioneered in the USA where it continues to enjoy great success.

The first **Cold Rock** store opened in the Brisbane suburb of Aspley. The business soon went interstate with stores opening in New South Wales, South Australia, Victoria and Western Australia.

In 2002, the **Cold Rock** system was sold by its founders to new owners.

Cold Rock has become a regular feature in the BRW's Top Franchises.

In September 2009, the **Cold Rock** system was successfully purchased by the Franchised Food Company, a company which owns and operates various franchise systems. Ffco is run by Melbourne businessman Stan Gordon. Stan and his team have introduced formal support programs that coach, guide, motivate and inspire Franchisees to greater success. Approved Product Lists have been introduced to consolidate buying power and achieve lower input costs to boost each Franchisee's bottom line. Our pipeline is full of ongoing enhancements to deliver even better results for both **Cold Rock** and each Franchisee.

We receive several enquiries each day from prospective Franchisee's keen to join a team committed to the ideal **"To Make Money and Have Fun"**.

Our style is not to look back to see what we've achieved. Nope. The journey up to now has been great. It's the future that really excites us!

The Cold Rock Management Team

Buying a franchise is like buying a business in a box. It makes no sense to pay a franchise fee and ongoing royalties if you are not supported in every way to make your business a success. The quality of this support depends very much on the skills and experience of the system's management team.

At **Cold Rock** you will have some very professional operators working with you, doing whatever we can and endeavouring to ensure you make a very good return on your investment, while you experience a great deal of success as a Franchisee.

Site Selection

Cold Rock support is with you from the very beginning of your journey. **Cold Rock** offers Franchisees support with site assessments, lease negotiations, shop fit and has approved plant and equipment lists.

Full Training

Cold Rock provides a full training programme to all new Franchisees. Training centres on making you "business ready", ensuring that by the end of the program you have an understanding of **Cold Rock** and the retail hospitality industry. Part of the course is theoretical, usually at our Melbourne Training Centre, the balance is practical in-store retail training.

On-going training and support is also offered with comprehensive Manuals provided.

Product Development

We have product development people constantly tinkering away with new product innovations and opportunities that are made available for Franchisees.

Business Support

Cold Rock has Business Support Managers (BSM) who offer both support and mentoring throughout your time with **Cold Rock**. BSM will regularly visit your store providing you with individual tailored and continuous support in a range of areas including operations, retail, financial, marketing and human resources.

Marketing

Cold Rock provides on-going marketing support in the following ways:

- 12 month promotion calendar
- Assistance developing and implementing Local Area Marketing Plans
- Digital marketing strategy – social media
- Annual Promotions
- Other advertising
- In-store promotions
- Loyalty programs

What's in it for YOU?

Aha! Now we come to a really important part. WIFM – “What's In it For Me?”

There are many franchise systems in Australia. We Australians love being our own boss. But why would you join us rather than any of the hundreds of other systems?

We reckon that there are several compelling reasons why you would want to choose ice cream as a preferred product, and then **Cold Rock** as a preferred system.

What's In it For You –
what benefits do you
get when joining the
Cold Rock system?

In Favour of Ice Cream

- Almost everyone is a customer. According to ibisworld, Australia is the third highest consumer of ice cream in the world with per capita consumption of 18 litres per year (with only the US and New Zealand ahead of us). And don't think that ice cream is just a summer treat; our numbers at **Cold Rock** do fluctuate with the seasons – but not by that much!
- Ice cream is a “clean” product. Just spend a bit of time trying to extract the grease and fat that builds up in the equipment of many other fast-food outlets and you'll see what we mean.
- There is far less wastage with ice cream. Baked items (Brumbys & Bakers Delight), fresh fruit (Boost) and sandwiches (Subway) have limited shelf life. There is seldom any wastage with Cold Rock Ice Cream, which is frozen.
- No business is totally “recession proof”. But when times do get tough, people spend more on **treats** to keep their spirits up. A trip to the movies with the family may be outside the budget. This isn't the case with a trip to **Cold Rock**.
- And of course ice cream is a **fun product**. It's a treat. You'll see people at their best. At their most relaxed.

In Favour of Cold Rock

We do have competitors. This keeps us on our toes! We know we have to be at our best to attract the best people to work with our system.

Here are some of the great benefits of being a **Cold Rock** Franchisee:

- **We are the biggest pure ice cream brand in Australia.** This means that you will benefit from brand awareness and the natural attraction that customers have with the comfort and security of a familiar name.
- **Our size gives us buying power.** The cost of your raw materials has an important impact on the profitability of your store. We negotiate with major supplies – like Coca Cola for example – to minimise this cost.
- **The Cold Rock product is very appealing to the 21st Century's love of designer products.** Everyone seems to want to be an individual – from mobile phone ring tones to strangely located body piercing. **Cold Rock** fits in nicely with Generation Y and Z's desire for something unique. There are literally thousands of ice cream and lolly combinations.
- **The quality of the Cold Rock brand has attracted many experienced business operators.** Whilst some Franchisees are happy to settle for a single store, we make every effort to support and encourage Franchisees looking to build a multi-store portfolio. If you have “*Empire Building*” ambitions, you’ll find us very motivated to assist.
- **Cold Rock is a “destination” brand.** People do travel long distances to purchase our products. Most other ice cream brands are not – they are “impulse” buys. The majority of ice cream retailers rely on passing traffic found in shopping centres and other venues where a significant rental must be paid. **Cold Rock** stores are best located in a strip shopping precinct – which attracts a lower rent and therefore higher margins for the owner.
- **When you join Cold Rock as a Franchisee, you will be assigned a Business Support Manager.** Each BSM is in turn supported by our team at Head office. Your BSM will act as a business coach, as a problem-solver, and as an ideas person. Through Best Practice inspections, they will hold you accountable for the high standards we expect from each Franchisee. They will assist you with local marketing strategies to boost your turnover. They will help you to identify management issues like portion control and team scheduling. They will invite you to meet with other franchisees to network and to workshop. They’ll also schedule regular training events to ensure that both you and your team retain the knowledge and skills required to achieve your goals.

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Business Support is our biggest division. This makes sense because that's why we're in business – to support our Franchisees!

- We will provide you with step-by-step support along the journey to opening your first store – and any others that you may choose to open. Starting a business can be complicated. We've simplified this in our New Business Process. We will assist you with the paperwork involved and we will help you identify a suitable site. We will assist you to negotiate your lease. We will liaise with designers and shop fitters to ensure that you get our great look at a competitive price. We will train you, help you to recruit staff and even assist with a marketing program for opening day.
- **Cold Rock** is a “turnkey” operation. We want to make it easy for you to start your business. And then we want to make it easy for you to run your business!
- **Cold Rock** is proudly **100% Australian** owned, operated and branded.

The Numbers

We believe that there are two issues here. How affordable is a **Cold Rock** Franchise, and what sort of return on investment should you expect to make? Basically, what should you expect to put in and what can you expect to pull out?

Your Investment

There are again two parts to this – the franchise fee and the cost of your store.

Franchise Fee

The franchise fee is \$60,000 plus GST. This is your investment in the **Cold Rock** brand. We only charge **one** fee and this includes:

- Assist in selecting an appropriate site
- Assist in negotiating a lease with the site's landlord (we have a great deal of experience here)
- Assist with securing any finance you require (**Cold Rock** is accredited with Westpac)
- Arrange store design drawings
- Arrange full working drawings for tender
- Obtain a competitive quote from approved shop fitters
- Obtain prices from approved equipment suppliers
- Assist with the initial stocking of your store, so that you'll be ready for business
- Assist you with a Local Area Marketing Campaign to get your business off to a great start
- Assist you with the actual opening

How much will you need to invest and what returns can you expect?

Please Note: If between us we cannot locate a suitable site within 6 months, 80% of the Franchise fee is refundable. If you choose not to, we will keep looking.

Our aim is to ensure that your entry costs are as low as we can possibly make them, whilst still maintaining the quality of the finished product.

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The Numbers (continued)

The Cost of Your Store

Your investment in your actual store will depend on certain variables. Some premises are bigger and can have more serving area, equipment and seating. Some sites can expect higher turnover and will require more capacity.

You should expect to invest \$250,000 to \$350,000 for the establishment of your **Cold Rock** store (including franchise fee, fit out & equipment and stock). Additional funds you will require include working capital (approx. \$5,000), deposit for rent, bank guarantee on lease (usually equivalent to 1 - 4 months rent) and GST.

To help you make your decision about whether to proceed with your application to become a Cold Rock Franchisee, a useful ballpark figure for your total investment would be in the region of \$300,000.

Important Considerations

Some caution is required here. We have communicated what we consider to be realistic amounts. However, predicting the future performance of any business is a fool's game. We cannot guarantee you will achieve the outcomes described here. You may in fact surpass them. What we will guarantee is to use our best efforts, experience and skills to maximise your chance of a successful outcome.

Here are some points to consider:

- Raw material usage (cost of goods) will play an important role in determining your profitability. We will train you and your team to ensure your portion control and product preparation are optimised.
- Employee wages are a function of who you use and how many employees you schedule. We will work with you to minimise employee costs without adversely affecting the capacity of your store to operate.
- Rent will impact your return on investment. And that's why we will assist you with finding an appropriate site and with negotiating the lowest possible rental.
- We invoice and deduct each Franchisee weekly for 6% plus GST royalty on sales. This is our regular income for providing you with ongoing support services.
- You will be required to pay 2% plus GST on sales each week for the **Cold Rock** Group Marketing Fund. This income is not ours. We apply it on your behalf to ongoing marketing initiatives to build the **Cold Rock** Brand.
- Some Franchise systems allow applicants to borrow the maximum amount available to fund their investment – either as a business loan or via their home mortgage, or both. We are more cautious.

The more you borrow, the higher your P & I (principal and interest) payments to your financiers. A highly geared business (a business that is funded mainly through debt) can create pressure for its owner.

Should you decide to proceed to the interview stage (we'll cover this on the next page) we will discuss, amongst many other things, how you plan to finance your investment in a **Cold Rock** Franchise

Your Journey

So, where to from here?

If you are now keen to proceed, here is a summary of how your journey will look from now until the day your new store opens and you're in business.

What is the process from now until opening your store?

STEP	ACTIVITY
1	<p>Application</p> <p>Complete our on-line application to become a Cold Rock Franchisee. This can be found at www.coldrock.com.au/franchising.</p>
2	<p>Discussion</p> <p>We will arrange for one of our senior managers to contact you.</p> <p>The purpose of this is to ensure that both of us are on the same page with regards to the business relationship we plan to start. We like to discuss issues such as your short and medium term expectations, your financing arrangements, and several other areas.</p> <p>This meeting provides you with an opportunity to ask your own questions and to drill down on issues that are of concern to you.</p>
3	<p>Let us know that you wish to proceed.</p> <p>We will forward a template to you, to help you construct a Business Plan. This will cover the various areas that are of relevance to us, financial institutions and ultimately yourself for operating your business. This document will assist with your next step, which is to obtain finance approval.</p>
4	<p>Franchise Education Program</p> <p>We require all applicants to complete this programme prior to your interview. The Australian Competition and Consumer Commission (www.accc.gov.au) has a free, on line Pre-Entry Franchise Education Program, covering:</p> <ul style="list-style-type: none"> • Module One: Overview of Franchising • Module Two: Understanding Franchise Disclosure, Agreements & Finance • Module Three: Franchisee Support, Site Selection & Marketing Funds • Module Four: Franchise Operations, Relationships & Dispute Resolution • Module Five: Questions to Ask, Additional Due Diligence & Business Skills <p>Please log onto the website www.franchise.edu.au/pre-entry-franchise-education-introduction, to complete the course.</p>
5	<p>Franchise Business Assessment</p> <p>We will assess your business plan and discuss this with you.</p>

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STEP	ACTIVITY
6	<p>Generic Disclosure Document</p> <p>If you wish to proceed, we will provide you with a draft, Generic Disclosure Document for your perusal. This is not your Disclosure Document, as required under the Franchise Code of Conduct.</p> <p>The draft Generic Disclosure Document gives you the general terms that govern the Cold Rock Franchise System.</p>
7	<p>Finance Approval</p> <p>You will need to obtain finance approval (if required).</p> <p>We are accredited with the Westpac Bank and they will lend up to 50% against the actual business.</p>
8	<p>Final interview</p> <p>One of our senior executives from our Head Office will conduct a formal interview with you. There will be a variety of questions that relate to your Business Plan, family, intentions, support and knowledge of Franchising. At this time, we will advise if we are supportive of your application (subject of course to training completion).</p>
9	<p>Deposit Paid</p> <p>If we approve your application – and if you indicate that you wish to proceed – we will require a deposit of 25% of the Franchise Fee to secure your Franchise.</p> <p>Please understand that your deposit is 100% refundable, less any internal administration expenses (as discussed in the Generic Disclosure Document, already provided).</p>
10	<p>Issue of Documents</p> <p>On payment of your deposit, we will give instructions for paperwork to be prepared. This usually takes a week.</p> <p>These documents, including the Legal Advice Statements and the Disclosure Document, communicate the relationship you will have with Cold Rock Management, the Franchisor. They describe both your and our obligations and rights under the Franchise Agreement.</p> <p>We strongly recommend that you discuss these with your accountant, business adviser and solicitor.</p> <p>You will need to sign – and return to us - a document that confirms you have obtained this expert advice before making your decision.</p>
11	<p>Signing of Agreements</p> <p>We will then arrange for your Franchise Agreement and any other necessary document to be sent to you for your signature.</p>

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STEP	ACTIVITY
12	<p>Site Identification</p> <p>You may have already identified a promising site. Maybe even a few. We will discuss these with you and let you know whether we feel that they are suitable. If you have not identified any sites we'll assist your search. Once we find a site that we both believe has merit, we'll assist you to negotiate your lease.</p>
13	<p>Store Planning</p> <p>We will brief our approved designer to develop plans, and will discuss these with you before moving on.</p>
14	<p>Store Quotation</p> <p>We then get one of our approved shop fitters to quote on the approved plans. We do have strong relationships with shop fitters who have done great work in the past.</p> <p>We'll review the quote with you and again only proceed with your blessing.</p> <p>If you choose to use a shop fitter other than one of our approved shop fitters; project management fees will be incurred.</p>
15	<p>Store Construction and Training</p> <p>Whilst the shop fitters are constructing your store, we will be training you. There are 2 parts to training – theoretical and practical.</p> <p>Your theoretical and some practical training takes place at Cold Rock Management Head Office in Melbourne.</p>
16	<p>Pre-opening Preparations</p> <p>Our Trainers will assist you to determine your initial orders; and along with our Marketing Team we will give you some great ideas for local marketing for your store opening.</p>
17	<p>Quality Control</p> <p>When the shop fitters are finished, we will conduct an inspection with you. We want to ensure everything is as it should be!</p>
18	<p>Then it's time to open your new store and start doing business!</p>

Your Returns

No one can predict what level of sales a store can expect. There are currently over 100 stores in the Cold Rock system. In order to give you an idea of the potential of your Cold Rock store, please consider these scenarios¹:

Expected turnover	\$340,000	\$375,000	\$385,000	\$450,000	\$600,000
Cost of goods (+/- 30%)	\$102,000	\$112,500	\$115,500	\$135,000	\$180,000
Rent	\$61,200 18%	\$61,200 16%	\$61,200 16%	\$61,200 14%	\$61,200 10%
Wages	\$85,000 25%	\$100,000 27%	\$100,000 26%	\$115,000 26%	\$130,000 22%
Sundries (+/- 3%)	\$10,200	\$11,250	\$11,550	\$13,500	\$18,000
Advertising (2%)	\$6,800	\$7,500	\$7,700	\$9,000	\$12,000
Royalties (6%)	\$20,400	\$22,500	\$23,100	\$27,000	\$36,000
Total Operating Expenditure	\$285,600	\$314,950	\$319,050	\$360,700	\$437,200
EBITDA	\$54,400	\$60,050	\$65,950	\$89,300	\$162,800

All amounts exclude GST.

¹Scenarios are subject to various criteria and based on FY14

Note: These are estimates only. Prospective Franchisees should make their own enquiries, assessments and decisions.

FAQs

Why should I choose Cold Rock?

- **Cold Rock** is 100% proudly Australian owned and managed.
- **Cold Rock** is one of Australia's biggest ice cream brands. Customers are attracted by the comfort and security of a big name.
- Our size gives us buying power which means lower input costs and higher profits for our Franchisees.
- We are more than just ice cream with thousands of different Mix In combinations. We provide a memorable experience.
- We are a destination brand. Customers are prepared to travel to our stores. This means lower rents on the high street rather than the high cost of shopping centers.
- Whilst **Cold Rock** is a fun brand, and ice cream a delicious treat, we take our business seriously. Our biggest division is Business Support. We work with each of our Franchisees to give them the maximum chance of running a successful and profitable business.

Frequently Asked Questions

How do I become a Cold Rock Franchisee?

We have developed an efficient and thorough process to ensure that you are provided with every opportunity to fully understand the benefits and obligations of becoming a **Cold Rock** Franchisee; and that we are able to carefully assess the strength of each applicant.

What kind of experience do I need?

No previous experience in the ice cream or food industry is required.

We are looking for people who possess the desire to operate a successful business, have a good credit history, are willing to participate and work within our operating system. But most of all we look for people that love retail, working with customers and who want to have fun.

We are not looking for passive investors. You'll get the best results from this business when you work in your business.

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FAQs (continued)

How long does the process to become a Cold Rock Franchisee take?

Our franchise selection process is thorough and is designed to ensure that both of us have evaluated one another to make an informed decision before entering into a business relationship. Therefore the process to open a store does vary. Historically it can be as short as 3 months or as long as 12 months from your first contact to the day you open your store for trading.

What training and support do I receive?

We will provide you with step-by-step support along the journey to opening your first store – and any others that you may choose to open.

Starting a business can be complicated. We've simplified this in our New Business Process.

- We will assist you with the paperwork involved and we will help you identify a suitable site.
- We will assist you to negotiate your lease.
- We will liaise with designers and shop fitters to ensure that you get our great look at a competitive price.
- We will train you, help you to recruit staff and even assist with a marketing program for opening day.

What are the ongoing payments to Cold Rock?

- We invoice each Franchisee weekly for a 6% plus GST royalty on sales. This is our regular income for providing you with ongoing support services, the use of our intellectual property and operating system.
- You will also receive an invoice for 2% plus GST (on sales) each week for the **Cold Rock** Marketing Fund. This income is not ours. We apply it on your behalf to ongoing marketing initiatives to build the **Cold Rock** brand and to help increase your turnover.

What factors should I look for when identifying suitable sites for my Cold Rock business?

The location of your store is very important. Even a great brand cannot always make up for a poorly situated site. If you have a site in mind or would like to start looking, here are some important factors to consider:

- Ideally a size of 50 to 100 square metres.
- Strip-type shopping that trades seven days a week – especially with an evening trade.
- High traffic flow entertainment and restaurant precincts.
- Easily available parking (parking area near store or easily available kerb parking).
- Clear visibility of store from road.

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FAQs (continued)

Will a bank finance my investment?

Cold Rock is accredited by banks to which we'll introduce you. But when it comes to financing a business, banks are cautious. The key issue with most banks focuses on your ability to make a commitment to the investment yourself. You will need some collateral or assets before you can start your **Cold Rock** journey.

What is the Franchising Code of Conduct?

Franchising has revolutionised retailing in Australia and is one of the fastest growing business sectors in our country. It is a unique way of doing business built on mutual trust and provides small business proprietors with the competitive resources to operate and compete with the large corporations that dominate Australian retailing.

The industry is regulated by the Australian Competition and Consumer Commission. These guys ensure that everyone plays by the rules – which they've documented in the Franchising Code of Conduct. Here's some useful information that we've taken right off their website:

“The Franchising Code of Conduct is a mandatory industry code of conduct that has the force of law under the S.SIAE of the competition and consumer Act 2010. The 2015 code aims to regulate the conduct of participants in franchising towards each other and to ensure that they are sufficiently informed about a franchise before entering into it. The code also provides a cost-effective dispute resolution scheme for franchisees and franchisors to resolve any disputes.”

Four tips on making tasty profits from a food franchise

Be aware of the franchise system growth danger zone

- Larger systems are better. Systems need to develop critical mass. 15 to 30 stores is the serious danger-zone for a franchisor and, therefore, franchisees, as the overhead costs escalate and eat into franchisor's profit margin.
- Cold Rock is owned by the Franchised Food Company, which supports over 170 stores nationally has the infrastructure required.

Be realistic about returns

- Regardless of franchise size franchisees should expect to make a return on their initial investment within a few years.
- It usually takes about 3 to 4 years to get return on your investment. If it's much longer it's a problem, and if it's much shorter it's also a problem because the system is underpriced and your business may struggle to retain its value.

Follow the system to make the most of your investment

- The best thing a franchisee can do is pick a good system, follow it, and add a bit of their own flair to the experience.
- If you follow the franchise system, it works, because franchise systems that last, have made all the mistakes and learned from them. That's the best benefit of franchising over owning your own small business.
- The franchisor's role is to provide the tools and support to not make the same mistakes earlier groups have made.
- After learning the system, some franchisees think they can do it on their own and try things that are proven not to work - this is especially pertinent for franchisees exploring "silly" marketing opportunities.
- A franchisee's focus is (rightly so) on their store. Franchisees don't need to see the big picture business, that's the Franchisor's job.

Retailing is the make-or-break skill

- The most significant area a franchisee can add value to their franchise is customer service.
- Not everyone can become a retailer and you need to really develop these skills. You don't necessarily need to be "loud with a big personality", but you have to make the experience in your store memorable and special.
- Most franchise systems will manage brand marketing campaigns and supply franchisees with tools to manage their local marketing area.
- Smart franchisees know they're marketing every time a customer walks into their store!
- The best kind of marketing you can do is to give customers an experience in your store. Retailers tend to forget that one negative experience snowballs and a positive experience can last forever.
- You want the customer to feel they are the only person in the world

Ultimately, if you are going into franchising, "have fun". If you take yourself too seriously, it won't work!

Disclaimer

We have prepared this document in good faith using material obtained from **Cold Rock Management** and other sources.

However, we cannot provide a warranty as to the accuracy of the statements contained in this Information Pack. Similarly, we cannot provide a warranty as to whether there are any omissions.

Ready to take the next step?

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**To MAKE MONEY[★]
and HAVE FUN!**

