



AUSTRALIA'S FAVOURITE TREAT BRAND!



# BUSINESS INFO PACK





## 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 agreed to, and 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 Mr Whippy® Vehicle Franchise.





Remember, as a child, those hot sunny days, running under the sprinkler on the lawn, when school holidays seemed to last forever . . . and then you heard it . . . the sound no-one can forget . . .

**'da-da di-da-da da-da da-da'**

**Mr. Whippy is coming!**

If you're now smiling while reading this; this clearly resonates with you. And, like us, you're excited about bringing the iconic brand back to the streets of Australia.

Yes, we are bringing the Mr. Whippy® Brand back... and into the 21st Century.





## Introducing Mr. Whippy - 2016



Our new Mr. Whippy Ice Cream Vehicle is a Tuk Tuk – an electric, 3 wheel vehicle, built to Mr. Whippy specifications by a Dutch company and exclusively imported into Australia by our proprietary vehicle partner.

Australian compliant, unique, distinctive and with zero emissions. the new Mr. Whippy 21st Century "Vans" will stand out from the crowd, whilst being safe in the suburbs, kind to the environment and gentle on your hip pocket.

The Mr. Whippy vehicle has a travel range of up to 100 kilometres before needing a charge and an electronically limited top speed of a safe and steady 50 kilometres per hour.





## Mr. Whippy – The Journey so far...

The Mr. Whippy Brand, came to Australia from the UK in 1962, and began as a retailer of ice cream products, sold from its fleet of vans in the suburban areas of Sydney.

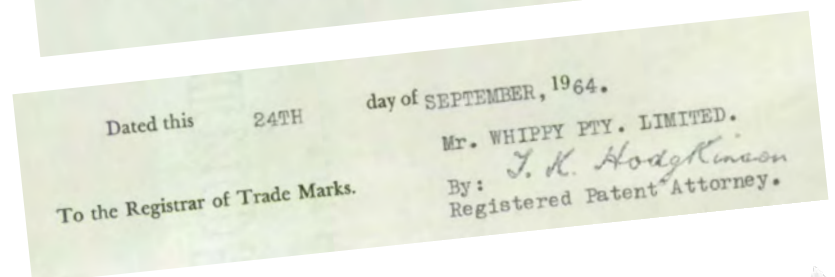
The trademark, which identifies the unique Mr Whippy® Brand has been registered in Australia since September 1964 and as an iconic Australian Brand, Mr Whippy resonates with many people nationwide.

In 1966 Mr. Whippy Holdings Limited was listed on the Australian Stock Exchange. During the early 70's the company, preferring to retail through outlets in suburban shopping centres, began selling off its fleet of vans and by mid-1980 the company was operating ice cream parlours, but still using the unique Mr. Whippy Brand. It was in 1987 the company made a decision to expand its network of outlets through Franchising.

Since the decision to open Mr. Whippy outlets in suburban shopping centres, the Brand has seen a decline in its positioning.

Yes, the decision to change the Mr Whippy offer from a mobile ice cream van to a retail store within a shopping centre, was probably one of the biggest mistakes in the Brand's history!..... But luckily the Mr. Whippy Brand and its products continued to trade throughout this period.

Today, Mr. Whippy is part of Franchised Food Company, which owns and operates several successful Franchise systems specialising, primarily in ice cream and treats.





## Why buy a Mr. Whippy Franchise

Buying any franchise is like buying a “business in a box”. And like any business, the success depends very much on the skills and experience and the input of those operating it. Mr Whippy has the expertise of a very successful management team who will work with you to help you make **your** business as successful as you want it to be.

### Mr. Whippy Vehicles are Amazing

It’s not simply replicating the “old gelati truck”, uh-uh, no way!

Using a Tuk Tuk; especially imported into Australia and customised to Mr. Whippy standards. Yes, you, the operator and driver, no longer stand “in the van” but rather stand “with your customers” so as to better serve them.

This also allows for a self-serve “party” option.

### Mr. Whippy Fees

The Franchise Fee gives you the rights to use the iconic and unmistakable Mr. Whippy® Brand and the “Greensleeves” soundmark. The small ongoing Royalty is used to ensure that the Mr. Whippy Brand and indeed your business remains relevant.

### Mr. Whippy Marketing

We do not charge a marketing fee!

Your ongoing Royalty includes:

- Access to the 1300-WHIPPY (1300-944-779) phone number for relevant enquiries to be directed to **your** business.
- An ongoing digital marketing strategy, that is a website and ongoing social media interaction.

You’ll also be provided with a SLAM (Strategic Local Area Marketing) Manual to help you grow **your** business.

### Mr. Whippy Training

Franchisees are provided with a training program to ensure they have a complete understanding of the business. The course is part theoretical and part practical, including product and retail training.

There is also an on-line training program to assist.

### In flavour of Mr. Whippy

Mr. Whippy has their own unique recipe, which provides the unmistakable flavour of Soft Serve Ice Cream. Contrary to some perceptions, our products contain no animal fat products.

And YES, Mr. Whippy is 100% vegetarian.

### Mr. Whippy 21st Century Products

Along with proprietary Soft Serve Ice Cream, there are also on offer choc-tops which can be topped off with confectionery add-ons, like flake and sprinkles.





## Introducing Whippy Coffee™

Like the Mr. Whippy Brand, coffee in Australia is iconic!

So, in order to capitalise on this market desire and to address, at times, a more discerning and adult pallet plus to provide additional income during the traditionally “non ice cream” periods, the Mr. Whippy Vehicles will also be serving Whippy Coffee™.

Espresso barista coffee from the Mr. Whippy Tuk Tuk.



## The Mr. Whippy Reputation is Critical

Understanding the importance of health and safety, that all equipment in the Mr. Whippy Vehicle will be fully ‘food safe’ compliant. As an example, the Soft Serve Machine will automatically stop working if it is not cleaned as required.

**Mr. Whippy is proudly 100% Australian owned, operated and branded.**





## What's in it for YOU?

Now the really important part. WIFM – “What’s In It For Me?”

There are many Franchise systems within Australia. Yes Australians love being their own boss. But why join Mr. Whippy, rather than any of the hundreds of other systems around?

There are several compelling reasons why you would want to choose the Mr. Whippy Brand as a preferred business system.

### Mr. Whippy - One of the Most Loved Brands in Australia

This means that you will benefit from huge brand awareness and the natural attraction that customers have with the comfort and security of a familiar iconic brand.

### Easy Operation

You can chose the hours that you want to work; what suits your lifestyle and your income requirements.

You don't need an office, a lease or expensive fitout; you simply need a parking place for your Mr. Whippy Vehicle overnight and a small amount of storage for stock of spare products.

And with virtually 100% cash sales, you don't have spend any time invoicing and chasing debtors.

### 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 a per capita consumption of 18 litres per year (only the US and New Zealand are ahead of us).

And of course ice cream is a fun product. It's a treat. You'll see people at their best and at their most relaxed..... and smiling.....and happy.

### Low Entry Cost System

At under \$100,000, this is one of the best value Franchise systems in Australia.

### A Whole World of Events is Now Open For You to Serve

Using your Mr. Whippy Vehicle and serving customers; you will be able to attend a wide range of events in your local area – children's parties, school fetes, local sporting events, etc.

You are only limited by your imagination.

### Exclusive Operating Territory

Your Mr. Whippy Vehicle will operate in a designated Franchise Territory with the exclusive first rights to customers and events in that area.





## Centralised Bookings

Customers can book your business by ringing 1300 WHIPPY (1300-944-779).

This call will be answered by a knowledgeable and professional operator who will connect the enquiry to you.

## Fixed Royalties

Unlike many Franchise Systems that charge a percentage of every dollar sold, Mr. Whippy have a set weekly fee of \$200, so you know exactly what your weekly expenses are.

Therefore, the harder you work the greater your share is.





## 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 Franchisors and, therefore, Franchisees, as the overhead costs escalate and eat into Franchisor's profit margin.
- Franchised Food Company, which supports over 170 stores nationally has the infrastructure required.
- Choosing a franchise system with fewer stores but which operates on a shared platform of services, can avoid these challenges, as the overhead costs are shared across growing franchises.

### Be realistic about returns

- Regardless of franchise size Franchisees should expect to make a return on their initial investment within a few years.
- It 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.
- The Franchised Food Company buy-in prices range from \$100,000 to \$300,000.

### 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 not to make the same mistakes earlier groups have made. By not following and using the system, it is the biggest mistake a Franchisee can make.
- 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 above-the-line brand marketing campaigns and supply Franchisees with tools to manage their local marketing.
- 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!**





## The Numbers

There are two questions here:

1. How affordable is a Mr. Whippy Franchise?
2. What is the estimated return on investment?

Basically, what should you expect to put in and what can you expect to take out?

## Your Investment

There are two parts to this – the Franchise Fee and the cost of your fully fitted Mr. Whippy Vehicle.

### Franchise Fee

The Franchise Fee is \$20,000 plus GST.

This is your investment for the rights to use the Mr. Whippy trademarks, Brand Name and the system. It includes all the paperwork requirements to document this (ie Franchise Agreement); and all the support you will receive from Initial Application to getting you on the road.

We also do not charge various up-front payments for other services (e.g application fee, the preparation of legal agreements, training etc.) We only charge one fee and this includes all the work that we will do to get your business up and running.

### Vehicle Cost

The current cost of the Mr. Whippy Vehicle is \$79,000 plus GST.

Your unique Mr. Whippy Vehicle comes fully equipped with:

- Soft serve machine
- Choc-Top dipping unit
- Single Group Coffee machine
- Coffee Grinder
- Storage refrigeration
- Health requirements for washing
- Sound system for playing the trade marked Mr. Whippy “Greensleeves” soundmark.

## Financing

Mr. Whippy does not offer finance facilities, but can recommend you to finance providers. However, so as to not put too much pressure on you, at least \$20,000 plus GST is required as non-borrowed capital.



## Your Estimated Returns

No one can predict what level of sales a Franchisee can expect!

Your sales will be impacted by many factors, including your chosen working hours, your customer service, your upselling, your local area involvement and your marketing.

Below is a table for you to consider; think about your specific area and what you believe you can achieve in it. Revenue may come from sales of soft serve ice creams and Whippy Coffee on daily rounds, kid's parties, functions, fetes and other events... Yes it can add up very quickly!

**Mr. Whippy makes no warrantee of any anticipated sales levels. You need to make these assessments yourself.**

TABLE				
TRADING ESTIMATE	\$ 1,600 PER WEEK	\$ 2,500 PER WEEK	\$ 4,040 PER WEEK	YOUR ESTIMATE
ANNUAL REVENUE	\$83,000	\$130,000	\$210,000	
Cost Of Goods (20%)	\$16,600	\$26,000	\$42,000	
GROSS PROFIT	\$66,400	\$104,000	\$168,000	
Franchise Fee (\$200/week)	\$10,400	\$10,400	\$10,400	
Estimated - Insurance	\$1,000	\$1,000	\$1,000	
Estimated OMC (bank fees, stationery, etc)	\$2,000	\$2,000	\$2,000	
Estimated - Licenses & Registration	\$1,200	\$1,200	\$1,200	
Estimated - Equipment Maintenance	\$1,000	\$1,000	\$1,000	
Estimated Contingency (\$100/week)	\$5,200	\$5,200	\$5,200	
Estimated Total Expenses	\$19,816	\$20,440	\$21,480	
Net Profit (before wages, interest on any loan and subject to applicable taxes)	\$45,600	\$83,200	\$147,200	
Return on Investment (Time in months)	24	13	7.5	





## Your Estimated Returns Continued

### As Examples:

- If you sold 65 cups of Whippy Coffee and/or Mr. Whippy Soft Serve ice creams each day at \$4.00 each (7 x 65 x \$4) and attended 2 “kids parties” a weekend @ \$340 each (2 x \$340), this would generate revenue of \$2,500 per week;
- If you attended 6 “kids parties” per weekend (6 x \$340) this would generate revenue of \$2,040 per week;
- If you only worked weekends and sold 100 cups of Whippy Coffee and 100 Mr. Whippy Soft Serve ice creams per day (200 x 2 x \$4) this would generate revenue of \$1,600 per week;
- If you, in addition to the 6 “kid’s parties” a weekend (example above), and you also sold 100 cups of Whippy Coffee and/or Mr. Whippy® Soft Serve ice creams on both days of the weekend (100 x 2 x \$4) this would generate revenue of \$2,840 per week.
- If you really feel energetic, and worked in addition to the example above, for say a further 3 days, and on each day you sold 100 cups of Whippy Coffee and/or Mr. Whippy Soft Serve ice creams (100 x 3 x \$4) then the weekly revenue could be \$4,040.

As we’ve demonstrated, it’s really up to **you** how hard or not **you choose** to work.

**You need to make your own assessments as to the revenue you believe you can generate.**

### NOTE:

This financial information does not constitute financial advice and should not be taken as such. Figures provided are estimated and rounded, based on costs of running the business. It is intended that the business is managed by an owner operator and all profits make up the operator’s Return On Investment (ROI). They do not represent a guarantee, warrantee or a promise that these results will be achieved. It is recommended that you use these figures as a guide only and that you seek independent financial advice in relation to this information.

Figures are not seasonally adjusted for weather and other conditions. Seasonal fluctuations may occur.

ROI Based on \$ 99,000 investment





## Your Journey

So, where to from here? If you are keen to proceed, here is a summary of how your journey will look from now until the day your Mr. Whippy Vehicle is ready to trade.

TABLE	
STEP	ACTIVITY
1	<p><b>Franchise Education Program</b></p> <p>We encourage all applicants to complete this programme prior to your interview. The Australian Competition and Consumer Commission (<a href="http://www.accc.gov.au">www.accc.gov.au</a>) has a free, on line Pre-Entry Franchise Education Program, covering:</p> <ul style="list-style-type: none"> <li>• Module One: Overview of Franchising</li> <li>• Module Two: Understanding Franchise Disclosure, Agreements &amp; Finance</li> <li>• Module Three: Franchisee Support, Site Selection &amp; Marketing Funds</li> <li>• Module Four: Franchise Operations, Relationships &amp; Dispute Resolution</li> <li>• Module Five: Questions to Ask, Additional Due Diligence &amp; Business Skills</li> </ul> <p>Please log onto the website <a href="http://www.franchise.edu.au/pre-entry-franchise-education-introduction">www.franchise.edu.au/pre-entry-franchise-education-introduction</a>, to complete the course.</p>
2	<p><b>First Right for Territory</b></p> <p>In order to ensure you have a first right for your chosen Territory and that we can begin to process your application, we require a security deposit of <b>\$10,000</b>.</p> <p>This security deposit will be 100% refundable after the interview and prior to formal invoicing of the Franchise Fee (see Step 3 below).</p> <p>On payment, you may also request a draft, Generic Disclosure Document for your perusal. This is not your Disclosure Document, as required under the Franchising Code of Conduct.</p>
3	<p><b>Schedule &amp; Conduct Applicant Interview</b></p> <p>On receipt of the deposit, we will arrange an interview with one of our managers.</p> <p>The purpose of the interview is to ensure that both of us are on the same page with regards to the business relationship we plan to start. We have a formal questionnaire that covers issues such as your short and medium term expectations, your financing arrangements, your understanding of how Franchising works 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; and importantly select your <b>exclusive Territory</b>.</p>
4	<p><b>Invoicing of Franchise Fees</b></p> <p>If we approve your application – and if you indicate that you wish to proceed – we will formally invoice you for the balance of the Franchise Fee.</p> <p>Please understand that your Franchise Fee is fully refundable, less Franchisor's reasonable expenses. These are set out in the Draft Generic Disclosure Document, or are available separately if requested in writing.</p>

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## TABLE CONTINUED

STEP	ACTIVITY
5	<p><b>Issue of Documents</b></p> <p>On payment of your Franchise Fee, we will instruct our legal department to prepare the documentation, which will take a few days. The documentation will include:</p> <ol style="list-style-type: none"> <li>1. Disclosure Document</li> <li>2. Legal Advice Statements</li> </ol> <p>These documents are required under the Franchising Code of Conduct 2014, they outline both parties' obligations under the proposed franchise agreement.</p> <p>Although, not required by law, we strongly recommend that you discuss these with your accountant, business adviser and solicitor.</p> <p>We will also ask you to complete and return to us the Legal Advice Statements which confirms whether or not you have obtained advice before making your decision, or at the very least have not relied on our advices.</p>
6	<p><b>Signing of Franchise Agreement</b></p> <p>We will give instructions for your specific Franchise Agreement to be neatly bound and sent to you in duplicate.</p> <p>We will both sign the Franchise Agreement.</p>
7	<p><b>Your Mr. Whippy Vehicle</b></p> <p>The Mr. Whippy Vehicle is a fixed price from our Approved Supplier.</p> <p>Concurrent with the issue of the Franchise Agreement, the Approved Supplier will require payment.</p> <p>We will liaise with you and them on this.</p>
8	<p><b>Training</b></p> <p>Whilst your Mr. Whippy Vehicle is being constructed, you will be required to complete the training program.</p>
9	<p><b>Quality Control</b></p> <p>When your Mr. Whippy Vehicle is finished, it will be handed to you, where the initial order and various permits will need to be obtained.</p> <p>We will assist you with all the requirements, as we want to ensure everything is as it should be!</p>
10	<p><b>It's time to hit the road ... make money and have fun!</b></p>





**To MAKE MONEY  
and HAVE FUN!**

## Ready to take the next step?

Please contact our  
Head of Business Development,

Telephone: **1300-WHIPPY** (1300-944779)

Email: [newbusiness@mrwhippy.com.au](mailto:newbusiness@mrwhippy.com.au)

[www.mrwhippy.com.au](http://www.mrwhippy.com.au)

### Disclaimer

We have prepared this document in good faith using material obtained from Mr. Whippy's 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.

