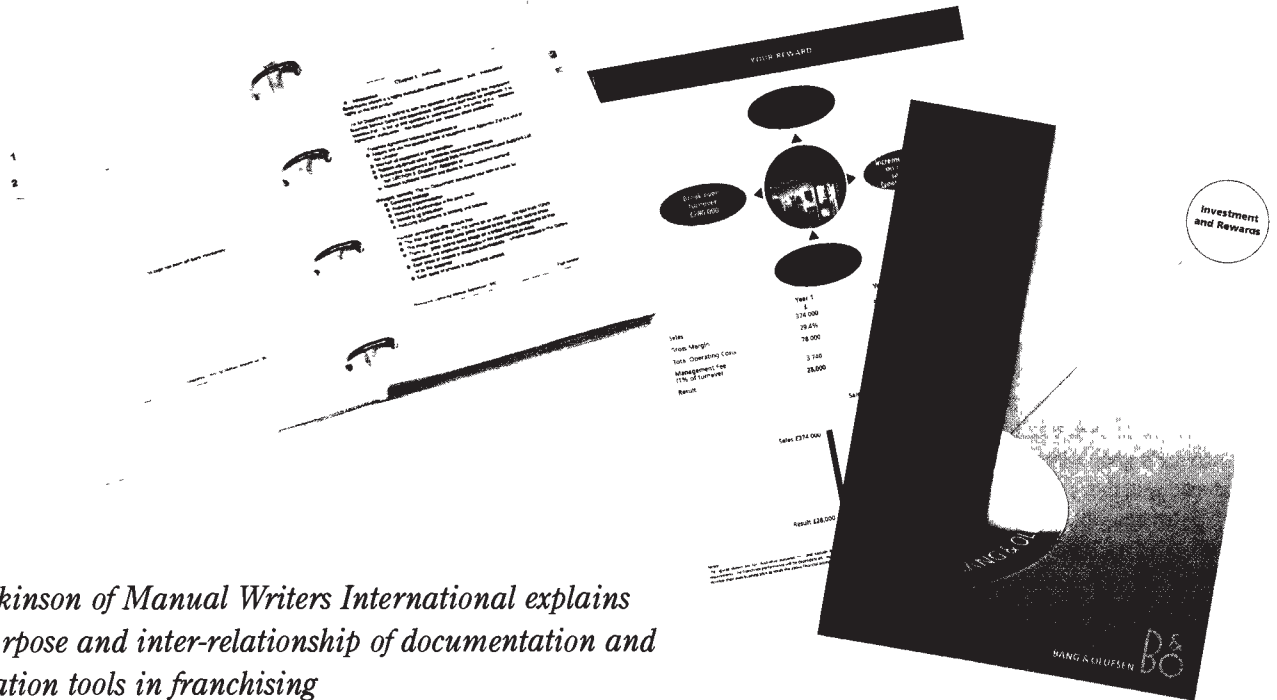


The write package



Penny Hopkinson of Manual Writers International explains the role, purpose and inter-relationship of documentation and communication tools in franchising

So, your pilot operations have been established and the concept is proven to work in practice. You are able to demonstrate success and now you need to market your franchise package to your initial franchisees. What documentation and communications tools will you need to prepare to attract those franchisees, appoint them and transfer your know-how? What is their role, purpose and inter-relationship?

Marketing your package

Your newly franchised business needs a specific number of franchisees to enable the network to develop at the steady rate of growth planned. Franchisors attract franchisees in a number of ways. Franchisees may visit your stand at an exhibition, respond to an article in a local newspaper or magazine, hear about you by word of mouth or perhaps talk to someone working in your pilot operation.

Invariably new, and of course established, franchisors will run advertisements in appropriate media aimed at attracting potential franchisees. The purpose of the advertisement is to

get quality candidates 'through the door'. Here, it is worth noting, that out of every 100 enquiries, some 80 will get no further than the initial communication, 10 will be rejected as unsuitable, and another 10 may be worth meeting to discuss the proposition. From those 10, only two or three may go on to complete their induction training and become franchisees.

An advertisement will be designed specifically to suit local circumstances and attract the right type of candidates to become franchisees. The message in the advertisement will be targeted directly at those candidates who are most likely to be attractive to the franchisor's motive profiles and methods of communication.

Target media may include

Specialist Press

Franchise industry publications such as *Business Franchise*.

The Trade Press

Specific to the franchisor's market sector.

National Press

Regular business opportunities sections



Penny Hopkinson, Manual Writers International

Top: Investment and Rewards; Bang & Olufsen's franchise documentation

and special supplements on franchising **Regional Press**

Special supplements on franchising to coincide with, say, BFA sponsored franchise exhibitions.

Advertisements targeted at potential franchisees invariably invite the reader to apply to the franchisor for further information. Further details will be sent to the applicant comprising - usually as a minimum

- The Prospectus
- Start-Up Costs & Financial Projections.
- The Application Form

An entirely different advertising medium will be launched, this September, on CD-ROM which aims in its first year, to reach a minimum of 100,000 people considering a franchise. Launched by CDfex as a multi-media presentation, it will offer franchisors the opportunity of reaching potential franchisees via a distribution network which includes lawyers, banks, accountants, chambers of commerce, business links, LECs, TECs and libraries. Franchisees will be able to select a suitable franchisor by

New launch



New launch



type of franchise and start-up costs. see and hear a presentation from the franchisor

The prospectus

The prospectus introduces details of the offer - ie the initial franchise package - to the applicant. It follows that this will be the franchisor's shop window and should be produced with this in mind.

The prospectus, which may be illustrated, provides the applicant with 'sales' information describing the franchise opportunity. At its most comprehensive, an established retailer may include:

The franchisor's worldwide retailing success

The franchisor's presence in the local market.

The franchise programme - ie details of initial support covering, for example

- Premises
- Fixtures & Fittings
- Shop Layout.
- Initial Stock Package.
- Display & Merchandising.
- Retail Software Package
- Initial Training Package.
- Promotional Launch Package.
- Ongoing Support
- The Franchisor's Product Range.
- The 'Unique' Shop

First steps

The applicant needs to know what will be his total funding requirement and see a realistic illustration of the profits that may be achieved if certain levels of business are reached.

It follows, therefore, that this document must be prepared with care so that the prospective franchisee is not misled.

It will provide the applicant with a breakdown of

- The Franchisee's Investment
 - The Franchisee's Reward - eg Years 1, 2 & 3.
 - Franchise Application Form
- This is the preliminary questionnaire for inclusion with the prospectus. The purpose is to obtain, from the intending franchisee, specific information which will determine whether or not the franchisor can proceed with his application

Where an intending franchisee has passed all the selection criteria necessary and the franchisor has endorsed his suitability as a franchisee, a draft franchise contract will be drawn up for consideration by the intending franchisee and his lawyers

The franchise agreement

The franchise contract is the legal document in which the entire transaction is drawn together. It must fulfil three major requirements:

- It must deal correctly, in legal terms, with the various property rights owned by the franchisor,
- It must provide the operational details and controls; and
- It must provide the franchisee with security in his operations and in his ability to develop and sell an asset

The only way to copyright the franchisor's ideas, know-how and trade secrets is to provide it in written form - ie in the Operational Manual. The franchise contract frequently refers to the Operational Manual - together with any other documentation which may be made available to the franchisee.

A franchisor may prefer to use a different title to describe the Operational Manual - eg Franchise Manual, Operating Manual, Franchise Management Manual, Operations Manual, Quality Franchisee

Manual. Often, choice of title is determined by the type and scope of the operation to be documented - and the titles of any other manuals, guides and communication tools to be made available to the franchisee to help him operate his business successfully.

Usually, the franchisee signs the franchise contract after induction training has been completed successfully.

Once the franchise contract has been signed, it is unlikely to be read again unless a dispute arises. It follows, therefore, that the Operational Manual will be the main tool for reminding the franchisee of his obligations and for enabling him to fulfilling the terms of the franchise contract on a day-to-day basis

The Applewoods launch was supported with national editorial coverage

The title Franchise Manual is often used to encompass all the written information which will be used to set-up, operate and develop a franchise

The Franchise manual

The title Franchise Manual is often used to encompass all the written information which will be used to set-up, operate and develop a franchise.

A particularly comprehensive Franchise Manual - eg for a franchise network that will operate across many countries - will cover the three main phases in the life of a franchise:

- Business Establishment.**
- Business Management.**
- Business Development.**

A Franchisor, will aim to write these core manuals during the pilot stage. The franchisor will then train in the pilot version to ensure that the systems work as described. He will then adapt a generic manual for local market conditions. The first full edition should be ready for the first franchisees when they start induction training.

There may also be other communication tools & documentation.

The role and purpose of the three core volumes are as follows

Volume 1- Business Establishment

This would be the franchisor's/master franchisee's guide to recruiting, selecting, establishing and monitoring a new franchise for the first year of its life. Its purpose is to ensure that quality standards are imposed across a national network and throughout the franchise network.

Outline contents

This first core volume addresses all the elements necessary to set up and support the new business. Where a master franchisee provides the interface

between franchisor and franchisee, this volume will provide the master franchisee with clearly defined standards and comprehensive procedures to ensure that each franchisee selected, matches the franchisee profile

Once recruited, there will be a number of issues which will need to be addressed to ensure that the new franchisee is guided and supported through the business establishment phase, thereby ensuring a firm foundation.

This volume will cover procedures and checklists to include.

- Recruitment.
- Screening.
- Selection.
- Investment Requirements - eg Preparing a franchisee to raise finance
- Setting Up the Franchise - eg Preparing the Contract
- Selection of Premises.
- Fixtures & Fittings.
- Equipment.
- Retail Management System
- Initial Stock Package.
- Merchandising.
- Promotional Launch Package.
- Induction Training Package
- Going Live
- Ongoing Support - First Year.

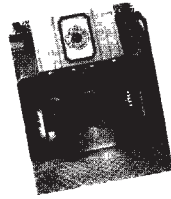
Volume 2 - Business management

This is the franchisee's guide to business management and day-to-day administration of the franchised business. This transfers the franchisor's culture, values, experience and expertise to the franchisee to ensure that each franchise will be run in the same management style and to the same quality standards. Its purpose is to ensure uniformity and conformity across the franchise network.

This second core volume forms the operational manual which re-inforces the terms of the franchise contract. It is issued, on loan, for the duration of the contract, to the franchisee at commencement of induction training. This ensures that the potential franchisee is fully familiar with its importance, structure and content - particularly important where the franchisee/manager will use it as the basis for staff training.

Outline contents

This volume contains - in written form - the complete method for conducting the franchised business. Therefore, this manual needs to be extremely comprehensive and cover - in detail - all procedures for the day-to-day running of



Worldwide Retailing Success: Applewoods' franchise prospectus

The information provided in each volume, tool or manual must be sufficiently comprehensive to enable the franchisee to fulfil the terms of the franchise contract

the franchised business

Where the franchisor develops new systems, or modifies existing systems, procedures and processes across the franchise network, these will be reflected, as regular updates, in the Business Management volume. This should include examples of best practice

Volume 3 - Business development

An obligation is placed upon the franchisor in the franchise contract to provide development training and provide the skills and tools necessary to enable the franchisee to develop his business

Therefore, the purpose of this volume is to provide the franchisee with security in his operations and in his ability to develop and sell an asset

Outline contents

Franchising within the network will be highly successful. It follows, therefore, that when the performance of a franchisee is improved and he enjoys the increased support of his customers, then his sales and profitability also improve significantly

The greater the communications interface between the franchisor or master franchisee and the franchisee, the better the working relationship - and the more successful the team. Obviously, this doesn't just happen; an essential part of success is the amount of ongoing support the franchisee receives from the franchisor to develop his business. Ongoing support in the form of development training and a strategy which enables the franchisee to reap greater rewards from his business, need to be fully documented. Management and financial controls

described in this third core volume, will also play a vital part in building up a successful working relationship which is a major factor in the development of a franchise system.

This volume may be supplied - again on loan - to the franchisee upon, say, satisfactory completion of his first year's trading

In its ultimate form, this volume should provide the franchisee with all the tools to develop his business and provide guidelines for its sale, if and when required.

Other communication tools and documentation

Other communication tools and documentation which make up the Franchise Manual may include

- An Employment Manual
- Health & Safety Guidelines
- A Marketing Package to include brand identity guidelines
- A Merchandising Manual
- A Retail Management System Manual - ie EPOS
- Guides or manuals for the correct and safe operation of equipment.

These, and others, will provide the franchisee with specialised detail supplementing basic guidelines and substantiating cross-references made - specifically, in the Business Management and Business Development volumes - referring to each whenever the context arises. This provides the franchisor with additional means for imposing uniformity and conformity across the franchise network, without repeating all the detail contained in any one of these tools

The information provided in each volume, tool or manual must be sufficiently comprehensive to enable the franchisee to fulfil the terms of the franchise contract.

It should tell the franchisee how to set and maintain quality standards:

- Impose conformity across the developing network
- Impose uniformity across the developing network.
- Incorporate means for monitoring and control
- Set benchmarks for continuous improvement

It is strongly recommended that each volume, document and communication tool is produced with the same visual identity, style and format as the core Business Establishment, Business Management and Business Development volumes to form a suite of volumes - each clearly identifiable as a component of the Franchise Manual ■