



Franchise Management Manual

Section 1:

Introduction to ShowerFix

This is a confidential document.

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Welcome

Congratulations on becoming a ShowerFix franchisee.

Welcome to our team. We look forward to working with you in the years ahead helping you succeed in your new business venture.

A great deal of time and effort has gone into developing the ShowerFix business system to help you operate your franchise to its maximum potential.

We trust that as an independent franchisee you will enjoy being part of the group. We look forward to assisting you achieve results by enhancing the ShowerFix brand and providing the best advice and service possible to you and all our franchisees.

The Franchise Management Manual

As a part of our commitment to you we have great pleasure providing (on loan) to you a copy of our Franchise Management Manual to assist you in the day-to-day running of your ShowerFix franchise.

The manual:

- ▶ Details procedures for the development and operation of your business
- ▶ Helps establish uniformity and consistency across the group
- ▶ Provides an ongoing reference and training resource
- ▶ Sets performance standards

The information contained in this manual is confidential and cannot be disclosed to a third party without our consent.

Working Together

Running a successful ShowerFix franchise is a team effort. Support is only a phone call or email away and we are always pleased to assist you in any way possible.

We look forward to a mutually beneficial and long lasting relationship with you and all our franchisees. We are firmly committed to the belief that for our franchise system to be successful in the long-term, it must deliver a win-win result for both parties. If you don't succeed, then we don't succeed either.

For your franchise to become a good business, you need to follow the system.

For your franchise to become a great business, you need to embrace the system, understand the customer's needs, look after your staff and take some time to celebrate and share your successes.

1.1 About ShowerFix

Background

ShowerFix has been in business since the early 1990's. The business originally provided services installing and repairing shower doors, something it still does.

Under new management and ownership since 2013 the services offered by Shower Fix have evolved significantly, with the focus broadening to include:

- ▶ Fixing shower leaking doors and liners.
- ▶ Replacing shower trays and glass.
- ▶ General maintenance in bathrooms and related wet areas in residential property.

There is acknowledgement within industry circles that a combination of poor quality imported products and poor quality installation of new showers, together with the recent and predicted volume of new home builds, is likely to see growth in Shower Fix market in major urban centres around New Zealand, for the foreseeable future.

The future of ShowerFix and the services it offers are expected to benefit significantly, with market expansion, increased demand for services and more customers in the years ahead.

The organisation is focused on providing our customers high quality, responsive service providing solutions to bathroom and wet area leaks around the home in an efficient and cost effective way.

Demand for ShowerFix services has lead to plans for significant expansion providing the opportunity for like minded independent business owners to build a business using the system within a franchised business format.

System development

The owner of the ShowerFix franchise system has spent considerable time, effort and capital developing the service concept, systems and processes. The results of this commitment can be clearly seen in the demand for ShowerFix services and the continued improvement in the financial performance of the business.

The franchise relationship

Franchising is fundamentally a business relationship between the franchisor and the franchisees. This relationship is formalised by a legally binding franchise agreement whereby the franchisor permits the franchisee to use its operating methods, business systems and brand name to operate their own business.

This provides franchisees with the advantage of setting up a business using a proven system with the added benefit of support and advice from the franchisor. In return the franchisee accepts that there are certain methods, processes and procedures that must be followed in conducting the business.

Our franchise network

ShowerFix provides a franchise support system represented by the franchisor that is experienced in, and knowledgeable about, the ShowerFix business systems.

As a ShowerFix franchisee you will be marketing ShowerFix services to local customers under our brand. You will work with prospective customers to understand and clarify their needs and then provide a solution designed specifically for the customer's requirements.

Full training in all aspects of all key aspects of the franchise are provided by ShowerFix.

You own an independently operated business and are ultimately responsible for its success. You will need to be able to adapt to the many roles required when running a successful business.

Franchisees must;

- ▶ Set up a limited liability company
- ▶ Undergo initial training, and
- ▶ Complete a set of pre-commencement tasks, before commencing business.

The establishment of your business will be undertaken in liaison with the franchisor.

In addition franchisees will receive ongoing support from the franchisor and the franchise support office to enable them to build and grow their ShowerFix business in their franchise territory. This will include;

- ▶ The franchise management manual
- ▶ A comprehensive induction and training programme
- ▶ National marketing initiatives
- ▶ Support for local marketing activities
- ▶ Ongoing communication
- ▶ Field visits, and
- ▶ Guidance in the development of business and marketing plans.

ShowerFix key goals and values

[To be inserted]

1.2 About the Franchise Management Manual

Overview

One of the major benefits of being part of our franchise network is the right to use our systems and branding as set out in the franchise agreement, this manual and other related documents.

These business systems have taken time and effort to develop and refine, and represent the essence of what makes ShowerFix successful and unique.

The franchise management manual should be read in conjunction with the franchise agreement. In the event of any discrepancy between the franchise agreement and the franchise management manual, the franchise agreement shall prevail.

We trust that you will use the manual as a guide to assist you in your present and future operations of your ShowerFix franchise.

Structure and content of the manual

Structure

The franchise management manual is divided into fifteen sections, with each section relating to a key element of the business. Each section starts with an index that lists the topics covered in that section and the relevant page numbers for those topics.

Content


Each section of the manual starts with an overview and includes the following types of content.

Content Type	Description
Introduction and purpose	A brief outline of the content of the section and why it is important to the successful operation of your ShowerFix franchise.
Guidelines	Guidelines provide you with direction that will assist you in achieving greater success. You should follow all guidelines. In drawing up the guidelines we have consulted with experts in the relevant field and combined their experience into valuable advice.
Procedures	These are the step-by-step processes that are required to perform a particular aspect of your function. There are many advantages for developing and following procedures, they ensure that you do the task completely and in the best sequence and they allow you to concentrate on the quality rather than the process. <i>Table continues next page</i>

Standards	These describe the absolute minimum level of performance required. You are required to perform to all the standards under your franchise agreement. See below for an example of a “standard”.
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Example of a Standard


You will recognise a standard by the following heading style:

	Standard

Here is our first guideline:

You should make time to thoroughly read and familiarise yourself with the information and procedures outlined in these manuals. Be sure to allow suitable time in a quiet place free from interruptions and work through the documents at your own pace.

Here is our first standard:


	Standard
1.2.1	Place the franchise manuals and related franchise documentation in a secure, easy-to-locate place and familiarise yourself with the procedures and instructions included in the manuals at regular intervals during the term of your franchise.

Standards

We adopt the same consistent standards throughout the network to help build the credibility and reputation of every franchisee. If standards are not met, the success of your business can be affected and the entire network disadvantaged.

Standards describe our minimum expectations of franchisee performance. They protect ShowerFix and all franchisees in the network.

You will recognise a standard by the following style.

	Standard
1.2.2	Familiarise yourself with the procedures and instructions included in the manuals during the pre-commencement phase.
1.2.3	Consult and follow the manual throughout the term of the franchise.

1.3 Ownership and Return of the Manual

Ownership

This manual is a guide to conducting a successful ShowerFix franchise. The franchisor owns the franchise management manual and all related franchise documentation and this copy of the franchise management manual is on loan to you for the duration of your franchise term.

No part of the franchise management manual may be copied without the consent of ShowerFix.

Please, read, sign and return the Acknowledgement of Receipt and Confidentiality Agreement (FMM-001) for this manual. A copy for this purpose is contained in the Tools & Resources (Section 15) of this manual.

<p>Acknowledgement of Receipt and Confidentiality Agreement (FMM-001)</p> <p>ShowerFix</p> <p>I / We</p> <p>Full Name (s).....</p> <p>Occupation (s).....</p> <p>Of (address).....</p> <p>Acknowledge receipt of the Franchise Management Manual(s) and any other documents related to the ShowerFix business ("the documents").</p> <p>I / We understand that the documents to me / us in strictest confidence.</p> <p><u>I / We hereby undertake:</u></p> <ul style="list-style-type: none">• I / We shall not make a copy of the documents in any form.• I / We shall not reveal the nature of the ShowerFix franchise or its business operations nor any material details contained in the documents to any person or organisation without express prior permission of the ShowerFix Franchisor ("the franchise system manager")• I / We shall not otherwise allow the document or any information contained within the document to become known to any other person, except for the provision of the training of staff or contractors ("employees") engaged to work for the company, and then only that information that is relevant to those employees for the purposes of training shall be permitted to become known to them. <p>I / We understand that a breach of these undertakings by me / us may represent a breach of the ShowerFix Franchise Agreement ("the agreement") and may render me / us liable for legal action under the agreement.</p> <p>Signed.....</p> <p>Witnessed (Name, Address & Signature).....</p> <p>Dated.....</p> <p>Signed.....</p> <p>Witnessed (Name, Address & Signature).....</p> <p>Dated.....</p>

Return of manual(s)

During the term of your franchise agreement, ShowerFix may revise or withdraw the franchise management manual or any other manual for a period of time. The manual must be returned to the franchise support office in its entirety upon request or on termination of the franchise agreement.

1.4 Security and Updates

Storing the manual

The franchise management manual represents considerable investment and care must be taken in its storage and upkeep. Hard copy manuals should be stored in a secure but readily accessible place where they cannot be damaged, read or copied by unauthorised personnel.

If manuals are online, access must be provided only to authorised people and any passwords protected at all times.

Franchise system and manual updates


The franchise management manual is a “living” document that will be updated as new business systems, products and service offers are developed.

- ▶ Send suggestions to franchise support office if you feel that a change is required to the manual (e.g. incorrect, out-of-date). Use the Manual Amendment Update Request (FMM-003) form.
- ▶ If we approve changes to the franchise management manual, they will be made during the next review cycle.
- ▶ When updates to the manual have been carried out, you will be sent replacement pages along with an updated Manual History Update Form (FMM-006) form.
- ▶ Return any redundant pages / sections to franchise support office (if requested) so we know that all manuals on issue are up-to-date.
- ▶ Where system changes occur prior to a regular manual update, the franchise support office will provide you with information about the amendments or new procedures via email. This information will be included in the manual during the next scheduled update cycle.
- ▶ Amendments will become effective when notification is received from franchise support office.

Opportunities for improvement

Suggestions from franchisees are a valuable source of innovation for the future development of the franchise system.

- ▶ Send suggestions for improvements to the franchise system or procedures to the franchise support office. Use the Opportunity for Improvement (FMM 004) form.
- ▶ If the improvements are approved, the relevant changes will be made to the manual during the next review cycle.

	Standard
1.2.4	Store and maintain the manuals in accordance with the above guidelines.
1.2.5	Make requests for amendments to the franchise management manual or suggestions for improvements to the franchise system using the forms provided by the franchise support office.

1.5 Confidentiality

The ShowerFix franchise management manual and other franchise documentation contains confidential information that is protected by copyright and may not be reproduced in whole or in part without our consent.


It is your responsibility to ensure that the confidentiality requirements for documentation set out in the “Acknowledgement of Receipt and Confidentiality Agreement FMM-001” and your franchise agreement are adhered to by yourself and your staff.

As you will need to consult professional advisers for guidance in their areas of expertise you are authorised to discuss these documents with them on the understanding the documents remain confidential and are not reproduced or copied.

Disclaimer

Each franchisee will own and operate their own business and levels of growth, sales, costs and expenses will vary.

ShowerFix neither represents nor warrants that you can expect to achieve any particular sales or profit level that may be shown in the franchise documentation. Neither does it represent or warrant that any particular information or advice contained in the franchise management manual can be relied upon as a substitute for professional advice.

	STANDARD
1.3.1	The Acknowledgement of Receipt and Confidentiality Agreement (FMM-001) must be signed and returned to ShowerFix
1.3.2	Return any franchise documentation to franchise support office as and when requested.
1.3.3	Ensure that all confidentiality requirements in the franchise management manual, any related documentation and your franchise agreement are adhered to.
1.3.4	Don't copy or reproduce the franchise management manual and related documents unless prior permission has been obtained from franchise support office.

1.6 Franchise Terminology

Term	Description
Franchising	Franchising can be defined as a means of expanding a core business activity. It allows others to replicate that business activity by following a system that conforms to the standards of the existing operation.
Franchisor	<p>The franchisor entity that holds the franchise agreements with the franchisees, and is responsible for managing and growing the franchise system within their defined territory, supporting the franchisees, and administrating the group marketing fund.</p> <p>Each franchisee will have an individual franchise agreement with the franchisor to operate as a franchise.</p>
Franchise Support Office (FSO)	A franchise support office is operated by the franchisor and has a team of support personnel who are charged with the responsibility of helping you succeed.
Franchisee	Independent business owner who owns the rights to operate a franchise in accordance with the standards contained in the franchise management manual, the franchise agreement and as may be prescribed from time to time by the franchisor and franchise support office.
Group Marketing Fund	Franchisee contributions go into the group marketing fund that is administered by the franchisor and franchise support office on behalf of the franchisees. The franchisor and franchise support office will report annually on the allocation of the fund for group marketing activities.
Local Area Marketing Amount	Funds spent by the franchisee on promoting the business in your local area. Local advertising budgets are set annually during your business planning process.
KPIs	Key performance indicators are measures of how well your business performs in key areas.
Benchmarking	<p>Comparing key performance indicators of a number of franchisees to better understand performance and develop best practice operating procedures.</p> <p><i>Continued next page</i></p>

Standards	Standards as defined in the manual are minimum standards of performance and operation. Failure to maintain or achieve standards may lead to a breach of your franchise agreement.
Minimum Performance Criteria (MPC)	Minimum performance criteria are set annually during the franchisee business planning process. They define minimum acceptable levels of performance.
Approved Suppliers	Suppliers approved by the franchisor. Suppliers may include preferential pricing and service and helps ensure standardisation, brand integrity and quality of products and services used.
Approved Products and Services	Products and services approved by the franchisor which will be offered by franchisees to customers.
Franchise Assessment	Annual standardised measurement as to how your business aligns with the franchise system.
Obligations as a Franchisee	Legally binding requirements as specified in the franchise agreement and the franchise management manual. Failure to meet obligations can lead to termination of the franchise agreement.

1.8 Franchise Support Office Contacts

About the Franchise Support Office

We have dedicated franchise support personnel who are responsible for the on-going development of the franchise network and business systems.

The franchise support office will be the contact point for all communication relating to the franchise operation.

Key people you will have contact with include;

- ▶ Franchise Manager:
- ▶ Office Manager:
- ▶ Field Support Manager:

Remember that we are here to help you.

Contacting Franchise Support Office

Contact	Detail
Physical office:	
Postal address:	
Phone:	
Email:	
Website:	