



Franchise Management Manual

Section 13

Business and Marketing Plans

This is a confidential document.

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13.1 About Business and Marketing Plans

Business planning is an indispensable management discipline. Business plans can greatly improve the ability of a business to meet its goals and objectives, and can provide a guiding path to future success and personal reward.

As a business owner you should be constantly thinking about your business and making assessments and adjustments. This, however, does not preclude the necessity for more formalised business planning.

Formalised planning benefits your business because it;

- ▶ Ensures that you think about where you want your business to go and how you are going to get there.
- ▶ Provides a roadmap to follow as your business grows. The plan becomes a valuable management tool, providing the blueprint on how to translate your ideas and goals into reality.
- ▶ Provides a benchmark to review your performance and set new direction.

Business Plans are documents that require time and focused attention. This is an area where you will need to work closely with the franchise support office, even if you have had prior experience in preparation of business plans.

You will complete an initial business and marketing plan during initial training and induction and the pre – commencement period of your franchise.

Your business plans must be prepared annually and submitted to the franchise support office for approval. It also needs to be a “living” document, reviewed on a regular basis.

13.2 Timeline, Approval and Reviews

Introduction

The importance of business planning cannot be underestimated - ultimately the ability of the business to perform depends in part upon the quality of the performance forecasts and the appropriateness of the plan developed to achieve these forecasts.

Often the process of creating a plan is placed in the “too hard” basket because of day-to-day business pressures.

We have developed a template to help facilitate your planning process. [Annual Business and Marketing Plan \(FMM-007\)](#)

An initial business plan must be completed during the pre-commencement phase (franchisee induction and training) and on an annual basis thereafter.

Business and Marketing Plan Timeline and Approval

You need to prepare and submit your annual Business Plan by the specified date each year.


We will review the plan, discuss it with you and if any revisions are needed they must be completed and the plan resubmitted for final approval by 15th June annually.

January	February	March	April
✓ Initial Preparation	✓ Submit by for franchise support office review and resubmission as required	✓ Final approval (by approx. 15 March)	✓ Implement from 1 July

Ongoing Review and Adjustments

Once your objectives and resulting actions have been formulated in your business plan, you need to measure your objectives against actual results over time and re-adjust your plan accordingly.

- ▶ A business and marketing plan only continues to be of use when actual results are compared to the forecasted levels and differences identified and explained.
- ▶ Regular monitoring of your business and marketing plan is essential if you are to identify the major influences on your business and understand their varying implications.
- ▶ Operating results will be reviewed against forecasts during regular phone calls and any field visits. This process will assist you in the appraisal of your plan and enable you to make the appropriate adjustments.
- ▶ The annual performance review which involves time spent with franchise support office personnel in discussion about performance, objectives and network relationship building will also provide valuable input into your business planning process.
- ▶ Your financial statements represent an important appraisal mechanism and will need to be taken into consideration when preparing your business plan. Your accountant can provide assistance in preparing and analysing these.
- ▶ The planning process also includes the development of your local area marketing plan which helps you plan and monitor your marketing activities and budget on a month-by-month basis.

	STANDARD
13.2.1	Use the Annual Business and Marketing Plan (FMM-007) templates provided for your planning.
13.2.2	Submit your Business and Marketing Plan to the Franchise Support Office by the specified date for approval and implementation from 1 st April annually.
13.2.3	Actual performance in your business needs to be monitored regularly against your Business and Marketing Plan targets. Reasons for variation should be identified and resolved.
13.2.4	You are encouraged to fully utilise the skills and experience of both the Franchise Support Office and your accountant for regularly monitoring results and appraising performance against your Business and Marketing Plan.

13.3 A Recommended Planning Process

Introduction

We have described some steps you could take when filling out the business plan template we have provided. These actions will help you create a more effective business plan.

Business planning process

Step 1 – Form an outline of key elements of the plan

- ▶ Review the current position of your business.
- ▶ Establish realistic overall business objectives for the year ahead.
- ▶ Consult with the franchise support office to ensure your direction is in line with their expectations and the objectives of the entire network.
- ▶ Consider what priorities and associated actions need to be part of the part in order to achieve the objectives. Evaluate what resources will be required to achieve the objectives. Consider how progress should be measured at intervals during the year to ensure you are on track to achieve your objectives.

Step 2 – Outline and then develop your Business Plan


- ▶ Note down any ideas you have, issues you need to resolve, problems you want to overcome to improve your business that need to be covered in planning for the next period.
- ▶ Review your notes on a regular basis and where relevant discuss them with the franchise support office, other franchisees, and/or professional advisor(s).
- ▶ Gather relevant information including the financial details that will be required for the business plan.
- ▶ Once you have fairly clear objectives, proceed to formalise the business plan in writing using the template provided.

Step 3 – Have your plan independently assessed & then submit for approval

- ▶ We recommend you use independent legal, financial and professional business advisors, where appropriate, as well as the franchise support office to help you finalise your business plan.
- ▶ When you are satisfied that your plan is realistic and achievable and you are happy with the document, submit it to us for approval.
- ▶ Keep a copy for your own files, for future ease of reference and updating as your year's trading progresses.

Step 4 – Review and update your business plan

- ▶ Business plans are living documents and should be constantly monitored against your actual results.
- ▶ Regularly measure your progress against the business plan.
- ▶ You should identify the differences between your planned and your actual results. As you periodically update your business plan, explanations for these variances can aid your future initiatives.

	STANDARD
13.3.1	Ensure that you put aside sufficient time for preparation of your Business and Marketing Plan
13.3.2	Utilise outside resources and Franchise Support Office personnel as required to help you create a meaningful and effective plan.

13.4 Developing your Business Plan

Introduction

Development of a business plan is essential for any business. Within a franchise format business it takes on additional significance.

You are not alone in running your business. You are part of a wider franchise network with a franchisor, other franchisees and a brand identity. The performance of each participant of the franchise network has some level of influence over all the other participants and the reverse also applies.

Performance of one part of the business can influence the performance of other parts.

Examples of this include;

- ▶ Compliance to standards and ensuring consistency across the franchise network.
- ▶ Alignment of goals and strategies
- ▶ Achievement of minimum performance criteria

Consistency in the planning process, including a plan that meets the needs of an individual franchise business, involves the franchisor approving all individual franchise plan, and enable the franchisor to plan ahead to meet not only their needs but also the needs of the franchise network as a whole are all vital components

A template has been developed (ShowerFix Business and Marketing Plan FMM-007) that consists of the following worksheets.

1. Vision and Targets
2. SWOT analysis
3. Financial Highlights and Key Performance Indicators
4. Staff Resources and Franchisee Time Allocation
5. Vehicle(s)
6. Budget and Forecast – Annual Income & Expenses
7. Minimum Performance Criteria
8. 90 Day Action Planner
9. Current Referral Sources – performance, strategies and actions
10. Target Customers and Referral Sources – strategies and actions
11. Annual Local Marketing Plan & Budget

Refer to the information in the rest of this topic for details about how to complete each of these areas in the business plan.

1. Vision and Targets

As part of the business planning process you need to formulate ideas on where you want to get to and set a direction for the business.

Once your vision has been established you can set your targets. These provide more precise goals that need to be achieved in alignment with your vision.

See section1 of the business planning template.

<p>Vision</p>	<p>What you want to achieve with the business over the forecast planning year. This is a statement of intent focused on what you will have achieved by the end of the year ahead and helps you set the business direction and consider targets and the resources required to achieve them.</p>
<p>Measurable Targets</p>	<p>Measurable targets are the goals that need to be achieved in order to attain your overall vision for the business. These are;</p> <ul style="list-style-type: none"> ▪ Non financial targets for your business ▪ Financial measurable targets, both financial drivers (activities) and financial outcomes (results) <p>Targets should be Specific, Measurable, Achievable, Relevant and Time-bound (SMART).</p>

The sense of direction or vision should be clear enough to guide your efforts and energies over the time period. When deciding on your vision, it can be a good idea to involve any business advisors and Franchise Support Office personnel, as they may provide different elements and viewpoints.

Note:

The context of this section of the manual is an annual plan.

Long term strategic planning is an important discipline for all businesses and something you as a business owner should engage in. In the context of your Shower Fix franchise agreement it should cover the full period of your intended involvement.

2. SWOT analysis

SWOT analysis provides information that is helpful in matching your company resources and capabilities to the environment within which you operate.

This part of the business plan provides the opportunity for you to identify and explore internal and external factors that influence your business. It can help you identify your business plan objectives.

Factor	SWOT and general examples
Internal factors	<p>Strengths (e.g. strong brand, good reputation, skilled and knowledgeable staff, market share, management skills, internal systems, strong financial position, quality of service, etc)</p> <p>Weaknesses (e.g. weak brand name, poor reputation, poor customer relations, outdated technology, unstable workforce, under capitalisation, poor supplier relations, poor franchisor relations, etc)</p>
External factors	<p>Opportunities (e.g. new or changing customer needs, an unfulfilled customer need, new or emerging products and services, new technologies, changing economic factors, weak or changing competition, etc)</p> <p>Threats (e.g. changing customer preferences, new legislative regulations, new competitors in the marketplace, competitor pricing / promotions, changing technologies, etc)</p>

Note down the actions required to help you maintain (or use) your strengths, overcome weaknesses, defend against threats and pursue opportunities.

3. Key Activities, Financial Measures and Performance Indicators

We have identified a number of key performance indicators for the business. These cover various aspects of your business including sales (total \$ value by job type; total number of jobs and quotes and the strike rate), profitability, key operating expenses and number of health and safety incidents.

The performance indicators are critically important and should be monitored regularly to ensure you have a high level of visibility of performance relative to your business goals. They are also a vital element in assisting you in your management decision making and actions. They;

- ▶ relate to some of the key areas you are expected to monitor
- ▶ help measure the performance and success of your business
- ▶ can be used to help set objectives
- ▶ can be used to help measure and monitor the success of your strategies and actions

In order to be able to develop an effective business plan you need to understand your current situation in financial and non-financial and non-financial (activity) terms. Current or past performance provides the starting for business plan for the year ahead.

Note:

You will complete your first business plan as a part of the initial induction, training and pre-launch activities. Guidance will be given to you as a part of the process.

4. Staff Resources and Franchisee Time Allocation

As your franchise operation grows you will need to take on staff. This part of the business plan will help you to:

- ▶ Identify the time you personally spend on various business activities as this will help you determine when extra staff are needed.
- ▶ Review staffing requirements on an annual basis against your projected business growth. Will current staff resources be adequate for future needs? Consider what changes are needed to meet your objectives.
- ▶ Assess each employee (casual or permanent, part time or full time) and identify strengths and weaknesses. This will help you identify training requirements for each person.

It is very important that you assess training needs and factor these into your planning as they can be a significant cost to your business.

5. Vehicle(s)

Your sign written vehicles are an important part of the ShowerFix brand. By following the guidelines in the manual you will ensure that they are always presented in top condition. You should still complete an annual assessment to check that vehicles are well presented and adequate for future requirements; and that you are maximising exposure.

Where necessary, over time you may need to purchase additional vehicles or upgrade existing vehicles to meet the requirement of your business and of ShowerFix.

6. Financial Budget and Forecast – Annual Income & Expenses

Financial forecasts help you determine whether or not your actions are going to achieve your objectives and therefore be of long term benefit to your business. As part of your business plan you must, as a minimum, complete a projected profit and loss statement for the period.

If these forecasts do not show acceptable income and profit figures you will need to review your actions. Your financial position and performance history may influence your objectives. It is important to be flexible and realistic.

The more informed you are the more likely you are to succeed.

Work with your accountant and the Franchise Support Office to review the actions and adjust the figures appropriately until they make your plan workable and worthwhile.

7. Minimum Performance Criteria

Minimum performance criteria (MPC) set the minimum level of performance acceptable to ShowerFix.

For your initial trading period, the minimum performance criteria will be included in your franchise agreement and will be included in your initial business and marketing plan completed during initial induction and training.

There after minimum performance criteria will be set by ShowerFix on an annual basis in consultation with you and as a part of the Business and Marketing Planning process.

The purpose of the MPC is to assist in managing performance in order to protect franchisor and franchisee investment and the value of the ShowerFix brand for the benefit of the network.

The expectation is that you should exceed the minimum performance criteria on an ongoing basis. Actions that will be undertaken if minimum performance is not attained within specified periods are set out in your Franchise Agreement.

8. 90 Day Activity Planner

Once you have completed your business plan, review your vision, your targets and financial forecasts in the previous worksheets and determine your focus and objectives for the next quarter.

Identify the key actions required to achieve these objectives and, ultimately, your vision for the business.

You should also include details as to who is responsible for the action plus target start and finish dates.

9. New Business

There are two key sources of new business that it is important to adopt a planned and targeted approach to with your franchise territory.

Referral sources

People or organisations who you currently have a relationship with, or would like to have a relationship with, who have the ability and motivation to do so. Examples of the types of people who could be valuable in this role are trades people, past customers and property managers.

Target customers

People or organisations who are current or past customers with whom you want to do more business, and potential new customers. The worksheet should be used to capture;

- ▶ Names and contact details
- ▶ The value of the relationship measured by referrals or jobs done
- ▶ Strategies to develop the relationship
- ▶ The next action you have planned to build the relationship and gain more business.

10. Local Area Marketing Planner

This worksheet provides a plan and budget so that you can enter a monthly breakdown of your annual budgeted local marketing amount (by marketing activity).

The completion of the worksheet will help you:

- ▶ make decisions
- ▶ market consistently and keep your marketing initiatives co-ordinated with the plans of the Franchise Support Office and other franchisees
- ▶ measure your results and, ultimately, help you market more effectively