



# **Franchise Management Manual**

## **Section 2:**

### **Pre-Commencement Activities**

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## 2.1 About Pre-Commencement

This section provides information on the activities that need to be carried out prior to commencement of your ShowerFix franchise.

It is important that this pre-commencement period is approached in a structured and focused manner, and that advantage is taken of the training, experience and support that are available from the franchise support office.

During your initial training you will also need to demonstrate your ability to successfully develop and manage a ShowerFix franchise.

Our objective is to keep the commencement period as brief as possible, without compromising standards, so that you begin operating the franchise as soon as possible after signing up.

A number of factors will influence the duration of this period, which may differ from franchise to franchise, reflecting the individual circumstances of each new franchisee and their franchise territory.

The guidelines included in this section cannot be deemed to be exhaustive. However, in consultation with the franchise support office personnel, this information will help you determine your specific requirements, and then enable you to complete them in an organised and timely manner.

## 2.2 Pre-Commencement Checklist

### Introduction

Once the franchise agreement has been signed and initial franchise payments made to ShowerFix you will start the “pre-commencement stage”. This refers to the time from signing the agreement until you commence operation in your area.

We have provided a checklist which is a timetable for important activities that must be carried out during this stage. The list is intended to be a baseline from which both you and the franchise support office personnel can make decisions regarding these activities and their sequence.


- ▶ For more information refer to;

Section 15 of this manual (FMM-002) for copy of the checklist

We will work with you to amend the checklist so it fits the appropriate timeframe for your specific location and situation. Some indicative timeframes have been included to help with this process.

You should also:

- ▶ Seek professional advice as needed to assist you with any specific legal and financial requirements.
- ▶ Ensure that your lawyer or accountant is familiar with franchising as a number of requirements under the franchise business model are different from those associated with the purchase of a non-franchise business.

	<b>Standard</b>
<b>2.2.1</b>	Identify a completion date for each of the activities in your <u>Pre-Commencement Checklist (FMM-002)</u>
<b>2.2.2</b>	Work through the checklist with the franchise support office personnel and your professional advisers making amendments to the dates or additions to the list as necessary.

## 2.3 Pre-Commencement Checklist details

### Introduction

The Pre-Commencement Checklist (FMM-002) must be worked through with ShowerFix and modified as appropriate for individual circumstances to enable agreement for the timing of activities and completion dates with the franchise support office. This section provides details about each activity.

### A. Initial Activities

A - Initial activities	1	Agreement signed. Business entity established			
	2	Register business for Income Tax and GST	On signing Agreement		
	3	Establish business banking facilities	On signing Agreement		
	4	Familiarise yourself with the Franchise Management Manuals	Ongoing		

#### 1. Agreement signed. Business entity / name established

You must establish a limited liability company and trade as an independently owned and operated business. Consult with your professional advisers on the best way to go about this.

Both your company name and your 'trading name' must be approved by Franchisor.

See franchise management manual section 6.2 Business and trading names.

#### 2. Tax Registration (including GST) with the Inland Revenue Department

We recommend that you consult your financial and legal advisers to contact the Inland Revenue Department to enable issuing of an IRD number and any other essential requirements.

### 3. Establish Banking Facilities

Discuss your personal and business banking requirements with your bank. You need to:

- ▶ Open a separate business account
- ▶ Set up internet banking facilities
- ▶ You may also elect to set up EFTPOS and credit card payment facilities,
- ▶ For more information refer to;  
Pre commencement step 16

When establishing bank facilities ensure you allow yourself enough flexibility to cope with a 'worst case' cash flow scenario.

### 4. Familiarise yourself with the Franchise Management Manual

Before you start your pre-commencement induction and training, take some time to read and understand the ShowerFix franchise management manual. The manual has been prepared as a training tool and an ongoing reference resource, and you need to be familiar with all its content and layout.

#### B. Vehicle and Equipment Purchase

<b>B - Vehicles &amp; Equipment</b>	<b>5</b>	Vehicles purchased / organised	As agreed		
	<b>6</b>	Vehicle modification and signage completed	As agreed		
	<b>7</b>	Tools / equipment / stock purchased	As agreed		
	<b>8</b>	Computer and Office systems	As agreed		

## 5 & 6. Vehicle purchased/leased, modified and sign written

The type and condition of vehicles operated by you or your staff on franchise business is an important part of our corporate identity and brand.

Vehicles need to be;

- ▶ Franchise support office approved e.g. Make, model, age, condition colour.
- ▶ Suitable for the purpose, including any modifications required by the Franchisor, such as storage for tools and standard stock items.
- ▶ Be well presented, well maintained, in good condition and meet all the legal requirements e.g. registration and warrant of fitness.
- ▶ Sign-written to ShowerFix specifications. The Franchisor will provide relevant specification, artwork, graphics, etc.
- ▶ For more information refer to;

[Section 6.7 Vehicle, uniform and presentation](#)

[FMM-009 ShowerFix tools and equipment](#)

[FMM-010 ShowerFix stock list](#)

[FMM-011 ShowerFix vehicle specifications](#)

## 7. Tools/equipment and stock purchases

The range and condition of tools and equipment used by a franchisee or their staff on franchise business is an important part of our corporate identity and brand and standards.

Tools and equipment used need to be;

- ▶ An appropriate range of tools must be carried in the franchisee vehicle to ensure that when customer service is undertaken the appropriate tools are available(carried in the van), fit for purpose and maintained to an acceptable standard and condition.
- ▶ An appropriate range of stock items (parts and components) must be carried in the Franchisee vehicle to ensure that when Customer Service is undertaken the stock is available, fit for purpose and held in sufficient quantity for the job at hand.
- ▶ For more information refer to;

[FMM-009 ShowerFix tools and equipment](#)

[FMM-010 ShowerFix stock list](#)



## 8. Computer and office systems

The computer and office systems used by a franchisee or their staff plays an important part in ensuring effective office management including, communications, financial transactions, financial reporting, accuracy and reliability and reflects our corporate identity and brand and standards.

Computer and office systems used need to be:

- ▶ Franchise Support Office approved
- ▶ Of appropriate quality that customer service, communications, business activity and reporting is carried out and maintained to an acceptable standard.
- ▶ For more information refer to;  
Section 5.7 IT Management Policies

## C. Marketing

C - Marketing	<b>9</b>	Uniforms ordered (as required)	1 month pre launch		
	<b>10</b>	Marketing materials and stationery ordered	1 month pre launch		
	<b>11</b>	ShowerFix website franchisee profile prepared for launch date	1 month pre launch		

## 9. Uniform order

The range of uniform clothing used by you and your staff on franchise business is an important part of our corporate identity, brand and standards.

Uniform clothing items used need to be:

- ▶ Franchise support office approved
- ▶ Uniform clothing and other clothing items must be fit for purpose and maintained to an acceptable standard and condition.

**(Note; Uniform clothing has not yet been introduced to the franchise system)**

## 10. Marketing materials and stationery ordered

Order initial marketing supplies and stationery from the SHOWERFIX approved supplier.

- ▶ Business cards
- ▶ Marketing brochures
- ▶ Letterhead (including 0800 number)
- ▶ For more information refer to;  
Section 6.4 Advertising, marketing materials and stationery

## 11. ShowerFix franchisee website profile created

(Franchisor to provide details of requirements)

### D. General activities

<b>D – General activities</b>	<b>12</b>	ShowerFix email address created	1 month pre launch		
	<b>13</b>	Directory listings arranged	1 month pre launch		
	<b>14</b>	Insurance arranged	As required		
	<b>15</b>	Supplier accounts arranged	As required		
	<b>16</b>	Payment facilities arranged	As required		
	<b>17</b>	Office systems and other equipment	As required		

## 12. ShowerFix email address

Franchisee email address created.

## 13. Directory listings arranged

You will need yellow pages and white pages listings. The franchise support office can provide a template.

For areas with more than one franchisee in a yellow pages ‘region’, the franchise support office will arrange the advertisement and on-charge franchisees proportionally.

If you are the only franchisee in the region, you are responsible for placing your own advertisement using the standard template provided.

## 14. Insurance arranged

You must have acceptable insurance cover arranged through a reputable insurance company. You may elect to take up the opportunity of joining a ShowerFix group insurance arrangement through an independent insurance broker contracted to ShowerFix to provide that service.

Evidence that the insurance has been arranged needs to be provided to the franchise support office at commencement and annually thereafter.

Insurance requirements will be specified during the pre-commencement period, but will typically include:

- ▶ Public liability – to the amount specified by ShowerFix
- ▶ Tools and Equipment
- ▶ Vehicle insurance – full replacement
- ▶ Business interruption/Loss of profits

Note; You may also be required to obtain cover for other policies as considered necessary by us from time to time.

## 15. Supplier accounts arranged

You need to arrange accounts and/or sign Terms of Trade with relevant suppliers, e.g.:

- ▶ Insurance
- ▶ Vehicle petrol, maintenance
- ▶ Business credit cards
- ▶ Office stationery
- ▶ Uniform supplier
- ▶ Telecoms (ISP, mobile phone, landline)
- ▶ P O Box (if required)
- ▶ Directory listings
- ▶ Marketing material & business cards
- ▶ Equipment and tools
- ▶ Stock purchases

## 16. Payment facilities established EFTPOS/Credit Card

These payment methods can be offered to customers at your discretion. A mobile EFTPOS unit can be useful as this can expedite receiving payment from the customer.

Enquire about the costs involved in these facilities through your bank before making a decision.

## 17. Office systems and other equipment

Other items that need to be organised include the following;

- ▶ Purchase and set up computer(s) including:
  - Software, e.g. MSOffice suite, Xero accounting package Internet connection
  - Antivirus software / firewall etc
- ▶ Arrange for landlines and mobile phone(s).
- ▶ The Franchise Support Office will specify the type of mobile phone and plan required (special deals may be available for reduced and/or inter-company calls).

### E. Train / Plan

			Indicative timing	Agreed date	Done
<b>E - Train / Plan</b>	<b>18</b>	Franchisee induction and training completed	As agreed		
	<b>19</b>	Initial Business and Marketing Plan - developed & approved	During training		
	<b>20</b>	“Launch” marketing activities – developed as part of the business planning process & approved	During training		

## 18. Franchisee induction and training completed

Initial training for franchisees will be undertaken at ShowerFix in Auckland and the Franchisee Territory. You are responsible for travel, accommodation and out-of pocket expenses.

Training is important to the success of your business. Prior to commencing the initial training you need to read the Franchise Manuals and be familiar with their content and structure.

- ▶ For more information refer to;

[Section 5 – Training](#)

## 19. Initial Business and Marketing Plan

Business planning is an essential part of any well-run business and a business plan must be completed before your commencement date and on an annual basis thereafter.

We will help you develop your initial business plan during your initial training programme.

A business plan template will be supplied and the completed business plan must be provided to the franchise support office for approval. This template also includes a section to assist you with planning your local marketing.

▶ For more information refer to;

Section 13 - Business and Marketing Plan

FMM-007 – Business and Marketing Plan template

## 20. Launch marketing activities – developed and approved

In order to hit the ground running it is important to plan marketing activities to coincide with your launch. These will typically be planned for an intensive 8 week period (4 weeks prior to launch and 4 weeks after). We will, however, work with you to determine the best timeframes for your specific area and circumstances.

You need to complete the marketing plan section in the Business Plan to show the advertising and promotional activities that will be undertaken during the launch period and show how the initial launch marketing amount specified in your Franchise Agreement will be allocated.

## F. Launch

			Indicative timing	Agreed date	Done
<b>F - Launch</b>	<b>21</b>	Commence launch promotion and advertising	1 month pre launch		
	<b>22</b>	Launch franchise operation	Commencement date		
	<b>23</b>	Initial franchisor assistance	Site dependent		

### 21. Place launch advertising

Ensure that advertising, e.g. newspaper ads, is placed in time for it to run in the required publication(s).

### 22. Launch franchise operation

After you and the franchise support office personnel have worked your way through the pre-commencement activities it is time to get your business underway. Plan your launch date with the franchise support office.

### 23. Initial franchisor assistance

We will spend time assisting you during your launch period. The nature of the assistance and the timing of this will depend on specific franchisee requirements.

Help will be provided:


- ▶ by phone (answering queries, further guidance), and
- ▶ during an on-site visit (e.g. observation of initial sales consultations; observing the first customer job)

Areas of weakness identified during the training can be covered again during this period.

### 24. Staff recruited, inducted and trained (as required)

We will discuss staffing requirements with you during the pre-commencement period. All staff are to be recruited, trained and inducted to guidelines and standards acceptable to the franchisor.

- ▶ For more information refer to; Section 10 – Staff and contractors” for some information and guidelines.

	<b>Standard</b>
<b>2.3.1</b>	Consult the manuals regularly during the pre-commencement period and throughout the franchise term.
<b>2.3.2</b>	All pre-commencement activities must be satisfactorily undertaken to ShowerFix standards.
<b>2.3.3</b>	Initial training must be satisfactorily completed and include a Business and Marketing Plan.

## 2.4 Initial training

### Introduction

We acknowledge the importance that training plays in the profitable and successful operation of your business and are committed to provide appropriate training.

Initial training is an essential element in the induction of our franchisees and assists franchisees (and their team) in conducting the business according to the ShowerFix business system, guidelines, and standards.

All incoming franchisees are expected to successfully complete the full induction training programme before commencing operations.

### Training costs, duration and location

- ▶ Costs - The cost of the initial training is covered by the initial training fee but franchisees are responsible for all travel and accommodation costs and out-of-pocket expenses.
- ▶ Date and time - Training will commence at an agreed date soon after signing the Franchise Agreement.
- ▶ The duration of the training period will be agreed at the time as it will be dependent on the skill and experience level of the individual franchisee.
- ▶ Training could, for example, include business management, prospecting sales training, franchise systems, supplier systems, products, installation procedure, customer care etc.
- ▶ Location – Initial training will typically be held in Auckland
- ▶ Follow up assistance will be provided during the launch and commencement of your franchise business.



## Training outline

The initial training covers the operations of a ShowerFix franchise including our philosophy and culture, mutual expectations, system familiarity and our standards and operational procedures.

This training period also enables us to commence building a relationship that is beneficial and productive for both parties.

We have provided an example of the main areas that are covered during the initial training in the table below.

	Area	Description
1	ShowerFix introduction	<ul style="list-style-type: none"> <li>▶ Vision, values, culture, etc</li> <li>▶ About the franchise system – objectives, standards, expectations</li> <li>▶ Franchise establishment (pre-commencement activities)</li> </ul>
2	How to use the Manual	<ul style="list-style-type: none"> <li>▶ Manual content and structure</li> <li>▶ Requirements for storage, maintenance and updating</li> <li>▶ Ownership and confidentiality of the manual</li> </ul>
3	Key responsibilities and commitments	<ul style="list-style-type: none"> <li>▶ Franchisor responsibilities - overview</li> <li>▶ Franchisee responsibilities – overview</li> </ul>
4	Communications and support	<ul style="list-style-type: none"> <li>▶ Means of communication, liaising with The Franchise Support Office</li> <li>▶ Field visits, reviews</li> <li>▶ Conferences</li> <li>▶ Ongoing training</li> </ul>
5	Brand identity	<ul style="list-style-type: none"> <li>▶ About the SHOWERFIX brand</li> <li>▶ Premises, uniforms, signage, vehicles, marketing material</li> </ul>
6	Marketing	<ul style="list-style-type: none"> <li>▶ Marketing responsibilities (group and local)</li> <li>▶ Local marketing initiatives</li> <li>▶ Develop Launch Marketing Plan</li> <li>▶ Develop annual Local Area Marketing Plan</li> </ul>

<b>7</b>	<b>Business planning</b>	<ul style="list-style-type: none"> <li>▶ Business plan requirements</li> <li>▶ Develop annual Business Plan</li> <li>▶ Meeting minimum performance criteria / KPIs</li> </ul>
<b>8</b>	<b>Franchise administration and finance</b>	<ul style="list-style-type: none"> <li>▶ Managing your business</li> <li>▶ Accounting requirements</li> <li>▶ Tax and other levies</li> <li>▶ Payroll requirements</li> </ul>
<b>9</b>	<b>Staff management</b>	<ul style="list-style-type: none"> <li>▶ Recruiting, training and managing staff</li> </ul>
<b>10</b>	<b>Health and safety</b>	<ul style="list-style-type: none"> <li>▶ Health and safety policies and procedures</li> </ul>
<b>11</b>	<b>Launching your business</b>	<ul style="list-style-type: none"> <li>▶ How to hit the ground running</li> <li>▶ The Franchise Support Office support</li> <li>▶ Launch marketing</li> </ul>
<b>12</b>	<b>Selling, renewal or termination</b>	<ul style="list-style-type: none"> <li>▶ Responsibilities and processes</li> </ul>
<b>13</b>	<b>Sales and customer service</b>	<ul style="list-style-type: none"> <li>▶ Products and services</li> <li>▶ Sales process; handling enquiries, consultation visits</li> <li>▶ Pricing and quoting</li> <li>▶ Frequently asked questions</li> <li>▶ Guidelines for excellent customer relations</li> <li>▶ Quote acceptance</li> <li>▶ Warranties</li> </ul>
<b>15</b>	<b>Operational procedures</b>	<ul style="list-style-type: none"> <li>▶ Ordering product</li> <li>▶ Work schedules</li> <li>▶ Operations management – stock, deliveries, equipment &amp; tools etc</li> <li>▶ Installation procedures and hands –on training.</li> </ul>

## 2.5 Approved suppliers

To be completed

	Requirements	Supplier
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		