

THE
franchise **review**

Official Journal of the Franchise Council of Australia

www.franchise.org.au



Mark Maumill & Jason Love, Banjo's 08 Franchisee of the Year – 'Never Give Up!'

Inside

NAB Business tips for 2009

Giles Good faith – Good or bad?

Breden 09 Workplace Relations Reform: Implications for the franchise sector

Nathan Leading a franchise network in tough times

NEW Franchisor & Franchisee interviews: Pack & Send / Banjo's

Regulars

Executive Director's Message

Tough times ahead but sector can survive and thrive

FCA News New look FCA Board, Message from the State Presidents, Special Interest Forums ... plus more



FRANCHISE COUNCIL OF AUSTRALIA



Packing a punch: 'No limits' to customer appeal

With the call for registration period for the 2009 MYOB Excellence in Franchising Awards just around the corner, the Franchise Review caught up with Michael Paul CEO of 2007 Franchisor of the Year winner Pack & Send, to gauge his thoughts on the coming year, being a national Franchise winner, tips for success and some of the processes Pack & Send have implemented to encourage franchisee success.

Pack & Send offers a range of postal, freight, courier, packing and removalist services operating through a national retail network.

TFR - How do you see the next two to five years for Pack & Send?

MP - The long term industry fundamentals are very favorable to our business model. The advances in information technology and the proliferation of the internet have resulted in an ever-expanding need for a personalised service to send goods around the globe. This trend is playing to our strengths. Our unique retail packaging and freight forwarding services are simply giving the market more convenient and personalised solutions to move things around the world.

In Australia, our plans are to grow our network from 95 stores to 150 in the next 5 years. In many areas of Australia, we have more customers than we can service with our current network of stores. We intend to achieve our store growth goals through a combination of new franchises, increase in multi-store ownership and expanding the number of company-owned stores.

We have recently opened Pack & Send stores in the United Kingdom and New Zealand through master franchise arrangements. Our vision is to – ultimately - connect the world to our valuable services and within the next five years our plans are to be represented in a further 8 to 10 countries.

Over the next two years we will continue to make significant investments in franchisee support services. In particular we will have completed a substantial upgrade of our Point-of-Sale software system and expanded on our new E-learning system – a system which uses the power of the web to provide a 'virtual class-room' style learning environment that is empowering franchisees with the tools to professionally train their staff.

TFR - How has the last year been for Pack & Send after winning the Franchisor of the Year Award in 2007?

MP - The profile of the brand lifted substantially after winning the award. We are now attracting a much higher standard of candidates applying for the franchise. We place a lot of value though on the pride the award has given our franchisees. They are very proud of this achievement and it translates into the overall performance of the organisation.

Winning the award also resulted in the Franchise Council of Australia nominating Pack & Send to represent Australia in the International Franchisor of the Year award held in Singapore in October 2008. We achieved the 'runner up' award which we considered a major achievement given we were up against some of the major global economies and franchising cultures in the world. It certainly gave Pack & Send some prominence in the international franchising community and has assisted in our desired expansion into Singapore and Asia.

TFR - Tips for success – what makes a successful franchise brand?

MP - We have been fortunate to develop a position where the Pack & Send brand has an emotional association attached to it. That is, people who know of us, associate with our brand the words convenience, personalised solutions, no limits customer service, quality and professionalism. These words represent what the Pack & Send brand stands for.

The biggest lesson we have learnt is that you cannot buy these reputations through clever marketing promotions. It is a reputation that we have had to earn over a long period of time through our people being committed to our customer service culture. Pack & Send recognised from the day it started business in 1993, that it is people and their behaviours that bring life and meaning to a brand. We believe we have achieved our current brand reputation by continually reinforcing two words to all people within the organisation. These words are 'No Limits!' These two words are communicated to franchisees and staff in everything that we do. 'No Limits' describes our culture.

Our training and our systems are focussed around franchisees understanding our brand culture and being in alignment with our brand message. Our vision for the Pack & Send brand is that it will be recognised not only in Australia, but globally – and that with this recognition people will immediately be able to associate what the brand stands for. Our philosophy is that brand integrity must be achieved first, in order to be successful in developing brand awareness.

TFR - What have been your worst and best franchising experiences?

MP - Worst: Opening the first Pack & Send store in 1993 and achieving sales of only \$2.90 in the first week.

Best: Recognised as Australian Franchisor of Year in 2007 and 'Runner Up' International Franchisor of Year in 2008.

TFR - Do franchisees contribute to a National Marketing Fund? Who manages the Fund?

MP - All franchisees contribute 2% of their weekly gross sales to a national marketing fund. The Franchisor manages the fund for the benefit of all franchisees.

TFR - Does Pack & Send have a Franchise Advisory Council? How does it operate? Has it been successful?

MP - Pack & Send has a formal Franchise Advisory Council (FAC) which has become a vital part of our franchise system. We operate our FAC to a detailed constitution that is published on our intranet site.

The FAC meets twice each year and the membership includes four franchisor staff members and 7 franchisees (four elected by their peers and three of the top sales performers). Our FAC is a consultative body only. FAC deliberations are advisory in nature and the FAC is not conferred decision-making authority.

The purpose of the FAC is to harness the sum total of expertise and knowledge of both the Franchisees and Franchisor in order to provide informed advice for the Franchisor to make system-wide decisions.

Prior to a FAC meeting, we circulate detailed pre-reading documents to members that outline the background on topics to be discussed. In this way, FAC members come to the meeting more informed which results in the meetings being conducted very efficiently. After the meeting we publish both the pre-reading documents and Meeting minutes to our intranet site for transparent communication to all franchisees. Every franchisee in the network is then given the opportunity to comment on the deliberations of the FAC before the franchisor makes its system-wide decision for implementation.

Our FAC has been very successful. We are always striving to be the best, so we are regularly developing new services and devising or promoting new directions and new ways of doing things. Because we take a consultative approach to making system-wide decisions, we find that new initiatives gain the strong support of the majority of franchisees - which makes uniform implementation across the whole network considerably more efficient.

TFR - How are new ideas from Franchisees regarding the running of the business fed into the business for all to benefit?

MP - This is primarily done through our FAC. For example, stores send packages on behalf of local customers to recipients all around the country. A franchisee saw the opportunity of how each store could market to those recipients, thus helping the brand awareness of all stores in the Group.

The FAC came up with a promotional brochure and fridge magnet that every store was to place in every carton packed and sent. There are now probably over hundred thousand Pack & Send fridge magnets on refrigerators and filing cabinets all around the country!

We also regularly conduct an 'Ask the Experts' Training Program. We have recognised that individual franchisees are specialists in certain areas of their business.

These franchisees present their advice and key learning at forums such as Regional meetings and Conferences. It has been extremely well accepted as franchisees can be more inclined to listen to their peers. Franchisor staff take notes and update operation manual procedures where appropriate.

TFR - Has the global financial crisis had an effect on your business?

MP - The economic slowdown to date has had no real impact on Pack & Send. Store sales revenue is still growing, (albeit not as strong as growth rates prior to the downturn). In our market, when consumer spending is reduced, people start to look for product bargains (including second-hand goods) to buy online (e.g. eBay) and that means more demand for packing and shipping services.

We have a whole range of Pack & Send stores that have been in our network for over 7 years that are still experiencing growth rates this financial year (2008/09) that are in excess of 20%. Stores that have recently opened in the last 6 months have had record sales revenue starts. Our December 2008 sales were the highest in the company's history. One store in Perth just completed its first full 12 months of trading, recording sales revenue of over \$1 million.

We have invested substantially in our business and marketing systems over the last 5 years and we believe that this has placed our franchisees in a very strong position to continue to build their businesses in a tougher economic environment.

From a franchisor perspective, we have a relatively strong financial foundation, with a balance sheet position of nil loan borrowings. Thus, we are seeing the opportunity to continue to invest in business system infrastructure and company-owned stores despite the current economic environment - we believe this investment will give us a formidable leadership position when the economy booms again.

TFR - Do you agree with an "inclusive" approach to franchising, for representation of franchisors, franchisees and suppliers?

MP - We operate in a regulatory regime and what we don't see as positive is the fragmented and often adversarial representation to government from various interest groups. We haven't seen this approach provide an accurate picture of the franchise sector. Thus we see the inclusive approach as being necessary. Politicians, bureaucrats, media and all industry participants are likely to be better informed and better educated on a sector that is important to the Australian economy. **TFR**