

TOP franchises in Australia

YMM has teamed up with the Franchise Council of Australia (FCA) to bring you a selection of the best franchise systems currently on the Australian market: exciting new start-ups like Lollypotz as well as established brands like Domino's

HAIRHOUSE WAREHOUSE (Rockhampton, Queensland)



Snapshot

- **Initial spend**
Franchise fee is \$66,000. Total capital spend is around \$500,000.
- **Ongoing franchise fees**
6% royalty and 3% marketing fees. Klese also spends around 3–4% on local marketing.
- **Sales**
Turnover of around \$1.1m in the first financial year. The target for this year is roughly \$1.5m

With two natural disasters impacting the area of Rockhampton this year, Jason Klese battled with a risky first 18 months for his newly acquired Hairhouse Warehouse (HHWH).

However, things could not be looking brighter for the Rockhampton-based business, and not only does Klese donate \$2 per transaction to help the flood relief in the area, but he has also reported a turnover of roughly \$1.1m in his first year – well in line with his target.

Klese is a seasoned franchisee, having run a different franchise system before investing in HHWH. He and his wife are very happy with how things are going, and have now hired a store manager who deals with the day-to-day running of the shop.

"It is very hands-on and I like that," he says. "But now that we've got a manager we can take a step back – and look at expanding the business ...there's a lot of different revenue streams and other opportunities which we can look at to help broaden the business, which HHWH have really helped and supported us with."



COMPANY DETAILS

Sector	Hair and beauty retail and services
No. of franchise units	133
No. of franchise units available	20
Location of available units	NSW, Qld, WA
Year franchising commenced	1998

INVESTMENT REQUIREMENTS

Initial franchise fee	\$66,000 plus GST
Total capital investment	\$450,000–\$550,000
Royalty or ongoing franchise fee	6% plus GST
Marketing fee	3% plus GST
Training fee	\$6,000 plus GST
Term of agreement	7 years
Renewal options	renewal for another 7 years

LOLLYPOTZ PTY LTD (Newcastle, NSW)



Snapshot

➔ **Initial spend:**

Lollypotz charge a \$50,000 franchise fee. They also require a minimum of \$70,000 capital investment, but Justin says to do it properly you need something closer to \$100,000

➔ **Ongoing franchise fees:**

15% of gross turnover (6% admin, 6% royalty and 3% marketing)

➔ **Earnings:**

Reported estimates of around \$307,000 turnover in their first financial year – more than even their second and third-year targets. The revised second-year target is now \$370,000.



Julie and Justin Troy purchased their Lollypotz franchise in Newcastle, NSW, in March 2010, and have reported substantial returns in their first 15 months.

Marketing itself as ‘the latest in corporate gifts’, Lollypotz offers an internet-based service that provides chocolate-based bouquets, gifts and hampers.

“We’re really pleased with the way that the first year or so has gone,” Troy says. “There’s nothing like it up here in Newcastle, and it’s a very unique and different product that offers a great alternative to flowers. It was good that we were able to start running the business from home, which helped us out with costs, before more recently buying our own retail space, which has been really exciting,” he says.

COMPANY DETAILS

Sector	Sale of chocolate bouquets and gifts via internet and retail outlets
No. of franchise units	39
No. of franchise units available	31
Location of available units	NSW, SA, Qld, Vic, NT, WA
Year franchising commenced	2009
INVESTMENT REQUIREMENTS	
Initial franchise fee	\$50,000
Total capital investment	\$70,000–100,000
Royalty or ongoing franchise fee	12 % (6% royalty and 6 % admin)
Marketing fee	3%
Training fee	Included
Term of agreement	5 years
Renewal options	Term of 4 x 5-year agreements

DOMINO'S PIZZA ENTERPRISES (Sydney, NSW)

Aged 13, Nick Knight started work at his local Domino's in Tamworth. Now, aged 28, he owns 12 Domino's stores throughout NSW.

"There are not many companies I can think of where you can walk in as a casual front-line employee and be afforded so much opportunity that you can find yourself successful in such a short amount of time," he says.

After a few years out to study, Knight returned to Domino's in 2003, and says that the company rewarded his hard work with rapid internal growth and new business opportunities.

Knight admits that he is still very hands-on, and spends most of his time in uniform in one of his stores. "A lot of people buy a franchise and expect to run it from their lounge. This isn't usually the case, and they've really got to be honest with themselves," he says.

"You're only as good as the person running your store – we're more in the people business than in the pizza business," he says.



COMPANY DETAILS

Sector	Quick service restaurant
No. of franchise units	466
No. of franchise units available	80
Location of available units	Vic, NSW, Qld, SA & WA
Year franchising commenced	1988

INVESTMENT REQUIREMENTS

Initial franchise fee	\$60,000
Total capital investment	\$300,000-\$500,000
Royalty or ongoing franchise fee	7%
Marketing fee	6%
Training fee	Included
Term of agreement	10 years
Renewal options	Option to take a further 10 years at a cost of \$6,000 per year



Snapshot

➔ **Initial spend:**
\$60,000 franchise fee on first store, but discount negotiable on multiple stores. All up, Knight says it usually costs between \$250,000–\$400,000 for the initial spend.

➔ **Ongoing franchise fees:**
As well as the 7% royalty fee and 6% national advertising fee, Knight notes that franchisees must also pay for printing costs for mail drops and localised marketing. He says this is normally around 2% or 3% of turnover.

➔ **Earnings:**
Knight says his 12 stores turnover between \$100,000–\$300,000 per year, but he admits that it can take two or three years for stores to start breaking even.

SALSA'S FRESH MEXICAN GRILL (Chatswood, Sydney)



Snapshot

➔ **Initial spend:**
\$430,000 capital required for a green field site, including \$50,000 franchise fee. But because the Chatswood site was a functioning company-owned store, the costs were significantly lower.

➔ **Ongoing franchise fees:**
10% (7% royalty, 3% marketing fee) plus initial \$10,000 training fee.

➔ **Earnings:**
As a company-owned store, it turned over \$650,000. However, Mesiti and Stahl say that they are already reporting 30% increases in profit, and are aiming for \$850,000 annual turnover this year.

As Retail Zoo's new brainchild, Salsa's Fresh Mexican Grill is another exciting franchise prospect from the same people who brought Boost Juice to the market.

While business partners Daniel Mesiti and Anthony Stahl already own three Boost Juice stores, the pair recently opened their first Salsa's franchise earlier this year, buying a company-owned store in Chatswood, northern Sydney.

"We felt that there was the opportunity to increase the turnover in the store," Stahl says. "That was the main goal and the reason we took it over; we felt that we could increase sales by anything up to about 30%."

Mesiti says the back-office support that they receive is fantastic, and the culture and feel of the company hasn't changed too much as a result of expansion.

"The two most important things when you buy a franchise are to have a passion for the brand and have a good relationship with the franchisor ... it's vital to the success of the business," he says.



COMPANY DETAILS

Sector	Food Retail
No. of franchise units	16
No. of franchise units available	10
Location of available units	WA, Vic, NSW, Qld, SA
Year franchising commenced	2008

INVESTMENT REQUIREMENTS

Initial franchise fee	\$50,000
Total capital investment	\$430,000
Royalty or ongoing franchise fee	7%
Marketing fee	3%
Training fee	\$10,000
Term of agreement	7 years
Renewal options	7 + 7 + 7 years

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