

GROW YOUR BUSINESS FAST BY FRANCHISING IT WITH US

Why a franchising pack?

Perhaps.....

- you have a successful business that could be franchised, but you don't know how to go about it?
- you want to grow your business fast, but you don't want to borrow large sums of money or bring in outside investors?
- you want to grow your business but you don't want to spend more time running it yourself?
- your business is running well, but you're worried that competition will soon spring up from other small businesses when they see how successful you are?
- you've heard about franchising and you know that's what you want to do, but realise it is wise to get expert help?
- you want to expand outside the UK, but you're not confident about operating in another country?

These are just some of the reasons for buying a franchising package from Fracture International.

We've developed a franchise formation pack that gives you **everything you need** to get your franchise up and running successfully.

It's a serious investment of time and money, but you get hands-on practical help every step of the way to make sure that investment pays off, and we've designed a range of results-oriented payment options that mean we're as interested in your success as you are.

How does franchising work?

There are two parties in a franchise, the "franchisor" and the "franchisee". The franchisor provides a tried, tested and proven "out of the box" package, brand name, training, support, corporate muscle and know-how. The franchisee buys the licensed package for a specific place and for a specific period of time and invests capital, time, effort and know-how.

As a franchisor you can gain an outlet in a new place for minimal investment. You can expand your business cost-effectively. You can expand your business faster. You can remove potential competitors.

Your franchisees can start a new business quickly at lower risk. They get everything ready "packaged". They get a quicker return on their investment. They get big business "pull" with customers and suppliers. They can also expand with multiple licenses.

Remember, it's very hard to grow a business conventionally, using retained profits to cover the full cost of opening every new outlet. Opening an outlet as a franchise helps to cover that cost, and because the franchisee is investing in your business they have a real stake in your success, something that's not always the case with managers and employees.

What's in a Franchising Pack?

We offer a range of options for franchising your business, that run from testing whether the concept will work at all (Proof of Concept) right through to the 'full works' (Franchise Formation and Expansion), with stages in between.

The purpose of these options is to allow you to make progress in the direction of building a franchise, without committing more resources than you have available, or want to risk. Each option is self-contained, so you can start at any one of them.

At the same time each option also builds on what's gone before, so you can progress in stages from say, an initial Proof of Concept, through a Single-outlet Pilot, then a full Pilot and on to a full Franchise Formation.

If you do work this way, then some of what you've already paid for a completed stage will be credited towards the next, but in general working in stages like this will take you longer and cost you more in the long run. If you know your finance will be staged, or if you know you need to raise finance before moving to Full Formation, then this sort of approach works well.

Whether you go for the 'full works' straightaway or choose to work in stages, if you franchise your business with us, you get everything you need to set-up and run a successful long-term project to franchise your business, including:

- A completely packaged franchise operation ready to sell again and again. This includes a complete set of optimised operational processes together with smart manuals for the franchisee, so that they are running the best business format they can; and for you as the franchisor, so that your head office can keep up with and even drive the growth of your franchise.
- A complete business model that will enable you to analyse the costs and revenue of an individual outlet and your business as a whole over the next three to five years. It will help you get your pricing right and help you spot potential problems in time to do something about them.
- A franchise agreement (we commission a solicitor to produce you a suitable one)
- A marketing plan for your business.
- A fully branded business with a set of marketing materials both for use in the outlets to win customers and for you as a franchisor to win franchisees.
- A business plan you can use to seek funding to grow your franchise.
- A complete franchisee training programme both in terms of operating the outlet and in performing highly effective sales and service (the only things not included are specialist qualifications), so that franchisees can get running profitably quickly. We also 'train the trainer' so you can run training yourself, or outsource to another party.
- A project to set up your target set of outlets - including franchisee capture, training and outlet set-up.
- Creation of a complete franchisee capture process that ensures you get the right franchisees for your business cost-effectively, together with hands-on help to run it.
- Full support for the duration of the project, including hands-on help and support to scale up to your target number of fully franchised outlets.

What does it cost?

What you pay us depends on how many outlets you want to open, how fast you want to open them and how much risk you want us to share. We can get you started for as little as £5,500 (all prices are quoted exclusive of VAT), but to do the whole job our fees range from £16,000 to get your first pilot outlet up and running to £74,000 to get 60 or more outlets running over 3 years.

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Whichever option you choose, you can pay the whole fee up front, or you can opt for one of our results-oriented payment schemes where you pay a percentage of the total fee over the first year, then pay the rest in instalments as franchise outlets open.

This will cost you more in the long run, but allows you to get help when you need it at a price you can afford, then pay out of results when they come in. In effect we are investing in your franchise, except that once you've paid us, that's it, you're not giving away a slice of your business forever. What's more, because we are investing part of our fee (up to 60%), we are committed to the success of your project.

You make an initial down payment to get the project started, followed by regular monthly payments over the first six to twelve months of the project. The amount you pay as each outlet opens depends on how much of the fee you've already paid – like any investor we want a higher return for a higher risk, so the more of our fee you ask us to defer, the higher the outlet instalment fee.

Examples of some of these schemes are given at the end of this sheet.

What now?

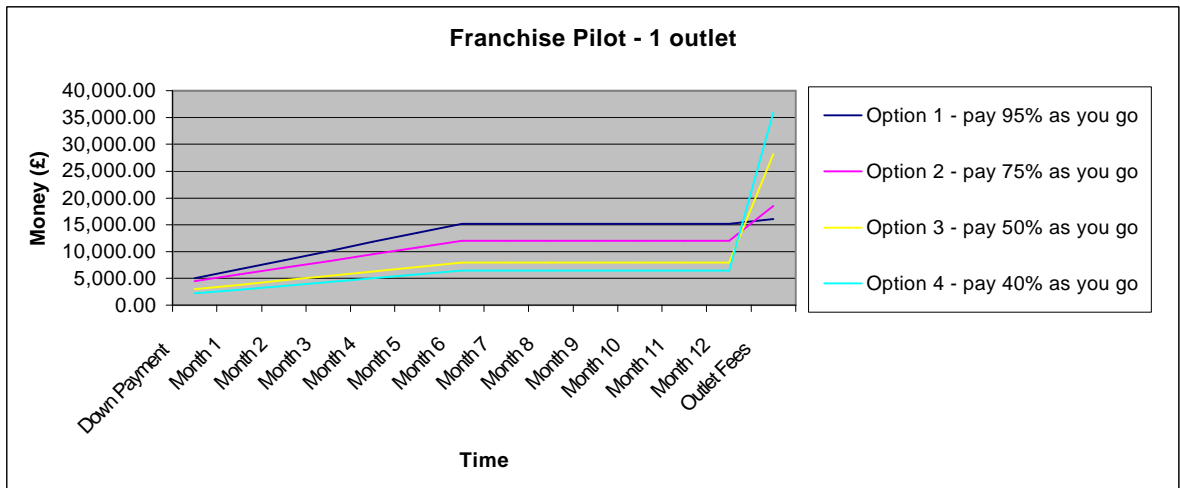
Get your franchise started now - book a free 2-hour consultation with one of our experienced franchise advisors. Contact *Facture International Ltd* on +44 (0)1923 892992, or email us at franchisedevelopment@facture.co.uk. You can also fax an enquiry to +44 (0)1923 892993.

Results-Oriented Payment schemes

(Please note that all prices are quoted exclusive of VAT.)

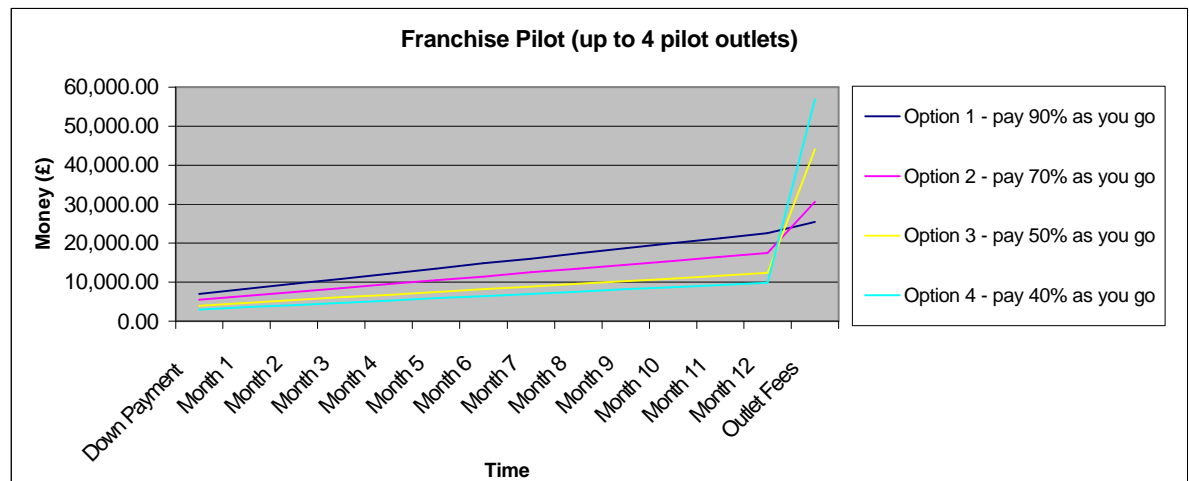
1) Stage 1: Proof of Concept – Rigorously check your business proposition before you start. - Full fee: £5,500

2) Stage 2: Set up a franchise with 1 pilot outlet - Get one outlet up and running with the minimum of investment so you can a) test the concept in the real market and b) start earning revenue- Full fee: £16,000



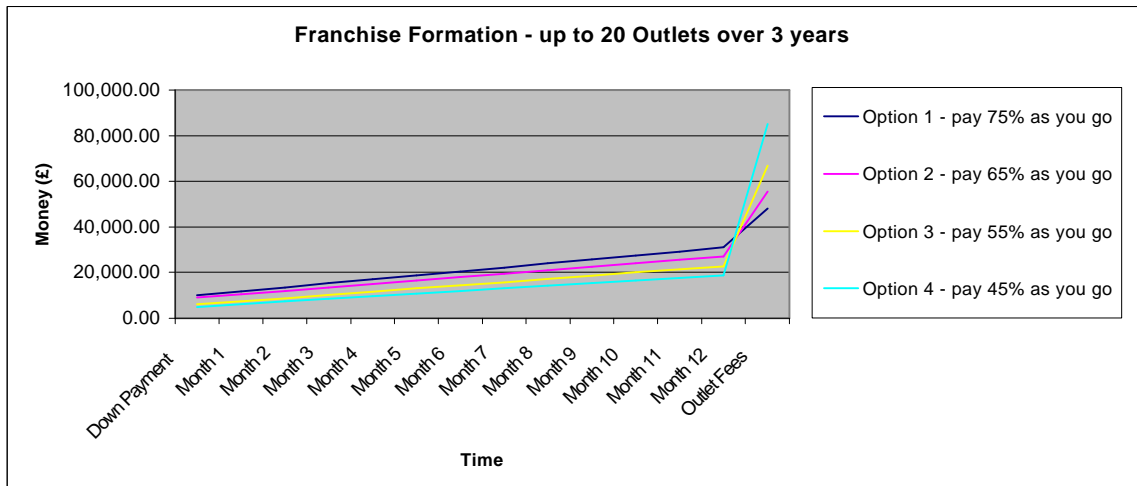
Option	Down Payment	Monthly Fee (6 months)	Fee per Outlet
1	£16,000	Nil	Nil
2	£5,000	£1,700	£880
3	£4,500	£1,120	£6,500
4	£3,000	£825	£20,000
5	£2,250	£750	£30,000

3) Stage 3: Set up a franchise with up to 4 pilot outlets – Pilot and package up the ‘Outlet’ business, ready for sale as a Franchise - Full fee: £25,000



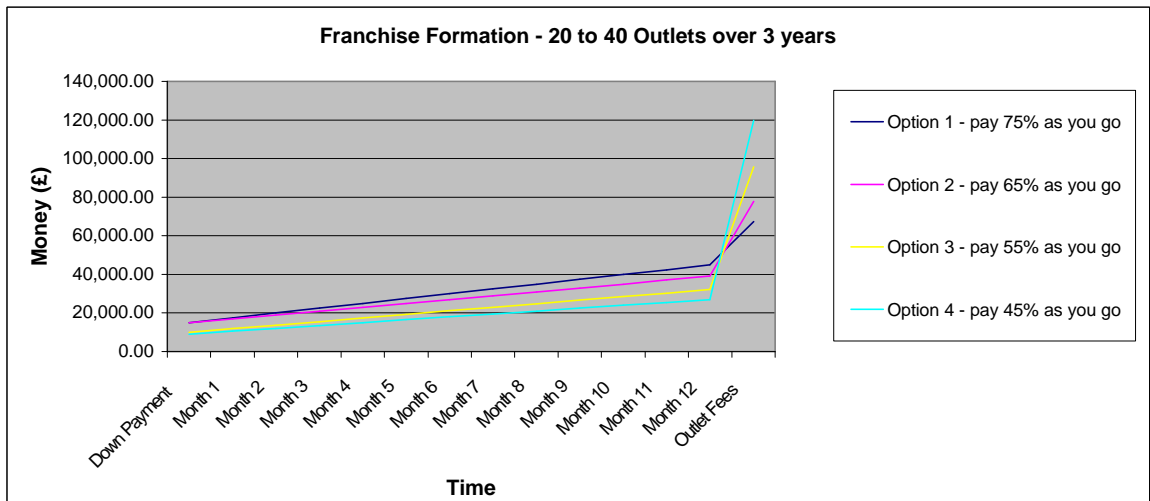
Option	Down Payment	Monthly Fee	Fee per Outlet
1	£25,000	Nil	Nil
2	£7,000	£1,300	£715
3	£5,500	£1,000	£3,300
4	£4,000	£700	£8,000
5	£3,000	£575	£11,750

3) Stage 4: Set up a franchise with up to 20 outlets over 3 years – Pilot and package the ‘Outlet’ business, then roll it out as a franchise. Define and ‘systematise’ Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scaleable. - Full fee: £41,500



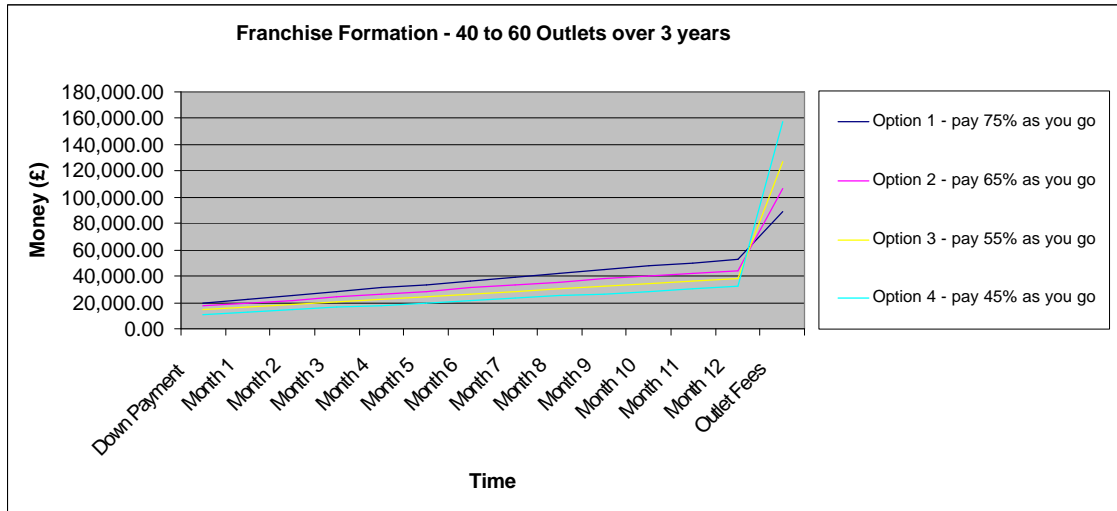
Option	Down Payment	Monthly Fee	Fee per Outlet
1	£41,500	Nil	Nil
2	£10,000	£1,750	£860
3	£9,000	£1,500	£1,425
4	£6,000	£1,400	£2,200
5	£5,000	£1,150	£3,300

4) Stage 4: Set up a franchise with 40 outlets over 3 years - Pilot and package the ‘Outlet’ business, then roll it out as a franchise. Define and ‘systematise’ Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scaleable. - Full fee: £59,000



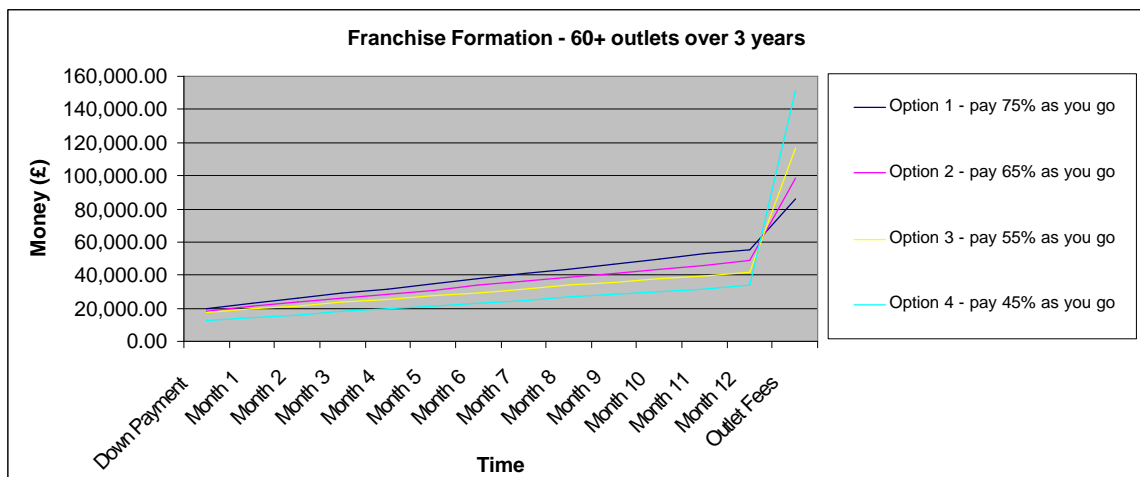
Option	Down Payment	Monthly Fee	Fee per Outlet
1	£59,000	Nil	Nil
2	£15,000	£2,500	£560
3	£15,000	£2,000	£970
4	£10,000	£1,850	£1,585
5	£9,000	£1,500	£2,320

5) Stage 4: Set up a franchise with 40 to 60 outlets over 3 years - Pilot and package the 'Outlet' business, then roll it out as a franchise. Define and 'systematise' Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scaleable - Full fee: £74,000



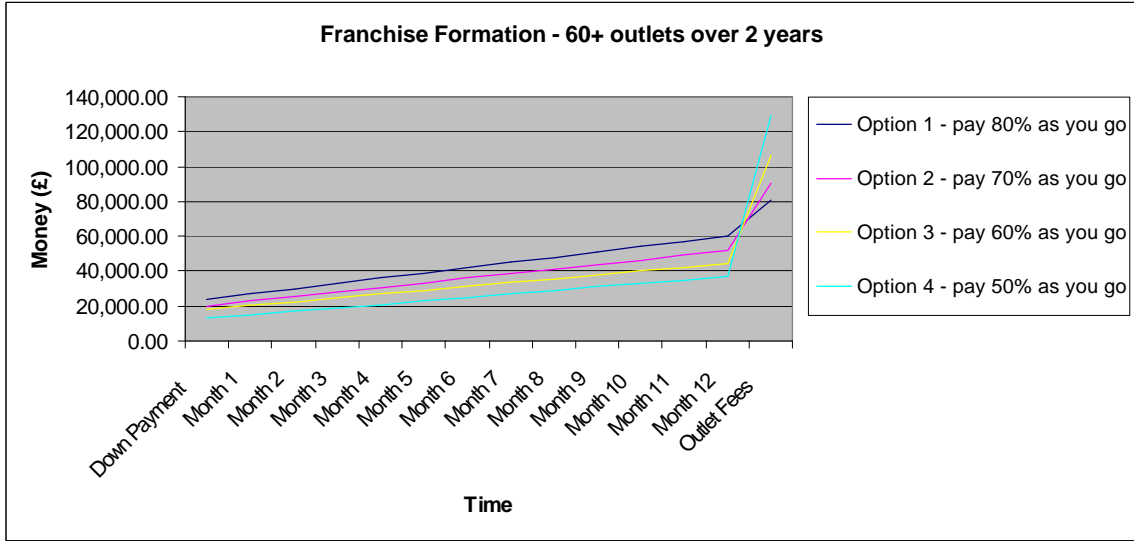
Option	Down Payment	Monthly Fee	Fee per Outlet
1	£74,000	Nil	Nil
2	£20,000	£2,750	£599
3	£17,500	£2,250	£1,031
4	£15,000	£1,900	£1,489
5	£11,000	£1,750	£1,968

6) Stage 4: Set up a franchise with 60 or more outlets over 3 years - Pilot and package the 'Outlet' business, then roll it out as a franchise. Define and 'systematise' Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scaleable - Full fee: £74,000



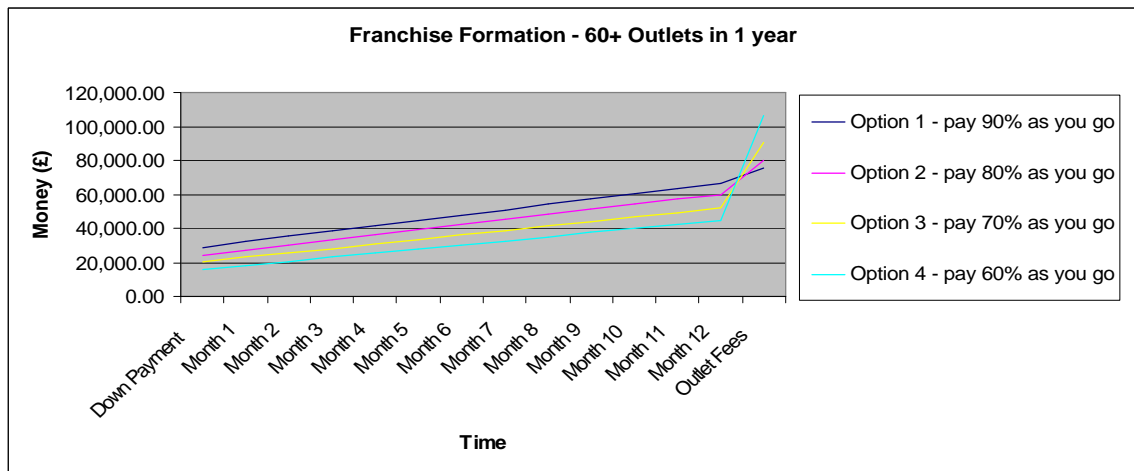
Option	Down Payment	Monthly Fee	Fee per Outlet
1	£74,000	Nil	Nil
2	£20,000	£2,950	£505
3	£18,500	£2,500	£966
4	£17,500	£2,000	£1,255
5	£12,500	£1,750	£1,970

7) Stage 4: Set up a franchise with 60 or more outlets over 2 years - Pilot and package the 'Outlet' business, then roll it out as a franchise. Define and 'systematise' Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scalable- Full fee: £74,000



Option	Down Payment	Monthly Fee	Fee per Outlet
1	£74,000	Nil	Nil
2	£24,000	£3,000	£350
3	£20,000	£2,650	£650
4	£18,000	£2,200	£1,085
5	£13,000	£2,000	£1,542

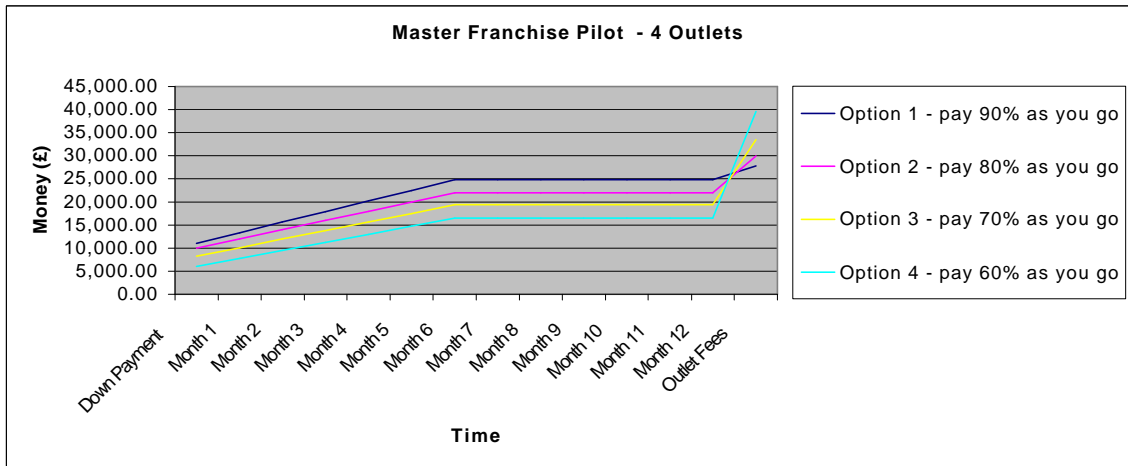
8) Stage 4: Set up a franchise with 60 or more outlets over 1 year - Pilot and package the 'Outlet' business, then roll it out as a franchise. Define and 'systematise' Franchisor processes to capture, set up and support Franchisees so that the whole operation is fully scalable - Full fee: £74,000



Option	Down Payment	Monthly Fee	Fee per Outlet
1	£74,000	Nil	Nil
2	£29,000	£3,125	£150
3	£24,000	£3,000	£344
4	£20,500	£2,600	£652
5	£16,000	£2,375	£1,030

9) Stage 5: Master Franchise Agreement –commission a Master Franchise agreement on your behalf, from an experienced lawyer - Full fee: £3,500

10) Stage 6: Set up a Master Franchise with up to 4 outlets over 1 year - Pilot the ‘Outlet’ business with the Master Franchisee. Define and ‘systematise’ Franchisor processes to set up and support Master Franchisees - Full fee: £27,500



Option	Down Payment	Monthly Fee (6 months)	Fee per Outlet
1	£27,500	Nil	Nil
2	£11,000	£2,300	£736
3	£10,000	£2,000	£1,995
4	£8,250	£1,850	£4,168
5	£6,000	£1,750	£5,775