



FRANCHISE INFORMATION PACK FOR PROSPECTIVE FRANCHISEES

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This pack is designed for general information purposes only; all details will be confirmed by your Regional Owner.



Why franchising ?

Entering into a business is a calculated risk. It is made all the more risky when figures suggest that nearly four out of five independent businesses (i.e. non franchise) have ceased trading within their first two years of business. The reverse applies to franchise businesses where less than 20% fail and more than 80% succeed.

A successful business requires the right formula which is made up of everything from product range, promotion strategy and pricing to location, resourcing and the use of technology and systems. There are a lot of potholes in which to get caught, hence the major reason people buy franchises.

The person who starts the business, the franchisor, sells the rights to replicate their successful business in other regions. The person who purchases those rights is either a regional owner or a franchisee. A regional owner buys a region and a nominated service, with the intention of developing and selling several business opportunities within their region. Franchisees are the people that purchase one of the business opportunities created, their responsibilities extending only to carrying out the nominated service.

Regional owners and franchisees have access to the support, training and knowledge of people experienced in the industry. They also are part of a team of individuals striving and assisting each other to achieve the same goal. Good regional owners ensure their franchisees are thoroughly trained in most aspects of running the business. Such training is often so thorough, many franchisees require no previous experience in the industry.

Franchising permits a business to expand without having to spend large sums on further capital. Franchisees pay for all of their equipment and running costs. Expansion allows a company to serve more customers and develop a stronger household identity.

How big is franchising ?

According to the 2003 survey of franchising organised by the Franchise Association, the sector is worth over \$6.9 billion. There are over 300 franchise systems in New Zealand (74% of them are home grown) and almost 5,000 operating units.

Franchising employs more than 40,000 people.

Franchising has other key inherent benefits that influence franchisee success. Their franchise is reliant on your success to reap rewards, thus there are incentives for the franchisor to assist you in achieving those rewards. Good franchising is a partnership between franchisee and franchisor, and well structured franchise systems ensure that franchisors have the necessary incentives as well as legal obligations (via the franchise agreement) to provide you with the level of support that an independent business owner could only dream of.



Specific advantages to franchisees are:

Training

Ongoing guidance and support services

Brand recognition

Bulk purchasing

Co-ordinated promotion

Minimisation of capital expenditure

Use of intellectual property

Territorial guarantees or exclusivity

Financing

Asset growth



Why Mr Green ?

"A reliable well established business "

Mr Green Home Services limited was established in 1990. Over the years it has developed into an extremely reputable and popular business operation. It is 100% New Zealand owned.

Mr Green is a New Zealand wide franchise company and is one of New Zealand's leading home service providers with over 200 franchisees and regional owners offer lawn mowing, commercial cleaning, home cleaning, carpet cleaning and property management services throughout New Zealand.

Mr Green has 28 Regional owners based throughout New Zealand.

The Regional owners and franchisees have the right to use the Mr Green system for their defined areas and relevant services. It is their responsibility to grow their own territory and to recruit and organise training for new franchisees. The franchisees provide the services, however in some areas the regional owner may also provide those services.

Being part of the Mr Green franchise system has the following benefits:

Proven systems

Ongoing support from your master franchisee

Advertising

Buying power

Trailer system (This is our best form of advertising)

Quoting

Uniforms

A well known and recognised brand

30 year contract

You choose your level of guaranteed income from \$700 to \$2,000 plus per week



Some people like to purchase a lower guarantee and build the business themselves for no extra cost, while others like the stability of a high guarantee

Lower weekly fees

No brand fees, lead fees or other fees

We allow you to obtain your own work and add that to your business at no cost

Ability to sell all or only part of your business at any time

A modern and updated website www.mrgreen.co.nz

Flexibility



A reasonable income

Average income for lawn mowing franchisee (all figures GST inclusive) these figures are not a guarantee of income, however they are based on fair and reasonable assumptions, and the figures are obtained from current franchisee profit and loss statements..

Income

Typical existing run based on \$1,000 per week average	\$52,000
Additional work (15% of above)	\$ 7,800
Total annual income	\$59,800

Expenditure

Running costs (per annum)

Including fuel, vehicle and equipment maintenance, registration, stationery etc (based on 15% of turnover)	\$ 9,000
ACC, public liability and motor vehicle insurance	\$ 2,500
Management fee	\$ 5,850
Total annual expenditure	\$17,350

Nett income	<u>\$42,450</u>
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Typical set up costs for lawn mowing

Franchise - client list	\$15,000
Weed eater	\$ 700
Petrol tanks	\$ 35
Garden bags	\$ 50
Safety gear	\$ 100
Nylon for weed eater	\$ 75
Gardening equipment	\$ 250
Name and address stamp	\$ 40
Business cards	\$ 110
Invoice / quote books	\$ 40
Uniform	\$ 400
Legal and accountants fees	\$ 1,125
Rotary mower (each)	\$ 900
Trailer (new 8 x 4 foot)	\$5,000
Blower	\$ 300
Knapsack sprayer	\$ 100
Hedge trimmer	\$ 800
Total	\$25,025

Note that you may already have some of this equipment. These figures may vary between regions, please discuss actual costs with your prospective regional owner.



Average income for commercial and home cleaning franchisee (all figures GST inclusive)
These figures are not a guarantee of income but are based on fair and reasonable assumptions.

Income	
Typical existing run based on \$1,000 per week average	\$52,000
Additional work	\$ 10,404
Total annual income	\$ 62,400
 Expenditure	
Running costs (per annum)	
Including fuel, vehicle and equipment maintenance, registration,	
Stationery, ACC etc (based on 15% of turnover)	\$ 8,520
Public liability and motor vehicle insurance	\$ 2,500
Management fee	\$ 5,196
Total annual expenditure	\$ 16,216
 Nett income	 <u>\$ 46,184</u>

Typical set up costs for commercial / home cleaning	
Franchise - client list	\$15,000
Uniform, equipment, legal and accountancy fees	\$ 4,000
Total	\$19,000
Note that you may already have some of the required equipment. These figures may vary slightly between regions.	



How do I join Mr Green ?

If you would like to take the next step:

1. We will make a time to come and see you to introduce ourselves and to discuss any questions that you may have.
2. Go through some of the plus' and minus' of being self employed and owning / operating a Mr Green franchise.
3. Complete an application form and send a copy to head office. The decision on suitability is made between ourselves and head office.
4. Get a copy of the Mr Green Franchise Agreement for you to look at and discuss with your solicitor and/or accountant.
5. If you would like, we can arrange for you to have a day out to see what we do in a so called "normal" day.
6. If you are happy with all of this then we will complete the final figures, get a start date and a formal franchise agreement drawn up. At this stage a \$2,000 deposit is required to be paid.
7. Order new uniform, business cards, address stamp, invoice books, sign writing etc.
8. It is a requirement that suitable insurance is taken out with the Mr Green insurance scheme. We will discuss this with you.
9. Help with the purchase of any new equipment you require. We want to make sure that you don't purchase the wrong gear.
10. We go through with you how we quote and price various jobs that you get asked to complete. It is part of our responsibility to do the majority of the quoting but you need to know how to do this as you will be asked by your customers.

What do people say about us.

5 August 2009.

I have recently joined Mr Green as a home cleaning franchisee. The process of purchasing the business with the franchisor company was very straight forward and the support given has been excellent. I am now enjoying the freedom of being self-employed for the first time in my working life. Neil Bartlett Auckland.

I brought a Mr Green lawn mowing franchise after leaving an office job 9 years ago. I've never been happier, There's great support in all aspects of the business, their heaps of work, and a lifestyle that makes you the boss Alex Gibb Kapiti

After many years of working in the corporate world. I decided it was time for a change. I had thought of mowing lawns for quite some time but had never been game enough to put things on the line and take a punt. Becoming self employed seemed scary. I now wonder why I didn't do it years ago. I joined Mr Green in March and though still finding my feet I am loving it. I am enjoying the little things like not having to shave, wear dress clothes, I can wear shorts every day, and even have a winter tan. I couldn't be happier, I have managed to lose heaps of weight and my fitness levels are right up there again. Paul Dench Manawatu