

## **FRANCHISE FAQs**

**Q: What support will Hudsons Coffee give me in setting up, owning and operating my business?**

A: At Hudsons Coffee, we believe that building strong relationships with our franchisees is key to a successful franchise network. For this reason, Hudsons Coffee has strong support systems and people, to assist our franchisees at every stage of their franchise journey. We will provide you with:

- Comprehensive Training Program, in which you will receive the tools and learn the skills to operate your Hudsons Coffee store.
- Access to our communications platform 'ELLE', an interactive website that will keep you informed of the latest products, support tools, staff training resources, and allow you to network with other Hudsons Coffee franchisees.
- Dedicated Franchise Consultant who will support you to maximise your sales and increase your profitability.

**Q: I want to open a Hudsons Coffee store in my area, is that possible?**

A: Yes, we will work together with you to locate sites that meet your requirements. If you have a site in your area that you would like to suggest, please feel free to contact our Franchise Team and we will work with you to determine the feasibility of the location. Looking for sites with our franchisees is about working together to find a site that will benefit us both.

**Q: How much will it cost me to set up a Hudsons Coffee store?**

A: The cost of a Hudsons Coffee store is dependent on a number of factors, including the location and size of the site.

The average new site (Greenfield) costs between \$300,000 and \$500,000, inclusive of franchise fee, project management and fit out, plant and equipment and training program. For an existing store, the cost of the resale will be dependent on the value of the plant and equipment, and goodwill of the site.

**Q: What is the franchise fee and how much it is?**

A: The Hudsons Coffee franchise fee covers the cost of recruiting, training, site selection and assisting the franchisee in the set up and launch of their franchised business. It also permits franchisees to operate under the Hudsons Coffee brand, and utilise the intellectual property and operating systems. Our franchise fee is \$60,000.

**Q: How much are the royalties and annual fees?**

A: Our royalty fee is 8% of GST exclusive sales and our marketing contribution fee is 2% of GST exclusive sales.

**Q: How can I finance my business?**

A: There are many different ways to finance your business. As a general rule, a bank may lend up to 50% of the value of the purchase price of the investment. The franchisee is then required to fund the balance through cash or equity in assets.

Hudsons Coffee is accredited with National Australia Bank and Silver Chef to assist approved candidates with financing the setup of their business. We recommend that you consult an accountant or financial advisor on the option of which would be best suited to your circumstances.

**Q: What is the length of the franchise agreement?**

A: Hudsons Coffee Franchise Agreements have a term of 10 years. This gives our franchisees the opportunity to build up their business, and either retain the operation for the duration of the term, become a multi-site owner, or sell their business to an incoming franchisee. There is however the option to renew the term of the Franchise Agreement, providing that there is a lease term available.

**Q: I want to conduct my due diligence, where do I start?**

A: Due diligence is necessary for you to make an informed decision about our franchise network, as with all other franchise networks. We respect this necessity and will provide you with the documentation you require from us as we progress through the recruitment stages. We recommend however that your first act of due diligence is to visit one of our stores and enjoy one of our coffees.

**Q. What stability and security does your brand offer?**

A. Being owned and operated by Emirates Leisure Retail Australia gives you the stability of one of the world's largest companies and the benefit of this global expertise in retail and hospitality. In addition, we are in a position to build strong and strategic relationships with landlords and suppliers, allowing us to focus on cost efficiencies, product quality and consistency.

## **Steps to Success**

### **1. Expression of interest**

Before we can make contact with you, we need you to make contact with us; please visit our website and complete an Expression of Interest form.

<http://www.hudsonscoffee.com.au/franchising/application>

### **2. Telephone Interview**

Our Franchise Recruitment Consultant, will contact you to conduct a brief telephone interview, to learn about you and your interest in Hudsons Coffee. You will also have the opportunity during the telephone interview to ask questions about how we operate at Hudsons Coffee and any other preliminary questions you may have.

### **3. Information Request**

An Information Request will be issued to you via our Franchise Selection Program and must be completed by the intended Principal Operator. Our Franchise Recruitment Consultant will review your submitted Information Request and may contact you if more information is required.

### **4. Due Diligence**

We encourage you to perform due diligence on our network; to learn about our franchise culture, the support we offer and our operations, there is no one better to ask than our existing Franchisees. You will also be provided with a pro forma Disclosure Document and Franchise Agreement to review.

### **5. Franchise Presentation**

Your first face to face meeting will be with our Franchise Recruitment Consultant; an overview of our business will be presented to you. You will have the opportunity to ask any unresolved questions that you may have about our business to complete your due diligence.

### **6. Business Plan & Forecast P&Ls**

You will be provided with a Business Plan and P&L template; we request that you complete an expectations forecast and a worst case scenario forecast.

## **7. In Store Experience**

You will spend 3-4 hours with one of our Franchise Operations team to complete an in store experience; you will discuss operational process and expectations amongst other business areas. You will have the opportunity to talk through your position as a Franchisee within our network and make a decision on whether this is the path for you.

## **8. Reference Checks**

You will provide professional and personal references in your Information Request. Our Franchise Recruitment Consultant will contact you prior to speaking with your referees.

## **9. Directors Interview**

Our Business Development Manager and/or Managing Director will review a summary of the information you have provided through the process. When you are confident about wanting to join our network they will meet with you in a final Directors Interview and final approval will be given within 48 hours.

## **10. Franchise Documents**

Following your approval into the franchise network, we will liaise with you about issuing franchise documents. The process involved with the preparation and execution of franchise agreements will take a minimum of three weeks to comply with the Franchise Code of Conduct.

## **11. Training**

Once your franchise documents are fully executed you will be scheduled into our Hudsons Coffee Training Program. The training program takes place in Melbourne and runs for 4 weeks, we will coordinate your training so that your store opens no longer than 4-6 weeks after your training program is completed so that the skills that you have learnt are fresh to put into practise.

We understand that becoming a franchisee is a big step. We are here to support you every step of the way and answer any further questions you may have. To help you in making this decision you'll get a comprehensive understanding of the business, the support we offer and the team that makes up Hudsons Coffee by making some time to meet our Franchise Recruitment Consultant, Julia. We look forward to meeting you soon.

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