



# The Franchise Proposal

## Franchising: An introduction

When you're considering starting your own business, you have a choice of starting from scratch, buying an existing business, or looking at a business opportunity like a franchise. Owning and operating a franchise can be as much work as other options, and it can also be quite profitable.

There are thousands of franchised businesses, covering nearly every conceivable industry, from well-known national brands to smaller, local opportunities. The challenge is to decide on one that both interests you and is a good investment. Use the answers to the questions below to help you learn more about the basic concept of a franchise.

## What is a franchise? How does it work?

When you buy a franchise, you are buying the right to use a specific trademark, business concept, and the product or service range. The business you run is essentially the same as all other business being run under the same name. In order to do this, you may have to buy things like products, tools, advertising assistance, and training from the franchisor (the company that owns the rights to the business).

While you own the business, its operation is governed by the terms of the franchise agreement. For many, this is the chief benefit of franchising -- you are able to capitalize on business format, trade name, and support system provided by the franchisor. *The oft-quoted line is that franchising allows people to go into business for themselves, not by themselves.*



## What are the benefits of being a franchise over starting my own business?

You get a number of advantages when you purchase a franchise:

- Reduced risk - Franchises traditionally have a much lower failure rate than other start-up businesses. The reason? You're buying a business concept where most of the kinks have already been worked out by someone else.

*Nyama Catering has been an ongoing concern for about 6 years and within this timeframe those involved have tried and tested numerous processes in order to perfect the business concept. We are now very close to perfection when it comes to running a successful outside catering company.*

- You get a complete package - The guesswork usually associated with starting a business is taken care of. Your total package can include trademarks, easy access to an established product; a proven marketing method; equipment; inventory; etc.

*Nyama Catering will supply the franchisee with a package that will enable them to start catering at events of up to 120 people immediately! Also included in the package will be all the essential items needed to smoothly run the business i.e. operation manual, trademarks, software, marketing tools.*

- Strength in numbers - When you've become a franchisee, you have the buying power of the entire network.

*Although you will have to purchase Spit Roasting Machinery and the unique Braai Basting Sauce direct from Nyama SA it will still be at a discounted price from what you would have paid if buying from the supplier, this is due to our buying power and supplier knowledge.*

- Business processes - Many franchisors provide their franchisees with various proven systems including financial and accounting systems; ongoing training and support; research and development; sales and marketing assistance; planning and forecasting; inventory management; etc. They'll show you the techniques that have made the business successful and help you utilize them in developing your own business.

*Nyama SA will provide the Nyama franchisee with an operations manual which will include all the process of the business from A-Z. Initial training and ongoing support will also be provided as well as sales & marketing assistance throughout.*



- Advertising and promotion - Not only will you benefit from any national or regional ad and promotional campaigns from the franchisor, but they may also help out in other areas -- from providing camera-ready copy for your own advertising efforts to developing in-store point-of-sale materials designed to drive customers through your business. It would cost you a great deal to develop these materials on your own.

*Nyama will provide all the necessary design material in order for the franchisee to develop his own advertising material. Over the years Nyama has developed numerous designs which can easily be adopted to the franchisee's needs. The Nyama Franchisee will also benefit from a well established Nyama SA Website bringing in some business leads for functions in your designated area.*

- You usually have exclusive rights in your territory. The franchisor won't sell any other franchises in the same region.

*The Nyama Franchisee will have sole rights in a region that will be big enough to ensure sufficient space for growth over the years to come.*

- Financing the business may be easier. Banks are sometimes more likely to lend money to buy a franchise with a good reputation.

*There will also be some assistance from Nyama SA in terms of the initial financing.*

### **And the disadvantages?**

- Costs may be higher than what you expect. As well as the initial costs of buying the franchise, you pay continuing royalties and you may have to agree to buy products from the franchisor.

*Nyama Catering has one of the cheapest initial franchise fees and royalty schemes in the franchise system. Reason being, we intend on profiting from selling our machinery and basting sauce. Through doing this both the Franchisor and Franchisee will benefit as it will be more cost effective for the franchisee to buy from the franchisor who buys in bulk. The rest of the costs would be for purchasing all the necessary equipment in order to start the business; this includes a very small handling fee.*



- The franchise agreement usually includes restrictions on how you run the business. You might not be able to make changes to suit your local market.

*Nyama Catering is always open to suggestions for new and improved methods. As we are not a Billion Dollar Multinational Blue Chip Company, we believe in the input of all parties involved as long as it has a positive impact on the bigger Nyama picture. So, potential amendments to the processes will be open for discussion and restrictions kept to a minimum. As Nyama is fairly new in the franchise industry we tend to be more flexible attitude in developing unique operation procedures. Longer term franchisors would be much more limiting.*

- The franchisor might go out of business, or change the way they do things.

*Nyama Catering has been running for 5 years and the business is very well established, not only in South Africa but internationally which will diversify any risks of going out of business*

- You may find it difficult to sell your franchise - you can only sell it to someone approved by the franchisor.

*True, although selling a business is seldom the best option. It could be a better idea to have the franchise run by a manager if you were looking to move on to something else.*

### **So, what do I get for my money?**

- Fully integrated website – Database driven and search engine optimized, please see [www.nyama-catering.co.za](http://www.nyama-catering.co.za) as example for now. We will also provide software in order for you to quickly and easily update the site. (Adobe Contribute CS3)
- Comprehensive Operations Manual setting out the business processes from A-Z.
- Full training: 2 - 4 days on site training.



- Free and Ongoing advice
- CD consisting of all Nyama artwork up to date. Includes adverts, flyers, banners, logos, photographs etc.
- All equipment required to start doing a function of approximately 120ppl immediately (This excludes transport vehicle and premises) : List of equipment attached
- Recipe's: tried and tested, mouth watering. Simple good food. Easy to prepare, very well received.
- The sole right for your specific region agreed upon.

### **Key Business Facts and Operations**

**Nyama B(raai)BQ Sauce:** It will always be purchased from Nyama SA at a fixed rate set for each year.

**Spit Roast Machines:** These machines (spitbraais), will be bought only through Nyama SA.

**Website and Maintenance:** Maintenance will be done by the franchisee and all quotes and templates will be provided to the franchisor. This is to have a uniform system. All design work will have to be done or approved by Nyama SA.

**Bookkeeping:** This will be the responsibility of the franchisee. Nyama SA will expect to have an update on the books every 3 months. It is essential for any business to have a proper book keeping system in place. Nyama SA will always be on hand for advice.

**Monthly Franchise Fee:** Both the royalty and the administration fee will be payable on a monthly basis

**Definition of Roles:** There need to be an outlined definition of each partner's role/s in the business.

### **And last but not least the costs involved:**

- Initial Set up costs including franchise fee = R134 500 (exclusive of VAT)
- Contract Renewal fee after 10 years = 50% of purchase fee (exclusive of VAT)
- Royalty fee = 5% of turnover with minimum of R1500 per month
- Administration/Advertising fee = 1.5% of annual royalties paid to franchisee paid back to franchisor for advertising
- This does not include a delivery cost



## **LIST OF EQUIPMENT:**

<b>Equipment included in package:</b>
Custom built trailer for 3 Spit Machines
50 ltr Nyama B(raai)BQ Sauce
2 Spit machines
2 Gazebo's
2 Branded Banners
2 Tables
2 Tablecloths
2 Fire Extinguishers
6 Cloths
1 Meat Saw (iron saw)
2 Pliers
6m of Wire
6 Salad Bowls
6 Salad tongs
4 Stainless Steel Bain Maries with stands
4 Meat Tongs
2 Sharpeners
4 Carving Knives
4 Carving Forks
6 Dishing up spoons
2 Bread Knives
4 Salt & pepper shakers
2 Sauce Bowls
2 Sauce Spoons
6 Aprons
4 Serviette Holders

6 Chef jackets
6 Chef Hats
4 Branded golf shirts
4 x 5L Chafing Fuel
6 Cutlery Holders
4 Silver Platters
1 Set of Color Coded Chopping Boards
3 Gas bottles
4 Large Cooler Bags (hard case)
6 Foil Pans
2 Baking dishes
2 Mixing Bowls
1 Can opener
1 Grater
2 Peelers
3 Cooking Pots
4 Plastic Food Storage Containers
500 Business Cards
120 White china dinner plates
120 Cutlery (knives, forks & spoons)
120 Dessert bowls
1 Storage crate
2 Packing crates
100 Correx boards
1 gas cooker
1 Procedure manual (CD)

## **So why would I go for a Nyama Catering Franchise as oppose to the thousands of other franchise opportunities out there!?**

[..word from the proud owner of Nyama SA, Francois Wessels: ]

1. Nyama is a very intimate business, where everybody involved is treated as part of the Nyama Concept instead of just another number on our accounts, we would like to see you make a success in order for the whole of Nyama to succeed!



2. The advantages of a Royalty fee for YOU... WHAT!?! Well if you think about it, if we didn't have a royalty fee why should we care about how your business are doing after receiving the initial franchise fee, without a royalty fee most franchisors will forget about you and have you tend for yourself.. We on the other side would like to see our 5% increasing every month, so we will do everything in our power to help you increase your nett income. It just makes sense and becomes a win win situation.
3. Compared to other Franchises we have by far the lowest initial fee, making us one of the most cost effective ways to start your own business.
4. Nyama's image is seen as fun and yummy (actual description from one of our clients!), definitely something different from the usual, so through the portrayal of this image we will always be one step ahead of other catering franchisors.
5. We have no intention of selling thousands of Franchises in SA as we feel we need to give all of our franchisee's the chance to grow and for this you would require a large enough region. Again we are not looking for short term profits but for long term commitments and success.
6. The Nyama concept makes it ideal for you to run this business from home, helping you to spend more time with your family and it reduces costs of running it from expensive premises, therefore reducing overheads.

So in essence there is very little reason for you **not** to consider a potential Nyama Catering Franchise!

Thanks for taking the time to go through this proposal and we can only hope to hear from you shortly.

<p>Francois Wessels - "baas van die plaas"</p> <p>mob: 083 3507 306 fax: 086 6069 262</p> <p>info@nyama-catering.co.za www.nyama-catering.co.za</p>	
---	--



Nyama Catering: A visual introduction:



