

FRANCHISE PROFILE

Labour Options Franchising Pty Ltd

Congratulations

First and foremost, congratulations on your decision to consider your future as a Labour Options Franchise owner.

This profile explains how you can become your own boss and profit by becoming part of the Labour Options organisation as an independent Franchise Business Owner. You will own and operate your own business and at the same time receive the rewards of belonging to a well-organised network.

Labour Options gives you the opportunity to be...

“In business for yourself, but not by yourself”

Labour Options is a strong, well-established, solid organisation that provides an attractive income by providing contract labour hire to a wide variety of business clients. Servicing the specific trades skills requirements of our clients, Labour Options has developed an enviable reputation due to our high standard of client care, well matched roles, excellent recruitment and very reasonable fees. The recent success of the Labour Options service and unprecedented demand to extend the market has led its Managing Director, John Degan to expand the brand to other market areas, initially through Sydney and then to Melbourne, Brisbane, Adelaide and Perth.

Traditionally we have provided service within the maintenance and steel fabrication areas and more recently have expanded our services to include a variety of warehousing and stores disciplines. Our most important concerns are workplace efficiency and safety. Clients rely on our personal service for consistent and effective results.

The sole aim of Labour Options is to provide the best possible service, in terms of short, medium or long-term contract labour hire. This complete Labour Options service is provided at reasonable and competitive prices through a team of well trained and caring independent Franchise Owners who can combine their professional skills and desire to help others with the pride and security that comes from owning your own business.

The Labour Options system provides Franchise owners with an exclusive territory and the opportunity to 'network' with other franchise owners in order to secure an enhanced client base whilst maintaining a business with flexible hours that allows the franchise owner to take time out for personal appointments and holidays when required.

Labour Options ensures a high level of assistance to franchise owners through thorough training, support and ongoing client liaison. The Labour Options goal is always to assist franchise owners in getting the best possible results from their business, which is why we consistently encourage success through excellent service, quality trades people and a professional attitude.

The Labour Options franchise system includes a proven business format together with operational systems and procedures. As a Labour Options Franchise Owner, you will have the backing of an exceptional service with an excellent income and flexible lifestyle.

Labour Options has a broad spectrum of clients in industries that include, but is by no means limited to:

- Manufacturing
- Construction
- Transport and Storage
- Wholesale and Distribution
- Fabrication

By necessity this list is short, we supply a vast range of sub categories in all of these industries which is simply too great to detail in this business description profile

Labour Options head office is situated in the Sutherland area and specifically supplies staff to Southern and South Western suburbs of Sydney and Wollongong.

Our administrative backup is based around a customised client, candidate and payroll computer system and personal service from our administration staff, which allows smooth integration into your workplace.

A twenty four hour mobile service allows access to our staff for needs out of office hours and also provides virtually instant access to personnel for use on back-up shifts.

The number of people working under contract, temporary and labour hire employment arrangements has increased dramatically from 1996 – 2006 and this trend continues.

The range of working relationships has created particular challenges for managing occupational safety and health in workplaces. Labour hire agencies or agents and the host or client have the same responsibilities as employers, over matters which they each control, to ensure the safety of workers.

Workers in labour hire arrangements have the same responsibilities as employees. Effective systems should be in place to identify any hazards, assess the risk and ensure the safety of the worker, on placement and throughout the time the worker is hired to carry out work for the client, including a system for monitoring and addressing any changes that may occur in the workplace.

Labour Options is qualified to provide site inspection and assessment in relation to safe work standards and is passionate about safety for its employees, contractors and associates.

History

For over twenty years Graham Edwards has been servicing the industrial arena as part of Graham Edwards Engineering Pty. Ltd. GE Labour Hire continued the tradition for fourteen years and in 2007 saw the need to re-brand to Labour Options in order to more fully describe our business model. Our Company has been formed and operates on the clear understanding that the needs of our clients, contractors and associates is a commitment to both client and franchise owners.

The skilled and motivated contractors and services provided to our clients via you, our Franchise owner, are beneficial and designed to create 'Peace of Mind'. Of equal importance is your financial freedom and well-being and by operating in an environment of shared value, we believe that all stakeholders will benefit through their association with Labour Options.

Graham & Jan Edwards started Graham Edwards Engineering Pty Ltd on the 6th July 1987 and worked from their home office for approximately eight months then moved into a small office at 5-7 Boyle Street, Sutherland.

They worked long hours and made good profits, so employed an administrative assistant starting one day per week. Within twelve months, they had to increase her work to two days per week and then onto full time. Eventually they moved into a larger office in the same building and then employed support personnel to help liaise with clients, and bring in more business.

This small business, which Plan A suggested was to stay in for a five year period became very quickly a medium sized business with Graham and Jan and a staff of three. Recognising then that Plan A was not an option because of the excellent reputation they had built up with a large client base, it became a dilemma.

Graham and Jan, setting up for their retirement, decided they needed a Plan B, and so they asked John & Debbie Degan (son in law and daughter) to come into the business to work with them. Ultimately, the company was sold to John and Debbie Degan, and they changed the name to GE Labour Hire in 1998.

John's history:

In 1978 John started a Metal Fabricating Apprenticeship for 4 years. After completing the apprenticeship he worked in various industries, gaining vast experience in many different fields.

In 1989 he worked as a plant operator on shift, where he gained experience with plant maintenance, warehousing, plant processes and laboratory testing, and held the position for 7 years.

Graham & Jan approached John to come and work and learn the family business, with the intention of taking it over. John started working with Graham Edwards Engineering Pty Ltd in June 1996.

For 2 years he was on the road, calling on and fostering relations with current clients and cold calling on prospective clients.

During this time he doubled the size of the business and found his trade background suited the business perfectly. John's training to date includes:

1981	Metal Fabrication Trade Course – Boilermaker strand
1990	Boiler Attendant's Certificate Forklift Ticket
1996	MTIA certificate for Programme in Recruitment & Selection
1997	University of Sydney – attended lectures in Industrial Relations & Law
1998	Employers Federation – Risk Assessment in the Workplace for Personnel Agencies
2001	WorkCover New South Wales – Occupation Health & Safety Supervisors Line Managers Course
2006	First Aid – Level 2 Senior

In 2006, John and Debbie recognised that the business was a viable and highly profitable enterprise with significant opportunity for growth. They investigated the three most common business expansion models:

- ◆ Organic – open and staff more offices throughout Sydney, NSW and then nationally, a good option but requiring significant investment in time.
- ◆ Acquisition – buy out other players in the industry – a highly capital intense proposition that was beyond their financial reach.
- ◆ Franchise – allow other motivated and skilled people to participate in and profit from the business growth.

Franchising was chosen as it provides the most logical and controlled progression in the development of Labour Options. The term "Franchising" is used to describe a number of business models, the most common of which is business format franchising. Standardisation, consistency and uniformity across all aspects of the business are what makes business format franchising work.

Franchising

Today, there are many definitions that describe the business system known as franchising. To put it simply, franchising is a method of distributing products or services whereby one person or organisation (the Franchisor), grants the right to a person or persons (the Franchise owner), to sell or use its developed product, service and/or brand name.

Technically, the contract binding the two parties is the franchise, but that term is often used to mean the actual business that the Franchise owner buys from the Franchisor.

The modern franchise boom, as we know it today, began after the Second World War. The greatest benefit offered was that it could command the same market recognition and economies of scale as the large competitors simply by uniting many small businesses within one chain. Coca Cola, McDonalds, KFC and Hertz are some of the better-known examples of long established franchise chains.

McDonalds itself is probably one of the greatest demonstrations of how a simple product, the hamburger, can be developed into an enormous business empire. Today, you can buy a McDonalds hamburger almost anywhere in the world. That SUCCESS has been achieved through FRANCHISING!

In Australia the franchising industry is booming. Changing lifestyles and consumer demands have allowed many new franchise groups to grow and prosper. Franchising has a presence in nearly every Australian industry and whilst in 1996 franchising only accounted for (3%) three percent of Australia's Gross Domestic Product, it is predicted that it shall account for over (60%) sixty percent by the late 21st century.

This is pleasing as trends show continued strong growth over the coming years as more and more people turn to franchising as a method of doing business profitably.

Australia's \$128 billion franchise industry accounts for 14 percent of G.D.P. and is growing, according to Richard Evans, CEO of the Franchise Council of Australia. "Australians generally want to be their own boss and they see franchising as an opportunity to go there, but with minimal risk," he says. "Because of that, the state of franchising is quite good. It's growing at around 14 percent in terms of franchisees entering the market and 10 percent in terms of franchisors entering the market."

Australia's franchise industry continues to grow and contribute a significant amount to the Australian economy, according to the Franchising Australia 2006 report. Compiled by Griffith University and sponsored by the Franchise Council of Australia, the report outlines the current state of franchising, revealing some key facts about the industry:

- ◆ There are currently 960 business-format franchise systems in Australia. Of those, 93 percent are Australian-based.
- ◆ The growth rate of franchise systems over the last two years is 12.9 percent, and growth in the number of franchise units is at 14.6 percent.
- ◆ There's an estimated 61,860 total franchise units in business-format franchise systems, and the total sales turnover of these units is estimated at \$67 billion. By adding motor vehicle sales and fuel retail sales, the franchise sector has a total sales turnover of approximately \$128 billion.
- ◆ Business-format franchises employ an estimated 426,500 people.
- ◆ The majority of franchising takes place in the retail non-food industry (29 percent of franchisors), and the property and business services sector (21 percent of franchisors).
- ◆ The majority of franchising activity occurs in NSW (34 percent of total units). Victoria represents 24 percent, and Queensland 20 percent of franchising.
- ◆ Just over a quarter of Australian-based franchise systems are currently franchising internationally. Franchisors continue to target New Zealand, Singapore, Malaysia, China/Hong Kong, the UK and the US. International expansion is relatively new for most franchisors with most venturing overseas in the last five years.

The concept of franchising is simple. The Franchise owner has the opportunity to sell proven products or services while enjoying the benefits offered by experienced management whose income is, in turn, dependent upon the success of individual Franchise owners.

Although the Franchisor supplies the Franchise owner with the know-how and brand identification on a continuing basis, the Franchise owner also enjoys the right to profit. In this way, franchising **offers** the Franchisor an opportunity to expand its market through motivated individuals. Why do people choose franchising? Because IT WORKS.

Buying a franchise can give you a great measure of security, and in some cases, sure-fire profits. Business surveys show that fewer than 20 per cent of all new franchised businesses fail. This is in comparison to a 60 to 80 percent failure rate for all new businesses started in this country each year. Information regarding specific franchising ideas can be found in the franchising directories, which are generally available at the local library.

Though it may make you feel uncomfortable at times, our investigation of you indicates that that our company licences only qualified individuals. Our company is interested in establishing and maintaining a sound, mutually profitable relationship with you - not simply in taking your money and running.

The majority of franchise systems will do a thorough background check of a potential franchise owner. Labour Options' typical screening process will analyse an applicant's resources, experience and character.

We will ask questions about your educational history and previous employment. You will be asked to supply names of credit references and personal references.

We will also ask you questions to determine your motivation to buy a franchise and to find out more about your personal characteristics. You may expect questions such as:

- ◆ Why are you interested in becoming associated with us?
- ◆ Why do you think you would be successful in our franchise?
- ◆ What are your goals for the next 3 years?

You can expect additional questions of this kind and may even be given a type of personality quiz to see if you have the right temperament to run the franchise successfully.

On your visit to our headquarters, you're not the only one being appraised. This is your chance to evaluate Labour Options, both in style and in substance.

The Franchise

Franchising is an internationally proven method of business expansion and combines the motivation of people who own their own business with credibility, experience and the image of a recognised brand name. In an ongoing relationship, Labour Options management provides assistance and advice throughout the term of the Franchise.

For the long-term future of Labour Options, it is important not just to grant franchises but to identify potential Franchise owners who have the drive, desire and personal qualities to become the proprietor of a Labour Options franchise. Franchise owners who will invest the time and effort to ensure that the appropriate business standards and ethics are maintained, as indicated by Labour Options. A level of business experience and acumen would be highly regarded. All franchise training, both initial and ongoing, will be carried out at a mutually convenient time and location.

Labour Options Franchise owners own their own businesses but trade under the Labour Options name. Franchising will set you free to generate your own income in your own marketing territory - defined as a Municipality/s. This makes it easy to obtain information about the needs and facilities in your area. It also allows you to market the Labour Options service for the particular council area/s involved. Indeed, you may trade under the Labour Options banner using the same name as the Council such as Labour Options (Sutherland) for example or where more than one Council is covered, Labour Options (Hills District) or (Northern Beaches) may be more appropriate.

Through its marketing strategy, image and superior quality of service, Labour Options Franchise owners will reap the profits from their service and continued steady expansion. As a Labour Options Franchise owner, you will be in charge of your own destiny - you have the flexibility to work the hours you require to achieve your own individual objectives.

Your investment covers the Franchise Fee and includes the following components to ensure you are able to get started without delay:

Initial Training;

The Franchise owner will be provided with detailed structured in-house and on the job training for one (1) to two (2) weeks on the Operation of the Franchise and the Services.

Stationery;

Shall initially include business cards, promotional flyers and pens. The Franchise owner will be provided with the Labour Options logo on CD thus allowing letterheads and invoices to be computer generated.

Operations Manuals;

The Franchise owner shall be provided with one original Labour Options Operations Manual. (These remain the property of the Franchisor).

Exclusive Marketing Territory;

You will be allocated a marketing territory in which Labour Options services will be promoted on your behalf. You are not restricted or penalised for building your business. In fact, Labour Options encourages this. You will be free to operate your business in the area that best suites your actual location and the needs of your clients. Multiple franchises may be purchased, but each Territory must be operated by an appropriately trained person.

Entering a franchise business is a serious undertaking and a decision that must be carefully weighed and certainly not rushed. Labour Options depends on the success of its Franchise owners. Relying on the success of Labour Options Franchise owners means that having the right people is very important. That is why Labour Options incorporates a thorough application programme, which includes a number of screening and qualifying meetings, final selection, and a comprehensive training programme - Labour Options continually strives for the highest standard while being proud of the success of a proven system.

Support

Labour Options fundamentally recognises that two of the most important elements contributing to the success of a system are training and support and will provide training in the skills needed to run your franchise. Product knowledge, terminology, marketing, selling, business procedures and accounting records make up the comprehensive training program. Furthermore, a Labour Options management member will be available to offer advice to Franchise owners as required - the system is designed for you to operate your own business with the Franchisor providing all reasonable assistance to help you establish and develop your business.

Communication is essential to the success of your business. This is why we support our franchise owners by running a central call centre. When potential clients phone our central call number 1800 564 473 with a general inquiry, we will take basic details and pass the information on to the franchise owner in the particular marketing area concerned. Our web site, www.labouroptions.com.au is also a very useful tool for passing on electronic inquiries to you and for keeping you up to date with developments and useful information that will help you in developing your franchise.

In your first three months of operation you will be teamed with a professional business coach who will work with you to establish your business and help you set goals and provide the motivation to achieve them. Should you want to continue the coaching process, your coach is available after the initial period at a very favourable rate that we have negotiated for the Labour Options group.

Some Advantages

Simplicity of Operation

You can operate the business on your own and choose the extent to which you desire to expand your business, there are minimum expectations that you must achieve. Our proven systems are tried and tested and will help your business to run smoothly.

Sales and Marketing

You will need to undertake sales initiative yourself to grow your business and Labour Options provides training and various marketing principals for your use. You have an easy to remember central 'phone number 1800 564 473 which is just one of many competitive advantages belonging to the Labour Options team brings with it.

Sales and Marketing Aids

You have 24/7 access to the Labour Options web site, www.labouroptions.com.au and this is a vital tool in both recruitment and sales leads.

Ongoing Support & Training

Labour Options management is at your disposal to give advice and problem solve/trouble shoot. Labour Options will help you with various aspects such as marketing, setting up your office, buying or leasing a vehicle and other needs. You will be trained and assisted not only in getting started, but also with ongoing supervision and guidance so that you will, with application, build your own successful business.

A Quality Lifestyle

The franchise opportunity offered by Labour Options is a proven business system in its own right which offers you the chance to earn the income you deserve with the luxury of flexible hours, no employer, a healthy lifestyle, and a stress free environment. Should you, for example, be sick, have an accident or simply wish to take a well-earned holiday, relief cover for your clients can be easily arranged.

Low Overheads

Because you are running your own business there are a number of tax benefits that may offer quite substantial deductions such as telephone, rent, car payments, electricity, and water rates. Labour Options advise you to ask your accountant how to set up your business in the most tax effective manner.

Franchise Investment

FRANCHISE FEE

Payable upon the signing of the Franchise Agreement and shall include the following at commencement:

- Grant of Franchise
- Initial Training
- Initial Stationary
- Operations Manuals
- Exclusive Territory
- Research Material on the Territory
- Company Clothing

FRANCHISE TERM 5 years + 5 years renewal

Advertising Royalty 1.5% of total turnover, payable monthly in arrears.

Payroll Services Still to be defined by accountant

The Next Step

The information provided in this Profile should help you decide whether or not a Labour Options Franchise is right for you.

Buying a franchise is a serious undertaking. This Profile includes relevant information about your Contract (Franchise Agreement), but please don't rely on it alone to understand every detail. Take your time to decide and read the Franchise Agreement thoroughly. You are also required to have the Agreement explained to you by a solicitor and should *seek* professional accountancy and financial advice.

Your next step, should you wish to be part of the Labour Options Franchise network and experience the joys and challenges of owning your own business please, complete the attached Application Form and forward to Franchise Manager, Labour Options (Franchising) Pty Ltd PO Box 414 Gympie NSW 2227 and marked "Confidential". All applications will be acknowledged by return of post. If your application meets with our requirements, and then we will contact you to proceed to the next step with a view to a confidential interview and providing you with a full Disclosure Document and Franchise Agreement.

Once you have approved the Franchise Agreement and are in a position to proceed, you will be asked to pay a deposit to demonstrate your commitment. The balance of your investment should be paid ten days prior to your commencement of training

You will then need to nominate a training week to commence your business. As soon as you have decided to go ahead, you should endeavour to book your area and training period early to avoid disappointment and possible delays.

It is important before any commitment is made that potential Franchise owners understand that there are no guarantees given concerning their investment. Franchise owners join Labour Options on the understanding that they are not buying a job. They are starting their own business within a Franchise system, the success of which is largely determined by their own efforts.

FRANCHISE OWNER APPLICATION FORM

Labour Options FRANCHISE

Would you please complete the following application and questionnaire and return same to us to enable the Franchisor to consider the proposed grant of the Franchise.

1. Proposed Franchise Owner's Name (Sole Trader/Partnership/Company)
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2. Proposed Franchise Owner's Address (Residential/Reg. Office-Company)
.....
.....
Phone:.....Email:.....
3. Name And Address Of Any Persons Who Will Guarantee Performance Of Franchise (To be completed where the Franchise owner is a Company):
.....
4. Detail Previous Business Experience:
.....
.....
.....
.....
.....
.....
5. Full Details As To How Capital Of Franchise Will Be Funded (eg. Loan and/or from own resources)
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.....
.....
.....
.....
6. Will You Be Managing The Business Yourself, Or Appointing A Manager?
Managing self.....Appointing Manager.....

7. Business References:

- (a) Company.....
Address.....
State.....Postcode.....
Contact.....Phone.....
- (b) Company.....
Address.....
State.....Postcode.....
Contact.....Phone.....
- (c) Company.....
Address.....
State.....Postcode.....
Contact.....Phone.....

8. Bankers.....
Branch address.....
Contact.....phone.....

9. Solicitors.....
Address.....
State.....postcode.....
Contact.....phone.....

10. Please complete the attached asset and liability schedule.

If performance of the Franchise is to be guaranteed by other persons, statements of assets and liabilities will need to be provided by all persons including Guarantors.

THANKING YOU FOR YOUR ASSISTANCE

ASSET & LIABILITY SCHEDULE

NAME:.....

ADDRESS:.....

ASSETS		LIABILITIES	
Current Assets	\$	Current Liabilities	\$
Cash/Investments at Bank or other Financial Institutions			
Debtors			
Other			
Total Current Assets		Total Current Liabilities	
Non-Current Assets		Non-Current Liabilities	
Real Estate		Real Estate	
Address of Property		Address of Property	
•		•	
•		•	
•		•	
•		•	
•		•	
•		•	
•		•	
Other Assets		Other Liabilities	
•		•	
•		•	
•		•	
•		•	
•		•	
•		•	
Total Non-Current Assets		Total Non-Current Liabilities	
<u>TOTAL ASSETS</u>		<u>TOTAL LIABILITIES</u>	
Total Assets - Total Liabilities =			
NETT WORTH - \$			

I/We hereby certify that the above statement is true and correct and that all of the assets and liabilities listed therein are owned personally by me/us.

Signed.....Date.....

Signed.....Date.....