
WELCOME TO.....



An Introduction to Franchising

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Welcome to Raw Energy

Raw - 1. In a natural state. 2. Newly done; Fresh. 3. In a raw, unrefined, or untempered state.

Energy - 1. Vigor or intensity of action, expression or utterance. 2. Inherent power to produce and effort. 3. The power for doing work and overcoming inertia.

By combining these elements Raw Energy aims to enhance your state of well being and ignite your zest of life!

Food fads come and go, but something that's here to stay is the awareness, acceptance and embracement of a healthy diet and lifestyle!

Australians are enthusiastically seeking information on food and nutrition, tuning in to healthy-eating messages and taking action to improve their nutrition and wellbeing.

Unlike other fast-food chains struggling to satisfy today's health conscious consumer, at Raw Energy we have taken the time to listen to our customers and in doing so have created a service that verifies a recipe for success!

We invite you to share our passion for a healthy and active lifestyle and join in our success by providing a service for today's vibrant, savvy, vivacious consumer!

Geoff & Liz Campbell
Owners

Raw Beginnings

Raw Energy was started by Geoff and Liz Campbell in Coolum on the Sunshine Coast in 1995.

After operating in Coolum for 2 years, the business relocated to Mooloolaba. The Mooloolaba store has become an icon on the Sunshine Coast... one of the most recognised businesses in the region.

Raw Energy returned to Coolum in 2004...a second company owned store with the same emphasis on "*Fresh, Fast and Funky*".

The strength in Raw Energy lies in its ability to stand out from its competitors. The concept is unique, the menu is unique, the staff are unique.

Raw Energy lives up to its reputation of "Fresh, Fast and Funky".

Why invest in a Raw Energy franchise?

Raw Energy has an excellent track record of profitable trading. The menu and the experience at Raw Energy are different from what is available elsewhere, and this has ensured that Raw Energy customers keep coming back. Raw Energy, by virtue of its differentiated menus and service has also been able to set premium prices, and therefore achieve excellent margins.

People are becoming more and more health conscious. This is a trend Australia wide. Raw Energy is known as the place to go for a healthy meal and juice, and of course great coffee. The demand for fresh, good quality, healthy food and drinks will only increase over time.

Raw Energy runs on well tested and documented systems that have been developed over the past 8 years. The company's Operations Manual covers Store Operations, Marketing, Employees, Menus, Financial Management, Health and Safety and Sales and Customer Service.

Extensive initial training is provided for new franchisees. Training covers Store Operations, Marketing, Customer Service, People Management and Financial Management. A program of ongoing training and store reviews is in place to ensure that franchisees get the support they need to keep on track and to stay profitable.

The aim of the Raw Energy franchise system is to allow you as the franchisee to be free to work in the business on a daily basis, or choose not to if you wish. The business works on a system. Your job as the franchisee is to ensure that the system is followed.

The Raw Energy Franchise System

As a Raw Energy franchisee, you benefit from business systems and intellectual property that has been gradually developed since 1995.

Operating Procedures are set out in the Operations Manual. The Operations Manual has the following sections:

- Employees
- Store Operations
- Health and Safety
- Sales and Customer Service
- Financial Management

Initial Training Program

Initial training covers all five areas. Great care is taken to ensure that new franchisees fully understand all aspects of the business. The initial training phase combines "on the job" training and one-on-one training depending on the topic.

Initial Training takes two weeks. This will be undertaken prior to opening your own store, and will be carried out on the Sunshine Coast. The "on the job" component of the program will take place in either the Coolumburra or Mooloolaba company owned Raw Energy stores.

Initial Set up Costs

It is important that you identify whether you have the financial capacity to own a Raw Energy franchise before you invest too much time and effort in investigating the opportunity. Broadly speaking, you should have the ability to raise at least \$300,000. This will cover up front set up costs and ongoing cash flow requirements.

An estimate of initial and ongoing set up costs is as follows. All figures exclude GST.

Initial Costs

Initial Cost	Lower Range	Upper Range
Leasehold Improvements and Fixtures (dependent on location, nature and size of café)	\$100,000	\$150,000
Equipment	\$70,000	\$80,000
Inventory/Working Capital	\$5,000	\$7,500
Opening Promotion	\$3,000	\$3,000
Initial Franchise Fee	\$45,000	\$45,000
Training Fee	\$7,500	\$7,500
Project Design and Management Fee	\$7,500	\$7,500
Legal Fees and Stamp Duty	\$8,000	\$8,000
Total	246,000	308,500

Ongoing Costs

Franchise Fee

- The franchise fee is payment for the continued use of the Raw Energy trademarks, design, manuals and recipes.
- An ongoing franchise fee amounts to 6% of gross sales.

Advertising Fee

- The advertising fee is accumulated and expended on advertising and marketing activities to promote the Raw Energy brand and products.
- An advertising fee amounts to 2% of gross sales.

License Fee

- The license fee is the same as the rent and outgoings payable to the lessor by Raw Energy, plus the management fee.

Management Fee

- The management fee reimburses Raw Energy for its expenses in maintaining the lease. This fee does not apply in the first 12 months of a new site.
 - A management fee of \$3,000 p.a. is payable after the first year of operation, and is subject to change.
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Documentation

As a new franchisee, you will be required to enter into the following agreements with Raw Energy.

1. Confidentiality Agreement
2. Franchise Agreement
3. Licence Agreement

The Franchise Agreement governs the relationship between you and the franchisor. It identifies the various rights and responsibilities each party to the agreement have.

Once a suitable site for your store has been located, Raw Energy Head Office will enter into negotiations to lease the premises, and will lease the premises in its own name. All costs associated with the lease of the premises are paid by the franchisor, and then on-charged to you as the franchisee via a monthly License fee.

The License Agreement referred to above formalises this arrangement. The franchisor on-charges exactly the amount paid in respect of the premises, with no mark up paid by the franchisor.

Attributes of Successful Franchisees

You would be best suited to owning a Raw Energy franchise if you have the following attributes:

- A fit and healthy lifestyle
 - Good communication and interpersonal skills
 - A hard working and enthusiastic attitude
 - The ability to lead a team
 - The ability and dedication to follow Raw Energy's proven formula for success
 - The financial capacity to set up the store, and the ability to soundly manage its finances
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Where to from here?

The best place to start is to have a look at our Website (www.rawenergy.com.au), and then if you want to go further, have an informal chat with Raw Energy Director, Geoff Campbell. Geoff will spend some time answering your initial questions, and giving you an idea of whether a Raw Energy shop is ideal for you.

He can then issue you with a password which gives you access to the secure section of the Website, which contains Franchise set up costing, Projected Profitability, and an outline of the Operations Manuals and Operating Procedures.

If both parties are happy to proceed, a Franchise Application form will need to be filled out. This is a relatively simple document, which aims to identify any issues that might preclude you from investing in a Raw Energy franchise.

Once you have been through the Franchise Approval process, a suitable site will need to be identified, a lease entered into, training undertaken, shop fitted out, staff selected, and then the store can be opened!

Contact details of the Franchisor

Geoff Campbell
Shop 4, Zanzibar
The Esplanade, Mooloolaba

Ph: 54 442 111

Franchise Council of Australia

The Franchise Council of Australia Limited (FCA) is the peak body for the \$80 billion franchise sector in Australia, representing franchisees, franchisors and service providers to the sector.

It was formed in 1983 as a not-for-profit trade association, with the following objectives:

1. To develop a vital, strong and financially viable franchising sector;
2. To advance the interests of members in Australia and in special interest markets such as the international franchise community, Franchise Advisory Councils, Small Business Forums and property leasing organisations (particularly shopping centres).
3. To continually foster among consumers, governments and the business community, a broad-based understanding of the economic importance of having a strong franchising sector in Australia.
4. To design efficient, identified, value-added services to members and assist them to be more effective in franchising.

As the peak body for franchising, the FCA continues to add value to the businesses of its members by providing a range of services relevant to franchising and which represent good value. The FCA recognises that its members have different needs, and that different types of members should co-exist harmoniously. The success of franchising depends on successful franchisors, and this in turn, depends on profitable and happy franchisees. The Franchise Council of Australia works constantly to ensure that all activities and services which benefit franchising will benefit all members directly and indirectly.

If you require any further information on franchising refer to the Franchise Council of Australia Website (<http://www.franchise.org.au>)

Frequently asked Questions

1) How does the whole process of buying a Raw Energy Franchise come together?

Once you have indicated that you want to proceed, we will send you a Disclosure Document, a copy of the Franchising Code of Practice, and a copy of the proposed Franchise Agreement.

The Disclosure Document sets out certain information about Raw Energy and its Directors. You must have the Disclosure Document for 14 days before signing an Agreement with us.

Once the documents are signed you can then start fitting out your Raw Energy store. The training period can then also commence.

Training is carried out in one of our Sunshine Coast stores (Mooloolaba or Coolum), and covers all aspects of Store Operations, Marketing and Financial Management. The initial training period is for 2 weeks.

2) I don't have experience in buying equipment and setting up a store like Raw Energy

The Franchisors will work closely with you to select the right equipment for your store, negotiate prices, and select and deal with shopfitters. You can expect the franchisor to spend at least 2 weeks in your store when it first opens to help with staff training, and ensure that all systems and procedures are understood and bedded down.

3) How long does the Franchise Agreement cover?

The Raw Energy Franchise Agreement lasts for 5 years, and is renewable at the discretion of the Franchisor. Unless significant deviations from the Agreement have occurred, the agreement would be extended as a matter of course, and there is no fee payable by you.

4) What's included in a Raw Energy Franchise?

The Raw Energy system has been evolving since 1997. The franchise fee covers

- Ongoing access to and training in the fully comprehensive Raw Energy Operations Manual, which sets out detailed procedures and systems across every aspect of the businesses operations
- Full access to the Raw Energy logos, trademarks, and store layouts and colours
- Goodwill attaching to the Raw Energy name, built up over the past 8 years
- Access to menus, drink recipes, and other proprietary products such as RawH2O
- Centralised marketing including Raw Energy Website and monthly E-Zine emailed to your local database

5) Can I sell the business to someone else?

The business is yours to sell, and the selling price is determined by you. However any prospective purchaser will need to go through the application and training process, just like any other new franchisee. Fees associated with the training would be payable by the new franchisee.

6) How do I know that my Raw Energy store will be successful?

Naturally, there are no guarantees in business, but the chances of success are boosted by the following factors

- We only select high quality sites that fit in well with the Raw Energy concept. Our Mooloolaba and Coolum stores are good examples of this.
 - The Raw Energy formula works. The secret is in the system.
 - The franchisors will be totally committed to your success, and will give you all the assistance you need to get the business up and running. The franchisors have done it all before, have come across
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the same challenges you will and will be there to back you up every step of the way.

You should keep in mind that being part of a franchise group does not in itself guarantee success. Successful business owners need be motivated, work hard, display leadership, and show initiative. This will apply to you as a Raw Energy franchisee.

7) If there is a problem with the Franchisor, what can I do?

Communication is always the key to maintaining any good business relationship. We will be open and honest in our dealings and our communication with you, and we ask that you do the same in return.

But as an added piece of security, there is a dispute resolution clause in the Franchise Agreement that focuses on negotiation and mediation as ways of resolving any dispute.
