



FranSmart Concepts is a consumer brand holding company and the company's primary business is the franchising of the Butcher Boys and Franki Bananaz brands.

The group is primarily involved in the establishment of new businesses, operational support, marketing and advertising of the brands. The first Butcher Boys restaurant which opened in 1999 was in Florida Road, Morningside, Durban. The first independently owned and operated franchise was established in Amanzimtoti in 2001. The Brand has since expanded to:

Umhlanga	2003
Hillcrest	2004
Centurion	2008
Pietermaritzburg	2009

The first Franki Bananaz opened its doors in December 2004. This pilot store was opened as a franchise by Guy Cluver. The concept evolved from an extension of the Billy the B.U.M.S brand, and through its own success quickly established itself as a brand. Brand has since expanded to :

Pietermaritzburg	2005
Midrand	2005
Westville	2005
Centurion	2008

The success of all these restaurants generated a great deal of interest and numerous enquiries were received from potential investors wishing to establish further franchises both within the country and overseas. This together with the obvious popularity of the brands finally persuaded the shareholders to establish a full-time franchising operation as part of the process intended to regularise the existing use of the brands and to extend such use through the appointment of additional franchisees.



MANAGEMENT



Derryck Myers

Chief Executive Officer- Derryck is a well known personality in the industry and has been instrumental in the conceptualization and development of many successful restaurant and bar/pub brands in South Africa. These include Longhorn Steakhouse, Woodcutters Charcoal Restaurants, Keg Traditional English Pubs and Restaurants, Joe Kools Bar and Grill, Billy the BUMS, Butcher Boys and Franki Bananaz. Derryck's knowledge and experience has been well earned through a career in the industry spanning over 30 years.



Mike Myers

Managing Director- Mike has been in the industry for over 20 years and has been involved in the successful development and operations of other established brands including Redwoods Restaurant, Longhorn Steakhouse, Keg Traditional English Pubs and Restaurants, Firkin Pubs (Canada), Butcher Boys and Franki Bananaz.



Justin Trollip

Brand Manager Butcher Boys- Justin has been in the restaurant industry for 12 years and has been with Butcher Boys since its inception. Having come through the ranks, he heads up Butcher Boys operations and actively advises Franchisees of the administration and controls.



Joe de Wet

Brand Manager Franki Bananaz- From head bartender at Billy The B.U.M.S to contender in the National Bartender Flair Series, Joe was the obvious candidate to take on the responsibility of operations and training of the Franki Bananaz Brand.



Butcher Boys is an upmarket steakhouse specializing in prime cuts of well-aged grain fed South African beef and offering a wide selection of vintage wines stored in temperature controlled cellars. A feature of the design is the in-house butchery with a display of meat cuts from which diners may make their personal selection which is then prepared for them on an open grill. The décor consisting of red face brick, deep mahogany interior finishes and rich colours creates a relaxed and warm ambiance. The target market consists of both male and female diners aged 23 years and upwards from the A and B income brackets with a special emphasis on the discerning meat eater.





Franki Bananaz is an up-market Cosmopolitan Cocktail Bar specialising in exotic and classic cocktails with casual dining in a relaxed environment, generating a trendy, safe and fun filled experience. The venues are modern & airy, using vibrant colours with the focus being on the Cocktail Bar. The floor space is equally divided into bar & dining areas. The target market is male & female customers in the A & B income bracket within an age group of 21 - 35 with the emphasis being on our female customers.





BUTCHER BOYS / FRANKI BANANAZ COMBO

FranSmart Concepts offers a unique business model to its Franchisees, in terms of the 'Combo Unit' which has proven to be very successful.

The Combo Unit is essentially a side by side Butcher Boys / Franki Bananaz. The success of these units is largely due to the reduced set up and operational costs. This is achieved through careful planning whereby certain facilities and manpower are shared between the two brands i.e.. kitchen, store rooms, service bar, office, management and other key personnel.

Having separate entrances with visible branding, these are viewed by the public as distinct, individual entities

The key benefits of the Combo Unit are:

- Reduced setup costs due to facilities (kitchen, office, store rooms etc) being shared across the two brands
- Substantial operational savings i.e. staff requirements, rental on shared facilities, administration etc
- The Franchisee benefits from two different income sources

FranSmart Concepts focus is on the development of the 'Combo Unit', however this is area dependant.



QUALIFY YOURSELF AS A FRANCHISEE

Opening your own Butcher Boys / Franki Bananaz Franchise is one of the most important decisions you will ever make. You will be entering a highly competitive market and it takes a special kind of person to make a success of these businesses.

Fitting the Franchisee Profile is as important to you as it is to us, this ensures a mutually rewarding business venture.

FranSmart Concepts require that the business be owner managed (minimum 20% shareholding). FranSmart Concepts strongly believe that to be financially rewarded and achieve job satisfaction, being dedicated, pro-active and people orientated will ensure positive results. Additionally you will be part of a National Franchise Brand.



FINANCIAL REQUIREMENTS

SETUP COSTS:

Butcher Boys	R2 700 000.00
Franki Bananaz	R2 200 000.00
Butcher Boys / Franki Bananaz Combo	R3 700 000.00

It must be noted that the above setup costs are estimates only. These costs will vary depending on store size and location

UPFRONT FRANCHISEE FEE

Butcher Boys	R 80 000.00
Franki Bananaz	R 70 000.00
Butcher Boys / Franki Bananaz Combo	R130 000.00

•The UPFRONT FRANCHISE FEE is included in the above setup costs

FRANCHISEE'S FINANCIAL OBLIGATION

The Franchisee will be required to finance at least 50% of the setup cost in unencumbered cash. The Franchisee may raise the balance of the setup costs through a recognised financial institution. The onus lies with the Franchisee to apply for such finance, FranSmart Concepts will assist with any information required for the purposes of drawing up a Business Plan and/or any reasonable requests by the financial institutions

The SETUP COSTS referred to above are comprehensive and include but are not limited to the following: Construction, shopfitting, upfront franchise fee, design, project management, legal, signage, point of sale, equipment, kitchen smalls, training, uniforms and marketing.

LANDLORD CONTRIBUTION

This has not been provided in the SETUP COSTS, however it is assumed that the Landlord will provide Air-conditioning and an Allowance of +/- R700/m². This Allowance would then reflect as a savings on the above SETUP COSTS. Estimated Landlord Contributions are:

Butcher Boys Stand Alone (330m ²) – R230 000	Franki Bananaz (300m ²) – R210 000	Combo (550m ²) – R385 000
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WORKING CAPITAL has not been provided for in the SETUP COSTS and a further R300 000.00 provision must be made in terms of stock and working capital

NOTE THAT ALL AMOUNTS REFERRED TO ARE EXCLUSIVE OF VAT AND THAT BRIDGING CAPITAL MUST BE MADE AVAILABLE TO ACCOMMODATE THE VAT



FRANCHISE PROCEDURE

STEP BY STEP PROCEDURE

- Qualify yourself in terms of the outlines contained earlier in this document
- Complete the attached 'Application', alternatively contact our office and we will email you the application
- Submit application form for basic and financial approval
- FranSmart Concepts will notify you regarding the status of your application
- Should your application be successful FranSmart Concepts will invite you for an interview
- A territory is agreed upon and a 'Franchise Option Agreement' put in place
- On the signing of the Franchise Option, 50% of the Upfront Franchise Fee is to be lodged as a deposit. This deposit is refundable, but subject to the terms and conditions contained in the 'Franchise Option Agreement'
- The onus of sourcing a site is the combined responsibility of both the Franchisee and FranSmart Concepts, however the final decision on the position of the site will be at the sole discretion of FranSmart Concepts.
- FranSmart Concepts will assist in the lease negotiations, however it is advised that you have an attorney peruse the lease prior to signing
- You will be required to apply for your finance. It is suggested that you lodge such an application at various recognized financial institutions in terms of obtaining the best deal. FranSmart Concepts will assist with any documentation required from us by the financial institutions
- FranSmart Concepts designers will be appointed to draw up the necessary plans for tendering purposes
- FranSmart Concepts will appoint a project manager to oversee the development of the store
- FranSmart Concepts will put the entire project out to tender. The Franchisee is welcome to obtain tenders, however the Franchisor insists that only tenders that are to specification will be considered. The Franchisor will make recommendations to the Franchisee in terms of any tenders received.
- The Franchisee, management and staff will undergo the prescribed training at a designated training store. All trainees including the Franchisee will undergo periodic evaluations, it is imperative that the Franchisee and management pass such valuations prior to the store opening
- A FranSmart Concepts operations team will assist with the store opening



OPERATING BUDGET BUTCHER BOYS STAND ALONE

Sales-Butcher Boys	450000	500000	550000	600000	650000	700000
Cost of sales 39%	175500	195000	214500	234000	253500	273000
Gross Profit	274500	305000	335500	366000	396500	427000
Expenses						
Marketing @ 1%	4500	5000	5500	6000	6500	7000
Bank Charges	2250	2500	2750	3000	3250	3500
Cleaning & Pest Control	6750	7500	8250	9000	9750	10500
Computer Rental	3385	3385	3385	3385	3385	3385
Crockery Usage	2250	2500	2750	3000	3250	3500
Credit Card Discount	9000	10000	11000	12000	13000	14000
Music & DSTV	1200	1200	1200	1200	1200	1200
Insurance	1200	1300	1500	1500	1500	1500
Rent and Rates	45500	45500	45500	45500	45500	45500
Accounting & Auditing	5500	5500	5500	5500	5500	5500
Licenses and Levies	1350	1500	1650	1800	1950	2100
Promotions (Give Aways)	2250	2500	2750	3000	3250	3500
Repairs & Maintanance	4500	5000	5500	6000	6500	7000
Security	3700	3700	3700	3700	3700	3700
Telephone and ADSL	3000	3000	3500	3500	3500	3500
Salaries & Wages	82000	91000	92500	94000	95500	97000
Staff Welfare, Uniforms & Transport	8950	9200	9450	9700	9950	10200
Franchise Fees @ 5%	22500	25000	27500	30000	32500	35000
Legal Fees	500	500	500	500	500	500
Utilities	25200	28000	30800	33600	36400	39200
Sundries	5900	6400	6900	7400	7900	8400
Total Expenses	241385	260185	272085	283285	294485	305685
Nett Income	33115	44815	63415	82715	102015	121315

* NO ALLOWANCE HAS BEEN MADE FOR FINANCE COSTS OR DEPRECIATION. ALL FIGURES EXCLUDE VAT. EXPENSES MAY VARY DEPENDING ON AREA AND SITE, THESE PROJECTIONS WILL BE ADJUSTED ACCORDINGLY



OPERATING BUDGET FRANKI BANANAZ STAND ALONE

Sales	370000	400000	450000	500000	550000	600000
Cost of sales 36%	133200	144000	162000	180000	198000	216000
Gross Profit	236800	256000	288000	320000	352000	384000
Expenses						
Advertising & Marketing @ 2%	7400	8000	9000	10000	11000	12000
Bank Charges	2775	3000	3375	3750	4125	4500
Cleaning & Pest Control	5920	6400	7200	8000	8800	9600
Computer Rental	5450	5450	5450	5450	5450	5450
Crockery Usage	3700	4000	4500	5000	5500	6000
Insurance	1200	1300	1400	1400	1400	1400
Credit Card Discount	5180	5600	6300	7000	7700	8400
Licenses and Levies	1110	1200	1350	1500	1650	1800
Entertain and Music	5160	5160	5160	5160	5160	5160
Rent and Rates	39000	39000	39000	39000	39000	39000
Security	5000	5000	5000	5000	5000	5000
Promotions (Give Aways)	3700	4000	4500	5000	5500	6000
Telephone & ADSL	2500	2500	2500	2500	2500	2500
Franchise Fees @ 5%	18500	20000	22500	25000	27500	30000
Repairs & Maintenance	3700	4000	4500	5000	5500	6000
Salaries & Wages	64765	69700	76925	78150	79375	80600
Staff Welfare, Transport & Uniforms	7350	7700	7950	8200	8450	8700
Accounting and Auditing	5500	5500	5500	5500	5500	5500
Legal Fees	500	500	500	500	500	500
Utilities	18325	19000	21125	23250	24375	26500
Sundries	6040	6340	6840	7440	7940	2440
Total Expenses	212775	223350	240575	251800	261925	267050
Nett Income	24025	32650	47425	68200	90075	116950

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OPERATING BUDGET BUTCHER BOYS / FRANKI BANANAZ COMBO STORE

Sales-Butcher Boys	370000	400000	430000	450000	470000	500000
Sales-Franki Bananaz	230000	250000	280000	320000	350000	380000
Total Sales	600000	650000	710000	770000	820000	880000
Cost of Sales @ 36%	216000	234000	255600	277200	295200	316800
Gross Profit	384000	416000	454400	492800	524800	563200
Expenses						
Marketing & Advertising @ 2%	12000	13000	14200	15400	16400	17600
Bank Charges	3000	3250	3550	3850	4100	4400
Cleaning & Pest Control	7000	7475	8165	8855	9430	10120
Computer Rental	6050	6050	6050	6050	6050	6050
Crockery Usage	6600	7150	7810	8470	9020	9680
Credit Card Discount	11100	12025	13135	14245	15170	16280
Entertainment and Music	6000	6000	6000	6000	6000	6000
Insurance	1700	1800	2000	2300	2400	2400
Licenses and Levies	1800	1950	2130	2310	2460	2640
Promotions (Give Aways)	6000	6500	7100	7700	8200	8800
Rent and Rates	74000	74000	74000	74000	74000	74000
Repairs & Maintenance	7200	7800	8520	9240	9840	10560
Salaries & Wages	106500	120075	121845	123615	127090	128860
Staff Welfare, Transport & Uniform:	12150	12400	12700	13000	13250	13550
Security	6000	6000	6000	8000	8000	8000
Telephone & ADSL	3000	3500	3500	3800	3800	3800
Accounting and Auditing	6000	6000	6000	6000	6000	6000
Franchise Fees @ 5%	30000	32500	35500	38500	41000	44000
Legal Fees	500	500	500	500	500	500
Utilities	26620	28755	31117	32979	34614	36476
Sundries	8670	9220	9920	10570	11120	11770
Total Expenses	341890	365950	379742	395384	408444	421486
Nett Income	42110	50050	74658	97416	116356	141714



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