

FAQ

The most frequently asked questions about becoming a Leather Doctor Franchisee



The **LEATHER DOCTOR**

Contents

Introduction.....	3
What do I get when I buy the franchise?.....	4
Are there any other things I will need to get started?.....	4
How much income can I expect to earn?.....	5
Is there a Vendor Finance Option?.....	6
What are the on-going fees?.....	6
How long is the term of the Agreement?.....	6
What vehicle do I need and is this included in the price?.....	7
What type of training do I receive?.....	7
How do I price my services?.....	8
Where does my work come from?.....	8
Do I need a shop or premises?.....	8
Do I need to work on weekends?.....	8
Do I need to use computers or electronic devices?.....	9
How many competitors are there?.....	9
What marketing programs are in place?.....	10
How long before I start earning income after I buy a franchise?.....	10
Will I have customers when I begin?.....	11
Is the business affected by cheaper leather or vinyl goods in the market today?.....	11
How much money will I need to invest to own a Franchise?.....	12
What are the legal costs to establish my Franchise?.....	12
What are the next steps?.....	13
Contact.....	13



“To help you determine if our Franchise opportunity is suited to you, I have outlined below, the most common questions new Franchisees ask me.”

*Casey Reid
Franchise Sales Manager*



What do I get when I buy the franchise?

The purchase price includes everything you need to get started such as:

- Huge \$5,000 value in your marketing kick start for your business
- 4 Weeks initial training with expert trainers valued at \$14,000
- All the tools and equipment you require valued at \$10,000
- All stock and materials you require. Much of this initial supply will last for over 6 months
- Professional vehicle signage that is current, supplied and fit to your vehicle valued at \$2000
- Comprehensive marketing kit including our brand style guide
- Professional profile photos for promoting your local business
- Your business profile added to the contact page on our company website
- Your business profile posted on our companies social media
- Uniforms, business cards and custom stationery
- Comprehensive business plan
- Operations manual
- Exclusive franchise agreement
- User account access to our online system including our 'franchisee only' forum, training videos, commercial system and customer database
- Apple ipad for use of the online system whilst you are in the field

In summary we set you up with everything you need so you have no hidden costs and can relax knowing we've got you covered.

Are there any other things I will need to get started?

- You will need to acquire or lease a suitable vehicle being a white van preferable to the Mercedes Vito or Hyundai Iload
- Provide your own telephone for business use
- Register your business name
- Create you legal entity i.e. sole trader, partnership, company or trust
- Open a business bank account and merchant facility document package

NB: We will help guide you with general advice however we recommend you speak to a professional accountant or financial adviser to ensure you structure your business in a way that works best for your circumstances.



How much income can I expect to earn?



- The Leather Doctor franchisees earn really good money. In a good week a single franchisee can bring in a massive \$5,000 in sales. On average a single franchisee makes sales of approximately \$2,800 per week. A slow week would be about \$2,000 in sales.
- Top performing franchisees often employ some help and make sales in excess of \$30,000 per month or over \$300,000 per year. Some franchisees invest in multiple territories and multiple operators. Their income is extremely rewarding
- The amount of income you earn is reliant on you. How much time you invest, how well you develop your skills and how committed you are to promote your business and advertise

Is there a Vendor Finance Option?

- Yes you will need \$49,000 plus some reserves for working capital upfront. The balance is payable over 3 years from your earnings with a small interest component
 - The renewal fee is currently \$6000 and is paid to the Franchisor every 5 years.
- NB: Subject to credit application and the Vendor Finance terms and conditions.

What are the on-going fees?

- There is a weekly franchise fee of \$250 per week. This is a fixed fee that all franchisees pay. The first four weeks are free of fees whilst you complete your initial training
- The only other fee is a user pays percentage payable for jobs sent to franchisees in the commercial system. It's calculated at 5% of the value of jobs that a franchisee receives from the commercial system.

How long is the term of the agreement?

- The purchase of a franchise provides exclusive rights to operate the business within the territory indefinitely, but is reviewed and renewed by the franchisor every 5 years
- In addition to this there is a renewal fee of \$6,000 payable to the franchisor.





What vehicle do I need and is this included in the price?

- The vehicle must be a white van in good condition. We prefer the Mercedes Vito or the Hyundai Iload
- Most franchisees lease new vehicles as it benefits cash flow, provides new car warranty and can have a nice tax benefit with a sizeable GST credit in your first quarter
- Regardless of whether you buy outright or lease the vehicle is to be supplied by you as it is not included in the purchase price
- The vehicle must be approved by the franchisor prior to purchase
- You should seek advice from your accountant on the best vehicle purchase structure for you.

What type of training do I receive?

- Your first two weeks of training are at our Headquarters on QLD's beautiful Gold Coast. Your purchase price covers your flights, transfers and accommodation. A great way to start your new business and new life. Enjoy!
- The initial training is four weeks, during which you spend time one-on-one with expert

trainers who show you, through hands on demonstrations, how to do the repairs you will encounter. We also train on how to run your business including scheduling, reporting, book keeping, ordering your products, local advertising, and customer service.

- The skill sets are clever but they aren't difficult to learn.

Simple processes that require you to practice to build speed and confidence. We teach the principles of how to repair; you then apply these principles to the jobs that come your way. Sometimes this requires some thought and creativity, because no two jobs are the same, but that is what keeps things interesting and stimulating.

Where does my work come from?

Work comes from two main areas, commercial system and local clients:

Commercial System

Approximately 30%-50% of work comes from our commercial system. Most commercial partners are in the furniture industry however insurance, relocations and removals are also prominent. The franchisor has agreements with national furniture and insurance companies to provide repair and reporting services. It is a significant income source, however, as a franchisee you are ultimately responsible for developing your own customer base. Whilst our commercial clients will likely send you a good deal of work you should not rely on this. You are a business owner and are responsible for developing your own client base locally as well.

Local Clients

The other 70% - 50% of your work will come from local customers that you will develop. A mix of local businesses and residential clients who require cleaning, repair and maintenance of their leather, vinyl and plastic goods. You have access to professionally designed marketing packages and you can utilise the Franchisor's digital marketing, lead generation service, social media and database to further develop this customer base.

How do I price my services?

- Pricing guides are provided in your operations manual
- For all private customers, each franchisee follows the guide but can adjust their pricing according to their specific market conditions
- All commercial customers have a set pricing structure that is built into our online job tracking system.

Do I need a shop or premises?

- No. The beauty of The Leather Doctor Franchise is it is a simple mobile service business operated using your vehicle. There are no large overheads you are locked into such as rent
- Most franchisee's have a simple workshop like a shed or garage.

Do I need to work on weekends?

- No. You are in control of your schedule enabling you to schedule your work around your personal life. Take a long weekend if you like. The choice of lifestyle and work balance is yours to make.



Do I need to use computers or electronic devices?

- Yes however the level of computer literacy required is basic. No harder than filling in an online form
- We have developed an amazing yet simple custom built online job tracking software, we call it System 1. It automatically shows your jobs as they are provided by national customers. Franchisees can contact the customer, complete job reports, quote and invoice at the touch of the screen on their iPad. It's called System 1 because it is one place for all your info.

How many competitors are there?

- Compared to other industries, we have very few competitors. In most markets there are two or three other businesses that do leather repairs
- We feel that having some competition is good because it keeps us progressing, but we are in a good position being a niche market
- Due to the unique skill that each of our franchisees learn, our business is not easy for a competitor to just decide to start doing. Unlike lawn mowing, or selling coffee, this is a special skill, which is not hard to learn, but difficult to try to copy
- The brand also holds significant value as relationships with commercial partners are long standing and general brand awareness is significant.



What marketing programs are in place?

- A huge \$5k value marketing Kick Start ensures your franchise hits the ground running. Our marketing team implement this with you as part of your business plan often choosing a mixture of social media, search engine and print marketing to kick you off
- On-going promoting is done by you, the franchisee though don't worry, you don't need to be a marketing expert as the Franchisor provides you with a professionally developed brand style guide including a comprehensive library of artwork and designs you can use for advertising and promoting your local franchise on-line and in other forms such as print and radio
- The Leather Doctor website and national branding provides an excellent source of leads for it's franchisees and you can also engage the franchisor's lead generation system choosing one of their great marketing packages as you require. Let the franchisor do marketing for you.

How long before I start earning income after I buy a franchise?

- Franchisees earn income quite quickly and this speed is certainly important, but during start up income can be limited. You should budget to have enough cash reserve to cover living expenses for the first 2 months
- The first two weeks, you won't be earning anything because you will be in training at our head office in Queensland
- The the third week you will be back home and actually starting to earn money working in your new business and you will have a trainer with you
- The final week of training is credited to you for when you need it. We find different people learn at different paces so some will require the final week sooner than others.

Will I have customers when I begin?

- Yes it is most likely you will have a decent amount of work from the beginning as your marketing kick start is actioned prior to you finishing your training
- Whilst your territory may not have been owned or occupied before, it's very likely a caretaker franchisee may have been coming into the territory and servicing our commercial partners. Jobs that fall within your new territory still need to be taken care of
- Commercial partners have long standing brand affiliation with The Leather Doctor. Before you kick off we cease the old caretaker arrangement and this work now becomes available to you for when you start
- Our commercial partners provide a significant amount of work to our franchisees on a daily basis, in fact last year the commercial system provide over \$4.5 million in sales to our franchisees.

Is the business affected by cheaper leather or vinyl goods in the market today?

- Yes but in a positive way. We have adapted. The type of work, and where it comes from, changes over the years. When we started in 1989 typical jobs were mostly vinyl repairs to car trims and boats
- Leather was very expensive and the clients were high end customers. We still get these types of jobs and they prove very lucrative
- These days, new opportunities have presented themselves and we adapted to fill the demand. The influx of cheaper imported leather furniture has provided a massive market for us to service. Yes, there is an abundance of lesser quality goods that people will eventually throw away, but we have secured relationships with the suppliers, to provide service whilst the goods are under warranty. We get called out to do small to medium sized repairs and reports; add to this the high end market for quality leather which still exists. We are in a strong position. In fact we are stronger than ever.



How much money will I need to invest to own a Franchise?

For new Franchisees there are two ways to fund your investment:

- Vendor finance - You invest \$49,000 (plus GST) up front and the balance is payed back from earnings over the first 3 years at a low interest rate
 - Cash Acquisition - If you have cash or can fund the investment yourself the initial cash required is just \$75,000 (plus GST)
 - Commercial negotiations with the Franchise Sales Manager will establish the actual investment structure
 - If you are looking to invest in an existing established franchise you will need to make an price enquiry with the Franchise Sales Manager
- You will also need some cash reserves or working capital in addition to your purchase price. Ideally enough to cover approximately 2 months of your living costs is ample. You will earn income sooner though having 2 months set aside is a safe buffer as your income builds
 - Return on investment is fast with The Leather Doctor. You can expect to make back your purchase price in profit within the first year.

NB: All prices noted do not include GST. If GST is applicable it is applied and paid at 10% to the value. The Franchisee then claims this GST amount back when lodging their Business Activity Statement with the Australia Taxation Office at the end of the quarter year.

What are the legal costs to establish my Franchise?

- Once you receive our disclosure package we recommend you seek professional legal advice to have the documents reviewed. The cost to have a lawyer review the documents varies however expect to pay approximately \$1,000-\$1,500
- You also cover the cost of the franchise documentation which is currently \$3,000. This is separate to the purchase price. These are the legal and administrative costs for producing your franchise agreement and disclosure document package
- Whilst we recommend you seek professional legal advice you can waive this and review the documents yourself
- If you use Vendor Finance the legal cost to establish your loan is currently \$1,100.



What are the next steps?

- Have a phone discussion with me and I will answer any questions not answered here to help you better determine if this opportunity is suited to you. My personal contact details are below
- Identify which of the available territories a best suited to you and receive a territory report. I'll need to know which suburb and city you live in or if you are interested in relocating, where that is?
- Receive additional information from me showing you factual data of Franchisee sales, typical expenses and a cash flow forecast
- Come and meet us at our head office on the Gold Coast and go out with one of our Franchisees and see for yourself what a typical day is like in the life of a Leather Doctor. We will need you to sign a confidentiality agreement prior in order to protect our Franchisee's.

My contact information

Casey Reid

Franchise Sales Manager

PO Box 4480
Robina Town Centre, QLD 4230

Mobile: 0420 900 382

Fax: 07 5564 9045

email: Casey.reid@theleatherdoctor.net.au

Head Office Contact

Head Office Administration

Phone: 1300 453 284

Email: service@theleatherdoctor.net.au

Contact

1300 453 284

www.myleatherdoctor.com.au

casey.reid@theleatherdoctor.com.au

Head Office

Unit 9, 6-8 Enterprise St

Molendinar QLD 4214

