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# COMPANY PROSPECTUS




ENJOY EVERY MOMENT.



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Established in 1954, Wimpy has become an iconic British brand, providing excellent service, great quality and freshly cooked food in a friendly environment. With 180 restaurants across the UK in High Streets, entertainment nodes and Motorway Service Areas, the Wimpy experience is at the forefront of peoples minds.

Wimpy UK was acquired by Famous Brands, a JSE listed company in March 2007 thereby achieving the group's stated intent to enter the first world branded QSR/Casual Dining market. The acquisition has provided the strategic opportunity to consolidate the Wimpy brand on a worldwide basis. The brand is currently being aligned more closely with the Wimpy SA model and offering, in this regard the brand architecture and retail footprint have been overhauled and re-engineered to ensure a fresh, contemporary presence for the future.

The group's Wimpy Southern Africa Network comprises 468 restaurants the first of which opened in Durban, South Africa in September 1967.

Wimpy is a branded, fast casual restaurant business system, providing value for money products of a consistent quality. While we specialise in burgers, breakfasts and beverages we also offer an extensive range of meals to cater for every taste.

The smooth taste of Wimpy Premium Blend coffee draws a wide range of customers as it keeps the promise of its tempting aroma.

We are recognised for our commitment to our franchisees and are full members of the British Franchise Association.

On an international level Wimpy is also trading in South Africa, Angola, Botswana, Namibia, Zambia and Ireland.

# BACK GROUND

## OUR VISION

To ensure that our customer experiences a consistent quality, value for money meal served in a clean environment by friendly staff. Simply put, customers should...

Enjoy every moment.



Our aim is to help you every step of the way to make the right decisions when you are setting up your own business.

Franchising is collaboration between an independent person and a company that wishes to expand its business. This collaboration is governed by a Franchise Agreement. In order to expand its business the company (Franchisor) allows a third party (Franchisee) the right to use its trade name, business methods and intellectual property. In return, the Franchisee, who is an independent trader, accepts that certain business practices must be adhered to as per the Franchise Agreement. The Franchisee also agrees to make royalty and advertising payments to the Franchisor.

"Wimpy is known and loved throughout the UK and Southern Africa for its quality food, value for money, and quick service. Wimpy has become the hallmark of sit-down table service, offering the widest choice of freshly prepared meals".

More information on franchising in general can be obtained from the British franchise association on [www.thebfa.org](http://www.thebfa.org)

# FRANCHISING

“The word ‘franchise’ comes from the French language and means privilege and freedom.

In this sense, franchising offers people the freedom to own, manage and direct their own business.

It means “being in business for yourself but not by yourself”.



## QUALITY

Quality is the deciding factor when it comes to choosing between various different QSR brands/ enterprises. Wimpy is strongly associated with this attribute.

## FRESHNESS

Freshness is already part of the Wimpy operation and consumers already associate Wimpy with freshly prepared meals.

## VALUE FOR MONEY

Value for money is associated with Wimpy breakfasts, beverages and burgers.

## DEDICATED TEAM

Wimpy has a dynamic marketing and operations team and is backed up by Famous Brands a Johannesburg Stock Exchange listed company.

# CRITICAL SUCCESS FACTORS

The following attributes associated with the brand are probably the most important ingredients for our success in the Quick Service Restaurant (QSR) industry.



# POSITIONING

Wimpy is a mainstream brand that stretches across multiple product categories. Therefore, the positioning platforms of the various product categories automatically contribute to the image and the positioning platform or essence of the Wimpy brand.

Attributes associated with the Wimpy product range:

- Burgers – Wide choice and freshly prepared
- Breakfasts – Wide choice and value for money
- Children's product range
- Grills – Wide choice and freshly prepared
- Coffee – Famous
- Premium Blend Coffee – Varese own brand premium offering

The traditional Wimpy offering has recently gone to market with a new design. These restaurants feature around the country and these Wimpy franchises are currently upgrading in stages across the country over the next few years.

Table service is a simple, well proven and effective concept where customers are served by a waiter/waitress at the table.

Branded crockery and cutlery is used, making Wimpy stand out as a full-service restaurant. A wide menu is offered including breakfast, desserts, quality coffee and of course, our famous Wimpy 100% beef hamburgers.

All meals are freshly cooked to order. Take away service is also offered from these outlets.

## 1. SITE REQUIREMENTS

### Table Service

1,500 ft<sup>2</sup> - 2,000 ft<sup>2</sup> (139.35 m<sup>2</sup> - 185.81 m<sup>2</sup>) with a minimum of 1,200 ft<sup>2</sup> (111.48 m<sup>2</sup>) on the ground floor and a minimum frontage of 20 ft.

Premises should have A3 usage or be in a non-contentious area for change of use.

## 2. INVESTMENT

### Table Service

Initial investment for a 60 seat restaurant starts from £220,000 including a franchise fee of £10,000 for a 10 year agreement.



# TABLE SERVICE RESTAURANT





# WIMPY



WIMPY



# EXPRESS UNIT

## EXPRESS

The Wimpy Express unit is one of the major growth areas for the brand.

This type of outlet is suitable for theme parks, leisure venues and food courts.

Express units offer customers a quick and efficient service from a take away menu, displaying a full range of meal deals.

### 1. SITE REQUIREMENTS

Express

From 500 ft<sup>2</sup> (46.45 m<sup>2</sup>) retail space

### 2. INVESTMENT

Express

Initial investment starts from £80,000, including a franchise fee of £7,500 for a five year agreement.



# RE-SALE OPPORTUNITIES

Owning your own business is not only about setting up a franchise from scratch. There are always franchisees who wish to sell their franchised business for a wide variety of reasons and this creates opportunity for those who wish to enter the franchised arena via the acquisition of an existing business that has a proven track record.

These opportunities will still require participation from Wimpy head office but more importantly will involve successful negotiation with the seller of the franchise holder.

There are always opportunities across the UK and these vary daily, please contact Chris Woolfenden on 07885 534631 or email [chris@wimpy.uk.com](mailto:chris@wimpy.uk.com) for further information.



# PROJECTS

## PROJECT MANAGEMENT

All projects are handled on a turnkey basis by our Project Management Department. Plans are drawn up by our design team and presented to the Franchisee for input and approval.

## 1. TRAINING

To be qualified as a Wimpy Franchisee/Manager the components to your training are:

### SKILLS PROGRAMME

- a. Completed at an Academy Training Store.
- b. Two-week period.
- c. Competence assessed through practical assessment, and completion of Workbook.
- d. Workbook to be reviewed by District Manager on last day of training.

All the above requirements together with tests and practical evaluations must be passed in order to qualify as a Franchisee or to be approved as a Manager.

## 2. STANDARDS AND PROCEDURES

This area will be covered in training and is available to all Franchisees on our Intranet site. This is also covered in our manuals, which are presented to Franchisees on the opening of their restaurant.

Our operations manual provides all existing technical information in the form of menus, recipes, specifications, procedures and records and is also available to all Franchisees on our Intranet site.

## 3. FIELD SUPPORT

The support team for Franchisees are known as District Managers. A store is allocated to a specific District Manager depending on the area that they fall under.

The District Manager is the primary contact between Wimpy and the Franchisee. They work together with the various support departments in monitoring and advising the Franchisee. Their specialist knowledge is very important in new store openings, revamps and change of hands or management changes. The key performance areas for a District Manager are:-

- representation of the Franchisees in a specific region
- ensure profitability in all stores
- business reviews
- sales analysis / performance monitored weekly
- in-store marketing
- budget analysis
- training
- new site development
- sourcing prospective franchisees
- ensuring QSCVF standards (Quality, Service, Cleanliness, Value & Friendliness)
- holding quarterly regional meetings with respective regions.

The maintenance of standards and profitability are monitored by the District Manager with the help of the Operations Campaign. This is an incentive scheme for Franchisees and is a programme dedicated to maintaining standards. The Campaign decides the best store nationally and regionally and incentive awards are presented annually. The Campaign consists mainly of store and management and assessments of the business performance.

# FRANCHISE SUPPORT





The committee mutually agrees upon a constitution that enables its members to have meaningful dialogue with Wimpy U.K..

There are no limitations on what types of issues can be raised or discussed at the forum and it is designed to improve the decision making processes and improve the decision making processes and improve communication between franchisor and franchisee. The typical items that would be discussed are listed below.

- New menu items, margins and new menu layouts
- Product development
- Promotional margins and timings
- Operational standards and compliance
- Menu pricing
- Uniforms
- Franchise profitability
- Feedback on the franchisees and franchisors performance
- Supply chain issues
- General input on how to drive sales and grow the business for mutual benefit
- General concerns.

The elected members have to be prepared to give up the time to attend the meetings but their costs are covered by Wimpy U.K.. Their obligation is to solicit feedback prior to attending the meeting either by post, email or telephone and after the national meeting host a meeting with their area to provide feedback on the outcomes of the national meeting. The District manager will be present at this meeting and it is usually held in a Wimpy that is central to all franchisees or at a suppliers premises if they have facilities and are central to that area.

The Wimpy National Franchise Council is not a union; it is a body that engages with the franchisor for the mutual benefit of franchisor and franchisee. The Wimpy National Franchise Council should be a place where energy is made not spent. The Wimpy National Franchise Council members are elected for their wisdom, experience and intelligence in order to exert influence on the franchisor.

# WNFC

## WIMPY NATIONAL FRANCHISE COUNCIL

The Wimpy National Franchise council is formed by the election of members by franchisees. Each District Manager is obligated to ensure an election is held in their area to ensure agreement is reached on who the franchisee will be. This elected member will represent their area at this national forum.

## TURNOVER PROJECTION

To arrive at a figure that is as accurate as possible, a series of factors must be researched. These include site positioning, spending power, seasonal trade, parking and the performance of other Wimpy and retail stores. If necessary and in order to further ensure a profitable site, comprehensive feasibility studies can be commissioned. These studies take demographic aspects into consideration:-

## DEVELOPMENT COST OF THE OUTLET

The costings for the design of the store are included in the franchise fee. Wimpy uses a select group of contractors and suppliers for prime cost items which enables the team to control costs and also assess the cost of a development accurately. A preliminary cost estimate is compiled off sketch plans to determine the feasibility of a development and an accurate costing will be prepared before any work commences. Our open disclosure policy with suppliers also ensures that costs do not become exorbitant and franchisees can use their own suppliers for certain key items.

## RUNNING EXPENSES

This cost is based on the running cost of an average store and can usually be expressed as a percentage of turnover.

### Rentals

Wimpy U.K. will assist in negotiating rentals should assistance be required and we have external specialists for this purpose if required.

## FINANCIAL GEARING

Loans to finance the business should not exceed 60%. The balance must be available, in unencumbered funds, as a deposit.

With all the criteria considered, financial feasibility of a potential store is expressed in a discounted cash flow model. This model will reflect the return on investment over a five year period. Wimpy is of the opinion that a 20% return after provision for revamps and taxes is acceptable.



# BREAKEVEN DISCOUNTED CASH-FLOWS





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