

# Fit for printing

A focus on finding the right franchisees has underpinned the steady growth of the Kwik Kopy instant printing franchise system, as managing director David Bell explained to **Andrea O'Driscoll**.



*Kwik Kopy Managing Director David Bell believes that the franchise system will be able to ride out the tough economic times.*

**KWIK KOPY BEGAN** operating in Australia in the early 1980s when the Penfold family acquired the master franchise rights for Australia from the US company which had been started by a young entrepreneur, Bud Hadfield. Stephen Penfold sold the first franchise to his brother in law who opened a store in Sydney.

Today, Kwik Kopy Australia comprises 109 franchises throughout the country, operated by 95 franchisees. Managing director since 2004, David Bell explains that, "The business grew out of New South Wales and expanded nationally after that. Our model is very simple. The Penfold family own the master licence and everyone else is a direct franchisee of Kwik Kopy Australia. We also have the rights to New Zealand but we no longer have a business over there."

In addition to straightforward printing jobs, Kwik Kopy offers graphic design services, business stationery design and delivery, copying and the production of promotional material such as calendars, desk pads and point of sale displays. It can also print large format banners and signs, wide format plans and maps and produce fully bound reports and manuals.

According to Bell, the company is more concerned with finding people with the right business skills, than people with a background in printing. "Our typical 'good' franchisee is someone who has had experience in business, especially in business-to-business relationships because we are a b2b franchise," he says. "In essence, we're looking for business people who understand how business works. They don't need any knowledge of printing at all."

The selection process that all potential franchisees must go through is rigorous. "Probably the single most important job that I do is to approve new franchisees," explains Bell. "We're very thorough. When you enter into a franchise, of course, you're putting your hard earned dollars on the line. We're very conscious of our responsibilities to new franchisees and we think having a process to identify the people we think will succeed is vital. We don't hesitate to turn people away if we think they might fail. We're not interested in just taking their money off them. We also have a duty to the existing franchisees to ensure that the quality of the new recruits will add value to the business and not diminish it. We aim to continuously raise the bar."

The process itself culminates in the issuing of a score that is calculated by the company's profiling software. The software ►

measures each candidate's response to interview questions and the level of experience they have. "Potential franchisees go through a standard application process that is very much governed by the franchise code in terms of cooling off periods and disclosures and all of that," says Bell. "But beyond that, we try and expose them to as many people within our organisation as possible. Initially it's on an informal basis, but the process concludes with a formal interview at our head office with me, Stephen Penfold and two other senior executives. The interview process is directed by our profiling software that ultimately delivers a mark for each candidate that represents a pass or a fail."

Because Kwik Kopy is an established franchise, the majority of franchisees who make it through the selection process move into existing sites. "At any one time around 10 per cent of our franchisees are looking to sell their businesses, more often that not because they're retiring or moving on to something new," says Bell. "A lot of new franchisees will move into these, but in some cases they will be setting up a new business from scratch in a new location."

The cost of purchasing an existing franchise varies according to the size and profitability of that business. "You can get into a Kwik Kopy, including franchise fee and training fee, for as little as \$150,000," explains Bell. "If you're buying a business that turns over, say, \$1 million, you'll end up paying more, but it is possible to start small. If you're starting a business from scratch, you need a bit more money, because you need enough working capital to build up a client base. You'd probably be looking at between \$250,000 and \$300,000. Costs are generally less than for a business to consumer franchise because you don't need an expensive shopping centre location or an expensive fit out."

Bell and his team have divided the country into a series of territories, but he is also open to suggestions from franchisees with regard to new sites. "Like any business, we'd like to be growing ten times faster than we are," he says. "If you come to me and say you want to open a greenfield franchise in a particular area, providing there isn't someone already operating in it, the answer will probably be yes."

The franchisor team prefers to focus exclusively on supporting franchisees, rather than on running company stores. The focus of Bell and his team is firmly on offering franchisees any support they might need to maximise their chances of success. "There are 26 of us in the franchisor team, looking after 109 franchises," he explains. "We offer a whole

range of support services. We provide all the marketing, we have a team of three that do that. We have six field officers who are the principal points of contact for support and coaching. We have experts that can help with purchasing decisions and accounting issues and an IT team of four."

The company has a centralised web site where clients can research and order its products and services, which it is in the process of upgrading. "Increasingly, web sites are becoming the single most important intangible asset of any business — certainly they are in a business to business context," explains Bell. "More and more of our clients are looking for an online solution and we're in the process of launching a product called Zenith which will enable them to order online. Typically every job is different, so it doesn't lend itself very well to online ordering. Zenith will mean you can run over the specifications of complicated jobs and it will also enable the online proofing of artwork, which will cut down on the amount of time spent passing proofs between the designers, printers and clients. We'll formally launch Zenith to our franchisees at our conference in April."

Kwik Kopy has enjoyed seven years of continuous growth and Bell believes the level of support it offers its franchisees deserves a slice of the credit. "The single most important tool we have to benefit our franchisees is what we call the Annual Benchmark," he says. "At the end of every year, each franchisee submits their profit and loss accounts and we subject them to a complete benchmarking process. The end result is a document that compares their store to the average and the top 25 per cent on the system, and it does it across every single financial and business KPI you can imagine. It gives every individual owner the opportunity to understand how their business is performing and could perform if they improved certain areas."

Bell is also undaunted by the current economic downturn. "Sure, Australia's growth is reduced and there is the threat of recession, but we're operating in a \$2 billion plus industry with a lot of players," he says. "We turn over just short of \$100 million, so within our industry we're a two-bit player despite being one of the biggest. If the industry contracts by 10 per cent, the pool in which everyone is fishing is still massive. If you're better than your competition and you've got some ideas for helping existing clients or finding new ones, there's still plenty of opportunity for growth." ●

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