

safranchise

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SPAR EMBRACES TRANSFORMATION

SPAR will be joining forces with the National Treasury and its Jobs Fund initiative to fast track black enterprise development amongst its brands.

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South Africa R29,90 (incl. VAT)
Other Countries R26,23

FEATURED BRANDS:



GET TO KNOW DAN MALULEKE

Dan Maluleke was born in Wallmansthal north east of Pretoria where his father owned a small general dealer business. After completing a BCom at the University of Limpopo in 1980, Dan took over the daily management of the family business. Today, as the Managing Director of Maluleke Investments (Pty) Ltd, Dan oversees operations for the company's 11 SPAR and SUPERSPAR stores as well as its ten TOPS at SPAR liquor outlets and employs around 1,000 people. Dan has served on the Regional and Marketing Committees of SPAR Inland Guild and as InterSPAR Executive Committee Member for SPAR International. He currently serves as a Regional Committee Member of SPAR North Rand and as a director of the SPAR Guild of Southern Africa Ltd.



SPAR EMBRACES TRANSFORMATION

As part of SPAR's commitment to transformation and job creation, they will be joining forces with the National Treasury and its Jobs Fund initiative to fast track black enterprise development amongst its brands. This initiative will be facilitated by SA Franchise Warehouse as service provider and Business Partners Limited as the commercial funding partner.

THROUGH THIS INITIATIVE, funding will be made available to suitable BEE candidates on a quasi-equity structure, essentially enhancing the franchisee's own cash contributions so that commercial funding can be procured at a reasonable level of gearing. SPAR, in turn, would provide comfort to the funders by ensuring that the funded enterprises remain sustainable and that jobs are being preserved.

Says SPAR National Property Development Manager, Craig Coetzee, "Allowing previously disadvantaged franchisees to borrow 80 or 90 percent from Development Funding Institutions with the standard 60-month repayment terms, even at prime interest rates, is not a sustainable funding solution and allowing such would not be in the best interest of the franchisee or our brand. However, with the Jobs Fund initiative's longer repayment periods and the fact that the Jobs Fund component of lending is interest free (as if owner's equity), instalments will be in line with the level of debt our business model can actually support."

SPAR believes that this funding structure will also enable emerging entrepreneurs to access their lower set-up cost brands such as Build It, Savemor and PHARMACY@SPAR.

"SPAR has been investigating funding structures for previously disadvantaged franchisees for several years, but the lack of own cash contributions has often been the challenge", says Coetzee. He explains that the gross margins in the supermarket environment means that franchisees cannot borrow more than 50 percent through traditional

means without assuming undue start-up risk, yet the ability to raise 50 percent unencumbered own cash contributions has always been outside the reach of most of the qualified BEE operators (i.e. operators who are deemed to have sufficient experience and a worthy attitude to be a business owner) within the group.

SPAR believes that this funding structure will enable emerging entrepreneurs to access their lower set-up cost brands such as Build It, Savemor and PHARMACY@SPAR.

SPAR is amongst the country's largest supermarket groups with a core of competent emerging operators. These operators are not participating in equity, but possess the skills to become successful business owners and employers if granted the opportunity to do so.

The Jobs Fund funding solution also suits SPAR's strategy of encouraging partnerships

between existing franchisees and emerging operating partners. In this manner the transfer of skills is optimised and funders can take comfort in the fact that business owners are not left to rely on their own know-how.

"The fact that SA Franchise Warehouse takes ownership of the accounting and administrative compliance of the franchisee once in business, as well as reporting to the funders and ourselves on the key performance indicators within the business, is very appealing. This real-time process of monitoring assists in minimising our own risk by placing us in a better position to act on any operational hazard."

While our emerging franchisees may possess the necessary operational skills, they may not have had sufficient exposure to the administrative, accounting and reporting disciplines within the business. The fact that these business management support elements come at no direct cost to the franchisee, is hugely valuable", says Coetzee.

The first four SPAR candidates were enrolled in the SA Franchise Warehouse programme in September with three of the four set to open their businesses this year.

Like most other supermarket brands, the SPAR Group has identified the emerging consumer markets as a viable growth area. It makes sense to offer and promote these opportunities amongst emerging franchisees and with the funding structure available via the Jobs Fund, it is a prime opportunity for SPAR to further enterprise development and job creation, especially in rural environments where these outcomes are desperately needed. >>

>> Franchise opportunities within the SPAR Group are not limited to existing store managers. Aspirant supermarket owners who believe they have what it takes, but lack the necessary experience, are welcome to apply provided they are willing to 'go to school' first. Managing a supermarket requires a high level of skill across many disciplines, which can only be developed by 'coming through the ranks'. There is no shortcut or replacement for the experience gained by having packed shelves, counted stock and captured goods received vouchers personally — you cannot manage someone else on tasks you have not performed yourself.

Although the Jobs Fund initiative funds new projects only, there are development funders who will consider funding the sale of existing outlets to emerging franchisees and SPAR has determined that they will apply the same recruitment, training and support processes to such transactions. □



WANT TO KNOW MORE? CONTACT SPAR

NORTH RAND

Craig Freeman
craig.freeman@spar.co.za
+27 11 203 5300
+27 83 600 2035

SOUTH RAND

Morne Dreyer
morne.dreyer@spar.co.za
+27 11 821 4000
+27 83 566 6921

KWAZULU-NATAL

Wayne Hodson
wayne.hodson@spar.co.za
+27 31 508 5156
+27 82 452 2637

EASTERN CAPE

Sheldon Branford
sheldon.branford@spar.co.za
+27 41 404 5000
+27 81 326 4213

WESTERN CAPE

Ross Bannatyne
ross.bannatyne@spar.co.za
+27 21 690 0000
+27 83 658 7043

LOWVELD

Mike Wilson
mike.wilson@spar.co.za
+27 13 753 6800
+27 82 336 1818

SPAR BRANDS DESCRIPTION

SUPERSPAR	
Minimum selling area	1,500sqm +
Business description	Full range of groceries and general merchandise, fresh produce, bakery, butchery, delicatessen, meal solutions and wine.
Business opportunities	Franchises available
SPAR	
Minimum selling area	750sqm
Business description	Competitively priced neighbourhood convenience. Comprehensive range of groceries, fresh produce, bakery, butchery and delicatessen.
Business opportunities	Franchises available
KWIKSPAR	
Minimum selling area	500sqm
Business description	Quick stop and convenience shopping. Limited range of groceries, delicatessen, bakery, butchery and home meal replacements.
Business opportunities	Franchises available
SAVEMOR	
Minimum selling area	Variable
Business description	Focused on the rural and township markets. Basic product range, competitively priced.
Business opportunities	Franchise and conversion opportunities available
BUILD IT	
Minimum selling area	Variable
Business description	Quality and affordable hardware and builders merchant offering. Serving mainly the LSM 5 and 6 markets.
Business opportunities	Franchise and conversion opportunities available
TOPS	
Minimum selling area	Variable
Business description	Tops has the highest number of retail liquor outlets in South Africa. Benefits include access to bulk buying and national marketing promotions.
Business opportunities	Only available to existing SPAR store owners
PHARMACY	
Minimum selling area	Variable
Business description	Capitalising on its market position SPAR introduced Pharmacy@SPAR, aimed at consolidating the one-stop shopping experience.
Business opportunities	Franchise opportunities available