

<http://www.businessmk.co.uk/franchiseprospectus>



AT THE HEART OF ITS COMMUNITY

Business2Business is a monthly business publication and is the sister title to Business MK.

Business MK was established in 1998 when Andrew Gibbs spotted a gap in the market for a stylish, niche business publication in Milton Keynes.

The secret of its success is that it is sent directly to the decision-makers in the business community and it appeals to the business community as it only reports local business news and gives up-to-the-minute information about the people and businesses working in and around the area as well a free complete networking diary showing all the events in the area.

Following the success of Business MK, Business2Business was purchased with a view to expanding the company.

Business2Business covers the Bedfordshire and Luton areas, both of which have strong links with Milton Keynes and the purchase of Business2Business has enabled the selling of advertising, profiles and sponsored editorial into both publications.

SYNONYMOUS WITH QUALITY

Quality is the word that should be synonymous with the name Business2Business. At no time should quality be compromised for the sake of a quick sale. Editorial must always be business related.

Business2Business is not a local newspaper: it is a local business magazine aimed at decision-makers within the local business community.

The company policy is to sell through persuasion rather than hard selling techniques. As the publication gains respect and is seen as an essential part of the business community, the franchisees will be seen in the same light.

All franchisees should value the quality of the brand and follow the ethos of the company by ensuring they represent the brand in a positive and professional manner.

Franchising Business2Business

The decision to franchise the Business2Business brand was taken in late 2009. The company was ready to expand but there was very little scope locally. Suitable areas for an independent local business publication will inevitably be all over the country and the best way to maximise the potential of the Business2Business brand in these areas was by setting up a network of Business2Business franchisees.

The success of any new publication depends on its appeal to a thriving compact business community with a good system of networking.

The successful franchisee is likely to have a background in sales and will know their business community well.

Through their relationships with clients, franchisees will source editorial and sell advertisements and sponsored editorial. All the while, however, they will be promoting the Business2Business brand.

It is essential that franchisees enhance the quality of their publication and strive to ensure that Business2Business is well known locally.

Through its quality of editorial and reputation as an independent and respected medium, the publication is seen as an essential part of the business community.

THE FRANCHISE PACKAGE

Franchise Costs

The total cost of a Business2Business Franchise is £13,250 + VAT and consists of:

Franchise Licence Fee £5,000 + VAT (payable to the franchisor)

Set-up Costs £8,250 + VAT (payable to the franchisor)

Franchise Licence Fee

The Franchise Licence Fee is £5,000 + VAT and provides franchisees with:

- 5-year renewable licence to operate as a Business2Business franchisee;
- An exclusive territory where you will be the only Business2Business in your area;

- A full franchisee training programme;
- A detailed Operations Manual showing you how to run a successful Business2Business franchise business.

Franchise Set-Up Costs

In addition to the Franchise Licence Fee, franchisees will require additional set-up capital amounting to £8,250 + VAT.

The franchisee set-up capital will be used by the franchisor to provide the franchisee with:

- A local marketing launch campaign;
- The production and mailing of your first Business2Business issue;
- Initial on-site support;
- A start-up pack of promotional marketing material;
- A laptop computer with pre-loaded software;
- A colour printer;
- Representation on the Business2Business website.

Working Capital

All franchisees must ensure they have sufficient working capital to run and operate their Business2Business franchise.

FRANCHISEE EARNING POTENTIAL

The earning potential for Business2Business Franchisees has been based upon the performance achieved within our existing areas. There is no limit of the earning potential for Franchisees however the ultimate success of their Business2Business Franchise is down to the hard work and commitment of each individual franchisee.

Franchisee P&L 5-Year Summary

	Year 1	Year 2	Year3	Year 4	Year 5
INCOME (£)	126,000	200,490	213,067	220,978	229,152
COST OF GOODS (£)	84,660	95,814	99,745	103,713	107,721
GROSS PROFIT(£)	41,340	104,676	113,322	117,264	121,430
FRANCHISOR FEES (£)	10,680	16,669	17,705	18,368	19,052
OVERHEADS (£)	8,200	15,180	16,229	17,185	18,204
NET PROFIT (£)	22,460	72,827	79,388	81,711	84,174

Notes

- 1 **Income** This includes the income from advertisements and sponsorship
- 2 **Cost of goods** This is the cost of producing and distributing your Business2Business publications
- 3 **Variable costs** This includes the Franchisor Management Fee (8.0% of income) and the Central Marketing Fee (£50 per month in Year 1)
- 4 **Fixed costs** These are the costs of running a Business 2 Business and include staff wages in Year 2, local marketing; telephones, stationery, travel expenses, business insurance, and bank charges.
- 5 All figures shown are exclusive of VAT

Despite figures provided being based upon prior performance, there is no guarantee that prospective franchisees will achieve the projections. It is the responsibility of prospective franchisees to ensure that they are comfortable with the projections prior to entering any agreement.

QUALITIES WE LOOK FOR IN A FRANCHISEE

Having the right franchisees is essential for our business. Business2Business therefore will only offer franchises to those people that it believes are suitable for running a successful Business2Business franchise and can work with the management of Business2Business and the other franchisees within the network.

The Business2Business franchise model does not require franchisees to have any previous publishing experience.

The most suitable people for becoming a Business2Business franchisee would meet the criteria listed below. The list is not exhaustive or intended to be disadvantageous to any applicant; it summarises the skills, competencies and requirements specific to running a Business2Business Franchise.

- Good with people;
- Sales experience;
- IT literate;
- In good health;
- Self-motivated;
- Hard-working and ambitious;
- Determination and enthusiasm to succeed;
- Positive enthusiastic outlook;
- Have a desire to own their own business;
- Have support from the family;
- Be able to follow instruction and a system and be willing to stick to that proven system;
- Have good attention to detail;
- Have full UK driving licence with no (or only minor) endorsements.

At Business2Business we do not discriminate against any group of people. Therefore we do not judge applicants based on their age, sex, sexual orientation or religion.

FREQUENTLY ASKED QUESTIONS

Q. Do I need to have a background in publishing?

A. Absolutely not. We will provide and co-ordinate all the technical elements of producing your Business2Business publications. However it is a distinct advantage if franchisees have some sales experience as the success of every Business2Business franchise is reliant on the franchisee being able to sell advertising space and sponsorship within their Business2Business paper.

Q. Is it possible to finance part of the capital cost?

A. Yes. Most of the high street banks have a franchise department and are very supportive of franchising. We have negotiated a special financial package with our bankers subject to franchisees' individual status.

Q. What is the Franchisor Management fee and how is it calculated?

A. The Management fee is 8.0% of the franchisees Income net of VAT and is paid monthly. This provides franchisees with ongoing support and advice.

Q. Are there any other on-going fees?

A. Yes. In addition to the Franchisor Management Fee there is a Central Marketing Fee. The Central Marketing Fee is £50 per month in Year 1 and is paid monthly. The Central Marketing Fee will be used by Business2Business Head Office to undertake Central Marketing for the benefit of all franchisees.

Q. Are projected earnings guaranteed?

A. No, however the projected earnings are a realistic estimate of what franchisees should earn. Successful Franchisees can earn in excess of the projections, however the ultimate success is down to each individual franchisee.

Q. What training is provided?

A. Training is split between technical training at our Head Office and practical training in your own area.

Q. How much does training cost?

A. The cost of the initial training is included within the Franchise Licence Fee. The only items not covered are your own travel, accommodation, and food.

Q. Can I sell my business in the future?

A. Yes, although we would always insist on 'vetting' any new franchisee to ensure they are right for the business and have the required skills and experience.

Q. What are the next steps?

A. If you are interested in owning and running your own Business 2 Business franchise please contact us and request a Franchise Application Form.

The information contained within this Franchise Prospectus is covered by both copyright and Intellectual Property laws. The information must be kept secret and confidential and must not be disclosed to anyone else or used by yourself for any purpose whatsoever save to enable you to consider whether or not to become a Business2Business franchisee

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The image shows the cover of the Business2Business magazine. At the top, the title "Business2Business" is prominently displayed in a blue and black font. Below the title, there is a small logo for "SouthWest" and a tagline "The UK's #1 Business Magazine". The cover features several articles and advertisements. The main headline is "Fees rise 'will bring CV fraud'", accompanied by a photograph of a man in a suit. To the left, there is a smaller article titled "Hub giant set to shed jobs". Below the main headline, there is a section titled "Time for a change?" with an image of two fishbills. At the bottom of the cover, there is a red banner for "Living in a...". The overall design is professional and informative.