

layers of love

fresh ultimate on-the-go
yum easy nom nom

the yum quick
easy Best the

crisp lunch things in life breakfast
ultimate are easy on-the-go

love ♥ free... delivery
SANDWICH
BARON =
breakfast



PORTFOLIO

**SANDWICH
BARON**

...undeniably delicious

www.sandwichbaron.co.za

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Welcome to investigating the most exciting franchise concept in South African. We are proud of 100% South African with a menu chosen by South Africans. We are the biggest sandwich group with over fifty stores open. We owe our success to some very special people, our franchisees who have gone that extra mile Read further:

1. Overview

1.1 Executive Summary

Sally J'Arlette-Joy after selling her successful restaurant started a business in Alberton in May 1996. Due to the uniqueness of freshly prepared food and free deliveries, this outlet now services over 1,200 regular customers (companies). The Alberton shop's reputation has been built on service and quality. This is our training division and we have had no problem with duplicating our excellent product nationwide.

Following in the Alberton success, the Lambton, Germiston shop was opened in December 1997 followed by the Kempton Park shop in December 1998.

1.2 Objectives

The objectives of the organisation are to give Sandwich Baron the market presence needed to support marketing and sales goals and to attract corporate customers for its products.

1.3 Mission

The Sandwich Baron is a food producing and delivery company dedicated to developing better sandwiches, snacks and services for its customers, especially those who can't get what they need from the mainstream fast food outlets and take-out restaurants. We intend to make enough profit to generate a fair return for our investors and to finance continued growth and continued development in quality products. We also maintain a friendly, fair, and creative work environment, which respects diversity, new ideas, and hard work.

1.4 Keys to Success

The keys to success in this business are:

- Marketing
- Undeniably delicious food
- Excellent Management: products delivered on time, costs controlled, marketing budgets managed.

2. Company

2.1 Company Summary

Sandwich Baron's menu has been chosen over the years by South African customers so can work in any province. Sandwich Baron produces fresh snacks and sandwiches on order and holds no ready-made products in stock. Because of products being produced on order, wastage is reduced to an absolute minimum. Sandwich Baron targets companies with the supply of basic lunchtime platters and other food stuffs enjoyed by that market. The principle product of Sandwich Baron is obviously freshly made to order sandwiches; however, a number of other products such as cold drinks, etc. are also sold and add to the total appeal of a Sandwich Baron outlet to our target market. The uniqueness of our concept coupled with the layout and overall service given by Sandwich Baron to our customers has led to Sandwich Baron being the fastest growing



lunchtime supply chain of its type in South Africa. Many other people and companies have and still are attempting to replicate the Sandwich Baron concept, due to the fact that the service industry has been turned on its head by Sandwich Baron.

2.2 Company Ownership

Sally J'Arlette-Joy is sole member of Sandwich Baron Franchising cc.

2.3 Company History

The business was started with Sally initially making all the food and her husband Mike doing all the deliveries. The marketing was done by Mike, who selected a few nearby companies, gave them menus and explained the service that was being offered (i.e. free delivery and fresh food). Their hands-on involvement from the beginning ensures that all the pitfalls normally associated with starting a new business, are eliminated in this franchising development.

Advertising was unnecessary as the customers were impressed enough to tell others and the business grew by leaps and bounds.

2.4 Company Location and Facilities and Franchising History

Head Office is located in the pilot site – Alberton North, an area of approximately 90sq.m. Sandwich Baron currently has over 50 stores.

Sandwich Baron has been a full member of FASA since 2002 and is a fully paid up member for the year 2015.

The Lambton, Germiston site was the first Franchise.

The second franchise in Roodepoort was opened in December 1999. By following the Sandwich Baron recipe for success, the turnover of this shop grew quickly.

The third franchise opened as a company owned store in Boksburg and is situated near the East Rand Mall.

Due to the success of these outlets we have since rolled out a national franchise.

3. Products

Sandwich Baron makes snacks and sandwiches to order, thereby obviating wastage etc. See attached menus.

3.1 Product Description

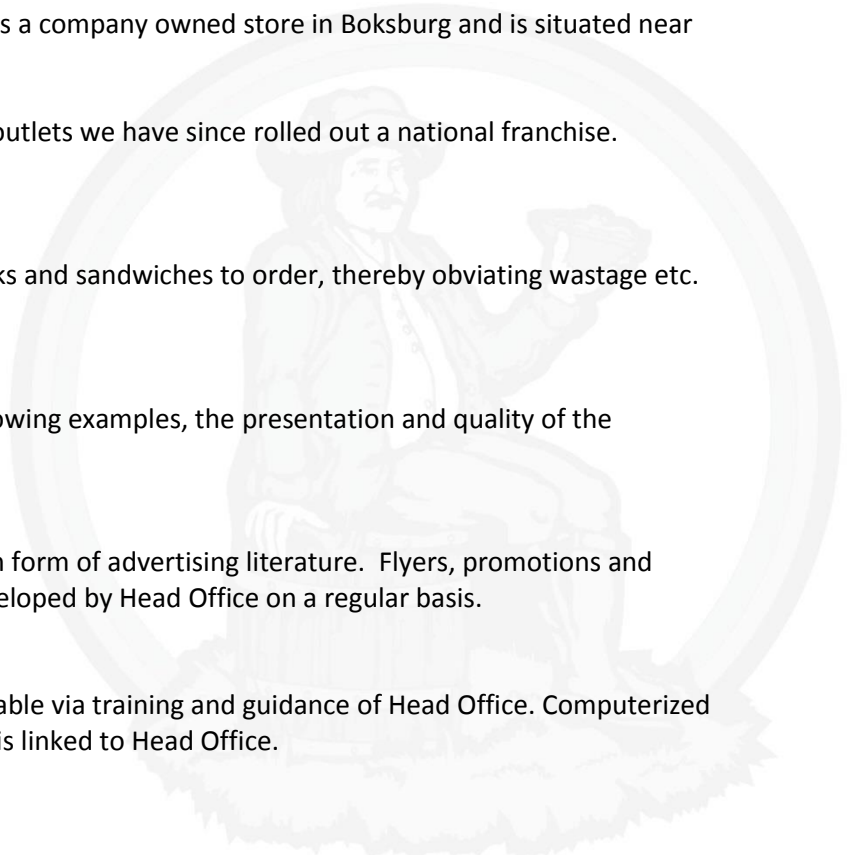
As can be seen from the following examples, the presentation and quality of the products speak for itself.

3.2 Sales Literature

The menu has been our main form of advertising literature. Flyers, promotions and specials posters are also developed by Head Office on a regular basis.

3.3 Technology

Technology is easily transferable via training and guidance of Head Office. Computerized till systems are in place that is linked to Head Office.



3.4 Future Products

New and innovative products are always investigated and feedback from customers and Franchisees are valued and acted upon.

3.5 Advertising Fund

An Advertising Fund is in place. This is solely used for promoting brand awareness within the Group and is used in consultation with the franchisees. Television and radio advertising campaigns have been undertaken. Sandwich Baron has a big internet presence and enjoys communicating with their customers via their Facebook and Twitter sites.

3.6 On Line Ordering

Sandwich Baron is proud to be the first food franchise in South Africa to have developed this. This results in the quick and accurate taking of orders. Orders are generated within seconds via our till systems and printed in the kitchen.

4. Market Analysis Summary

4.1 Market Segmentation

The so-called "Fast Food" market does not significantly affect Sandwich Baron's business, as people prefer freshly made and healthy food to the standard mass produced, chemical laden fast foods generally produced by these outlets. The free express delivery service offered enhances the acceptability of Sandwich Baron as the satisfactory alternative to quick food. All Sandwich Baron stores attract those looking for that really fast food experience and those who are simply looking for great healthy food. Customers can eat from our menu more than once a day which is not the case with other concepts. Our menu is South African and chosen by South Africans over an twelve year period so this gives us the edge and it works nationwide. Duplication of our concept has proved difficult as there are complexities involved in running a top class business and now that we are the biggest and best sandwich group in South Africa it is difficult for others to break into the market.

4.2 Industry Participants

Fast Food organizations such as:

- Subway
- Kauai Juice Company
- Wimpy
- Juicy Lucy

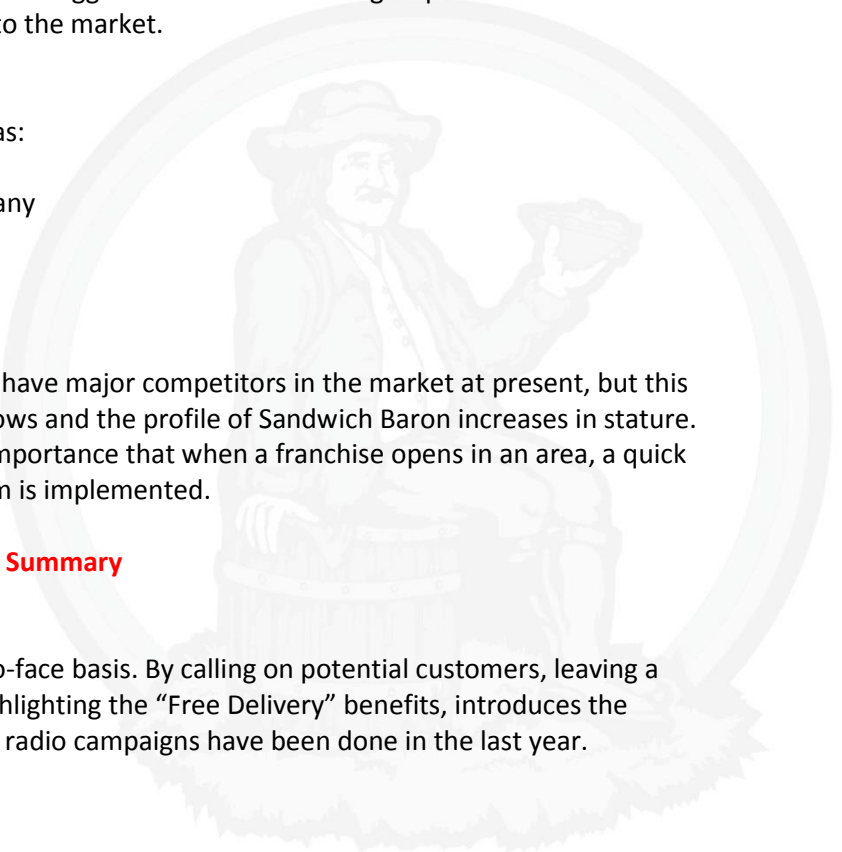
4.3 Main Competitors

The Sandwich Baron does not have major competitors in the market at present, but this will change as the network grows and the profile of Sandwich Baron increases in stature. It is therefore of paramount importance that when a franchise opens in an area, a quick and strong awareness program is implemented.

5. Strategy and Implementation Summary

5.1 Marketing Strategy

Marketing is done on a face-to-face basis. By calling on potential customers, leaving a menu as a calling card and highlighting the "Free Delivery" benefits, introduces the outlets adequately. Extensive radio campaigns have been done in the last year.



5.1.1 Pricing Strategy

Product prices are market related and widely accepted as very reasonable. In addition to this the margins are high, as one would expect in the food industry. Costings are done on a regular basis by Head Office and the franchisee does not have to worry about this.

5.1.2 Promotion Strategy

The company, its service and products have always been promoted on a “one-to-one” basis. This way the growth can be controlled, as unchecked growth can lead to cash flow problems, poor service and a drop in quality.

5.2 Sales Forecast

See attached Spreadsheet

5.3 Milestones

Milestones Sandwich Baron are continually striving for are:

Franchisee:

- Daily sales in excess of R15,000.00
- 12 delivery vehicles per store
- Fixed and regular contracts with customers
- Growth through “word of mouth” referrals.

Franchisor:

- Grow the Group by at least 5 stores per year
- Build the brand by advertising and ensuring standards are maintained

6. Management Summary

6.1 Management Team

Currently the management team consists of the Franchisor, Sally J'Arlette-Joy, Tanya Spence, Development Manager, three Operations Managers and ten franchise support managers.

6.2 Personnel Plan

Each franchise will employ staff as volume demands, but care will always be taken not to over staff, as this will lead to unproductivity and losses.

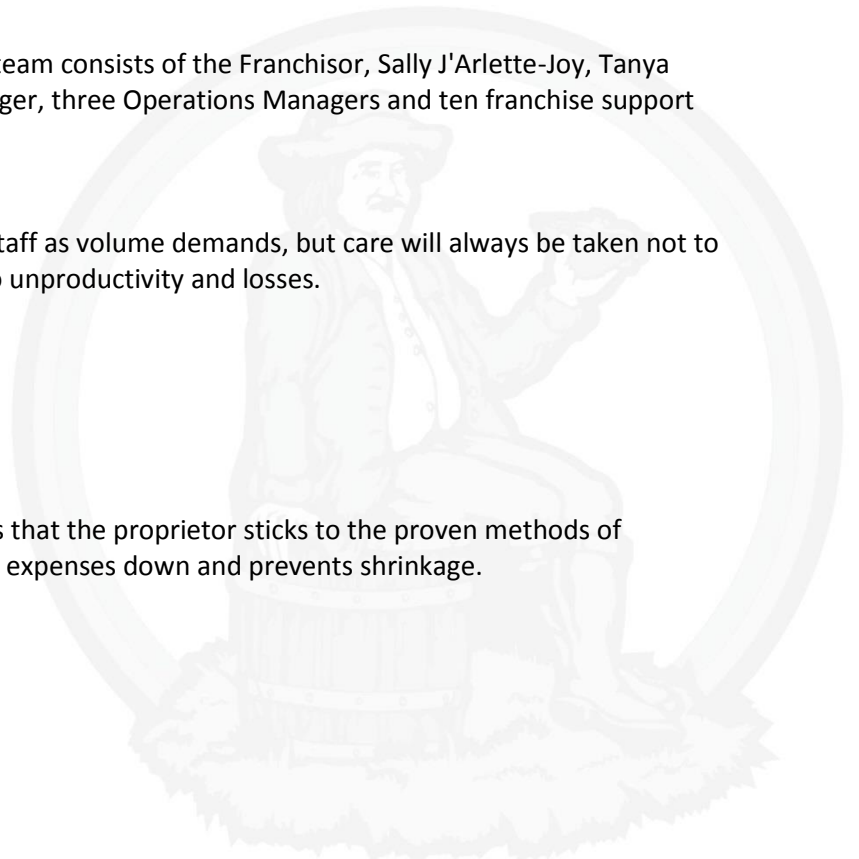
7. Financial Plan

7.1 Important Assumptions

The main assumption here is that the proprietor sticks to the proven methods of operation and that he keeps expenses down and prevents shrinkage.

7.2 Projected Profit and Loss

Available on request



8. Training

In our view training is vital to the success of every store and the brand itself.

Training will include:

- Hands on training for all related staff.
- Supervision by senior management and kitchen staff on opening.
- Hygiene and Health and Safety Training
- We provide ongoing training for all new products.
- A complete up to date Operations Manual.

9. Support

There is easy access to the Franchisor for advice. Operations Managers are visiting stores on a regular basis. One month's training for you and your staff at Head Office. We offer strong opening support – our managers to stay with you for one month on the opening of a delivery store. There are regular newsletters. We hold two monthly franchise meetings.

10. Turnovers

The Group average turnover for a delivery store is R194, 000 and our top store is doing R495 000.00 per month. If the business is run according to the business system net profit is approximately R21,000 per R100,000.00. This could be more or less depending on your expenses. This does not include paying off a bank loan. There is no guarantee that you will achieve these results.

11. FREQUENTLY ASKED QUESTIONS

1. How long have you been in business? Over 20 years
2. How many stores do you have and how many are franchised. 46 stores - 42 franchisees and 4 company owned.
3. How long have you been franchising? 20 years
4. Are you a member of FASA.? Yes we have been a full member since 2002.
5. Is your trade mark registered? Yes.
6. Where are your stores? Mainly in Gauteng but we also have in Klerksdorp, Middelburg, Nelspruit, Witbank, Rustenburg and the Cape.
7. Which areas do you have available? There are a few sites left in the Johannesburg area, parts of Pretoria are available and nationwide.
8. Who is your competition? We do not have any at the moment but this could change as the brand grows.
9. How much is a franchise? Delivery store R595, 000.00 plus VAT.
10. How much do I need before I can apply for finance? At least 50%. of the total cost in your own money.
11. How long does finance take? Around 3 months.
12. Will I have to pay a deposit? No.
13. When will I sign the Franchise Agreement? After premises have been found and the lease negotiated.
14. Do you assist with lease negotiations? Yes.
15. Do you assist with finding me a site? Yes.
16. How many square metres do I require? Delivery store: 80 to 100 square metres.
17. Do I get an exclusive area in which to operate? No.

18. What are the hours of operation? Most delivery stores open from 8.30 am to 4.30 pm but you can stay open longer if you wish. We are normally closed on Sundays and Bank Holidays.
19. What are your royalties? 6% of turnover
20. Is there an Advertising Fund? Yes, currently 2% of turnover
21. How long will it take me to break even. Normally 3 months.
22. What is your gross profit? 64%.
23. How long will you take to open my shop? One month from receiving payment.
24. What is included? We offer a turnkey operation which means all your shop fitting, equipment, delivery vehicles and opening food stock is included.
25. How many staff will I need? We normally start with ten – four kitchen staff, one counter assistant and five drivers. If you choose a mall you will need extra staff to cope with the delivery and passing trade.
26. Will you assist me to choose the right staff? Yes.
27. What kind of wages would I have to pay them? The wages are as required by the Bargaining Council.
28. What training do I receive? One month at Head Office. One month on site.
29. What kind of support can I expect to receive? We have three Operations Managers to look after our 51 stores. We also have a team of managers and support staff. There are regular shop evaluations, newsletters and franchise meetings. The Franchisor is accessible to the Franchisees. We have an additional care program for new franchisees.
30. What do I do about suppliers? Being a large Group we have designated suppliers most of whom deliver the next day. All prices for products are negotiated and set at Head Office.
31. What products does the Franchise Group supply? Uniforms and mostly promotional items. We do not have a distribution centre at present.
32. Can we serve coffee? Yes.
33. Can we offer specials? Yes with permission from Head Office.
34. What do I do about stock control? We have a complete computerized stock control till system?
35. How long is the franchise term and is this renewable? Five years and it is renewable at no additional cost provided there have not been any breaches of the Franchise Agreement.
36. Can I sell my shop? Yes with approval of the new person by the Franchisor.
37. Do I have to run my own store? Preferably..

12. DELIVERY STORE:

PRICE R595,000.00 excluding VAT for a turnkey operation. This includes opening food stock to the value of R26,000.00

RECOMMENDED WORKING CAPITAL: R75,000.00

TOTAL INVESTMENT: R670,000.00

MANAGEMENT SERVICE FEES: 6% of net turnover

ADVERTISING FEES: 2% of net turnover

BANK FINANCE AVAILABLE (MINIMUM AMOUNT REQUIRED R310,000.00)

EQUIPMENT

- Opening food stock to the value of R26,000.00
- Shop fitting as per other Sandwich Barons
- Illuminated sign
- Alarm
- 2 flat screens
- 2 Slip Printers
- Desktop printer
- Microsoft office
- Back office computer system
- Fingerprint scanners
- UPS
- 2 Stools
- 2 Tables
- 8 Chairs
- 2 Glass table tops
- 2 Sets of table cloths
- 3 Telephones
- 1 Extractor fan
- Free standing shelving for the storeroom
- 2 Double Door Fridges
- 3 Large Chest Freezers
- 2 Double lockers
- 8 Stainless steel tables
- 1 Double bowl stainless steel sinks
- 1 Single bowl pot sinks
- 7 Galvanised shelves for stainless steel tables
- 2 plate industrial gas stove
- Flat top griller
- Industrial oven
- 1 Double fryer
- 6 Slip holders
- 2 Microwaves
- 1 Bread racks
- 1 Electric Carving knife
- 2 Catering 8 sliced toasters
- 1 Meat slicer
- 1 Urn
- Cutlery and Crockery
- Kitchen smalls and utensils

Stationery

All that you need

Uniform:

For Delivery Drivers

- 1 Delivery bicycle
- 3 Motorcycles fitted with sign written delivery boxes and full tanks of petrol
- 3 Full faced helmets
- Uniforms

Cleaning Equipment

All that you need

CONTACT SALLY J'ARLETTE-JOY - FRANCHISOR

CELL: 083 287 4745

OFFICE HOURS: 011 907 6237

FAX: 011 869 2923

Email: sally@sandwichbaron.com

Website: www.sandwichbaron.co.za

