

Section 4

6 *Frequently Asked Questions*

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- May I have a copy of your Franchise Agreement?
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- I perceive that it will be too expensive to go into shop front premises in my area. Is it absolutely necessary for me to make this move?
- Does this contract permit me to sell my business?
- What restrictions might affect my rights to sell the business?
- For how long is the franchise granted?
- What if I already have clients before becoming an SA&A franchisee?



6.1 What sort of person does SA&A look for?

The main attributes we look for are the determination to develop a successful business and the preparedness to undertake further study if necessary. We will accept accountants and non-accountants alike, but you do necessarily need to have a finance background. General business acumen is important, and people skills are essential as you will be responsible for developing relationships with existing and prospective clients, as well as looking after staff needs.

You come to us as an accountant looking to own a business. You will need to become a business owner who happens to be an accountant. An important distinction.

6.2 What financial assistance can I obtain if I need to?

We have excellent relationships with some of the major banks who understand and will fund the acquisition of an SA&A business. In addition, we do offer in very specific circumstances limited partial funding.

6.3 Can I talk to some of your existing franchisees?

Yes you can – once we have met with you, and you have entered Due Diligence, we will give you access to the whole network, and we would encourage you to speak to at least 6 franchisees.

6.4 How can I be sure that you will do what you promise?

Don't take it from us – speak to some of the existing members.

6.5 On what basis do you choose your franchises – how selective are you?

We are highly selective because we do not want you to join us if we identify that the SA&A model is not right for you. We look for ambitious, disciplined and capable people with a positive outlook – and who are happy, pleasant individuals.

Candidates must pass our "Kitchen Table Test" – would they be comfortable coming to our home and sitting in the kitchen for a chat over a cup of tea? Would they be comfortable inviting us into their home?

There has to be Sympatico for the relationship to work.



6.6 Who will be my link with you after I have opened the business?

A member of our team will be assigned as your mentor, and will always be available (at reasonable times) or by appointment) for ongoing assistance either directly or by email.

6.7 How much IT knowledge do I need to have?

We will only accept members who have excellent knowledge of, and experience in using, a Windows workstation. The majority of current desktop accounting software will only work on a Windows environment, but with the advent of cloud-based computing, the use of Apple OS or Android devices will be increasingly acceptable.

6.8 Do I get an area allocated to me?

We have exclusive territories. Members are only established in populated areas that will sustain an SA&A office.

6.9 How much working capital will I need?

Firstly, we recommend that you do not give up your "day job", instead working the SA&A business part time until there is sufficient volume to support you in a stand-alone business.

During the launch phase you must be in a position to support some marketing and advertising activity, which will require you to have at least \$5,000 on working capital.

By following our business launch processes, you should reach break-even in around six months, and can begin to draw a salary from the business within a year. You will need sufficient capital or other funding arrangements to cover this period.

6.10 How do I start looking for premises?

Possibly a better question is when, rather than how.

Some offices continue to work from home after years of existence because, with the advent of cloud computing, the need for large teams of bookkeepers has diminished. Others work from serviced or shared offices, and a few have set up shopfronts. The shopfront model does encourage "walk in" clients, but these tend to be individuals rather than businesses. Typically the fees from the "walk ins" will cover the outgoings of operating from a shopfront.



Contact all real estate agents who deal in retail leasing. Check out your local paper. If you have chosen a specific area and are unable to locate vacant premises, visit or write to all shop owners in the vicinity, shop owners are always considering moving on. From our experience finding a suitable location is rarely a problem.

6.11 Do you train me? Who pays for my training? Where do I go for training?

There is initial training, and on-going training – SA&A is committed to providing a learning environment throughout the tenure of each member office.

For the initial training, we have a set of training modules and determine what is appropriate. This training is provided in your home, office or a nearby hotel – that way we can assist in ensuring all systems are set up ready to go. Thereafter we will continue to provide necessary support to enable your business launch.

We may also work with our business partners and arrange additional specialist training by them as appropriate. This is only done with your agreement that this extra training is necessary.

We currently provide a 2-day Workshop in November or December and a 3-4-day Conference in May or June annually. Plus there are two cell group meetings in Perth, Sydney, Gold Coast and Melbourne – normally held in March and September.

Members receive books, CD's or DVD's regularly to supplement their education.

6.12 Is there an extra cost if I wish to bring my partner on the initial training course?

That is no problem and no addition cost, but the additional person will need a laptop and we will take a few minutes setting up the access keys to the cloud software. While subsequent training of your employees is your responsibility, we can provide that training for an agreed fee.

6.13 Do you provide instruction and operational manuals?

Yes – our manuals are available via our secure IP area of the website. As these are updated frequently, the printed copy you receive when you commence will rapidly cease to be current. We also have a knowledge data



base, basically an A-Z on accounting and tax, and this includes frequently asked questions.

6.14 What can I sell and what can I not sell?

All SA&A offices offer the full range of accounting services required by small business owners – bookkeeping, management accounting, business advice and compliance accounting. We process the IAS, BAS, annual returns for the business and the owners, Work cover, Superannuation returns &c.

We service sole traders, partnerships, trusts, companies, SMSF administration & audit, in the micro-business and SME sectors.

If individuals approach us, yes we will do their returns but this is not our core business.

We are developing additional income streams from loans, insurance and financial planning.

6.15 How much net profit can I earn from my operation?

This is really down to you but we want you to build up your turnover and profits consistently, aiming for an achievable turnover of \$240,000 + after 3 years. The normal “rule of thumb” for tax practices is that a third of your turnover covers the costs of overheads, with a third for staff remuneration, leaving you with a third of your turnover as profit at EBITDA (Earnings before Interest, Tax, Depreciation and Amortization), however we know that the SA&A system provides for significant efficiencies and improvement on these figures.

6.16 Is the business seasonal?

Not as much as the traditional Tax Practice. The SA&A system calls for monthly processing of much of the clients data, reducing the processing load at Quarter and Year End.

6.17 What fees do I charge?

We give you guidance on the level of fees that you should charge your clients but the final decision, based on the profile of your territory is up to you.

6.18 What hours do I need to work; do I spend all my time completing client accounts and tax returns?



We prefer you to retain your day job until the business supports you and you can leave your employer. On this basis, using evenings and weekends, you would probably assign fifteen hours a week at commencement, growing over time.

Once you leave your day job, you should be prepared to work normal office hours (typically Monday to Friday inclusive, 9am to 5pm plus an occasional early evening or weekend appointment). In your first few months, you should never spend more than half of your time on client accountancy affairs, as you need the balance of your time for marketing and development of your business, and office administration.

We would prefer the business owner to allocate 25% of their time to work **on** the business, and 75% **in** the business.

6.19 Do you have any minimum performance targets?

Only sensible ones, determined by your business plan. You prepare this using a standard SA&A template and we monitor this so that assistance can be provided if necessary.

It is **YOUR** plan, **YOUR** business, **YOUR** goals.

6.20 How do I find my clients?

We will supply you with multiple options for marketing and growing your business, and work with you to select appropriate strategies. Overseas, rents for shop front premises are far cheaper than here in Australia, so we recognise that you will work from your home office or a serviced or shared office for the first year or so. Only when the business size warrants should you move to the additional commitment of a retail outlet.

The retail shopfront does accelerate business growth substantially.

We cannot emphasize enough the importance of networking in your local area and the benefits this will bring to your business. Our most successful offices are those that approach this area with confidence and enthusiasm, appointing staff in a timely fashion and focusing on Business Development.

6.21 What advertising and promotional expenditure do you incur and do we have to contribute to it?

There is a National Advertising/Brand Awareness fund into which you pay at the rate of 2.5% of your cash turnover. This fund is used to promote the brand



on a national basis. You are responsible for your own local advertising and are contractually obliged to spend a nominated minimum amount. This starts at \$2,000 per annum and grows at CPI.



6.22 May I have a copy of your Franchise Agreement?

Yes, under the Australian Franchise Code you are required to be supplied with a contract specific to the area, legal entity and business name you will be operating under. This is supplied as part of the Due Diligence process.

6.23 Are there any returns that I need to submit?

Yes, franchisees must submit a monthly activity report to the Franchisor no later than the seventh working day of the following month, which gives details of client enquiries and sign ups, and revenue information for the last completed month. A royalty fee of 7.5% is applied to your turnover, reducing to 6.5% on turnover over \$500,000. In addition, franchisees are required to submit copies of their own Quarterly BAS's when lodged, and annual tax returns and accounts no later than 30th September annually.

6.24 What systems do you have for keeping franchisees in touch with yourselves and each other? Do you hold seminars?

We have a 2-day Workshops in Melbourne each November or December, plus a Conference in May or June, normally held in a State other than Victoria. We also have State Meetings in March and September where the members can invite us if they so determine.

The email, Skype and phone traffic between offices is heavy.

6.25 What IT hardware and software do I need? And what do you supply?

We supply you with a new laptop complete with MS Win & Office plus the links to our cloud software. We also supply your first year membership of both the MYOB and Reckon Professional Partnership programmes. As your business grows you may need a server, and we have a good relationship with a reliable firm who supplies good equipment at a reasonable cost.

6.26 If I perceive that it will be too expensive to go into shop front premises in my area, is it absolutely necessary for me to make this move?

If you are a Registered Tax Agent, it will be advantageous as soon as your business volume supports this move.

If you are a BAS Agent / Accountant / Bookkeeper then we accept that you may wish to start from your home office, but would expect that within 12 months you will need to move to an office.



The choice of the appropriate location is critical, and we will assist you in this selection. It is location, location, location translated as visibility, accessibility and affordability. This will help you to achieve the growth that we both seek.

6.27 Does this contract permit me to sell my business?

Yes, you are able to sell your business at any time. A neighbouring franchisee may be interested, or we might be able to find an incoming new franchisee to take over your business.

In order to protect the network, the National Support Office must approve the prospective purchaser.

6.28 What restrictions might affect my rights to sell the business?

Having assessed the value of your business, you must offer it to us in the first instance. This is to ensure that the price is reasonable – we do not anticipate making such purchases.

Assuming we do not purchase your business you have the right to sell it to any other third party who meets the franchise system criteria. You must sell your business as a going concern.

6.29 For how long is the franchise granted?

The term of the Franchise Agreement is an initial term of 10 years and one renewal for a further 10 years at that point. Thereafter by arrangement.

6.30 What if I already have clients before becoming an SA&A network member?

We have taken on some accountants who already have clients of their own acquired during the period before they joined us. Also, some of our existing franchisees have acquired blocks of fees from retiring accountants. In both these cases we have been asked to consider whether some relief can be given against charging our normal rates of royalty.

The established policy for both these scenarios is subject to a minimum annual fee base of \$25,000 being involved, we will allow the fees introduced or acquired to be kept in a separate pool and for two years only we will accept royalties at the rate of 3.75% on these fees. After two years these fees will be subject to full royalties.