

FRANCHISE

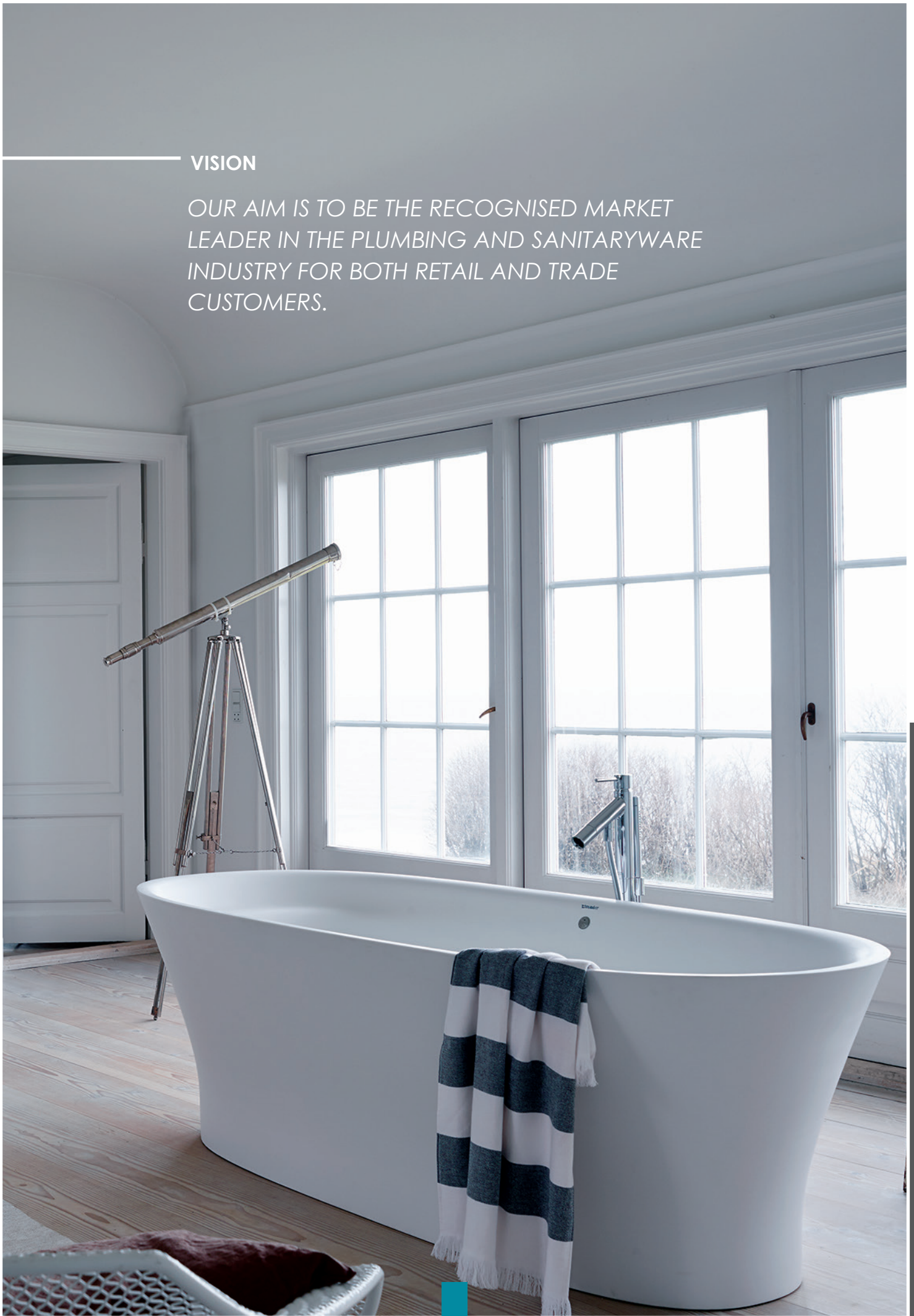
Prospectus



"THE SECRET OF GETTING AHEAD IS GETTING STARTED." MARK TWAIN

VISION

OUR AIM IS TO BE THE RECOGNISED MARKET LEADER IN THE PLUMBING AND SANITARYWARE INDUSTRY FOR BOTH RETAIL AND TRADE CUSTOMERS.





MISSION

A total dedication to personal and professional service supported by fast, friendly and efficient personnel, selling value add, quality products and services.

- To strive for the success of all stakeholders that are in a relationship with On Tap.*
- To provide good quality, value-for-money plumbing supplies and sanitaryware catering to both the trade and retail customer.*
- To be the partner of choice for its trade and retail customers, suppliers and franchisees.*
- To source the best products from some of the most reputable brands in the world.*
- To provide a working environment which is based on growth, career development and team spirit underpinned by transparency and honesty.*

ABOUT US

Since its establishment in 1990 in Pietermaritzburg, On Tap has grown into a national plumbing retailer with owner-managed stores across South Africa. On Tap proved its mettle over the years by forging relationships with industry-leading local and global brands, and by providing outstanding service and performance to its partners, suppliers and customers. Our first franchise outlet was established in Durban in June 1996. We have since grown with several stores present nationwide.

On Tap's "fast, friendly and efficient" culture was born from the Group's aim to build a clear, identifiable brand in the plumbing retail industry synonymous with quality products and exceptional service, which can still be seen today in all of the Group's business dealings.

Over the years, the revenue of the On Tap Group has successfully grown, preserving and increasing its market share. Thanks to the significant relationships established, On Tap is able to offer a wide range of bathroom and kitchen products, premium quality sanitaryware and plumbing supplies.

Through serving our clients with integrity, On Tap has become the partner of choice for both the public and trade.

ON TAP'S CATEGORY OF PRODUCTS INCLUDES:

- Sanitaryware
- Baths and basins
- Vanities and cabinets
- Shower enclosures
- Bathroom accessories
- Bathroom mirrors
- Taps and mixers
- Sinks
- Hot water systems and valves
- General plumbing
- Plumbing hardware
- Stainless steel plumbware
- Copper, PVC pipes and fittings
- Gutters and pipes
- Cast iron products
- Services



OPEN THE DOOR TO OPPORTUNITY

On Tap Franchise Holdings (Pty) Ltd is a Full Franchisor Member (in good standing) of The Franchise Association of Southern Africa (FASA). On Tap Franchises are run in accordance with established principles, designed to optimise business and help the brand grow. The Group supports franchise owners and staff, helping them improve all facets of the business.

On Tap Plumbing and Bathroom, the wholesale and retail division of On Tap Franchise Holdings (Pty) Ltd, operates within South Africa and SADC countries and focuses on retailing of finishing plumbing, bathroom and kitchen products to the plumbing sector and retail market. All franchises are owned and run by entrepreneurs but maintain a uniform look and feel for brand consistency. Each store has a showroom, featuring bathroom and kitchen products for retail consumers (including interactive displays) as well as a full serving trade counter for the plumbing customers.

Only franchisees in good standing with On Tap Franchise Holdings (Pty) Ltd are entitled to the use of the trademarks in any form whatsoever, subject to such guidelines, rules and regulations issued occasionally by On Tap Franchise Holdings (Pty) Ltd. Trade principles of the On Tap Group are based on three core ideologies: trust, integrity, and long-term relationships.



WHY AN ON TAP FRANCHISE?

Joining the On Tap Franchise Group holds a number of advantages for entrepreneurs. On Tap is currently a well-established, high-profile, and desirable national brand, with comprehensive representation in various provinces and prominent national marketing activity across various media.

On Tap provides initial support to a new franchisee, which includes:

- Site selection.
- Store design, layout and specification.
- Managing of set up costs.
- Monthly financial benchmarking and advice.
- Financial projections within the business plan.
- On-site support by field operators.
- Support for month-end procedures.
- Support for the initial local stocktake.
- Support for the first year-end procedure.
- Support with initial local sales and marketing strategy.
- Assistance and operational advice on staff recruitment.
- Credit management support.
- Inventory management support.

The On Tap Group provides advertising and marketing on a national level, which includes:

- TV and radio commercials.
- Communication, media and strategic plans.
- Media campaigns.
- Photography.
- Corporate identity.
- Point of sale.
- Label, packaging and brochure design.
- Website.
- Multimedia presentations.
- Social media.
- E-commerce.

On Tap thereafter provides ongoing support to franchisees, including:

- A Head Office Support Team offering an ongoing, improved and refined operational system that has been tried and tested.
- Expert advice and input from professionals in the fields of operations, marketing and finance.
- Sales and marketing advice.
- Operating system that provides the tools to manage stock, sales and accounting.
- Group bulk purchases in terms of pre-negotiated deals with core suppliers.
- Tailor-made trade and discount structures.
- Supplier value proposition.
- Financial guidance through group benchmarking.

On Tap's advertising is divided into three sections:

- Digital: This includes all social media, website and electronic newsletters.
- National Advertising: Print media, radio and TV advertising campaigns are conducted on a national basis.
- Regional Advertising: Local community advertising and marketing is conducted by individual stores, with the support of Head Office. Store owners are encouraged to locally promote their business.



PROFILE OF THE IDEAL FRANCHISEE

On Tap prides itself on adhering to the strictest franchising standards and, since each franchise is owner-managed, certain personal qualities are required to ensure the business is a success. If the owner is unable to manage the store, a manager can be appointed.

IMPORTANT PERSONALITY TRAITS REQUIRED TO OWNER-MANAGE AN ON TAP FRANCHISE ARE:

- A high degree of self-motivation and ambition.
- An understanding of accounting principles and the ability to be assertive with debtors.
- Good financial judgment and a sound credit rating.
- Understanding the importance of marketing within the marketing sector.
- Good set of interpersonal skills required, particularly in dealing with people.
- Retail experience and industry knowledge.
- Self-starter and driven.
- Adherence to a proven system.
- Team player.
- Stock management and control .

FINANCIAL ASPECTS

When considering a franchise, the following key financial areas must be considered:

APPLICATION FEE

The On Tap Franchise application fee is R5,000 for the first applicant. Should the proposed application have more than one business partner, a fee of R3,000 per applicant is applicable. If the application is successful, the Application Fee will be deducted from the Upfront Fee.

UPFRONT FEE

The Upfront Fee for an approved On Tap Franchise within the borders of South Africa is R185,000 (excl. VAT). For approved On Tap Franchises outside South African borders, the Upfront Fees are R300,000. The initial Upfront Franchise Fee is payable in full to the Franchisor upon signing the Franchise Agreement. This fee covers:

- Two weeks training and accommodation for two people in either Cape Town or Pietermaritzburg.
- Operations and Procedures manual.
- Use of the On Tap Plumbing Supplies trading name, logo and business system.
- Access to intellectual property.
- A visit by the Franchisor to the Franchisee's premises to inspect and advise.
- Legal and financial charges.

SET-UP COSTS

The estimated Set-up Cost for a new franchise is R2,600,000. This is an estimate and includes the site deposit, shop fitting, signage, furniture, opening stock and operating capital (12 months).

This amount may change according to geographical location, the square meterage (m²) of the store, and the chosen concept. In addition to this, it is advised that the company vehicles and computer hardware must be acquired on a Lease Agreement or Hire Purchase.

ONGOING PAYMENTS / FRANCHISE FEE

- A monthly franchise royalty fee of 1.5% (one-and-a-half percent) of the total monthly stock purchases (excl. VAT) of the Franchisee is payable by the Franchisee to the Franchisor.
- A monthly advertising and marketing fee of 1.5% (one-and-a-half percent) of the total monthly stock purchases (excl. VAT) of the Franchisee is payable by the Franchisee to the Franchisor.

CONCLUSION

Since its establishment, On Tap has become one of the most recognisable franchises in the South African sanitaryware and plumbing market.

On Tap provides initial and ongoing support to our franchisees helping both upcoming and established entrepreneurs who are looking to either break into the market with a reputable franchise, or expand their current business operations.

Our professional and experienced staff and management teams are able to offer you optimal franchise solutions through our renowned fast, friendly and efficient service, making your On Tap franchise a success.





For more information or queries, please contact us:

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