



Out of the Cot

Franchise Opportunity



The Opportunity

Out of the Cot is a successful business for many reasons. It offers high quality children's furniture, gifts, toys and assorted products – all in one well displayed and decorated location. Out of the Cot has experienced tremendous success in the children's retailing market.

Our Objectives

A well run business that is in a viable market with great operating systems and making consistent profits will be an attractive proposition to our franchisees.

Why did we choose to franchise?

For our business Out of the Cot, we are seeking to grow our brand across Australia. Franchising offers a business growth model that will allow us to reach our desired goals and aspirations by:

- Efficient leveraging of our IP and systems
- Planned and controlled growth
- Continual learning from a talented group of franchisees
- Access to local markets and increase our buying power
- Share our success with many others
- Increase our marketing spend and enhance our brand power
- Increase brand strength and its market share and viability
- Greater purchasing power from suppliers
- Lack of franchised children's industry retail networks when compared to the size and potential of the market
- Under franchising - group education, strict training practices and techniques are adhered to and knowledge shared.
- Delivery of knowledge, new techniques and skills to franchisees can be achieved quickly as opposed to independent operators.





Background

Out of the Cot operates in the retail kids market yet competes across several niche markets within it. We have limited competition with the greater bedding and furniture retailers who cater only very marginally for children. Toy World and Toys'R'Us are more direct competitors on the toy and giftware front but they offer very limited children's bedding and furniture stock.

Out of the Cot toys are quite unique and not normally found in the large chains. This combination gives Out of the Cot a unique product and service offering and positive marketing. The growing positive word of mouth advertising from existing customers is an invaluable tool in growing the brand locally.

The Market

The market for children's products, from furniture to toys, is considerable and growing exponentially due to changing demographics and spending habits. Australia has experienced a 2.1% growth on average in real disposable income each year over the 20 year period ending June 2009. Generational shopping patterns also show that parents are not shy of spending their disposable income on their children; wanting good quality, generally brand name products. High end retailers internationally have also reaped the publicity benefits of celebrity shopping habits with parents often replicating these habits domestically.

Industry Growth

It is predicted that sales of children's bedroom furnishings will increase by 9.9% over the next five years in the US. A recent survey conducted showed that 70% of parents preferred furniture and accessories which would remain suitable for their children for many years. The survey also found that parents would be enticed to pay more for products if this feature which encompasses taste and quality is present.

Out of the Cot's demographic comprises of mostly parents aged in their late 30's or early 40s. Since 2000, women aged 30-34 have recorded the highest fertility rate of all age groups with 124 births for every 1000 women in 2009. Women aged 35-39 and 40-44 have the highest growth of fertility rates of any age group in recent years. The Australian Bureau of Statistics predicts that the trend of older ages of mothers at birth of children will continue. Even in a tough but improving economic climate, the children's furniture and accessory industry is growing around the world.

Why should you buy an Out of the Cot franchise?

Parents prefer to purchase quality furniture and accessories for their children. Having these quality items is a top of mind topic for parents particularly in Out of the Cot's target market.

There are three primary factors driving the Children's Furniture and Accessories Market:

1. Changes in Generational

Spending Habits – Parents are now spending more on their children than ever before. This can be linked to the trend of people having children later in life as they generally have established careers, less travel ambitions and a house they wish to furnish with quality matching decor. This leaves parents with not only the ability to purchase quality furniture and accessories for their children, but also the desire. Grandparents have also embraced this change in spending. This group is a “momentum driver” for the Children's Furniture and Accessory Industry. Equally, for those who market opportunities in this area, will find this group to be a great source for expanding your business.

2. Home Decorating Trends –

Throughout the economic downturn, many families have decided to ride out the property slump in their own homes. Many have turned to cheaper and arguably easier methods of home improvement such as decorating. This combined with the recent entertainment trend of ‘home improvement’ television shows, have seen an increase in furniture and accessories spending.

3. Changing Economics – Around the world, more and more people are moving toward the middle class. The research indicates that people who spend on quality children's furniture and accessories can afford to do it. Countries like Brazil, China and India are examples of major global markets where there is a growing middle class. As the masses have more money and become more educated on the value of quality children's products, they will drive the Children's Furniture and Accessories Market.





You now know the market – so what can we offer:

- Be part of the growing and innovative Out of the Cot niche market
- Be your own boss
- Successful business model

What you will receive:

- Training
- Operational Templates
- Unrivalled Support
- Defined Territory - based territory distribution on a minimum target of 50,000-60,000 aged 0-14 year olds.
- Office and Administration Assistance via manuals, equipment and training
- Out of the Cot Brand and Culture – stationery packages
- Out of the Cot Speedy POS software and training
- Local area marketing guidance
- General administration assistance
- Retail product knowledge
- Staff recruitment and management (HR) via manuals
- Accounting and payroll assistance
- Supplier management – key lists of approved suppliers
- Financial management support and assistance

Day to Day Operational Assistance via manuals and training (initial and ongoing)

- Out of the Cot reporting and franchise requirements
- Customer Service and sales and interaction techniques
- Occupational Health and Safety
- Operational duties
- Stock placement
- Use of POS equipment
- Bedroom design
- Loyalty program
- Cleaning and sanitation

Training is a two week process with one week at head office/company store and one week onsite training (once your store has been set up and operational for one month.) This will be dependent on the level of knowledge a franchisee and their team have when joining the Out of the Cot group.

My investment is:

Once off fees:

- An initial franchise fee of \$30,000 which is your licence for 5 years with the right to renew for a further 5 plus 5 years.
- An initial Training Fee of \$5,000 will form part of the initial franchise fee included in your \$30,000 initial investment fee.

Ongoing Fees:

- Monthly service fee 4% of gross weekly sales paid weekly
- Marketing fee 2% of gross weekly sales paid weekly [this is for network promotions and branding].





What we are looking for:

Are you our Ideal Franchisee?

Successful franchisees are:

- Committed
- Passionate
- Business Minded
- Have a flair for creativity and design
- Love children
- Desire to own a business, be willing to “stand out from the crowd” and deliver outstanding friendly customer service.
- Willing to learn and be part of a team and growing network
- Financial stability and be able to submit a business plan
- Successful police check

About the founders:

Emma pic

Lyndel pic

Stefan pic

Out of the Cot have talented and committed business owners, a developed management team and an extremely high level of industry knowledge. Emma and Lyndel are significantly experienced in store design and fit out and the general retail industry, particularly furniture. They have been exploring and perfecting the current store model and product list while actively growing the business using various advertising mediums.

Owner/Operators:

Emma has numerous years of experience in diverse areas of the retailing industry from importing/exporting and logistics through to store and financial management. Her ability to source quality products and superior shop fittings has assisted in the success of Out of the Cot. Emma displays herself as a passionate and talented manager that is capable of leading a team, training new franchisees and building a strong culture that is focussed on delivering outstanding customer service and children's products.

Lyndel is the co-owner/operator of Out of the Cot and has a strong marketing, customer relations and shop design skill set. Lyndel is responsible for buying the products which Out of the Cot uses to create such a strong brand. Lyndel has created an enticing children's store which is uncluttered, easy to navigate and informal. Lyndel's skills can be easily expanded to cater for a larger number of stores in the shop fitting role, training new franchisees and group marketing role.

Stefan is a Director and navigates the role of Financial Officer for Out of the Cot. [\[need more background on Stefan\]](#)





Key Questions

Q1. What is the first step in obtaining an Out of the Cot Franchise?

The first step is to completely fill out and submit an Application Form. Once your Application Form has been reviewed we will follow up with a short phone interview. After your phone interview we will then make contact again to let you know if your application has been approved; if it is successful we will then proceed to work through the application process with you. This includes inviting you to a Discovery Day where you will get to know us and we will get to know you.

Q2. What determines the number of franchisees to be appointed?

Franchisees will be given a generous and defined territory; the territory distribution is based on a minimum target of 50,000-60,000 aged 0-14 year olds. Out of the Cot will assist in defining the territory and store location.

Q3. Do I need any qualifications or specific experience?

No experience is required; although related experience is useful. We will provide comprehensive training at our company stores and assistance onsite. Passion, commitment, business minded, and have a flair for creativity and design are the core traits we are looking for in a franchisee. A franchisee must also complete a police check.

Q4. What is the initial Franchise Fee?

The franchisee pays an upfront initial franchise fee of \$30,000 (ex GST); this is your licence for 5 years. An initial Training Fee of \$5,000 is included in your initial \$30,000 franchise fee.

Q5. What are the continuing royalties?

- Monthly service fee: 4% of gross weekly sales paid weekly
- Marketing fee: 2% of gross weekly sales paid weekly (this is for the network promotions and branding).

Q6. What is the total investment for an Out of the Cot franchise?

The maximum investment is \$180,000 (ex GST). Out of the Cot is a retail business so the maximum investment is dependent on store size, fit out, and location. All of these questions and financial investment will be discussed with you in further detail during the application process and should be discussed with the franchisor, a lawyer, business advisors, and your accountant.

Q7. How long is the Franchise Agreement and is there an option to renew?

An Out of the Cot Franchise Agreement is 5 years, with the right to renew for a further 5 plus 5 years.

Q8. Are there options for sale?

If for whatever reason you wish to sell your Out of the Cot franchise then there are set procedures to follow. This will be discussed in more depth with you during the Discovery Day.

Where to from here?

If you are interested in becoming an Out of the Cot franchisee and would like to find out more, please complete the Application Form (marked confidential) and return to:

Out of the Cot

322 Magill Rd
Kensington Park
South Australia 5068

Phone: (08) 8431 5501

Fax: (08) 8431 5561

Email: info@ootc.com.au

Contact: Emma Kaines

Position: Managing Director

Between us our next steps will be:

1. Your Application Form will be reviewed followed by a short phone interview.
2. If your interview is successful we would love to invite you to a Discovery Day at our Magill Road Store, for an in depth look at Out of the Cot. Where you will get to know us and we will get to know you.
3. If both parties are willing to progress we will provide you with a sample of the franchise documentation to assist with your further due diligence.
4. We will then work closely with you in assisting with suitable premises and the important documents and legal processes.
5. Importantly we work at your pace and are available to assist wherever possible during your application and due diligence process.
6. You will then be invited to attend our training course in Adelaide.
7. Finally, welcome to Out of the Cot.



JOIN NOW!

**Join the growing Children's
Furniture and Accessories
Market by owning an Out
of the Cot franchise!**

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