

Breaking Down the **FRANCHISE CODE OF CONDUCT** and the **DISCLOSURE DOCUMENT**



Prepared by:



Australian franchises follow a set of rules and regulations put in place by the Australian Competition & Consumer Commission, or ACCC. These regulations were established to help form good relationships between the franchisor and the franchisee, and their main purpose is to ensure that prospective franchisees are well informed on the business before signing on the dotted line.

The two major documents that prospective franchisees need to be aware of are the Franchising Code of Conduct and the Disclosure Document. When you apply to be a Signarama franchisee, you will receive these documents from us, the franchisor, to learn valuable information about our brand.



THE BENEFITS OF THESE DOCUMENTS

The Franchise Code of Conduct and the Disclosure Document both serve important purposes for prospective franchisees. They are important tools that you can use as you research the franchise brand in which you are interested in investing.

These two documents serve three main purposes:

1. Keeping the franchisor and franchisee on the same page
2. Letting the franchisee know what to expect before you invest
3. Taking the first step toward preparing the franchisee for owning a business

Because these are important documents, and we want all of our Australian Signarama franchisees to be well-prepared for the franchising process, we have put together this ebook to give you the rundown of the Code of Conduct and the Disclosure Document.

CODE OF CONDUCT

The Franchising Code of Conduct—usually called the Code—came into law with the Competition and Consumer Act of 2010, and it officially replaced the old code in January 2015. There are several pieces of the Code, placing obligations on all franchise agreements entered into in Australia; the three sections of the Code that are most significant for franchisees are the good faith agreement, pre-signing information sheet, and the marketing fund.

GOOD FAITH

In every franchise agreement entered in Australia, both franchisor and franchisee

are obligated to act in good faith toward one another, meaning each party must act honestly and with relevant purpose in all their business dealings together. This is essentially a provision in the law that prohibits either party from undermining the other, or using its power arbitrarily without considering legitimate needs of the other party.

PRE-SIGNING INFORMATION SHEET

One of the most valuable pieces of the Code is the pre-signing information sheet, which the franchisor provides to the prospective franchisee before



HONESTY

entering into a contract. The pre-signing information sheet is invaluable to you and the research you are doing on the franchise opportunity because it details the risks and rewards of franchising.

MARKETING FUND

Signarama, like many franchisors, has a dedicated fund to use for marketing our brand and our individual franchisees. The marketing fund provision of the Code requires franchise brands to set up such a marketing fund, and provide information to prospective franchisees about where these funds are

going. Because franchisees are required to pay into this fund, you need to understand where that money is going.

The general marketing fund is useful to all our franchise owners and the brand in general. Raising general awareness of

our brand is great for your business and can help attract customers to your franchise. Even better, these marketing funds help you with your individual marketing and public relations efforts by creating materials, strategies, and promotions that you can use on the local level.



DISCLOSURE DOCUMENT

True to its name, the Disclosure Document discloses important information about the franchisor and the brand in which you are investing. The key information in the disclosure document includes financial and investment information about Signarama, contact information for our other franchisees, and the terms of the franchise agreement. Arming yourself with this information will keep you well informed as you go into the franchise process.

Financial Information

It is no secret that becoming a franchise owner is a big investment of time, work, and money, so understanding your financial commitment before you get started is smart. The disclosure document's financial information section includes:

- Startup costs
- Franchise fee
- Marketing fund contributions
- Royalties
- Estimated equipment and construction costs
- Other financial obligations

Contact for Other Franchisees

What is the best way to get an understanding of the day to day life of a Signarama owner? Talking with people who live that life every day: existing Signarama franchisees. The disclosure document includes contact information for former and existing franchise owners, and we recommend that anyone interested in our opportunity get in touch with one or two franchisees to learn from their firsthand experience.

Here are some ideas of questions to ask our franchise owners:

- What is a typical day like?
- What have you learned as a franchisee?
- How often do you use the company marketing tools?
- What is your preferred way to market your company?
- Do you work as a team with other franchisees?
- What is the biggest reason you chose Signarama?

Bonus

Getting to know franchisees in your area will be a benefit when you open your own business, as you will already have a relationship with someone in the network. These relationships can be incredibly helpful when you have questions, business ideas, marketing proposals, and more.

Terms of the Agreement

The franchise agreement is the contract — signed by you and Signarama — that details each party's responsibilities and rights in the business relationship. A key part of the disclosure document is informing you on the terms of this agreement so you can take the time to understand it before you sign.

Some of the details of the agreement will include:

- How long is the agreement?
- What happens at the end of the term?
- Will you have the option to extend or renew?
- What is your defined territory?
- What are the responsibilities of the franchisor and the franchisee?

The biggest benefit of the Code and the disclosure document is that it lets you know exactly what to expect from the whole process of investing in and opening a franchise. As you navigate your prospects and get ready to go into business for yourself, these invaluable resources tell you everything you need to know to make an informed decision.



The Signarama franchise opportunity allows you to combine the independence of owning your own business with the support and experience of a large corporate network. Do you have what it takes to be a Signarama franchise owner?

VISIT US AT
WWW.SIGNARAMAFRANCHISE.COM.AU
TO FIND OUT!



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Sources:

<https://www.accc.gov.au/business/industry-codes/franchising-code-of-conduct>

<https://www.accc.gov.au/publications/franchisor-compliance-manual/the-franchisor-compliance-manual/pre-entry-disclosure-and-cooling-off/disclosure-document>

<https://www.accc.gov.au/business/franchising/acting-in-good-faith>