

# vida e caffè – the franchise process

## Introduction

**vida e caffè** was born out of a reaction to mass market Americanization of the espresso bar and a desire to return to the roots of espresso preparation. Our company opened its first South African bar in Cape Town's Kloof Street in November 2001.

The espresso bar was an instant success, establishing **vida e caffè** as the foremost authority on espresso in the city. **vida e caffè** is now a successful chain of espresso bars currently expanding nationally in South Africa with 35 existing shops and further expansion in the New Year. The business is 8 years young and a large part of the success has been due to the tireless efforts of **vida e caffè** invaluable staff members, currently numbering some 500, and their real passion for what they do.

We are about to embark on the next phase of our growth which we will be opening our brand out to owner operator outlets. We will provide trained staff to all our franchise outlets.

We have also been ahead of industry standards with regards to starting salaries and many of our incentivised staff see very quick growth through our training programs. We create an environment of succession with our policy of growth from within.

**vida e caffè** sites occupy from 110m<sup>2</sup> to 35m<sup>2</sup>, and range from the traditional community high street cafe to the shopping centre capsule. The bars serve on average 700 customers per day from these sites, which are designed with the customers experience as the focal point. Some of our key locations are Victoria and Alfred Waterfront, Cavendish Square, Camps Bay, Constantia Village, The Zone in Rosebank and Hyde Park. The espresso bars are inspired by the traditional street side cafes of Lisboa, built from hardy rare woods, sandstone and porcelain tiles. **vida e caffè** baristas are trained to adhere to the strictest European extraction techniques resulting in real espresso, prepared the right way.

As a Company we have also purchased residential properties that are within walking distance to several of our shops, in Bo Kaap, Bellville, Summer Greens, Woodstock and Claremont for our Cape Town staff. We also rent property in Greenside - Johannesburg, Irene – Pretoria, Knysna and have two additional rentals in Durban. This has effectively allowed many of our key staff members to move out of the underprivileged areas, therefore not only improving their standard of living, but also saving them time and money by being so close to the shops.

Our next endeavour is to empower our staff even further by creating a staff trust, which we hope to enrich with 26% of the equity in our corporate owned stores. By providing our staff with shares in **vida e caffè**, we are confident that their high spirits, loyalty and passion behind our product and service will continue to exceed the highest expectations



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## Vida - Director's

### Grant Dutton

Grant is presently the CEO of **vida e caffè** Group. His tenacity and vision took the company from 3 stores to 35 stores nationally! His previous experience spans from being an owner/manager in the retail Fuel and Diesel Industry in South Africa to having ownership and management of a number of other successful franchise stores over a period of 7 years. Grant also earned a Bachelor of Commerce degree, with a Major in Information Systems and Technology from the University of Cape Town, South Africa.

### William Dutton

William began his involvement in the restaurant industry in the year 2000, running a Primi Piatti restaurant. From there he went on to become a Wimpy franchisee and open two successful Wimpy franchise stores, with both restaurants achieving service ratings in the top 3 in the Western Cape! William, the youngest Wimpy franchisee ever, was also awarded second place in the *Franchisee of the Year Awards*. After joining **vida e caffè** in 2004 as an owner he then joined Grant in purchasing the companies outright. He now is the Operations Manager of all **vida e caffè** stores nationwide.

### Shaun Bond

Originally from an advertising and creative background, Shaun worked with some of the top advertising agencies in South

Africa, dealing with many well known brands including Standard Bank; Nando's and City Lodge. He joined up with Grant

and William Dutton in October 2004 as a shareholder in **vida e caffè** and presently heads up the marketing for all stores nationwide. He is presently running our London operation.

### Lloyd Stocks

With degrees in Sales; Marketing and a BComm., this South African Wakeboarding Champion opened and ran his own before joining **vida e caffè** in June 2006 as a shareholder. He now runs development of all stores nationwide and is the Project Manager for **vida e caffè**

### Paul Osborne

A new addition to the **vida e caffè** group, Paul has an extensive background within the financial and corporate markets. With a Bachelor of Commerce and a Honours Bachelor of Accounting Science he has shown his proficiency as a Corporate Financier working for BDO Capital in Johannesburg and BDO United Kingdom for the last four years. His area of expertise include consulting and advising on mergers and acquisitions, black empowerment structures, transaction support, due diligence reviews and valuations, raising necessary finance for the transactions and in preparation of business plans, cashflow forecasts, analysis of financial statements and industry research.



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## **Our Staff**

**vida e caffè** currently employs 474 full time staff and with our rapid growth we expect to employ in excess of 500 staff

members by the end of 2009. These staff members have been employed for their unique qualities, passion for life and their desire to ensure the customer a great experience. All staff member undergo intense theoretical and practical training in store and at the **vida e caffè** Head office to ensure quality products and service at all times.

## **What you get**

### **Turnkey shop setup**

We usually look at between 40 – 70sqm internal seating and 20 – 30sqm outside seating in a high footfall position within the mall. We will design and build your shop with our very experience team of professionals. As well as assist you too get the best possible lease and landlord contributions.

### **Training**

With us training is everything. First you attend a basic skills course which covers all aspects of our operation. Second, you then go to work in a training shop where you get an opportunity to learn all the skills, with our passionate staff.

### **A Legal Agreement**

A franchise agreement, given you the right to operate a **vida e caffè** business

### **An Operational Manual**

This will be a tool to help you run your business to the **vida e caffè** standards

### **Support**

On-going support is available when the training period ends. Our dedicated and proven team is available to help with answers to your problems, or offer any extra training needed.

### **Staff recruitment**

We will always have fully trained staff available for you to recruit.



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## Making Money

Example Numbers based on the business model from a spread of **vida e caffè** outlets, each shop is unique so this is merely a guideline.

Remember this model is based on Owner/Operator. Any loan or lease repayments are not included.

This is the business model, it is up to you to bring the figures in.

The setup cost for a **vida e caffè** should not be more than R1 million rand excluding vat which includes the license fee of R150k, this obviously would depend on the size of the shop and the landlords contribution. We charge a monthly royalty of 10% of turnover.

Monthly Average Turnover		100	150	175	200	250
Turnover per Annum	%	1200	1800	2100	2400	3000
Cost of Goods	38%	456	648	756	864	1080
Waste	2%	24	18	21	24	30
Gross Profit	60%	720	1134	1323	1512	1890
Labour	14%	168	216	252	288	360
Rent & Utilities	15%	180	270	315	360	450
Operating Expenses	10%	120	144	168	192	240
Royalties HO	10%	120	180	210	240	300
	11%	132	324	378	432	540
Initial Investment R1m	ROI	13%	32%	38%	43%	54%

