

# Operations Manual

*Service & Retail Edition*



FRANCHISE**NOW**

# How to use this manual to develop your own franchise

## About this manual

In the following guide you will find the foundational building blocks necessary to create an operations manual for your company. A well-written operations manual enables your franchise branches to represent your brand consistently and profitably. It also provides a great opportunity to clearly define your business operations. While every successful business has a general idea of their operations, few know their business at the level of detail the operations manual demands. By investing the necessary time and resources to complete this manual, not only will you be on your way to franchising, your existing business will benefit greatly as well.

## The importance of developing Standard Operating Procedures

As you read through this manual, you will begin to understand the importance of developing a set of standard operating procedures (SOPs). A key factor in building a successful franchise is standardization. Regardless of the franchise location and ownership, standardization ensures clients will always be met with a consistent experience. For example, McDonald's is regarded as one of the world's most successful franchises. Thanks to standardization, their food is the same whether you're in Baton Rouge, Louisiana or Albuquerque, New Mexico. You always know what to expect when you see those golden arches.

## The purpose of this manual

This manual was created using a fictitious window cleaning company named *EventTone Wireless*. This content was provided to give you an example of a typical operations manual. As you customize the document to reflect your business, the name and many of the details will change. We recommend you save multiple copies through the writing process. This will allow you to refer to this document as the master template and your document as the new customized operations manual.

## Guidance boxes

We've also included valuable text boxes with questions, notes and additional information to help you write each section. Read each box carefully before beginning each section. An example of guidance box:

## Introduction pages

At the beginning of each chapter you will find a page outlining the goals for that chapter, questions to ask yourself, required materials and other important information to review.

## Guidelines for preparation of the manual

- Remember, the operations manual is a living, breathing document. As such, the contents will continue to change over time right along with your franchise's standard operating procedures. Therefore, prepare the manual in manner that accommodates updates as they may occur from time to time.
- Many new franchisors do not have a written set of SOPs. Your franchisees will likely have little existing knowledge of your industry. The manual should be written in a manner that is easy to understand, even for the complete layperson. Manuals that are too complex or overly technical will be of little or no use to your franchisees.
- Leave no stone unturned, no detail unaddressed, and no procedure left to the discretion of your franchisees. Detail, detail, detail.
- Your manual should address different operation procedures, if any, as they relate to differences in geography, population, and other conditions that could affect the successful operation of a franchise.
- Maintain consistency between the manual and FDD. Discrepancies between the two documents could lead to legal trouble down the road.
- Obtain legal review. It is absolutely critical that you acquire local legal council to review your operations manual, franchise agreement and FDD. We are not legal experts; entering into franchising without legal oversight is an accident waiting to happen. Because franchising is such a litigious industry it is critical you do not skip when finding an attorney. Your attorney must have a long track record of specializing in the franchise industry.

## Let's get started!

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# Chapter 1: Introduction

Welcome to EventTone Wireless! Before delving into the program, please sign the Confidential Disclosure Agreement. The contents of this manual are confidential and proprietary. They are protected as trade secrets under the federal Law of Intellectual Property. This operations manual is the property of the franchisor and is licensed for your use as a guide and reference tool in the operation of your EventTone Wireless franchise. Access to its contents should be limited to those who have signed the confidential disclosure agreement. Please protect and safeguard the Manual. It can help guide you to a successful business enterprise. Finally, be sure to keep it current with the latest updates.

## How to use this manual

### EventTone Wireless Operations Manual

The EventTone Wireless operations manual is designed to assist you in the development and operation of your franchise. The operations manual must be used in conjunction with the Franchise Agreement. Upon signing of the Franchise Agreement you have agreed to operate the Business pursuant to the terms of the Franchise Agreement and to use the operations manual solely in the manner prescribed by franchisor. This includes complying with the Franchisee Obligations in the Franchise Agreement, exhibits and manuals.

It is your responsibility to understand and implement the methods of service to the specifications and standards required by the franchisor. Every detail of the design and operation of the Business is important in order to develop and maintain uniform operating standards.

### Updates to the manual

*Providing updates to your manual online gives your franchisees quick access to new information. This is especially helpful for chapters such as Marketing, which change quickly. Consider using a website devoted to your franchisees with a password-protected login.*

In a continuing effort to provide better service to our clients and build a stronger business, periodic updates will be made to the manual. Updates will occur either via mail or through a website-based system.

*An operations manual is the lifeblood of your franchise system. The document below helps protect your manual and outlines its proper use. There are two copies – one for the franchisor and the other for the franchisee.*

## Confidential Disclosure Agreements

### Operations Manual Confidentiality Agreement

Confidential Disclosure Agreement:

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between \_\_\_\_\_ with offices at \_\_\_\_\_ (hereinafter "Franchisee") and \_\_\_\_\_, with offices at \_\_\_\_\_ (hereinafter "Franchisor").

WHEREAS Franchisor's operations manual contains certain ideas, information, and trade secrets that are confidential and proprietary to Franchisor (hereinafter "Confidential Information"); and

WHEREAS the Franchisee is willing to receive disclosure of the Confidential Information pursuant to the terms of this Agreement for the purpose of operating the franchised business.

NOW THEREFORE, in consideration for the mutual undertakings of the Franchisor and the Franchisee under this Agreement, the parties agree as follows:

1. **Disclosure.** Franchisor agrees to disclose, and Receiver agrees to receive the Confidential Information.

#### 2. Confidentiality

2.1 **No Use.** Franchisee agrees not to use the Confidential Information in any way, or to manufacture or test any product embodying Confidential Information, except for the purpose set forth above.

2.2 **No Disclosure.** Franchisee agrees to use its best efforts to prevent and protect the Confidential Information, or any part thereof, from disclosure to

any person other than Franchisee's employees having a need for disclosure in connection with Franchisee's authorized use of the Confidential Information.

**2.3 Protection of Secrecy.** Franchisee agrees to take all steps reasonably necessary to protect the secrecy of the Confidential Information, and to prevent the Confidential Information from falling into the public domain or into the possession of unauthorized persons.

**3. Limits on Confidential Information.** Confidential Information shall not be deemed proprietary and the Franchisee shall have no obligation with respect to such information where the information:

- (a) was known to Franchisee prior to receiving any of the Confidential Information from Franchisor;
- (b) has become publicly known through no wrongful act of Franchisee;
- (c) was received by Franchisee without breach of this Agreement from a third party without restriction as to the use and disclosure of the information;
- (d) was independently developed by Franchisee without use of the Confidential Information; or
- (e) was ordered to be publicly released by the requirement of a government agency.

**4. Ownership of Confidential Information.** Franchisee agrees that all Confidential Information shall remain the property of Franchisor, and that Franchisor may use such Confidential Information for any purpose without obligation to Franchisee. Nothing contained herein shall be construed as granting or implying any transfer of rights to Franchisee in the Confidential Information, or any patents or other intellectual property protecting or relating to the Confidential Information.

**5. Term and Termination.** The obligations of this Agreement shall be continuing until the Confidential Information disclosed to Franchisee is no longer confidential.

**6. Survival of Rights and Obligations.** This Agreement shall be binding upon, inure to the benefit of, and be enforceable by (a) Franchisor, its successors, and assigns; and (b) Franchisee, its successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

Franchisor ( \_\_\_\_\_ )

Franchisee ( \_\_\_\_\_ )

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### ***Franchisor Copy***

## **Operations Manual Confidentiality Agreement**

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- (b) has become publicly known through no wrongful act of Franchisee;
- (c) was received by Franchisee without breach of this Agreement from a third party without restriction as to the use and disclosure of the information;
- (d) was independently developed by Franchisee without use of the Confidential Information; or
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Franchisor ( \_\_\_\_\_ )

Franchisee ( \_\_\_\_\_ )

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

***Franchisee Copy***

*We recommend selecting and retaining a law firm with experience in business law, intellectual property, or a similar field. In addition to setting up your legal structure there will be many instances where you will require assistance or expertise in various aspects of your business.*

*The Internet is a great place to find free legal resources. For example, [www.business.gov](http://www.business.gov), managed by the Small Business Administration, is a great resource for compliance, and other legal issues.*

## Chapter 2: Welcome to EventTone Wireless

*Below is an introductory letter from the president. It welcomes the new franchisee into the company and congratulates them on making a wise and fulfilling choice. The tone is warm, professional, and upbeat.*

### Letter from the EventTone Wireless President

Welcome to the EventTone Wireless franchise. As owners of the original EventTone Wireless, we share in your excitement about the Two-Way Radio and Wireless Equipment business. Over the last few years we have been hard at work developing a solid business model that has allowed us to be tremendously successful – and profitable! Now we want to share our superior system with franchisees just like you, and help you deliver the same consistent quality that EventTone Wireless clients have come to expect from our business.

Our training program will guide you through our processes and every phase of the business, giving you the necessary skills for the success of your franchise. The degree of your success, however, will depend upon your willingness to learn and communicate with us and with your clients. Your success is also a function of the amount of time and effort you are willing to devote to learning and executing each phase of the business.

It is our goal to provide support and services to you with the highest level of honesty, integrity and professionalism. EventTone Wireless takes the partnership we form with our franchisees very seriously; it is the foundation of our success. From lead generation programs and cutting-edge technology to branding campaigns and customizable marketing tools, our support is second



to none. Comprehensive training and ongoing support will keep you and your staff knowledgeable and competitive at startup and beyond.

EventTone Wireless is positioned to do great things and we are delighted that you are along for the ride. As a leading two way radio and wireless equipment services firm, EventTone Wireless has achieved recognition and respect while building market share. Our potential is limited only by the creativity of our management and the vision of our owners. Our future in this “growth” industry is flourishing, and we welcome you!

Sincerely,

James DeRosa  
President & Founder  
EventTone Wireless Franchises

*You will continue the chapter by giving a brief history of the company. This will allow the franchisee to feel as if they are a part of something with a firm foundation and a good story. Everyone loves to feel like they are a part of something big, something that is ever-growing, something that is successful today and will be increasingly successful in the future.*

## History of EventTone Wireless

The idea for EventTone Wireless started when the founder of EventTone Wireless, James DeRosa, was working at the largest two way and wireless communications company in North America. He immediately came to realize three very important points:

1. As a business model, this type of a company offered a great work environment, a less stressful process, and wonderful profits.
2. It was a business that was “under the radar.” There was very little competent competition, which makes success easier to accomplish with the right operations.
3. Though the company he worked for has numerous locations, it was increasingly difficult to manage all of the disparate locations because none of the “on site” teams had any investment in the success of their location.

Due to these factors, his company was having a hard time keeping its clients satisfied. Though the equipment was of good quality, the service was not. Due to the fact very few of the location managers had any vested interest in their local success.

After working there for 5 years, James went out on his own and, with a \$15,000.00 investment, started EventTone Wireless. Within 3 years his company had thriving locations in the New York Metro area and a satellite office in Las Vegas. Also, through their strong web presence they were doing a profitable business in 11 other markets throughout the USA.

Wishing to expand this success beyond those markets and knowing the success of his company would be tied to offering other, success oriented individuals and opportunity to enjoy their own journey, EventTone Wireless chose franchising as the next step. Through rigorous adherence to the founding principles, practices, and procedures as implemented by our franchisees, EventTone Wireless can offer an enormous opportunity to improve the lives and fortunes of their business partners.

*This section describes the management team of your company. Outline the officers and key positions within your company. This information should match the description found in the FDD*

## The EventTone Wireless Management Team

The EventTone Wireless Management Team possesses an invaluable combination of experience and training.

### James DeRosa

#### **President, Founder**

James DeRosa started in the two way radio and wireless equipment services business back in 2009 as the New York/New Jersey District Manager for BearCom Worldwide, the largest two way radio and wireless equipment services company in North America. Almost immediately, Jim was working with management and developing strategies to produce wireless communications systems for some of the largest events in the world. From the US Open Tennis Championship to The 5 Boro Bike Tour to, the largest, 1 day event in the world, covering almost 30 miles, and over 500,000 participants and spectators, the New York Marathon, Mr. DeRosa learned his industry, its technical requirements and the most efficient operational procedures.

Within months, implementing the structures he helped develop and working with the team he assembled, Mr. DeRosa made his district one of the company's most profitable.

In 2014, Mr. DeRosa struck out on his own and, again, almost immediately, He started EventTone Wireless in his home and, within a few years, had multiple offices and hundreds of loyal clients all over America. From Victoria Secret Productions to the National Basketball Association and many others, EventTone Wireless has developed a consistently profitable business model focused on advanced technology and, good, old fashioned, customer service.

### James Ramundo

#### **Operations Manager**

Ms. Scrubbs graduated with honors from the University of Business with a BA in Business Administration. She is a Certified Window Cleaning Specialist and Certified Clean Window Contractor, directing large commercial window

cleaning projects and also developing the training program for new employees. She has been involved with the construction industry, marketing, and non-profit organization management for more than a decade. She joined EventTone Wireless as Director of Field Operations in 2000. She has played a major role in the development and profitability of the company.

**Administration, Marketing & Sales**

Mr. Dryer holds a BS in Biology from Western State University and has a considerable background in laboratory work and analytical research. He is certified as a Window Cleaning Specialist and as a Clean Window Contractor. He joined the company in 2004 as Director of both Safety and Marketing, and as a Client Service Technician. Other areas of expertise include graphic design and sales. Mr. Dryer previously owned a profitable maintenance business from 1997 to 2003.

*Your management team should be made of officers, directors, consultants, and legal professionals who have demonstrated expertise in your industry. Your consultants and legal counsel should have first-hand experience using franchising as a vehicle for business expansion.*

## Legal advisory and franchisor's management support

*In this section list key professionals who provide services for your franchise system, including attorneys, accountants, advisors, etc.*

As the magnitude and complexity of the EventTone Wireless franchise system increases, other competent, experienced professionals in related fields will be brought into the team. Current support services in business management and legal advisory are provided by:

- Joseph Ferrer, CPA, MBA Accountant
- Mark Siebert, Franchise Operations
- Adam Siegelheim, Corporate Attorney
- Robert Van Riper, Insurance Consultant

## EventTone Wireless Mission Principles & Promises

*The development and execution of the Mission Statement is one of the most critical aspects of building your business. It is very important to have a clear, concise statement that is clear to all employees, clients, and stakeholders. Each day, the resources of the company should be focused on achieving the mission of the company.*

### EventTone Wireless Mission Statement

“EventTone Wireless is committed to making wireless easy for our clients by providing outstanding services in a business to business relationship. It is our goal to exceed our clients’ expectations for quality and service, while paying close attention to each client’s individual needs.”

### Company Principles

#### **Develop our Employees & Partners**

We strive to provide the tools and environment necessary to bring both personal and professional development to each of our employees. We view the growth and development of our employees and partners not merely as a means for increasing profits, but as an end in itself.

#### **Serve our Clients**

Our clients deserve the same level of quality, efficiency, value and professionalism that we would want for ourselves. We believe our company exists to provide products and services that serve a meaningful need for the client. If we don’t believe each of these criteria is met, we won’t sell it.

#### **Expand our Business Profitably**

We must steward the financial resources of our investors wisely. We strive to return the highest profit possible under the guidelines of our objectives. This is achieved through constant innovation and improvement, creative marketing, reducing costs, listening to our clients and fulfilling our commitments. With the increased sophistication of technology, we will

consistently look to employ new ideas to streamline experiences for our clients and our franchisees and partners.

## Our Promises to the Client

### **Each client is our most important client**

We will strive to understand the needs of each client and tailor our service to meet their individual needs. We treat our clients with respect, addressing them by first names when they call and answering all their questions to the best of our ability. We ensure complete satisfaction and often go above and beyond the call of duty.

### **We make it easy for the client**

We help our clients develop wireless solutions fitting the needs of their project and their budget. We will take the time required to answer all their questions and assure they are comfortable with our proposal. We will offer on-site consultation to assure our client's complete satisfaction.

### **We stand behind our work**

We are experts at what we do. We have the tools and the training to deliver on the promises we make. We start each job with the desire to do it right the first time. If we fall short, we work equally hard to make it right. We always look for ways to improve our performance.

## Our Promises to the Employee

### **We provide a safe and rewarding work environment**

Safety is our first priority. We provide training and equipment to protect the health and well-being of both our employees and our clients. We equip our technicians with knowledge, tools and technologies to maximize competence and productivity. We open channels of communication that encourage **creativity and innovation**.

### **Proper Training and On-Going Access to Skill Improvement**

At EventTone Wireless we believe in rigorous training and will work tirelessly to improve our program, increase access to knowledge and work with all of our employees, partners and franchisees to make sure they are learning all the skills needed to operate, increase client service and insure profitability.

**We instill and promote leadership, principles, and personal growth**

We strive to provide our employees with a career. We take pride in our work. We are emotionally intelligent leaders who view our employees as members of a team rather than a means to an end. We provide opportunities for advancement and reward excellence. We abide by our core objectives instilling sound moral, ethical, and business principles.

**We help people reach their goals**

We get to know each of our employees on a personal level, understanding their hopes, dreams, and aspirations. We use a coaching style of leadership coupled with constructive feedback to help our employees develop. We challenge and encourage each other. We provide equality in the workplace, steering clear of favoritism or bias.

We believe if we commit to the “3 Pillars Of Franchise Success” we won’t wrong. Those 3 Pillars are:

1. Access to complete and extraordinary training
2. Providing all the necessary tools and systems required to run your new venture efficiently while maximizes profits
3. Set clear goals which are explained to each employee, partner and franchisees



## Chapter 3: Support Resources

### Overview:

- Describe the support resources you have assembled for your franchise system. This includes key personnel both within and outside the company.

### Goals for the chapter:

- Franchisees must be able to quickly locate the proper contact person or route for obtaining information.
- Remember, your goal is to answer questions via the manual. If your manual is poorly written, you will be inundated with phone calls. Throughout your manual, try to predict which questions will arise and answer them before they are asked.

### Items to gather before starting:

- List of key personnel who will form your support team
- Contact info for each person or department

### Questions to consider:

- Which personnel will cover each area of support?
- Decide your preferred method of contact: email, phone, etc.
- Do you currently have sufficient personnel?
- Do you need to consider hiring additional employees? If all your departments have the same contact person, your franchisees will perceive the system as understaffed and unprofessional.

*What follows is merely an example of what your support resources section might look like. Many franchisors will choose to have an even broader scope of support available to their franchisees to ensure success. Other examples of direct support for operations may therefore include Key Contact/Support Matrix; Accounting; Marketing; Website; Software/Help Desk; Training; Inventory and Supply Resources; Call Center; Advisory Assistance; and operations manual.*

## Franchisee support matrix

Below you will find EventTone Wireless's franchisee support team, our respective areas of responsibility, and contact information. The franchisee shall abide by the following EventTone Wireless® reference charts and listings in contacting the EventTone Wireless® Corporate Headquarters for assistance in product ordering, training sessions, equipment maintenance or replacement, and all other miscellaneous items and topics concerning the operations of your EventTone Wireless® franchise.

SUPPORT CATEGORY	CONTACT PERSON
<b>Training</b>	<b>Joe Might</b>
Scheduling Training	joem@comapnyabc.com
Management/ Administration	800-555-5555 ext 500
<b>EQUIPMENT ORDERING</b>	<b>Kim Shoo</b>
New Equipment	kims@companyabc.com
Equipment Replacement	800-555-5555 ext 501
<b>FACILITIES MAINTENANCE</b>	<b>Jim Matz</b>
Facilities Related Signage	jimm@companyabc.com
Signage	800-555-5555 ext 502
Vehicle Storage	
<b>PRODUCT ORDERING</b>	<b>Ken Hope</b>

Paper Goods	kenh@companyabc.com
Advertising Items	800-555-5555 ext 503
<i>EventTone Wireless Specialty Items</i>	
Vendor Relations	
<b>ADVERTISING</b>	<b>Steve Wonder</b>
Payment Amounts	steve@companyabc.com
Advertisement Approval	800-555-5555 ext 504
National Advertising	
Local Advertising	
Sales and Pricing	
<b>ROYALTY PAYMENTS</b>	<b>Jeff Lund</b>
Summary of Payments	jeffl@companyabc.com
Payment in Arrears	800-555-5555 ext 504
<b>LEGAL</b>	<b>Peter Walzer</b>
Franchise Specific	petew@companyabc.com
Local Specifications	800-555-5555 ext 506
<b>OPERATIONS</b>	<b>Mike Schaft</b>
Corporate Support	mikes@companyabc.com
New Product Testing	800-555-5555 ext 507
Human Resources	
<b>FIELD SUPPORT</b>	<b>John Roker</b>
Cleaning	johnr@companyabc.com
Equipment	800-555-5555 ext 508

Daily Operations	
Compliance	
<b>TECH SUPPORT</b>	<b>Andrea Duncan</b>
Internet	andread@companyabc.com
Software	800-555-5555 ext 509
<b>NEW PRODUCT DEVELOPMENT/ RESEARCH</b>	<b>Susan Field</b>
Innovative Ideas	susanf@companyabc.com
Service Products	800-555-5555 ext 511

## Franchise Corporate Officers

PRESIDENT AND CEO  
Wally Washer  
wwasher@companyabc.com

VICE PRESIDENT AND OPERATIONS MANAGER  
Sally Scrubbs  
sscrubs@companyabc.com

SECRETARY AND SALES MANAGER  
Dan Dryer  
ddryer@companyabc.com

## Chapter 4: Pre-opening Timetable & Obligations

### Overview:

- Use this chapter to outline the specific actions necessary to open a new franchise. Opening a new franchise can be intimidating for a franchisee. Providing a clear outline will help make the process as efficient as possible.

### Goals for the chapter:

- Franchisees must be able to quickly identify the key actions they must perform.
- Ensure the obligations match the FDD and FA.

### Items to gather before starting:

- Brainstorm with your key employees to identify the major actions necessary to open a franchise location.
- Discuss necessary action items with your attorney, CPA, banker, etc.

### Questions to consider:

- What is a realistic timeframe to open a franchise outlet in your industry?
- Will you make the timetable available online for future updates and changes?
- Which items require the most lead time?
- Do certain items require outside classes, certification, etc. that may be out of your hands?

## EventTone Wireless pre-opening timetable

Please refer to the following chart for an outline of items that must be completed prior to opening your business. The table is laid out chronologically, beginning with signing the franchise agreement.

*Include verbiage describing any additional time requirements or exceptions and extensions.*

Ten Week Chronology	Pre-Opening Task	EventTone Wireless Contact for Support
<b>Congratulations!</b>	Sign Franchise Agreement	EventTone Wireless Management
<b>Week One</b> after Signing the Franchise Agreement	Register for the next "EventTone Wireless Orientation Training" <i>see Training</i>	EventTone Wireless Training Coordinator
	Start looking for office space/contact a commercial leasing agent	EventTone Wireless Facilities
<b>Week Two</b>	Apply for a business license	*support not provided
	Apply for Federal Employer Identification Number (FEIN)	*support not provided
	Choose your business structure and make appropriate filings.	*support not provided
<b>Week Three</b>	Open banking accounts	*support not provided
	Secure Credit Card Processing Company	EventTone Wireless Training Coordinator
	Secure Insurance	EventTone Wireless Operations Coordinator

<b>Week Four</b>	Ensure all licensing and code requirements have been met	EventTone Wireless Operations Coordinator
	Start interviewing potential staff	*support not provided
	Find all necessary management accounting & legal support	EventTone Wireless Legal Coordinator
<b>Week Five</b>	Sign lease/ acquire office space	*support not provided
	Order utilities	*support not provided
	Order telephone and internet	*support not provided
<b>Week Six</b>	Receive all your EventTone Wireless working & organizational equipment	EventTone Wireless Origination Support
	Begin receiving your EventTone Wireless inventory	EventTone Wireless Origination Manager
	Set up your Sellsy CRM account and customize it.	EventTone Wireless Technical Support
<b>Week Seven</b>	Purchase vehicle(s)	*support not provided
	Order Opening Package(s) from EventTone Wireless	EventTone Wireless Equipment Ordering
	Order all necessary office supplies	*support not provided
<b>Week Eight</b>	Order vehicle graphics	EventTone Wireless Advertising Coordinator
	Order exterior sign	EventTone Wireless Advertising Coordinator
	Order marketing collateral & business cards	EventTone Wireless Advertising Coordinator

	Set up accounts with approved vendors	EventTone Wireless Product Ordering
<b>Week Nine</b>	Conduct local market research	EventTone Wireless Marketing Coordinator
	Begin networking and establish referral accounts	EventTone Wireless Marketing Coordinator
	Send first email blast to local market.	EventTone Wireless Marketing Coordinator
	Write a press release	EventTone Wireless Marketing Coordinator
<b>Week Ten</b> Open for Business	Conduct first staff meeting	*support not provided
	Find source of labor for large projects	*support not provided
	Time To Go!	*support not provided
<b>Notes and Miscellaneous Comments</b>	EventTone Wireless Orientation Training must be attended prior to opening business. Training is held once a month at the EventTone Wireless Corporate Headquarters.	EventTone Wireless Training Coordinator.
	Per the Franchise Agreement, you have 3 months from signing the Franchise Agreement to open your EventTone Wireless franchise.	



*As a franchisor, the support you provide during the pre-opening phase is up to you. Use the space provided below to detail the process, procedures, and pragmatics involved with opening for business. Providing adequate instruction will help ensure the new franchisee opens for business on time. Furthermore, it will limit the amount of handholding during this initial phase.*

## Week One

### Register for upcoming EventTone Wireless Orientation Training

EventTone Wireless will be conducting monthly training for new franchisees. You will typically register for the next available training upon the execution of the Franchise Agreement. Most new franchisees should be open for business within 3 months of signing the Franchise Agreement. Please reference the Training chapter for more information.

### EventTone Wireless Online E-Training Prep Course

Providing a prep course before your franchisees arrive allows you to focus on the critical hands on training.

The fundamentals of window washing are covered in the EventTone Wireless online window washing E-Training Prep Course. All new franchisees are required to take the course prior to attending the New Franchise Orientation Training at the EventTone Wireless corporate headquarters. Upon execution of the Franchise Agreement you will be given a username and password providing access to the Franchisee Section of the CompanyABC.com website. After logging in you will be provided with a link to the prep course. Please contact your training coordinator if you have any questions pertaining to the online training.

### Start looking for office space & find a competent commercial leasing agent

Over the course of the next 12 weeks you will be hard at work preparing for your Grand Opening. We strongly recommend that you find a commercial leasing agent to assist you in finding office space, allowing you to focus your

attention on opening your franchise. Procrastinating on this step could delay the opening of your franchise, costing you both time and money.

## Week Two

### Apply for a business license

Contact your state's Department of Licensing for applications and instructions on how to file for a business license. Each state has unique application, filing and registration requirements. Your EventTone Wireless training coordinator will provide assistance in this matter if needed.

### Apply for your Federal Employers Identification Number (FEIN)

Also known as the Tax Identification Number (TIN), Federal Employer Identification Number (FEIN) or the Federal Tax Identification Number, this is a unique nine-digit number assigned for purposes of identification by the Internal Revenue Service (IRS) to business entities operating in the United States. When the number is used for identification rather than employment tax reporting, it is usually referred to as a TIN, and when used for the purpose of reporting employment taxes, it is usually referred to as an EIN.

Similar in purpose to the Social Security Number assigned to individuals, EINs are used by employers, sole proprietors, corporations, partnerships, non-profit organizations, trusts and estates, government agencies, certain individuals and other business entities. The IRS uses this number to identify taxpayers who are required to file various business tax returns. Individuals who are employers may choose to either obtain an EIN or use their Social Security Number for the purpose of reporting taxes withheld on behalf of their employees.

An EIN is usually written in the form 00-0000000 whereas a Social Security Number is usually written in the form 000-00-0000 in order to differentiate between the two.

EINs do not expire but they are only numbers given to identify businesses. Nonprofit organizations need EINs to apply for an exemption from federal income tax. Exemption is terminated if annual reports are not filed. To maintain a group exemption letter, the central organization must submit an annual report, at least 90 days before the close of its annual accounting period.

For additional information about a FEIN number visit the US Internal Revenue Service website at <http://www.irs.gov/>

## Choose your business structure and make appropriate filings

You should consult with a business attorney, CPA, or tax consultant when deciding what business structure is right for you.

The actual formal mechanics of creating a corporation is known as "incorporation." The process involves completing and filing a "Certificate of Incorporation" or "Articles of Incorporation" and paying a filing fee. Each state has its own set of laws governing the process of incorporating.

Corporate existence starts when the articles of incorporation are filed with the state office that handles incorporations (e.g., usually the Secretary of State or Corporation Commissioner), along with the required filing fees. Accelerated incorporations or same-day filings are available in some states.

## Week Three

### Open banking & checking accounts

Choosing a bank account for your small business is an important stage in the startup process. There are several key things to consider – such as transaction and borrowing costs, what facilities the bank offers, and the type of relationship you want from a bank. Here are some suggestions which may help you decide which bank would best suit your needs:

- You must set up a business account if you're starting up as a Limited Company, Partnership or any other key business structure. Sole Traders can use their own personal accounts (or via a new business account – John Smith trading as XYZ).
- Don't necessarily choose a business bank simply because you are already a personal banking client of that bank. You may feel more comfortable with a bank you already know personally, but they may not offer the best deal for your business.
- Make sure you compare several business bank account offerings, and compare the costs and charges associated with each one. A good place to start would be EventTone Wireless partner banks – Bank of America, Banner Bank and Citigroup.

- Naturally, only consider banks that have a strong background – names you will have heard of, or even internet banking brands which are owned and operated by the big players.
- Bank Charges: A key point to consider is how much it will cost you to have a business bank account. You may have a large number of monthly transactions to process, for example, so ensure you know exactly what charges will be levied on your account before signing up. Many major banks provide "free" banking for set periods to new businesses, so this may also be of interest.
- Online Banking: This is an increasingly important service, and most banks now provide an internet service so you can check the status of your account day or night. At EventTone Wireless this is an essential service. Rather than calling the bank to check if a payment has been made to your account, you can check online in a fraction of the time.
- Interest: Although the major banks have improved their interest rates on business current accounts in recent years at the request of the government, they do vary wildly. Some well-known banks pay virtually zero interest on your account balance, but there is always a trade-off between free transaction costs and interest rates, so consider the overall benefits each account would provide to your business.
- Small Business Team: Consider a bank which has a specialized small business unit. The setup process should be simpler, and dedicated teams will be used to dealing with all types of small business and their specific needs. Some businesses will require regular contact with their bankers, so you should go with a team you feel you can build a good personal relationship with.

### Apply for your contractor's license

Applying for a contractor's license is relatively straightforward, although the specific requirements will vary based on your location. The rules are similar between states; however, your first step should be visiting the web site of your state contractors' board. There you'll find specific information on licensing, the testing and application process, fee schedules and additional state-specific requirements.

Generally speaking, a contractor's license application, application and testing fees and, in some instances proof of bonding and insurance, will be required to obtain a contractor's license. After you check on your specific state requirements, you'll need to fill out an application, which can be downloaded from most official state web sites, or can be ordered by calling your local or state licensing authority. Most applications require the applicant to state their

experience and business references, as well as any issues, complaints or lawsuits that you may or may not have had. In many cases the application will also require a detailed financial statement, as well as declarations on your personal finances, such as whether or not you've ever filed for bankruptcy.

(A tip: Be prepared by first having a business plan ready before filling out the application. It will not only help you plan for your future business, but will help you with the application questions as well.)

You'll likely also have to take a test on construction management and/or a specific trade, the details of which vary greatly from state to state. In most states, it's not required to take any specific coursework before getting a contractor's license; however, some states (such as California) offer either a classroom or home study program to help you study for the tests. While it's not required, many will suggest coursework to help you prepare for the required licensing tests – especially for those with limited construction or business management experience.

Finally, to apply for a contractor's license, you'll need to pay several fees, including a licensing fee and testing fees. Specific amounts vary, but be prepared for costs to range from \$75 to \$300 per application, test or licensing fee, with overall costs totaling around \$500. An additional cost to remember is that, in some cases, proof of bonding and insurance will also be required.

Before you apply for a contractor's license, be sure to take into account that in most states you will need at least two separate licenses before performing and professional construction work: a contractor's license from the state board, and a business license for the city or county in which you're performing the work. Also keep in mind that licensing requirements will change based on what type of construction you plan on doing – whether commercial, residential, remodeling or new construction. Your specific situation can change application and permit requirements, such as the amount of experience you'll need to declare.

Specific licensing requirements will vary by state; visit the official web site for your state or city to find out more information.

## Secure insurance

*Insurance requirements can vary widely between industries. Your insurance requirements should be based on your local business model. Contact an insurance specialist to ensure your requirements will adequately cover your franchisees in each state. Your insurer may have specific requirements related to your industry. These should be clearly listed in the FDD and Franchise Agreement.*

You are required to maintain insurance for your business as specified in the FDD and Franchise Agreement and Chapter 10 of this operations manual. EventTone Wireless does not specify what insurance companies you use. However, we recommend that you secure your general and professional liability (E&O). Please contact your training coordinator for assistance in this matter. See your Franchise Agreement for a detailed description of the insurance that is required for your business.

## Week Four

### Insure all licensing and code requirements have been met

You must comply with all local, state and federal regulations regarding both business operation and specific requirements pertaining to your industry. It is your responsibility to maintain current licenses with all appropriate governing bodies.

You may need to register your business on the federal, state, county and city levels of government. On the state level, corporations usually register with a particular division of corporations, and professions usually register with a business and professional regulation department. Most county governments require occupational licenses. Many times it will be necessary to obtain a license from your city clerk and then a county license from the tax collector. These levels of government and the agencies thereof will have various procedures you must follow to comply with licensing and permitting requirements for health and safety on the business premises, including submission of a floor plan. Make certain that your state and county occupational licenses are properly displayed. Be certain you understand what your occupancy capacity is and stick with it. Many states require you to file an annual business report in order to maintain legal business status.

**An example:** If you are a residential and commercial service operation, probable agencies to contact include state contractors' licensing board, state and county health departments, code enforcement, planning and zoning, building department, fire marshal, solid waste, motor vehicle, etc. These agencies may have toll-free numbers and most will be part of a state or local website. Much of what will govern your operation will be written into state statutes.

Other resources for federal law governing your business operations include the United States Code of Federal Regulations (CFR), which is online at [access.gpo.gov](http://access.gpo.gov); the National Fire Protection Association (NFPA), whose regulations can be obtained by telephone at (800) 344-3555 or online at [nfpa.org](http://nfpa.org); the Federal Trade Commission (FTC) guidelines can be procured by telephone at (800) 326-2222 or online at [ftc.gov](http://ftc.gov); a Uniform Commercial Code (UCC) locator site with links to state statutes which apply to the UCC is online at [law.cornell.edu/uniform/ucc.html](http://law.cornell.edu/uniform/ucc.html); and the internet site [secst.com](http://secst.com) contains links to all 50 Secretary of State websites, which provide basic information on corporations, partnerships, business and UCC filings.

*You want to do everything you can to ensure your franchisees stay out of trouble. A major part of this is ensuring they follow all local, state and federal regulations. Though ultimately it is their responsibility, it is helpful to outline the regulations typical of your industry.*

## Start interviewing potential staff

*As a franchisor you want to be careful when dispensing advice on human resources-related topics. Keep advice minimal and point franchisees to outside resources. An important principle to remember throughout the operations manual is to limit your advice and recommendations to areas you have control over. Because it is difficult to control the human resources and employee relations of your franchisees, it is preferable to avoid the issue entirely.*

EventTone Wireless does not assist in your hiring or firing process. However, Chapter 17 of this manual entitled Staffing Your EventTone Wireless franchise outlines the positions that will need to be filled in order to open your franchise for business. Finding and keeping good personnel is vital to the success of your franchise. Finding "just the right person" may take longer

than you anticipate, therefore it is imperative you begin interviewing as soon as possible.

### **What should I consider before I hire?**

When hiring, look for employees that balance your strengths and weaknesses. If you are a creative genius but are poorly organized, try to attract someone who can bring some order to the company's work.

Remember that what you hire is what you'll get in terms of personality, strengths, weaknesses and work style. Good employees are found, not changed. You cannot change someone's personal attributes. Don't expect to try.

Start the hiring process by first understanding EventTone Wireless's Mission, Principles, and Promises. "Who are we?" and "What are our values?" Any company must first have an understanding of "who" it is before it can know what kind of employee it wants to hire. You can help someone learn a skill, but you cannot teach attitude. The better the attitude, the better service your clients will likely receive.

Employees look for responsibility, a good working environment, a sense of accomplishment, a belief in the business and what it does and a fair salary. When interviewing prospective employees, ask them what they expect to find in the position. Determine what skills and attributes are most needed for the job, and see if your expectations and the applicant's match. If they do, you have a good beginning for a productive relationship.

### **Where can I find good employees?**

If you already have employees, are pleased with them and are looking for more like them, ask them to keep their eyes open for talented prospects. If you believe you can trust an employee and if that employee trusts the prospect, chances are you can trust the prospect as well. Many companies offer a special bonus when current employees bring in successful hires.

The Internet can be a good source for employees, particularly for entry-level professional positions. The majority of small businesses still use the standard classified advertisement, while a growing number are using employee referral programs. Other possibilities are through business networks, at job fairs and through online job boards.

Another option, particularly during lean times, is hiring independent contractors or outside professionals. Many independent contractors can be



paid by the job rather than by the hour and will help you avoid the cost of benefits. Independent contractors are good sources for special expertise for specific jobs.

### **How do I keep the good hires?**

The person you select to work for your EventTone Wireless franchise should have a good reason for wanting to work with you, and it shouldn't be just the paycheck. Employees value other benefits such as flexible hours, a pleasant atmosphere, quality professional development and career potential. Find out what is most attractive to your workers about your business, and try to ensure that you can offer that benefit. It's the best way to retain good people.

As in any relationship, communication is key. Keep your workers informed about what is going on with the company. One of the biggest mistakes you can make as an owner/operator is to share company information with investors, stockholders and partners and not with employees. Better communication will result in higher productivity AND morale.

Technology can help. Use email, voice mail and instant messaging to keep your employees informed. Set weekly or biweekly staff meetings to discuss issues in more depth and to offer time for feedback and input. Share challenges and successes, and invite ideas and complaints. Such meetings are particularly critical during business start-up. Things change quickly; keep your employees informed. Although some employee benefits are very expensive, good communication and the sense of belonging to a team are free.

Remember that when someone—client or employee—has an extremely positive or negative experience with your company, that person will tell others about it. Work to keep both groups happy, and business will improve. Should problems arise, deal with them quickly and decisively. Respond to compliments and resolve complaints immediately. Positive word of mouth can be a highly effective, yet inexpensive, marketing tool.

### **Find all necessary management accounting and legal support**

Your professional advisory team should consist of a CPA, bookkeeper, and business attorney. You may also want to start looking for prospective employees. The need for employees will ultimately be a direct function of the demand for your services. While some franchisees initially go it alone due to limited working capital, others will hire inside/outside sales, service technicians, and field workers prior to opening for business. We strongly

recommend that all franchise locations initially employ an office manager who takes calls, schedules appointments, manages the books, markets the business, etc. Meanwhile a certified service technician or equivalent will perform specified services, write reports, etc.

## Week Five

### Sign lease/ acquire office space

By now hopefully your broker/agent has found suitable office space. Complete a property walk-thru and list all important needs in terms of building layout or utility requirements. Discuss these with the landlord; schedule any work necessary. It will not be possible to finish the remaining pre-opening procedures without completing this step. Be prepared to sign a 2-5 year lease. Here are some tips that may save you some money.

Office space is one of the largest expenses a growing company incurs. Negotiating the best lease possible can save your company enough to hire a few more employees or to launch a marketing campaign.

Your ability to negotiate an office lease depends on how much leverage you have. Do your homework. Are other companies vying for the space? Has the space been vacant for a long time? Factors such as these may make the difference between your calling the shots or a landlord nickel-and-diming you throughout the lease process.

There's no such thing as a standard lease, but here are some suggestions to help you become a little more lease-savvy and negotiate a favorable office lease.

- **Space:** To compare different office spaces, you have to know the exact usable square footage of each space you're considering. Usable square footage is less than rentable square footage, because it deducts common areas such as public corridors, elevators, lobbies, and bathrooms from the overall calculation.
- **Permitted use of the premises:** An office lease typically has a section that sets forth the permitted uses of the leased space. Make this clause as broad as possible, even if your intended purpose is initially narrow. Because your business may grow and your plans may change, you want the flexibility to use the space in any reasonable legal manner.

- **Term of the lease:** Landlords are typically willing to make concessions for longer-term leases. Your company's needs may change however, and you may find yourself locked into paying above-market rent if demand for rentals declines over time. Try to negotiate a shorter-term lease with renewal options — a two-year lease with four two-year renewal options, for instance, rather than a ten-year lease.
- **Rent escalations:** Fixed rent over longer-term leases is relatively rare. Sometimes landlords insist on annual increases based on the percentage increases in the Consumer Price Index (CPI). If your landlord insists on rent escalations, try to arrange that a CPI rent increase doesn't kick in for at least two years. Then, try to get a cap on the amount of each year's increase. If you have to live with a rent-escalation clause, consider a predetermined fixed amount, like \$2,000 a month the first year, \$2,100 a month the second year and \$2,300 a month the third year.
- **Common area maintenance, HVAC, and operating costs:** Take into account operating costs the landlord may pass on to you. Some leases require the tenant to pay for cleaning, building security, electricity, HVAC (heating, ventilating and air conditioning), maintenance and repairs. If the landlord is charging you separately for these services, try to negotiate a fixed fee or cap on the amount. In addition, some landlords will charge extra for services supplied after-hours or on weekends. Since startup employees often spend nights and weekends working, these operating costs could add up quickly.

## Order utilities

Set up all necessary utility accounts (gas, electric, garbage, water, etc.) that are not built into the lease.

## Order phone and internet

You will need to have constant phone and internet access. EventTone Wireless franchises are required to have a dedicated fax line. Additionally you are required to have multiple phone lines with hunt capability, preferably a T-1 line or comparable, minimizing missed calls during operating hours. Please note, it can take up to 4 weeks for your phone company to hook up your phone and internet access.

## Week Six

### Install hardware/ software on computer system

Please refer to the Office Equipment/ Computer Systems chapter of this manual for detailed hardware and software specifications. EventTone Wireless can provide limited technical assistance in this area. Please refer to the manufacturer for support with setup and installation. We strongly recommend that you purchase the optional technical support for hardware/ software. Your time is better spent growing your franchise than dealing with the inevitable technical problems that arise from time to time.

### Set up a credit card processing account

#### Credit card processing introduction

When Western Union first gave charge cards to their best clients in 1914, no one would have guessed that over \$2 trillion would be charged in 2003. As ubiquitous as credit cards are, their use is still growing. The exploding world of online commerce is playing a part, as is the increasing usage of credit cards in business-to-business transactions. While some businesses could not open their doors without a credit card processing service, it is more of a question for others.

The world of merchant services can be confusing, especially for small businesses who have never accepted credit cards before. This buying guide is designed to help you choose a merchant account provider for your company, as well as avoid some common bait-and-switch tactics that can cost you much more than you expect.

#### Are merchant services worth it?

If your company is successfully invoicing your clients, you may be put off by the costs of merchant services, which take a percentage of all your sales. However, avoiding potential loss from non-payment can quickly make up for the expense. Plus, you will no longer have to spend staff time issuing late invoice notices or wait 30, 60 or even 90 days for invoices to be paid. Credit cards allow funds to be transferred to your bank account in less than a week. This can be a welcome relief for businesses that experience a tight cash flow.

If you are selling to consumers, merchant services will allow you to expand your client base and provide a more convenient method of payment than cash or checks. And if you are interested in selling over the Internet, credit card processing is a must-have.

*Not every company needs to accept credit cards, though. If your per order cost is typically in the thousands of dollars and your client base is stable or subject to credit checks, you may find it cheaper to continue invoicing your clients.*

### Types of credit card processing

There are several types of companies you can turn to for credit card processing.

**Bank:** The bank you use for your business finances should be the first place you contact. Banks can be the easiest source to turn to for credit card services; many offer service packages for businesses that include merchant services. Most banks do not process credit card transactions themselves. Instead, they outsource credit card processing to a third party processor. It can be tough to get approved from this channel. Banks are likely to scrutinize your business more closely before deciding whether or not to accept your application.

**Third Party Processor:** Third party processors dedicate themselves to handling credit card processing. As such, they take care of different aspects of the transaction process such as authorization, billing, reporting, and settlement.

**Independent Sales Organization:** An independent sales organization (ISO) is essentially a registered credit card merchant broker who represents one or more third party processors. They set up and service credit card merchants, but do not do the actual processing. ISOs are less selective than banks, but that comes at a somewhat higher price. They are also not strictly regulated the way banks are, so be particularly vigilant when evaluating potential suppliers.

**Financial Service Provider:** MasterCard and Visa require you to establish a merchant account through an intermediary. However American Express and Discover give you the option of applying directly to them.

[http://home.americanexpress.com/home/merchant.shtml?aexp\\_nav=merchtab](http://home.americanexpress.com/home/merchant.shtml?aexp_nav=merchtab)

<http://www.discoverbiz.com/merchant/become/data/become.html>

**Association:** Small business and trade associations often offer credit card merchant processing at discount prices. They are a particularly good resource if companies in your industry historically have trouble attaining credit card merchant status.

### **Qualifying for a merchant account**

Before giving you a merchant account, a merchant services provider will want to make sure you are a legitimate business that will not leave them liable for fraudulent charges. They will start with a basic background check. This includes a thorough credit history review of the owners or officers listed on the application, in addition to credit references from two or three suppliers.

The most important question providers want answered is whether your business is likely to have a high incidence of chargebacks. A chargeback is a reversal of a sale that was credited to your account, usually because of an error made by the cardholder's bank, a misunderstanding by the client, or fraud. For the most part, tangible products are considered to be much safer than services. Also, businesses that deliver purchased goods immediately in exchange for payment are viewed as being less risky.

Providers will also consider the type of credit card transactions that your company performs. As a general rule, card-present transactions that allow you to swipe the credit card and obtain a signature in person are considered to be much safer than card-absent transactions that take place by phone, by mail or over the Internet. Being a higher-risk merchant does not necessarily prevent you from getting a merchant account, but it will drive up your costs.

Finally, if you have accepted credit cards in the past, providers will require previous merchant statements to better gauge your charge and chargeback volume. Some companies advertise high acceptance rates in an effort to impress - do not be lured; 99% acceptance rates are common among ISOs.

### **Credit card services pricing**

**Getting started upfront costs:** For card-present transactions, the biggest up-front cost will be for the terminal, the machine used to swipe cards. Basic terminals typically go for between \$150 and \$300, terminals with printers are \$200 to \$600, and wireless terminals can run from \$600 to \$1000. You may want to lease a terminal instead. Leases can be as little as runs \$35/month, although prices can vary depending on the sophistication of the terminal and the length of the lease.

Terminals are not required for card-absent transactions. Instead, you can get software to verify transactions from your PC for as little as \$150. Some providers even support card verification directly over the phone.

Be careful with application fees. Some providers charge application fees of up to \$200, and they may be non-refundable, even if your business is turned down for an account. You may also have to pay setup or account activation fees. Make sure you understand exactly what you will be paying for before you sign anything.

**Recurring costs:** The primary fee on a merchant account is the discount rate, a small percentage the provider charges on each transaction. Banks and larger providers will base this fee on criteria including: your company's evaluated risk, average sales ticket, transaction type, and total charge volume.

Because of the difference in risk, most providers have two different rates, one for card-present transactions and one for MOTO (mail order/telephone order – also includes Internet transactions) or card-absent transactions. Currently, card-present transactions usually carry a discount rate of 1.5% to 2%, while card-absent transactions are at 2.2% to 3.0%. Some companies set a monthly minimum fee ranging from \$20 to \$35 per month, so if you do a low volume of credit-card transactions, be sure to ask about this.

Another processing fee charged by the merchant bank is the per-transaction fee. The per-transaction fee is generally \$0.20 to \$0.30 for card-present transactions and \$0.30 to \$0.50 for card-absent transactions. There is also a fee to cover the cost of issuing monthly credit card transaction summaries, usually around \$10.

**Still more costs?** In addition to these basic fees, there are an astonishing number of fees that merchant services providers can charge: annual fees, programming fees, Internet processing fees, shipping and handling, American Express setup fee, client support fees, etc. Essentially, these are arbitrary-jack-up-the-bill fees. We cannot stress this enough: make sure you have a complete understanding of all the charges you will incur before making your decision.

**Negotiating credit card services:** If you do not expect to charge more than a few thousand dollars each month, focus on lowering the set-up and monthly fees for your credit card service. At this low volume, these fees can significantly boost your effective discount rate. Also, when asked to estimate your monthly sales, be conservative. You may be asked to keep a

percentage (or even a full month's estimated order total) in an account to cover fraud.

For larger credit card volumes, reducing per-transaction costs is a higher priority. A particularly good area to focus on is the discount rate. Since your average sales ticket helps to determine your discount rate, you should be more aggressive in estimating your average sales ticket. It can also be helpful to learn what average ticket sizes you need to qualify for even lower discount rates.

### **Some pitfalls to avoid**

Be wary of long-term leases with early termination fees - if you are unhappy with your provider, you should be able to switch. Also watch for a tactic borrowed from the consumer credit card industry: low introductory rates that bump up after a few months. While all providers will reserve the right to raise prices (MasterCard and Visa often change the rates they charge the providers), you should not go with one that signs you up for an increase.

### **Choosing a merchant service**

Obviously price is an important factor in choosing a provider - but it should not be the only factor. Client support can be essential - problems in credit card processing can quickly impact your bottom line. The best way to learn about a provider's level of client service is to obtain client referrals from current clients. Request referrals to merchants that are comparable to your company in size and industry. Then ask these important questions: do they have to wait several minutes before reaching a client support rep? Are their needs serviced quickly? How does the provider deal with chargebacks? Also ask the provider about their level of support - do they have phones staffed 24 x 7? Do they charge per incident?

If your business will be selling over the Internet and you do not have a secure server that can encrypt credit card information, make sure your provider can offer secure ordering through SSL (secure sockets layer, a widely-used web standard for security). Setting up your own secure site is expensive and technically challenging.

Finally, if you are not using a bank or financial company you recognize, make sure you verify that the company you are investigating is legitimate - there are con artists and scammers who set up fake processing companies just to collect setup fees then vanish. Contact the Better Business Bureau to check the company's status if you are unsure, and if you find a provider on the Web, make sure you get a physical address and phone number.



### Merchant services buying tips

- **Learn how long it takes for funds to be transferred.** Providers differ on how long it takes for funds to be deposited to your account. You will want to specify whether it is a retail or MOTO transaction, since MOTO transactions usually take substantially longer to clear.
- **Compare variable fees.** Check on fees that tend to vary between providers and may be negotiable. Such fees include set-up, cancellation, and monthly minimum.
- **Get the complete picture.** Once you know all the fees a provider will charge you, figure out what your total cost would be based on your best and worst recent months.
- **Read the contract.** Make sure to read the contract in detail to understand all fees, minimum charges, the term of the agreement, and termination clauses. Some providers will not cover every point and leave it to you to uncover the details.

### Register your Advantage Management software

Every franchise is required to use the Advanced Management software. This provides uniformity and brings together many aspects of the business into one resource. The following information about the system is provided by Advanced. Part of your new franchise training will include specific guidance on how to use Advantage software.

With Advantage all functional elements of your business are managed with one seamless application. Training, support, and implementation are provided by Advantage Software, Inc. The software and training are custom tailored to meet the specifications of your EventTone Wireless Business. Contact your EventTone Wireless training coordinator.

## Week Seven

### Vehicle purchase(s)

For use in franchisee business, franchisee must purchase or lease a vehicle identified with EventTone Wireless approved branding. Please refer to the vehicle chapter for detailed information on requirements and recommendations. The following list is intended to give you some insight into commercial automotive financing:

### Commercial Outright Purchase

If you have the funds available to buy the commercial vehicle outright this can be a smart move, for finance charges will not be incurred and the asset can be seen as wholly owned on the balance sheet. The major consideration is whether or not the capital would be best invested in other areas, either personally or on a business level.

### Contract Purchase / Personal Contract Purchase

PCP is becoming an increasingly popular way of financing commercial vehicles, due to the overall flexibility of the contract. The initial deposit is flexible, the repayment periods are flexible - normally between 2 and 5 years, with a final, optional, settlement figure (Minimum Guaranteed Future Value or MGFV) which is calculated at the time of purchase. The 4 main options available at the end of the contract are as follows:

- 1) Make the final balloon payment and take ownership of the vehicle.
- 2) Trade the vehicle against a replacement vehicle, which releases any equity in the original contract into the new contract, normally forming the deposit.
- 3) Return the Vehicle without making the optional balloon payment therefore releasing you from the contract. Any excess mileage or damage charges will be imposed in the event they have occurred.
- 4) Dependent on provider - extend the agreement by spreading the balloon payment over a further period.

When financing your next commercial vehicle give serious consideration to PCP – the benefits can be significant, as seen below:

- 1) Low 'van (personal) contract purchase' monthly payments
- 2) Incredibly flexible
- 3) Payments not subject to VAT
- 4) Available on all new and some nearly new commercial vehicles
- 5) The decision on what to do at the end of the contract can be left until the end of the agreement.

### **Commercial Finance Lease/Van Finance Lease**

As an option available when considering how best to finance your commercial fleet, finance lease is a leading facility that offers a tailor-made contract with decent flexibility. The commercial vehicle/van is hired for a fixed period of time without the option of ownership. The monthly repayments cover a percentage of the vehicle depreciation costs plus finance charges.

Benefits of financing your van/truck/commercial vehicle through finance lease include:

- 1) Improved cash flow due to fixed monthly rental
- 2) VAT reclaimable (depending on usage)
- 3) Rentals can be offset for business use (allowable against taxable profits).
- 4) Use of the vehicle without large capital outlay
- 5) Possible benefit from the net sale proceeds

### **Commercial Contract Hire/ Commercial Leasing**

One of the most common ways to finance commercial vehicles nowadays, contract hire gives all the operational benefits of ownership without the headaches of running costs and vehicle disposal. The contracts are flexible regarding deposit and repayment periods, and an optional maintenance package, if required.

Commercial Contract Hire has significant benefits for the business user, including:

- 1) VAT reclaimable (depending on usage)
- 2) Rentals can be offset for business use (allowable against taxable profits).
- 3) No disposal risk or hassle
- 4) Fixed and predictable costs
- 5) Outsourced administration
- 6) Releases capital and takes the commercial vehicle off the balance sheet.

### Commercial Hire Purchase

HP is a finance option which delivers ownership as a conclusion. Hire Purchase is another popular option due to its flexible approach. Select your deposit amount and how long the agreement is to span, and then a monthly figure can be calculated.

The benefits of Hire Purchase include:

- 1) Ownership of vehicle
- 2) Flexible deposit
- 3) Fixed or variable interest rates
- 4) Vehicle appears as an asset on the balance sheet.
- 5) An additional line of credit

### Order opening packages

Below is a list of the opening packages available for purchase through EventTone Wireless. Regardless of whether purchased through us or pieced together through our approved vendors, you must equip each cleaning trailer per the specifications outlined below. The contents of each opening package are subject to change. You will be informed of any additional equipment requirement as deemed necessary by the corporate staff of EventTone Wireless.

### Order office supplies

**Office equipment:** You must purchase computer system and appropriate software prior to opening of business. Hardware and software requirements are listed in the Computer Systems chapter.

**Office supplies:** You must purchase initial office supplies and have administrative needs addressed and in place prior to opening of business. For further details, see Chapter 9: Office Equipment and Supplies.

In addition to the equipment and supplies contained in the Opening Package, you will need inventory on hand to replenish supplies as they become depleted.

**Office furniture and equipment**

- Desk (one for each employee)
- Comfortable chair(s)
- File cabinets
- Overhead and work lighting
- Client seating
- Fireproof safe
- Desktop and pocket calculators
- Bookcases
- Postage meter
- Worktable(s)
- Office decorations
- Labeling machine
- Wall whiteboard and markers
- Radio
- Paper shredder
- Photocopier
- Wastebasket
- Recycling bin
- Alarm system
- Fire extinguisher
- First-aid kit

**Computer hardware and accessories**

- Desktop computer and monitor(s)
- Keyboard and mouse
- Printer

- Modem
- Notebook computer
- CD writer
- PowerPoint projector
- Digital camera
- Handheld organizer
- Surge protector
- Computer locks
- Scanner

**Computer software**

- Word processing software
- Virus protection software
- Accounting software
- Desktop publishing software
- Contact management software
- Website building and maintenance software
- Payment processing software
- E-commerce software
- Inventory management software

**Communications**

- Telephone line
- Internet connection
- Toll-free line
- Desk telephone
- Fax machine
- Cordless telephone

- Answering machine/service
- Cordless headset
- Speakerphone
- Pager
- Tape recorder
- Cellular telephone with internet features

**General office supplies**

- Business cards
- Envelopes
- Stationery
- Imprinted advertising specialties
- Postage stamps
- Printer cartridges
- CD and floppy disks
- Pencils and pens
- Printer paper
- Cleaning supplies
- Fax paper
- Notepads
- File folders
- Stapler
- Scissors

## Week Eight

### Order vehicle graphics/decals

All vehicles used as part of the franchise business must be white in color and display the EventTone Wireless decals in accordance with the operations manual. The franchisee must pay for the decals. See Appendix E for examples of vehicle graphics. You may download files from the EventTone Wireless.com website designed specifically for use on your EventTone Wireless vehicles.

### Order business cards and marketing collateral

It is never too early to start handing out your business cards and/or marketing your business. You can log on to the franchisee section of the EventTone Wireless.com website to download files that can be used by your local printer. Business cards, brochures, etc. can be ordered through EventTone Wireless, saving both time and money.

### Order exterior sign

You are required to have an exterior sign for your EventTone Wireless business. An exterior sign can add to the professionalism and general appearance of your business. Further, it may draw in the occasional passerby which could lead to future business. Sign must be in accordance with requirements as outlined in the Marketing Chapter.

### Contact approved vendors & set-up accounts

Now is the time to begin filling out the credit applications with approved vendors. The approval process can take up to two weeks. In the interim, most vendors will accept cash or credit cards, while your credit application is being processed. EventTone Wireless has negotiated discount pricing for our franchisees through most of our approved vendors. If you find another vendor of comparable equipment or supplies that is not on the approved vendor list please contact EventTone Wireless. If the vendor meets our quality standards and specifications they will be added to the list in due course. See the appendix for the current vendor list and contact information.



## Week Nine

### Conduct local market research

Researching your competition will provide valuable insight into determining how to price your services. Chapter 14 on Pricing will provide a general guideline on how to price your services. Your company will not need to lowball competition in order to win clients. EventTone Wireless has worked hard to create a cutting edge professional image that will allow for competitive pricing. The services you provide will often be a cut above the competition given your education, training, and strict adherence to the principles of EventTone Wireless.

### Launch Grand Opening advertising campaign

O.K., now the fun begins. It time to start advertising your EventTone Wireless franchise. EventTone Wireless does not stipulate what forms of media must be used in your “Grand Opening Advertising”. You are required to spend \$3000.00 in the first month on advertising. Your grand opening advertising campaign may look something like the following:

- Pay-per-click advertising (on Google, Yahoo, and MSN): \$150-\$500 per month
- Direct mail (Money Mailer, Val Pak, etc.): \$400-\$800 per month
- Print ad in local newspaper real-estate section: \$200-\$500 per month
- Radio spot: \$750-\$2000 per month
- Start pounding pavement (outside sales) and/or dialing for dollars (cold calling).

*See the Marketing Chapter for additional information.*

### Write a press release

**Any time your company would like some media coverage, write a press release!**

Press releases are a must when launching a new product or service. A press release should also go out when you open your franchised office, change locations or expand your current store or office.

**A few other times to send out a press release:**

- When your company is having a sale or sponsoring a special event or seminar
- When you've signed a deal with a "hot" company or one that is much larger than your own
- When you launch your Web site

Even if your company has no real news, consider a press release that ties something your company offers to a current news event. For example, if your company provides shipping services to a current strategic trouble spot, let the media know. You might be surprised by the coverage you get.

The media are always hungry for feature stories. Tell them about your company's fast growth, new concierge service for employees, room for nursing moms, or your unique way of handling childcare. Some company has to be featured in every trend story, why shouldn't it be yours?

Finally, keep in mind that the media has deadlines. Breaking news stories are written one hour and published or broadcast the next. But many features have deadlines weeks or even months in advance of publication.

## Week Ten

### Conduct your first staff meeting

Staff meeting should become a weekly activity in operating your EventTone Wireless franchise. Your first staff meeting will in many ways set the tone for the ones that follow.

Here's how to hold a short, effective staff meeting:

- 1) **In general, keep them short:** Most staff meetings should last less than an hour. You want your staff to spend their time working on things that earn money for your business, not sitting in meetings. Keep them positive. Negative meetings contain insults, ridicule, and attacks. These activities create caution and resentment, which always costs your company money. Keep them interactive. Your staff consists of intelligent people. Put them to work in your meetings to advance the effectiveness of your organization.

- 2) **Share news:** Give the members of your group one minute to report on progress made in their area of responsibility. You'll find this results in bullet point reports of essential information. It also prevents people from philosophizing, explaining, justifying, criticizing, and engaging in other unproductive activities. Plan a time budget: 8 to 10 minutes.
- 3) **Teach something:** Invite a guest expert to give a 10-minute presentation on some skill or technology that benefits your group. Tell the expert you want a logical explanation of practical ideas. You can also ask members of your group to take turns delivering brief tutorials on topics that benefit the others. Plan a time budget: 10 to 15 minutes.
- 4) **Practice skills:** Create team learning activities that sharpen or teach skills needed in your business. For example, you could role-play job skills (especially useful for sales teams), solve puzzles (useful for high tech groups), or take quizzes (useful for everyone). Ask group members to take turns bringing an activity that reviews or teaches a valuable skill. Follow this activity with a brief recap of key ideas. Then ask the group members to give a 15-second report on how these ideas can be applied to improve their work. Plan a time budget: 10 to 20 minutes.
- 5) **Solve problems:** Give each group member a minute to describe a challenge that hinders work on a current project and then let everyone propose solutions. Suggestions should be brief and free of self-aggrandizing explanations or motivational sermons. This process also requires a positive, supportive environment to succeed. If this is used to ridicule, insult, or criticize the individual, people will be reluctant to reveal issues that need attention. Plan a time budget: 3 to 6 minutes per person.
- 6) **Use a facilitator:** A facilitator will help you conduct meetings where the results matter. Then you can participate, rather than spend your time managing the meeting. A good facilitator will know group decision-making processes that move your meeting toward results everyone supports.

### Find a source of labor for large projects

Don't be surprised if right out of the gate you land a large project. Larger projects require more manpower than you may have onboard at the launch of your franchised business. There are many sources of temporary labor including CLP, Labor Ready, and Work Source, to name a few. You will need to fill out applications with the agency of your choosing before you get access to their laborers.

Congratulations! You have completed the EventTone Wireless pre-opening obligations.

*The sheet below is an alternative way of outlining pre-opening obligations.*

<b>EventTone Wireless™ Franchise Planner: Month 1: (3 months Prior to Scheduled Open)</b>		
<b>Days 'til open</b>	<b>Task(s) to be completed</b>	
<input type="checkbox"/> <b>90 Days</b>	Discuss financing requirements prior to signing of franchise agreement. Follow financial requirements set forth by franchisor to include capital for start up, and the budget for year 1. Meet via phone or in person with franchisor's financial services representative.	
<input type="checkbox"/> <b>85 Days</b>	Sign franchise agreement with the franchisor's representatives. Set tentative date for opening. Review Pre-opening checklist and address any questions or concerns with franchisor's representative.	
<input type="checkbox"/> <b>85 Days</b>	Register for EventTone Wireless new franchisee Orientation Training Course. This should be completed within 4-6 weeks of the planned opening of your location.	
<input type="checkbox"/> <b>82 Days</b>	Begin real estate search for office/shop location. If leasing, be prepared to sign 2-5 year agreement. If purchasing, be sure to obtain a pre-approval letter for financing arrangements. Ideal location size is approx. 3000 sq. feet. A location must be selected before many of the following steps can be completed.	
<input type="checkbox"/> <b>70 Days</b>	Secure Real Estate location. Complete property walk-thru and list all important needs in terms of building layout or utility requirements. Discuss with landlord; schedule any work necessary.	

<input type="checkbox"/>	<b>68 Days</b>	Select company's name; file or apply for business license, state tax ID number; and Federal Tax Identification Number (FEIN). Apply for state contractor's license.
<input type="checkbox"/>	<b>65 Days</b>	Schedule installation of all utilities: Phone; high-speed internet access, electric, gas, etc.
<input type="checkbox"/>	<b>60 Days</b>	Order required EventTone Wireless software packages: WindowTech, WindowSpec, and QuickBooks. Review EventTone Wireless new franchise "Starter Package" checklist, make adjustments, and place order.
<input type="checkbox"/>	<b>60 Days</b>	Begin work on setting up financial accounts: banking & credit, apply to credit card merchant networks, and personal check approval.  Begin work with insurance agency to set-up up coverage for business, equipment, and employees. Ensure ample bonding is acquired.

**EventTone Wireless™ Franchise Planner: Month 2:****(2 months Prior to Scheduled Open)**

<b>Days 'til open</b>	<b>Task(s) to be completed</b>
<input type="checkbox"/> <b>58 Days</b>	Order business cards and basic marketing collateral. Schedule signage contract in anticipation of EventTone Wireless "Starter Package" arriving. Ensure all utilities are working properly. Review location requirements to be certain that all building issues are addressed
<input type="checkbox"/> <b>55 Days</b>	Order computer, telephone and misc. communications equipment from approved vendor list. Anticipate or plan for 2 weeks delivery time for system install and boot up.
<input type="checkbox"/> <b>55 Days</b>	Place employment advertisements for new hires; begin new employee screening process.
<input type="checkbox"/> <b>52 Days</b>	Purchase any company vehicles that will be required. Obtain any temporary registration and permits. Install required communications equipment and any company signage.

<input type="checkbox"/>	<b>48 Days</b>	Attend week-long new franchisee "Orientation" classes.
<input type="checkbox"/>	<b>45 Days</b>	Install EventTone Wireless software packages on new computer systems. Get communications systems up and running. Test all systems. Use franchisor resources to trouble shoot as needed.
<input type="checkbox"/>	<b>40 Days</b>	Begin face-to-face interviews for any management, office manager, and window technician candidates.
<input type="checkbox"/>	<b>40 Days</b>	Launch pre-open marketing campaign: If staging a "Grand Opening" order any related supplies; prepare any direct mail pieces, print advertisements, etc.
<input type="checkbox"/>	<b>30 Days</b>	Send out job offers, and issue start dates for 2-3 weeks prior to opening. Allow time for training with systems, etc.
<input type="checkbox"/>	<b>30 Days</b>	Order all required equipment from local supplier. Plan on 10-14 days for delivery. Review EventTone Wireless equipment checklist.

<b>EventTone Wireless™ Franchise Planner: Month 3: (1 month Prior to Scheduled Open)</b>		
<b>Days 'til open</b>		<b>Task(s) to be completed</b>
<input type="checkbox"/>	<b>28 Days</b>	Set-Up approved accounts with any remaining vendors. Purchase office supplies, and cleaning supplies. All purchases should cover at least 3 months of expected operations.
<input type="checkbox"/>	<b>25 Days</b>	Bring newly hired team in to start training on equipment and systems. Complete all new-hire forms, and set up payroll accounts for employees. Begin direct deposit.
<input type="checkbox"/>	<b>25 Days</b>	Set up referral system with other local contractors involved in complementary services. Research and select temporary agency for emergency or immediate staffing requirements.

<input type="checkbox"/>	<b>22 Days</b>	Submit any final marketing or publicity efforts prior to business launch, including local newspaper press releases and any business associations. Make as many aware of your planned opening as possible.
<input type="checkbox"/>	<b>20 Days</b>	Review and set-up pricing materials based on current market conditions. Prepare any "Grand Opening" sales materials. Handle any inquiries that you may start to receive due to advance advertising.
<input type="checkbox"/>	<b>18 Days</b>	Ensure all new hires are trained and comfortable with systems, equipment and duties. Review any areas that may pose a concern once business opens.
<input type="checkbox"/>	<b>15 Days</b>	Review the franchise's budget to determine if the business will come in above or below anticipated costs. Assess financial situation and make any adjustments necessary.
<input type="checkbox"/>	<b>10 Days</b>	Contact franchisor to make final pre-opening inspection of all operational systems and branded materials. Get final signoff.
<input type="checkbox"/>	<b>5 Days</b>	Conduct "Soft Opening". Have staff in position, turn on signage, answer phones, etc. Resolve any last bugs before "Grand Opening".
<input type="checkbox"/>	<b>0 Days</b>	Open for business!

## Chapter 5: Franchisee Training Requirements

### Overview:

- The training you offer your franchisees is a critical component of your offer. The quality and depth of the training you provide will influence both their initial decision to purchase a franchise and the future success of their operation. Training programs typically run 7-14 days. Depending upon how many franchise units you expect to sell, this can be offered monthly, quarterly, biannually, etc.

### Goals for the chapter:

- Communicate the initial training requirements and program.
- Communicate any ongoing training programs or courses.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- List of any certifications your franchisees must obtain
- Any additional training requirements required by your insurance company
- Brainstorm with your key employees to identify the critical components of a training program.

### Questions to consider:

- What are the minimum requirements you want to set?
- What is the timeline for the training requirements? Must they be met before opening the franchise? Do the training or certification requirements have the possibility to be extended?
- What if a franchisee fails a portion of the training or certification?
- What kind of message will your training requirements send to potential clients?



- Are you limiting your pool of potential franchisees by making your requirements too strict?
- Which items require the most lead time?
- Do any of your certifications or training programs rely on third-party organizations? Are these reliable and up to your standards of professionalism?

*In this section describe the details of the training requirements. Make sure to cover such topics as who is required to attend, who pays travel costs, etc.*

*A properly designed training course is one that effectively prepares the franchisee for the "real world". Topics should include: pre-opening steps and challenges, grand opening procedures, management and motivation of employees, client relations procedures, vendor relations, and dealing with competitors, to name a few.*

## EventTone Wireless Orientation Training

EventTone Wireless has specific training requirements which are mandatory before opening for business. The Orientation Training is also a necessity for meeting insurance underwriting requirements and complying with EventTone Wireless standards. The training will prepare the prospective franchisee for industry work as well as promote efficient business operations. It is the responsibility of the franchisee to complete all EventTone Wireless training requirements as specified in the Franchise Agreement and EventTone Wireless operations manual.

EventTone Wireless offers our franchisees an Initial Training course presented by EventTone Wireless, at our facility in Lynnwood, Washington. *See the Training Program Course Outline, Schedule & Agenda (includes Number of Days).* The Orientation Training course will focus on the successful operation of a EventTone Wireless franchise.

The table below is the syllabus for a typical EventTone Wireless Orientation Training:

Day	Subject	Instruction Manual	Approx Class Hours	OJT* Hours	Instructor
1	<b>Orientation:</b> Meet key personnel; overview of window cleaning industry and company history and future; relationship between franchisor and franchisee; define comprehensive time table for opening business; required certification, compliance with local, state and federal regulations; legal issues; overview of support systems; website tour	Operations Manual/ Training Manual	8	0	Staff
2	<b>Office and administration:</b> Physical requirements; equipment and supplies; vendors accounts; client record keeping; accounting; general office procedures; franchise reporting and fees; employee issues; client communication etiquette; use of professional services; risk management	Operations Manual/ Training Manual	8	0	Staff

3	<b>Marketing:</b> Marketing basics; understanding the industry market – target clients; national marketing; local marketing; targeted marketing; <i>EventTone Wireless</i> trade mark protection; pitfalls to avoid; local market research	Operations Manual/ Training Manual	8	0	Staff
4	<b>Window Cleaning Training:</b> The <i>EventTone Wireless</i> Cleaning Process and The <i>EventTone Wireless</i> Window Cleaning Process	Operations Manual/ Training Manual	8	0	Staff
8	<b>Field Equipment:</b> Approved vendors; start-up package; vehicles and trailers – purchase and lease, signage, setup; personal protective equipment; basic mandatory equipment – use, operation, cleaning and maintenance; additional equipment; inventory; ordering equipment and field supplies; legal issues	Operations Manual/ Training Manual	8	0	Staff
10	<b>Field training:</b> Cleaning process	Operations Manual/	0	8	Staff

	Perform cleaning process with checklist under guidance and supervision of trainer	Training Manual			
11	<b>Field training:</b> Window Cleaning process  Perform Window Cleaning with checklist under guidance and supervision of trainer	Operations Manual/ Training Manual	0	8	Staff
12	<b>Sales Training:</b> <i>EventTone Wireless</i> sales process; group presentations; pricing; client care, <i>EventTone Wireless</i> call center; monitoring sales success  Final Exam Completion	Operations Manual/ Training Manual	8	0	Staff

Successful operation of a EventTone Wireless franchise requires satisfactorily attending and completing all segments of the Orientation Training course. You will typically attend the initial training approximately 30-60 days from signing the franchise agreement. The training session will begin approximately thirty (30) days or more before the opening of the Business. You are required to attend and complete the Orientation Training course, within six (6) months after signing the Franchise Agreement.

Orientation Training is offered in accordance with the franchise agreement at no additional charge (only one eligible person from each franchise may participate). However, all travel expenses will be the responsibility of the franchisee. We do not charge you for attending this initial training, except as noted below. Each attendee must successfully pass the technical exam with a minimum score of 75 percent (satisfactory) as a prerequisite to achieving operating manager status with EventTone Wireless.

Per the franchise agreement, the franchisee must have at least one manager, who has completed the Orientation Training course, operating the Business during the entire term of the agreement. If the owner will be using a manager to run any daily operations, the manager is also required to satisfactorily complete this initial training and certification requirements as well. The fee for additional attendees from your franchised business attending the Orientation Training is \$2500, and does not include travel expenses, local accommodations or wages.

Finally, anyone purchasing a EventTone Wireless franchise from an existing franchise owner must attend and successfully complete the EventTone Wireless training program and all training and certification requirements as described herein before any assumption of the franchise agreement can occur.

## Subsequent training

All additional training offered by EventTone Wireless will be billed to the franchisee at the then current rate and will not include travel expenses, local accommodations or wages. The franchisee will be responsible for all expenses incurred by in connection with any additional franchise sponsored training programs. The standard cost for additional training courses is listed at \$2500 per person. The following courses are offered once per quarter. Please contact your EventTone Wireless training contact to schedule participation.

- Accounting and Business Finance (8 hours)
- Advertising for your Business (4 hours)
- Effective Selling Principles (8 hours)
- Managing People Effectively (8 hours)
- Selling to Corporate or Large Businesses (8 hours)

EventTone Wireless will continue to provide refresher training programs and make available such other seminars as EventTone Wireless deems appropriate. Any additional training seminars are subject to change given 30 days notice from EventTone Wireless. The franchisee may make requests for specific training topics in addition to the aforementioned courses. EventTone Wireless will make every effort to create or provide additional training on requested topics that are relevant to the business and in demand from other franchisees.

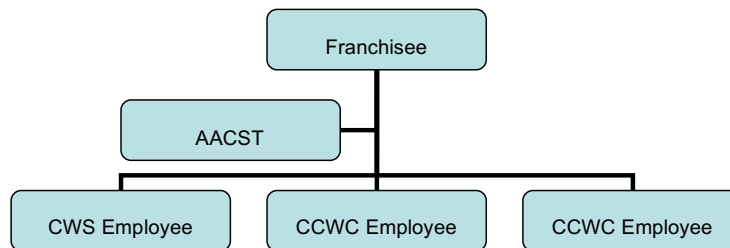
## EventTone Wireless qualified certifications

EventTone Wireless operates in a technical business that requires a deep understanding of cleaning solutions and processes in order to successfully meet our quality expectations. To maintain a high level of quality standards in the field, each franchisee must ensure that proper training is completed by each field operations technician. This means that all individuals conducting window cleaning services must meet EventTone Wireless field certification requirements.

An individual may become certified by successfully passing the technical portion of the franchisee-conducted training program and upon meeting certification time/experience prerequisites. Franchise employees are required to complete the certification process within 2 years or when they reach the

minimum requirements, whichever comes first. All field employees are required to acquire the CST (Certified Service Technician) certification. The cost of training manuals, media and supplies for this certification is included in the initial franchise fee. The franchisee must be certified as a CST through the AACST (American Association of Certified Service Technicians) within 2 months of the initial franchise training.

Based on the experience level of the franchise employee, the full CST certification may require 1-2 years of field experience. The franchisee is responsible for managing the certification process within their franchise. EventTone Wireless will audit the training requirements on a regular basis to ensure all EventTone Wireless Field technicians are meeting company standards for quality. If a technician does not meet the experience/education requirement for certification through the AACST, alternative certification as a CWS (Certified Window Specialist) and CCWC (Certified Clean Window Contractor) through WiCCO (Window Consulting and Cleaning Organization) must be attained. Once the experience requirement has been met the franchisee will be required to obtain and maintain certification as a CST through the AACST.



## Additional training & refresher courses

The franchisee, its managers or other employees, as designated by the franchisor, shall attend and complete to the franchisor's satisfaction such other training programs as the franchisor may require in writing. The franchisee must stay current with any changes or developments relating to the system and the program. To that end, EventTone Wireless shall also provide refresher training programs and make available such other training programs as each is developed for franchisee and to the franchisee, or its managers or other employees, as EventTone Wireless deems appropriate. Franchisor may offer seminars, workshops, conventions or meetings. The franchisor may conduct additional seminars or other training programs for the benefit of the franchisee, and franchisee (and/or franchisee's employees)



may attend any such seminar or program. Franchisor may charge a reasonable fee for such seminar or program if it is deemed appropriate. Any and all traveling, living and other expenses incurred by anyone attending training shall be paid by franchisee. Franchisee shall complete and/or shall cause its employees to complete, to franchisor's satisfaction, such other additional training as franchisor may reasonably require from time to time.

Additional training and certification fees and expenses are subject to change with industry changes in the technical business and certifications requirements. We shall provide other training programs as each is developed and as we deem appropriate. Training will be conducted and offered on an as deemed necessary basis. You are required at your expense, to attend at least one annual seminar, workshop, or convention offered by us. All training provided by the franchisor shall be subject to the terms set forth in the Franchise Agreement, and shall be at such times and places as may be designated by the franchisor on our website or operations manual, or otherwise in writing. Franchisee or its employees shall be responsible for all expenses incurred by franchisee or its employees in connection with any training programs, including, without limitation, training fees (if applicable), the cost of for travel and living expenses and employee compensation during periods of such training. In addition to such travel and living expenses, the franchisee or its employees may incur a nominal charge for training materials and meals at certain training sessions.

EventTone Wireless may also offer training resources, at a cost to franchisee to be determined by EventTone Wireless, to assist franchisee in training hourly employees at their business location.

Franchisee may make reasonable request for training in addition to that specified above, and franchisor shall provide such training, at franchisee's expense, including without limitation, any travel, lodging, meals and other related costs.

The Annual Training and Certification expense is approximately \$300 per employee per year for continuing education and membership dues. This is a variable expense and based upon current certifications.

EventTone Wireless may, at any time, discontinue management training and decline to certify franchisee and/or franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to EventTone Wireless. If franchisee or franchisee's designated individual's management training is discontinued by EventTone Wireless, franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to franchisor. If franchisee's new candidate does not

adequately complete the management training, then EventTone Wireless has the option of terminating this Agreement.

## Annual EventTone Wireless national sales meeting

EventTone Wireless will conduct an annual national sales meeting for all franchisees and any employees who would like to attend. The location of the national conference will be announced at the beginning of the year, to be held in the winter months of the same calendar. This will provide franchisees the opportunity to meet fellow franchisees, discuss upcoming industry trends, take additional training courses, and share their comments with the management team. The costs for the seminars and 3 meals will be provided; however, franchisees are responsible for their own travel expenses.

Each year EventTone Wireless will conduct an assembly for the franchisees. During this time you will be given the opportunity to meet fellow franchisees, discuss upcoming industry trends, take additional training courses and share your comments with the management team.

Although most National Sales Meetings will differ from year to year, the basic event outline has followed this structure:

### Day 1- Arrival and Greeting

- 8:00am- 2pm: Arrival of franchisees. Check into hotel.
- 3pm: Assembly in hotel ballroom. Greeting by President Wally Washer.
- 4pm: Review of agenda for meeting: Sally Scrubbs, CFO
- 5pm: Cocktails followed by group dinner

### Day 2- Working Agenda

- 8am: Franchise Business Review: Wally Washer
- 10am: Break
- 10:30am: New Marketing Campaign Plans: Dan Dryer
- 12 Noon: Group Lunch 1pm: Spotlight on #1 Franchise Award Winner: TBD

- 2pm: Break
- 2:30pm: Goals for the Coming Year: Wally Washer
- 5pm: Meeting end; Departure

## Chapter 6: Staffing Your EventTone Wireless Franchise

### Overview:

- Helping your franchisees identify, hire and maintain an efficient and professional staff is critical to their success. In the following chapter outline your specific requirements and suggestions for staffing each franchise location.

### Goals for the chapter:

- Communicate the staffing requirements and program.
- Communicate any future staffing requirements.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Brainstorm with your key employees to identify the critical positions within your model business.

### Questions to consider:

- What are the minimum requirements you want to set?
- How do you see the staffing requirements changing for franchisees as their business grows?
- What roles can overlap?
- What are the most critical positions within a new franchise location?
- When should a franchise hire each new position?

## A word on legal compliance

Because each state has special employee regulations, you will need to contact your local government agencies for a complete list of requirements for your franchise. As the owner/operator, you will be responsible for hiring, training, promoting, and dismissing employees. To ensure that all aspects of this process are covered correctly and legally, pay careful attention to the details regarding state and federal employment laws.

The first step is to prepare for the actual hiring process. This allows your franchise to legally hire employees who are authorized to work in the United States. There are several processes you must complete before you hire the first employee.

### Key steps to complete before hiring

- 1) File for a Federal Employer Identification Number (Federal Form # SS-4). This sets up the federal income tax process for withholding. You will also be required to set up a payroll deduction account. More information about this process is available at [www.irs.gov](http://www.irs.gov).
- 2) Determine what federal forms you will need (includes the W-4, I-9). You will need to establish any similar forms on the state level.
- 3) Download and print the standard franchise hiring forms. These will include the employment application, a consent form for a background check, and a form for drug testing (if applicable).

### Key steps to begin your hiring process:

- 1) Determine initial staffing needs. This may be difficult because most of your immediate needs will be based on initial demand for your product/service. Refer to your business plan forecast for accurate planning. Determine the minimum you will need to run the office, perform the services, and manage short staffing needs due to illness, vacations, etc.
- 2) Find key staff members first. This includes any management or supervisory roles. It's also a good idea to have someone who can float across different parts of the business to manage areas where you may be short-handed.

- 3) A few well-placed advertisements will bring applications to you. Start interviewing these applicants immediately.

Determining wages or salaries is key to hiring and retaining valuable employees. As manager of a franchise, you will quickly find that keeping turnover low and maintaining a high level of employee morale is vital to your success. You will need to take a close survey of what other employers are paying individuals with similar skill sets or education levels. Establish competitive salary guidelines before advertising any position, and relate those figures to what you have allocated for your payroll budget.

## Staffing your EventTone Wireless franchise

To maintain the high quality associated with EventTone Wireless services and products, the following staffing standards are mandated.

There are two full time positions within each EventTone Wireless franchise that are required once the doors are open for business. The first is the General Business Manager and the second is the Certified Service Technician. The need for additional employees will ultimately be a direct function of the demand for your services.

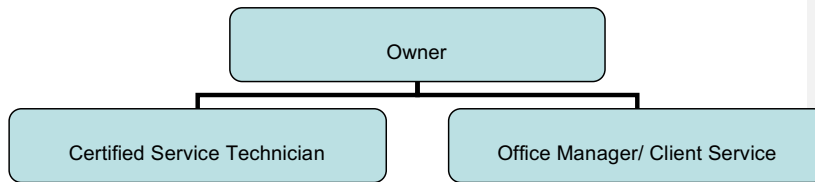
We also strongly recommend that all franchise locations initially employ an office manager who takes calls, schedules appointments, manages the books, etc.

There is a third position you should consider after your franchise has grown. That position is the Executive Director for owners who have started out as the General Business Manager or CST Management position then moved themselves into a more general position overseeing the entire business. This is accomplished by replacing yourself with a new General Business Manager or CST while maintaining the two original full time positions. The Executive Director Position still must dedicate his or her full time and attention to the business.

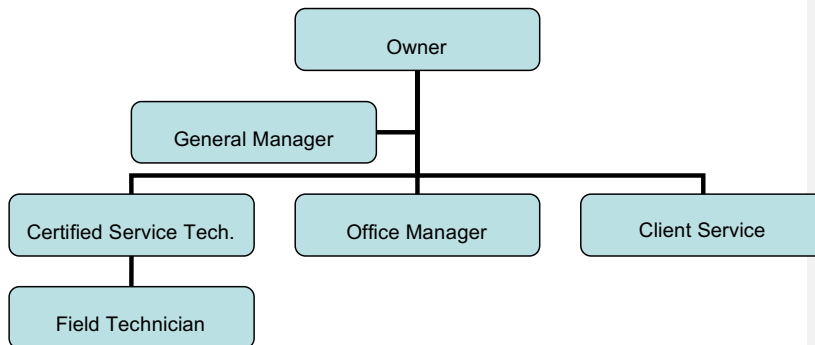
Your staff will ultimately consist of Managers handling Business, Client Service Reps, and Service workers. In addition to these positions, you will have to hire Support Workers. Please refer to the information below for skill sets, profiles and job descriptions for each position.

The combination or formula below serves as a guideline only. Upon opening your EventTone Wireless franchise for business, you are responsible for

managing payroll efficiently to meet your financial goals. Here is how a newly-created EventTone Wireless franchise is staffed:



In the initial phase of business, the owner is also an active operator, and may even engage in activities that the Certified Service Technician or Office Manager handles. Here the Office Manager is responsible for all client transaction activities, from scheduling jobs to processing payments. The Field Technician is out performing the services of the company each day. Now let's look at an established location with several layers of employees:



In this more established franchise, the owner has a General Manager who supervises the daily operations of the business. There's enough work for 2 full time service technicians, and the client service role (scheduling jobs and answering phones) is a full time job.

## Position descriptions with profiles

*It is important to clearly spell out what character attributes one should look for in filling each of the EventTone Wireless positions. You will also want to write specific job descriptions that encompass any and all duties of that given role.*

### General Manager job description

- Scheduling of entire staff, including technicians, office manager, sales staff and manager (if applicable), plus key employees. The General Manager must oversee and make proper changes.
- Must be able to perform any of the functions of the franchise
- Must do all the paperwork, including the End of the Month paperwork. Also train assistants how to correctly complete the daily paperwork.
- Oversee the inventory going in and out of supplies and equipment
- Promotions/Advertising – Must do daily tracking of all promotional activity. This responsibility may be delegated to or shared with the Assistant Manager.
- Tracking of the following: sales, client counts, comps, giveaways, gift certificates, waste, overtime, costs of products, repairs and maintenance, among other things.
- Employment problem solver, including hiring good people and firing bad ones

### EventTone Wireless Manager character sets

#### Planning and visioning

- Forward planning: This trait enables the staff and franchise to cope with frequent change.



- Being “on top of the details” and meticulous: This trait provides comfort for both franchise owners (who want to be assured the service is in safe hands) and front-line staff (who want to know that their manager understands the implications of change and is able to provide advice and support).
- Able to organize the job set effectively rather than being obsessed by formal structures.

#### **Organizing and connecting**

- Effective in securing adequate resources for doing the day-to-day work – evidenced in business planning, IT and staff training. Also good at getting additional resources to field support.

#### **Staffing and supporting**

- Good at promoting team working and in communicating: these traits are often manifested in the personal style of the manager being “approachable” and “listening”.
- Securing the right level of staff resources; protecting and developing those resources.

#### **Controlling and challenging/celebrating**

- EventTone Wireless managers are comfortable, even relish, working in a performance- and target-driven environment: they tend to view performance indicators as relevant and meaningful to the service they are expected to deliver.

#### **Leadership characteristics**

- While not visionary, EventTone Wireless managers are able to see the “big picture” with their feet firmly on the ground and focused on operational realities.
- They are champions of constructive change and enthusiastic about performance improvement.
- They foster good relations with franchise owners – often as a means of ensuring their service gets the resources it needs.
- They support their teams energetically – especially through training and planning ahead to prepare for change.

## Chapter 7: Office Policies

### Overview:

- In this chapter you will outline the general policies for your franchisees' office locations, focusing on both external policies such as client service and internal policies such as hours of operation and dress code.

### Goals for the chapter:

- Communicate the office policies to your franchisees.
- Communicate any future staffing requirements.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Gather any existing office policies you have in place. Employee handbooks are good places to start.
- Brainstorm with your key employees to identify the critical positions within your model business. Your office manager will likely have the most pertinent information.

### Questions to consider:

- What are the minimum requirements you want to set?
- How do you see the office policies changing for the franchisees as their business grows?
- Will the office policies differ based on geographical location?
- Which items are requirements? Which are recommendations?
- Are home offices acceptable or will you require a separate office?
- Which employees are required to wear the company uniform?
- Who will provide the uniforms?

*Use the space provided to list additional job descriptions and their respective character sets.*

## Image décor & theme

As a service based business your clients will have more interaction with the vehicles, technicians, etc. than your actual office. Thus it is especially important that vehicles be clean and well kept. Occasionally you will have visitors to your office. Whether a client dropping off payment or a prospective employee visiting the office, it is important to maintain a professional appearance.

Your office should be clean and free of clutter. Upon opening your business, set up a cleaning schedule, including vacuuming, dusting, removing garbage and recycling, cleaning bathrooms, sweeping the exterior, cleaning windows and removing clutter. Only EventTone Wireless business related items should be stored at your office.

Your address should be clearly labeled and visible from the street. Posting a EventTone Wireless logo on your door will also help clients locate your office.

## Setting up your office

*Describe the minimum physical requirements of your office. Include items such as storage space, zoning and parking requirements, etc.*

Your office space should be at least 500 sq. ft. not including the storage requirements.

It is your responsibility to bear all costs, liability and expense for locating, obtaining and developing a site for the business. Additionally, you are responsible for obtaining the necessary licenses and permits required to operate your business.

While there are many different layouts available for setting up your office, the following minimum requirements will help your franchise run smoothly.

- **Two workstations:** This will allow one station for administrative duties and one station for field/technician duties. Each workstation should include a separate desk and computer system.
- **WindowTech workstation:** A dedicated workstation is necessary for running the WindowTech software. This can either use its own monitor or share a monitor with another desktop computer.
- **Printer station:** A dedicated workstation within this space

## Quality Standards of Service

EventTone Wireless clients should have no doubt they are getting value for the window cleaning service that we provide. EventTone Wireless recognizes that the quality of our service is what separates us from the competition.

EventTone Wireless's "Quality Standards of Service" is a key element in our service strategy. A franchisee must constantly aim to improve the quality of service delivery by implementing quality control measures, employee training, and ultimately focusing on complete client satisfaction.

Service standards - a shortened form of the phrase "quality standards of service" - are more than service delivery targets such as timeliness and hours of operation. Clients are entitled to know what they should expect from EventTone Wireless, how services will be delivered, what services cost and what clients can do when services they receive are not acceptable. These standards should include:

- A description of the service provided and, where applicable, the benefits clients are entitled to receive (clearly defined in proposals and contracts).
- Service pledges or principles describing the quality of service delivery clients should expect to receive (adherence to our promises to the client – see below).

### 1) Each client is our most important client

We understand the needs of each client and tailor our services to meet their individual needs. We treat our clients like family, addressing them by first names when they call and greeting them with a smile. We ensure complete satisfaction and often go above and beyond the call of duty.

## 2) We make it easy for the client

We help clients take pride, comfort and satisfaction in their homes and business properties. Thanks to the services we provide, clients know they have that much less to worry about. When they call on us, the job gets done – just the way they expect.

## 3) We stand behind our work

We are experts at what we do. We have the tools and the training to deliver on the promises we make. We start each job with the desire to do it right the first time. If we fall short, we work equally hard to make it right. We always look for ways to improve our performance.

- Specific delivery targets for key aspects of service; services must be carried out on time and on budget
- Complaint and redress mechanisms clients can use when they feel standards have not been met (client satisfaction surveys and callbacks)

## Benefits of service standards

Service standards provide a practical way to manage performance and help shape the expectations clients have of EventTone Wireless services. Experience suggests that services can be improved and delivered at reduced cost by:

- Refocusing services on clients.
- Finding out what clients consider to be critical aspects of EventTone Wireless services and service delivery.
- Giving managers and employees the flexibility to respond to client needs.
- Developing proper incentives to promote innovation.
- Monitoring and analyzing performance against realistic goals and standards.

## As an integral part of good management, service standards:

- Promote partnership in quality client service.
- Provide the means to measure service performance and costs reliably.
- Provide meaningful information on the content, value and method of service delivery.

- Use performance and client satisfaction information to guide operational decisions to continually improve service standards and actual performance.

## Planning and organizational considerations

Developing and implementing service standards helps ensure client satisfaction. Franchise owners and managers must be prepared to direct and support their employees. The implementation of service standards may or may not involve a committee, but someone must be responsible for the monitoring and delivery.

While franchise owner and managers are expected to assume responsibility for implementation, all parts of the franchise should be involved in carrying out our service standards, and in finding solutions to problems discovered as a result of applying the standards. Front line employees and internal service providers must be involved in the process.

## Knowledge and understanding are the keys to delivery

- Know your business and mission. “EventTone Wireless is committed to providing outstanding window cleaning services to industrial, commercial and residential clients. It is our goal to exceed our clients’ expectations for quality and service, while paying close attention to each client’s individual needs.”
- Know what is affordable: what does it cost to deliver your services?
- Consult your clients, staff and stakeholders.
- What are the most important features of the service you provide?
- What is your clients' satisfaction level with this service? Collect baseline information on current service levels.
- What changes do your clients need or want?
- What are your clients' expectations?
- What are your responsibilities?
- Empower and train service providers.
- Train and equip staff to help clients, and let staff know what is expected of them.
- Train managers and supervisors in leadership and motivation.

- Communicate service standards and report on performance

## Monitoring

Monitoring is the process of keeping track of client expectations and operational factors and adjusting service delivery as appropriate. Knowing where clients stand and how they feel about quality services should be a key priority. It allows a department to modify policies and programs to improve service quality. Monitoring shows both clients and employees that the department is serious about assessing client satisfaction to measure its performance. Data on client service and satisfaction show employees the results of their efforts and help them focus on the essential purpose of the franchise.

## Service and courtesy to clients

Our clients deserve the same level of quality, efficiency, value and professionalism that we would want for ourselves. We believe our company exists to sell products and services that serve a meaningful need for the client. If we don't believe each of these criteria is met, we won't sell it.

The table below outlines our client service standards:

<b>Excellence</b>	<p>We will guarantee a quality product or service that meets or exceeds client expectations.</p> <p>We will measure our performance against the "best in the business."</p>
<b>Timeliness</b>	<p>We will provide our clients with realistic project completion times based on the nature of the request.</p> <p><i>(General information)</i> We will answer client inquiries promptly, usually within 24 hours of receipt.</p> <p><i>(Proposals)</i> We will meet all dates and deliverables as documented in the timelines we negotiate with you.</p>
<b>Responsiveness</b>	<p>We will respond promptly to all client requests in accord with our resources and capabilities.</p>

	<p>We will acknowledge receipt of an e-mail, fax or telephone call within 24 hours.</p> <p>We will cover the telephones at all client-contact points during normal business hours, from 8:00 a.m. to 5:00 p.m. (PST), Monday through Friday.</p> <p>We will investigate and act to resolve client complaints within two working days of their receipt.</p>
<b>Accessibility</b>	<p>We will provide clients with choices for products, services, and the means of delivery.</p> <p>We will provide our clients with satisfaction surveys to assess their needs and contentment.</p> <p>We will use the results of these client surveys to improve our services.</p>
<b>Commitment</b>	<p>We will be courteous, respectful, responsible, and professional at all times.</p> <p>We will take responsibility for providing answers to client requests to the best of our knowledge and skills.</p> <p>If we need to refer our client requests, we will make sure the person we are referring can provide an answer.</p>

## Handling typical complaints and problems

### Client complaints

Complaints should be handled with professionalism and control. Technicians are the first line of defense when dealing with a client. Clearly communicating expectations and updating clients on progress will go a long way towards avoiding complaints. If a mistake is made, quickly address the issue.

When dealing with an upset client remember the following items:

- First try to fully understand the client's complaint and see it from their perspective.
- If a mistake has been made, apologize immediately.



- Communicate how you plan to rectify the situation: reschedule, adjust the bill, send a technician to re-clean an area, etc.
- If the complaint comes from a miscommunication from both parties, explain the situation and apologize for your part.
- There will be times when a client is simply being unreasonable in their request. At this time you must decide if it is worth it to stand your ground. Negative word of mouth can spread fast, but you also must be able to recognize clients who are trying to take advantage of a situation.

## Employee appearance (trade dress) and hygiene

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image EventTone Wireless presents to clients and visitors.

During business hours or when representing EventTone Wireless, you are expected to present a clean, neat and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards. This is particularly true if your job involves dealing with clients or visitors in person.

### Office personnel

- Business casual dress

### Cleaning workers

- Clean, wrinkle-free EventTone Wireless polo shirt
- Clean, wrinkle-free khaki or khaki colored jeans
- EventTone Wireless cap is ok, but no visors or other caps
- Closed-toe work shoes. NO sandals.

Deleted:

Please Note: When returning from a job that has soiled clothing, it is necessary to change into clean clothes to keep the office furniture clean.

All employees should adhere to the following standards:

- Hair must be clean and dry, neatly arranged
- No excessive jewelry
- Body piercing jewelry should not be visible
- Makeup should look natural and enhance your appearance (women only)
- Please, no visible tattoos
- Always look your best and work with a smile!

*Describe additional specifics of the uniform you will require franchisees to wear. Include a picture of the uniform.*

## Hours of operation

Business must be open during normal business hours for its geographical region, for five (5) days per week, fifty two (52) weeks per year, with minimum hours of 8:00 AM to 5:00 PM, except national holidays, unless otherwise authorized in writing by franchisor (subject to local ordinances or lease restrictions, if any). Such minimum hours and days of operation may change as EventTone Wireless may from time to time specify in the manual.

## Visitors in the workplace

To provide for the safety and security of employees and the facilities at EventTone Wireless, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

All visitors should enter EventTone Wireless at the reception area. Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors. Extra caution must be taken when visitors are in the equipment/material storage area of the business.

If an unauthorized individual is observed on EventTone Wireless's premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the reception area.

## Computer usage

Computers, computer files, the email system, and software furnished to employees are EventTone Wireless property intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization. To ensure compliance with this policy, computer and email usage may be monitored.

EventTone Wireless strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, EventTone Wireless prohibits the use of computers and the email system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.

Email may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-business matters.

## Chapter 8: Office Operation and Maintenance

### Overview:

- In this chapter you will outline the roles and tasks necessary to operate your franchisee offices efficiently.

### Goals for the chapter:

- Communicate the key roles and responsibilities for office-related positions.
- Provide short-term and long-term task lists for key personnel.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

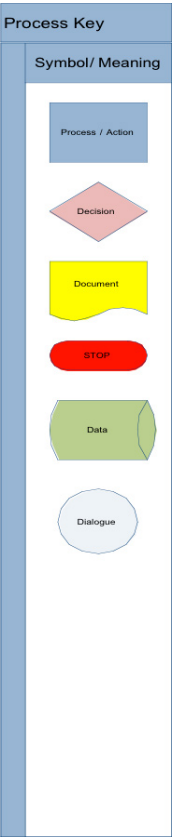
- Gather any existing task lists, organizational charts, etc. you already have in place. Items such as employee handbooks are good places to start.
- Brainstorm with your key employees to identify critical tasks. Your office manager will likely have the most pertinent information.
- Often the best way to gather operations-related information is to simply spend a few days observing. Walk around with a pad of paper and pen and write down every activity you encounter, whether turning the alarm off in the morning or checking the schedule; try to record every action. Ask your employees to do this as well – you will be surprised at how many actions occur in a given day.

### Questions to consider:

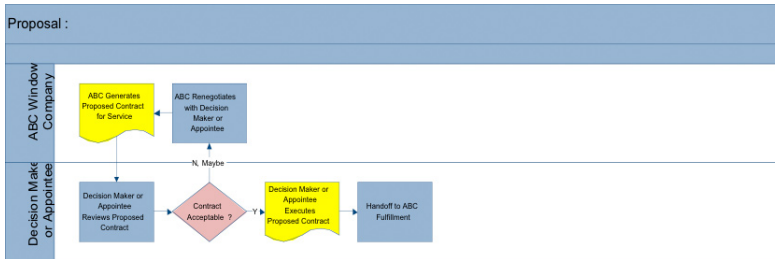
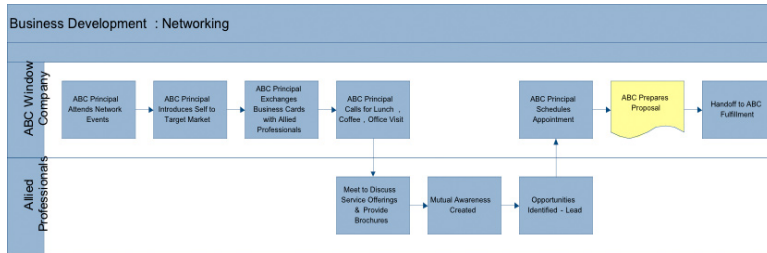
- What tasks must be performed on a regular basis? This includes daily, weekly, monthly, quarterly and annually.
- How do you see the office operation changing for the franchisees as their business grows?
- Will the tasks and responsibilities differ based on geographical location or the size of the company?
- Which items are requirements, which are recommendations?

## Business processes mapping

In this section you should construct standard “swimlane” process maps for all business development, marketing, operations, sales, networking, client service and fulfillment processes. Swimlane process maps are pictorial representations of all the processes in your business. These maps chart all activities, which are represented symbolically. Each person is represented as an actor with their own lane in a virtual swimming pool. A simple key you can use is represented as follows:



The most useful tool for rendering swimlane charts is Microsoft Office Visio. With a few hours spent learning the software, you should be able to model all business processes like the example shown below for networking opportunities and a proposal process:



Notice that each actor has a lane in the pool and all activities are represented graphically through each stage of the process. Each of the procedures that follow should be mapped out graphically for initial training purposes and ongoing training as you experience attrition in your franchise operation.

## General housekeeping

A clean, well-kept office will help project a message of professionalism.

Regardless of whether your franchise is based out your home or an office location, maintaining a tidy workplace is important. Periodically clients will visit your office to drop off a payment or pick up a report. Prospective employees and other business owners will also likely visit your office. A weekly cleaning schedule with specific tasks should be developed and followed. Tasks include vacuuming, dusting, bathroom cleanup, trash, etc. Restrooms will rarely be used by clients, but will periodically be used by

prospective employees, attorneys, CPAs etc. Thus it is important to maintain clean, well-stocked restrooms. Develop a weekly cleaning schedule and ensure that it is followed.

## Opening procedures

*In the section below list your ongoing operating procedures and checklists. Imagine if your office manager quit without notice and you had to hire someone new immediately. Someone completely unfamiliar with your business should be able to efficiently run your office with the information supplied in your operations manual.*

### Office Manager

The office manager should arrive at the office 30 minutes prior to the general operating hours. This will provide the necessary time to prepare for the day before the technicians arrive.

- 1) Unlock office
- 2) Disable alarm if applicable
- 3) Check messages on voicemail. Distribute appropriate messages to employees.
- 4) Ensure that sufficient technicians are on hand to perform the necessary jobs
- 5) Assign technicians to each cleaning project
- 6) Assign appropriate vehicles to each technician or project
- 7) Brief technicians and employees
- 8) Explain assignments and vehicle usage to employees. This should be a short 10-15 minutes meeting to ensure everyone is on the same page for the day.

- 9) Verbally confirm each technician knows his or her assignment for the day
- 10) Briefly cover any issues needing immediate attention
- 11) Equipment check
- 12) Quick overview of cleaning equipment should be performed. Refer to cleaning checklists to perform the check efficiently.
- 13) Office manager and employees should perform a quick check of their work email account. If messages are time-sensitive, technicians should respond quickly to the inquiry.

## Closing procedures

### Technicians

Each technician is responsible for performing the following tasks, when applicable, at the end of each workday.

- Turn in all client folders to office manager, including payment and samples
- Contact clients via telephone and review results of sampling. Send finished cleaning bids to client. Reports should be sent in the format requested by the client. Appropriate formats include fax, email (PDF) or mail.

### Field Manager/Lead Technician

The Field Manager or Lead Technician is responsible for ensuring that vehicles, trailers and other equipment are clean, secure and ready for the next day's use. Check that all washing equipment has been transferred from vehicles to secured office or storage location. Non-critical items can be left in properly secured vehicles overnight.

### Vehicle checklist

- Doors are locked
- Ladders are removed or locked
- No valuable materials left in bed of trucks



- Vehicles parked in appropriate locations
- Lock truck canopy if applicable
- Check that all three cleaning kits are in the office or accounted for. Kits should not be left in trucks overnight.
- Install trailer hitch lock
- Check padlocks on trailer doors
- Check fuel levels. Maintain enough fuel to reach first project in the morning.

### **Trailers**

Trailers must be ready for use first thing the following morning. It is critical to take the time to properly clean, maintain and restock the trailers at the end of each working day. The following list outlines the appropriate components to this process:

- Remove all debris and waste
- Restock supplies as necessary. Use checklist in equipment section to ensure proper supplies are available.
- Clean equipment as necessary

### **Office Manager**

- Schedule. The schedule can be reviewed in a brief 15-minute meeting at the end of each day. All available technicians and employees should be present.
- Review schedule for following workday
- Ensure sufficient technicians and workers are available
- Notify each technician and employee of their projects for the following day. This is especially important for employees who do not work each day.
- Gather data from credit card processing machine. Remove receipt from machine.
- Lock all doors, including garage
- Check and lock all windows

- Make sure that no items of value are left outside overnight

## Cleaning procedures

*Outline any other specific cleaning procedures that apply to your business.*

## Miscellaneous franchise duties and responsibilities

The following are various job duties that occur throughout the business cycle, and must be assigned within the company. This list is not comprehensive and your business will likely have a different set of responsibilities that are necessary for success. As your company grows the tasks will likely be delegated to other people within the company.

- Long term planning and direction
- Strategic marketing (ServiceMagic, yellow pages, Google adwords, Overture, outsidess sales development)
- Business accounting and finance
- Human resources
- Purchasing
- Franchise agreement compliance
- Communications and technology
- Legal affairs & business record keeping
- Equipment
- Managing the sales process, including administration, pricing and competition
- Press and media relations
- Banking
- Safety development and implementation of safety programs

## Office administration major activities listing

Activity	Details	Assigned	Frequency/ Time Frame
<b>Conduct annual strategic &amp; budget plan</b>	Long-range planning for upcoming year	Owner/GM	Yearly; Nov/Dec. for following year
<b>Yearly business review</b>	Results from previous years business; report to company HQ	Owner/GM	Yearly; Jan. meeting with franchise consultant
<b>File taxes</b>	Complete federal and state tax returns	Owner/GM	Yearly; Jan for previous year
<b>File records; Purge old records</b>	Keep current year records, plus 1 year historical records	Owner/GM	Yearly; Jan for previous year
<b>Perform annual equipment review</b>	Yearly maintenance and conditions report on all equipment; complete repairs	Staff	Yearly; complete in winter months
<b>Review insurance levels for business</b>	Complete yearly risk assessment for health and liability coverage	Owner/GM	Yearly
<b>Analyze marketing plan &amp; results</b>	Complete analysis of programs and results for direct business marketing	Owner/GM	Quarterly; adjust plan as needed
<b>Staff performance reviews</b>	Evaluate staff on job performance	Owner/GM	Quarterly reviews; annual salary adjustments

<b>National Sales Meeting participation</b>	Plan for participation in national sales meeting	Owner/GM	Yearly; begin planning over summer
<b>Local home builders' show</b>	Plan for participation in builders' tradeshow	Owner/GM	Local/regional events as needed
<b>Review license requirements</b>	Renew annual license requirements as needed	Office Manager	Annually as needed
<b>Review real estate needs</b>	Review changes to lease agreements	Owner/GM	Annually as needed
<b>Update computer software</b>	Review EventTone Wireless software and office software for updates	Office Manager	Check for updates monthly
<b>Review security contracts</b>	Evaluate and renew agreements for on-site security & alarms	Office Manager	Annually as needed

## Administrative management checklist

Activity	Details	Assigned	Frequency/Time Frame
<b>Run payroll for all employees</b>	Direct deposit payroll needs to be submitted to the bank every other Wed. by 3pm	Office Manager	Every 2 weeks
<b>Pay bills</b>	Submit remittance every 2 <sup>nd</sup> Friday	Office Manager	Every 2 weeks

<b>Enter all A/R and A/P</b>	Use QuickBooks for transactions as needed	Office Manager	As needed
<b>Run daily, weekly, monthly reports</b>	Run and submit financial reports to owner and HQ	Office Manager	As prescribed
<b>Calculate and submit franchise payments</b>	Royalty and franchise fees to be paid monthly to HQ	Office Manager	Monthly
<b>Run delinquent accounts report</b>	Monitor A/R for delinquent client accounts	Office Manager	Weekly
<b>Manage supplies inventory</b>	Monitor inventory levels on all supplies: cleaning and office related	Office Manager	Weekly
<b>Backup data on all files</b>	Backup the hard drives for order, financial and sales information	Office Manager	Weekly
<b>Review bank accounts</b>	Balance bank account balances along with QuickBooks	Office Manager	Weekly
<b>Schedule cleaning service</b>	Keep business cleaned including office and storage by scheduling professional cleaning service	Office Manager	Monthly
<b>Submit requests to HQ</b>	Process all requests for HQ support including advertising, etc.	Office Manager	As needed

<b>Manage all utilities &amp; building issues</b>	Schedule services; manage building maintenance, etc.	Office Manager	As needed
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## Material Safety Data Sheets (MSDS):

Federal law requires that all MSDS must be kept on hand and readily accessible in both the office location and the appropriate vehicles and trailers. Ensure all employees know where they are kept and follow all applicable government and industry safety guidelines.

## Alarms, locks and keys

Keys and passwords to alarms should only be provided to managers or employees who have demonstrated a history or trustworthiness. Periodically change the alarm password, especially after the termination of an employee contract.

## Inventory levels

Each franchise will have different needs according to the size and scope of the work they perform. The system will provide the framework for tracking inventory levels and reorder points. All inventory levels should be entered into the Advantage Software system. This includes items such as chemicals, PPE, vapor barrier, etc.

## Daily procedures

*It is important to establish SOPs for everyday business activities in each area of the company. The best way to do this is by building thorough checklists to assist employees in completing required tasks. The appendix to this document contains such checklists for daily, weekly and monthly operations.*

## Restrooms

While rarely be used by clients, restrooms will periodically be used by prospective employees, attorneys, CPAs etc. Thus it is important to maintain clean, well-stocked restrooms. Develop a weekly cleaning schedule and ensure that it is followed.

## Safety

As a business owner, your first responsibility is to support a safe environment for employees and clients alike. Although most safety issues that apply to a window cleaning business will take place with employees in the field, there are office safety considerations as well. These topics include installing necessary emergency equipment such as smoke detectors or fire alarms, a panic button that may be used in conjunction with your alarm system, and the proper methods of storing dangerous chemicals. It is required that all MSDS sheets be kept updated and on file in the office where they can be easily reached. It is also recommended that anti-poisoning kits be kept on site, in case of accidental ingestion of a poison.

## Chapter 9: Office Equipment, Computer System, Inventory, and Supplies

### Overview:

- In this chapter you will outline the office equipment, computer and software systems, inventory and supplies.

### Goals for the chapter:

- Briefly introduce and describe the critical equipment and supplies necessary to operate a franchise location.
- Outline procedures for troubleshooting equipment and software programs.
- Outline content of any starter packages that are included in the initial franchise fee.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Gather lists of required office equipment, computer software and equipment, inventory and supplies.
- Meet with office manager and discuss appropriate timelines for reordering inventory and supplies.
- Gather any lists of approved vendors.

### Questions to consider:

- Decide which equipment and software you will provide support for and at what level.
- Which items must be on the approved vendor list?
- Which vendors will you receive a kickback from?
- How do you see the office equipment changing as the franchisees grow their business?
- How often must your franchisees update their computer equipment and software?



- Will tasks and responsibilities differ based on geographical location or the size of the company?
- Which items are requirements, which are recommendations?
- Does your operation utilize privately labeled or proprietary software?

*The efficiency and profitability of your franchise system will depend upon proper use of office equipment and supplies. Use the following section to outline the specifics of the franchisee's office. If you decide to allow franchisees to operate their business out of a home, it is still critical to develop systems and controls to ensure smooth operation.*

Your EventTone Wireless franchise will depend upon efficient and up-to-date systems, equipment, inventory and supplies. During the initial stages it is important to allow sufficient time to properly learn each system and adapt it to fit your needs.

## Office equipment

The following table outlines the minimum hardware and software requirements for operating a EventTone Wireless franchise.

Brand and type of hardware and software	Principal functions	How used in franchisee's business	Types of information or data collected
<b>LaserJet: Printer/fax/scanner/copier</b>	Reports and letters	Printing cleaning reports and letters	Reports and letters
<b>PC-compatible computer with at least a Pentium III, 2 GHz processor, a 40GB hard drive and 512 MB RAM</b>	Report processing and database application	Run all software discussed in this project	Names and addresses, transaction data, letters, Cleaning Report information
<b>PC-compatible laptop computer. Pentium III, 2 GHz processor, a 40GB</b>	Report processing and database	Report writing, communication, software	Hardware

<b>hard drive and 512 MB RAM</b>	application, report writing, communication		
<b>Microsoft Windows XP Professional operating system</b>	Operating system	Run all PC-based software discussed in this document	None
<b>Microsoft Office Professional 2003 or newer</b>	Word processing, spreadsheet, PowerPoint presentations, etc.	Direct mail program, correspondence, financial modeling, templates for EventTone Wireless Inspector software	Letters, financial data, Cleaning Template data
<b>Microsoft Outlook</b>	Email, Calendar, Contacts	Access email, organize client and contact lists	Email, files, etc.
<b>High-speed DSL or cable internet required. Internet Service Provider (ISP)</b>	Allows access to the internet	Required to access e-mail, and EventTone Wireless and franchisee websites	E-mail, file transfers, general news, library, technical support, software upgrades
<b>Internet Explorer (version 5.0 or greater)</b>	Internet browser	Required to view EventTone Wireless site and email box	
<b>Adobe Acrobat Professional 6.0 or newer</b>	Viewing, printing and converting to PDF format	Viewing and printing EventTone Wireless and government documents	

<b>QuickBooks Pro 2006</b>	Accounting software	Invoice jobs, pay vendors, run payroll, job costing, financial statements	Control financial activity of business
<b>Norton Antivirus 2006</b>	Computer protection	Identify & purge virus, block intrusions	
<b>WindowTech Software: EventTone Wireless Database software. Requires installation and setup by qualified technician.</b>	Database management - manage client accounts, job progress, etc.	Track clients and administrative tasks Keep track of contacts, record-keeping, financial report generation, scheduling	Names and addresses, cleaning information, inspector records, financial data
<b>WindowTech Hardware: Precision workstation with appropriate WindowTech software. Requires installation and setup by qualified technician.</b>	Provides workstation for WindowTech software. Manage client accounts, job progress, etc.	Track clients and administrative tasks	
<b>WindowTech Hardware: Precision workstation with appropriate software</b>	Data collection and client report generation. Provides workstation for WindowTech software	Collect information and prepare cleaning report during cleaning	Data related to cleaning service
<b>Cleaning software program</b>	Data collection and client report generation	Collect information and prepare cleaning report during cleaning	Data related to cleaning service

<b>Phone lines: Minimum of 3 dedicated business phone lines</b>	Communication	Communicating with clients, franchisor, etc.	
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## Office management software

The administrative aspect of your business is run primarily through WindowTech, QuickBooks and the WindowSpec software. The following is an outline of the three different software systems and how they are used by your business.

*Outline any specific software programs your franchisees will utilize. This includes both proprietary and publicly-available programs. While you will not likely provide full client service for your franchisees' software programs, you should provide the tools for them to solve their issues. This may include technical support contact information for each piece of software in the package.*

### WindowTech

WindowTech software provides the tools for many of the key administrative and management functions of the business.

After setting up your WindowTech system, please contact WindowTech setup support.

WindowTech is your primary tool for managing projects within your franchise. There are additional features within the software that cover a variety of administrative tasks. These include:

- Managing client information
- Scheduling jobs
- Tracking projects from start to completion
- Tracking inventory
- Tracking profitability of projects
- Maintaining database of documents for each project

- Scheduling and assigning administrative tasks such as weekly cleaning and ordering

WindowTech requires a significant investment of time to properly understand and implement into your business. Setting up your WindowTech system will require installation and setup by a qualified technician/network administrator. Approximately \$1,000 should be budgeted for this process. Please contact EventTone Wireless for information on installing and setting up your system.

### QuickBooks

*Pick an accounting system you are comfortable with and require all franchisees to implement the same system. This will make audits and tracking financials much easier.*

All accounting and bookkeeping activities will be handled through QuickBooks software. Because QuickBooks plays such an instrumental role in the operation of your business, it is imperative that you fully understand and implement the software. Your office manager should have previous experience with QuickBooks.

### WindowSpec

WindowSpec's primary function in your business is for creating bids. The software has been custom-formatted to fit the needs of a EventTone Wireless technician. WindowSpec can be further customized by you to better suit your needs. Customization will provide uniformity among cleaning reports and save preparation time.

During your initial EventTone Wireless training you will receive an overview of the WindowSpec software system.

## Approved vendors

The successful operation of your franchise will require periodic purchases of inventory and supplies. The following guidelines have been prepared in order to maintain consistency among the services and products we offer to our clients:

## Approved Vendor Listing

Category	Vendor	Sales contact number	Website	EventTone Wireless™ Discount Plan
<b>Office Equipment</b>	Staples Business Services	800-252-3345	www.staples.com	10% discount all products
	Corporate Express	888-221-0896	www.cexp.com	12% discount on contract items only
<b>Vehicles</b>	Ford	866-999-0302	www.ford.com	2% below dealer invoice
	General Motors Fleet Sales	312-455-1200	www.gmfleet.com	special leasing plan available
<b>Computers &amp; Technology</b>	Dell	512-444-8200	www.dell.com	Discount plan available
<b>Uniforms</b>	Cintas	1-800-786-4367	www.cintas.com	Approved vendor
<b>Industrial Cleaning Supplies</b>	xpedx	Contact local division	www.xpedx.com	Special pricing on cleaning supplies
	Grainger	Contact local division	www.grainger.com	No discount
<b>Window Cleaning Supplies</b>	CWC Supply	800-830-6844	www.cwcsupply.com	No discount

<b>Cellular Communications</b>	T-Mobile	888-477-8452	www.tmobile.com	No discount
<b>General Merchandise</b>	Sam's Club	Contact local store	www.samsclub.com	Regular membership
<b>Insurance</b>	Allstate	Contact local agent	www.allstate.com	Rates dependent upon franchisee

*Use this section to outline any vendor requirements you have. Ensuring each franchisee uses the same equipment and supplies is an important step in maintaining uniformity and professionalism.*

## Equipment “Starter Package”

To open your new EventTone Wireless franchise, you will need to order our Starter Package, which will equip you with all of the tools and supplies needed to carry out your window cleaning services.

### EventTone Wireless franchise new open package checklist form

	Category/Item	Description	Count	Cost
<input type="checkbox"/>	Artwork Template: Mailer	Digital files for direct mail piece	1	\$19
<input type="checkbox"/>	Artwork Template: Flyer	Digital files for flyers	1	\$19
<input type="checkbox"/>	Artwork Template: Cards	Digital files for business cards	1	\$19



<input type="checkbox"/>	Artwork Template: Letterhead	Company letterhead template for business communications	11	\$19
<input type="checkbox"/>	EventTone Wireless Forms Packet	1 copy of each form used	15	\$19
<input type="checkbox"/>	Drug Testing Kit (20/pack)	Kits for pre-employment screening	20	\$19
<input type="checkbox"/>	Employee Applications Pack	Applications pack for all new hires	100	\$19
<input type="checkbox"/>	Field Guide Manual: Cleaning	Manual for cleaning windows	1	\$49
<input type="checkbox"/>	Field Guide Manual: Repair	Manual for equipment management	1	\$49
<input type="checkbox"/>	MSDS Handbook	Listing for all chemicals used	1	\$29
<input type="checkbox"/>	Office Guide Manual: SOPs	General office practices	1	\$49
<input type="checkbox"/>	Office Manager Training Kit	Manual for Office Manager's training	1	\$39
<input type="checkbox"/>	Safety Training Guidebook	General safety booklet	1	\$19
<input type="checkbox"/>	Signage: Exterior building	28" large building mount & sign	1	\$449
<input type="checkbox"/>	Signage: Job site	48" folding display	1	\$89
<input type="checkbox"/>	Signage: Truck decal package	2 door signs, 2 canopy signs	1	\$159
<input type="checkbox"/>	Software: WindowSpec	EventTone Wireless operating system	1	\$359
<input type="checkbox"/>	Signage: Interior Office Signs	All misc. interior office signs	12	\$89

<input type="checkbox"/>	Software: QuickBooks Pro	Accounting software w/ discount	1	\$119
<input type="checkbox"/>	Software: WindowTech	EventTone Wireless operating system	1	\$359
<input type="checkbox"/>	Software: EventTone Wireless CRM	EventTone Wireless client database	1	\$119
<input type="checkbox"/>	Technician Training Kit	Certification for process education	1	\$39

\*Please check-off the items you wish to order, and submit this form via fax or email to the EventTone Wireless Supplies Manager. Please allow at least 7 business days for shipping requirements. Expedited delivery is available if the franchisee is willing to provide a FedEx/UPS account number.

\*\*Please note that items will be invoiced separately from your monthly franchisee fee/royalty charges.

### Additional equipment tools and supplies

#### Partial equipment listing for the EventTone Wireless franchise owner

	Category/Item	Description	Approx. Retail Cost
<input type="checkbox"/>	Brushes: Solid w/ hole	10" Hog hair	\$39.00
<input type="checkbox"/>	Brushes: Solid w/ hole	12" Hog hair	\$41.00
<input type="checkbox"/>	Brushes: Solid w/ hole	14" Hog hair	\$43.00
<input type="checkbox"/>	Brushes: Solid w/ hole	16" Hog hair	\$45.00
<input type="checkbox"/>	Brushes: Screen	Short handle for delicate screens	\$12.00
<input type="checkbox"/>	Brushed: Screen	Heavy duty nylon	\$18.00
<input type="checkbox"/>	Sponges: Sea	Small	\$7.00

<input type="checkbox"/>	Sponges: Sea	Medium	\$9.00
<input type="checkbox"/>	Sponges: Sea	Large	\$11.00
<input type="checkbox"/>	Sponges: Sea	Extra large	\$15.00
<input type="checkbox"/>	Sponges: Synthetic	8" x 4"	\$10.00
<input type="checkbox"/>	Sponges: Synthetic	11" x4"	\$12.00
<input type="checkbox"/>	Buckets: Pulex	6 gallon	\$22.00
<input type="checkbox"/>	Buckets: Pulex	8 gallon	\$30.00
<input type="checkbox"/>	Buckets: Ettore	12 gallon	\$44.00
<input type="checkbox"/>	Scraper: Ettore	5" with extra blades	\$9.00
<input type="checkbox"/>	Scraper: Pocket	2" with blades	\$5.00
<input type="checkbox"/>	Scraper: Super Hand	6"	\$13.00
<input type="checkbox"/>	Scrub Pads: White	Thick 8" pads (pack of 6)	\$6.00
<input type="checkbox"/>	Scrub Pads: White	Hand held swivel holder	\$12.00
<input type="checkbox"/>	Ladder: Sectional	6' expands to 24', aluminum	\$255.00
<input type="checkbox"/>	Ladder: Sectional	8' expands to 32' aluminum	\$325.00
<input type="checkbox"/>	Ladder: Foldable	4' open fold	\$125.00
<input type="checkbox"/>	Holster: Leather	Belt holster for tools	\$18.00
<input type="checkbox"/>	Holster: Nylon	3 Pocket for tool belt	\$25.00
<input type="checkbox"/>	Water-fed pole & brush	High pressure water system	\$110.00
<input type="checkbox"/>	Water-fed pole & brush	Nylon extension system 22'	\$325.00
<input type="checkbox"/>	Micro fiber towels	Synthetic 12" towels (pack of 24)	\$25.00
<input type="checkbox"/>	Terry cloth towels	10lb box of terry towels	\$29.00

<input type="checkbox"/>	Pressure wash engine	2.5GPM 4-stroke	\$399.00
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## Chapter 10: Administration

### Overview:

- In this chapter you will outline the guidelines for office administration. Items such as accounting, payroll and taxes are included in this chapter.

### Goals for the chapter:

- Describe systems and expectations for office administration procedures. These include record keeping, financial statements, payroll, taxes, insurance, accounting and accounts receivable.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Lists of important administration-related documents.
- Meet with office manager and discuss required activities and procedures.
- Meet with CPA to discuss required documents and procedures for franchisees.

### Questions to consider:

- Decide which accounting program you will require franchisees to use.
- Will you as the franchisor have access to your franchisees' accounting information?
- What type of terms are you willing to offer clients?
- How do you see the office administration changing as the franchisees grow their business?
- Will the tasks and responsibilities differ based on geographical location or the size of the company?
- Which items are requirements, which are recommendations?
- Does your operation utilize privately labeled or proprietary software?

## Record keeping

EventTone Wireless's core competency is window washing. Good record keeping is, if nothing else, responsible business. We implore you to keep good records in operating your EventTone Wireless franchise. The following information is general in nature, intended to assist you in understanding the nature, importance, and process of good record keeping.

### Introduction to record keeping

An appropriate record-keeping system can determine the survival or failure of your new franchise. For those franchisees already in business, good record-keeping systems can increase the chances of staying in business and the opportunity to earn larger profits. Complete records will keep you in touch with your business's operations and obligations and help you see problems before they occur.

### The need for good records

Accounting records furnish substantial information about your volume of business, such as how present and prior volumes compare, the amount of cash versus credit sales and the level and status of accounts receivable. In addition, good accounting records help to accomplish the following tasks:

#### Monitor inventory

While a large inventory allows goods to be delivered when they are ordered, too large an inventory represents an excess investment. If your inventory does not turn over quickly, your franchise may lose profits due to obsolescence, deterioration or excess investment.

Any items removed from inventory for personal use should be set aside in a special account for two reasons: first, they need to be recognized separately for tax purposes; second, including these items in business gross profit calculations can be misleading.

#### Control expenses

Accounting records detail the amounts owed to suppliers and other creditors so that you can plan the availability of cash to meet your obligations. Such records also provide information regarding expenditures and allow you to establish controls over them. At all times, you must be aware of your individual expense requirements and how they relate to the overall picture.

### **Fulfill payroll requirements**

Payroll is one of the largest expenses in your franchised business. Adequate payroll records should meet the requirements of the:

- Internal Revenue Service
- State department of revenue
- Local department of revenue
- Workers' compensation laws
- Wage and hour laws
- Social security requirements
- Unemployment insurance requirements

For each of these categories you are required to provide annual reports and summaries. In addition, you must provide employees with the W-2 forms needed to file federal and other income tax returns.

### **Determine profit margin**

Good accounting records will indicate the franchisee's level of profit, and provide specific information on the profitability of certain departments or lines of goods within your business. Such analysis is important to avoid continuing product lines beyond their profitability. In most cases, you can avoid losses if you maintain current records and analyze the information from your records on an ongoing basis.

### **Improve cash flow**

Good accounting records provide detailed reports of cash availability, both on hand and in the bank, and of cash shortages or the diversion of cash. Since cash is your most liquid asset, you must carefully account for it.

### **Use supplier discounts**

A cash budget will provide the franchise owner with a projection of the availability of cash that may be used to pay invoices as they become due. Discounts from suppliers for prompt payment can amount to substantial savings. A 2 percent discount is common if you pay the bill in full within 10 days; if not, full payment is due within 30 days. In business, this is commonly referred to as "2/10, n/30" where n = the net sum due. It means you pay 2 percent less if you pay within 10 days or you pay full price within 30 days.

Take into account that this discount is cumulative. If you make timely payments for each month of the year you will gain a 24 percent benefit (2 percent for 12 months).

### **Measure performance**

Finally, good business records help you measure your business's performance by comparing your actual results with the figures in your budget and those of other similar businesses.

### **Requirements of a good system**

The following criteria are essential to a good record-keeping system:

- Simplicity
- Accuracy
- Timeliness
- Consistency
- Understandability
- Reliability and completeness

### **Payroll and taxes**

Current Internal Revenue Service (IRS) regulations require that you withhold federal income tax and social security (FICA) from each employee. You must remit the amount for taxes to the IRS on a quarterly, monthly or more frequent basis. A detailed reporting system for payroll will help you make timely tax payments.

Gather specific information about each employee on individual employee record cards. All employees should fill out federal Form W-4, which indicates their filing status and the number of exemptions they claim. Use this information to compute the federal withholding and social security (FICA) deductions for each payroll check.

Prepare Employees Quarterly Federal Tax Return (Form 941) by totaling each employee's withholding for federal taxes and social security. File Form 941 with the IRS. Each payroll period, total the accumulated withholdings of both federal taxes and social security for all employees. If this total exceeds \$500 for any month, you must deposit this amount by the 15th day of the following month in a depository bank (an authorized financial institution or a



federal reserve bank). Generally, when the total exceeds \$3,000, you must deposit this amount within three business days. Any overpayment in taxes is paid back to you quarterly.

At year's end, you are required to prepare not only the information normally required for that quarter, but also summaries of each employee's total earnings and withholdings for the year (Form W-2). Provide this form to each employee and the IRS.

### **A word of caution**

It is very easy to fall behind in making tax payments. If you find yourself short of cash, do not be tempted to delay payment of taxes. The IRS will not bill your business for taxes due nor will it notify you of late payments. Delayed payments can easily add up to a large sum; the debt may impede the growth of your business and may even force you to close your business, to say nothing of the federal penalties incurred for late payments.

With a good record-keeping system you can simplify the process of filing taxes to the point where the information needed to complete the forms is automatically generated. Setting up such a system is a rather technical task and you may need to seek guidance.

## **Insurance**

Most franchisees have several types of insurance. For each policy, you should have the following information:

- Clear statement of the type of coverage
- Names of individuals covered
- Effective dates and expiration date
- Annual premium

Review your insurance policies on a regular basis. In addition, annually consult an insurance specialist, who will review the total insurance package to determine what coverage is appropriate and ensure that premiums remain in line with prior quotations.

## **Business equipment**

Keep an accurate list of permanent business equipment used on both a regular and stand-by basis. The list should describe the equipment and

provide serial numbers, date of purchase and original cost. Keep the list available for insurance and other purposes. You will also need this information to prepare accurate depreciation schedules.

## Accounting services

You have several choices in who should maintain your accounting system. You can:

- Maintain the books yourself
- Hire a bookkeeper on a full-time or part-time basis
- Hire the accountant who set up your books
- Set up a hybrid system in which you maintain the day-to-day reports while an accountant does the period-end record preparation, summaries and reconciliations, and the returns for sales tax, excise tax and payroll taxes

In making the choice, you must decide whether you have the ability and time to set up and maintain good records or if you should engage an outside accounting service. It is usually suggested that you hire an accountant to do the final year-end preparations and to advise you. No matter what you choose, you should remain familiar with your books and participate in the record-keeping process. This will maximize the services provided by the accountant and allow you to keep track of your business.

### Selecting an accounting service

If you decide to hire an outside service, find an accounting firm that will work closely with your business and provide you with the information necessary to develop a successful operation. Interview several accounting professionals and compare their level of accounting knowledge, computer literacy, knowledge of and experience with small business accounting, and any specialized knowledge required in your business.

There are many types of professional you may consider, such as a certified public accountant, an enrolled agent or an accredited accountant.

- **Certified Public Accountant (CPA):** A person who has passed the American Institute of CPAs national examination, which tests an individual's ability in accounting, auditing, law and related areas.

- **Enrolled Agent (EA):** An individual who has passed a two-day exam prepared by the IRS covering many areas of federal taxation. This person is generally considered a tax specialist.
- **Accredited Accountant:** An individual who has passed a rigorous examination prepared by the Accreditation Council of Accountancy and Taxation, a national accounting accreditation board affiliated with the National Society of Public Accountants and the College for Financial Planning in Denver, Colorado. Accredited accountants specialize in small business accounting.

Other accountants in public practice perform various levels of accounting and write-up services. When selecting an accountant, the cost of the accountant's fees must be weighed against the benefits received. Frequently, the accountant's professional advice can increase profits to more than cover the expense. Monthly services by an accounting firm will provide you with complete and timely information and also will allow the accountant to develop knowledge of your business and be in a more comfortable position to render professional advice as the business grows.

### **Advice and assistance**

In addition to bookkeeping, an accountant can advise you on financial management. He or she can assist with cash flow requirements and budget forecasts, business borrowing, choosing a legal structure for your business, and preparation and advice on tax matters.

### **Cash flow requirements**

An accountant can help you work out the amount of cash needed to operate the business during a certain period for example, a three-month, six-month or one-year projection. The accountant considers how much cash you will need to carry your accounts receivable, to increase inventory, to cover current invoices, to acquire needed equipment and to retire outstanding debts. Additionally, the accountant can determine how much cash will come from collection of accounts receivable and how much will have to be borrowed or provided from other sources. In determining cash requirements, the accountant may notice and call attention to danger spots, such as accounts that are in arrears or areas of excess expenditure.

### **Business borrowing**

An accountant can assist you in compiling the information necessary to secure a loan: the assets the business will offer for collateral, the present debt obligations, a summary of how the money will be used and repayment schedules. Such data show the lender the financial condition of the business

and your ability to repay the loan. Remember, lenders have two very definite requirements: (1) that the business have adequate collateral to secure the loan and (2) that the business will be able to repay the loan. An accountant can advise on whether you need a short or long-term loan. In addition, your accountant may introduce you to a banker who knows and respects his or her financial judgment.

## Accounting: What you should know

### Daily

- The balance of cash on hand
- The bank balance
- Daily summaries of sales and cash receipts
- Any errors or problems that have occurred in collections
- A record of monies paid out, both by cash and by check

### Weekly

- Accounts receivable (particularly those accounts that appear to be slow paying)
- Accounts payable (be aware of the discount period mentioned above)
- Payroll (be aware of the accumulation of hours and the development of the payroll liability)
- Taxes (be aware of any tax items that are due and reports that might be required by government agencies)

### Monthly

- If you engage an outside accounting service, provide records of receipts, disbursements, bank accounts and journals to the accounting firm. This will allow the firm to maintain good records and present them to you for review, consideration and support in decision making.
- Make sure that income statements are available on a monthly basis, and certainly within 15 days of the close of the month. Review a balance sheet that indicates the balance of business assets and the total current liability.
- Reconcile your bank account each month so that any variations are recognized and necessary adjustments made.

- Balance the petty cash account on a monthly basis. If you allow this account to extend for a longer period, it may create substantial problems.
- Review federal tax requirements and make deposits
- Review and age accounts receivable so that slow and bad accounts are recognized and handled.

## Collections and Accounts Receivable management

Monitor Accounts Receivable on a weekly basis. Use QuickBooks software to print out a list of all outstanding accounts. Review each case individually. Your goal is to determine which projects have been completed, which are in progress, etc. The software will track a project from start to finish and this can be used to reference with the AR list.

### Notes On AR:

- Call the client. Politely inform them that the project is finished and payment is due upon completion. Remind the client that “we accept all major credit cards if they would like to take care of the payment over the phone.”
- Builders, contractors and commercial properties typically process payments once or twice a month. Collecting payment at the completion of the project can be difficult and while always beneficial, it should not be expected.
- Request that realtors pay at the time of completion. If a real estate transaction fails, they are far less likely to pay for services already completed.
- Unless the client has special payment needs such as a commercial property, do not send the report until payment has been collected. Exceptions can also be made for trusted clients with a working relationship.

### Timeline

#### 0-30 days overdue for residential

- Weekly phone call reminders requesting payment for services. Write down notes of conversation in QuickBooks file.

- Email reminders requesting payment
- During the first 30 days, maintain a polite and friendly tone during your conversations.

#### **0-30 days for commercial**

- Check with technician to determine if project has been completed. If yes, call or email a reminder to request payment.
- Many cleaning projects will take a week to two to fully complete. Your QuickBooks software will calculate the AR from the date of creating the invoice, not from the finish date of the project. Before you contact a client, research the finish date.

#### **30-60 days overdue for residential**

- Weekly phone call and email reminders
- Remind the client that a lien on the house is possible if payment is not received. Use judgment and tact when collecting payments. Some clients require an aggressive approach. This includes threatening a lien or turning over the file to a collections agency, both of which are very damaging to their credit. Other clients are forgetful or simply procrastinating, but have every intention of paying.
- Send a letter with copy of invoice

#### **30-60 days overdue for commercial**

- Weekly phone call and email reminders
- Remind the client that a lien on the house is possible if payment is not received. Use judgment and tact when collecting payments. Some clients require an aggressive approach. This includes threatening a lien or turning over the file to a collections agency, both of which are very damaging to their credit. Other clients are forgetful or simply procrastinating, but have every intention of paying.
- Send a letter with copy of invoice

#### **60-90 days overdue for residential/commercial**

- Same steps as listed above
- If the amount owed is significant, consider beginning the process of pursuing a lien or turning the file over to collections.

## QuickBooks Pro

QuickBooks Pro must be used for all accounting and bookkeeping procedures. Managers should be familiar with the software. If additional training is necessary, refer to manufacturer or local classes for training on the subject.

## Chapter 11: Reports, Audits & Inspections

### Overview:

- In this chapter you will outline the required weekly, monthly and quarterly reports. Any information or requirements pertaining to audits is also included. Reports provide a critical analysis of the health of your franchisees, allowing you to quickly identify and address problems before they become insurmountable.

### Goals for the chapter:

- Describe each report, explaining the purpose and specific information required.
- Outline timeframe requirements for completing and delivering reports.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Gather list of key business metrics you want to capture from your franchisees. These numbers should be easy to calculate yet provide a timely indication of the company's health.

### Questions to consider:

- What are the most important measurements for your business?
- How often do you want your franchisees to send reports?
- Do you want reports sent electronically or through the mail?
- What type of rights do you want to retain in regards to auditing and inspections?
- What are the most likely areas in which your franchisees will need oversight?



*While some franchisors elect to use monthly payments and reports, weekly reporting allows you to keep a much closer watch on the financial health of your franchisees.*

## Franchisee reports

Tracking your business results allows you to monitor the performance of your plans and then make changes to your strategies to improve business performance and profitability. EventTone Wireless franchises all monitor and submit reports across many key performance measures. These measures are: total revenue, total costs, gross profit, operating profit, incoming inquiries, total number of sales, and total number of bids. During the operation of your franchise you will track these measurements with daily, weekly and monthly reports.

EventTone Wireless's internal database reporting consists of a daily worksheet, a weekly worksheet, a monthly worksheet, a quarterly worksheet, and a yearly summary. Examples of these worksheets and the required submissions are found in the Appendix. EventTone Wireless uses the data in the sheets to calculate many important data points including franchise fees and tax reporting, and to track results of national and regional marketing programs.

### Daily worksheet

Complete the worksheet at the end of each day. Information will likely be pulled from Sales Tracker, WindowTech, and QuickBooks accounting systems. Please see the Appendix for an example of the sheet. Worksheets can be filled out either electronically or printed and filled out by hand. To provide an accurate picture of your business it is critical to track every inquiry. This includes emails, calls to your answering machine, referrals, etc. Counting inquiries is a measure of the effectiveness of the marketing efforts you put forth. Do not include staff/personal calls, vendor/supplier calls or existing clients calling for other reasons.

### Weekly worksheet

Complete the worksheet on Monday for previous week. This will be the document that is sent to EventTone Wireless headquarters. The weekly worksheet is used to determine your royalty and national advertising payments in addition to other critical business metrics.



## Monthly worksheet

Complete the worksheet within 5 days of the end of each month. This information is used primarily to track key business metrics. Accurate and timely completion is necessary to efficiently spot potential problem areas.

## Where to send reports

Send reports electronically through email to [reports@CompanyABC.com](mailto:reports@CompanyABC.com). Weekly reports should be delivered each Monday by noon for the preceding week's business results.

## Records and reports

Franchisee shall at all times maintain true and accurate business records in the manner specified by franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by franchisor, provide franchisor with such report(s), in the form(s) specified by franchisor, as franchisor may require, and at such times as franchisor may require, including, but not limited to, reports of gross revenues, reports of business expenses and overhead, client information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. By submitting any reports to franchisor, franchisee is certifying that they are true and correct. Within ninety (90) days following the end of each calendar year, franchisee shall provide franchisor with a copy of franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, franchisee shall provide franchisor with copies of franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose at franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from franchisee's computer(s), at any time, without prior notice, at franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law.

## Failure to report

If franchisee fails, for any reason, to timely deliver to franchisor any required report with all required information, franchisor is authorized, without further notice, to assess Royalties and National Marketing Fees for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (a) franchisee's average weekly Royalties and National Marketing Fees over the prior twelve months or (b) the average weekly Royalties and National Marketing Fees of all similar franchisees within franchisee's region as defined by franchisor. Franchisee hereby authorizes franchisee's bank to make such transfers upon franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by franchisee, an election of remedies by franchisor or act, in any way, to limit franchisee's liability to pay fees under this Agreement.

## Audits and inspections

Franchisor shall have the right, at any time, to enter the premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that franchisee has underreported the amount of gross revenues, franchisee shall immediately pay to franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that franchisee has underreported gross revenues by three (3) percent or more for any week, then franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should franchisee at any time cause an audit to be made of franchisee's licensed business, franchisee shall cause a copy of the report of said audit to be delivered to franchisor without any cost or expense to franchisor.

## Contact with others

Franchisor shall have the right, at franchisor's sole discretion and without further notice to franchisee or to any other person or entity, to contact any of franchisee's clients, landlord, accountant, vendors, or other persons within franchisee's Territory or otherwise for the purpose of verifying the accuracy of

any information submitted by franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

## Chapter 12: Vehicle Administration

### Overview:

- In this chapter you will outline the vehicle requirements for your franchisees. Much of this chapter will depend upon the nature of your business. For many service-based business, the vehicles are the most visible representation of the company to clients. Thus it is especially important to implement strict vehicle policies, ensuring you are always communicating a professional image.

### Goals for the chapter:

- Outline the specific vehicle requirements.
- Describe maintenance and cleaning policies.
- Describe requirements for logos and vehicle signage.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Gather list of all vehicles currently used by your model franchise.
- Gather cost information for each vehicle.

### Questions to consider:

- Will you require new vehicles?
- If you allow used vehicles, what is the cutoff year?
- Will you require a specific make and model, (F150) or simply the style (full size pickup)?
- As the business expands, which vehicles should be added first?
- Can franchisees use a vehicle for personal use as well as business?
- Do you plan on providing leasing for new vehicles?
- Will you facilitate third party leasing?

*The following section offers information in regards to standardizing the vehicles that will be used by the franchisee. Except for ladders of various sizes, window cleaning does not require a great variety of large equipment. This means that a small truck with a canopy and a ladder rack is all that is needed. The particular type of service you are involved with may require more extensive equipment, which might require a trailer; or perhaps a van would be a better fit. Whatever the case, be sure to be as detailed as possible when explaining the specifics of what you want your franchisee to be driving.*

*As a service-based business your vehicle is one of the primary points of contact with your client. Arriving at a jobsite in a clean, new truck sends a strong message of professionalism. There are several different types of vehicles that can be successfully used in operating your franchise, each fulfilling different roles.*

As a service-based business, your vehicle is one of the primary points of contact with your client. Arriving at a jobsite in a clean, new truck sends a strong message of professionalism. There are several different types of vehicles that can be successfully used in operating your franchise, each fulfilling different roles.

## Minimum requirements

For use in franchisee business, franchisee must utilize, acquire, lease or purchase a vehicle identified with EventTone Wireless approved branding. Minimum vehicle requirements consist of a late model (within 3 years of the current year) white Ford F150 pick-up truck, or similar make, in excellent condition, with trailer towing package for towing Cleaning Equipment Trailer to job sites. Applicable licensing, title and taxes must also be paid by the franchisee. All vehicles used as part of the franchise business must be white in color and display the EventTone Wireless decals in accordance with the operations manual. The franchisee must pay for the decals.

## Additional vehicles

### Small Truck

If you are purchasing a vehicle solely for cleaning work, a model such as the Ford Ranger will work well. Pickup must be less than three years old, white exterior color and in excellent condition. Similar models of truck such as the Toyota Tacoma will be considered by EventTone Wireless, though each must be approved before purchasing. Due to the high mileage encountered during

cleaning work, select a model with a 4 cylinder, high-mpg engine. Pickup must also have a white fiberglass canopy installed. This is important to protect your equipment and provide additional advertising space.

### **Cargo van**

A cargo van such as the Ford Econoline E150 or E250 can be very useful in daily operations. Age and color requirements are the same as trucks described above. The large interior height of the van allows easy access to tools and equipment and also provides a large amount of advertising space on the exterior. Cargo vans work well for both small cleaning projects and rebuild jobs.

The following is a vehicle guidelines sheet that can be distributed to technicians and drivers within your business:

*Our trucks are a representation of our company and the following steps are outlined to help keep them in good operating condition. If you notice anything awry, please contact the manager.*

### **Driving**

- If you get a speeding ticket you pay for it
- Drive reasonably; just like personal auto insurance, our rates go way up following an accident on the record.

### **Daily**

- Ensure all doors are locked. Please lock the doors after each time the vehicle is used, not just at the end of the day.
- Check to make sure no items of value are left in the bed
- Return cleaning equipment and GPS units to office
- Return keys to office

### **Weekly**

- Quick clean of vehicles, including removal of trash from interior

### **Monthly**

- Wash exterior of vehicles



- Vacuum inside of vehicles
- Depending on usage, oil changes

### Personal use

- Borrowing a vehicle for personal use must be approved by the manager.
- If borrowing to use for a significant distance, return with same amount of gas as when it left
- Clean before returning, especially if making a dump run. Please hose out the bed of the truck.
- Insurance will likely not cover an accident while using a truck for personal use. The trucks are insured for commercial use only.

### Accidents

- Immediately call 911 if there is an injury
- Follow all the steps listed on the insurance card
- Contact the manager

### General

- Please notify manager of any maintenance issues or items needing replacement
- Each vehicle should have MSDS sheets, blank I&T Agreements, marketing materials, etc.

## Auto theft & carjacking

*Describe any policies your company has that may pertain to auto theft.*

## Leasing

*Typically in the early stages of franchising, you will not provide leasing. If you do offer such a service to your franchisees, describe it here.*

EventTone Wireless does not provide in-house leasing for vehicles at this time. It is your responsibility to arrange financing for your vehicle purchases.

## Chapter 13: Marketing

### Overview:

- Franchisees expect their franchisors to provide a well-articulated marketing plan, outlining their road to success. Throughout this chapter you will provide both an outline of marketing in general and specific goals and requirements for the business. These marketing techniques must be tested and proven through your model franchise. Your franchisees' marketing dollars are precious and should be reserved for campaigns with a proven track record of success.

### Goals for the chapter:

- Outline the basics of marketing.
- Describe the different aspects of marketing and how they apply to your industry.
- Outline specific marketing requirements.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Assemble all marketing materials used over the last several years.
- Review previous marketing campaigns. Decide which have been successful.
- Gather data on marketing expenditures for your pilot location.

### Questions to consider:

- What are the critical components of your marketing campaign?
- Who is your target market?
- How much should a franchise budget for marketing?
- What marketing materials will you provide. Ad slicks, flyers, etc.
- How does the internet fit into your marketing campaign?
- Will you provide a website for your franchisees?
- Which advertising materials must be approved by the franchisor?

- Will you have an online database for franchisees to access marketing materials?
- Do you plan on utilizing advertising co-ops?

*Without sales, even the greatest idea is destined for failure. The following information is provided as a starting point for the development of a successful sales campaign. Each region and franchise will require a custom-tailored campaign to achieve the most effective results. A significant part of your time and effort will be spent developing, implementing and refining the sales process.*

## Marketing at EventTone Wireless

At EventTone Wireless, an effective marketing program is essential to the prosperity of your business. Window washing is an advertising-driven business, and a large-scale initial campaign followed by a selective ongoing and continuous advertising is the key to sustaining business and generating new growth. At EventTone Wireless, you will benefit from some level of national brand equity, and from certain national or regional marketing and advertising efforts. However, many franchises will be required to perform marketing and sales activities within local markets of operation. For that purpose, we will use this section of the manual to communicate ways to build an effective marketing and sales plan.

Marketing is a science and an art form. Companies across all industries spend billions of dollars each year to get their message out to potential clients who will buy their product or service. This is a science, as many statistics are gathered about segmenting and targeting potential markets, and the results are very carefully measured in hopes of improving the results for the next campaign. Marketing is an art form in the way some products take off and their appeal spreads like a virus (hence the term viral marketing). This type of word-of-mouth advertising is very powerful because people are recommending your product to others they know. Regardless of what form of marketing program you take on, you can be sure to experience a unique set of results that you will need to monitor closely. As every marketplace is unique, what works for one franchisee may not necessarily work for another.

The goal of the marketing campaign is to make EventTone Wireless synonymous with premier window washing solutions. Therefore, every item that bears the EventTone Wireless name must use company standard logos and collateral.

*Your franchise will develop a very specific formula that works for combining national advertising and use of your brand along with regional or local campaigns that will be run by franchisees. Like all other components of a franchise, it is very important to establish marketing SOPs and boundaries with regard to use of the company's brand name and all likenesses.*

## EventTone Wireless franchisee marketing requirements

### EventTone Wireless national marketing fees

All EventTone Wireless franchisees are responsible for a monthly marketing fee. This fee is due at the same time as your EventTone Wireless royalty fee. This fee is required to be paid in full each month by check, pre-authorized check, electronic funds transfer or similar. National marketing fees are set at the beginning of each fiscal year for EventTone Wireless, but are subject to change. EventTone Wireless will communicate any changes 90 days in advance of implementation. Marketing fees include the national marketing fee of 2% of gross revenues, and the minimum local and cooperative marketing requirement of 6% of gross revenues or \$2,000 per month (whichever is greater). If you are in a marketing area that contains two or more franchisees, you must participate in a marketing cooperative. The marketing cooperative may assess up to five percent of gross revenues (five of the eight percent). You must continue to spend not less than three percent on local marketing.

### Exclusive use of EventTone Wireless brands, logos and likenesses

Approved marketing materials are supplied by EventTone Wireless and are included in the company's operations manual. The franchisee may only use advertising materials that have been provided by EventTone Wireless for the express purpose of marketing or related activities. EventTone Wireless will not be responsible for any damages or claims resulting from your unauthorized use of advertising materials, including, but not limited to, the unauthorized use of music, song lyrics, stock photos, images and testimonials/endorsements.

### Marketing and compliance with EventTone Wireless

EventTone Wireless franchisees are prohibited from entering into any agreements with any other franchise and/or service organization pertaining to

their business, or to use the EventTone Wireless-owned trademarks, service marks, or logos, without first securing EventTone Wireless written consent. Consent may be withheld for any reason or cause that is sufficient, including the need to ensure that information about EventTone Wireless offices is consistent, accurate and appropriately stated. In addition, EventTone Wireless franchise operators are not permitted to establish or maintain any websites, or advertise on any Internet-related sites or activities.

### Special marketing approval request

In the event that you want to modify any EventTone Wireless marketing materials, or you want to use materials you prepared or had prepared at your request, you must submit a copy of the proposed advertising materials, along with the Advertising Approval Request Form, to EventTone Wireless at least 2 weeks prior to the first intended use (refer to appendix for advertising approval request form).

Submit the Advertising Approval Request Form to:

EVENTTONE WIRELESS  
Marketing Department  
20630 52nd Ave West  
Lynwood, WA 98036  
Fax: 425-869-5571  
james@EventTone Wireless.com  
mike@EventTone Wireless.com

Note: Such materials cannot be used until you have received written permission from EventTone Wireless.

### Getting started with your marketing plan

Before we can begin to understand how we would like to advertise and spend money, we must first understand the local marketplace to determine what the current business conditions are in the given geographical area where we will be washing windows.

*Marketing activities can become very expensive, and it can be difficult to measure the immediate impact of many activities. The ability to determine how much revenue of advertising for each dollar spent will allow business owners to accurately forecast expected return on investment (ROI) of individual marketing activities.*

## Local market research and answering key questions

The franchisee will be required to assess their local market(s) and conduct research about other window washers, including their services, pricing and reputation. Understanding your potential clients and where they are located is also a priority. It allows you to customize local advertising to include certain zip codes, or target a specific type of client. The goal of all local market research will be to have a simple form that will outline the demand by clients and the services being provided by the competition. This will help you determine the best pricing for services provided by your company. Your market will constantly will change so this process should be repeated on a consistent basis, and this may vary every 30-90 days.

There are many helpful resources available to assist in researching your local market. Books, websites, seminars, classes and work groups can help gather information. Questions to ask during the research phase include:

### Key questions to answer about your market:

- How many competitors exist within the geographic area you will target?
- What types of services do they offer?
- What is their pricing structure?
- What are the strengths of the competition?
- What are the weaknesses of the competition?
- How are your competitors advertising?
- What methods are they using?
- What types of clients are in your area?
- Are there large residential areas or large industrial or office complexes nearby?
- What specific needs does each client group have? What are common concerns for your clients?



*Franchisors must manage geographical boundaries of franchisees so the potential for cannibalization (one franchise taking business from another) is kept to a minimum. All franchisees or retail chains face this problem as expansion into markets reaches the saturation point. Developing guidelines for areas that contain multiple franchises will be an important part of growing your business.*

## The process of creating a marketing plan

Although a marketing plan can be a very complex, multi-faceted set of programs and processes, we will take a look at a basic plan to fit our business of window washing. Most college marketing textbooks start with the basics known as the 4 Ps of marketing: product, price, place and promotion. In essence, your plan will focus on executing the basics of these four items. Your product is the ability of the EventTone Wireless franchise to effectively wash windows. The price you charge for this service is dependent upon the level of service, cost, and value the company provides. But price is also affected by what your competition will charge. Place refers to the area that you want to sell this service: Who will you target? And finally, promotion refers to the activities you will use to get the word out about window washing. While this is a very traditional look at what a marketing plan consists of, this formula has been proven successful time and time again.

### While keeping the 4Ps in mind, here are the basic steps:

- 1) **Collect information:** We've already taken a look at the importance of understanding the market you will be serving.
- 2) **Plan the campaign:** Now that you understand your market, and the service you're selling, how can you use your resources to effectively draw clients to my business.
- 3) **Implement the campaign:** Execution of the plan is often the most difficult part of any business, and requires discipline, dedication and a commitment to success. It also requires understanding the daily dynamics of success and failure and adjusting on the fly.
- 4) **Review and assess the results:** The proper formula for success will be a combination of trial and error with a careful eye on good business judgment.

## Planning a marketing campaign at EventTone Wireless

We've already discussed the exercise of market research, so let's now focus on step 2 in the process: planning the campaign. The goal is to understand what forms of media are most effective at getting our message out, given we are targeting clients who want their windows washed. First, we must raise awareness of appropriate window cleaning practices. Second, we must communicate to the public that we are the premier company to meet these needs. One way of looking at advertising is through various forms of communications. For example:

- The **written medium** includes the use of news releases, fact sheets, feature articles, newsletters, brochures and handbooks, advertising, white papers and books.
- The **spoken medium** uses face-to-face discussions, speeches, radio newscasts, news conferences, press parties, interviews, meetings and word-of-mouth exchanges.
- The **visual medium** includes television newscasts and appearances, videotapes, motion pictures, slides and filmstrips, transparencies, photographs, teleconferences, charts and graphs, billboards and other graphics.

Another way to examine types of advertising is to take a media approach. Marketing and advertising campaigns use media as a method of delivering a compelling message about your product or service. Types of media:

- **Print:** Probably the oldest form of advertising and still very effective. Print can consist of direct mail, a magazine ad, newspaper ad, posters, flyers, etc.
- **Radio:** Radio is another form of advertising that has been around for many years, and is very effective at targeting a specific geographic area.
- **Television:** Most of us think of national broadcast networks or cable, but TV can be very effective for regional advertising, and can give you the ability to segment your audience by channel subject matter.
- **Internet/web-based:** This is the newest form of advertising, but quickly becoming the most powerful. Many franchises have elaborate websites to display product information, and also collect data and feedback from clients. Paid web searching through concepts like search engine optimization (SEO) or pay-per-click is a powerful way to generate leads for your business.

- **Billboards:** This format will allow you to target many people over a given time period in a geography that is very relevant to your business.
- **Electronic media:** More businesses today are sending out sample CDs DVDs and other forms of digital information to advertise business and services.

One of the most important components of a marketing plan is the amount of money the franchise will spend, also known as the marketing budget. When a new business is started, a marketing budget should be allocated from start-up funds and set aside for the launch of the business. Starting a business always seems to cost more than entrepreneurs project, so it's very important to plan what types of media you would like to use, how they differ in cost, and a measure of effectiveness (ROI). The start-up marketing budget could also include the cost of a "Grand Opening", which is discussed later in this section.

While it's a good idea to plan for additional marketing dollars at startup, a good rule of thumb is to allow approximately 12-15% of your projected first year annual revenue for marketing. However, new franchises may have different requirements based on your market research.

## Target marketing with selected media

Now that we've taken a look at forms of advertising, we have to analyze our prospective client base, and overlay the various forms of media to determine how we can "target market" with the most effective use of our budget. Throughout the operation of your business you will notice several distinct groups of clients that typically use EventTone Wireless. In your local market research you will likely encounter a slightly different set of clients. Recognizing these different groups will allow you to custom tailor your response to best meet their needs. These groups can be divided into 3 very different target markets, and their respective segments:

### 1) Residential:

- Single family home owners
- Multi-unit or apartment buildings (key contacts would be property managers and real estate holding companies)
- Condominiums (condo owner associations)

### 2) Commercial:

- Office buildings
- Industrial building (industrial parks)
- Shopping centers and other retail businesses

3) Institutional:

- Schools, universities, institutions
- Government or municipal buildings
- Hospitals and other medical facilities

At this point in the plan, the franchisee must determine the best mix of client and revenue potential. For example, residential clients will occupy many of the company's resources, while the amount of revenue earned per client will be the lowest of all segments. In contrast, if EventTone Wireless has 3 or 4 regular commercial buildings to clean every other month, that could be a substantial base of revenue that would allow the company to make a nice profit margin. Larger clients (or those with more windows to clean) typically equal a greater amount of marginal revenue for the job. This is the concept of scalability - applying a fixed amount of resources to a target that has a significant amount of opportunity.

Many companies focus on serving one market very well. As the adage goes, "you can't be everything to everybody". There is much truth to this in business. Companies that are able to serve a market or niche very well typically find more efficiencies over time, and become very effective with a given client. Obviously, when building a marketing plan, the types of media used will differ depending on your target market. For example, advertising in a local business magazine would be a great way to lure commercial clients, but would not be effective for the residential market. And a billboard would not be effective for government because all government purchasing goes through an open bid process where the low bidder wins.

The summary for this section is simple: pick your target market, determine what forms of media or what medium is most likely to attract that target, and plan a mix of advertising for those areas. Like most things in business, you must learn from results and adjust your plan over time.

### A closer look at various forms of media

Advertising can be a powerful medium for both drawing in new clients and building brand recognition in your community. Although there are many forms

of advertising, the mediums described below can be very effective, especially for EventTone Wireless franchisees. Here's a closer look at several formats:

## Phone directory (e.g. Yellow Pages)

For many contractors, their largest annual advertising expenditure is a "Yellow Pages" ad. After all, it remains a reliable method of attracting new clients outside the word-of-mouth referral process.

Yellow Pages ads are effective because they are different from traditional ads. With a newspaper ad, you are fishing for clients who might be in the market for your specific service. With the Yellow Pages, they are already swimming toward you, trying to find the names of reliable local providers.

Many contractors believe that Yellow Pages ads are unnecessary because they have a steady stream of referrals. I challenge that assumption by reminding them that clients who may have been imprecisely referred to their company will inevitably look in the Yellow Pages to find the correct contact information. And if you're not there, you just lost a prospect.

When buying your Yellow Pages ad, remember that the sales representative may not always give you the best advice. He or she is receiving a commission on the space and will often try to sell you extras that may not add value. Many contractors upgrade to full-color ads with photos that are simply stock images provided by the designer. Unless the image showcases a specific competitive advantage, it may be superfluous. Do you really need to see a picture of sprinklers watering a lawn when shopping for an irrigation contractor? The same goes for cute logos and graphics, which often distract from what the client is looking for.

What should your ad include? First, grab their attention with a bold headline. Your company name is not a headline. Try something that communicates an important benefit that differentiates you from the others. Chris Agee of Sprinkles Irrigation in Atlanta advertises "A Live Person Answers Our Phone" and "We Show Up When We Promise." You can bet those headlines keep his less-organized competitors squirming. Consider reverse type (white letters against a black background stripe) to make your headline really pop.

If you have a company web site, include its address. More people are going on-line, and an effective Yellow Pages ad can serve as a portal to your site, where clients can then learn much more about your business and its strengths.

Second, promote your services and experience. Be sure to focus on listing your benefits and what you can do for them, rather than providing a laundry list of options. Avoid bragging as in “we’re the best.” Instead, use phrases that will cause potential clients to read on, such as “No Extra Charge for Weekends,” “Free Estimates,” and “Fast Response.”

Third, remember your geography. Property owners want to hire someone who is conveniently located. If you have a defined area of coverage, say so. If you cover all areas, make sure that’s known too.

You’re spending a lot of valuable dollars on your Yellow Pages ad. If it conveys a professional and reliable image, then get ready for your phone to start ringing!

Depending on the size of your territory, you may need to renew you listing(s) in your local Yellow Pages directory(s) more than once a year.

Contact the EventTone Wireless marketing manager for assistance in setting up your Yellow Pages advertisements. EventTone Wireless will provide all the page copy and graphics needed to launch your campaign.

*If your franchise will support print advertising, it's important to make clear what types of marketing support are available to your franchisees. Many companies offer digital files that are ready to be sent to local printers for ad placement. Taking advantage of the scale of your enterprise is important to lower overall costs and increase profitability.*

## Local or regional newspapers

Newspaper advertising continues to remain a popular choice for service-based businesses. Typically, newspaper ad programs are placed over a significant time period to allow deep saturation of readership. Sunday papers have the highest circulation, but you are also competing with more ads. However, there has been a significant decline in the subscriber base for newspapers nationwide. Many papers have merged with the traditional cross-town rival to maintain profitability and offer a competitive vehicle for advertisers. As a result, costs to advertise in print have dropped. One of the most effective types of print advertising remains the coupon. These are especially appropriate for service industries dependent upon repeat clients. Window cleaning businesses are great examples of a good application for coupons. Newspaper advertising can be effective in building name

awareness and generating some inquiries from prospects, although it can also be expensive. Even a small ad can run several hundred dollars per insertion. In general, a single ad is worthless. A series of 4 to 12 is needed to build interest and desire on the part of potential clients.

Marketing in local and regional newspapers is a great way to start your Grand Opening marketing campaign. This can be a great alternative for new franchisees while they are waiting for the next printing of their local Yellow Pages.

Contact the EventTone Wireless marketing manager for assistance in setting up local and regional newspaper advertising campaigns. EventTone Wireless will provide all the page copy and graphics needed to launch your campaign.

## Direct mail

Direct mail has proven to be an effective advertising medium for EventTone Wireless. Advancements in technology now allow variable data printing, which means companies can target clients much more accurately than in the past. Through the use of digital technology, the effectiveness of direct mail has improved, while the overall cost per piece has declined. It remains one of the most effective ways to advertise for new clients or to existing clients who may be in your database. Direct mail providers are now able to print advertising pieces that match client data you may have collected during previous sales calls. They can also canvas specific zip codes or integrate mailing lists of a very specific client type, such as all the members of a landlords association. This flexibility allows the advertiser to become very creative in crafting a message to his target market.

### Advantages:

- **Targeting:** Historically, the most important aspect of direct mail was its ability to precisely target previous clients. If a suitable list was available, it also did a good job of targeting prospects. However, with the arrival of email and the use of cookies on websites, organizations could have a dialogue with their clients via the internet far more cheaply and easily.
- **Personalization:** Direct mail can address the client personally and be tailored to their needs based on previous transactions and gathered data.
- **Optimization:** Because of its direct accountability, direct mail can be tested to find the best list, the best offer, the best timing, and many other factors. The winning tests can then be rolled out to a wider audience for optimal results.

- **Accumulation:** Responses (and non-responses) can be added to the database, allowing future mailings to be better targeted.

#### Disadvantages:

- **Cost:** The cost per thousand will be higher than almost any other form of mass promotion (although the wastage rate may be much lower).
- **Waste:** Large quantities of paper are thrown away (see below).
- **Alienation:** Some recipients resent direct marketing being "forced" upon them, and boycott companies that do so. Moreover, they may obtain Prohibitory Orders against companies whose direct marketing mail they find offensive.

Direct mail advertising is another great medium to start your Grand Opening marketing campaign. This can be a great alternative for new franchisees while they are waiting for the next printing of their local Yellow Pages.

Contact the EventTone Wireless marketing manager for assistance in setting up Direct Mail Advertisements. EventTone Wireless will provide all the page copy and graphics needed to launch your campaign.

### Internet marketing

Each year more and more EventTone Wireless leads come from the internet, and more and more of our business transactions occur over the information superhighway. This trend is expected to continue exponentially for quite some time. While demographics certainly play a role, you will find clients who prefer to search Google instead of leafing through the Yellow Pages. Many lower income references come from the internet. Designing an effective and highly ranked website is difficult and time consuming and for most window cleaning companies it is beyond their scope of interest and ability. For EventTone Wireless, the company has already invested significant resources to take advantage of the national branding. For a franchise this type of support is expected by the franchisee. After all, that's one of the values in committing to a franchise.

In many businesses or industries a web-based advertising program is becoming the main focus of marketing funds, and one of the primary sources of new leads, accounting for a significant amount of all new business generated. Web-related leads have the added benefit of producing high sales ratios because clients tend to be more informed and educated.



Internet marketing in terms of website management will be primarily handled by the EventTone Wireless web development team. Contact the web development team for assistance in making revisions to your website.

## Search engine optimization (SEO) and pay-per-click (PPC)

We have found the internet is a powerful resource for marketing your EventTone Wireless franchise. In some regions, up to 70% of all new clients are generated through internet marketing. To help you utilize this resource, EventTone Wireless will dedicate a portion of the CompanyABC.com website for your business. In addition to your EventTone Wireless website it is essential that you establish a pay-per-click advertising program. Google AdWords, Overture, and Yahoo Search Marketing are the three most powerful pay-per-click advertising campaigns available today.

Upon signing the franchise agreement we will begin to create your website on CompanyABC.com. You will be sent a link, via e-mail, to your business page on the EventTone Wireless website. This will include assisting in the setup of pay-per-click accounts. After your account is set up, the ongoing maintenance and upkeep will be your responsibility. This will include setting a monthly budget, tracking results, evaluating the overall effectiveness of the campaign, etc.

Online marketing will become a daily function of operating your EventTone Wireless franchise. Though you may have periodic campaigns that use specific internet resources, your overall web campaign will be a constant feature of your marketing program.

Contact the EventTone Wireless IT manager for assistance in setting up your website or pay-per-click ad campaigns. Additionally, a wealth of resources is available online with articles pertaining to search engine optimization, web site design, etc.

## Signage

Given the nature of service-based businesses, building signage has a relatively minimal marketing impact.

Your business does not need to be located in a highly visible or desirable area. Placing your business in an area that has a lot of pedestrian traffic will likely incur your business unnecessary costs. Your business will more likely be located in a business park or your home, though at a minimum you will

need to post information on a door or mailbox indicating the company name so that deliveries and client checks make it to your place of business.

## Vehicle signage

The logos and signage on your equipment and vehicles can be an extremely effective marketing tool. Please see the chapter entitled Vehicle Administration for additional information.

## Outdoor advertising

All signage must contain the EventTone Wireless® registered trademark logo including the ®. Submit all sign proposals to the EventTone Wireless promotional director in the corporate offices for approval along with copies of regulating ordinances. Banners must be pre-approved by corporate office. They should contain the EventTone Wireless colors and registered logo.

Check local ordinances regarding banners. Some areas only allow banners with a permit or for a limited length of time, some areas do not allow banners at all, and others do not have any governing rules. In the case where banners are not allowed, creativity is necessary, such as putting up signs or posters inside the windows. The banner rules frequently extend to other types of outdoor attention grabbers such as pennants and lights.

## Billboard advertising

### EventTone Wireless's position on outdoor advertising

Too often, outdoor advertising is passed over or is, at best, an afterthought to other more popular forms of advertising media. That shouldn't be the case; outdoor offers a dramatic and effective presentation that can help window washing professionals project a strong image.

Outdoor billboards are seen all day, every day. They can't be turned off like TV or radio, or thrown away like print materials. Outdoor will be there continuously, each and every time a commuter passes by that site in their vehicle.

### Make a meal of leftovers

Billboard companies typically want clients to sign contracts that commit you to a particular board location for a set length of time, often 6 months or a year. But a more advantageous approach is to seek out their odds and ends around town and sign up to take the "leftovers" that they haven't sold.

You can often get these currently unsold boards with a 30-day contract. But, many times there is no one waiting in line to take over the board and put up their ad after your contract expires. When that happens, the billboard company will usually leave your ad up because it is cheaper to do that than to paint over the board until a new client is found. So, you can often get well over a month's worth of exposure out of your 30 days paid advertising.

### **Keep the message short**

Unless a board is in an area where traffic crawls at a snail's pace and motorists have time to study everything around them as they sit and wait, your audience is going to have only a few seconds to see your sign and read its message. Therefore make sure what you want to say is simple and easy to view. Your logo and/or name is most important – you want them to know whose ad it is, right? If you want them to know your location, make sure that is easy to understand. "ABC Company Lynnwood – Serving the West Side of the Valley" says it all. Short and to the point.

Lettering needs to be clear and easy to read – capitalize first letters and lower case the rest. Provide adequate spacing between letters and words, since print has a tendency to run together from a distance. Colors of type and background should contrast for best readability.

### **Get the most out of your messages**

If you have the opportunity to use multiple boards, consider where they will be placed to determine how best to maximize their message potential. If the boards are on opposite ends of town or opposite sides of the highway, use the same message.

However, if you can get two boards on the same stretch of road, you can let them work together...perhaps using the first as a "teaser" for the second. Let the message you have on the first board leave them wondering about something that is "paid off" with the message on the follow-up board.

If you do enter into a long-term contract, consider changing your message several times throughout the year. Companies typically charge for the cost of having your boards changed, but perhaps you can negotiate some free or reduced rate re-working of your boards in exchange for extending the contract.

If you have the ability to change your messages in a cost-effective manner, you'll be able to update your board seasonally. As an example, you can advertise your spring clean-up services as spring approaches and your winterization services in the fall.

### More than billboards

In addition to billboards, outdoor advertising is also available on a smaller scale. Telephone booths, bus shelters, sidewalk ads, shopping mall kiosks and bus side panels are just some of the many places where ads have proliferated.

These types of media have helped advertisers target areas once unreachable by standard outdoor boards. In markets where billboards have been either outlawed or severely limited, these smaller options have blossomed to fill that void.

Costs are going to vary based upon the part of the country you are in, the number of billboards or sites (both total and available) in your area, and the desirability of the location you are seeking. But the good news is that, as a Hunter Preferred Contractor, you can pay for the cost of outdoor ads with Program Points, as these fall in the category of advertising for your business. Thus, you can use your business development funds to cover your expenses.

*If your industry utilizes billboard advertising, describe the requirements and recommendations here.*

### TV advertising

*TV advertising is generally the most flexible and expensive of all media outlets. Because of the high expense associated with TV ads, they are often purchased with national marketing funds. If TV advertising will be a component of your marketing campaign, describe the requirements and recommendations here.*

### Radio advertising

One of the biggest benefits of radio is the ability to target a particular demographic segment. This is especially important if your industry focuses on a particular segment of the market. For example, if your services are geared towards the elderly, focus your radio campaign on a station that caters toward a senior demographic.

### Using the local press as a marketing tool

Press releases or interviews in a news story are a great example of using local press for a very cost effective form of advertising marketing. Because you cannot simply buy your way into a press release, you must first present something unique and newsworthy about your business. Are you offering a

new unique service in the area? Are you offering a new product that strikes a chord with a segment of the population? Try to put yourself in the shoes of a journalist...what would you find interesting enough about your business to showcase it in the local news?

But, attempting to directly display your services or product are unlikely to get your name on the front page of the Sunday newspaper. Just because you are the best window washer in town hardly makes you newsworthy. But if you set up a program where once a month you offer free window washing to local seniors, it may not make the front page, but it's certainly newsworthy. The trick is to think creatively, and be persistent.

## Association memberships

Participating in local business associations such as the Chamber of Commerce or similar types of organizations can be valuable methods for both networking and learning about related industries. These include builders' associations such as the Master Builders Association, Realtor Associations, trade groups, etc.

*Radio, television, and billboard advertising can be very effective advertising methods for business. Each of these outlets offers some ability to segment to your specific market. If you feel that any of these forms of media would be germane to your particular business, this is the place to go into details regarding any national or local programs.*

## Using salespeople to generate revenue

Sales and marketing often work closely together across all types of industry and business. An effective sales department is closely linked to a successful marketing group, and vice-versa. One group can't be successful without the other. And many business people consider the act of selling an extension of the marketing plan. Depending on your franchise, hiring a sales team may play a very important role in your overall marketing strategy. Some products and services cannot be effectively represented without a salesperson to educate a prospective client. This section will take a closer look at how a solid sales effort can help your business grow.

The first step in determining the usefulness of hiring a sales team is to take a close look at your business and your prospective clients. Many questions need to be answered to determine the appropriate plan.

How complicated is your product? Will it take multiple points of contact for a client to agree to purchase it? In many cases the price or value of the product or service determines the length of the sales cycle. In other words, the more expensive a product is, the longer people need to decide to make the purchase. That's because most "big ticket" purchases require research. You could make the same argument for a service contract for EventTone Wireless. A building superintendent for a large municipal agency might require a certain amount of personal attention for him to feel comfortable signing on the dotted line. If this contract is worth a lot of money, it's worth the effort for your business to have a sales rep personally make a call to this manager.

A second question to ask is how have industry practices been used to sell a product over previous time periods? If an industry has traditionally used sales people to make contact with prospective clients, then it will obviously be necessary for your business to keep a sales staff.

Lastly, as business owners we must ask ourselves, does hiring a sales person make financial sense? Are there enough profit margins in the product to pay a sales person a decent wage? Will my budget allow for a salary plus commission, or will the sales representative need to be 100% commission? What markets could a sales person penetrate for my business where other forms of marketing would not be as effective?

*Hiring and keeping a sales team on staff requires a significant amount of management expertise. Sales people need to be motivated and key performance measures are often vital to keeping good morale, which is important for producing results. Franchise owners who take on a sales force should spend significant time researching successful hiring and staffing practices*

## Miscellaneous marketing activities

**Conducting a Grand Opening for your franchise:** A Grand Opening is a great way to introduce a newly opened business to the community, especially if the franchise is the first of its kind in the area. It gives the public (potential clients) an opportunity to see your business first-hand and begin to understand your offer of a high-quality service. Although the cost of a Grand Opening is difficult to estimate, we feel in most areas a franchise can accomplish an adequate grand opening for between \$3,000 and \$10,000.

*Describe the required grand opening marketing, advertising, and promotions that your will require of your franchisees.*

**Regional advertising within the franchisee's territory:** It is the goal of EventTone Wireless to make regional or national advertising services provided by the company available to all franchisees. The territory granted by EventTone Wireless under a License Agreement does not mean that the franchise operator "owns" the clients residing within his or her territory. However, it does guarantee that no other person or entity will operate a EventTone Wireless franchise within a specific number of miles of current franchises. This clause is subject to any exceptions stated in the License Agreement.

Except for media forms whose circulation cannot be limited to the franchise operator's territory, franchise operators shall not, under any circumstances, place advertisements promoting and publicizing EventTone Wireless services in another franchise operator's territory without EventTone Wireless's prior written permission.

In addition, franchise operators shall not solicit the services of their own business within:

- Any home, business or commercial building or other entity not listed here, whose jurisdiction is exclusively within the territory of another franchise operator or a company-owned center
- Any private entity whose geographic location lies entirely within the territory of another franchise operator or company-owned center.
- Any business whose jurisdiction is exclusively within the territory of another franchise operator or a company-owned center

All potential clients should be fully advised about alternative EventTone Wireless offices that may be more convenient for that client.

Misrepresentations or purposeful omissions concerning other centers negatively affect the goodwill of the EventTone Wireless franchise system and will be addressed by the franchisor.

## Business cards

Businesses have been using business cards for decades for a simple reason: it's a great way for prospects and clients to be reminded to call you. Every

time you interact with a potential client, a friend or a builder, be sure to hand out your business cards. This method of advertising will cost you pennies on the dollar, and it's a great way to establish credibility. Any business cards will be the responsibility of the franchisee. The franchisor will only be responsible for providing company logos and artwork.

## Using client databases effectively

Keeping client data is a great tool as your business grows and your marketing plan changes. Eventually your business will begin to mature, and many of your sales will come from satisfied clients. A database is a tool to keep your company and clients informed about where you've been, and more importantly, where you're going.

A database provides an excellent way to keep a sales history of a particular client. For example, if AAA Apartments like their windows cleaned every 6th Friday, the database can ensure we're reminded to schedule the service. Management can view account history for payment information, incident reports, and to see how the client's spending habits have changed.

Client databases are also excellent tools that work well with other marketing tools like direct mail. Sending your database of key clients to a direct mail provider will allow them to mail a coupon to a select group of clients to increase sales. It will also allow you to market directly to clients who have not purchased any services from you. It's a great way to revive cold sales leads.

Of course, the company must maintain the database, and keep it updated to ensure the company is realizing enough of a benefit from the cost.

## Executing your marketing plan

### Tracking your progress

After determining which methods will most successfully promote your message, you will need to develop specific goals and attach a timetable. Build a simple calendar that details each project within the framework of the total program. This simplifies tracking your progress, because you can check off each task as it comes up day by day. Let's take a look at examples of daily, weekly, and monthly marketing-related goals.



**Daily goals:**

- **Contact 2 realtors:** Use the phone call to either set up a presentation at a realty office or to introduce yourself to the individual realtor.
- **Contact 15 homeowners:** Either call or visit the jobsite to introduce yourself, explain your services and address any current needs they may have.
- **Contact 2 of the following:** Property managers, homeowner groups, apartment managers, home inspectors or related contractors.
- **Door hangers:** Drop five door hangers after each cleaning. Use common sense in deciding whether to use the door hangers in the same neighborhood or drive to an adjacent area.

**Weekly goals:**

- **Realtor presentation:** Arrange and complete one presentation to a realty office each week. Typical presentations last between 20-30 minutes and are an excellent tool for quickly gaining name recognition for your business.
- **Builder/jobsite visit:** Perform an in-person visit of a new construction jobsite. Meet with either the site superintendent or the purchasing manager if the builder is large.
- **Check internet rankings:** Using primary search engines such as Google, Yahoo and MSN, investigate the ranking of your website in the natural results section.
- **Monitor pay-per-click internet advertising:** Check budget and monitor results.

**Monthly goals:**

- **Press coverage:** Examples include press release of new product or service, local newspaper article regarding interesting project, interviews by local news organizations, etc. Plan at least one activity per month to build interest in the industry as a whole and point clients to your business.
- **Competitor research:** Using the local phone directory and internet listings, update your list of local competitors. Track changes in competitors' service offerings, pricing, etc.
- **Review sales figures:** Look for trends, establish the success or failure of specific campaigns, etc.

- **Attend membership meetings:** Master Builders Association, Realtor Associations, etc.

#### Quarterly goals:

- **Direct mailing:** Launch a direct mail piece to clients within the database. While not necessary every quarter, consider a direct mail campaign to either general clients or targeted groups such as contractors, realtors, etc.

### Marketing pitfalls to avoid

As we've explained in previous sections, marketing is both an art and a science, and there are no perfect solutions or products you can buy to magically enable you to reach your sales goals. But there are some common mistakes that occur during the trial-and-error process that is a result of learning what works. Some tips to keep your programs on track include:

- **Stick to your budget as best you can:** Spending too much money is easy when your means of advertising are not producing tangible leads that turn into revenue. Re-think the campaign. Do not continue to throw money at a campaign with the idea that more money will make it work.
- **Spending too little money:** Window washing professionals who shy away from investing capital in advertising and marketing will never receive the proper exposure. Even if you don't see an immediate return on your investment from a marketing effort you may see long-term benefits when a client remembers the company name or image.
- **Spending too much time:** Marketing campaigns can require a significant amount of your time. You must constantly evaluate the return on your time spent on each campaign. Each hour spent on a poor marketing campaign is time lost that could have been effectively used elsewhere.
- **Impatience:** Don't assume that the week after your marketing has been set in place your phones will be ringing off the hook. Give your campaigns a chance to produce fruit over a period of a couple of weeks, and if nothing comes of it then rethink your strategy.
- **Misinterpreting results:** Don't assume there is a lack of demand in a marketplace based on the failure of a marketing effort. Make sure that you are utilizing the right tools for the right audience. Remember to consult the franchisee section of the website for input on effective marketing techniques for your specific region.

## Recording the results of your campaign

The last step to consider is assessing the results of your campaign. When setting objectives, you should consider a method of tracking the results. For example, after launching a campaign promoting your business, each time a new client calls, ask them where they heard about your business.

There are several tools that can help decide which techniques are working and which are not. These include the Sales Tracker, Phone Form, etc. It is impossible to judge the success of any part of the advertising program without having numbers to back up your assumptions.

Each type of marketing effort will have different expectations of results. Direct mailings for example typically do not have higher than a 1-3% conversion rate. Websites, door hangers and other types of advertising also have their own unique percentage of success. As you perfect your marketing campaign you will begin to set a baseline of expectations for each component. This will ensure that you direct your efforts to the most effective channels possible.

## Chapter 14: Sales & Pricing

### Overview:

- In this chapter you will outline the sales process and pricing.

### Goals for the chapter:

- Outline the basics of sales.
- Describe any pricing guidelines and requirements.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Assemble any phone scripts, sales materials and pricing schedules related to your business.
- Review previous sales techniques and pricing levels. Decide which are the most successful.

### Questions to consider:

- Will you as the franchisor set the prices for your franchisee?
- How price-sensitive are your clients? Are you planning on competing on price?
- Where do most of your sales occur? Over the phone, in person, etc.
- What sales concepts and techniques are unique to your industry?
- Will pricing fluctuate based on geographical differences? Seasonal differences?
- Will your franchisees provide incentives to their employees for additional sales?

## Introduction

Without sales, even the greatest idea is destined for failure. The following information is provided as a starting point in the development of a successful sales campaign. Each region and franchise will require a custom-tailored campaign to achieve the most effective results. A significant part of your time and effort will be spent developing, implementing and refining the sales process.

## Phone selling

Mastering phone selling will help grow your business into a profitable entity as well as convey professionalism to potential clients. When discussing the services that EventTone Wireless provides it is essential to direct the conversation towards quick sales and to provide the client with enough information to land the job. People who call inevitably have more questions than should ever be answered over the phone so it is important to recognize what information needs to be given over the phone and what information can wait until a sales representative arrives at the job.

Sales representatives should always be fully equipped to provide a thorough evaluation of any private or rental property. Every phone call that comes through an office should be screened for client demographic. Builders and realtors often have distinctively different needs, as do government buildings and commercial properties.

Regardless of the type of client you are dealing with, you should always ask a few key questions that will guide you in providing pricing to your client as well as knowing which equipment you will need to bring to the job site.

## Phone scripts

Below is a sample phone script demonstrating a EventTone Wireless employee receiving a call from a potential client. The client is indicated by "C" and the EventTone Wireless employee by "E." Also note the key phrases listed throughout the script. These are statements that a client might mention during the course of a conversation that will warrant suggesting a particular service.

## Sample script

E: Thank you for calling EventTone Wireless how can I help you?

Or if the call has been transferred from an office manager:

E: Thanks for holding, this is Al.

### Scenario 1: Pricing request

C: "I'd like to know how much you charge to wash windows." Or "How much do you charge to wash windows in a commercial building?" Or, "What is your rate for washing the windows at my home?"

E: Let me first start by taking down some basic information and then I can give you an idea of a) what kind of services we can offer you and b) how much those services will cost.

C: Okay.

### Client information

E: What's your name?

E: And your phone number in case we get disconnected?

E: And how did you hear about us?

### Property information

E: Is this property a private residence, a rental or a commercial building? Is this new construction?

E: How many floors are there?

E: Approximately how many windows are located in the building?

E: Would you like the windows washed on both the interior and the exterior?

## Collecting client information

During your initial contact with the client, it is helpful to collect as much information as possible. This information can be used to enter the information

into the WindowTech system and also for marketing research. The Client Phone Form is located in the Appendix/Forms section and can also be downloaded from the EventTone Wireless website:

## Up-selling Up selling for more profit

Deleted:

*Describe up-selling that is appropriate for your industry. The following example should serve as an educational piece for your franchisees. Customize it for your franchise by incorporating your products or services into the text below.*

If you and your employees aren't trained on effective ways to up-sell, chances are you either offend clients by being too pushy, or leave money on the table that clients would have willingly spent with you. Either option is costly.

Billions of dollars are "left on the table" each year because companies are not using a tried and true method of up-selling. Up-selling refers to when you help a client decide to buy a little extra or "upgrade" slightly the final purchase. A car dealer, for example, might inform clients at the time of ordering about upholstery protection and undercoating. A shoe salesperson might suggest that when you buy a pair of shoes that you also use some weather protectant spray. At EventTone Wireless we always suggest that our clients get their screens cleaned after their windows have been cleaned. These are usually small purchases that the buyer doesn't have to put a lot of thought into. But they can significantly add to the bottom line of your EventTone Wireless franchise.

## Why up-selling is so profitable

Consider this example: A client buys a car with monthly payments of \$395. With that size of investment, there's very little resistance to adding \$2 to the monthly payments for upholstery protection. For you, however, that additional sale is significant, as over 48 months it adds up to a \$98 sale, with a huge profit margin.

Some would say that a \$98 sale on a \$25,000 vehicle is only a minimal increase in the overall sale. Why waste your time? My argument is that if it only takes 30 seconds to make that extra \$98 sale, then you're making more money for the company than with any other activity you do. If your salary is \$20 per hour then, doing the math, the 30 seconds you take to up-sell costs the company about 17 cents. If it only costs the company 17 cents to make

\$98, that's a huge return on investment. The fact that it's attached to a \$25,000 sale is completely irrelevant. So, up-selling is one of the highest and best uses of your time.

### Up selling should be easy

The best part of up-selling is that it's practically effortless. Since it's done after the client has decided to go ahead with a major purchase, the hard part of the sales conversation has already been done. You've already established rapport, identified needs, summarized, presented benefits, asked for the order and handled objections. Up-selling is just presenting the information in a "by-the-way" assumptive manner.

### The 3 biggest mistakes in up-selling

- 1) No attempt is made to up-sell
- 2) The salesperson comes across as being pushy
- 3) The up-selling is made in an unconvincing manner so the client generally refuses

### Effective up-selling strategies

#### **Assumptive is the key**

You've got to assume that the client will naturally want this. Begin the up-sell with a brief benefit. Then, if possible, add something unique about what you're selling. To avoid sounding pushy, particularly if the up-sell requires some elaboration, ask for the client's permission to describe it.

Here's an example of the wrong way to up-sell. Imagine dining at a restaurant where you've just finished a big meal. The server asks, "Would you care for dessert? If you say "Yes", you might give the impression of overindulging. So many clients refuse out of politeness. The result: no sale.

So the savvy server doesn't ask if the client wants dessert. The professional just assumes that when people go out for a meal they are treating themselves. So of course they'll want to treat themselves to dessert. In this case, the server pulls up the dessert tray and says, "To finish off your meal with a little something sweet(that's the benefit) I brought the dessert tray over for you. Would you like to hear about the most popular ones?" (asks permission to proceed).



When the client agrees to hear about the desserts, the server doesn't just list them by name; he describes their benefits. So rather than saying, "This is chocolate mousse." Instead he'd say something like, "If you like chocolate you'll love this. We've got a chocolate mousse that melts in your mouth and makes you wonder what the ordinary people are doing today."

**Focus on client needs, not yours**

Don't try to sell the client something you wouldn't buy if you were in their shoes. It is totally irrelevant whether or not this purchase suits your needs; what is relevant is whether it suits the client's. That perspective empowers you to up-sell effectively and with integrity.

**Hands-on demonstration**

One of the most effective up-selling techniques is getting the client to use the product in your location. A hairdresser, for example, might put hair gel in the client's hand and show them how to apply it themselves. By showing the client how to get the salon look at home, they create a value-added up-sell.

**Group related products**

It's a good idea to group similar add-ons and offer them as an up-sell at a package price. If someone is getting a haircut and you talk to them about shampoo, it only makes sense to show them a package deal that groups conditioner and shampoo at a package price.

**Bottom line**

Every business owner should realistically look at whether or not employees can improve the way they up-sell. For most businesses, a little professional training can make a world of difference.

**Referrals**

Clients obtained by referral are the most dependable and easiest to deal with of any client. It is important to capitalize on the goodwill generated by properly servicing your clients. A happy client is more powerful than the most well-engineered marketing campaign.

There is nothing wrong with asking your clients for referrals. In fact, at EventTone Wireless we train our employees to ask for referrals upon completion of a window cleaning service.

## Trust is key

The reason referrals (and their cousins, testimonials) are so effective is because they carry immediate credibility. If your dentist recommends an orthodontist for your kid's braces, you're much more likely to act on that referral than if you hear an orthodontist's ad on the radio or get a flyer in the mail.

The price tag for the referral might have been a lunch, a phone call or the cost of attending a conference. But buying advertising airtime or producing direct mailers racks up significant dollars – and typically results in a much lower response rate.

If you want to develop referrals and testimonials, which are more public and generic forms of referrals, try using these tactics:

### Don't forget to ask

Many people believe that doing a good job is all that's necessary to generate referrals. Even when your EventTone Wireless clients are terrifically satisfied, they forget to refer business mostly because your needs are not on their minds. EventTone Wireless franchisees should be in the habit of asking every satisfied client if he or she knows somebody who would also appreciate their services.

### Wait until clients are happy

Going the extra mile can pay off big time. If you operate your EventTone Wireless franchise, strictly adhering to our mission and principles, most of your clients will inevitably end up completely satisfied. A recent study conducted by NRS Consulting, a Madison, Wisconsin research firm which specializes in home building, found that service providers that rated 91% or better in client satisfaction garnered six or more referrals from previous buyers, while service providers with ratings of 67% or less got nary a one.

Every time you get positive feedback, you have an opportunity to ask for a referral.

### Don't worry about rejection

There's nothing wrong with asking for a referral. Not everyone is going to need what you are selling, but a quality product has a market. Ask. Ask. Ask.

### Flatter egos

Make a big deal about a referral or testimonial, so clients know how important it is for your business. Vickie Sullivan, a EventTone Wireless franchisee in Tempe, Arizona, turns client testimonials into multimedia presentations that she posts on her EventTone Wireless web site. These stories have been instrumental in converting 'mildly interested' prospects into clients.

### Invest in client relationships

Keeping your best buyers up to date is a sure route to getting referrals. You can, for instance, use Microsoft Office Small Business Edition 2003 to integrate client contact and sales information. Within Microsoft Office, Outlook 2003 with Business Contact Manager can help you follow up on leads and opportunities. Also within Office, both Publisher and Word allow you to create cost-effective cards and mailers, which can be saved as templates.

Office applications enable you to conveniently build a client database to send out a variety of timed and appropriate client communications, whether surface or e-mail, including:

- Holiday greetings or event invitations with discount or premium offers that have a sweetener if the buyer refers a new client.
- Press releases about company growth or changes, so clients feel valued and in-the-loop when you later call to ask for a referral.
- Monthly or quarterly newsletters or e-news about your industry, which include a feature about the reciprocal benefits of referrals or a coupon that rewards recommendations.
- Thank-you notes when a client buys your product or, if it's a big-ticket item, on the anniversary of a contract. Then call a week later to check their interest in more work and also to ask for a referral. Do not ask for referrals in the thank-you note; it will drain all the gratitude from your message.

### Join a networking group

Trade associations and professional organizations are good places to generate referrals. Don't forget community service or religious groups, chambers of commerce and charitable organizations. There are also groups specifically set up for referrals, such as Business Networking International, which has local chapters around the country.

**Think vertical**

The clients of your suppliers, vendors and support services might also want your product. Create a reciprocal arrangement.

**One last tip**

Try to set up a system that includes client referrals as a seamless part of your marketing plan. Mariette Edwards, an Atlanta area EventTone Wireless franchisee, encourages referrals by offering a complimentary gift certificate for an hour of her services to any client who requests one. "Clients love being able to pass along my services to people they know, which are value-added for them and an effortless referral program for me."

**Group presentations**

Group presentations are very helpful in gaining recognition in the community. See the Chapter on Marketing and Sales Promotion for more details on presentations.

## Pricing policies and fee structures

*Standardizing pricing policies and fee structures is more complex than with other aspects of the franchise. The reason for this is that prices change depending on the market. A franchisee in the center of the city will most likely have higher prices than a franchisee in a rural setting, based on the cost of doing business, average household income of the surrounding neighborhoods, demand, and so on. Because of this you cannot tell your franchisee exactly what they must charge their clients. This requires work to figure out and it is their responsibility to do so. With this said, it is important that there is still a general sense of standardization. This is to keep clients from making judgments about the company as a whole based upon the pricing structure of a particular franchise whose pricing structure is completely out of sync with other franchises in the company.*

*To use an example from McDonald's: when a person goes in to purchase a cheeseburger they expect to pay around a dollar. In particular situations, though, a franchise will charge more for a cheeseburger because of the market, their location, demand, etc. When done correctly, the price difference is either unnoticeable to the client, or easily acceptable. When a person buys a cheeseburger in the airport, or in the heart of a bustling city center, it is reasonable to expect to pay a little more than if they purchased the burger in Wal-Mart. When done incorrectly the company gets stigmatized. This is usually seen where a company maintains higher prices than the local competition without offering a superior product or service.*

*Below you will find an example of what you want to include in your manual to standardize pricing policies and fee structures. Included is a matrix for estimating the cost for a window cleaning company servicing a house.*

Researching your competition will provide valuable insight into determining how to price your services. Your company will not need to lowball competition in order to win clients. EventTone Wireless has worked hard to create a cutting edge professional image that will allow for competitive pricing. The services you provide will often be a cut above the competition, given your education, training, and strict adherence to the principles of EventTone Wireless.

Business services and product pricing is provided as 'suggested' retail prices. The prices furnished below should be considered a 'maximum' retail price. There is no representation that the use of the following suggested prices will in fact optimize profits. The recommended suggested retail prices will be adjusted periodically and may be tailored for regional and/or national pricing structures. The prices do not include applicable licensing, title and taxes. The

franchisee may freely set their own prices and discounts on services or products which they may render or sell.

There are two ways of setting the asking price for a particular service, otherwise known as bidding.

### Multiple Price Breakdown

The first way is to itemize every aspect of service that will be conducted for the particular job. This is referred to as Multiple Price Breakdown. Below you will see a matrix that should be used to bid a job using this method. Again the prices can be changed to fit the particular market surrounding the job in question.

The advantage of using a Multiple Price Breakdown is that the client can see exactly what they are paying for, and can request particular services to be added or subtracted, based upon their desires or financial limitations. The Multiple Price Breakdown method is also helpful in the training process, because it shows the Service Technician exactly how a house is bid.

### One Price Breakdown

The second way to bid a house is with the One Price Breakdown. This method is based upon averages. The reasoning behind this method is this: houses of a similar square footage usually have a similar number of windows. One can be reasonably certain that the bidding price of one house will be similar to the bidding price of another if those two house share similar square footages. This method is simple to understand for both the client and the Sales Representative, minimizes the time that it takes to bid a job and deliver a bid to the client, and can be implemented over the phone using the information given by the client.

**One Price Breakdown****Under 1000 ft<sup>2</sup> house**

Cost: \$ 120

Includes:      Visual Inspection  
                 Window Cleaning (inside and out)  
                 Track Cleaning  
                 Screen Cleaning  
                 1 Skylight

**1000 ft<sup>2</sup> - 2000 ft<sup>2</sup> house**

Cost: \$ 180

Includes:      Visual Inspection  
                 Window Cleaning (inside and out)  
                 Track Cleaning  
                 Screen Cleaning  
                 2-3 Skylights

**2000 ft<sup>2</sup> - 4000 ft<sup>2</sup> house**

Cost: \$ 320

Includes:      Visual Inspection  
                 Window Cleaning (inside and out)  
                 Track Cleaning  
                 Screen Cleaning  
                 3-4 Skylights

## Chapter 15: Insurance Requirements & Risk Management

### Overview:

- In this chapter you will describe the specific insurance requirements for your franchisees. Also included is a brief guide to risk management.

### Goals for the chapter:

- Outline the insurance requirements for your franchisees.
- Provide information on managing risk in your industry.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Meet with your insurer to determine their exact requirements. Often it is preferable to establish a relationship with an insurer who can handle all of your franchisees. This will allow uniform coverage across your system.
- Meet with your company's safety expert to review critical areas of risk management.

### Questions to consider:

- What level of experience and certification will your insurer require to offer coverage for your franchisees?
- Is your industry regulated by state or federal laws?
- Does your industry require specific insurance riders such as pollution, errors and omissions, etc.



*Please refer to the Business in a Box materials for additional risk management and legal forms.*

## General insurance coverage

A EventTone Wireless franchise must be insured in accordance with coverage types, amounts and the specifications of the franchise agreement, the operations manual, or otherwise in writing; however, it may vary from state to state.

Adequate insurance coverage is a prerequisite to opening the franchise business to the public. EventTone Wireless reserves the right to modify insurance requirements periodically and the franchisee is required to meet these new requirements.

Such policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to EventTone Wireless in accordance with standards and specifications set forth in the manuals or otherwise in writing.

Franchisee insurance policies must name the franchisor and EventTone Wireless as additional insured parties. You must provide proof of insurance to EventTone Wireless before opening for business. Franchisee shall deliver to EventTone Wireless certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, prior to providing the services licensed under this agreement, and thereafter at least thirty (30) days prior to the expiration of any such policy or policies, and of continued coverage during the term of this agreement. All insurance policies procured and maintained by the franchisee will name the franchisor, its officers, directors, employees, agents and partners, as additional insured (except the workers' compensation policy), will contain endorsements by the insurance companies waiving all rights of subrogation, and will stipulate that the franchisor receive copies of all notices of material alteration, termination, cancellation, non-renewal or coverage reduction or elimination.

## You must have the following insurance coverage

- **Comprehensive General Liability insurance:** Purchase this covering the operation of the franchise, including Pollution and Professional Liability with a limit of at least \$1,000,000 for each occurrence.
- **Additional Comprehensive General Liability insurance:** Make sure your coverage includes products and completed operations coverage, contractual liability, personal and advertising injury, fire damage, medical expenses, with minimum limits of \$1,000,000 per occurrence, and business automobile liability coverage for vehicles that franchisee owns and non-owns, schedules or hires, rents or identifies with any Names and Marks, or vehicles that are used in connection with the operation of the Business, with minimum limits of \$1,000,000 liability, bodily injury and property damage, for all vehicles associated with the franchise.
- **Care, Custody or Control insurance:** Although not required, we strongly urge you to obtain care, custody or control insurance including coverage for property damage caused directly by your work with minimum limits of \$150,000.
- **Comprehensive Crime and Blanket Employee Dishonesty insurance (bonded):** Franchisee shall also maintain this insurance in an amount of not less than \$100,000.
- **Employer's Liability, Worker's Compensation and Occupational Disease insurance:** Employer's Liability with a limit of \$100,000 in Worker's Compensation insurance and Occupational Disease insurance as well as such other insurance as may be required by statute or rule of the state in which the franchisee operates the franchised business staffed by more than the owner, as required by state law.
- **Excess Liability Umbrella coverage:** This is for the general liability and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and aggregate.
- **All-Risk Property Insurance:** This should include theft and flood coverage (when applicable), written at replacement cost value, covering the building, improvements, furniture, fixtures, equipment and inventory; coverage shall be written in a value which will cover not less than eighty (80%) percent of the replacement cost of the building and one hundred (100%) percent of the replacement cost of the contents of the building.
- **Business Interruption insurance:** This of not less than ten thousand US Dollars (\$10,000) per month for loss of income and other expenses with a limit of not less than six (6) months of coverage; franchisee shall procure, prior to providing the services licensed under this agreement, and shall

maintain in full force and effect during the term of this agreement at franchisee's expense, an insurance policy or policies insuring franchisor, and the officers, directors, partners, and employees of both franchisor and franchisee against any loss, liability, personal injury, death, property damage, or expense whatsoever from theft, vandalism, malicious mischief, and the perils included in the extended coverage endorsement.

## Additional requirements and obligations

### 1) Franchisee must provide evidence of coverage to franchisor

Upon obtaining the insurance required by this agreement and on each policy renewal date thereafter, franchisee shall promptly submit evidence of satisfactory insurance and proof of payment to franchisor, together with, upon request, copies of all policies and policy amendments and endorsements. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days' prior written notice to franchisor.

### 2) No limitations on coverage

Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by EventTone Wireless, nor shall franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in this agreement. Franchisee may maintain such additional insurance as it may consider advisable. Such additional coverage and higher policy limits as may reasonably be specified for all franchisees from time to time by the franchisor on the website, the manual, in Exhibit A hereto or otherwise in writing. Franchisee must maintain any and all other insurance required by applicable state or federal law.

### 3) Obligation to obtain

The franchisee's obligation to obtain and maintain insurance policy or policies as specified by the franchisor, shall neither be limited in any way by reason of any insurance which may be maintained by the franchisor, nor shall the franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in the franchise agreement.

Should franchisee, for any reason, fail to procure or maintain the insurance required by this agreement, as described from time to time by the manual or otherwise in writing, franchisor shall have the right and authority (but no

obligation) to procure such insurance and to charge same to franchisee, which charges, together with a reasonable fee for franchisor's expenses in so acting, shall be payable by franchisee immediately upon notice from franchisor.

#### 4) Failure to maintain

Should the franchisee, for any reason, fail to procure or maintain the insurance required by the franchise agreement, as revised from time to time for all franchisees on the website, the manual, or otherwise in writing, the franchisor shall have the right, at its option, to procure such insurance and to charge the cost to the franchisee, which charges, together with a reasonable fee for the franchisor's expenses in so acting, shall be payable by the franchisee immediately upon the franchisee's receipt of written notice.

*A note about insurance for franchising:*

*You may choose to let your franchisees obtain and pay for their own insurance, as individual organizations. Another option is to offer franchise insurance, which is offering collective insurance where policies are sold to the franchisees on the basis of individual rates, but with some discount based on expense savings. Franchise insurance should be contrasted with group or true group, where premiums are determined for the group on the basis of its own expenses and losses and where all or most of the group are insured.*

## Risk management

Operating a business in today's litigious society creates many unique challenges to you as a franchisee. Properly managing the level of risk with your business will yield both increased profits and stability. Managing risk covers many categories including employment, job site safety and product safety.

- Follow your franchisor's SOPs. Clearly communicate the scope of the services that you intend to provide in your cleaning agreement. Lawsuits typically arise where there is a difference between expectations of service. Handle concerns or complaints of the service agreement in an expeditious manner. While clear and truthful communication may create friction, it may help keep your business transactions from involving claims or litigation.

- Utilize your contracts. Your cleaning agreement is your first line of defense in risk management. They should clearly define the scope of the work that you will and will not provide. Doing business on a handshake in this day and age is strongly not recommended. We strongly advise that you have a business or contract attorney review each of your contracts to insure they are binding per the legal rules and regulations in your state. At a minimum your contract should identify the client to whom the duty is owed, define the scope of the work, define the responsibilities of the client, clearly explain the financial remuneration, and explain what constitutes the termination of the contract.
- Develop a corporate structure that protects against anticipated risks or legal exposure. Understand all assets that need to be protected. Seek the assistance of an experienced corporate attorney who will help set up your corporation. This includes proper insurance products that have been previously discussed.
- Determine the business-worthiness of all clients. Some clients are simply not worth the risk. It is recommended that you develop a simple screening process or a few questions to determine key items like credit risk, safety concerns and clients that may pose a liability risk for your employees.

## Managing risk at the franchise location or job site

The following information is presented to EventTone Wireless franchisees solely as an educational tool to facilitate the importance of safety and identify key safety and health issues that we encounter each daily during daily operations at our place of business. Many states regulate health standards and related safety issues. The federal government also regulates employee safety through the Occupational Safety & Health Administration (OSHA). Some aspects of your work will fall under OSHA guidelines. EventTone Wireless will inform you of any changes from the federal government, but it is the responsibility of the franchisee to stay informed of the rules and regulations that affect your business at the local level.

## Franchisee site security

Most security issues will involve burglary or petty theft of company property during off-hours. The potential also exists for more serious crime through robbery during business hours or even at job sites. Security issues are

directly related to safety, so the highest effort should be made to adhere to franchise policies on security and prevention. Determining smart policies that become part of the SOPs is the best way to ensure your franchisees are aware of the importance of such policies.

### Basic franchise location security

- Consider using a professionally monitored security system for your franchise office location. A professional system is a great theft deterrent, and offers the greatest level of protection and response.
- All outside entrances, windows and secure inside doors should have deadbolt locks in addition to locking knob or handle mechanisms. Outside or security doors should be metal-lined and secured with metal security crossbars. Pin all exposed hinges to prevent removal.
- Remove any expensive and portable machinery, equipment or tools from commonly traveled areas. Equipment should be stored or covered after hours to prevent thieves from determining if a burglary would be worth their time.
- Doors, windows, skylights and other entry points should all be well lit. Parking lots should have good lighting and unobstructed views. Consider installing covers over exterior lights and power sources to prevent tampering. Consider using motion sensor lights to deter thieves.
- Secure franchise vehicles, trailers, and other equipment stores outdoors with heavy padlocks that cannot be cut with bolt cutters. These locks have additional features that make them very difficult to break or cut. Secure trailers with a hitch lock, and ensure that every night the hitch lock is attached. Do not leave trailers attached to trucks, as the trailer can be easily moved to another truck.

### Reporting incidents

In addition to informing local police and authorities about crime or suspicious activity, EventTone Wireless requires any incident involving company employees, property, or clients and job sites be reported immediately after the incident. This may require you to place an emergency phone call to the franchise hotline, and submit the required forms.

*Establishing a set of policies and procedures for emergency situations is strongly recommended. This includes basic crime prevention and reporting, as well as business-related safety or personal injury issues.*

*Disaster preparation is also important depending on location of the franchise. For business located in extreme weather areas, these issues need may more attention.*

Establishing an emergency hotline is also recommended to advise your franchisees during an event that may have adverse affects or long-term consequences for the business. You want to give your franchisees every opportunity to maintain business continuity.

## Chapter 16: Corporate Structure and Financing

### Overview:

- In this chapter you will outline the proper corporate structure of your franchisee and financing arrangements.

### Goals for the chapter:

- Outline the different corporate structure options.
- Describe any specific guidelines and requirements regarding business structure.
- Describe potential sources of financing for your franchisee.
- Ensure that the obligations match the FDD and FA.

### Items to gather before starting:

- Corporate setup documents.
- Documentation from the corporate setup of existing operations.
- Review potential financing options for your franchisees. Contact banks, lending firms, the SBA, etc. and identify all sources of financial assistance.

### Questions to consider:

- Will you as the franchisor dictate the business structure requirements for your franchisee?
- How important is the choice of business structure for your business? What are the positives and negatives to each structure?
- What is the likely experience level of your franchisees? Will they require significant assistance in the basic setup of the business?
- What are the likely financial needs of the franchisee?
- Will you provide financing? Will you assist in identifying financing sources?



- How much of the start up costs are you willing to let your franchisees finance?

*The majority of franchisees are required to adopt one of the following business formats: S-Corp, C-Corp, or LLC. If you have specific considerations for the corporate structure of your franchisees, outline them below.*

## Setting up your entity

Before you begin operating your EventTone Wireless franchise, you will need to form an entity to serve as the operator. An entity is a legal fiction that allows a business to take on a separate existence, apart from its owners, even though the owners still control the business.

Whatever the business type, you must make sure the name you select isn't currently used by another business. There are several organizations that can help you search. The State Department of Revenue or the Secretary of State Offices are good places to start. Some states will also have a business license database that is searchable. The database can help you determine if the name you selected for your business is already taken. Registered names at the federal level can be searched via the US Patent and Trademark Commission.

*For a wide variety of tax and legal reasons, you franchisees may request to sign the franchise agreement in the name of the business entity that has been formed to operate the franchised business. It is highly recommended that you make each shareholder personally guarantee and or sign the franchise agreement. You will find an example of a personal guarantee in the attached appendix.*

## Legal business structures

After successfully naming your business entity you need to determine how to organize the business legally so you can register it and apply for the required licenses. What are legal structures and what type(s) should you consider? C-corporations, S-corporations, limited liability companies, sole proprietorships, and partnerships are some of the more common options for business legal

structures. There are differences and similarities in each that can dramatically affect the future of your company. Failing to structure your business in the most appropriate way (given your goals) can lead to negative outcomes, including higher than expected tax payments, excessive administrative work and costs, and unexpected loss of your personal assets.

There are three key issues that differentiate the various types of business structures. By understanding these core issues first, you will be able to understand the advantages and disadvantages of each type of structure.

1) Taxes: How many times will I pay tax?

- a) It's not a matter of if you will pay tax, but rather how many times you will pay tax. Certain structures are called pass-through entities, and income and losses are literally passed through from the business to the individual for tax purposes. Other structures form a separate tax entity that is taxed by itself. Then, when earnings are distributed, the owner is taxed again on that income.

2) What about liability?

- a) If you drive your car into another car, then you are liable for damages. Who is liable for the possible damages and debts incurred by your business? It depends on the type of structure. Some structures will limit your liability to your investment, others will make you and your personal possessions liable for the damages and debts of the business.
- b) You could lose everything you own in your business and in your personal possessions. This means your car, your house, your personal bank account and more. Your business can incur damages in any number of ways. For example, if you end up going bankrupt and still have outstanding bills, the creditors will come after your personal assets. Also, if a driver for your company accidentally kills a pedestrian, your business can become liable. Depending on the business structure, your personal possessions may also be at risk.

3) What about the time and cost to set up?

- a) How much time, effort, and money will it cost you to set up and run the company? Some structures are very costly in this sense while others are relatively low maintenance. While the first two issues (taxes and liability) are more important overall, administrative costs should

not be overlooked. The costs of both money and time can be cumbersome, especially for a startup with fewer resources. These expenses include tax filing requirements, complexity of startup documentation with appropriate agencies (i.e. articles of incorporation), and both federal and state laws dictating necessary behaviors of the business.

## Types of structures

### Sole proprietorship

A sole proprietorship is a legal form of business that makes no legal distinction between the individual owner and the business itself. The owner of a sole proprietorship reports all business transactions of the proprietorship on Schedule C of form 1040. Income and expenses of the proprietorship retain their character when reported by the proprietor. For example ordinary income of the proprietorship is treated as ordinary income when reported by the proprietor, and capital gains are treated as capital gain.

#### Advantages:

- Administrative setup and maintenance costs are low
- Relatively few regulatory requirements
- Owner is only taxed once on his or her personal income tax return

#### Disadvantages:

- Owner is personally liable for the actions of the company
- Can be difficult to raise capital for the business

### Partnership

A partnership is an association of two or more persons to carry on a trade or business, with each contributing money, property, labor or skill and with all expecting to share in profits and losses. For federal income tax purposes, a partnership includes a syndicate, group, pool, joint venture or other unincorporated organization through which any business, financial operation, or venture is carried on. The entity must not be otherwise classified as corporation, trust, or estate.

Partnerships are not subject to income tax. A partnership is required to file Form 1065, which reports results of the partnership's business activities.

Most income and expense items are aggregated in computing the net profit of the partnership on Form 1065. Any income and expense items that are not aggregated in computing the partnership's net income are reported separately to the partners. The partnership net profits and separately reported items are allocated to each partner according to the partnership's profit sharing agreement and the partners receive separate K-1 schedules from the partnership. Schedule K-1 reports each partner's share of the partnership net profit and separately reported income and expenses items. Each partner reports these items on his or her own tax return.

**Advantages:**

- Administrative setup and maintenance costs are low
- Relatively few regulatory requirements
- Owner is only taxed once on his or her personal income tax return

**Disadvantages:**

- Owner is personally liable for the actions of the company
- Each partner is responsible for the business dealings of other partners. This is very important to understand. If Partner A enters into a very bad deal under the name of the partnership, then all other partners are responsible for making good under that contract. Consequently, selecting your partners is of crucial importance.

**Other comments:** The partnership agreement is the rule book of the partners. This can be drafted with the help of a qualified lawyer to help the partnership deal with such issues as:

- Initial investment of partners
- Distribution of profits and losses
- Each partner's responsibilities
- New partner entrance into partnership
- Old partner exit from partnership

### Limited liability partnership

Similar to a general partnership, but with a separate classification of partners. A limited partnership is comprised of a general partner and multiple limited partners. Unless special rules apply, only the general partners are liable to creditors; each limited partner's risk of loss is restricted to his or her equity

investment in the entity. Limited partnerships will likely be used for real estate development activities, so investors are protected against losses in excess of their investment.

## C-corporation

A C-corporation is a legal form of doing business that creates a separate legal entity from the individual owners. This legal entity can act and do business on its own just as a person would (i.e. borrow money, enter into lawsuits and contracts, etc.)

### Advantages:

- Shareholders are not personally liable
- Ownership is easily exchanged between individuals
- Company does not cease to exist with the death of owners
- Easy structure for which to raise capital

### Disadvantages:

- Owners are taxed twice
- High administrative costs to set up and run
- More regulatory requirements than other structures

## S-corporation

An S-corporation is a type of corporate legal form that is taxed like a sole proprietorship. Its formation is subject to certain legal criteria such as a maximum number of shareholders.

### Advantages:

- Owners are only taxed one time
- Shareholders are not personally liable

### Disadvantages:

- Higher administrative costs to set up and run than partnerships and sole proprietorships. More regulations than partnerships and sole proprietorships. Certain limitations on who can be an owner (U.S. citizens, etc.)

## Limited liability company (LLC)

An LLC is a hybrid legal form of business that is taxed like a sole proprietorship with the same liability protection of the corporate structure.

### Advantages:

- Owners are only taxed one time
- Shareholders are not personally liable

### Disadvantages:

- Higher administrative costs to set up and run than partnerships and sole proprietorships
- More regulations than partnerships and sole proprietorships
- Limited life of entity (usually limited to 30 years)
- LLC laws are not uniform and therefore doing business in multiple states as an LLC can be complex

### Other comments:

- No restrictions on the number of owners (S-corps limited to 75 owners)
- Can have non-U.S. citizens as members (S-corps cannot)
- More flexibility in distributing income (S-corps' percentage of ownership determines the amount of pass-through income)

### LLC relative disadvantages over S-corporations:

- Need at least two people to form an LLC (S-corps only need one person)
- Limited life (S-corps are perpetual)
- LLC members need other members' approval to sell their interest (S-corps owners need no such approval)
- LLC may have to pay more self-employment taxes than S-corps due to IRS regulations forcing active LLC members to pay self-employment taxes on both salary and distributions from the company, as opposed to S-corps members who do not have to pay taxes on distributions.

## Setting up the new corporation

Reserve your corporate name with your state's Secretary of State; file Articles of Incorporation; file for Federal and State Tax Identification Numbers; file for trade name.

Procedures for filing Articles of Incorporation vary from state-to-state and the fees range from approximately \$85 to \$500. The online site [TheCompanyCorporation.com](http://TheCompanyCorporation.com) lists fees for filing Articles of Incorporation by state. Most states now have online information available in addition to a toll-free number. Additionally, if time is of the essence in filing your incorporation papers, or if you prefer someone walk the papers through the process, there are businesses in your state capitol city that specialize in these matters. You will receive a federal tax number after filing the federal Employer Identification Number (EIN) form. You will need to purchase a 'corporate kit' that will include your corporate seal and original shares.

You will have both a corporate name and a trade name. Your corporate name is personal and unique to your particular business, while your trade name (also called fictitious name) is specific to the company. Your corporate name should not reflect any part of the wording of the trade name of the franchise. In most states, you may now search an online database to be certain you are not duplicating the fictitious name of another business, which may be trademarked. Contact your state corporation office by telephone if you cannot access an online site. You will fill out a sworn statement listing the name to be registered, mailing address of the business, name and address of each owner or, if a corporation, the FEIN and state incorporation or registration number. Many areas require publication of an ad under the fictitious names column in the legal notices area, classified advertising section, of your official county newspaper. This is your official announcement that you, acting under your corporate name, intend to operate a business 'also known as' (aka) your trade name.

The types of federal taxes you will pay may include: income, federal income tax withholding, Social Security, Medicare, FUTA, excise, etc. The Internal Revenue Service can be contacted for information on tax matters at 800-829-1040 or online at [www.irs.gov](http://www.irs.gov). The IRS issues a variety of publications and other aids to assist you in complying with tax laws, including forms.

The procedure for acquiring a state tax number is also specific to your state. The types of state taxes you will pay may include: tax on income, sales, capital gains, unemployment, etc. Contact your state revenue office either

online or by calling its toll-free number. Request any publications available on state tax matters, as well as forms.

Most counties and local governments also levy taxes that you are responsible for paying. Contact your county and local governments for information on these matters and forms.

It is highly recommended that you engage the services of an attorney for the above procedures, preferably one experienced in corporate matters with a specialty in franchising. You should also engage the services of an accountant to assist you in setting up your corporation for operational and tax efficiency. Your choice of an accountant should be based in part on computer software compatibility. The costs incurred by engaging these two professionals will be more than offset by the advantages gained in using their expertise.

### Assumed name certificate/DBA

Regardless of whether you will operate the franchised business as a sole proprietorship, a general partnership or an LLC, you must file an assumed name certificate with the appropriate governmental office. The assumed name certificate is sometimes called a trade name certificate, a fictitious business name certificate, or a DBA registration. The appropriate governmental office is usually the county clerk, but you may be required to file at the state level and/or the city level. The purpose of this filing is so that the general public will be informed of the registered agent for a business and where official contact with the business can be made.

Generally, the required information includes the name of the business, the street address of the business, the name of the business owner(s), the type of business to be conducted and the expected period of operation. The expected period of operation should correspond to the initial term of the Franchise Agreement. Usually, each owner must sign the certificate and all signatures must be notarized. Fees generally range from \$10 to \$100. In some jurisdictions, you will need to place a fictitious name notice in a local newspaper for a certain amount of time.

### Legal status of franchisee

It is important to understand and further define the relationship between EventTone Wireless (franchisor) and you the (franchisee). While we share common goals, abide by common principles, and ultimately exist on some level for each other's benefit, we are not acting in the capacity or role of employer and employee, principal and agent, or general and limited partner.



We are a licensor, and you a licensee, of intellectual property. We have knowingly and voluntarily entered into an interdependent relationship, each depending on the other for success. We believe that the financial output of working together will far exceed that of going it alone. We must stay loyal to each other and respect each other, always searching for ways to strengthen the bond that exists. Complete transparency and open communication are the keys to our success.

## Financing arrangements

*Most start-up franchisors do not offer financing arrangements to their franchisees. If you do plan on offering financial assistance, list the details of your program here. If you are not offering financial assistance, you can still provide information that will help them acquire loans from an outside source.*

*The Business in a Box CD (Advantage Package and Entrepreneur Program) has numerous financing and loan applications that can be customized for use in your franchise system.*

*The reference FDDsFDD<sub>s</sub> (Advantage Package and Entrepreneur Program) illustrate real-life examples of financing arrangements offered by well-established U.S. franchisors.*

*For more detailed information see Item 10 of the FDDFDD entitled Financing.*

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Financing is your responsibility. EventTone Wireless does not finance or guarantee the obligations of the franchisee. In the future, we may elect to offer limited financing to the franchisee. Please contact EventTone Wireless for more information.

The initial franchise fee is refundable only by the terms and conditions outlined in the Franchise Agreement.

## Financing alternatives

For most, the initial startup cost of a EventTone Wireless franchise is a lot of money. Don't panic – here are all the stops on the way to getting your EventTone Wireless franchise financed:

**Your personal resources:** Conduct an assessment of your own resources before you launch into your search for capital from banks or other lending institutions. First, prepare a personal financial statement (on a generic form from your bank or an office supply store, or by using your personal accounting software). You'll use it over and over again as you line up your financing. Also, make copies of your tax returns for the past two years – both a lender and a franchisor providing financing will want to see them. If your Uncle Doug once offered to back you in business, give him a call and take him to lunch. Be sure of what you can count on – you can't afford to go into the business with flimsy promises. Talk dollars and timing with good ol' Doug.

**Your accountant:** If you don't have an accountant, it's time to get one. Ask for references from friends and family, and find an experienced one who has handled small businesses (Tip: ask existing franchisees in your area for references). Arrange a preliminary interview, discuss your plans, and show the accountant your personal financial statement, the investment estimates from Item 7 of the FDD and any Item 19 earnings claim information in the FDD. Talk about how you can calculate a cash-flow picture of the business you're planning and how much financing you need. Ask the accountant to recommend a banker he or she has dealt with; usually accountants have great leads for their clients.

**The franchisor:** One thing can be said for franchising as a method of expanding business: It has developed a tried-and-true path for the individual investor. Financing is an important part of that path. In about 30 percent of all systems, the franchisor itself will provide financing directly or through a third-party lender. If this is available from your franchisor, it's laid out fully in Item 10 of the FDD. Even if the company does provide financing, it's likely to be for only a portion of your total needs.

**The bank and specialty franchise lenders:** It's fair to say every small business needs a solid banking relationship. Even if you don't find financing at your local bank, you'll need to build a day-to-day service relationship. The place to start is the bank where you do your personal banking. Talk to a banker about your plans and explore their programs.

Also contact independent lenders who specialize in franchise lending. Check out GE Capital Franchise Finance and Textron, two of the larger independent sources.

**The SBA Franchise Registry:** The real secret to bank financing for a franchise investment is the SBA, which has very aggressively rolled out its small-business lending guarantee program. Banks that participate in this program can significantly reduce their lending risks, because the SBA

guarantees a large portion of the loan against your failure or inability to repay the loan. Contact the SBA and inquire at banks in your local area; this is a powerful program for new business buyers.

The SBA has enhanced the power of its program by working with franchisors to streamline the application and qualification process, creating the SBA Franchise Registry. Go to [www.franchiseregistry.com](http://www.franchiseregistry.com) for a list of franchisors that have registered their systems with this unique SBA program. If your franchisor is one of the hundreds that are listed, you're in luck – it'll save you lots of time and a ton of paperwork.

## Chapter 17: Trademarks and Trade Secrets - Protection Policies

Though service based business often depend less on patents than other types of companies, protecting your trademarks and trade secrets still requires diligence.

### Patents, copyrights and proprietary information

Intellectual Property (IP) is a general term for patents, trademarks, and ideas that are unique and proprietary to an individual or business. Protection for IP is granted through the issues of patents, licenses, trademarks, etc. For the most part there are no issues for franchisees to manage with regard to patents, trademarks, or Intellectual Property.

EventTone Wireless does claim copyright protection of our company name, manuals, franchise-related advertising and promotional materials, cleaning agreements, forms, and related materials that we produce. These materials may not have been registered with the Copyright Office of the Library of Congress, but the materials are proprietary and confidential. You may use them only as long as you are a franchisee, and only as provided in the franchise agreement.

There are currently no effective determinations of the Copyright office of the Library of Congress or any court regarding any of our copyrighted materials. There are no agreements in effect that significantly limit our right to license the copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be information contained in our manuals and in material separately provided to you. You may use these materials, in the manner we approve, in the operation of your business during the term of the Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to or use them for the benefit of any other person or entity. These materials include any trade secrets, knowledge, know-how, confidential information, advertising, marketing, design, plans, or methods of

operation. This includes information about our sources of supply, and our recommendations on pricing. You may disclose this information to your employees, but only to the extent necessary to operate your business, and then only while the franchise agreement is in effect.

## Trademark usage and guidelines

The franchise agreement gives you the right to operate a window washing business under the EventTone Wireless Names and Marks. You must follow our rules when you use our Marks. You may not use any of our Names or Marks (or the names and marks of any EventTone Wireless company) or derivative thereof as part of your corporate name or with modifying words, designs or symbols, except those we license to you. You may not use any of our Names or Marks for the sale of any unauthorized products or service or in a way we have not authorized in writing.

You may not directly or indirectly contest our right to our trademark, trade secrets, or business techniques that are part of our business.

On June 29, 2004 we filed an application to register the service mark "EventTone Wireless®" on the principal register of the United States Patent and Trademark Office (USPTO). On June 28, 2004, we received registration of the service Mark in the United States Trademark Office. All affidavits required to preserve and renew this Mark have been filed. There are no agreements limiting our right to use or license the use of our Names and Marks. If you learn of an infringement or challenge to your use of our Names and Marks, or unfair competition with your use of our trademark, you must notify us immediately. We will take the action we think is appropriate. We are not obligated, by the franchise agreement or otherwise, to protect your right to use any Names and Marks. However, we will protect you against claims of infringement or unfair competition that might be made against you from your use of our Names and Marks as long as you are using them properly. We may, in this situation, take any action we deem appropriate to handle the claim.

There are currently no effective determinations of the U.S. Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, or any pending infringement, opposition or cancellation proceedings, or any material litigation, involving our principal Names and Marks.

We may adopt new Marks at any time, or change our existing Names and Marks. If we adopt new Marks, or change our existing Names and Marks, you

must use the new or modified Names and Marks, and discontinue the use of any Marks we decide to change or discontinue. We will give you sufficient notice to allow you to use any trademark stationery and marketing materials you bought in the last 90 days that will become obsolete or, at our option, we will purchase those materials from you at cost.

As a EventTone Wireless franchise, the Names, Marks and Trade Secrets associated with the business are critical to the success of your business. It is important to carefully protect these, following the guidelines outlined in the Franchise Agreement. Remember that you should not use the Names or Marks associated with EventTone Wireless as any part of your legal name.

Your key employees who will have access to any of EventTone Wireless's trade secrets are required to sign an employment agreement containing non-disclosure and non-compete covenants for a reasonable period of time before, during and after employment.

## Examples Of trademark misuse

- Failure to comply with EventTone Wireless's instructions on filing and maintaining an trade name or fictitious business name in your state and local jurisdiction
- Use of the mark in your corporate or other legal name
- Using the license or trademark to incur or fulfill an obligation or indebtedness
- Use of the trademark in any manner that is inconsistent with the provisions of the franchise agreement without the express written consent of EventTone Wireless
- Identifying yourself, business, or legal fiction as the owner of the trademark
- Failure to identify yourself as a "licensee of the trademark" on any invoices, order forms, business stationery, receipts, or other printed material used in the operation of the franchised business

*The Employee Manual (Advantage Package and Entrepreneur Program) contains all of the abovementioned provisions. Upon customization, copies should be given to all of your franchisees for use at their franchise locations.*

## Chapter 18: Field Operations

*In this section you will outline the actual procedures of the service you perform. Our example continues to use window washing. Note the level of detail included in the outline. To ensure quality service throughout your franchise system, it is critical that you clearly describe each component of your service process.*

### Safety first

Falling is the number one cause of death for window cleaners worldwide. More deaths result from falls off ladders or other climbing equipment than any other cause. Because safety in the workplace is so important, it is vital that you begin each and every objective for your business with a “safety first” mindset. Due to the nature of the window cleaning business, many workers will be more susceptible to injury than other businesses which may be office-based but don’t require the use of heavy equipment or require workers scaling building heights.

The International Window Cleaning Association ([www.iwca.org](http://www.iwca.org)) is an international not-for-profit organization that includes members from over 25 countries, including almost 600 individually owned window cleaning businesses within the United States.

The mission of the IWCA is to represent interests and concerns of its members, and promote safety, training and a highly professional image for window cleaning professionals everywhere. The IWCA conducts at least 3 regional safety training programs a year at various locations throughout the country. These programs cover all aspects of window cleaning safety and equipment use. The IWCA also helps manage the American National Standard, IWCA I 14.1 for Window Cleaning Safety. More about the American National Standards Institute can be found by visiting [www.ansi.org](http://www.ansi.org).

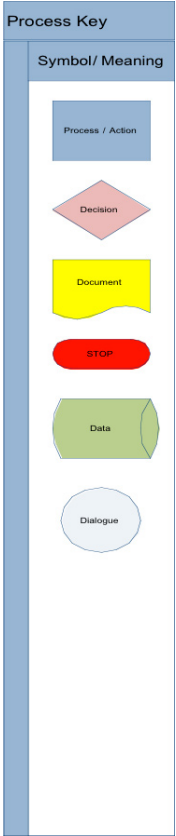
It is highly recommended by EventTone Wireless that the franchisee join the IWCA, and employ the various training courses and manual they offer. The IWCA I 14.1 standard is the only way to successfully ensure that workers maintain a high code of work standards when using window cleaning equipment.

Another organization with valuable safety information for business and industry is the Occupational Safety and Health Association (OSHA). OSHA is a federal organization that is part of the Department of Labor, and is dedicated to the safety of the American worker thru enforcing standards, offering training, education, and outreach. More information about OSHA can be found at [www.osha.gov](http://www.osha.gov).

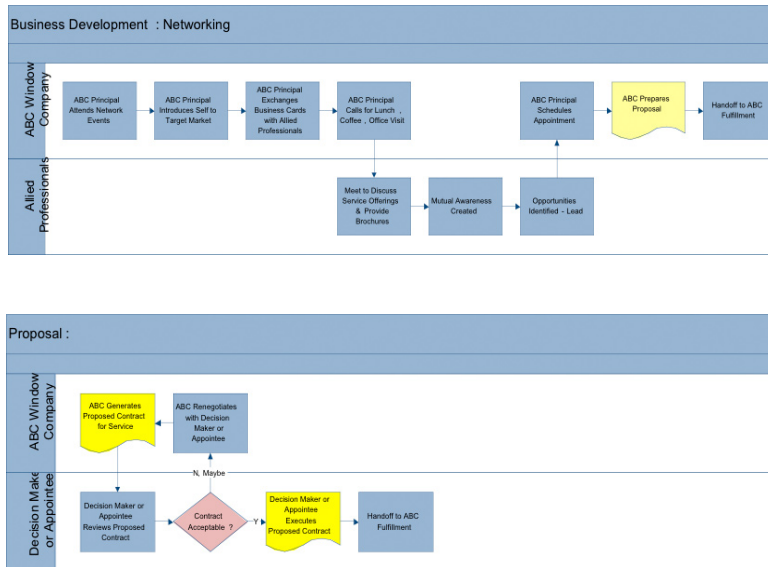
## Business processes mapping

In this section you should construct standard “swimlane” process maps for all business development, marketing, operations, sales, networking, client service and fulfillment processes. Swimlane process maps are pictorial representations of all the processes in your business. These maps chart all activities, which are represented symbolically. Each person is represented as an actor with their own lane in a virtual swimming pool. A simple key that can be used can be represented as follows:





The most useful tool for rendering swimlane charts is Microsoft Office Visio. With a few hours spent learning the software, you should be able to model all business processes like the example shown below for networking opportunities and a proposal process:



Notice that each actor has a lane in the pool and all activities are represented graphically through each stage of the process. Each of the procedures that follow should be mapped out graphically for initial training purposes and ongoing training as you experience attrition in your franchise operation.

## Outline of the window cleaning process

### 1) Receiving the Service Order

- a) Once the Service Order has been completed it is emailed to the Certified Service Technician for which it has been scheduled. Included within the Service Order is all the information that the Certified Service Technician needs to complete the job: client name, address, contact info; description of services requested, with notes of extraordinary requests; estimated length of time service will take; and client's interest in Regular Service Plan. (See Appendix 18.1 – Service Order, for an example)
- b) Using the information in the Service Order the Certified Service Technician will:

- i) Locate the address of the client's residence/business
  - ii) Chart an appropriate route to the address, taking into account any other jobs they may be servicing the same day (this can be done with Mapquest, Google Maps, or a Thomas Guide).
  - iii) Allow time for traffic and plan on arriving 15 minutes early
- 2) Arriving at the home or business
- a) When arriving at the home it is important to first find an appropriate place to park your vehicle. Make sure not to block anyone in. Also, if your service vehicle has any leaks or will in any way soil the client's driveway be sure to find alternative parking.

*What you are trying to preclude here is any feeling the client might have that your service is an inconvenience, or that the Certified Service Technician is careless or incompetent. This will also save you from any accusations that will waste time with extra cleanup. Make sure that you take into account any secondary impacts that your service may have on your client's home or business. Then develop, require, and explicitly describe the precautionary measures that Certified Service Technicians can implement which will prevent these impacts from occurring.*

- a) Once you find an appropriate place to park your vehicle, check to see if anyone is home. Before you make contact with the client be sure that your appearance is respectable and represents you and the franchise well.
- b) If the client is home be sure to discuss the following:
  - i) Is there any room that is off limits?
  - ii) Is there anyone in the home or business that would not want to be disturbed?
  - iii) Are there any pets to be aware of?

*Here you are guiding the Certified Service Technician through interactions with the client that will inform him of aspects of the home or business that he or she should be aware of. This also conveys to the client that the Certified Service Technician is considerate and will be careful when delivering his/her service.*

- iv) Do a quick walkthrough with the client. Notice any windows that will be challenging to access, furniture that will need to be moved, and expensive pieces of arts, figures, instruments, etc. that must be avoided.
- v) Ask the client if it is okay to freely enter and exit the house. Then return to your vehicle.

## 2) Preparing your equipment

- a) Choose appropriate squeegees
- b) Replace all squeegee blades
- c) Strap on accessory belt and place squeegees in holster
- d) Make sure mops are free of debris and place in holster
- e) Replace blade in scraper if there are any noticeable nicks or rust spots
- f) Place in holster
- g) Squirt generous amount of anti-bacterial detergent into 5-gallon bucket
- h) Fill bucket halfway with water lukewarm water, keeping bubbles to a minimum
- i) Gather five towels. Stick three in your belt and lay one on either shoulder.
- j) Place extra towels in second 5-gallon bucket

*Notice the level of detail. The technician needs to know step by step what to do. This will ensure the standardization that you are striving for. The goal is that each franchisee will provide the same level of service that you would.*

- k) Bring both buckets inside and place on floor to the side of the stairs
- l) Before you set buckets down make sure to place a dry towel under each bucket
- 3) Conducting the service
  - a) Move any furniture that may obstruct access to windows, being very careful not to tip over vases, pictures, etc.
  - b) Start upstairs in room just left of stairs, then work clockwise room to room. Continue this order downstairs.
  - c) Cleaning a windowpane
    - i) Use mop to scrub windowpane
    - ii) If scrubbing the windowpane is insufficient, use your blade
      - (1) Only blade on wet glass
      - (2) Never blade a windowpane with tinted film. It will damage it.
      - (3) Rewet the glass with mop after you have finished blading
    - iii) Use towel on right shoulder to dry edges of windowpane
    - iv) Squeegee windowpane
    - v) Use towel from left shoulder to dry edges of pane
    - vi) Use towel from right shoulder to wipe sill clean and dry
    - vii) Inspect glass for streaks

## viii) Touchup

- (1) If streaks are pronounced, rewet and re-squeegee glass
- (2) If streaks are minor, use steel wool
- ix) Re-inspect glass to make sure it is spotless
- x) Continue on to next windowpane
- xi) Once all panes in the window have been cleaned do one last quick inspection

*Notice how many inspections are required during this process. This will ensure the Certified Service Technician will get in the habit of critiquing their own work. That way they lessen the risk of having to redo any of their work because of errors. This will also ensure your franchise will continue to have a respectable reputation.*

- xii) If window is acceptable then return any moved furniture to original position and continue on to next window
- d) When inside is complete continue with outside windows
- 4) Check in with client at conclusion of service
  - a) When all windows have been cleaned, the Certified Service Technician should then report to the owner. S/he should:
    - i) Let the owner know they have completed their service
    - ii) Invite the owner to inspect the work to make sure it is up to their level of satisfaction.
    - iii) If some windows are not up to satisfaction the Certified Service Technician will redo his or her work

*Here a standard must be defined. What is "good enough" is different in each service industry. With window cleaning "good enough" is attained when the window looks spotless from five feet away. When training your Certified Service Technician, they should gain enough expertise so as to deliver flawless service. Their trainer should also instill within them a sense of pride for doing an exceptional job. This will ensure their work will always fall within the limits of "good enough." Their efficiency should come as a result of becoming more comfortable with their craft and not as a result of cutting corners.*

5) Suggesting Regular Service Plan and scheduling next service

- a) When the client is content with the service they received it is time to wrap up
- b) Refer to the Service Order and check to see if the client is interested in the Regular Service Plan
  - i) If they have already set up a Regular Service Plan commend them for making a wise choice and let them know that, unless they call to make changes to their Plan, a Certified Service Technician will be out to service their home/business in whatever timeframe they have chosen (the Regular Service Plan includes monthly, bi-monthly, quarterly, twice-per-year, and yearly options). The conversation would go something like, "I see you're signed up for our bi-monthly service, Mr. Smith. Today is September 23<sup>rd</sup>, so that means that we'll have another Certified Service Technician out to your place on the 23<sup>rd</sup> of November. Will that work for you?"

## Chapter 19: Resale, Transfer, Renewal and Closing

*Describe your requirements and procedures for the resale, transfer, renewal or closing of the business. Much of the contents of this section will come from your franchise agreement.*

### Conditions of renewal

After expiration of the term of the Franchise Agreement, if franchisor has made a business decision, in franchisor's sole discretion, to continue the EventTone Wireless franchise system in franchisee's area, franchisee will be permitted to renew franchisee's Franchise Agreement, but only upon the following terms and conditions:

- Franchisee must be current in payment of all fees and charges to franchisor and any of its related companies and must not have made more than two late payments within the last three years for which franchisor gave written notice(s) of breach, which notice(s) were not withdrawn by franchisor;
- Franchisee must not be in material breach of the Franchise Agreement or of any other agreement between franchisor and franchisee and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by franchisor;
- Franchisee shall pay a renewal fee as established at the time by franchisor, but which shall be not more than two thirds of the then-current Initial Fee, payable in full at the time of execution of the Franchise Agreement referred to in sub-paragraph 9.01.04;
- Franchisee shall execute the then-current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and national marketing fees or entirely new categories of fees or mandatory expense;



- Franchisee must maintain possession of the premises identified in Exhibit A for the renewal term or obtain substitute premises approved by franchisor;
- Franchisee, at franchisee's sole cost and expense, shall remodel or refurbish the premises and otherwise modernize and renovate the premises, signs and equipment to be consistent with the then current image of the system and to meet franchisor's then-current specifications;
- Franchisee shall give written Notice to franchisor at least thirteen months, but not more than eighteen months, prior to the end of the term of the Franchise Agreement of franchisee's desire to renew; and
- Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the licensed business or the franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, franchisor, any other franchisee, the goodwill associated with the Marks, or to any client, client or vendor of franchisee, franchisor or of another franchisee.

## Continuation

If, following the termination or expiration of this agreement for any reason, whether voluntary or involuntary, franchisee continues to operate the licensed business or occupy the premises with the express or implied consent of franchisor, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this agreement and shall be terminable by either party upon the lesser of (a) thirty (30) days written notice or (b) such shorter notice by franchisor as would otherwise be applicable in a termination for cause. Franchisee acknowledges and agrees that such continuation shall be good cause for termination of the Franchise Agreement. Both parties shall continue to be subject to all terms of this agreement during any such continuation period.

## Assignment or transfer

### Prior consent

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this agreement, the franchisee, the licensed business, any option or first right of refusal relating to this agreement, the franchisee or the licensed

business, the assets of the licensed business or the leasehold of the licensed business or represent to any person that such an Assignment has been made without franchisor's prior written approval. For purposes of this Paragraph 12.01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a franchisee that is a corporation, any partnership interest of a franchisee that is a partnership, any membership interest of a franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Assignment without franchisor's prior written consent shall be void and a breach of this agreement.

## Conditions of assignment

As preconditions for obtaining franchisor's consent to an Assignment, at least the following terms and conditions must be met:

- Franchisee must be current in payment of all fees and charges to franchisor and any of its related companies;
- Franchisee must not be in material breach of the Franchise Agreement or of any other agreement between franchisor and franchisee;
- Franchisee must have paid in full all debts in connection with the licensed business;
- The assignee must have agreed to assume all of the obligations of the licensed business;
- The assignee must execute a disclosure form containing a waiver and release of any claim against franchisor for any amount(s) paid to, or representation(s) made by franchisee or any omission by franchisee to disclose facts, material or otherwise;
- Franchisee must execute, at franchisor's option, a mutual termination of the Franchise Agreement and a general release, or an assignment of the Franchise Agreement and a general release, and an agreement to defend, hold harmless and indemnify franchisor from any claim by the assignee in form specified by franchisor, the current version(s) of which are attached as Exhibit J;
- The assignee must pay to franchisor a transfer fee in the amount of seven thousand five hundred dollars (\$7,500) and execute, at franchisor's option, the then current form of Franchise Agreement or an assumption of the Franchise Agreement (in any event providing for the same royalty and national marketing fees as contained herein, for the balance of the term hereof);

- The assignee must, in the sole opinion of franchisor, successfully complete the then current initial training program at the assignee's sole cost and expense;
- The assignee must have met the then current standards of franchisor for experience, financial strength, reputation and character required of new or renewal franchisees;
- The assignee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the premises, unless a new location has been approved in writing by franchisor; and
- Franchisor must have been given at least thirty (30) business days written first right of refusal by franchisee, upon the same terms as those agreed upon by franchisee with any proposed assignee; provided, however, franchisor may substitute cash of equivalent value for any non-cash term. In the event franchisor waives or fails to exercise its right of first refusal, if franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, franchisor shall have a new right of first refusal hereunder on the new terms.

### Assignment to an entity

Notwithstanding the foregoing, if franchisee is an individual, franchisee may assign the Franchise Agreement to an entity, as defined in Article 11, formed under the laws of the state where the licensed business is located, which is wholly owned by franchisee; provided that the individual franchisee shall first provide written notice of the assignment to franchisor and shall personally guarantee the performance of the Franchise Agreement. If franchisee is an entity, franchisee may assign the Franchise Agreement to another entity, formed under the laws of the state where the licensed business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as franchisee; provided that each of the individual equity or other owners of the new entity shall personally guarantee the performance of the agreement. The personal guarantee shall be in the form of Exhibit G hereto. No assignment under this paragraph shall change or limit the liability of any person or entity under the Franchise Agreement. Franchisee shall pay to franchisor a processing fee of five hundred dollars (\$500.00) for an assignment pursuant to this paragraph 12.03.

### Approval process

Franchisor may use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their

financial ability, character, business reputation, experience and capability to conduct the type of business involved. The approval of one Assignment does not obligate franchisor to approve any other or subsequent Assignment. If franchisee is an entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the entity for any reason is subject to the same considerations as any other Assignment.

### Transfer by franchisor

There shall be no restriction upon franchisor's right to encumber, transfer or assign the Franchise Agreement or the system. Following such a transfer or assignment, franchisor shall have no further obligation or liability to franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of franchisor's liabilities and obligations to franchisee. Upon franchisor's request, franchisee shall execute and deliver a certificate to franchisor, as described in Paragraph 21.05, in connection with an anticipated transfer or financing procedure by franchisor. Franchisee agrees to accept any transferee of franchisor, including any subfranchisor and perform for such transferee the same as for franchisor.

### No sublicensing

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the system or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void.

## Termination

Franchisor may terminate the Franchise Agreement as follows:

- Franchisor may terminate the Franchise Agreement upon at least thirty days notice and opportunity to cure (or longer if required by law) if franchisee is in breach of any term of the Franchise Agreement or of any other agreement between franchisee and franchisor or any affiliate of franchisor.
- Franchisor may terminate the Franchise Agreement upon at least 72 hours notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which franchisee acknowledges is good cause for termination and a material

breach of the Franchise Agreement), notwithstanding that franchisor may have the option to give a longer notice and cure period pursuant to other provisions of the Franchise Agreement:

- Franchisee fails to pay or deposit when due, and in the manner prescribed by franchisor, any monies owed to franchisor or any of its related companies or to another EventTone Wireless franchisee;
- Franchisee files a voluntary petition for bankruptcy or has an involuntary petition filed against franchisee, franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;
- Franchisee violates or attempts to violate any of the Assignment provisions of the Franchise Agreement;
- Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the premises or equipment, or abandons the licensed business for more than 24 hours (whether or not franchisee intends to abandon);
- Franchisee sublicenses or attempts to sublicense the Marks or the system in violation of the Franchise Agreement;
- Franchisee is an entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the entity without having first complied with the provisions of the Franchise Agreement;
- Franchisee fails to timely permit any audit or inspection by or on behalf of franchisor;
- Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the licensed business (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in franchisor's opinion, for franchisee's operation of the licensed business;
- Franchisee is convicted of or pleads guilty or "Nolo Contendere" to any felony;
- Franchisee fails to operate the licensed business under the Marks or fails to properly display the Marks at all times in full compliance with the Franchise Agreement and the manual;
- Franchisee engages in any business dealings in relation with the franchise, the licensed business or the franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the system,

franchisor, other franchisees, the goodwill associated with the Marks, or to any client, client or vendor of franchisee or any other franchisee or the franchisor;

- Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 21.05;
- Franchisee fails to maintain insurance or workers compensation coverage; or
- Any other agreement, including any other Franchise Agreement to which franchisee is a party, between franchisee and franchisor or between franchisee and any of franchisor's related companies is terminated for cause.
- Franchisor may terminate the Franchise Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which franchisee acknowledges is good cause for termination and a material breach of the Franchise Agreement), notwithstanding that franchisor may have the option to give a longer notice and a cure period pursuant to other provisions of the Franchise Agreement:
  - Upon three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve-month period;
  - Franchisee is adjudicated as bankrupt or insolvent;
  - Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the licensed business;
  - Franchisee voluntarily abandons the licensed business; or
  - Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the licensed business.

Notwithstanding any right of franchisor to terminate the Franchise Agreement, pursuant to the Franchise Agreement or otherwise, franchisor may, at franchisor's sole discretion, elect to not terminate the Franchise Agreement and to, in lieu thereof, impose limitations on franchisee, including but not limited to revocation of franchisee's territorial rights, and revocation of franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate the Franchise Agreement pursuant to this paragraph shall not constitute an election of remedies and franchisor may, thereafter, terminate the Franchise Agreement on account of the same or any other event(s) of default as set forth herein.

## Chapter 20: Expansion and Relocation Requirements

### Franchise expansion, new territory, resale purchase or territory expansion

This section reviews the procedures related to expanding your business through acquisition of a new territory or resale purchase or through geographic expansion of your existing territory. Any expansion to a current EventTone Wireless business requires approval by EventTone Wireless. Once the process is completed and all necessary information is submitted, EventTone Wireless will review and contact you with a decision within 30 to 60 days of submission of all materials. Operations and Franchise Development will be happy to assist you with completing the Expansion Review Worksheet available from EventTone Wireless or to answer any questions you may have. The Expansion Review Worksheet explains the process and procedures to obtain expansion approval as follows:

- 1) Contact EventTone Wireless Operations and Franchise Development Department to discuss your interest in expanding
- 2) Review and complete the Expansion Review Worksheet
- 3) Speak with Peter Lorenzo in Franchise Development (pete@EventToneWireless.com) on the availability of new territory and/or geographic expansion areas
- 4) If you have not had a QAR in the past year contact EventTone Wireless to schedule one
- 5) Develop a business plan for this addition and indicate the impact it will have on your current business. The business plan should include the following:
  - a) Demographic analysis of the decision
  - b) Staffing plan
  - c) Marketing strategies

- d) Service specifics: Hours of operation, services offered etc.
- e) Projections for revenue and costs for new venture