



Making dough

Having steered Domino's from a relatively modest operation into a multi-million-pound business, **Stephen Hemsley** is well positioned to lead other franchises to success. And that's exactly what he plans on doing with his company Franchise Brands. Katie Shevlin reports

Stephen Hemsley co-founded Franchise Brands, the parent company of market-leading franchises ChipsAway and Ovensclean, in 2008. The two entities performed phenomenally well during the recession, and now Stephen is on the acquisition trail once again.

Before starting Franchise Brands, Stephen was no stranger to changing businesses' fortunes. In 1998, after a successful period in accountancy and investment, Stephen joined Domino's Pizza as finance director. It only had less than 100 stores and was losing money, but he could see strong potential and after some investment from Nigel Wray – Stephen's business partner in Franchise Brands – and a management restructure, it floated in 1999.

Stephen says: "I was then appointed chief executive in 2001 and quickly got to work; solving volume constraints and getting the franchisees on board with new working practices to help them, and ultimately us as a franchisor, achieve good profits."

During this time the company has gone from a share price of 15.6p in 1999 to today's share price of around £8, with a market capitalisation of over £1.3 billion and a total of nearly 900 stores across the UK, Ireland and Europe. A new store now opens every week – a remarkable growth rate by any standards.

Stephen became executive chairman of Domino's in 2008 (his role is now non-executive chairman) and that same year launched Franchise Brands with Nigel – just in time for the global recession. After some tough decisions about which of their 12 businesses they should take forward, the pair decided to concentrate on two brands: ChipsAway and Ovensclean.

It was a decision well made; under Stephen and Nigel's direction, ChipsAway saw growth in demand for the service of around 260 per cent (2008 compared to 2014) and Ovensclean experienced a 245 per cent increase in people requesting cleans (2009 compared to 2014).

These figures are extraordinary when you think about the wider economic environment in which the franchises were operating. Stephen explains their success: "The recession is obviously a time where people cut back on spending, but this actually worked in ChipsAway's favour. More and more people were deciding to repair, rather than replace their cars, with repairs at such a reasonable price compared to traditional bodyshop methods. Ovensclean is more of a discretionary purchase, but even so we have very loyal customers who obviously value the service highly and were still very much willing to pay for their oven to be professionally cleaned – it is Britain's most hated household chore after all!"

But what was it that Stephen and Nigel saw in these brands that prompted him to commit to them alone? "Both ChipsAway and Ovensclean had been established in the UK for over 15 years with a joint network size of over 400 specialists, as well as being the leading brands in the car repair and oven cleaning markets. They are both very compelling business opportunities – offering franchisees the chance to make good money, with excellent franchisee level economics and simple to manage, proven business formats."

And this remains Stephen's criteria for future business acquisitions: brands must be "a compelling proposition from which franchisees can be successful. It is also fundamental for us to have people who are honest and transparent and who operate with the highest levels of integrity and respectability as that is the way we partner with our franchisees and run our business."

"We are focusing on acquiring franchised businesses who will benefit from our proven central marketing, finance and support operations. We have earmarked significant funds for acquisitions, ahead of the ultimate goal of a listing on the AIM."

Other than Stephen's apparent magic touch, Franchise Brands has a great deal to offer franchisors. The group's key strengths lie in the support levels they are able to devote to both new and existing franchisees.

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"As soon as an individual decides to come on board, the centralised support function kicks into action. Every franchisee completes a comprehensive training course and will be assigned a dedicated member of our experienced franchise support team, who is on hand from day one as their first port of call for whatever the new franchisee may need. They will also be there in the background busily working away organising the launch promotion and marketing activity."

The support doesn't stop there, though. The team at the central marketing department, who between them have a vast level of experience running multi-million-pound

campaigns, manage an ongoing integrated marketing strategy to not only generate leads for the network, but also grow brand awareness through the high-impact promotion of services.

"We also keep ahead of the game in terms of research and development and are constantly investigating new ideas and products to help our franchisees complete the best and most effective oven clean or repair possible."

"Essentially, we understand the importance of having successful franchisees within our networks, and this is why we invest so heavily in having world-class expertise across all business functions, from finance, marketing, and human resources, to administration, sales and customer services."

"Unless a new franchisee wants to buy a 'commission-only sales job', it's imperative they join a group capable of delivering those all important customer leads from day one – and that's where we believe we excel above all others in our industry! If they are passionate about their business and are fully engaged with our vision and values, mutual profitability can be enhanced as a result. It really couldn't be a better time to get on board!"

Franchise Brands will also still continue to invest heavily in ChipsAway and Ovensclean, with plans to expand the networks. "There's room for hundreds more franchisees and most definitely the demand to fulfil! In fact, we recently undertook market research, which confirmed that out of the 35 million vehicles on the UK's roads, some 24 million are in need of a ChipsAway repair. It's an astonishing figure and will certainly be keeping our network nice and busy!" ■

