



PJ FOODS RATIONALISES EUROPEAN OPERATIONS

**HUNDREDS
OF
MANAGERS
TO GO**

PJ Foods, the food and beverage giant, ended a troubled year's trading with the news that around 400 managers from all departments of the company's European operations will lose their jobs in a cost-cutting exercise designed to make PJ more competitive. Commented CEO Lance Gullik: 'Of course we regret taking this step, but it is part of a process of re-engineering the entire company.

We are removing layers of management to get closer to our front-line workers and our customers'. Some top-level executives, such as Chief Buyer Hans De Witt, will be picking up pay-offs worth \$1m or more, but the majority of those to go will be middle-managers. They will pick up between \$35,000 and \$100,000.



**SUPERSUB
ANNOUNCE
NEW
PROFIT
HIGH**

The chain of franchised sandwich stores announced record profits at its shareholders meeting yesterday. There are now over 10,000 stores in the chain, with an average income per store of \$1.2m per year. SuperSub's receipts from franchise holders were \$180m. The company announced the formation of its 'SuperSub Millionaires' Club' for franchisees who have become millionaires through the franchiser. It already has 100 members. However, closures were also higher last year. Two hundred SuperSub franchise holders resigned their franchises because income was too low.

M E M O



From: Petra LaSalle

To: All sales staff

As you may have seen, another record year. We are now up to 10,000 stores in the chain, with an average income per store of \$1.2m per year: receipts from franchise holders were \$180m. The new 'SuperSub Millionaires' Club' already has 100 members. The only bad news is that 200 SuperSub franchise holders resigned their franchises because they weren't getting enough income. Most of them were in suburban locations. We really need to concentrate on city centres: office staff taking lunch really are our core market.

Keep up the good work,

Petra LaSalle
Petra La Salle

SUPERSUB: CLEAN; SIMPLE; HEALTHY

- Low, low prices on equipment because of our bulk-buying power.
- Nationwide TV advertising
- Increased customer recognition of your business's name

Capital requirements, income and other costs

How much capital you need will depend largely on where you open your store and whether you build or convert existing premises. Recently a franchisee converted a shop in central Paris and got into business for only \$160,000. He is now turning over \$1.8m per year. More modest suburban locations can be set up for as little as \$50,000.

Gross incomes from SuperSub stores vary from \$350,000 to over \$10m. Net profits before tax are around 10-15% in most locations. When you set up your SuperSub store we will provide plans and models for signs and store layout. We will be available to help at any time. For this service we charge a one-off non refundable fee of \$2,500-\$5,000, depending on the size of the store. Once you are in operation, we charge 1.5% of your gross income for use of the SuperSub name and business methods. We audit your accounts once a year.

SUPERSUB is an international franchised chain of stores selling takeaway sandwiches and salads. It has been in existence since 1980 and is a world leader in food retailing. The concept underlying its success is Clean, Simple, Healthy Food. The franchises are easy to operate: none of the food sold in a SuperSub store is cooked.

Training

New franchisees receive two week's intensive training in our international headquarters in Columbus, Ohio (air fares and accommodation not included). The programme covers everything you need to know about owning and operating a SuperSub store, and includes visits to actual operations. There are advanced courses for existing franchisees, and the

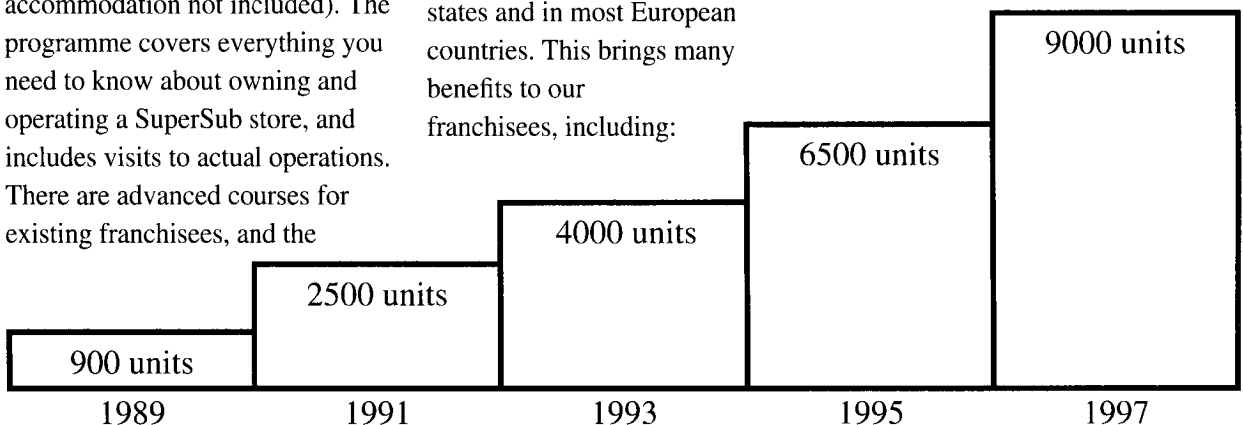
SuperSub monthly newsletter contains tips to help you maximise your income.

Support

Being a SuperSub franchisee means that you get professional advice on marketing, taxes, real estate, store design and recruitment and many more areas from our 25 Business Expertise Departments in Columbus. Call us any time – it's a toll-free line.

Growth in SuperSub operations

SuperSub opens over 1,000 new stores a year. It has outlets in all 50 states and in most European countries. This brings many benefits to our franchisees, including:



Franchise

Worksheet

17b

and

17c

ACTIVITY

Pairwork and groupwork: reading, speaking

AIM

To act out a meeting between investors and salespeople selling a franchising operation.

GRAMMAR AND FUNCTIONS

Asking and answering questions

Talking about figures

Conditionals

VOCABULARY

food and beverage, trading, cost-cutting, CEO (Chief Executive Officer), re-engineering, layers of management, front-line workers, pay-off, middle managers, franchise, franchisee, franchiser, franchise holder, to resign a franchise, world leader, to maximise income, newsletter, real estate, toll-free line, bulk-buying, premises, to turn over, net profit before taxes, store layout, one-off, non-refundable fee, to audit, core market

PREPARATION

Make one copy of Worksheets 17b and 17c for every two students and cut them up as indicated.

TIME

30-40 minutes

PROCEDURE

- 1 Write the word *franchise* in the centre of the board.
- 2 Ask students to suggest examples of franchise operations such as MacDonalds, the Body Shop or Benetton.
- 3 Ask students, working in pairs, to write a definition of franchising. (For example: *When a monopoly producer (the franchiser) licenses the exclusive right to manufacture and/or sell a product to an individual or company (the franchisee) in a defined marketplace.*)
- 4 Discuss the definitions.
- 5 Write the following on the board:
The advantages of franchising...
for the franchiser *for the franchisee*
- 6 Ask the students to suggest advantages and write them in the table. For example:
For the franchiser: low cost rapid expansion, improved customer recognition, higher income
For the franchisee: business knowledge, proven product, established image
- 7 Divide the class into two groups: *Investors* and *SuperSub salespeople*. There should be two investors for every salesperson.
- 8 Set up the situation. A group of managers have been made redundant by their company, P J Foods. They are looking for a business to go into.
- 9 Divide the investors into pairs. Tell them they have received \$50,000 each. Let the SuperSub salespeople work as a group.
- 10 Give out the worksheets. The two investors receive the two newspaper stories, one each. The salespeople receive the advertising flier plus the memo.
- 11 Allow 5-10 minutes for reading. Encourage them to discuss what they read with their partners and to use dictionaries if they need to.
- 12 Ask the students to work in groups of three: each pair of investors meets a SuperSub salesperson.
- 13 Ask them to act out the first meeting. The investors should try and get as much information as possible. The salespeople should be as persuasive as possible. Allow 10-15 minutes.
- 14 Once they have finished, ask which investors decided to go further with the idea and which were not interested. Talk about the reasons.