

# coining a CAPITAL GAIN

## PROVENDER FRANCHISEE'S INVESTMENT INCREASES FROM \$60,000 TO \$600,000-PLUS!

➔ Just six months ago, we featured Eugene Williams as an example of a franchisee who was building a successful business. Now he makes another appearance in these pages, this time as an ex-franchisee. Has he had a falling out with the franchise? Far from it – in fact, Provender franchisor Philip Horrocks couldn't be more proud. In just over three years, Eugene has turned his initial investment into a small fortune, 'And that,' says Philip, 'is what franchising at its best is all about.' How has Eugene managed it?

When you invest in a franchise, it should pay you back in three ways. First, it should provide a *fair wage* for the hours you put in to the business. Second, it should provide a return on the money you *invested* in it. And third, if you've managed to grow the business during your ownership, it should provide a *capital gain* when the time comes to sell it – in other words, you'll get more than you have invested in it and, best of all, that gain is tax free. It is this tax free capital gain that Eugene has made upon selling his franchise.

It was just over three years ago that Eugene made use of Provender's highly flexible scheme to buy a franchise for around \$60,000. He had just returned from Japan, where he originally went to study before meeting the lady who became his wife and starting an English language school. 'I went to Japan for one year and ended up staying ten,' he laughs. With little knowledge of the New Zealand business environment, he decided on his return that a franchise offered the best option for growth and settled on Provender.

Provender is the largest refreshment vending business in New Zealand with over 160 business-to-business franchisees here and in Australia ensuring customers 'stay revived' by providing snacks, drinks, coffee and tea directly to them through a range of vending machines and refreshment centres (snack boxes). 'One of the big advantages of the Provender franchise is that you can start small,' says Eugene, who was Provender's *Franchisee of the Year* this year. 'I began with only five vending machines and a few refreshment centres, but quickly decided I wanted to concentrate on the vending machines as I could see the potential. So as the cashflow grew I kept reinvesting and built up to nearly 200 machines spread throughout Auckland. Having started with \$60,000, I have just sold my business for \$665,000!'

### THREE MEN WHO KNOW A GOOD OPPORTUNITY WHEN THEY SEE ONE



EUGENE WILLIAMS SHARES A CELEBRATORY SNACK WITH LEO SAITO AND JET ZENG, THE NEW OWNERS OF HIS AUCKLAND PROVENDER BUSINESS

### TEN TIMES THE PRICE

Eugene admits that he hadn't actually been planning to sell but then he received an offer out of the blue. 'I was kind of caught by surprise, but it was quite a pleasant surprise so I decided to take the capital gain while I worked out what to do next.' For the last two months, Eugene has been assisting new owners Leo Saito and Jet Zeng in the day-to-day running of the business, but he did allow himself the luxury of a family holiday in Hawaii before heading to Japan. 'The purpose of going back there this time was to build up my contacts again with a view to starting a car importation business. It's Provender that's made all that possible.'

And he hasn't ruled out a return to the franchise in the future. 'I gained an enormous amount of experience from being a Provender franchisee,' he says. 'Their support was entirely "hands-on" when I needed it and their team of salespeople and accountants have been invaluable resources for all manner of details. I very much doubt if I could have achieved what I did in such a short time on my own. Now I really feel I could go out and do any sales job if I had to as a result. It gave me a lot of confidence in managing what became quite a large small business.'

### GET WHERE YOU WANT TO GO

Provender offers a combination of vending machine, coffee and refreshment centres. Investments range from \$25,000 upwards depending on the level of opportunity you are seeking. 'There are no fixed packages,' says Philip Horrocks. 'Whether you are seeking a part-time or post-retirement business to generate income or the chance to build an empire like Eugene, we can help you get where you want to go.'

And Provender's professionalism makes operating even a business the size of Eugene's relatively straightforward. 'Servicing 200 vending machines in a city as large as Auckland might sound like a logistics nightmare, but Provender's technology makes it easy,' Eugene says. 'Each of my machines had a built-in wireless modem which allowed me to monitor all stock levels and see faults from home, so I never had to spend a lot of time chasing round checking every machine on a regular basis. I could check each one on my computer at any time of day and plan my visits accordingly. That allowed me to maximise my effort in building what turned out to be a really profitable business.'

'I think I worked quite hard,' Eugene admits, 'but it was worth it. I'm quite certain very few other franchises could have done as well for me in three years as Provender has.' ■

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