



FRANCHISE PROPOSAL

The Landing

ABSTRACT

A proposal to franchise a unique riverside coffee house that acts as a pillar in the community's trail system as a place to land and relax.

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Capstone Project

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Executive Summary

Franchising The Landing ensures that you have quality products, a proven business plan and unique and local coffee roasts. Currently The Landing is a pillar in the City of Fredericton due to its location on the cities trail system and partnership with Radical Edge, giving the community access to bike rentals. Communities that value supporting local, the environment and healthy and active lifestyles will benefit most from franchising this café.

Our findings are supported through research from the Government of New Brunswick and the ICLG regarding required licences and franchise law.

This franchise agreement is organized into four sections.

1. Franchising. This section explores the why and what of our franchise. It provides a detailed SWOT analysis, best geographical locations for the franchise, the opportunity, and the difference between franchising and licensing.
2. Marketing Plan. In this section the marketing plan is clearly outlined as well as what training and support the franchisee will have access to.
3. Financial Information. Here is where the financial statements for the first five years in business are. It covers start up expenses, income statements and the loan amortization schedule.
4. Legal and Regulatory Matters. Legal requirements and the sale agreement requirements are found in this section.

Entrepreneurs looking to franchise locally owned businesses that foster community and support active living are who should franchise The Landing.

Company Overview

This section of the proposal is an overview of the company we want to franchise.

- Name: The Landing
- Location: Fredericton, New Brunswick
- Company history:
 - In 1971, the Coffee Mill was founded. They served breakfast as well as coffee to the Fredericton area. As the city grew, so did this lovely family-owned coffee house. In 2019 they began Milltown Roasters, their very own coffee roasting brand. They opened a downtown café after they traveled to 5+ cities in Canada and the US to learn the art of coffee. Shortly after this café opened, they partnered with Radical Edge, a local bike shop, to open the Landing, to create a place to land, and enjoy coffee, while enjoying the trails of Fredericton.
- The product:
 - Coffee
 - Local beer
 - Pastries
 - Breakfast and lunch sandwiches
 - Smoothies
 - Teas
- Relevant information:
 - Partnership with Radical Edge includes bike rentals for bike enthusiasts
 - The Landing is family owned alongside two other businesses, a downtown cafe and a breakfast restaurant, who also roast their own coffee called Milltown Roasters.



Franchising – Why and What

In this section we will explore the why you should franchise and an outline of our franchising opportunity.

Benefits of Franchising

Have you ever wanted to own your own business but quickly got buried under a mountain of paperwork, courses, legal work, and the uncertainty that you will find all necessary resources to be successful? Maybe franchising is for you.

A franchise is the opportunity to own and operate a business of your choosing without starting from scratch. Franchising has many more benefits like,

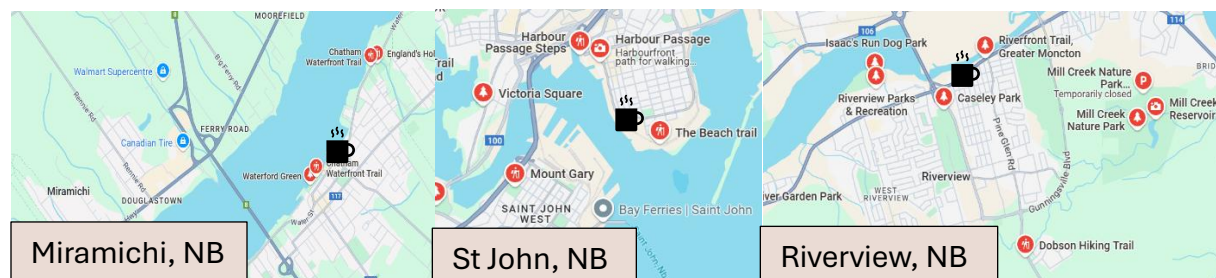
- Provided resources and training from the company,
- Brand recognition,
- Help from corporate and other franchisers to lower failure rates,
- And a detailed start up guide with all the rules and regulations you will need to follow to be successful as a franchisee.

Difference Between Franchising and Licensing

Franchising	Licensing
<ul style="list-style-type: none">• A specialized form of licensing where the franchisee operates a business under the franchisers brand and guidelines.• The franchiser has a lot of control over the franchisees operations and ensures brand consistency.	<ul style="list-style-type: none">• Grants a foreign company the right to manufacture or market a product in exchange for fees and royalties.• The licensor has little control over the licensees' operations.

Geography

Below is a map of potential franchise locations for The Landing. As The Landing is a locally owned New Brunswick café, the possible locations are in New Brunswick only. These locations are chosen based on access to municipal trails and density of population. There is potential to expand into the rest of Canada within the next 10 years.



Franchise Opportunity

The Landing is offering the chance at opening a café that sells their own coffee roasts, creates recipes for original baked goods, and serves handheld breakfast/lunch items. They encourage active living by enhancing the experience of exploring recreational trails by providing a fun and unique place to land.

SWOT Analysis

<p><u>STRENGTHS</u></p> <ul style="list-style-type: none">• Unique coffee roasts, locally roasted• Locations easy to access by trail or road• Strong relationships with supporting local businesses	<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none">• Winter makes less foot traffic on trails• Radical Edge (bike rental suppliers) only located in Fredericton
<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none">• Expand roastery operations to franchisees• Target a niche customer base• Partner with other local bike shops• Outsource other local business products like breweries to expand product offerings	<p><u>THREATS</u></p> <ul style="list-style-type: none">• Other cafes in the area• Other coffee roasters in the area• Natural disasters affecting business (ex: tree falling, flooding)• Closures due to storms

Marketing Plan

In our marketing plan we want to demonstrate to our target market that they are not just customers; they are our guests. Our guests are outgoing, adventurous, and are ready to explore a world of flavour. To achieve this, we will provide all marketing requirements for franchises to create the ideal guest experience.

Training and Support

As a family-owned small business, we believe in the right training and support to make our franchises successful. Below will outline our standards of training and how the franchises can access the support they need to run a successful business.

Training

An overview of how and where owners, employers and employees get trained.

New Franchisees

As a new franchise owner here is what you can expect from training.

1. Onsite training at the Landing Fredericton for owners and/or management team before opening, and a training team sent to train new employees upon opening.
2. Owner/management training on oracle software and oracle point of sale software.
3. Oracle software that provides ongoing training videos and informative readings.

Standard Operations and Procedures

Here we will discuss company values, customer service, safety policies and procedures.

Company values	Guest Experience	Safety	Policies and Procedures
<ul style="list-style-type: none">•High quality guest experience•Honesty and trust•Community	<ul style="list-style-type: none">•Timely greet guests as they enter•Order efficiency-quick, high quality and delicious•Service with a smile	<ul style="list-style-type: none">•Ensure proper safety measures- fire extinguishers, emergency exit signs, etc.•Heath and wellness of staff has a high priority•Regular staff safety meetings and training	<ul style="list-style-type: none">•Monthly franchise meetings to talk about metrics•Staff is expected to adhere to the policies and procedures that are fully described in the oracle training software.•It is expected to respect company time, follow dress code, and report health and safety concerns

Support

For all franchisee there are many opportunities for support, some of which are mentioned below:

Periodic franchise stand up owner meetings
Easy access to support requests through oracle software
Regular management training on how to guide employees to success

Product Canvas

THE BUSINESS MODEL CANVAS

Target Market

The Landings ideal guest

Guest Persona



Christina Dawn

Demographic

Age: 25
Gender: Female
Income: 50k
Occupation: Marketing Coordinator
Education: University Degree

Psychographics:

Values: Well roasted coffee, supporting locals, having a comfy place to read/study, the outdoors and adventure

Goals:

1. Travel and explore all local trails.
2. Study hard and get high grades

Interest:

Coffee tastings, Bicycling, hiking, and reading
 Lifestyle: Living a minimalist lifestyle, where they are focusing on their experiences and relationships and reducing possession.

Guest Pain Points

Top 5 pain points that are faced by our ideal guests

- They need fancy coffee & treats they can't make at home
- A third place to study/work
- Have a fun destination to land when walking/biking on the trails
- Have a place to meet up with friends and family
- They want to bike the trails/city but don't have their own bikes.

Guests Current Solutions

The wrong way guests are relieving their pain points

- They're getting cheap gross coffee from large chains
- They're enjoying the trails with nowhere to get a refreshment
- Going to other coffee shops who don't roast their own beans
- Making boring bland coffee at home
- They are ONLY walking the trails
- Spending too much money on bikes they use once a year

Guest Pain Relievers

How we are relieving our guests pain points

The Landing has a **MORE FOR LESS** value proposition. We are an averagely priced coffee shop who provides a safe third place...and you feel amazing supporting local.

What we do for our guests:

- Serve high quality, locally roasted coffee,
- Bake fresh good in house,
- Provide bike rentals,
- Have ample seating for hanging out,
- Strong wifi connection and comfy seating to study/work,
- Make finding the landing fun with trail signs

Key Resources and Partners

Internal and external resources we need to provide the best experience to our guests

- Radical Edge Bike rentals and periodic bike servicing.
- Coffee roast delivery drivers.

Distribution

How the product served to our guests

Wholesale Distribution

- Coffee roasts are delivered from Milltown roasters in Frederickton
- Recipes provided by the Frederickton location
- Must purchase ingredients through Milltown's approved suppliers
- Everything is delivered by truck
- One time delivery of bikes when opening store.

Marketing & Communications Strategy

Where we communicate with our guests

- Social Media:
 - Facebook - Hours of operations, closures, information based, for the locals.
 - Instagram - Creating a sense of community, follower engagement, telling the story of the brand, increasing tourist visits.
 - TikTok - Making the coffee shop look like a community.
- Posters around town in high traffic spots, and on community boards.
- Wooden signs on the trails pointing the way to The Landing.

Success Factors

How we measure success

- When people walk in, they tell us they follow the signs
- Our social media platforms will grow by 5% each month
- We will hear people talking about it in the community
- 90+% good reviews on website/google reviews
- Bike rentals increase by 3% monthly

Social & Corporate Responsibility

Ways in which we are empowering our guests, community and ourselves to make eco-friendly choices

- Grinds to gardens - save coffee grinds and give it to people who want to use in fertilizer
- Selling day old foods for discount
- Donate unsold foods to the food bank
- Encouraging ecofriendly modes of transportation
- Encourage reusable cups with refills and discounts. Easily accessible at counter

Financial Information

Keeping up with finances can be a tedious task, especially when starting anew. Fortunately, we have estimated the franchise’s finances for 5 years following its initial opening! This information includes the franchises starts-up costs, loan schedule and amortization, as well as its Income statement.

Start-up Cost

Here is what to expect for start-up costs as a new franchise.

The Landing

Start-Up Requirements

Required Expenses

Francise Fee	15,000
Licensing Fees	715
Advertising and Marketing	5,000
Rent Expense	5,000
Bikes	2,500
Operating Funds	27,122
Total Required Expenses	\$ 55,337
TOTAL REQUIRED EXPENSES AND ASSET	\$ 55,337

Liabilities and Capital

Start-Up Liabilities

Long-Term Business Loan	55,837
Total Liabilities	\$ 55,837

Project Summary

START-UP INVESTMENT	55,337
START-UP EXPENSES	(55,337)
INITIAL EQUITY	-
TOTAL LIABILITIES AND EQUITY	\$ 55,837
TOTAL FUNDING	\$ 55,837

Loan Schedule

It’s assumed that each franchise is to borrow a full loan amount of \$300,000, which will be repaid quarterly over a period of 10 years at an annual interest rate of 6.5%.

The Landing

Loan Schedule

Loan (PV)	Annual Rate	Payments per Year	Rate per Period (RATE)	Years	Payments (NPER)	Payment (PMT)
\$55,837	6.50%	4	1.63%	10	40	(\$1,909)

Amortization Schedule

Year	Period	Remaining Principal	Interest Payment	Principal Payment	Total Payment
1	1	\$ 55,837	\$ (907)	\$ (1,002)	\$ (1,909)
1	2	54,835	(891)	(1,018)	(1,909)
1	3	53,817	(875)	(1,035)	(1,909)
1	4	52,782	(858)	(1,052)	(1,909)
2	5	51,730	(841)	(1,069)	(1,909)
2	6	50,662	(825)	(1,086)	(1,909)
2	7	49,576	(806)	(1,104)	(1,909)
2	8	48,472	(788)	(1,122)	(1,909)
3	9	47,350	(769)	(1,140)	(1,909)
3	10	46,210	(751)	(1,158)	(1,909)
3	11	45,052	(732)	(1,177)	(1,909)
3	12	43,875	(713)	(1,196)	(1,909)
4	13	42,678	(694)	(1,216)	(1,909)
4	14	41,462	(674)	(1,236)	(1,909)
4	15	40,227	(654)	(1,256)	(1,909)
4	16	38,971	(633)	(1,276)	(1,909)
5	17	37,695	(613)	(1,297)	(1,909)
5	18	36,398	(591)	(1,318)	(1,909)
5	19	35,081	(570)	(1,339)	(1,909)
5	20	33,741	(548)	(1,361)	(1,909)
6	21	32,380	(526)	(1,383)	(1,909)
6	22	30,997	(504)	(1,406)	(1,909)
6	23	29,591	(481)	(1,428)	(1,909)
6	24	28,163	(458)	(1,452)	(1,909)
7	25	26,711	(434)	(1,475)	(1,909)
7	26	25,236	(410)	(1,499)	(1,909)
7	27	23,737	(386)	(1,524)	(1,909)
7	28	22,213	(361)	(1,548)	(1,909)
8	29	20,665	(336)	(1,574)	(1,909)
8	30	19,091	(310)	(1,599)	(1,909)
8	31	17,492	(284)	(1,625)	(1,909)
8	32	15,867	(258)	(1,651)	(1,909)
9	33	14,216	(231)	(1,678)	(1,909)
9	34	12,537	(204)	(1,706)	(1,909)
9	35	10,832	(176)	(1,733)	(1,909)
9	36	9,098	(148)	(1,761)	(1,909)
10	37	7,337	(119)	(1,790)	(1,909)
10	38	5,547	(90)	(1,819)	(1,909)
10	39	3,728	(61)	(1,849)	(1,909)
10	40	1,879	(31)	(1,879)	(1,909)
Final Balance		\$0.00			

Income Statement

The income statement below accounts for a 10% royalty fee and 15% marketing funds for the franchise, as well as an assumed tax rate of 15%.

The Landing Income Statement

Percent Cost of Sales & Marketing	10%
Royalties	15%
Assumed Tax Rate	15%

Income	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$ 100,000	\$ 150,000	\$ 200,000	\$ 225,000	\$ 250,000
Bike Rentals	\$ 20,000	\$ 22,500	\$ 25,000	\$ 27,500	\$ 27,500
Cost of Sales & Marketing	10,000	15,000	20,000	22,500	25,000
Royalties	15,000	22,500	30,000	33,750	37,500
GROSS PROFIT	95,000	135,000	175,000	196,250	215,000

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Payroll	\$ 48,828	\$ 50,000	\$ 52,500	\$ 55,000	\$ 57,500
Utilities	3,600	3,600	3,600	3,600	3,600
Licensing	1,060	1,060	1,060	1,060	1,060
Rent	30,000	30,000	30,000	30,000	30,000
Insurance	10,000	10,000	10,000	10,000	10,000
Kitchen Supplies	15,000	20,000	25,000	35,000	40,000
TOTAL GENERAL EXPENSES	108,488	114,660	122,160	134,660	142,160

Earnings	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Earnings	\$ (13,488)	\$ 20,340	\$ 52,840	\$ 61,590	\$ 72,840
Depreciation	16,950	15,035	13,336	11,829	10,492
Operating Profit	(30,438)	5,305	39,504	49,761	62,348
Interest Expense	18,969	17,500	15,933	14,261	12,478
Pretax Profit	(49,407)	(12,195)	23,572	35,500	49,870
Taxes Liability	-	-	3,536	5,325	7,481
After-Tax Profit	\$ (49,407)	\$ (12,195)	\$ 20,036	\$ 30,175	\$ 42,390

Legal and Regulatory Matters

It's important to understand the legal and regulatory matters when purchasing a franchise.

Legislations and Rules Governing Franchise Transactions

New Brunswick franchising is regulated by The Franchises Act, RSNB 2014, c 111. This defines a franchise as:

- A right to engage in business through a contract to make payments.
- A franchisee has the right to sell services associated with a trade-mark name logo or marketing symbol that is owned by the franchisor.

The legislation regulates the offer and sale of the franchise. The franchisors are to provide a disclosure document ("DD") when selling the franchise. The DD will include:

- Information about the business operations and financial disclosures.
- The level of involvement of the franchisor and franchisee on the performance and enforcement of the agreement.
- The right to associate with other franchisees.
- The right of rescission if not provide by the time period.

Protecting the Brand and Other Intellectual Property

Canadian law recognises common law trademark right and protected Trademarks through registration, which is initiated or filed directly by the Canadian Intellectual Property Office ("CIPO"). Trademarks can be enforced by proceeding or passing off and or infringement. Each superior court of a province has concurrent jurisdiction with the Federal Court of Canada, but only they have the jurisdiction to consider the validity of a Canadian trademark registration. The Federal Court of Canada considers the appeal of decisions such as:

- Trademark application.
- Striking a trademark registration due to non-use.
- Pursuant to third-party opposition proceeds.

A franchisor should carefully monitor the marketplace for similar marks to prevent confusion in the event of potential passing off/ infringement of the franchise brand by others.

Joint Employer Risk and Vicarious Liability

There is a risk that the franchisor and franchisee become joint employers. We do not wish to be joint employers. To minimize this risk these allocations must take place:

- The franchisee has sole responsibility and discretion regarding employee matters such as,
 - Schedules,
 - Overseeing training provided by the franchisor.
- The franchisee and franchisors are independent contractors.
- The franchisee must post signage stating the status of being an independent contractor to reduce risk of the franchisor being held vicariously liable for the acts of employees.

Other Legal Requirements

This section lists legal requirements not covered above.

Form of ownership

The franchise can be owned by sole proprietors or partnerships.

Leasehold and Renovations

The franchisee is responsible for holding the lease and maintaining their place of business. Any renovations required are to be paid by the franchisee. Renovation plans must adhere to the brand standards and preapproved by the franchisor.

Royalties Structure and Marketing Budget

As mentioned in the financial statements, royalties and marketing are paid based on a percentage of sales. Royalties are 15% of sales p.a. and the marketing budget is 10% of sales p.a.

Training

All training materials and platforms will be provided by the franchisor. The franchisor owns all training materials and is responsible for updating training materials. The franchisee is responsible for the cost of training employees. New employees should have 25 hours of training when they start.

Sale of Franchise

The franchisee is purchasing the right to use The Landings brand and goodwill. They have the right to sell Mill Town Roasters coffee; however, they do not own any rights to the Mill Town Roasters coffee brand.

Conclusion

This brings us to the end of our franchise proposal for the one-of-a-kind riverside coffee house known as The Landing, designed to serve as a cornerstone of both quality and community. If you become a franchisee, you are not only investing in a thriving business, but you will also be a pillar in your community by fostering local economic growth and promoting a healthy, active lifestyles within your area.

With our ongoing training guides, top tier support system and opportunities to integrate local products, this franchise opportunity is perfect for an entrepreneur who values sustainability, excellence, and quality of life. We are committed to provide all necessary tools and resources to lead your franchise to success. With strong mentorship skills, we will build innovative marketing strategies tailored to your specific location.

By joining The Landing franchise, you are stepping into a business that's not just freshly roasted coffee, it's about enriching the quality of life for your neighbors, friends, and family. We are inviting you to be apart of what make this business special. Help us spread the enjoyment for those who love the outdoors and a good cup of coffee that makes the day better.

Thank you for considering this franchise proposal we hope that you see the opportunities we offer. We look forward to working together to build a thriving meaningful presence in your community.

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