

Frank Walker

Seven more franchise opportunities up for

company who really cares about the success of their Franchisees".

National Tiles was the second largest radio advertiser in Australia last year behind Harvey Norman. No wonder their opposition has nightmares about how to counter the onslaught. And whilst the company spends in the region of \$3m per year on advertising, Franchisees spend an absolute fraction of this amount yet they get total blanket coverage in their region. It's an unbeatable formula, where franchisees gain the benefit of the group's enormous buying power with Frank Walker personally negotiating with radio stations on behalf of each Franchisee.

It is a compelling fact that within the first 9 months of the opening of the Brisbane, Gold Coast and Sunshine Coast stores that at least one tile store in each of these locations has closed down.

This is clear and decisive proof of the impact that National Tiles has on the markets they operate in. Not only in the power and reach of their advertising, but in the strength of the entire National Tiles business model which expertly covers marketing, merchandising, range, price, service and reputation.

The company offers Franchise opportunities to current or former Tile Store Proprietors and Managers or Tilers wishing to stay in the industry, as well as passionate industry newcomers.

Up to \$600,000 capital is required to fund a metropolitan and \$400,000 for a regional National Tiles Franchise Store which covers the store fit out, stock and working capital. However, having the capital upfront takes all the stress out of funding the business's working capital, as new franchisees are effectively cash flow positive from day one.

And, because National Tiles the Franchisor takes back slow moving current stock there is never any need for the stock figure to grow beyond the initial \$150,000. This has allowed a number of National Tiles Franchisees to use surplus cash generated in their business's to purchase their own freehold properties. Over 40% of all National Tiles Franchisees own their own stores and a number of others are planning to purchase theirs in the near future.

By putting their freehold properties into their Superannuation Funds, franchisees have the potential to make all the capital gains tax-free down the track when they decide to sell.

In addition, many National Tiles franchises are building significant capital growth in the value of their business whereby for every \$100,000 per annum profit they make, the goodwill of the business multiplies by around 3 times or \$300,000.

In talking to the current National Tiles Franchisees, one gets the feeling that they very much feel a part of the National Tiles family. "Frank is more like a mentor than our Franchisor" said franchisee Neil Haase from Ballarat.

"There's no grey areas with Frank" Neil said. "He's very black and white. If he tells you a tile costs \$8 or \$28 you can count on him 100%."

"And we all appreciate how all the senior management accept fair criticism. If they make a mistake, they cop it on the chin and get to resolving the issue immediately. It's all about integrity, honesty and commitment to us, the Franchisees, that counts. The fact that you always feel the company (and everyone in it) is working with your best interest at heart, makes being a National Tiles Franchisee so special" Haase said.

Everyone who enquires about becoming a National Tiles Franchisee is encouraged to phone all of the 12 Franchisees to get their honest opinions of the National Tiles company and the National Tiles family.

All of the National Tiles Franchisees we spoke to were so full of praise for the company. Obviously they're all doing very well and feel they are being treated very fairly – a rare thing indeed when you talk to most other franchisees from other companies.

Gary Hasler, National Tiles' General Manager, said "whilst the company's hugely effective advertising was a great benefit to Franchisees this is only one part of the National Tiles formula for success".

He said "National Tiles has developed the most effective, efficient and successful tile franchise system in Australia, covering all key areas including marketing, product development, procurement, logistics, merchandising, customer relationship management, I.T. Systems and much more".

National Tiles Franchisee's astounded by their increase turnover and profit margin

National Tiles new Franchisees are cashflow positive from day one.

During a recent interview for this article, the Chairman of National Tiles, Frank Walker, revealed details of the company's expansion plans.

In the short term, new Franchises will be offered in Cairns, Townsville, Rockhampton, Bundaberg, Hervey Bay, Toowoomba, Darwin and North Brisbane before the company venture into other states.

Victoria's expansion is now complete with eight metropolitan and eight regional stores strategically located across the state.

Over the past year, the company has opened nine stores in South East Queensland covering Brisbane, the Gold Coast and the Sunshine Coast.

12 of the company's 26 stores are franchised, some originating from former tile franchisees, part of buying groups or independent tile stores. A number of the National Tiles Franchisee's who were interviewed for this article said they have been astounded by the increase in their turnover, profit margin and expanding customer base generated by the hugely successful National Tiles advertising compared to their former stores' figures.

To be part of such a powerful brand whereby the company charges franchisees no entry, ongoing fees or royalties, has been described as a "once in a lifetime opportunity to get on board with a

Unveils Expansion Plans

grabs with the roll-out of more National Tiles stores.

While the franchise prospectus covers a vast number of reasons for becoming a National Tiles Franchise, some of the standout benefits which no other tile company in Australia offers include:

1. **Guaranteeing the new Franchisee will be number one in their market for brand recognition within three months of the store's opening;**
2. **Purchase all products at cost plus an agreed margin receiving all supplier volume rebates back in full;**
3. **Provide an exclusive lifetime guarantee on all premium range products;**
4. **Pay absolutely no ongoing franchise fees or royalties;**
5. **Take back all slow-moving, current stock lines for a full credit with no handling fees;**
6. **Provide accredited levels 1 – 7 training for franchisees and their staff covering sales, products, systems, I.T. estimations and selection software.**

Mr. Hasler, a member of the company's board, who has been credited with nurturing the great culture at National Tiles explained how the company is driven by and dedicated to achieving excellence in everything they do.

He said "...the business is growing every year, even during the GFC, driven by the greatest asset the company has which is our outstanding staff..."

People rarely leave National Tiles. With 177 staff, the top 100 have been with the company for an average of over five years" he said. That's collectively 500 years service to the company. Almost every new position creates an internal promotion. Staff just love the opportunities within the company.

With current annual revenues in excess of \$50m National Tiles is not the biggest tile company in Australia, but you get the feeling that every day the staff are proudly working to ensure that National Tiles is the best tile company in Australia.

When asked how the business has funded its recent expansion the company's Chief Financial Officer and Board Member, Russell Vaughan, said the growth had been made possible by exceptionally strong cash flows with consistent focus on the management of stock and debtors. He said "redundant stock sits at around 3% of all inventory. With such good stock control, the company has the ability to consistently introduce new lines which in turn drives sales".

Camron Whittaker, a 20 year veteran with National Tiles is credited with being the driving force behind the company's exceptional stock management.

The Chairman was especially praiseworthy of him when he stated "Cam is the engine room of the business. He does an outstanding job of managing both the current and redundant stock programs".

"As an example of his work, over the past two years he has delivered several million dollars in extra liquidity to the business through his management of our inventory... he is a prime example of the excellent people we have who are the backbone of our business." Mr. Walker said.

Cam's father Rob is the company's longest serving employee with over 30 years dedicated service to the business.



The company aims to have the equivalent of 8,500 houses of tiles in stock at all times in order to meet the demands of their four key divisions which are retail, franchises, major domestic builders and commercial.

National Tiles supply two out of the three largest Major Domestic Builders in both Victoria and Queensland which is testament to the excellent service levels, systems, range and pricing they offer.

...number 1 in the market within 3 months guaranteed

Having four key strong divisions greatly helped the company navigate through the GFC. As commercial activity slowed down due to the lack of liquidity, Major Domestic Builders, on the other hand, were writing record sales as a result of the very generous government funded first homeowners grant. Conversely, now that domestic home building is slowing, commercial projects are returning to their former healthy levels as the major banks provide fresh funding for developers.

Mr. Vaughan said, the company founded by Frank Walker as a one man business in Geelong nearly 32 years ago, had seen many ups and downs over more than three decades. None quite so devastating as the 1991 recession when the company nearly collapsed. However, in hindsight he said it was the

best thing that could have happened to them because Walker learnt an invaluable lesson; that when business gets tough the companies with good cash reserves thrive and prosper, while others fall by the wayside. "We've seen plenty of examples of that in

the last three years" Mr. Vaughan said.

Based at their Arundel office on the Gold Coast, Frank Walker's son Nick, at 36, is the driving force behind the company's expansion. He is effectively engaged full time as the company's Business Development Manager and handles all enquiries for new franchisees.

He has been instrumental with their push into Queensland and there is little doubt that in the coming years he will assume the role of C.E.O.

Described by an industry source as 'fiercely competitive', one gets the feeling that National Tiles will continue to grow and prosper for many years to come under Nick's youthful, entrepreneurial flair.

Two of Nick's sisters work in the business and have senior sales positions – Sarah in Commercial and Kate in Retail. However, there was no sign of nepotism in the company, in fact quite the contrary. It is obvious that all the Walkers work very hard and certainly earn their keep.

The company is very fortunate to have Greg Larsen, the former Chairman and Managing Director of B.P. New Zealand as a non-executive member of the National Tiles Board of advisors.

Larsen's vast international experience, having worked at such a high level both nationally and internationally is a huge benefit to National Tiles, as the company strategically navigates its growth path for the future.

There is little doubt that as the company expands its footprint around Australia, the goodwill value of a National Tiles Franchise may well be the best investment a potential franchisee could make in their lifetime. It's hard to imagine that some time in the future franchisees will not have to pay substantial goodwill to purchase a National Tiles Franchise.

But having said that, at the moment the company is charging absolutely nothing. It's an amazing opportunity to jump on board with this truly 21st Century Tile Company.

If you would like to find out more about National Tiles Franchise opportunities, please call Nick Walker at his Arundel office on (07) 5502 7733 for a confidential and obligation free chat.

This article for Tile Today was edited by Andrew Beck who was retained by National Tiles.