

Shtrumpf Franchise Circular

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Letter from the CEO

Welcome to Shtrumpf. We are pleased that you are considering Franchise with our organization. Much of our success is due to the efforts of many dedicated and loyal co-workers who provide the great Shtrumpf spirit for which we are so well known. We truly are in the people business.

As a Shtrumpf Franchisee, many great things will be expected from you and in return you can expect the pride and sense of accomplishments that comes through serving other people in a quality operation.

Today, Shtrumpf is providing, only to select group of qualified individuals, the opportunity to be a part of this rewarding business. We have prepared this handbook to introduce you to our concept. We hope you will find this information helpful to you.

For further inquiry please do not hesitate to visit our Website www.shtrumpf.com or e-mail us at franchise@shtrumpf.com
Or call Mr. Talal Halabi +961 3 200972

Again welcome to Shtrumpf Restaurants. May you experience a pleasant, rewarding and long lasting success with us.

Our History

The beginning

The Shtrumpf dream all began by two young men who joined the Scouts and graduated from school together. After graduation, they decided to look for a bright future by starting a new idea in which they hoped would blossom into a healthy business.

So on May 20, 1984 "Shtrumpf" Handmade Caravan was launched. The Caravan made its way up from the beach areas in the summer to snowy resorts in winter. It also made its way into the hearts of many locals who grew loyal and loved the goodies the Caravan sold. Later, that single Caravan turned into 4 which gave way to the distinguished "Shtrumpf" Mega-store that sits atop a marvelous natural setting of greenery overlooking the Jounieh bay with a panoramic sea view.

Not stopping there... In 1992, in order to meet the needs of a new lifestyle and growing clientele, "Shtrumpf" became the leader in the food market to launch the FREE HOME DELIVERY service.

These two young men who are now the proud owners of "Shtrumpf" are:

- ❖ Richard Farhat, Civil Engineering from University of Kentucky USA. Married, father of 3.
- ❖ Walid Sakr, B.A. Business Administration from American University of Beirut. Married, father of 3 and a true scout at heart.

Our present

With three strategic locations, one in the heart of Ashrafieh –Beirut, second at Dbayeh highway and third at Sahel Alma overlooking the Jounieh Bay.

Focusing on three diverse relaxed settings with the same delicious range of international dishes and entertainment, our guests can choose from our cityscape indoor and outdoor terrace or our mountain-like location.

Aside from our restaurants, Shtrumpf is famous for its ongoing special events such as Beer Festival, Extreme Nights, Go Green program, Food theme night and coverage of all major sports events. Such a wide variety of events caters to the needs of all tastes.

For all those who appreciate our food, Shtrumpf Delivery service caters to institutions and homes.

The future

We aim to share our successful experience and expand through out the Middle East .The future holds for Shtrumpf and our industry promising opportunities and horizons.

Great Food. Friendly service. Environmental Commitment. Continuous regeneration of new food, new events and new ideas. Customer satisfaction.

The Franchise

Investment

“Shtrumpf” operating company s.a.r.l. (franchisor) has its main offices at Sahel Alma Mouawad bldg. P.O.Box 1818, Jounieh, Lebanon.

The franchise offered is for a general menu restaurant offering moderately priced meals at a single location identified by trademarks and trade names. The franchisor utilizes several methods, standards, specifications and other requirements designed to maintain high quality food and service in an attractive environment and doing business under the name and style of “Shtrumpf”.

A qualified prospective Franchisee may enter into a Franchise development agreement with the Franchisor to establish one or more franchised restaurants in a particular territory.

The Franchisee has a choice to purchase one or more of the following types of restaurants:

- ❖ City Store: a downtown style restaurant located in an already available building - 150 – 200 sqm. Sidewalk terrace optional.
- ❖ Mall Store: an efficient and practical location for a higher influx of people – 125 sqm interior + 75sqm terrace.

Because of the unique character and reputation of “Shtrumpf” and importance of the recipes used in those menu items, the franchisee is required to purchase and use mixes prepared from “Shtrumpf” secret recipes. The mixes must be purchased from sources approved by the Shtrumpf Home Office.

Benefits

The Franchise Fee entitles the Franchisee to a multitude of benefits that applies for any choice of store:

1. Feasibility Study & Cash Flow
2. Human Resources Elements
 - a. Organizational structure & job descriptions
 - b. Policies & procedures
 - c. Accounting procedures
3. Training
 - a. Ongoing training before, during and after opening.
 - b. Pre-opening assistance
 - c. Post-opening assistance
4. Operations
 - a. Operations Manual
 - b. Establishment of a Distribution Center
 - c. Finding product suppliers
 - d. Marketing aids & strategies
 - e. Assisting with the advertising plan
5. Store design and Pre-project plans.
6. Execution plans
7. Establishing the franchise package for future plans (including the franchise agreement).

Frequently Asked Questions

- 1. How much cash will I initially need when I sign the franchise agreement?**

A minimal amount of cash is needed to begin the franchise Operation with Shtrumpf Company... In addition to this, the franchisee must have the proper funding to cover installation, decoration, and start-up expenses in order to be approved by the board. For a sub franchisee, the amounts will be subject to change according to the territory.

The fee is due and payable as follows: 50% upon signing the Letter of Intent and 50% upon signing the Franchise Agreement.

- 2. What type of training and field support program does "Shtrumpf" offer?**

The franchise is provided with a training program for pre and post opening plus continuous training and support during the operation.

- 3. Is the Franchisee permitted to offer other products and services in the restaurant?**

We believe that the services we currently provide are up to local and international standards and are constantly updated to suit new trends around the world through our Research Department. However, we are open to suggestions and recommendations that will be considered and duly decided upon. Until that should happen, the Franchisee is obliged by the franchisor's rules and follows the same menu.

- 4. What kind of marketing assistance is provided?**

We will help the Franchisee through his agency to devise a marketing program that is suited to his local market. This includes advertising, PR and global special events.

5. What is the royalty fee for the rights to participate in the franchise system?

There is a set operation royalty fee of 6.5% on gross sales.

6. What level of return on investment and net profit can I expect?

As Franchisor, we do not provide others with our earning claims, especially not in our introductory circular. Therefore, we cannot tell the Franchisee what to expect as level of profit. The Franchisor recommends that the Franchisee carryout an analysis in order to formulate meaningful cash flow projections. We also provide assistance in the site selection and market research upon signing the Franchise Agreement.

7. Does the Franchisor provide Real-estate service?

The Franchisor provides assistance identifying the adequate property and will assess the location(s) upon selection by the Franchisee. It is preferable for the Franchisee to select more than one potential location for assessment.

8. What is the duration of the Franchise Agreement?

Terms of the agreement last 8-10 years and subject to renewal, the Franchisee and Franchisor remain in agreement over this period of time.

9. Will the Franchisor provide a protected territory?

Yes, this will be determined by the Franchise Agreement and the size of the country.

10. May I purchase more than one store?

Yes, franchisees are encouraged to purchase more than one operation if they are financially capable of doing so and once they succeed in the two year probation period of their first franchised unit.

11. How long before the Franchisee can start his business?

Once the Franchise Agreement is signed and the location is selected, the Franchisee will have to work on construction site. The time needed for starting the project should be no longer than 6 months from signing, depending on the Franchisee's efforts.

12. What are the areas of standardization required by the Franchisor?

Decoration, food presentation, food recipes, internal forms, menus, and logo are elements of standardization required.
All stores must be identical in both looks and operations.

13. What steps does a potential Franchisee need to establish a step by step Shtrumpf franchise?

- a. Potential Franchisee fills out the application after reviewing the Franchise Circular with his advisors and places a deposit of \$5,000.
- b. Shtrumpf approves or refuses the potential Franchisee.
- c. A Letter of Intent including 50% of the Franchise should be presented to the Shtrumpf Home Office allowing 10 days for the Franchisee to review the Agreement before signing the contract and paying the rest of the Franchise.
- d. Franchisee selects various locations and informs the Franchisor.
- e. The Franchisor chooses with the Franchisee the most appropriate location.
- f. Pre-Project and design plans will be prepared by the Franchisor's architect in collaboration with the Franchisee's architect.
- g. Start sight construction
- h. Ordering store furniture, fixtures and equipments.
- i. Execution plans will be approved by the Franchisor's architect.
- j. The schedules of Franchisee In-store and Training program is laid out to begin the process.
- k. Conduct the Grand Opening.

IMPORTANT INFORMATION TO READ BEFORE SIGNING THE FRANCHISE APPLICATION FORM:

The Franchise & Development Department requires the application to be completed by all partners involved. Therefore, if you may have a partner(s), we kindly ask you to photocopy the enclosed application, and have it filled out by each partner.

If you or any of your partners are actual investors, the Franchise & Development Department requires that the MANAGER who will be responsible for running the business on your behalf also fills out this application.

SHTRUMPF FRANCHISE APPLICATION

*Please fill in the form and submit it for consideration to Shtrumpf Home Office by Fax on
+961-9-900214 / 931593/ 635737 or email to franchise@shtrumpf.com*

Background Information

Name (Mr. /Mrs. /Ms.) _____ Title _____

Company _____

Address/Street _____

City _____ Country _____

Business Telephone _____ Cell _____

Email Address _____ Fax _____

Education

University

Post Graduate

Technical School

University or Technical School Name:

Year Completed: _____ Degree: _____

Business Experience

Have you ever owned a business: Yes No

If yes,

Name of Company _____

Type of Business _____ since _____

Address _____

Is the business still operational? _____ If not, why? _____

Other Business Affiliations (Partner, Board Member, Officer, Director, etc.)

Name of Company _____

Type of Business _____

Name of Company _____

Type of Business _____

Name of Company _____

Type of Business _____

Franchise Preference

Type of Franchise: Master Franchisee Sub-Franchisee

Planned date of first opening: _____ Geographical Preference _____

Location Preference:

1st Choice _____ 2nd Choice _____ 3rd Choice _____

Primary Financial Disclosure

Cash available _____ Amount / as a % of total _____

Borrowings _____ Amount / as a % of total _____

Total _____

Please describe briefly what is motivating you to consider a Shtrumpf Franchise Opportunity?

Additional information or comments that you might like to share with us in evaluating your REQUEST FOR CONSIDERATION?

Signature _____ Date _____

Please attach your Personal Resume if available.

CONTACT US

For franchise information Call Mr. Talal Halabi +961 3 200972

HEAD OFFICE

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