

TWO BLONDS & A BRUNETTE GIFT CO. FRANCHISE OPPORTUNITY

We want to help others feel empowered and proud, to love what they do, and to be able to successfully balance all aspects of their lives.

Whether you're a sophisticated woman or man with an eye for fabulous packaging and design (you may already even be employed in the gift industry), a self-starter who finds the sales world to be the ultimate challenge, or an entrepreneurial yummy mummy or delicious daddy wishing to balance career and parenthood, we invite you to join our 2B&B family.

We welcome women and men of all walks of life. Let us assist you with your career planning and help you build a 2B&B business model that will best fit your needs.

FRANCHISE Q & A

Why should I choose 2B&B (and what is included)?

By joining 2B&B, you reap the rewards of a comprehensive network and support system, as well as take advantage of the vast proprietary knowledge of the president & CEO, Alana Gunn, who will work with you on a very personal level to build and grow your franchise.

A franchise offers you the security of belonging to a well-organized, professional institution. When you join 2B&B, you will have the added advantage of being able to sell and promote a product that is truly unique within the corporate and personal gift markets. Other benefits include:

- An intensive corporate training session with a focus on sales goals and sales techniques, as well as the sharing of 2B&B's proprietary knowledge with respect to the gift industry and product selection and development.
- Airfare and/or hotel costs, if required for this initial training, shall be paid for by 2B&B, so that once your franchise fee is paid, you will not be subject to a number of additional costs.
- On-going training via email updates, location summaries, group conference calls, as well as sales initiatives and product development.
- A 2B&B general meeting, every 1-2 years, as needed, that will allow franchisees to meet, brainstorm business goals and ideas, and receive instruction on how to prepare and plan for the lucrative holiday season.
- Start-up inventory with a value of approximately \$5000 retail.
- Supplies and necessities required to open a home-based gift business, including: cello, ribbon, packaging supplies, Visa/MasterCard transaction abilities, business cards, and brochures.
- Professional sales and marketing tools available for your use, as well as the development of new promotional tools and advertising initiatives on an ongoing basis.
- Ongoing product development, taking into account your suggestions and ideas.

- Successful business plan model.
- Extensive Operations Manual.
- Existing supplier relationships.
- Customized business insurance plan, available to you at a preferred rate.
- Internal networking and referral system amongst franchisees.
- A fully developed brand, including logo, website, promotional material, and media awareness.
- Ongoing marketing and promotional efforts by 2B&B Head Office.
- Monthly and yearly incentives and sales rewards.

Why did we decide to franchise?

What started as a fun little company driven by creativity and style, soon morphed into something beyond its original goal. Yes, we accomplished our mission of creating gifts and gift baskets that were unique and stylish, both spunky and sophisticated. But we also realized that there was another market out there – a market of talented, dynamic, driven women and men just waiting for the right business to call their own, and one that would challenge them to take the entrepreneurial leap. Whether married with children or savvy and single, these individuals wanted to take charge of their careers, be their own boss, and belong to a company that valued their talents and good taste. They sought us out.

We, on the other hand, had never considered such a lofty goal. Franchising? It seemed so grandiose. We were simply doing what we loved to do, and thankful we had a career that allowed us to juggle all the demands of a modern woman. We had, over the course of our business, become doting moms, and were grateful that we were able to combine both career and motherhood.

Nevertheless, the demands for expansion kept coming. How could we turn all these great individuals down? It seemed foolish not to share our success with others and create a network of strong, valued business owners across the country.

And so, knowing firsthand how hard it can be to take that first step into the world of small business, we made it our mission to make the transition as easy as possible for our franchisees. We insisted that we include a substantial amount of inventory with each franchise fee, so that what was paid initially would sustain the business while it got off the ground.

In short, we wanted to make small business ownership a possibility for any number of women and men. That's exactly what we did.

In broad terms, what do I get when I become a Two Blonds & a Brunette Gift Co. franchisee?

Your franchise fee includes everything you need to get you started on your new career path. Your home office (or non-storefront warehouse space) will be turned into a chic and fabulous “mini-store” (as our friends like to call it) where you can work your own hours, at your own pace, using your entrepreneurial drive and creative style to bring a little bit of gift basket magic to everything you do.

And though we promote a fun, whimsical image, we know professionalism is key. Thus, you will also have the benefit of a fully developed brand, as well as a professional website and promotional materials, to assist you in securing clients and facilitating sales.

We have become a recognized brand among guys/girls-in-the-know and celebrities alike. There’s a reason celebrity agents call on us to send gifts to their famous clients, why one magazine editor called our basket “the best basket he’d ever received,” why even other gift companies have said we know how to do it right. Because they appreciate the boutique chic appeal of our brand, and trust the service we provide. As a franchisee, you can capitalize on this brand and use it to your advantage.

Furthermore, we are continually searching for new ways to tell the media about our product and get our name in various publications. Our aim is to become the reigning divas of the gift basket world! Make no mistake, this media attention and recognition has taken time. By joining us, you will benefit from this exposure and continue to do so as the company expands and grows.

Most importantly, when you become a franchisee, you gain invaluable knowledge. We know where to find the best clients. We know how to wrap the most perfect baskets. We’ve taste-tested so many different products over the years that we are now convinced that we have sourced the best there is to offer. We have strong relationships with incredible suppliers. Let us share this information with you. It would take you years to glean this information and develop these relationships on your own. We’ve done the homework, allowing you to literally learn from our mistakes and thrive from our success. We’d love to tell you all there is to know!

What does it cost to become the next Blond, Brunette (or any shade in between)?

Complete franchise packages are available in Canada ranging from a minimum \$15,000 (plus a Set-up Fee of \$1,000 and any applicable taxes) and increasing on a scale thereafter, depending on the population of the given territory. This fee includes a significant amount of inventory, with a retail value of approximately \$5000, as well as all the tools, support, training, and promotional material previously mentioned.

Please see the question “What territory rights will I have?” to clarify the franchise fees for each territory.

You mentioned rewards and incentives – what does this mean?

Speaking of rewards(!), ever wanted to just relax all day at the spa, treat your husband (or your best girlfriends) to a fabulous night out, or what about a little shopping spree (a gift certificate just for you)?!

Believe us, we understand the female mind. Reach certain sales targets and these fabulous items will be yours. We want to give you incentives and rewards that are unabashedly luxurious. Something you’d love to indulge in, but just can’t justify buying. Let us take away that guilt!

(And should you be of the male variety, make no mistake, we advise you to choose something indulgent and to your liking. After all, don't men also like shoe shopping?!)

That being said, if you're more business-growth oriented – always a good thing - we have rewards along these lines as well. (Absolutely nothing wrong with being a little self-indulgent once in a while though!)

What is the term of the Franchise Agreement?

The Franchise Agreement is for a term of four years and is renewable at 1/4 of your initial Franchise Fee for each additional four-year period.

Are there any additional fees?

There is an ongoing royalty fee of \$200 per month and if your yearend sales exceed \$2400 in royalty paid in that year you pay 5% of your gross sales above that (exclusive of tax and delivery charges).

What does this royalty fee go towards?

The royalty fee goes towards numerous things, including salary to support staff and founders, ongoing advice and training, product development, periodic updating of website and promotional materials, and most importantly, ongoing advertising, promotion and expansion of the company through various means as Head Office deems necessary.

We want to create success for both franchisee and franchisor, and will use the royalty fees to continually improve upon the company and move it in new directions.

What territory rights will I have?

You will have a territory of your own to seek sales within. The territory sizes range from approx. 100,000 people to 1 million people, corresponding to our range of franchise fees. Please email Alana at alanagunn@twobandb.com with your territory of interest, and she would be happy to provide you with the franchise fee and territory details for that city or region.

The scale for 2B&B franchise fees and minimum yearly royalty fees is as follows:

<u>Population</u>	<u>Initial Franchise Fee</u>	<u>Min. Cont. Royalty*</u>
Up to 100,000 people	\$15,000.00	\$2,400.00
200,000 people	\$18,000.00	\$2,400.00
300,000 people	\$21,000.00	\$2,400.00
400,000 people	\$24,000.00	\$2,400.00
500,000 people	\$27,000.00	\$2,400.00
600,000 people	\$30,000.00	\$2,400.00
700,000 people	\$33,000.00	\$2,400.00
800,000 people	\$36,000.00	\$2,400.00
900,000 people	\$39,000.00	\$2,400.00
1,000,000 people	\$42,000.00	\$2,400.00

Scale Explanation:

For every additional 50,000 people above 100,000 people and the minimum \$15,000 franchise fee (population rounded up or down), additional \$1,500 Initial Franchise Fee.

Why not just start my own gift basket business from scratch?

Good question. It is one we have been asked many times.

First, let us state a fundamental advantage of owning a piece of an existing company or franchise: it is a proven business formula. Buying into it offers you security, knowledge, and a head start in ensuring your business will be successful. A legitimate franchise is a legal entity that protects both franchisee and franchisor

Let us elaborate.

There are great benefits to joining an existing company - one that focuses on the promotion and marketing of the brand, as well as the continued development of the product, website, and promotional materials, all with little expense to you.

It has taken us years to source the best products, develop innovative basket-making techniques, and nurture a great relationship with our suppliers. You will benefit from all of this from day one, and not have to invest the years of trial and error. You save time, energy, and many headaches by having this set up for you. You can instead focus on your sales and ensure the success of your franchise.

It is truly amazing how empowering and motivating it can be to have the support and encouragement of like-minded individuals. Though you will be your own boss, you will not be alone in your efforts. Instead, you will have a network of support to turn to for instruction, ideas, tips, or simply with whom to share your success!

But what about the creative and entrepreneurial freedom that I desire?

We would love for you to be creative, to make your business your own! This is, after all, a gift business that thrives on beautiful product and packaging.

Once you are comfortable making the standard baskets on the website, we encourage you to best fill your clients' needs by customizing their gifts as you see fit. The only restriction is that all of your product (with a few exceptions) must come from our Approved Product List. No need to worry about this. The list contains so many varied and fantastic items that you should not need to look elsewhere. We would also be happy to take into account your suggestions, and will introduce new Approved Products on a regular basis. This list is, after all, what made us celeb-worthy!

Furthermore, though you own a franchise, you are indeed your own boss. You decide the hours you work, the clients you wish to target, and the sales methods that work best for you. You simply have the added advantage of belonging to a network of support and shared knowledge, and one that is working in tandem with you to ensure your success.

Our goal is indeed to grow the company and share its success with all those who have chosen to join us. We value your input, your ideas, and your creative and entrepreneurial talents. Although "franchisee" is the technical term, we consider you to be our associates, our friends, and our partners-in-crime (in eliminating all the distasteful gift baskets already out there!). We respect and welcome your contributions and ideas.

How much space do I need in my home to operate my business effectively?

There are no hard rules as to the exact amount of space required. You should have shelving to display your product, as well as a table upon which to wrap gifts. Ideally, you should have space for both of these items in one area. Though you will rarely, if ever, have clients in your home, it is helpful to have your inventory neatly on display, with retail prices listed below each item. This helps when assembling your baskets, creates an attractive display for guests in your home, and facilitates sales of individual items to friends and family who will no doubt love to come by and browse at your selection.

That being said, it is great if you have a couple hundred square feet available for your home office. It can be a guest bedroom, clean basement area, or other suitable spot in your home. It is best to have a computer, printer, fax machine, and digital camera within easy access, as these items will be required to run your business successfully.

During the busy November/December holiday season, you will likely have to store product in other areas of your home due to the high volume of baskets ordered at this time. This is normal. There is no need to display this entire product. Just be glad that you have so many orders and will have a very profitable holiday season!

What is the time investment I will need to make?

The beauty of this business is that it truly is what you make of it. If you are a stay-at-home mom and wish to make a bit of extra income while maintaining a career presence, you can make this a part-time job. This would require that you invest a few hours a week in sales calls and meetings, as well as fill any basket orders that come in.

If you are sales-driven and likely to devote much time to networking, cold calls, and getting your name out there, you will reap the rewards. You may work greater hours, but you will also make greater profit. Even at this point, however, you will have the freedom to dictate your schedule, as you desire. Whether that means going to the gym and fitting in a lunch, in exchange for making afternoon sales calls and baskets in the evening, it is entirely up to you!

We understand that, for financial reasons, you may have to work at another job when you start your gift basket franchise. This is okay, as long as you ensure that your clients are promptly responded to and that all baskets go out on time. You will need to return any phone messages or emails pertaining to gift orders on a daily basis, have time to wrap the baskets when an order comes in, and have a location where your baskets can be picked up for delivery in the day (unless you will be delivering them all yourself).

The time and effort you put in are entirely up to you, and are adaptable as your life circumstances change.

How much can I expect to earn during my first year of business?

By law, we can make no promises in this regard. There is phenomenal potential in the gift market, no matter where you are located (almost anyone you meet is a potential client). Your projected earnings are, however, very much dependent on the time and effort you put in to networking, making sales calls, and developing a rapport with your clients.

Please feel free to call our franchise location owners to get an idea of their sales figures. Because each individual who joins us has a different life circumstance, as well as a different income goal in mind, we recommend you call a number of different 2B&B franchise owners for the best perspective.

How you earn a profit is by buying your inventory at wholesale – through our Approved Suppliers - and marking it up to a retail price suggested by 2B&B. The edge you have over a retail location in this regards is that you have little to no overhead when you work out of your home, and more reasonable expenses with a warehouse space as compared to a retail one. The end result? A greater profit margin on each sale.

If you are proactive with your sales and willing to invest time in making contacts and continually seeking new clientele, your sales figures should most definitely reflect this.

That being said, if you are driven in such a manner to grow your business to its fullest possible extent and beyond, we would be happy to discuss various expansion models with you when you're ready.

I'd like to purchase a franchise, but don't know how I will finance it. Can you help?

We do not, at this time, offer financing to secure a 2B&B franchise location. Payment plans are available in some cases only, with franchise fees in excess of \$30,000.

Many of our franchisees use savings, or secure personal or small business loans or lines of credit to finance their franchise purchase.

2B&B is a member of the Canadian Franchise Association (www.cfa.ca), which regulate franchising in Canada. To become a member, a franchise system must meet certain legal and ethical standards and 2B&B has passed these rigorous screening processes.

Where and when do I train, and how long is the initial training session?

Training sessions for new franchisees take place every few months, as demand requires, and most often occur in Winnipeg, Manitoba, where our company was founded in 2002. These sessions last approximately one weekend in length.

Your travel and hotel expenses will be paid for, if required, for your initial round of training only. This is included as part of your Franchise Fee. These expenses will be paid for one person only. If you have a partner in your franchise, he/she is more than welcome to attend initial training, but must incur any associated travel and/or hotel expenses.

We may opt, at our discretion, to train new franchisees in our office or their own homes, if they would like to open their franchise well before a scheduled training session.

In addition, there will be a 2B&B general meeting for all franchisees that you or one of your representatives will be required to attend, at your own expense, every 1-2 years, as determined by Head Office. This will most often be held in August or September in preparation for the upcoming holiday season. If you received your initial training just a few months prior to this

general meeting, we may give you permission to not attend for that year. (Trust us though, these meetings will be a lot of fun and are a great way to meet other franchisees from across the country.)

What if I want to sell my franchise some time down the road?

There may come a time when you will wish to sell your franchise. You are free to do so at a price that you deem fair. However, Head Office must first approve all prospective buyers before the sale of the franchise is complete. You must reimburse us for any legal and/or retraining costs that we incur as a result of this sale, as well as pay a \$5000.00 transfer fee. You may opt to have your new owner incur these costs.

Your new owner will still have to honor the four-year contract that you entered into with us, and will be liable for paying the renewal fee when it comes due.

I'm interested. What is the next step I need to take to secure a franchise location or find out more about this opportunity?

Call us! Email us! We'd love to hear from you and be able to answer any additional questions you may have on a one-on-one basis. Please include your name, phone number, and location of interest in your message.

If you wish to proceed after these initial discussions, we will first need your completed Franchise Application Form, which you can download from our website. Upon receipt of this, we will email you a franchise legal package - which includes the Franchise Agreement - and follow up with telephone correspondence.

(You can speed the process along by downloading our Franchise Application Form and submitting it immediately for our review.)

Once you have reviewed the legal documents and upon your application's approval, both parties will sign the necessary agreements. Please note, however, that we may not accept payment nor allow any documents to be signed until 14 days have passed since you received and reviewed our legal documents.

Your full payment (or partial payment in specified cases, as determined by franchisor) will be due at least one month prior to your training. Your franchise will open approx. 6 weeks after payment has been made and the legal documents have been signed.

At this point, congratulations! You have joined our fabulous and fun gift-giving team!

We sincerely thank you for your interest, and hope to share a celebratory bubbly with you soon!

For more information, please email:

Alana Gunn
President & CEO
alanagunn@twobandb.com
204-488-2779

A get-to-know-you call will gladly be scheduled thereafter! Thank you!!!