



MEASURING AND MANAGING

Specialised Finance & Accounting Solutions
to Leverage Your Franchise Business

*"Finance and
Accounting experts
leading you
forward"*



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Table of Contents

Executive Summary

Overcoming Accounting Challenges of Franchise Businesses 1

Accounting Solutions for Franchisors 2

Key Benefits for Franchisors 6

Accounting Solutions for Franchisees 7

Key Benefits for Franchisees 9

Franchise Accounting Processes and Reports 10

The D&V Philippines Advantage 11

About Us 12

Contact Us 13

References 14

Executive Summary

As an innovative business strategy of distributing products and services on a wider scale, franchising is continuously gaining popularity worldwide in capturing a larger share of the market. Though proven successful in many industries, franchisors often face big challenges when it comes to managing the network of franchisees which are owned by unique individual, as well as ensuring compliance not only in government regulations but also in proprietary standard operating procedures.

At the same time, franchisees, especially those who are first-time business owners, face the challenge of keeping up with the benchmark of their franchisors. Owning a franchise of a particular brand could be very profitable but only when franchisees are well-equipped with sound business advice and efficient financial management strategies that they will be able to meet their franchisors' standards as well as their own financial goals.

D&V Philippines addresses the challenges of both the franchisor and the franchisee with a comprehensive accounting solution to help effectively navigate and manage the financial direction of the business. The integration of D&V Philippines expertise, state-of-the-art technology, and systematic approach will significantly improve your operational efficiency and profitability, ensuring that you achieve your business objectives regardless of the intricacies of the franchise industry.

This whitepaper aims to explain in detail how D&V will execute tailored solutions for the franchisor and the franchisee.

Overcoming Accounting Challenges of Franchise Businesses

To succeed in the franchising business, both the franchisor and the franchisee must understand the business and legal implications of their relationship.

The franchisor owns the business model, trademarks, operating systems and standard procedures to define the quality of the product or service.

The franchise, on the other hand, obtains a license to carry out the franchisor's business for a specific period, adhering to the standards that the franchisor has established.

The business relationship between the franchisor and its franchisees is governed by standards and regulations unique from any other business format. Managing the financial aspect of this “commercial marriage” between the franchisor and the franchisee requires an expert hand and a specialised approach to strategically address complex franchising challenges such as:

- Digitalisation - Some franchisors and franchisees still make use of the conventional methods of bookkeeping and accounting which are time-consuming and prone to errors.
- Standardisation - Without standardised accounting methods in a franchise network, benchmarking, or comparison of franchisee performance, is not easily feasible.
- Centralisation - Data sources are disparate, which makes it difficult to create, access, and consolidate reports across several locations.
- Benchmarking - Setting goals and determining the right KPIs, both financial and non-financial, can be challenging especially for business owners who do not have the proper knowledge of financial management.

Any franchisee that performs poorly can have a detrimental effect not only on its own distribution channel, but on the entire business of the franchisor, including the chain of the franchisees. D&V Philippines addresses this business challenge for both the franchisor and franchisee by coming up with an accounting solution that encompasses all the crucial elements to succeed in the franchise business.

To grow in the franchise industry means focusing your time and resources on your core mission. D&V Philippines will take out the complexities involved in managing the financial aspects of your franchise business. Our dedicated team of finance and accounting professionals can provide you with tailored solutions for the specific requirements of your franchise business.

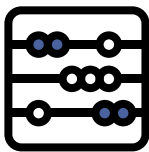
D&V Philippines' Accounting Solutions for Franchisors

Franchisors must understand that the success of their business relies mostly on two essential factors:

1. how well developed their systems and processes are and
2. how the franchisees comply with it.

By streamlining your financials and simplifying the reporting process, our experts can help measure the value that franchises bring to your business.

Here's what we can provide you with:



Paperless Accounting for You and Your Franchisees

D&V Philippines facilitates your digital journey by moving your entire accounting and financial systems into cloud-based accounting software for utmost efficiency, reliability, and security.

Our professionals are well-versed in using cloud accounting software such as Xero, QuickBooks, and MYOB. We are also proficient in using enterprise resource planning (ERP) systems such as SAP and NetSuite (both via the cloud), and Sage, Microsoft Dynamics, and Pronto (which can be hosted either on-premise or through the cloud).

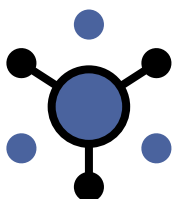
On the other hand, should you have existing software in place, we will adapt to the current software that you are using instead of having it the other way around.

Scalable Staffing Solutions

As your franchise business grows. You need a strategic partner to cope and perform under expanding workload. From bookkeeper to virtual CFO, D&V Philippines can provide you with back-office resources as your operational demands require. Should you wish to include an Australian-based team in your staffing mix, we can arrange a hybrid staffing solution through the help of our CFO and accounting firm partners.



Through our scalable solutions, you do not need to worry about staffing costs and the headaches of recruitment; D&V Philippines can provide you with a highly competent workforce on demand.



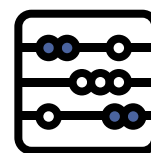
Centralisation

Consolidated financial information is crucial to any franchisor. D&V Philippines can centralise all your accounting data into a single source, making it immediately accessible to you. This prevents errors when data is re-entered into another database, reduces the time in submitting reports, and eliminates the need for re-submission in case changes are made, as the revisions can easily be reflected and instantly available.

General Bookkeeping and Accounting

Our finance and accounting professionals use the latest technology to deliver the highest standards of day-to-day general accounting and bookkeeping to all businesses, wherever in the world they may be.

We can assist you in setting up a standardised chart of accounts, daily bookkeeping, accounts payable and accounts receivable processing, bank reconciliation, invoicing, monthly and quarterly reporting, statutory reports, management reports, month end reports and closing of the books.



Payroll

Our dedicated team of payroll specialists can manage your payroll — including all payment calculations, deduction management, payment distributions, as well as preparation, lodgment, payment of compliance obligations and month-end and year-end reports.

Statutory Compliance

We are also experienced in handling the accounting and compliance work of various franchise businesses in Australia. We can assist you in the preparation of your BAS, as well as statutory reports for Franchise Tax, GST, PAYG, FBT, Income Tax, and IAS. We can also lodge and pay your taxes to the ATO.



Our accountants will ensure that you can meet your statutory compliance obligations accurately and on time. We will carefully scrutinise your compliance documents and interact with you closely to minimise any possible chance of error. Where necessary, we cooperate with Australian-based tax accountants to fulfill even the most intricate cases.

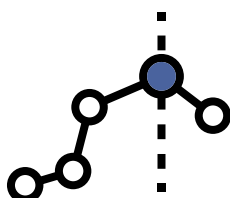


Budgeting

D&V Philippines can help prepare your budget upon commencement of your franchise business and on an annual basis. This way, you can have a better management of supply chain planning, franchisee accountability, and corporate forecasting.

Setting KPIs

Metrics are an integral part of franchise benchmarking. We will work with you in setting goals and establishing the right KPIs for your franchise business to improve your bottom-line performance.



Benchmarking

Benchmarking is an important aspect of franchising and allows the franchisor to straightforwardly compare one franchise with the others. D&V Philippines' franchise accountants are best qualified to target, measure, prepare these figures, and interpret the results to drive organisation-wide improvement. You can easily compare any metrics such as sales, purchases, profits and loyalty programs, customer satisfaction, audit scores, and many others with the franchisee's past performance for that same metric in any time period.

We collect and standardise all financial data— providing franchisors with a comprehensive overview of sales figures across multiple locations — to gain complete visibility of franchisee performance and identify those that are underperforming. This is to proactively resolve any financial challenges even before they escalate. Aside from discovering these areas for improvement, having these measures will prepare your franchise business for attracting potential investors.

FRANCHISEE A
Financial Overview of Business
For June 2016

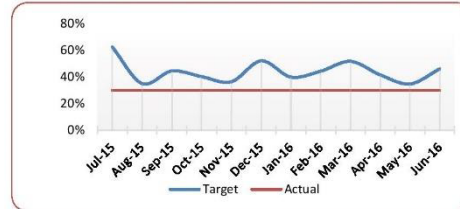
Monthly View

Revenue	Jun 16 Actual	May-16 Prior Month	Variance
Food Sales	136,385	165,884	(29,499)
Beverage Sales	273	-	273
Other Revenue	(10,605)	(364)	(10,241)
TOTAL Revenue	126,053	165,520	(39,467)
Expenses			
Raw Materials	(58,001)	(57,401)	(600)
Personnel Costs	(64,446)	(78,271)	13,825
Operating Expenses	(29,436)	(41,947)	12,512
TOTAL Expenses	(151,883)	(177,619)	25,736
TOTAL Profit / (Loss)	(25,830)	(12,100)	(13,730)

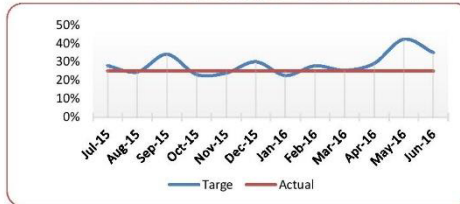
Annual View

Revenue	YTD Actual	YTD Prior Year	Variance
Food	1,367,597	-	1,367,597
Beverage	273	-	273
Other Income	-	-	-
Other Revenue	(38)	-	(38)
TOTAL Revenue	1,367,831	-	1,367,831
Expenses			
Raw Materials	(592,423)	-	(592,423)
Personnel Costs	(521,991)	-	(521,991)
Operating Expenses	(294,099)	-	(294,099)
TOTAL Expenses	(1,408,512)	-	(1,408,512)
TOTAL Profit / (Loss)	(40,681)	-	(40,681)

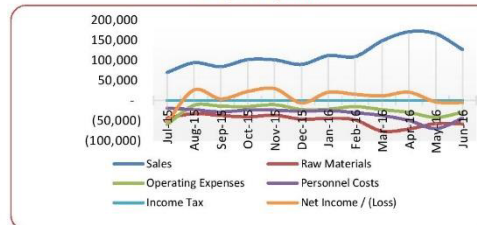
Raw materials as percentage of revenue (store only)



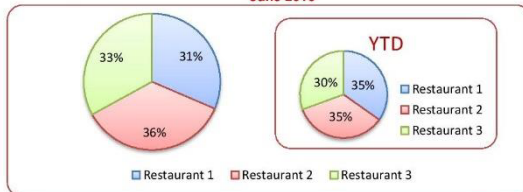
Personnel Costs as percentage of revenue (store only)



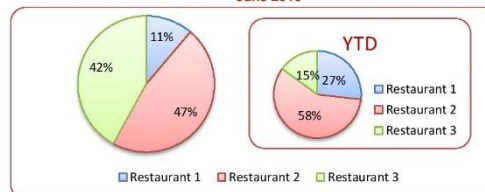
Net profit by month



Revenue by store
June 2016



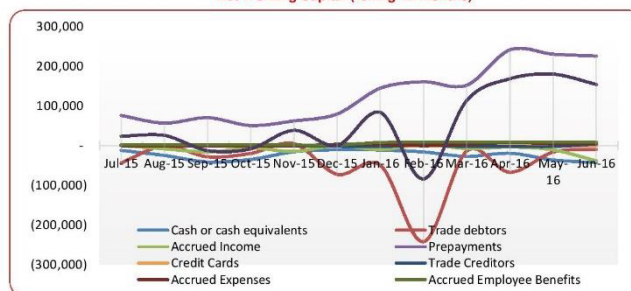
Profit by store
June 2016



Profit by store

Working Capital	Jun 16
Cash or cash equivalents	205,028
Trade debtors	300
Accrued Income	5,925
Prepayments	8,731
Credit Cards	21,081
Trade Creditors	(9,440)
Accrued Expenses	(38,453)
Accrued Employee Benefits	(42,906)
Customer Deposits	(2,200)
Other current liabilities	24,545
Working capital	172,611

Net Working Capital (rolling 12 months)



A Sample Board Report by D&V Philippines, showing summaries of Revenue, Expenses, Profits, Losses, and Working Capital, as well as a comparison of Revenues and Profits of Franchisees.

FRANCHISEE A
Financial Overview of Business
For June 2016

	Current Mth					Year to Date				
	Restaurant 1	Restaurant 2	Restaurant 3	Consolidated	% of Rev	Restaurant 1	Restaurant 2	Restaurant 3	Consolidated	% of Rev
Revenue										
Food Sales	57,892	67,254	62,456	187,602	91%	338,941	342,155	301,597	982,693	90%
Beverage Sales	-	-	-	-	0%	-	-	-	-	0%
Other	6,584	5,694	5,158	17,436	9%	39,504	34,164	30,948	104,616	10%
TOTAL Revenue	64,476	72,948	67,614	205,038		378,445	376,319	332,545	1,087,309	
Food Costs										
Food purchases	25,438	24,227	22,642	72,306	35%	152,627	145,359	135,850	433,836	40%
Beverage purchases	1,048	998	933	2,979	1%	6,288	5,988	5,597	17,873	2%
Freight	1,592	1,516	1,417	4,525	2%	9,552	9,097	8,502	27,151	2%
TOTAL Food Costs	28,078	26,741	24,991	79,810	39%	168,467	160,445	149,948	478,860	44%
Staff Costs										
Wages and Salaries	18,720	17,828	16,662	53,210	26%	112,319	106,971	99,973	319,262	29%
Super	1,694	1,613	1,508	4,815	2%	10,165	9,681	9,047	28,892	3%
TOTAL Staff Costs	20,414	19,442	18,170	58,026	28%	122,484	116,651	109,020	348,155	32%
Gross Profit	15,984	26,765	24,453	67,202		87,494	99,223	73,577	260,294	
	25%	37%	36%	33%		23%	26%	22%	24%	
Other Income										
TOTAL Other Income	-	-	-	-		-	-	-	-	0%
Operating Expenses										
Electricity and Water	1,427	1,360	1,271	4,058	2%	8,565	8,157	7,623	24,346	2%
Rent	417	397	371	1,184	1%	2,500	2,381	2,225	7,106	1%
Advertising	1,006	958	895	2,859	1%	6,036	5,748	5,372	17,157	2%
Cleaning	15	15	14	44	0%	93	88	83	264	0%
Accounting Fees	1,223	1,164	1,088	3,475	2%	7,336	6,986	6,529	20,852	2%
Rent	6,404	6,099	5,700	18,202	9%	38,422	36,593	34,199	109,214	10%
Administrative Costs	122	116	108	346	0%	731	696	650	2,077	0%
Office Supplies	385	367	343	1,095	1%	2,311	2,201	2,057	6,568	1%
Personnel Costs	126	120	112	359	0%	757	721	674	2,152	0%
Maintenance	19	18	17	54	0%	114	109	102	325	0%
Subscriptions	851	811	758	2,419	1%	5,107	4,864	4,546	14,516	1%
Utilities	297	282	264	843	0%	1,780	1,695	1,584	5,058	0%
Insurance	118	112	105	335	0%	707	673	629	2,009	0%
TOTAL Operating expenses	12,410	11,819	11,045	35,274		74,458	70,912	66,273	211,643	19%
Profit / (loss) before tax	3,575	14,947	13,407	31,928		13,036	28,311	7,304	48,651	

A Sample Profit and Loss Statement by D&V Philippines shows comparison between the Franchisor and its Franchisees.

Key Benefits of D&V Philippines' Solutions for Franchisors:

- Paperless technology saves you time and money.
- Reliable, timely and accurate recording of transactions and financial reporting.
- Better benchmarking with standardised accounting methods.
- Centralised database for all your franchisees' financial data.
- Enhanced accessibility for your support teams and franchisees, enabling everyone to have a uniform view of data and performance criteria at the same time, every month.
- Substantial information right at your fingertips.
- Complete visibility of your franchisees' performance on a timely basis.
- Overall improved financial health for your franchise business.

D&V Philippines' Accounting Solutions for Franchisees

To be a successful franchisee means having sound financial health, and this can only be achieved by efficient day today accounting operations and orderly financial processes.

Managing the financial operations of your franchise business while growing it can be a time-consuming and painstaking task especially for first-time franchisee owners. D&V Philippines' franchise accountants can address that for you by taking care of your bookkeeping and accounting functions and can give you tailored financial recommendations for you to meet franchisor standards, as well as your own financial goals. Here's how we can help you achieve that and more.



Business Plan Creation

The first step in your franchisee journey, a business plan does not only serve as a document to obtain a loan from financial institutions, but also serves as a roadmap towards achieving your business objectives. In most cases, the franchisor provides the template for this. Good thing, D&V Philippines' Philippines finance and accounting professionals can also help you come up with a clear and robust business plan containing comprehensive information about your business strategy such as financial projections, capital estimates, cost analyses, and other significant factors that lenders are looking into.

Move You to the Cloud

We can simplify and automate your accounting processes by implementing a secure and highly efficient accounting system and financial reporting through a cloud-based platform, such as Xero. On the other hand, we can also adapt to the software that you are currently using. Should this be beyond the wide scope of software that we are proficient with, we will gladly train our staff in using it.



Day-to-day Bookkeeping, Accounting, and Payroll Services

D&V Philippines' accounting and finance professionals will take care of your daily bookkeeping, invoicing, preparation and analysis of financial statements, and other accounting requirements specified by your franchisor. We can also manage your payroll processes partially or fully, and comply with government-mandated benefits for your employees.

Move You to the Cloud

Just like our other Australian clients, we will take care of all the general and franchise specific statutory compliance requirements accurately and on time. Count on us to do your BAS and statutory reports for GST, PAYG, FBT, Income Tax, IAS, and other tax requirements as required by your franchisor. You may also authorise us to lodge and pay these for you to the ATO. D&V Philippines can also cooperate with tax accountants based in Australia whenever necessary.

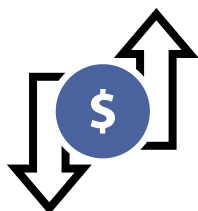


Liaising with the HQ

Alongside managing the financial side of your business, we can serve as your internal liaison, updating your franchisor with how you are performing financially. You don't have to worry about reporting to your franchisor as our accountants can manage this process for you, so you can just focus on generating sales and growing your business.

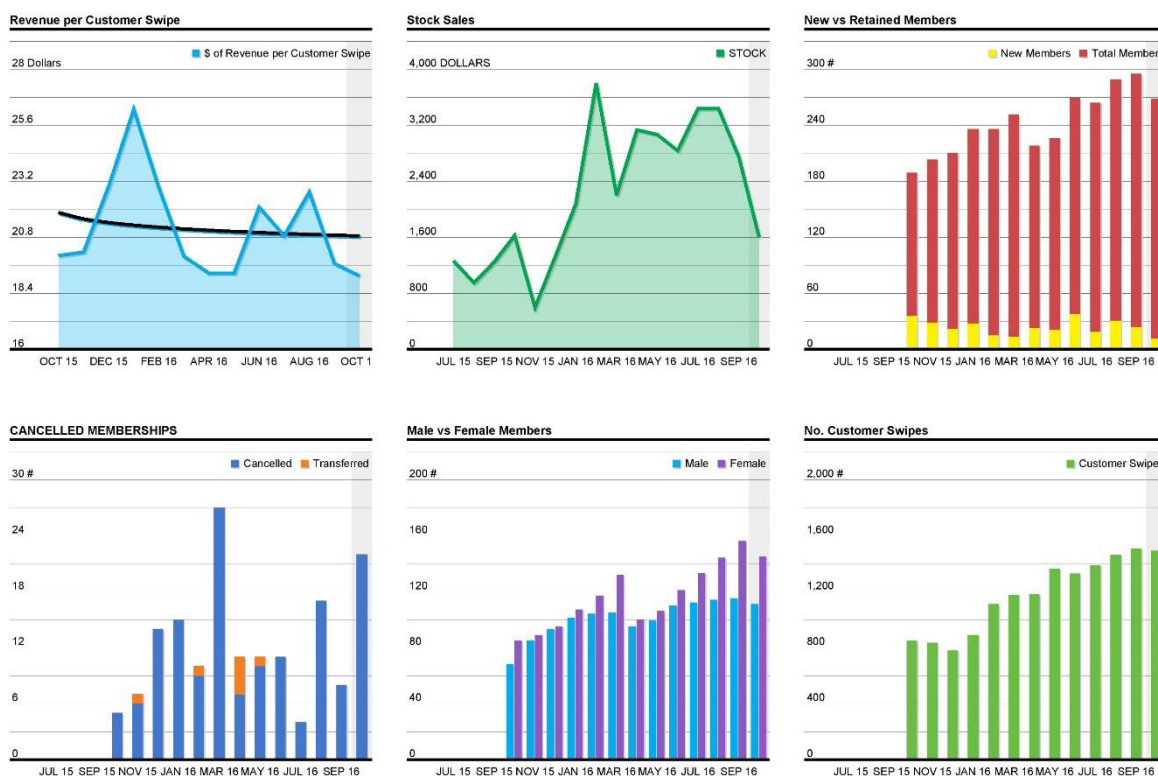
Industry Benchmarking and KPI Management

By developing financial performance metrics that are specific to the needs of your business, we can provide you with meaningful insights to meet the benchmark of not only your franchisor but of your industry as well.



Financial Controlling and Performance Improvement

Our management accountants can oversee your financial operations and can help you gather the right data for internal review, budgeting and forecasting. We can recommend the best strategies for your business to reduce costs and maximise profitability, and support the further expansion of your business with sound financial advice.



A Sample Monthly Management Report by D&V Philippines showcasing visually appealing charts that show Franchisee performance across different segments in a specified timeframe.

Key Benefits of D&V Philippines' Solutions for Franchisees:

- Customisable solutions give you the flexibility to choose the services you need as your business scales.
- Cloud based software improves efficiency for all your accounting, tax, and reporting processes.
- Have an independent view of your business, apart from franchisor standards.
- More time on your hands to focus on the core activities of your business.
- Overall improved franchisee performance through KPI management and financial controlling
- Sound financial advice tailored to your industry for better business decisions.

D&V Philippines' Franchise Accounting Process and Reports

Source Data	Contact	D&V's Process	D&V's Report
<ul style="list-style-type: none"> Sales Receipt Sales Transaction POS Software 	Client	Sales Invoicing and Bookkeeping	Monthly / Weekly / Daily Sales Report
<ul style="list-style-type: none"> Sales Invoice Credit Card Transaction Details Gift Certificates Details 	Client	Receivables Management	Aged Receivables
<ul style="list-style-type: none"> Purchase Receipt Bills Time and Expense Reports (for Contractual / Casual Employees) 	Client Supplier / Client	Recording of Purchase Invoices	Monthly / Weekly / Daily Purchases Report
<ul style="list-style-type: none"> Purchase Invoice Cheques Issued Bills 	Client Supplier / Client	Payables Management	Month-End Inventory
<ul style="list-style-type: none"> Physical Count of Inventories Purchase Receipt Intercompany Purchases Receipt 	Client	Inventory Management	Intercompany Transactions Report
<ul style="list-style-type: none"> Bank Balances Intercompany Purchases Receipts 	Client Supplier / Bank	Intercompany Accounts Checking	Cash Flow Statement
<ul style="list-style-type: none"> Cash Receipts - from Sales Invoices Cash Payments - from Purchase Invoices / Outright Expenses 	Client	Cash Management	Cash Management
<ul style="list-style-type: none"> Access to Client's Bank Accounts Bank Statements 	Client Supplier / Bank	Bank Reconciliation	Bank Reconciliation Summary
<ul style="list-style-type: none"> Time and Expense Report 	Client	Payroll	Pay Slip
<ul style="list-style-type: none"> Asset Records/Acquisitions Acquisition Contract and Terms 	Client	Fixed Asset Management	Depreciation / Amortization Schedule
<ul style="list-style-type: none"> Xero/Any Accounting Software 	Client	Data Extraction	Financial and Management Reports (e.g. Balance Sheet, Cash Flow Statement)
<ul style="list-style-type: none"> All others as specified in the contract 			

The D&V Philippines Advantage

Highly-Skilled Workforce

D&V Philippines' workforce consists of close to 1,000 young and talented professionals. D&V Philippines is also a certified Xero Gold Partner.

ESSAP Approach

Our proprietary ESSAP Approach (Eliminate, Simplify, Standardise, Automate, Philippines) is our standard methodology in improving and refining our clients' finance and accounting processes.

Prime Location

Our offices in the business districts of Makati and Alabang can accommodate the growing number of employees we have on board. We have spacious workstations that are conducive to our people's productivity, plus facilities that help our people to work efficiently with their colleagues and clients. You can easily access it from Manila airport should you wish to visit your team. On top of that, being in the CBD guarantees that there is no disruption to network connectivity for remote working.

Flexibility

D&V Philippines' services are flexible in every aspect. Firstly, we understand that every business has very specific needs, that's why we tailor-make our solutions to fit your current business requirements. Secondly, we adapt to the client's current software system instead of having it the other way around. Thirdly, our flexible contract and 'no lock in' period allows you to be in control of the scope of tasks that you want to outsource at a particular period. Lastly, our professionals can work on your designated time to ensure alignment in executing tasks and meeting goals.

A Dedicated Team for Your Business

We can help you hire premium talents in the Philippines to build a dedicated team of accounting and finance professionals for your business.

Guaranteed Backup and Continuity of Tasks

We initiate a standard backup procedure when a client's main contact is not available or decides to leave the company. Should this happen, a reserve staff is prepared to take on the account and continue the job as usual, with minimal turnaround time and eliminates the need for retraining.

English Proficiency

The professionals at D&V Philippines are well versed in the English language, ensuring accuracy in comprehension and communication.

Quality Assurance Charter

D&V Philippines' Quality Assurance team monitors the performance of our experts and ensures that our clients are receiving top-notch services. We're also committed to delivering quality work with integrity, confidentiality, and transparency. Our robust disclosure agreement protects all your company's sensitive information.

Bullet-Proof Data Security System

Our people are fully equipped with resources such as company-issued devices, protected by a bulletproof data security system that protects our clients' confidential data. We have our IT Department working at the back end for technical support and ensuring that all our networks are running smoothly.

About Us

D&V Philippines is a business process outsourcing (BPO) firm specializing in finance and accounting, audit, and admin support for chief financial officers (CFOs) and professional services firms worldwide.

Led by a CFO and managed by accountants, we assure our clients — both franchisors and franchisees — that our expertise can match their needs, no matter how complex.

Our services are scalable, flexible and tailored to fit the current phase of the client's business. We give them a free hand in customizing their engagement to ensure their needs are being met.

Our talent base of about 1,000 professionals consists of experienced certified public accountants (CPA) and auditors with prior experience from the Big 4 Firms. They are geared with broad accounting expertise, reinforced with regular training to keep them at par with the latest industry standards.

This gives our network of 350 clients and partners across Australia, Asia-Pacific, Canada, Europe, the United States, and the United Kingdom the confidence of outsourcing their finance and accounting functions to us.

Upon onboarding, we assign a dedicated team to handle our clients — regardless of their business size. Our clients are assured that our experts are always ready to take on the tasks, even during unforeseen circumstances.

D&V Philippines' professionals will automate, simplify, standardise, and centralise your accounting processes.

Our benchmarking methods, financial planning strategies, and sound financial advice will accelerate the growth of your franchise business. Contact us today for more information.



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Our business hours are from Monday to Friday, from 8 AM to 5 PM GMT+8.

"Finance and Accounting experts leading you forward"



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