



Wrappings - The Business

Wrappings is a specialty card and gift retailer with its beginnings in Melbourne's Knox City during 1990. Wrappings prides itself on its understanding of their customers, and offers the opportunity to browse in a modern, well-presented shop which is well stocked with a wide variety of specially selected cards and gifts.

Wrappings has grown into a significant retail network, with a brand that is synonymous with quality and variety. The business has positioned itself as a "must have" for every major shopping centre seeking to complete its tenant's list

The founder of Wrappings, Brian O'Malley, saw the need to provide consumers with a range of high quality cards and gifts in the one store. This strategy has encouraged repeat customers by offering affordable quality gifts to suit every special occasion. Over the years Wrappings has developed an array of suppliers for both cards and speciality gifts, providing the network with access to a vast array of products.



Expansion Issue

How can we replicate the success and expand the network without diluting control and injecting additional capital?

The Challenge

From its inception in 1990, Wrappings has grown to be one of the larger networks in the card and gift industry. Wrappings saw the opportunity to leverage its strengths, and needed to devise a plan to replicate the success of the existing business over a larger network in Victoria, and then nationwide.

The challenges facing Wrappings management were:

- The growth achieved to date appeared to have stagnated the prospect of future growth
- Developing a system to manage store performance without committing additional resources
- Developing a distribution system with the appropriate policies and procedures to ensure scalability

Expansion Strategy

The economics of the business supported the development of a business format franchise model

The Solution

Wrappings understood the challenges and engaged DC Strategy (DCS) to assess the scalability of the business and to develop a fully funded expansion strategy, without diluting Wrappings' control over the consistency of the retail experience.

Initially the focus of the project was on the economics of the existing business. Once this was established, DCS assessed the structure of a franchise business format and developed a network expansion plan looking at the value proposition for both the franchisee and Wrappings. The evaluation of the strategy identified that the development of a franchise retail system would achieve the objectives of growth, whilst maintaining the quality of the business.

The franchise and retail program development identified commercial and operational areas which needed addressing. It also developed a comprehensive recruitment and selection process to attract the right franchisees to the network. The program included the development of a Wrappings Operational Manual, documenting the processes and thereby allowing these business processes to be replicated.

**Replicating Success**

The foundation to expand the business is created without having to increase equity capital and diluting control.
A win-win situation

The Outcomes

DCS worked closely with the management team at Wrappings to overcome challenges and issues, focusing on:

- Understanding the cost/benefits for Wrappings in undertaking the expense of a franchise and company operated network
- Developing the operational capability in the business to give life to the franchise strategy
- Identifying the value offering to prospective franchisees, and for Wrappings as an entity
- Identifying and analysing key revenue and cost drivers
- Developing the corporate structure needed to support expansion plans
- Identifying commercial issues and recommending ways of addressing those issues
- Developing the recruitment and selection criteria, together with the Operations Procedures Manual

A critical component of the outcome was the development of the necessary levels of knowledge in their management team. Many small businesses and franchisors fail to scale due to a lack of understanding in the growth and management of the network. Consequently, the outcome of the project provided Wrappings with a strong foundation to replicate their success. With these processes now in place Wrappings is ready to expand the retail network across Australia.

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