

INDUSTRY IDEAS - INNOVATION

Business Owner

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Matchbox chain to expand outlets

Claire Heaney

WORKING as a civil engineer, overseeing part of the \$2-billion CityLink project, is seemingly a world away from working in a gift shop. But David Cohen says they have more in common than you might think.

Trained as a civil engineer, after finishing work on the CityLink toll-way project in 1998, he decided to go overseas and travel.

"I had just gone straight to uni and then work so I wanted to do some travelling," he said.

Six months later he returned and had a think about what he might do in the future.

He started doing some work with the Matchbox homewares chain operated by his parents Ross and Fran Cohen.

At that stage, his parents had four outlets including Armadale and Chadstone. They had bought Matchbox in 1996 after it had been operating for two decades.

By the time David joined the business, his younger brother and sister — Charlie and Annabel — were already working in the family firm.

Over the past few years the business has evolved and a separate division, Matchbox Franchising, has been established.

"We sold our first franchise last year and the second one is about to open at the Spencer St station," he said.

The aim is to have 40 stores within five years.

Mr Cohen said they were looking for motivated owner-operators and he believed the business was probably suited to couples keen to be involved in the hands-on style of the operation.

Mr Cohen, general manager of Matchbox, said while discussing the shift to franchising they decided to implement an incentive program for managers in company-owned shops.

Mr Cohen said the idea, developed through the consulting firm DC Strategy, was to keep company-owned managers feeling that even though they might not be franchisees, they still had some incentives.

He said as part of the process, store managers were surveyed on where central management was going and other issues.



Thinking outside the box: David and Charlie Cohen of the giftware chain Matchbox. Picture: BELINDA O'NEILL

He said it gave store managers a sense of ownership of the business.

Mr Cohen said his father, a retail veteran who had worked in the rag trade, express photography and hospitality, was still very much involved as managing director of Matchbox Australia.

His mother, now working part-time, was always interested in homewares and had a special interest in the more upmarket Armadale outlet. She is still involved in the purchasing side of the business.

Mr Cohen said his work outside the business as a project engineer had exposed him to the value of establishing systems and procedures.

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Chain grows

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"No matter what size the business there is always a need for systems and processes and efficiencies of business... that is something that we have worked on a lot in the last few years, especially putting together our franchise model," he said.

He said when he joined the business he started looking at stock movement and keeping better track of it.

Charlie, who studied economics and worked in banking in Britain, started as a storeman and was now the operations manager.

Sister Annabel is administrator.

Match-making

YOU'LL need between \$300,000 and \$500,000 to buy into a Matchbox franchise.

Matchbox has employed consultancy firm DC Strategy to refine its franchise model.

Once the decision to grant a Matchbox franchise is made you will be required to pay an upfront franchise fee, entailing rights such as the use of the brand name.

There also is aid in site selection, lease negotiation and training.

As well as the franchise fee, franchisees are required to pay an ongoing royalty fee of 4 per cent and a marketing levy of 2 per cent.

Net link: www.matchbox.com.au