



BUSINESS OPPORTUNITY AS A **MRH RETAILER**

MRH Retail
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MRH RETAIL

MRH Retail runs petrol forecourts throughout the UK. They are supplied by a number of the major oil companies and offer the usual facilities associated with modern forecourts. At these forecourts, rather than employing managers, we prefer to work in partnership with self-employed individuals (Commission Retailers) who bring their own flair and experience to the business.

We are also happy to work with self-employed individuals who wish to enter into an agreement with us using their own limited company. The following highlights some of the most important points to note should you become a MRH Retailer.

THE OPPORTUNITY

The following guidelines are designed to help you decide whether you want to proceed with your application to become a MRH Retailer. Make no mistake, the responsibilities can be demanding, but for the right people the opportunity can be both rewarding and enjoyable.

You will be self-employed and responsible for settling your own tax affairs. You will stock the shop using your own capital. As a MRH Retailer you will have access to some of the best deals available from suppliers of shop products. There are preferential terms from the industry's leading delivered wholesalers and other brand leaders. We will assist you to open an account before you commence trading. The credit available will help your cash flow and they will provide assistance in planning and merchandising your shop.

You must ensure you have sufficient capital available before starting business. An outlay of at least around £35,000 - £65,000 is required.

A typical shop will need £15,000 to £20,000 to stock fully; larger shops will require £25,000+. On top of this you will have to pay MRH Retail an Initial Fee currently between £5,000 and £10,000 before commencing to trade. Other suppliers, such as newspaper wholesalers, Costa, Spar may also require deposits, Newspaper bonds can be in the region of £2,000 and in the case of Costa/Spar bonds of up to £10,000 may be required. You should also budget for unexpected expenses that often arise in the early days of new business ventures. Your invested capital therefore needs to cover these amounts.

You will earn commission on the sale of products owned by MRH Retail. Currently these include Fuel, Lubricants, Car Valeting, National Lottery and Pay Point. MRH Retail will pay all utility and service contract costs. You pay for consumables such as forecourt towels and cleaning materials and staff uniforms.

You will employ and train your own staff and you will need to organise Employment Contracts for them. Under TUPE, existing staff have Protected Rights by law. You are obliged to offer them continuous employment on their existing terms and conditions. We encourage all Retailers to seek advice from a solicitor, Federation of Small Businesses ("FSB"), Citizens Advice Bureau ("CAB") or other professional body before taking any action on employment issues. It will be your responsibility to ensure that you comply with all legal obligations.

You will need to set up a Business Account at a bank. It must provide a Cheque book and the facility to make payments by Direct Debit. There are many good deals available for small businesses so it is worth shopping around.

You must register for VAT. Until you are registered you cannot charge MRH Retail VAT on your commission, nor will you be able to claim back the VAT MRH Retail charges you.

You will need to appoint an accountant and will need to complete a quarterly stock take and then be able to prepare no later than 1 month in arrears quarterly accurate accounts of the business carried on at the Premises in the format specified by the Owner and make them available to the Owner on demand. Your accountant will probably be able to help you apply for VAT registration and set-up a payroll service for your staff.

You need to be available to attend training courses prior to commencement at your expense. Current training courses include Off Licence, Food Hygiene, Competent Person and Fire Fighting but as a company MRH Retail are always looking to review and add new courses as required. Much emphasis is placed by the company on having competent trained staff working on the sites Appointment may be made on a "first come" basis.

You cannot use the MRH Retail name or the site's name in any trading title. If you choose to trade through a limited company the site cannot be used as the registered office of the limited company.

THE AGREEMENT

MRH Retail ("the Owner") and the Retailer have to agree that the rights granted to the Retailer by this Agreement do not create any relationship between the Owner and the Retailer of landlord and tenant or employer and employee and the Retailer acknowledges that:

- He/she has no estate or interest in the Premises.
- Is competent to operate the Premises in a good workmanlike manner.
- Is able to insure and keep insured (and produce to the Owner on request the policies of insurance and premium receipts) in the joint names of the Operator and the Owner in respect of the loss by fraud, defalcation or theft of cash on the Premises or in transit to the Bank and employers liability and in respect of loss of or accidental or malicious damage to the Equipment and indemnify the Owner from and against any such loss, damage or theft; Is computer literate to input data into the Owner's computer system at the Premises (or, if none, post by first class post to the Owner) to the Owner a daily sales report of all sales of Shop Goods, Products and Services supported by the relevant bank slips, delivery notes, credit card vouchers and other necessary documentary evidence as may from time to time be required by the Owner. Is able to adopt, observe and comply with all the procedures from time to time laid down by the Owner (whether as in such Procedure Manual as may be supplied by the Owner to the Operator as amended, altered, updated and replaced from time to time or otherwise).

Either party may, at 28 days notice, terminate the Agreement. Upon termination of the Agreement, the Retailer's own stock can either be retained and removed by the Retailer or sold to the incoming Retailer. MRH Retail will assist wherever possible with this transaction but will not guarantee this.

MRH Retail entrusts the Retailer with sizeable sums of money. In partial recognition of this the Retailer must deposit an Initial Fee with MRH Retail. This Initial Fee is fully refunded, subject to all outstanding debts being paid by the Retailer, when the Agreement is terminated.

FEATURES OF THE DEAL

Products owned by MRH Retail on which commission is currently paid.

FUEL	0.2 pence per litre
LUBRICANTS	£4 per litre
COLLECT PLUS	£0.35p per Parcel
AD BLUE 10 LITRE PACK	£3 per Bottle
CAR VALET	Currently 40% ex Discounts and Tests
LOTTERY	5%

UTILITY PAYPOINT	1.00%
E TOP UP PAYPOINT	1.00%

PRODUCTS OWNED BY THE RETAILER

The Retailer will agree to market from the Shop only Shop Goods which are normally marketed by the Owner from its forecourt shops and which either:

- are supplied by a Nominated Wholesaler; or
- are supplied by a wholesaler first approved by the Owner and if the Owner shall not approve the Owner may then insist on use of a nominated wholesaler
- and which are of good and satisfactory quality, of good standard, legally resalable and which in the Owner's opinion are not of a disreputable, lewd, offensive or salacious nature.

FURTHER COMMISSIONS MRH RETAIL CURRENTLY PAY

SITE EXCELLENCE	£9,600 pa
MRH MYSTERY SHOPPER VISITS	£3,600 pa
OTHER COMMISSIONS AS ADVISED	

A Site Excellence payment is made monthly providing the Retailer passes the minimum standard as set down by the Owner.

Other commissions are paid based upon the Retailers performance of adhering to our Compliance & Purchases from our Suppliers. Currently at a rate of 2% of Retailer Shop Sales less Tobacco products & Costa Coffee

Dependent upon the size and earning potential of the business, the Retailer will be charged a monthly Licence Fee by MRH Retail.

EARNINGS POTENTIAL

MRH Retail firmly believes that each Retailer has a fundamental impact on the success and profitability of the business.

The Retailer's primary areas of influence are:-

- Overall standard of retailing on the forecourt and in the shop; in terms of display, stock levels, merchandising and promotions & to participate in the Owner's current promotions from time to time to promote the Products, Shop Goods and (where applicable) Services on the terms or as the Owner shall from time to time specify for each relevant promotion.
- Agree to display all promotional materials, and erect any merchandise displays, requested by the Owner.
- Overall standards of housekeeping and cleanliness.

- Quality of staff and engagement, training and supervision of staff, including ensuring that all staff has good spoken English;
- Close control on business overheads.

MRH Retail structures the deal with the Retailer recognising these primary areas of influence. The Retailer has less impact on motor fuel and cigarette sales and more on car valeting and sales of other items through the shop. The deal with the Retailer is designed in such a way as to bias the Retailer's income towards those areas over which he/she has most impact.

The Retailer's remuneration or profit potential very much depends on how the Retailer organises labour for running the business, the number of hours he/she devotes to the venture as well as the overall success of the business.

As a guideline, the Retailer's deal has been structured to provide remuneration in the range of £15,000 - £30,000 per year. However, prospective Retailers should construct their own business plan to make a more accurate assessment.

STANDARDS

MRH Retail insists on high levels of operational standards. Some are required by the supplying oil company, all are required to optimise the potential profit generation of the business.

Standards cover:

- Housekeeping both on the forecourt and in the shop.
- MRH Retail administration requirements.
- Observance of minimum specified open hours.
- Shop stocking levels, promotions, adherence to range, planograms and pricing of goods.
- Wearing uniforms and name badges.

ADMINISTRATION RESPONSIBILITIES

In addition to ensuring close daily control of their own business, Retailers are required to carry out a number of administrative duties for MRH Retail. The following lists some of the main responsibilities but do not include all:

- To bank DAILY before 2.00pm, into the Company's accounts, funds equal or greater than the previous days sales of Company owned products, and to record all banking's.
- To record DAILY:
 - Pump to tank sales and dip reconciliation.
 - Sales of Lubricants, Valeting, Gas and Electricity, Lottery.
 - Shop sales.

- To provide DAILY evidence to Head Office of all cash banking's.
- To complete DAILY to Head Office the Daily Sales Report (DSR)
- To provide each WEEK details of the previous weeks shop sales by 7.30am each Monday morning.

GENERAL ADVICE

MRH Retail personnel have many years' experience of running petrol stations and working with, and in some cases as, self employed Commission Retailers. The following observations are to help you avoid some of the pitfalls and to give your business the best chance of success.

- ❖ MRH Retail wants Retailers, not Buyers. The temptation to shop around to find the cheapest deal on each and every product should be avoided. Concentrate on SELLING not BUYING.
- ❖ Avoid cash and carry outlets. Time should not be wasted 'shopping' when it can be spent 'selling' and running the business properly.
- ❖ Recruit, train and keep good staff. They can be the difference between success and failure. MRH Retail will not tolerate poor staff on our premises and participation in training courses is actively encouraged and often subsidised.
- ❖ Avoid the temptation to do too many hours on the till yourself - other areas of the business will suffer and you will soon realise to your cost that you have made a false economy. The occasional shift will keep you in touch with customers; anything more is a sign of a badly run business.
- ❖ Be professional and set a good example to your staff.

We hope this will have helped answer some of your queries.