



VOLUME 1: INTRODUCTION
Operations Manual

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1 Introduction to the Franchisor

1.1 Company Background

1.1.1 History

Flip Out began as a standalone outdoor trampoline park in 2012. It's success and popularity caused it to quickly spread across Australia. It wasn't long before it became a hugely popular international brand – in New Zealand, UK, USA, Philippines, Taiwan, Malaysia and even Afghanistan. The arena was designed as a place to be enjoyed by all ages. A place where parents could have as much fun as kids and teenagers.

Steven Stone, a previous and current Franchisee, took over the Australian Master Franchise in 2017. A new focus on safety, improvement, consistency and professionalism began, and the Franchise shows no signs of slowing down.

1.1.2 Flip Out's Vision

To provide a quality franchise business model; and
To provide visitors with a unique and enjoyable experience every time they come to Flip Out.

1.1.3 Mission Statement

Flip Out is dedicated to providing a safe, fun and engaging environment for children and adults. Flip Out's mission statement has three interrelated parts:

Experience Mission:

To provide an engaging experience for children and adults in a safe, fun and enjoyable environment.

Social Mission:

To operate in a way that actively recognizes the central role that Flip Out plays in society by initiating innovative ways to improve quality of life locally, nationally and internationally.

Economic Mission:

To operate on a sustainable financial basis of profitable growth, increasing value for Franchisees & expanding opportunities for development and career growth for employees.

Flip Out is determined to seek new and creative ways to address all three parts of the mission statement while maintaining a deep respect for individuals inside and outside the company and for the communities of which they are a part.

1.1.4 Values

Patrons:

To provide a safe and engaging space for children and adults.

Staff:

To provide consistent and courteous conduct to patrons, external parties and between team members.

Integrity:

Doing things right the first time.

Community:

To provide activity based support to local, national and international groups.

1.1.5 Registered Trademarks



1.1.6 Head Office Contacts

Director – Steven Stone – steven@flipout.net.au

National Operations Manager – Sue Stone – sue@flipout.net.au

National Marketing & Communication Manager – Trina Kummle – trina@flipout.net.au

Franchisee Services – Felicity Loiterton – felicity@flipout.net.au

Education Manager – Andrew Howes – ninja@flipout.net.au

If changes to Head Office employees occur, they will be communicated to Franchisees when appropriate. The Operations Manual will also be periodically updated to reflect changes.

1.1.7 Company and Business Structure

Flip Out Arenas run using local autonomous management working towards agreed budget and profit growth targets. Franchisees are encouraged to be working onsite as often as possible. Each site is overseen by a Manager. The businesses employ a range of people on a full-time, part-time and casual basis, including Managers, Squad Leaders, Arena Supervisors and Customer Service Staff.

1.2 The Flip Out Business Concept

1.2.1 Products

Flip Out product offering meets the needs of young and old customers alike. The equipment caters for every shape and size, with foam pits, wall runners, parkour and ninja warrior equipment. These help suit the needs of all customers.

1.2.2 Network

Franchisees have access to support and advice on business and operational questions via the Operations Manual, Intranet, the Learning Management System or Head Office staff.

1.2.3 *Our Unique Selling Propositions*

- Interactive website and online booking system.
- Unique in-store promotions.
- Local Area Marketing guide with Head Office implementation assistance.
- National marketing co-ordinated by Head Office.
- Right to use the “Flip Out” brand

1.2.4 *On-Going Development to our Products and Services*

- Professional development for Managers and Squad Leaders to improve their knowledge of the business
- The Mandatory Flip Out annual conference provides training, up to date company presentations and updates on their latest offerings.
- Online learning software, to be released in June 2019, will train Managers, Squad Leaders, Arena Supervisors, Customer Service staff and owners in the latest practises.
- The Flip Out design team working with product suppliers to create new concepts to keep the brand fresh and new.

2 The Flip Out Franchise Package

2.1 The Franchise Concept

2.1.1 Business Format Franchising

Flip Out is a business format franchise that offers Franchisees the rights to develop and operate a Trampoline Arena in a Territory or a specific location over a period of time under the brand name and trademark of "Flip Out", using the operating systems, management know-how and other relevant intellectual property of the Franchisor.

2.1.2 Franchising Code of Conduct

Flip Out is a responsible and ethical Franchisor that fully complies with the Franchising Code of Conduct.

More information can be found on the ACCC website. The franchising code of conduct can be found at: [accc.gov.au/business/industry-codes/franchising-code-of-conduct/franchising-code](https://www.accc.gov.au/business/industry-codes/franchising-code-of-conduct/franchising-code)

2.1.3 Background on the Code

Over the last three decades, franchising as a business model has rapidly grown. Franchising is now a routine and respected method of conducting business.

Embedded in the code is a mutually respectful relationship between the Franchisor and Franchisee. However, due to the contractual relationship between the two parties, the Franchising Code of Conduct regulates this special business relationship.

The Federal Government introduced the compulsory Franchising Code of Conduct to regulate the behaviour of the parties involved in franchise agreements. It also ensures that Franchisees are fully informed of their obligations to the franchise prior to entering a contractually binding relationship with that Franchisor.

Until the introduction of The Code, the franchising sector in Australia had not been subject to specific legislation. By introducing The Code, the federal government recognized the size of the franchising sector and its substantial contribution to the Australian economy.

2.1.4 Key Elements of the Code

All business offering, transferring, renewing or extending franchise agreements must comply with The Code. The Code is regulated by the Australian Competition and Consumer Commission (ACCC) under Section 51A of the Competition and Consumer Act.

2.1.5 Purposes of the Code

The code ensures that Franchisors and Franchisees both make fully informed decisions before entering into a contractually binding Franchise Agreement. It also provides a dispute resolution framework by ensuring all franchise agreements entered into after 1 October 1998 contain a dispute-resolution process.

Franchisees have an obligation to read and understand the Code. The Code will assist Franchisees and Franchisors to maintain strong and productive relations. It is an important piece of legislation that affects the many business decisions Franchisees must make.

2.2 The Franchise Package and Benefits

The Flip Out franchise offers a total solution for the establishment and operation of a Trampoline Arena business. It includes the following elements:

2.2.1 Start-up Training and Support

Prior to the opening of the Flip Out Trampoline Arena, the Franchisor will provide support in the following areas:

- Location selection.
- Fit out design.
- Obtaining, installing and testing of equipment.
- Employee selection and training.
- Installation of POS systems.
- Local area marketing assistance.
- Day to day management and operations.

2.2.2 Opening Promotion and Publicity Support

To ensure a smooth launch of the Flip Out Trampoline Arena, the Franchisor will provide the Franchisee with advice on the pre-launch and post-launch promotion and publicity activities.

2.2.3 On-Going Support

The Franchisor shall visit the Franchisee periodically to review how the Franchisee is performing and provide guidance on budgeting, planning and how to enhance performance. The Franchisor also reviews other information to assist the Franchisee in enhancing their business.

Further support via email, phone calls, Basecamp and the Flip Out Intranet is available and the Franchisor aims to support the Franchisee to enhance performance in every facet of its operation. Advice given should be taken onboard.

2.2.4 Operations Manual

The Franchisor provides the Flip Out Operations Manual to the Franchisee for reference. These shall contain the policies, instructions, standards and procedures in relation to the operations of Flip Out Trampoline Arenas.

The Flip Out Operations Manual has been developed to facilitate the implementation and clearly define Flip Out policy and procedures. The Manual provides guidelines to be followed in the administration of these policies, and assists all employees in defining who is responsible for each human resource management decision, and the correct procedure which is to be followed.

The policies specified within are consistent with those of best store management principles. They have the full support and commitment of Flip Out management.

Policies must be kept current and relevant. Therefore, from time to time policies and procedures are updated or amended. The operations manual will be updated in accordance to this.

Online Training is currently in development, with a scheduled release for June 2019. This will also be kept up to date and staff will be enrolled in relevant courses to ensure that their knowledge is up to date with the most up-to-date policies and procedures.

Any suggestions, recommendations or feedback on the policies and procedures specified in this manual are welcome. This should be provided by email to ninja@flipout.net.au

2.2.5 *Marketing, Advertising and Promotion*

The Franchisor shall conduct national marketing, advertising and promotional activities to the benefit of the Flip Out network from the marketing fund.

The Franchisor shall assist the Franchisee in marketing, advertising and promoting their business. Marketing materials can be found in Volume 5 – Marketing and in the Flip Out Brand Guidelines.

2.3 Franchisor's Roles and Responsibilities

2.3.1 *Providing the Vision and Mission*

The Franchisor is responsible for directing, updating and communicating Flip Out's mission and business objectives to its Franchisees. All Franchisees must share the same sense of mission and excitement with the Franchisor and work to achieve shared goals.

2.3.2 *Providing the Business Format*

The Franchisor provides the system and structure for the operation of Flip Out Trampoline Arenas, ensuring that customers enjoy a consistent customer experience across the Flip Out network of Trampoline Arenas.

2.3.3 *Sourcing and Supplying Products*

The Franchisor shall source and negotiate supplies for equipment and products for the Flip Out Trampoline Arena. The Franchisee must sell the approved products as supplied by the Franchisor and as outlined in Section 3 – Daily Operations.

2.3.4 *Providing On-Going Support and Control*

The Franchisor provides administrative and technical support as necessary for the smooth implementation and operation of the Flip Out Trampoline Arena.

2.4 Franchisee's Roles and Responsibilities

2.4.1 *Complying with the Business Format*

The Franchisee is responsible for ensuring the day-to-day operation of the Flip Out Trampoline Arena is in accordance to standards set out in the Operations Manual. The Franchisee should also implement reasonable changes and improvements deemed necessary by the Franchisor. The Franchisee must ensure that employees recruited are suitable to their position and adequately trained to operate the business in accordance to the standards in the Operations Manual.

2.4.2 *Local Area Marketing*

The Franchisee is responsible for carrying out local area marketing activities to promote and attract target customers to their business.

2.4.3 *Maintaining the Flip Out Brand Image*

The Franchisee is responsible for building and maintaining Flip Out's name and image by complying with the customer service standards and application of brand elements as set out in the Operations Manual.

2.5 The Franchisor and Franchisee Relationship

The Franchisor and Franchisee both bring value and substance into the business relationship. The relationship between the Franchisor and Franchisee is interdependent and is summarised in the chart below. More specific obligations have been spelled out in the Franchise Agreement which governs the relationship between Flip Out and Franchisees.



3 Scope And Purpose Of The Operations Manual

The purpose of this operations manual is to provide Franchisees with practical advice and assistance in the daily operations of their business. Franchisee are contractually required to operate the business strictly in accordance with the policies and procedures in this Operations Manual.

The information in this Operations Manual addresses a diverse range of topics. It is designed to assist Franchisees in running their Flip Out arena as effectively and profitably as possible. If a matter is not covered in this manual, or if further information is required, contact should be made with the relevant Flip Out representative as provided in Section 3.3 of this volume.

This Operations Manual has been developed to:

- Clearly articulate the systems, standards and procedures that have made Flip Out successful
- Assist in the training of new staff, in conjunction with the LMS
- Assist managing training and support costs
- Allow Flip Out Arena's business to function more smoothly in absence of the Franchisee
- Be a basis by which performance of Franchisee's business can be measured

In summary, the Flip Out Operations Manual provides a detailed guide to owning and running a Flip Out franchise.

Flip Out aim's to keep Franchisees and staff members informed of current policies and up to date on the most current information. The policies and guidelines contained in this operations manual may be changed or amended at any time, with or without notice. Major changes will be communicated to Franchisees as soon as possible.

This Operations Manual supersedes all past written or verbal, expressed or implied policies, handbooks, standards, benefits and programs.

3.1 Structure of the Operations Manual

The Operation Manual consists of the following Volumes:

- Vol. 1 - Introduction
- Vol. 2 – Setting Up a Flip Out
- Vol. 3 –Operations
- Vol. 4 – Customer Service
- Vol. 5 – Marketing
- Vol. 6 – Performance, Reporting and Finance
- Vol. 7 – Personnel Management

3.2 Ownership of the Operations Manual

The contents of the Operations Manual are the sole property of the Franchisor and are protected under Copyright Law. This document, under the terms of the Franchise Agreement, is loaned to the Franchisee, for the duration of the Franchise Agreement. The Manual, information and know- how contained within shall remain vested in the Franchisor. Upon termination of the franchise agreement or the expiry of previous copies of the operations manual, all copies must be deleted immediately.

No part of the Operations Manual may be reproduced or transmitted in any form or by any means, electronically or mechanically, including photocopying and recording, for any purpose without the express written permission of the Franchisor.

3.3 Guidance for Proper Use

3.3.1 Referencing

This operations manual is a valuable reference document to troubleshooting day-to-day problems that may arise. The Operations Manual should be referred to in conjunction with any other manuals provided by the Franchisor, e.g. booking systems manual and trampoline maintenance manual which are cross-referenced in the operations manual. It should also be cross referenced with the Online Learning Management System, when released in June 2019.

The Manual is categorised according to business functions and designed to be an easy reference for Franchisees.

3.3.2 Extra Help

Extra help is only a phone call away.

If Franchisees are unable to find the answer to a particular problem in this manual, help is only a phone call away. Please call or email us in accordance with the details below:

| Name | For | Their contact details are: |
|--------------------|---|--|
| Steven Stone | Franchise queries and agreements, international communications, equipment | <ul style="list-style-type: none"> • steven@flipout.net.au • +61 418 620 680 |
| Sue Stone | Operations, sales, training, injuries | <ul style="list-style-type: none"> • sue@flipout.net.au • +61 438 882 275 |
| Trina Kummle | Marketing enquiries, communications, Roller | <ul style="list-style-type: none"> • trina@flipout.net.au • +61 428 859 368 |
| Felicity Loiterton | Merchandise, royalties and marketing invoicing, debt recovery | <ul style="list-style-type: none"> • felicity@flipout.net.au • +61 426 644 519 |
| Andrew Howes | The Academy, trampoline programs, Staff training | <ul style="list-style-type: none"> • ninja@flipout.net.au |

3.3.2 Confidentiality

This manual is confidential and should be kept on a password protected device. It must not be allowed to fall into the possession of any of Flip Out competitors, nor should it be printed, distributed or allowed to fall into that hands of the public. This manual is, and remains, the property of the Franchisor, and is on loan to Franchisees for the duration of their Franchise Agreement.

To protect confidential company information, employees must not:

- Disclose confidential information to any unauthorised person.
- Reproduce confidential information, other than in the performance of work functions.
- Permit unauthorised persons having access to confidential information.
- Make, assist, or permit any person (including representatives of the employee) to

make any unauthorised use, disclosure, or reproduction of confidential information.

- Use confidential information for personal gain or reward.
- Remove or copy any part of the manual, procedures or other company materials from the premises without written permission from Flip Out Head Office.

3.3.2 *Copyright Laws*

Under the Copyright Law, the contents of the Manual must not be copied, loaned, communicated, recorded or disclosed in any manner. The Franchisor, as owner of the Manual, is the only party authorised to issue copies of the Manual.

Under certain circumstances, permission may be granted for the release of such information but only at the discretion and with approval in writing from the Franchisor.

If physical copies of the Manual are to be created, they must be retained in a secure place within the premises. Any loss, theft or destruction of the Manual must be reported by the Franchisee immediately to the Franchisor.

Failure to observe and implement these important requirements and stipulations will be seen as a severe breach of the Franchise Agreement, ultimately leading to termination of the Agreement.

3.3.4 *Return of the Manual*

Upon natural expiry or termination of the Flip Out Franchise for whatever reasons, any physical copies of the Manual must be returned to the Franchisor and all digital copies removed **within five days**.

3.3.5 *Manual Amendment Procedures*

This manual is dynamic and always changing.

A master copy of this manual is kept at the Flip Out Head Office, to which additions, amendments and deletions will be made as new policies and procedures are developed. This document is intended to be a fluid, flexible living document. It will change over time as new technology is adopted, the Flip Out organisation grows and develops, and more innovative ways of conducting business are implemented.

This manual outlines the official Flip Out policies for each franchise. It is important that the procedures and processes are adhered to as closely as possible by every Franchisee so that the highest standards can be maintained throughout the Flip Out network. Only then will the entire Flip Out business progress forward and achieve its vision and goals.

3.3.6 *Suggestions and Improvements*

Suggestions that can improve this manual should be addressed to the Head of Operations and the Education Manager. Contact information can be found earlier in this volume.

4 Franchise Audit

4.1 Definition

The Franchisor or a third party appointed by the Franchisor, may at random audit Flip Out franchise business accounts to verify the reported sales figures. Audits will usually relate to one selected month or quarter of trading. The Franchisor has the right to audit or inspect any Franchisee's accounts and books at any time to ensure that the Franchisee is keeping accurate records.

Full co-operation must be extended to the appointed auditors. The auditors may require access to a range of information, including but not limited to bank statements, financial records, sales invoices, EFTPOS machine information and receipts.

The Franchise Agreement also allows for external auditors to verify information provided by the Franchisee at any time. Under the Franchise Agreement, penalties may be incurred for incorrect reporting.

These measures are designed to improve the health and performance of the Flip Out franchise network. Inaccurate reporting leads to inaccurate measures of the success of Franchisee's businesses and the Flip Out franchise as a whole.

4.2 Contents of Audit

Areas which may be audited include:

- Franchisee's attitude and conduct.
- Operations, either front end or office operations.
- Customer service standards.
- Accounts and administration.
- Brand identity and overall appearance.
- Staff training and product knowledge.
- Safety standards.
- Marketing, advertising and promotion.
- Feedback and reporting line, for example, whether the Franchisee has effectively and truthfully kept Flip Out informed of happenings and situations.
- Sales performance.

4.3 Frequency of Audits

The Franchisor may conduct Scheduled or Unscheduled Audit visits.

4.3.1 *Scheduled Audits*

These are audits where the Franchisor notifies the Franchisee in advance the date and time of audit and request for specific documents that are to be prepared for the Franchisor's representative who will be conducting the audit.

4.3.2 *Unscheduled Audits*

These are audits that the Franchisor conducts on an ad-hoc basis without prior notice given to Franchisees. There are two types of such audits:

Open Audits - The Franchisor's representative will turn up on site and present a Letter of Authorisation to the Franchisee before commencing the Audit.

Concealed Audits – Flip Out conducts “Mystery Shopper” styles of audit whereby the Franchisor’s representative poses as a customer, and conducts the Audit through observations and questioning. These are conducted periodically and can occur at any time. These often occur over the phone, through an online enquiry and increasingly, through in-arena visits. Information gleaned during these Mystery Shopper programs is shared with Franchisees with the hope of improving the performance of their arena.

4.4 Remedies and Grace Period

Serious offences as spelled out in the Franchise Agreement often cannot be remedied. However the Franchisor may allow remedy for some minor offences. For such offences, Flip Out will issue a notification letter to rectify offences to the Franchisee stating the following:

- Type of offence(s)
- Date of detection
- Required remedial action(s)
- Deadline for compliance (the grace period)

The length of the grace period depends on:

- Severity of the offence
- Ease of rectification
- Externality factors – if the ability to remedy the situation is dependent on external parties e.g. landlord or councils, the grace period may be lengthened accordingly.
- If the offence is not remedied within the grace period, the Franchisor can issue the penalty without issuing another reminder.

Franchisees are expected to comply with the Franchise System as detailed in the Operations Manual. Any offence whether minor or major will be recorded in the Franchisee’s file at the Franchisor’s Head Office. The Franchisee’s level of cooperation in rectifying offences and the recurrence of offences will be taken into consideration when deciding whether to renew the franchise for another term.

5 Annual Inspection And Registration

5.1 Annual Inspection

Businesses shall on or before every 12 month anniversary obtain an annual inspection for each item of equipment by a competent person or suitably qualified engineer. The business shall provide a copy to Head Office prior to the anniversary date of the inspection and any certificate supplied.

5.2 Annual Registration

Where required under local or state legislation, the Franchisee shall register any equipment with the appropriate office.

Under NO circumstances shall any business permit the use of any equipment or device without having first obtained a current annual inspection and registration certificate where required. Any such improper use is considered a serious breach of the agreement and is strictly prohibited.