

MASSHIRE

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CORPORATE BROCHURE

Flexing the franchise option

Andre van Niekerk, managing director of plant hire group Masshire, talks to Jayne Alverca about the unique benefits he believes the company offers to its growing network of franchisees

It might be an electric hand tool hired out for a day, or it could be a fleet of crane trucks needed for the duration of a project. Masshire is equally adept at meeting both requirements, as well as the enormous spectrum of equipment that falls in between: compressors, scaffolding, water pumps or diggers, to cite but a small selection of the range of equipment on hire.

The company hires tools and plant to individual and business customers across South Africa and into neighbouring African countries. With 100 employees, and another 50 working for its franchisees, Masshire hopes to become South Africa's best known tool hire company—an ambition that Andre van Niekerk, managing director of the family-owned business, aims to fulfil with the help of the outstanding customer service ethos that permeates the organisation. "Honesty, integrity and responsibility are our most important values and we reflect these values in our dealings. Our customers and suppliers alike recognise and appreciate our business philosophy," he states.

Originally Masshire served individuals, small builders and residential contractors on a relatively small scale. Over the last three years growth has accelerated, and Masshire has shifted towards longer term relationships with larger contractors working on major industrial projects and mines across Africa. These companies require more equipment and have provided a number of large, ongoing contracts.



Van Niekerk is now keen to see Masshire build on its reputation and brand value; and franchising is a key component of the corporate growth strategy. Whereas rapid organic growth requires heavy capital outlay and investment, franchising offers a low-risk opportunity to leverage the Masshire brand and reputation and extend its reach. Outstanding service often demands a physical presence, and franchising is a means of penetrating new geographical territories.

“Customers kept telling us that they thought our service was outstanding,” van Niekerk continues. “About three years ago, we realised we had a business model that could be replicated. A customer approached us wanting to explore franchise options and the idea was born from there. Within the last three years we have already established five successful franchises and a sixth is currently in creation, but we believe there is still a lot of room out there for the Masshire brand.”

From the outset, van Niekerk acknowledged that if Masshire was to start working with South African entrepreneurs, it had to be on a very different basis to the company’s team of salaried staff. “Entrepreneurs need a hands-off approach and we want our franchisees to be free to grow their businesses as they see fit. Thus, we envisage a lot of involvement during the initial start-up phase, but then it is down to their skills and creativity. For example, the first batch of equipment is procured

through us, but after that franchisees are left to negotiate directly,” he explains.

He dislikes the “head office syndrome” that characterises many franchise operations and believes it can stunt growth and motivation. “Within our franchise model, we want to share our knowledge and expertise, but as a business consultant to our franchisees. Of course we offer training and coaching if needed, on-site inspections if requested and access to industry and internal benchmarks. We want to share information, advice and best practice, but it is important that our franchisees have the status of independent operators. Once established, we want them to come to us with issues, not vice versa.”

The hands-off approach extends to allowing franchisees to negotiate directly with suppliers, but with access to economies of scale that could not be leveraged by a small, standalone operator. “We make great use of bulk buying power,” he continues. “In fact, we rank with our major supplier, Atlas Copco, as one of their major customers. The strength of our buying power means we can offer very competitive prices and great support and back-up.”

With this in mind, Masshire has negotiated favourable contracts with selected suppliers of quality equipment, and operates a preferred supplier procurement policy. “We believe that this leads to a win-win situation for franchisees, us and the suppliers,” says Niekerk. Industrial





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tooling and equipment manufacturer Atlas Copco is Masshire's main supplier, due to the quality and reliability of its products, as well as a service and support ethos that mirrors Masshire's own.

However, although Masshire has established these preferential supply agreements for its franchisees to take advantage of, there is no obligation, and negotiation takes place on a direct basis. He believes this is a more efficient way of doing business and eliminates the suspicion which can exist when franchisees are forced to buy with the franchisor as an intermediary. "At the same time, we do offer a full procurement service at a fee of five per cent if franchisees prefer to let us do the buying. But it is very much at the discretion of the franchisee. They can even buy from alternative suppliers if they wish," he adds, "as long as the equipment meets our quality standards."

The only aspect of the franchise that he sees as non-negotiable is that which relates to the Masshire brand, which must always be synonymous with excellence. "On a corporate level, we only seek to control issues relating to the protection of the Masshire brand. For example, we specify the brand of equipment, as that is pivotal to our own brand's reputation. However, we are not tied to such small or single-product brands that franchisees do not have an effective choice of supplier. There is no equipment range in our portfolio where the type of product cannot be obtained from at least two suppliers," he explains.

Van Niekerk believes that as a young franchise group, the energy and vitality of Masshire makes it a particularly attractive option. "We know and understand the plant hire industry very well, but unlike more established franchises, we cannot rest on our laurels, become complacent and rely on the brand to sell franchises. That is why we want a high level of involvement at the outset to ensure success through the right mix of training and support."

He also points to an important financial incentive. "Our business model, which recognizes the importance of an independent operator, with minimum interference, and no obligatory 'in-house' procurement by the franchisor, enables us to lower the royalty cost that franchisees are paying in relation to the costs incurred with other major local franchisors."

Van Niekerk hopes that Masshire's package of benefits will add up to an irresistible opportunity for entrepreneurs with an eye on entering the plant hire business. "Here at Masshire, we believe we are offering the opportunity to create a stake in a dynamic and growing industry with a great future. We look forward to receiving many more enquiries from would-be franchisees over the coming year," he concludes. www.masshire.co.za



