



CEMES MICRO-FRANCHISE

CEMES FRANCHISE PROSPECTUS

1. WHAT IS A CEMES FRANCHISE?

1.1. Who is CEMES Franchise?

Cemes Franchise is a local micro-credit franchise private limited company that provides investment opportunities to entrepreneurs who desire to provide wide range of financial services to micro and small enterprises who lack access or underserved by conventional banks and related services.

1.2. What kind of lending does CEMES Franchise provide?

We have wide range of affordable, high quality financial products and services that are aligned to the needs of small businesses. Some of our products include:

a) Revolving credit Facility:

Micro- credit business provides Revolving credit line, a flexible financial arrangement solution to micro-entrepreneurs to access funds at their discretion to meet their business and household needs.

b) Medicare Credit:

Medicare Credit is a purpose-driven financial solution for unexpected healthcare expenses. Simplifying access to quality medical care with a straightforward and automated payment method relieving you and your loved ones from immediate financial burdens.

1.3. Who are the customers of CEMES Franchise?

Our target clientele can range from people who run small businesses and lack effective access to microfinance services such as credit, insurance and medical needs that makes them vulnerable without other means of economic insulation. They range from owning a small food kiosk, motorbike transports, home manufacturing to agricultural commodities among other entrepreneurial activities.

1.4. Where are CEMES Franchise headquarters located?

Building: Wing 2, 11th Floor, One Padmore place,

Street: Georges Padmore lane, Kilimani.

City\; Nairobi

Country: Kenya

2. WHY CEMES FRANCHISE?



2.1. Why would I choose CEMES Franchise?

a) Minimal Risk

When you buy CEMES franchise, the business idea is already tried and tested and successful. There is little probability for it to fail. However, if you were starting out on your own, there high chance for failure and your investment would've been at high risk. In case of a franchise, the venture is already established and will pick up profits faster.

b) Brand awareness

You do not need to spend a considerable amount of time pitching or marketing your business idea or luring investors. When you buy a CEMES franchise, you are served cake on a platter with a cherry on top. The heavy lifting has already been done. People know what your business is about. This instant recognition from customers is a bonus.

c) Ongoing Support

You get support from the franchisor that you don't normally get in independent businesses. CEMES Ltd provide support and training to keep the franchisees in shape. We also send field support specialists to keep things in check and offer training to mold their franchisees into better businessmen, managers, and leaders.

d) Faster returns on Investment

It takes time to build clientele when your business is new. But if you are our franchisee, you have ready-made customers since our brand has been around and the clients already trust CEMES brand name. So, profits start rolling in faster and soon, you cross the breakeven point.

Even exit strategies tip the scales in your favor when it comes to franchises. With your own business, you never know if you could sell it without bargain and potential buyers are low if any. In case of franchises, the resale value is great and potential buyers are high as well. And even if no one is ready to buy, CEMES Franchisor is the last resort, who buys it back.

2.2. What are the major differences between the CEMES Franchise offer and other leading companies?

a) Unique product offerings

Our offer is in a big part unique. Our clients get access to a wide range of affordable, high quality financial products and services, including not just credit but also medical and insurance services.



CEMES MICRO-FRANCHISE

b) Use of AI and latest technologies

With all the exciting changes in technology, CEMES Franchise has embraced use of AI and other latest technologies to creating efficient business models. We strive to understand our customers' needs and build digital products and services around fulfilling them.

c) Truly local

CEMES Ltd serves both rural and peri-urban customers, therefore we know how to deal with both kinds of markets.

3. INVESTMENT

3.1. How much money do I need to start?

It depends on the territory, but it starts with as little as kes 2,500,000 but can go up to kes 3,500,000 for the large markets.

3.2. How long do I need to wait for the first income and profit?

It depends on the area and the season (different areas experience different loans uptake depending on business cycle) where it can take up to 9 months to break even - so far, all our franchisees have generated revenue within the first 2 months. Usually, it takes up to 9 months before the break-even point.

3.3. What are the fixed annual costs of running a small franchise?

The running costs of an example franchise can be found below:

- Minimum royalty Fee to the Franchisor per Month: kes 10,000 (this figure depends on the gross monthly revenue subject to the minimum of kes 10,000)
- Admin expenses (Rent & salaries): kes 150,000
- Other Operating Expenses, e.g.: printing, stationary, pens etc.....kes 40,000
- Total Monthly operations cost is Approx. Kes 200,000
- Note that there might be other expenses involved like local authority expenses related to your specific area.

4. Franchisees Testimonials

Visit our website to learn testimonies from some of our franchisees:

<http://www.cemesltd.co.ke/franchise>

5. FRANCHISE FAQ

5.1. CEMES Franchise Frequently Asked Questions by a Prospect Franchisee

5.1.1. General Questions

5.1.1.1. *What are the fees involved?*

- One-off fees: Kes 150,000
- Ongoing Fees: System Fee, currently at 20%

5.1.1.2. *Can I provide other services in addition to the CEMES Franchise?*

The simple answer is no. You can own other companies, but they should not compete with the CEMES business.

All income earned by the company designated in the franchise agreement is liable for the appropriate commission fees as stated in the Franchise agreement.

5.1.1.3. *How long does it take to start the whole business?*

The due diligence process can take a couple of weeks.

If you have a registered limited company, it can take approximately 6 weeks to open your outlet.

5.1.1.4. *Do I have to have an office at the start?*

We require a franchisee to rent an office space Approx. 250sqft at strategic location.

5.1.1.5. *What is the perfect profile of a successful franchisee?*

Our franchisees come from completely different backgrounds. Some of them come from a financial services background, some of them used to be full-time employees, others were just small entrepreneurs. The most important traits are openness, a dedication to work and teamwork.

5.1.1.6. *How many employees does a franchise require?*

At the beginning you can start by yourself as a manager with 3 salespersons and a customer service person. Later, you can employ a manger. Usually, a total of 5 permanent employees is enough in the first two years of operations.

5.1.2. Industry

5.1.2.1. *What is the size of the market?*

Micro, small and medium enterprises (MSMEs) in Kenya Numbers 7.4 Million businesses. The number of licensed MSMEs is at 1.56 million while the unlicensed stands at 5.85 million.

Majority of these MSMEs operate in the service sector, with most operating in wholesale and retail trade, repair of motor vehicles and



motorcycles followed by accommodation and food service activities and other service activities.

5.1.2.2. Is the demand for the services the same throughout the year?

No. The demand is variable. Depending on the type of business, for example, agribusiness has little demand when most household grows their food stuff during raining season but high during dry season.

5.1.3. Customers

5.1.3.1. What are the demographics of clients?

Majority are people aged between 25-50 years who operate small businesses that are typically family owned.

5.1.4. Selling Services

5.1.4.1. How do you find customers?

The success of Microfinance recruitment drive is built on relationship-based Services for individual entrepreneurs and small businesses; staff go door to door to deliver information about company products and service. This exercise is further reinforced by existing customers who offer referrals on potential customers. Telemarketing and other non-traditional marketing efforts are used to compliment these programs.

5.1.4.2. Do I need to cold-call people?

We don't send any unsolicited emails, letters or undertake any cold calling.

5.1.4.3. Advertising strategy, marketing strategy, PR, etc...

Apart from our web site, sometimes you will be asked to promote CEMES Ltd at regional trade fairs, conferences, etc...

Occasionally you will benefit from our PR work. PR can be done on a global level, as well as at the local level. All articles, interviews or other forms of presenting CEMES Ltd to a wider audience should be coordinated with the Franchisor.

5.1.5. Location

5.1.5.1. What type of location is needed?

An accessible location that offers a strong customer base that meets our demographics and branch size requirements.

Must also offer good working environment to our staff.

5.1.5.2. *Do I need to buy the location?*

NO, you only pay for the office space.

5.1.5.3. *Are a lot of changes to accommodate a location needed?*

It usually takes a couple of days to a couple of weeks to set everything up. You need comfortable chairs, desks and appropriate logo placed in the reception. All the guidelines are written in the Micro-franchise operational Manual. It is a good idea to visit one of our existing offices.

5.2. Typical Day of a Franchise Owner

5.2.1. *What a typical business day of a Franchisee looks like?*

- a) Catch-up with office emails that may have been sent previous day
- b) Review sales and loan collections reports.
- c) Build a schedule of daily tasks.
- d) Have a one-on-one discussion with individual staff.
- e) Have a follow-up meeting and/or calls with nonperforming accounts.
- f) Monitor collections of accounts due
- g) Review day tasks to see nothing get out of hand.
- h) At least once in a week have staff meeting.

5.3. Support Provided by the Franchisor

5.3.1. *Do you provide any location support?*

Yes, we do an extensive market research on possible locations and advise accordingly.

5.3.2. *Ongoing Training and Coaching*

We provide up to 4 hours of free ongoing training and coaching a month to our franchisees. We have a full-time field support team as well.

5.3.3. *Review Meetings*

During the review meetings the Franchisor will help you to understand what you did well and what areas require a more efficient approach.

5.3.4. *Conferences*

During the conferences you will be familiarized with the future plans, improvements and you will have a chance to discuss problems and opportunities common to many franchisees.

5.3.5. *Ongoing Training*

If there are substantial changes in the way you conduct your business, the obligation of the Franchisor is to train you so you can utilize the new features and grasp the new opportunities.

5.3.6. *Community Support*

Remember that at CEMES Ltd you are not alone. There are many people who might have experienced the same problems and probably discussed it on CEMES Forums or other CEMES CSR resources.

5.4. How do you improve the system and processes?

The Franchisee Agreement obliges you to contribute back any process or system improvements. We employ full time people e.g. Head of ICT to implement your suggestions in a matter of hours. It can be related to the IT system as well as the business processes themselves.

6. FRANCHISEE RECRUITMENT PROCESS

6.1. *What are the steps to becoming a franchisee?*

- a) History of employment/career, may be in the form of CV.
- b) Initial Interview (Schedule phone conversation, Questions to Prospect Franchisee)
- c) Due diligence
 - i. Two references, co-workers, employers, employees, or former business partners (their email and phone number so we can talk to them for 30 min)
 - ii. Credit history (showing past loans, bankruptcy, other current liabilities, etc...)
 - iii. bank statements showing the amount of money needed to start the business or any other documents proving eligibility to start the franchise.
 - iv. Cash flows, financial forecasts and simple (no more than 2 pages) business plan created by the Franchisee.
- d) Signing the agreement
- e) The franchisee pays any fees that are due.
- f) Initial Training during which
 - a. Set up for email accounts, system account, etc...
 - b. All common functions in the system will be covered.
 - c. The Franchisee Manual will be explained.
 - d. Explain all processes and case studies.

6.2. *What if my territory is already taken?*

- You can make an offer to buy the existing franchise.
- You can choose an adjacent territory.
- You can form a partnership with an existing franchisee.

7. CEMES FRANCHISE FACTS

7.1. *What are basic CEMES Franchise statistics?*

Outlet Type	Year	Outlets at the Start of the Year
Franchised	2024	48
Company-Owned	2024	33
Total Outlets	2024	81

7.2. *What is the CEMES Franchise management structure?*

- Franchisor (Centenary Microenterprise Services Ltd)
 - Franchisees
 - Franchisee employees

7.3. *What is the strategic plan and goals of the Franchisor?*

It is available at: http://www.cemesltd.co.ke/strategic_objectives

7.4. *What is the history of the Franchisor? How did this franchise get started?*

- The company was started by Mr. Philip Kisabit, Alfred Sunza and Edna Manwari in Kenya in 2014.
- The former two were seasoned microfinance practitioners and later a medical professional.
- They started as consultancy do advice and build capacity to microfinance institutions and savings and cooperative societies.
- In 2014 established micro-credit retailing service
- The informal franchise model was pilot tested and proved to be more efficient than a standard "full time employees" company in 2015.



CEMES MICRO-FRANCHISE

- From 1st of January 2016 our first agreement between Cemes Ltd and Franchisee was formalized and put into a franchise context.

7.5. Long-term growth objects?

- Kenya: max 100 franchisees
- Uganda: max 25 franchisees
- Tanzania: max 15 franchisees
- Rwanda: max 5 franchisees

7.6. What markets are being targeted for development?

East Africa countries with relatively stable and growing economies

7.7. What is the CEMES Franchise price strategy?

We price our loans based on many factors like default to loss given default, collections cost, production costs, finance costs and desirable level of returns. The mathematical model will be explained during the initial training. Franchisees usually split the gross income 20/80, i.e. 80% for the franchisor monthly fee, 80% for themselves. The Ultimate products prices are decided by the franchisor.

7.8. Which companies are considered major competitors?

Our completion majorly comes from fintech companies both banks and non-banks:

- Mshwari
- Tala
- Branch International
- Ocash

8. CONTACT US

For franchise enquiry: <http://cemesltd.co.ke>.

Email: info@cemesltd.co.ke