

# Hot Dog Café buys London Pie, boosts Jobs Fund initiative

Hot Dog Café has purchased the London Pie franchise to broaden its franchise footprint, add value and add a new dimension to its entrepreneurial and job creation mandate. It has funded the R35 million project with R17 million from the government's Jobs Fund matched by R18 million from the Masisizane Fund and the Public Investment Corporation.



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It is the first franchise recipient of government's Jobs Fund.

According to Derek Smith, joint MD of Hot Dog Cafe, the merging of the two offerings to become a dual branded franchise follows the growing overseas trend of dual branding complementary products.

"The acquisition of London Pie's well-established franchised network will give wider opportunities for the joint operations. This will add to the bottom line and permeate more shopping centres, food courts, shopping malls, and cinema complexes, starting with the larger fixed space concept, the diner, down to the compact and versatile cart option - in fact practically any location requiring an on-the-go food offering."

The merging creates a group of nearly 200 outlets selling its various products and offers a viable option to independent entrepreneurs wanting to enter the fast food market as franchisees.

More importantly, it will feed into the Jobs Fund initiative that will see opportunities given to over 300 cadets of all races over a 3-year period to be trained and mentored, resulting in either gainful employment or, for around 60 of the top cadets, to become business owners with their own franchises.

## Empowering franchisees

In 2004, Hot Dog Cafe made a conscious decision concerning employment. In conjunction with various government-

funding groups and other organisations, it set a new standard for the empowerment of those who had been previously disadvantaged. It set to work on training, funding and supporting new franchisees to help lead the brand into a new generation. As a result, over 90% of Hot Dog Cafe and its sister brand The Coffee Stops' franchisees come from previously disadvantaged backgrounds.

Producing a high-quality product in line with world standards in the fast food and vending environment is a challenge few would attempt, but which it has achieved with resounding success. Its success with assisting corporations and organisations seeking to meet BEE scorecard credentials effectively and sustainably - as it has done with the Massmart Group in an empowerment deal for both The Coffee Stop and Hot Dog Cafe brands - will be boosted with the addition of London Pie to the mix.

"With financing in place through the Jobs Fund/Masisizane Fund, the company has implemented an aggressive roll-out strategy for the dual-branded stores. We are currently looking for viable sites, recruiting prospective franchisees and appealing to corporate social responsibility companies and organisations to partner with us and play a role in entrepreneurship and job creation."

## **Lobbying for franchising**

As immediate past chairman of the Franchise Association of South Africa (FASA), Smith has played a pioneering role in convincing government, funders and corporate businesses of the potential of franchising in skills transfer, entrepreneurship and job creation. "There is no question that the inherent strength of the franchise format, with its built-in skills transfer mechanisms, support structures and bench-marking, can contribute to creating entrepreneurs and sustainable jobs. By awarding the company funds from the Jobs Fund and with other similar franchisor initiatives in the pipeline under the auspices of FASA, government is finally recognising of the role that franchising can play in economic development."

Since being awarded the Jobs Fund allocation in August 2013, the company has established a number of new operations throughout the country, training and mentoring qualifying candidates, creating new sustainable jobs with candidate franchisees currently going through the funding process to own their own franchises. The candidates, many of them disadvantaged when taken on as cadets, have benefitted from seven months of intensive training and those who showed extraordinary potential have ended up owning their own stores.

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