

**AGRI-TRAC, MORE THAN JUST TRACTION**



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## **AGRI-TRAC Inc. FRANCHISE OPPORTUNITY**

The purpose of this Document is to set out, in general terms, the AGRI-TRAC Inc. franchise opportunity in Canada.

### Background

AGRI-TRAC Inc. is based out of Woodstock, Ontario, Canada, and specializes in texturing concrete floors and outdoor pads to help alleviate the dangers that these slippery surfaces pose to livestock.

The original concept for the development of the AGRI-TRAC<sup>®</sup> proprietary equipment and system arose out of the founder of AGRI-TRAC, Tom Woodall's, business of renovating, repairing and retrofitting existing dairy barns throughout Southwestern Ontario, which dates back to 1976. Upon being approached by many of these dairy operators to find an economical and more effective way of solving the problem created by slippery floors in areas where the animals normally walk, the AGRI-TRAC concept was born.

Tom began his detailed research and development for the AGRI-TRAC proprietary equipment in the early 1990's. The first prototype of the proprietary AGRI-TRAC Apparatus was built in 1996, and a patent for an apparatus for roughening precast concrete surfaces was issued by the U.S. Trademark and Patent Office in December, 2002. Over the past 11 years, Tom has continued to refine the AGRI-TRAC Apparatus from its original version to today's current model, following years of testing and the commercialization of the AGRI-TRAC system, which provides an efficient process to introduce texture into pre-existing floors that enhances the safety, health and productivity of today's modern livestock facilities with minimum disruption to the daily routine of a livestock operation.

To date, AGRI-TRAC has textured well over 1,000,000 square feet of concrete in dairy and beef barn floors throughout Canada and throughout the northern United States. Customer testimonials confirm that the resulting textured floor created by the AGRI-TRAC system is superior to any previous method of floor alteration. In fact, the AGRI-TRAC system is the only texturing process that pre-cast slab manufacturers will allow on their product that won't void the manufacturer's warranty.

### Franchise Opportunity

Now that AGRI-TRAC has had the opportunity to use and modify the AGRI-TRAC Apparatus and to hone the AGRI-TRAC business model, it is now looking to provide franchise opportunities to entrepreneurial and hardworking business people who are looking for a sound business opportunity.

As part of your initial Franchise Fee, AGRI-TRAC or one of its affiliates will provide you with all of the equipment, licenses, training and other information that you need to immediately start an AGRI-TRAC Franchise, including the AGRI-TRAC Apparatus. Furthermore, unlike other franchises that require a franchisee to buy or enter into long term lease obligations for real property to operate the franchise, the AGRI-TRAC Franchise can literally be operated from the cube van that is provided as part of the Initial Franchise Fee. It is truly a turn-key franchise!

## The AGRI-TRAC Equipment

As noted above, AGRI-TRAC franchisees are provided with not only the proprietary AGRI-TRAC Apparatus and cube van to enable to franchisee to travel to its job sites. The small size, speed and agility of the apparatus not only enables the operator to do areas as narrow as 12 inches (as in some milk parlours, walk ways or steps) but also has the speed to complete up to 3 times more square footage per hour than any other method of floor alteration. It is also able to get within 2 inches of curbs, walls or pipes. In addition, each cube van will be stocked with tools and equipment that each franchise will be required to provide the AGRI-TRAC services and to complete minor repairs 'on the go'.

For the most part, the AGRI-TRAC Apparatus replacement parts can be purchased at local hardware and small machine stores in their area. For those component parts that are proprietary to AGRI-TRAC, they can be purchased directly from AGRI-TRAC or an Authorized AGRI-TRAC supplier, and can be shipped via overnight courier within two business days of being ordered.

## Training, Guidance and Ongoing Support

New franchisees will receive up to ten days of on-site training for up to two individuals within two weeks of purchasing the Franchise, at the time that the AGRI-TRAC equipment is delivered or made available for pick up. The cost of this training, exclusive of food and overnight accommodation expenses, is included in the Initial Franchise Fee. Strong emphasis is placed not only on the operation of the machine and simple mechanical repairs, but also current bio-hazard and hygiene risks and procedures, as well as customer service and employee relations tips.

As well, AGRI-TRAC representative will be available during regular business hours (Eastern Time) to provide immediately assistance for your telephone and email inquiries.

## Term and Exclusive Territories

At this time, AGRI-TRAC is offering franchise terms of 7 years, with one, 7-year renewal option. Due to the extended length of the Initial Term, the Renewal Franchise Fee will be 50% of the then-current Initial Franchise Fee and a certain percentage of which can be used by the Franchisee as a credit to update, retrofit or replace certain AGRI-TRAC equipment.

Each AGRI-TRAC Franchisee will have a defined Territory within which they can provide the AGRI-TRAC services to the exclusion of all other AGRI-TRAC Franchisees during the Term of their AGRI-TRAC Franchise, including any renewal term, provided that, AGRI-TRAC reserves the right to partition off any portion of such Territory and provide it to another AGRI-TRAC Franchisee or service such area itself or through one its Affiliates at any time during the Term in the event that the Franchisee is unable to meet the demand within the original Territory within a reasonable time period with only one AGRI-TRAC Apparatus. The existing Franchisee will have right of first refusal to purchase the Franchise for this newly created territory.

## Monthly Royalty Payments

Throughout the Term, including any renewal term, standard monthly royalty payments will be due and payable by each Franchisee to AGRI-TRAC. These payments will be fixed, and will be based on a percentage of work that could be completed by a Franchisee during a four-day work week.

## Regional, National and International Marketing Programs

Brand recognition is the key to the success of any business, and AGRI-TRAC and the business of its Franchisees is no different. In fact AGRI-TRAC is so committed to this principal that each AGRI-TRAC Franchise will receive their own AGRI-TRAC trade-show booth as part of their Initial Franchise Fee. In addition, upon reasonable request, a representative of AGRI-TRAC will attend at least one trade or farm show annually with every AGRI-TRAC Franchise. Furthermore, a portion of the Monthly Royalty Payments will be allocated to national and international marketing initiatives, including, but not limited to advertisements in industry publications and development of the AGRI-TRAC Internet presence that will include links to individual Franchisees web pages.

In addition, each AGRI-TRAC Franchisee will be required to obtain and maintain a minimum local and regional advertising presence, such as the yellow pages listings and business cards. However, AGRI-TRAC will develop standard advertising material for all Franchisees to ensure an integrated and consistent marketing message.

## Franchisee Selection Process

The selection of AGRI-TRAC franchisees is an important decision for AGRI-TRAC and involves a detailed interview and approval process. As AGRI-TRAC franchises have only become available in 2007, it is critical that its first franchise not only help build brand-awareness, but also exemplify the integrity and professionalism that AGRI-TRAC has become known for.

AGRI-TRAC is looking for franchisees that possesses the necessary entrepreneurial drive, management skills, financial means and dedication which is required in today's competitive market. AGRI-TRAC is proud of its reputation for superior service and results, reasonable prices and concern for the bio-hazard risks inherent in today's farming industry. A franchisee's success will be directly related to the time and effort that he or she puts into servicing the client, building his or her business and promoting the AGRI-TRAC solution.

As is the case with any business endeavour, the financial resources of an AGRI-TRAC franchisee is often a key (although not the only) indicator of their potential success. As such, AGRI-TRAC requires that the at least 50% of Initial Franchise Fee be paid by unencumbered funds. The balance of the fee may be paid with borrowed funds, and AGRI-TRAC provides payment terms to eligible franchises for the balance of this amount, on approved credit). In addition, AGRI-TRAC franchisees are required to maintain minimum working capital requirements throughout the term of their AGRI-TRAC Franchise.

## Next Steps

If you are interested in learning more about Canadian AGRI-TRAC Franchising Opportunities, please complete the attached AGRI-TRAC Franchise Questionnaire and return it to AGRI-TRAC Franchising Department at the address listed below, together with your personal resume and request for the AGRI-TRAC Franchise Disclosure Package.

AGRI-TRAC Franchising Department  
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