

# Kitset Assembly Services raising \$7m to expand 'business in a box' model to US



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The team at Kitset Assembly Services say the biggest challenge in raising capital will be the “tough market”.

A Kiwi kitset and flat-pack assembly company is looking to raise \$7 million to expand to the United States after testing its “business in a box” model across New Zealand, Australia and at University of California Los Angeles (UCLA).

Kitset Assembly Services (KAS) director and co-owner Jennifer Lees said the company aimed to make franchising easy for new business owners after taking over the enterprise with co-owner and director William Flew in 2017.

The company assembles pre-purchased flat-packs, putting together everything from garden sheds, furniture, saunas and greenhouses, to fitness equipment, trampolines, beds and barbecues.

“The goal right from the outset was to create a business in a box that anybody could go in and have that expertise from people who have been in business for a lot longer,” Lees said.

Lees and Flew started in hospitality and telecommunications more than 30 years ago, which Lees said motivated the team to set up a model that works for small business owners looking to make their mark in business.

“A lot of the people coming in are fantastic individuals, but they haven’t run their own businesses before. We wanted to get it right for the guys coming in and expanding the network.”

## A business in a box

Lees said KAS’s franchising model was a “revelation” for the team.

“I wanted to make sure every single process was easy and repeatable so you didn’t have to spend a lot of time on the paperwork or time worrying about your accounts.”

This meant creating a “scalable model” for all back-end KAS training and technology systems which led to the company’s specialised software ToolKit.



Kitset Assembly Services director and co-owner Jennifer Lees.



Lees said the company put \$2.5m into the New Zealand business, which partially went towards developing ToolKit.

“You don’t come into a kit set business unless you’re a practical person. But it’s that backup of the business system and being able to provide seamless business systems,” she said.

“We have streamlined those steps so [franchisees] know what it’s going to look like for them in the first three months, the first six months and the first year.”

## ‘Push-button ready for the States’

“We’re looking to raise \$7m in total,” Lees said.

Part of the capital raise includes listing on the Catalist exchange, however, she said the biggest challenge in raising capital would be the “tough market”.

Lees said raising capital is never easy for anybody but added KAS’s simple and easily repeatable business model is a winning formula.

“Australia is an extremely similar model to New Zealand. We’re already there.”



The Kitset Assembly Services team.

She said expanding to the US would be a different experience.

“In the US, we’re not trying to reinvent the wheel. We’ve got the model pretty well perfected and all we need to do is create another 60 or 65 of William and me,” she said.

The company already has four locations in the Australian Capital Territory and Victoria in Australia, with a focus to expand further in Melbourne.

In terms of the US expansion, Lees said the company is “not going to try and boil the ocean”.

“Tucson, Arizona, is where we’re kicking off in the states. We’ve already got a man on the ground there,” Lees said.

“We’re push-button ready for the States.”

## **UCLA Anderson School of Management study**

The company was recently studied by UCLA’s Anderson School funded by New Zealand Trade and Enterprise.

“When the UCLA project was undertaken, they identified four key states where it would be really good to start. Arizona was one of them, so it was almost like the planets aligned,” Lees said.

She said the study showed all states in the US were recognised as “franchise friendly”, which was a positive sign for the business.

Lees said the “six-month deep dive into the business tested a lot of the systems that we never would have been able to in that way”.

“They did an extremely robust check. They walked through all areas, they picked us apart like you wouldn’t believe.”

She said the university was “a great exercise”, putting the company under pressure to prove the effectiveness of its systems.

# What's in the box?

Lees said a franchisee starter kit is “important to get nailed down right from the beginning”, firstly with set fees for each operator.

“Because a lot of businesses operate on a percentage of sales, I didn’t want people coming in feeling like they had to work hard just to line our pockets,” she said.

Next, she said all franchisees get training on their local area and accounting systems.

“We provide a very intensive four-week training period from the outset where they have a full week in our head office and support office where they go through all of the administration that might be involved in the business,” Lees said.

The final item in the box is a uniform, Lees said.