



Replicating Social Enterprises

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A little Background

- One day in prison with Peter Stadler....
- The Social Firms UK journey
- Learning and Sharing
- Moving on...
- CEIS



Ways to create a social enterprise

- Start-ups
- Conversions
- Mergers
- Acquisitions
- Replication
- Licensing
- Franchising

Start-up projects and franchising

- The challenge of starting a business from the ground up is considerable. Enterprises need to identify a viable opportunity, create a social enterprise business model, secure appropriate finance, and then manage the business dealing with constant operational problems.
- Franchises have usually been thoroughly developed. Over the years franchisors will improve their model and their knowledge of the market - place. Established franchisors will understand the transferability of their system and will have valuable experience of assisting franchisees to deal with common business problems.

The franchising industry is a cruel and shallow money trench, a long plastic hallway where thieves and pimps run free, and good men die like dogs. There's also a negative side.

Replication, licensing and franchising

- Replication of Social Enterprises
- Licensing as a means of business development
- Social enterprise to social enterprise franchising
- Commercial enterprise to social enterprise franchising (session 2)

Replication

- Replication of a business idea, business model or system
- With or without the permission of the original business
- Can involve payment for support, training, access to knowledge?
- How ethical is the social enterprise sector, are enterprises damaged by replication?

National Community Wood Recycling Project

- A nationwide network of wood recycling social enterprises modelled on Brighton and Hove Wood Recycling.
- The venture has already supported 15 new enterprises that collect and resell waste wood from the commercial sector, thereby reducing waste, saving resources and providing employment.
- communitywoodrecycling.org.uk



Community Wood Recycling

- Birmingham,
Brighton, Bristol,
Bromley,
Cambridgeshire, Isle
of Wight, Llandudno
Junction, London,
Manchester,
Newcastle, Newport,
Oxford, Preston,
Wiltshire, Yorkshire



Licensing

- Using the intellectual property of one company to establish an identical or similar business (or use a process)
- Usually involves initial payment, access to systems, manuals, training and support
- Can involve access to branding
- May involve ongoing payment of flat fee or commission for updates/upgrades or support



Wholefood Planet is a Licence Opportunity to establish a wholefood retail warehouse.



This has been developed by Social Firms UK in collaboration with the Daily Bread Co-operatives.

Pack-IT

- 2003 Social Enterprise of the year
- Packing, distribution & fulfilment
- 14 staff, 7 disabled staff
- Was a social services project
- Identified a dynamic manager who grew the business and has remained there
- 25,000 sq ft warehouse
- 2 licensed businesses



Care and Share Associates

- Developed by Sunderland Home Care Associates
- Providing high quality care services to people in their homes, using local labour
- Employees are owners of the business
- Significant growth sector
- 3 Licensed ventures established following 12 months investment in systems, promotion etc.
- Social Enterprise of the Year 2006



Franchising

- Will include a licence and all of the components of support, training etc
- Will involve access to a brand
- Initial fee level will depend on how well established the brand is
- Ongoing fees to cover support and marketing are commonplace and range from 4% to 50% of gross sales

Social Enterprise to Social Enterprise Franchising

- 15 Restaurant Group
- Greenworks
- Aquamacs
- The Soap Co

Social enterprises offering franchise opportunities to other social enterprises

Fifteen!



- Fifteen – London, Amsterdam, Watergate Bay, Melbourne,

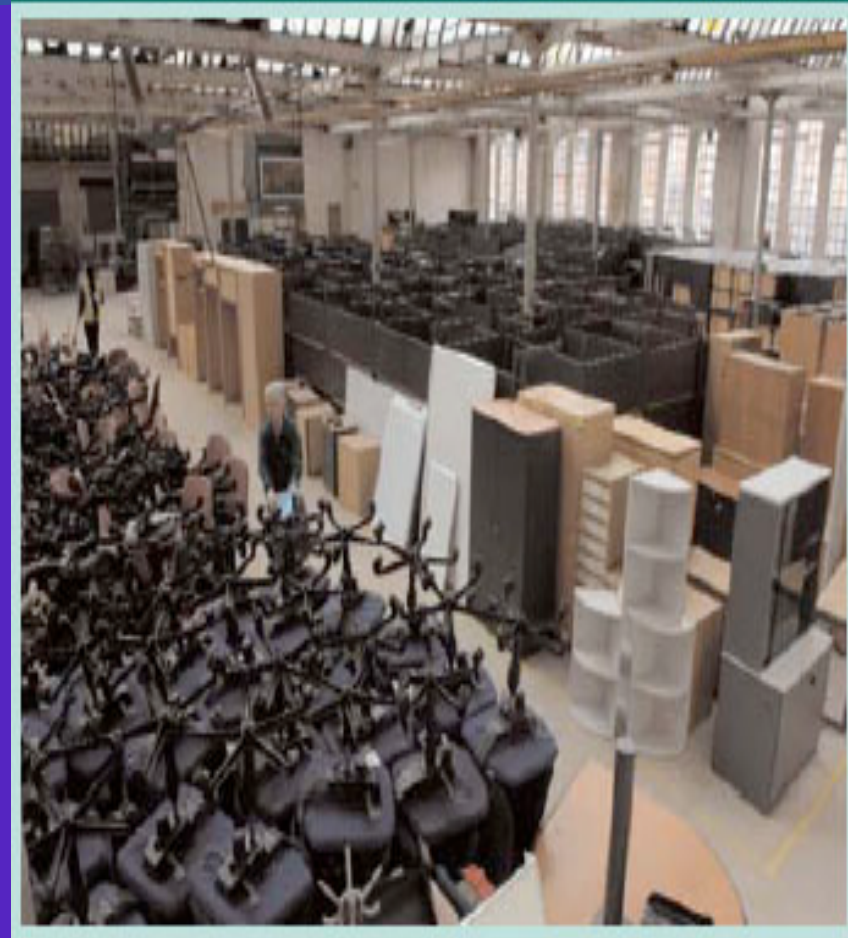
Aquamacs



- Aquarium rental and maintenance opportunity
- Award winning social firm in Cornwall
- Business sector with potential growth
- Three Franchises commenced in Summer 2005, in Oxford, Newcastle and Glasgow
- Recruitment and planning dependant on trading of the first pilot ventures

Greenworks

- Green-Works is an innovative not-for-profit company established to provide businesses with a practical service to remove redundant office equipment, whilst simultaneously tackling environmental concerns and helping the local community groups.
- Green-Works enables companies to fulfill their social and environmental responsibility by offering them a one-stop service to collect this furniture and redistribute it at discounted prices. Companies already benefiting from this unrivalled service include Unilever, BP, Kingfisher, Diageo, BG Group and BAT.



The Soap Co



The Soap Co

- Established a company owned store (social firm) in the Lake District
- Able to contrast this store and franchisee
- Gave franchisor direct intelligence about the proposition
- Converted the Soap Co from a franchise to a licence in 2006.



Option Analysis

Whether to have company owned and managed new branches, or allowing others to replicate licence or franchise your business will depend on;

- Finance and cashflow,
- the nature of the business and the intellectual property
- Organisation culture and capacity
- The market place and competition

Conclusions

- Replication is increasing, facilitated by development of quality management systems and awareness of best practice
- Many good social enterprises can benefit from licensing but development of systems is expensive and needs to be properly resourced
- Very few social enterprises have the scale and resources to franchise their business format



In order to succeed, we must first believe that we can.

Michael Korda