



Replicating Social Enterprises

Session 2
Gerry Higgins



Outline

- Commercial franchising and social enterprises
- Selecting a Franchise
- Identifying Partners
- Components of a franchise system
- Conclusions
- Questions and discussion

Commercial Franchises and Social Enterprises

- What's the motivation for commercial franchises?
- Is this an increasing trend?
- Are the cultures of social enterprise and franchising too far apart?

Commercial Franchises and Social Enterprises

Organisation	Franchise	Year
CenterForce (Lakewood, Wash.)	AIM Mail Centers	2001
Central Detroit Christian Development Corporation	Tastee-Freez	2002
Juma Ventures (San Francisco)	Ben & Jerry's, Krispy Kreme Doughnuts, and Tully's Coffee	1995
Mexican American Opportunity Foundation (Los Angeles)	7-Eleven	1995
New Community Corporation (Newark, N.J.)	Dunkin' Donuts, Nathan's Famous, Pizza Hut, Taco Bell	1990
Platte River Industries (Denver)	Auntie Anne's	1998
Project Homestead (Greensboro, N.C.)	Krispy Kreme Doughnuts	2002

Recognition Express

- 2 London franchises following competition amongst social enterprises
- MD Nigel Topliss is current chair of British Franchise Association



Ben and Jerry's !

**Private business with
social values**

Partner-shop Programme

Chicago Children's Choir

**Cresco Trust and FRC
Group**



	<u>Social Enterprise Franchise</u>	<u>Established Commercial Franchises</u>
Business Concept	Often not well established, little track record to inform replication process	Business model is proven over time in a range of situations
Brand awareness	Generally low amongst the public and business	High in established franchises due to level of marketing
Operating systems	Often under development, after modest investment	Tested and Proven after significant investment and piloting
Financial Returns	S/E returns usually modest	Establish brands show consistent profitability

	<u>Social Franchise</u>	<u>Commercial Franchises</u>
Training/ Support	Tailored to s/e, capacity may be variable	Ongoing Support, well established training programmes
Access to Capital	Poor access due to unproven concept	Easy access, banks like established franchises
Business Culture	Shared values and mission	Commercial culture may lead to difficult relationship
Entry Cost	Very low to promote accessibility	High in accordance with track record and consistent returns

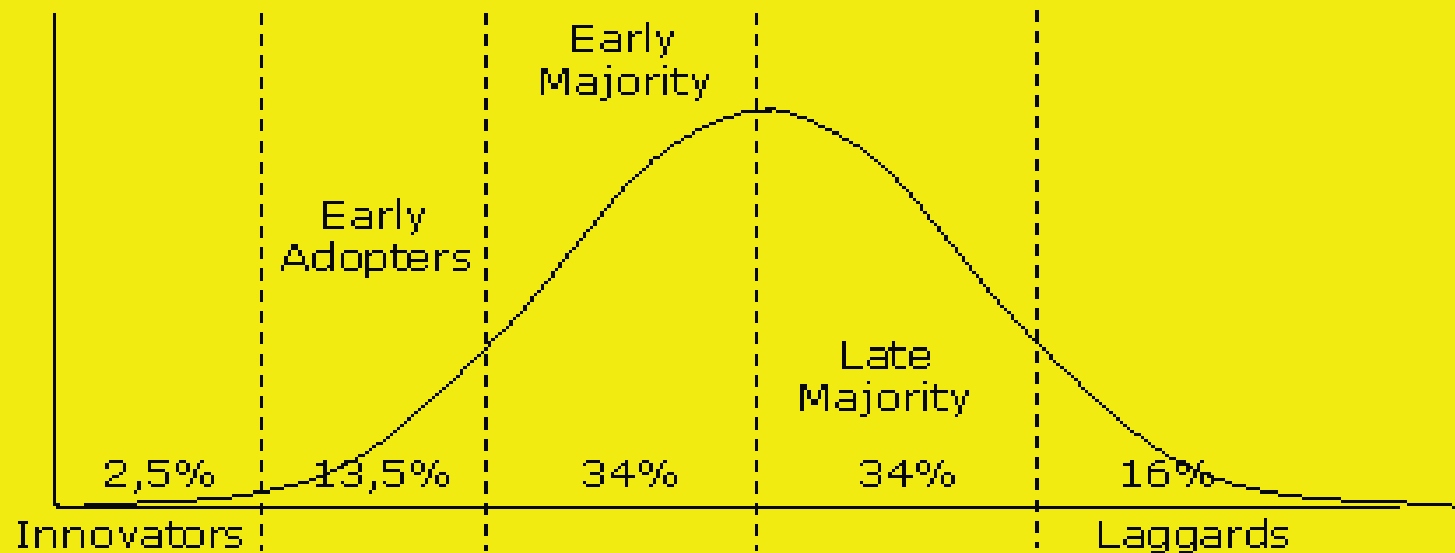
Selecting a franchise option

Social Enterprise Franchise	For organisations wishing to buy into a business model that has common values and a track record as a successful social enterprise
Established Commercial Franchises	For organisations that need to generate financial return and are prepared to take on commercial disciplines in order to achieve this

Identifying Partners

© 12manage.com

Rogers Adoption / Innovation Curve



Considerations for a prospective franchisee

Analyse the Franchise Proposition



Employment

Business
Performance

Management
Capacity

Relationship

Replicability

Components

Expression of Interest	Initial Fee	Franchise Agreement	Training
Confidentiality Undertaking	Market Research	Franchise Fee	Launch
Prospectus	Business Plan	Operations Manual	Ongoing Support
Initial Assessment	Appraisal	Stationery, Signage	Feedback Loop

Conclusions

- Social enterprises in the UK are now thinking differently about method of business start-up
- Funders and policy makers are working to support movement from project start-up to more commercial methods of getting into business
- Social enterprises are cautiously increasing contact with commercial franchises, the cultural differences and disciplines limit widespread take-up.