

European Social Franchising Network Development Plan

Introduction

Social Franchising is a new concept developed by a number of organisations and social enterprises within the EU. It is a method that has been developed to enable social enterprises to grow much more speedily and effectively than has hitherto been possible with one of developments.

It is based on the concept of a Consortia approach to business development, as used in Italy. This social cooperatives coming together as part of Consortia or federations and initiating new enterprises themselves rather than, for example, in the UK where business development is usually by individual agencies or individuals. Such an approach has helped Italy grow the largest social enterprise sector in the UK

It is also based on the concept of commercial franchising which has proved to be a highly effective method of growing commercial businesses. The greater growth rate is in part attributable to the much greater survival rate of franchisees than other type of business start ups (some eight times better across Europe).

Social franchising is different to commercial franchising in that the enterprises have a social as well as commercial purpose and often, though not exclusively, the franchise is owned by the franchisees rather than just the franchisor. In this way social franchises are often more akin to federations than a top down hierarchical structure.

We believe that social franchising therefore brings considerable amounts of benefits, which include the following

1. Social enterprises have often been market innovators, but have rarely capitalised on this (eg organic food and Fairtrade). Social franchising provides the potential for rapid growth and the necessary scale to exploit these opportunities
2. Social enterprise is often highly efficient at meeting local needs. However, lack of scale makes contracting with large authorities or retailers difficult due to contract requirements (eg in care). This puts them at a political and/or commercial disadvantage in competing with large public or private sector organisations. Being part of a social franchise allows social enterprises to maintain efficiency whilst having the scale to compete with large organisations politically.
3. Social franchises make it easier and safer for social entrepreneurs to set up enterprises, providing them with a proven business model and access to trade specific support
4. Social franchisors are a market driven trade specific business support structure that will only survive if it effectively supports the establishment of successful social franchises. Thus the social franchisor will only work with people it thinks can succeed in the long term. The social franchisee has the comfort of knowing that the social franchisor is committed financially to make sure they succeed.
5. Social franchising is built on the creation of successful locally controlled enterprises. Compared to outposts of a multi-national global company, they contribute more to the local economy and ensure that jobs are not outsourced to other areas or countries. They are also less vulnerable to 'branch closure'.

Social franchising as a concept has been developed separately in a number of European countries. Examples include the Le Mat hotel chain originating in Italy now spreading to Sweden and other countries, Villa Vägen ut! halfwayhouses for exoffenders in Sweden, Care and Share Associates domiciliary care businesses in the

UK and CAP Market supermarket Chain in Germany. Some of these businesses are quite large, CAP Market has over 40 stores and others, such as Le Mat, are operating in more than one European country.

This paper sets out a plan for developing a European Social Franchising Network (ESFN) that will promote and develop the concept of social franchising on a European level and share business ideas.

Why do we need a European Network?

The Sharing, Identifying, Promoting and Sustaining, a Transnational Partnership of 7 European initiatives, has been working on the development of social franchising. As part of its work, and in particular as the result of an Open Space event involving SIPS partners and others Berlin it identified a need for ESFN. As we have seen, social franchising should increase the effectiveness of social enterprises and increase their growth. The Open Space event identified that having a European network will help develop social franchising by providing the following benefits

ESFN's aim

To create more jobs that are both better and more sustainable by developing social enterprises that improve quality of life through social franchising.

ESFN Objectives

The above aim will be met by achieving the following objectives

1. Sharing knowledge, contacts & business ideas on social franchising
2. Providing peer support for those involved in social franchising
3. Facilitating the development and exchange of social franchises across Europe
4. Provide a voice for social franchising and enhance the credibility of both individual social franchises and for the concept of social franchising as an alternative to traditional business development methodologies
5. Promote the concept of social franchising and provide an easily accessible point of information on what social franchising is and what social franchises are available
6. Provide a European wide standard to validate and accredit legitimate social franchises and thus provide confidence to those who might wish to take up social franchises or agencies that might wish to engage them

How would ESFN achieve this?

Before we understand what the European network will do, we have to have some understanding of the method by which social franchising will develop.

Most of the work to promote social franchising is and will be done by individual social franchises promoting their business idea to those who might wish to establish a social franchise. If we look at the example of a social care franchise like Care and Share Associates, this could either be individuals or groups of people wishing to set up an employee owned social franchise or a government body or other type of agency involved in economic development (eg a regeneration agency wishing to create jobs) or the provision of services (eg a City Council wishing to ensure the provision of social care).

Regionally or nationally, such social franchises are also likely to wish to join together to promote the concept of social franchising and their particular social franchise. In the UK we are establishing INSPIRE to do this and it will be owned by social franchisors. The primary focus for this promotional activity will be to those involved in economic development (eg City Councils or Regional Development Agencies) of

the concept as a legitimate means of business development. Agencies like INSPIRE are also likely to use the establishment of a social franchise in a particular area as foothold through which other social franchises can be introduced into the area.

Such bodies are likely to have many of the functions of the European Network, but clearly focused on their region or country.

The ESFN would have as its members the regional and/or national bodies promoting social franchising. They will get access to share knowledge and range of social franchises that have been developed in other European countries. It would also include those social franchises that have a business model that can, with advantage, be promoted across Europe, such as the Le Mat hotel chain. A third class of associate members would include those agencies that have an interest in social enterprise on European level, such as CECOP, and others, like Universities or research bodies, that may also see advantage in being members.

What would it do?

At the Open Space Event and at subsequent meeting we identified the following functions of the network:

1. Provision of a promotional website and European access point on social franchising with links to national and regional members and social franchise
2. Provision of an interactive Wiki website to share information and best practice for members and practitioners
3. Lobbying and representation
4. A mechanism for jointly developing new business ideas
5. Provide an accreditation standard for social franchises

Funding

In the long-term, the Network should be self funding. Members will receive substantial benefits from membership in the form of information, such as business structures, the promotion of their social franchise and the concept of franchising, the opportunity to promote a range of social franchises, the credibility of a being an approved social franchise and so on.

Such benefits we believe are sufficient to enable the Network to raise sufficient income to fund its core activities.

However, this will take at least three years to happen, both in terms of the development of the social franchising movement and the development of the Network.

We believe we are looking for three years kick start funding.

This will be for a Network manager, funding to facilitate meeting and interaction of members (eg through the Wiki website) and for promotional activities (primarily a website and events).

We estimate that this will cost about 120,000 euros per annum

So far, resources have been provided on a voluntary basis and by SIPS and its members to develop the network. This funding will no longer be available after September

Where we are now

So far we have

1. developed a logo and website with case studies for ESNF
www.socialfranchising.coop
2. developed a wiki has been established on replication as part of
www.wiki.coop
3. agreed to incorporate ESNF as a legal entity.
4. held meetings with the European Commission to discuss the establishment of a network
5. Produced “Expanding values – a guide to social franchising”

Next Steps

We need to:

1. Engage more people in the network
2. Raise awareness of social franchising and the network
3. Consult more widely on our proposals for the network
4. Develop detailed proposals for establishing a network

This will be achieved by:

1. A conference ideally held in partnership with DG Employment and DG Enterprise of the European Commission in Brussels to launch the Network and refine its purpose
2. Production of a three year business plan for the Network
3. Identification of funding for the Network

Some of these activities will be funded by SIPS and its members; others will need additional resources (eg the Brussels conference). We are in discussion with departments in the EC for this funding.

In conclusion

This document sets out a plan to establish what we believe will be a network that will play a significant role in establishing social franchising as a new and exciting approach to social enterprise development, As such, it will enhance the growth of social enterprise throughout the European Union thus making a significant contribution to the employment of disadvantaged people and the achievements of our social and environmental aims.