



Social franchising

"When someone buys what you have made yourself, you gain self-confidence because the product becomes valuable for someone else. The customers are therefore very important. Encounters with people in the world of drug abuse are usually not especially positive. In the meeting with a customer, you acquire a new identity – as a producer and as an active member of the cooperative's activities."

Tina Eriksson,
The "Karins Döttrar" (artisan co-op)
Cooperative



"For me, the Kullen Cooperative was the difference between standing outside and being involved"

Elisabeth Lindgren,
The Kullen Cooperative



Social Enterprises

- conduct business by selling services or products
- integrate people who are far from the labour market into society and working life
- create involvement for employees via ownership, contracts or some other proven method
- reinvest their profits in their own or similar ventures
- are independent of the public sector

Social Enterprises

There are more and more tales in Sweden and elsewhere in Europe about people who the labour market left behind, but who today are proud entrepreneurs and involved in a new and expanding sector. The stories are about those who work in social enterprises such as Vägen ut! kooperativen, Grogrunden, Beatebergs hunddagis (dog daycare), in Göteborg, Basta Workers' Cooperative in Nykvarn, Solakoop in Karlstad, Kullen in Örebro and KOS in Stockholm. In these seven examples, 150 people have together created work for themselves.

Franchising

Franchising is first and foremost a way of transferring knowledge and experience from one successfully operating business venture to a new company. The franchisor gives the franchisee the right – but also the obligation – to operate a business according to the franchisor’s concept.

The franchisee, for a fee, may use the franchisor’s name and trademark, know-how, business methods and techniques, way of working and other rights. Upon becoming established, and during further operations, the venture receives support and training, and (not least) the further development of the concept.

The Advantages of Franchising

- Without extensive experience, one can start a business venture.
- One’s own marketing is supported through being part of a larger whole.
- The risks for the entrepreneur, and for the financier, are considerably lower. The likelihood of bankruptcy among new franchise ventures is only one-sixth of the rate among new ventures in general.



Social franchising

Social franchising means using and developing the franchising method to achieve social goals. It is about spreading experience from successful social enterprises so that more people become employed. And that these companies apply democracy in such a way that the potential of all employees is developed. Social franchising also builds a community by stimulating contacts among employees in different companies and efforts toward common goals.

A community

In social franchising, there is a founder, just like in any franchise. The starting point for the franchisor is to spread its ideas, share its experiences, and build a community. The social

goals are fundamental, and often include contributing to the creation of more jobs. In this form of franchising, exchange and learning through contacts with those who started earlier are important for the entrepreneurs.

The Form Varies

The founder builds up a franchise system and becomes a franchisor. The forms vary among different systems. They can be cooperatives when this is appropriate, but the franchisor always enters into an agreement with the franchisee that regulates rights and obligations. Through involvement, knowledge, and fees, the franchisee contributes to the development of the business concept.



Knowledge Transfer

By defining the keys to success and documenting them in manuals, and by developing training courses based on them, a group of entrepreneurs can gain access to knowledge and experience.

In social franchising, an important aspect is training as a source of support for entrepreneurs. Training, forms of management and routines are designed so they empower the employees. As a part of every company's founding, everyone is involved in the design of the organization.

More Social Enterprises Can Be Started

Starting a social enterprise is usually difficult. The entrepreneurs have often been without

a foothold in the labour market, with all that goes along with that. Knowledge and networks for operating a company may not be the best in all cases. Starting and operating a company under these premises is very difficult.

Through social franchising, to put it simply, more social enterprises will be able to start. It provides a support structure for social enterprises.

Handles the Competition Better

By cooperating in a franchise organization, competitiveness is improved. Joint development and quality efforts offer better prospects. Even the social enterprise must survive the ever-faster change in its environment!



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Le Mat

Twenty years ago, five young women started a hotel in Trieste. They were members of “Il Posto Delle Fragole” (social cooperative), which consisted of young psychiatric patients, drug addicts, doctors, and volunteer members. This successful hotel is today the basis of the Le Mat hotel concept. In many locations in Italy, Le Mat hotels are now being established. And, as members of the Le Mat network and as social franchisees, we will establish a number of hotels in Sweden.

- A Le Mat Hotel:
- Is a mid-scale hotel with 40-60 beds.
 - Targets the mid-scale traveller and maintains market prices.
 - Is centrally located with good transport links.
 - Aims to provide jobs for 10 people who are excluded from the labour market.
 - Is environmentally adapted and accessible for all.
 - Is welcoming!
 - Other types of lodging such as a boarding house, bed & breakfast and youth hostel may also become associated with Le Mat.

The Italian experience is now being disseminated to Swedish social entrepreneurs in Göteborg, Stockholm, and Karlstad via social franchising, with the goal of starting a hotel. We hope that travellers to other places can receive a warm welcome by Le Mat entrepreneurs.





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Villa Vägen ut!

At Villa Vägen ut! there will be support for finding a structure in life. The goal is that whoever leaves this house will have a new social network, a job and new activities outside of work.

Vägen ut! kooperativen have established two halfway houses. One is for men, twenty kilometres from central Göteborg, and one is for women, located near the sea just outside Göteborg.

The "Villas" are run by employees with their own experience of crime and drugs. To them come for example people in the final period of their jail sentences or with social services support for out-processing from treatment.

The Prison and Probation Service or the Social Services Agency buys residential spots from Vägen ut! Clear requirements are stipulated regarding remaining drug-free, participation, changed behaviour, and a willingness to work with oneself. People work or undertake studies outside the halfway house during their stay there.

Experiences from Villa Vägen ut! in Göteborg are being disseminated to social entrepreneurs in Örebro, Sundsvall and Stockholm through social franchising. Hopefully, the network of Villa Vägen ut! halfway houses can be expanded to more locations within the near future.



Normally, a franchise is a strategy for a company that wants to grow geographically and earn money on the knowledge it has gained. In a social enterprise, the profit is not the driving force, even if it may be an important goal. The driving force is the common good. Social franchising is a means of providing increasing numbers with the same opportunities, and provides the original members with access to a network and a community for making better use of their possibilities.

Establishing a Social Franchise System

The path to social franchising as a rule consists of the following steps:

- One has operated one's business with success for several years.
 - An analysis of the company that includes its market, the products, the strength of the brand, administrative routines, and (not least) a financial analysis.
 - That one defines one's keys to success and reflects about how these can best be disseminated.
 - A handbook is written that described how sales, the design of services or products, and the organization and administration should take place, and the requirements placed upon them.
 - Training for the franchisee. At our facilities, the local Coompanion takes part in the implementation.
 - A business plan and establishment plan for the franchisor, with finances that make it possible to support the local companies and develop the concept further.
 - An agreement between the franchisor and franchisee is drafted.
 - A profile of criteria for the franchisee plus how the recruiting and staff selection should take place.
- Contact the Coompanion and/or a franchising consultant to see if your venture can be spread and in this way create a larger network.



“What we are good at is supporting each other. So that got to be the business idea.”

Tina Eriksson

The Social Franchising Project as a Dissemination Method

Vägen ut! kooperativen jointly develop, with Coompanion, the social franchising method so that more social enterprises will be established. In the project, knowledge is transferred to social entrepreneurs and the cooperative development centre, with the goal of establishing a:

- Hotel in Göteborg
- Hotel in Stockholm
- Boarding house in Göteborg
- Bed & breakfast in Karlstad
- Halfway house in Stockholm
- Halfway house in Örebro
- Halfway house in Sundsvall

In addition, both hotels and halfway houses are being initiated in an additional number of locations. Beyond transferring knowledge about hotels and halfway houses, the method of social franchising itself should be spread to social enterprises and the venture developers of the social economy, Coompanion, and other actors.

The project is supported by NUTEK and the EQUAL Programme. The project's advisory board consists of NUTEK, the Swedish European Social Fund (ESF) Council, RIKSKRIS, Coompanion, and Vägen ut! kooperativen.

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