

## Example social franchises



## Social Franchising

*What is it and is my social enterprise/ social cooperative franchiseable?*

Renate Goergen, **Le Mat**

Michael Berriman, **Commonwheels**



## So, today

- What is social franchising
- Is my social enterprise franchiseable?
- Share some knowledge / spread some love
- Conclude

## A (tiny) bit about us!

### Commonwheels CIC

- Short-term, locally-based, community-owned car sharing – since 2007
- A network of 110 vehicles across 20+ locations with over 1300 member drivers
- UK's largest community-owned car sharing company
- Mixed portfolio of managed operations and franchisees
- Only car club in the UK using a franchise model for business growth



## Terminology

- Franchising?
- Abused term?
- Does it cover franchising / replication / licensing?
- Are we bothered?

## What is it?

- “Social franchising is the application of commercial franchising concepts to achieve socially beneficial ends, rather than profit” (*Wikipedia*)
- “Social franchising: The next big thing for social enterprise (again)” (*the Guardian*)
- “Although social franchising is like commercial franchising, it is significantly different – social franchisors can close the circle” (*ESFN*)

## So, what is it?

Characterised by:

- a franchisor
- a common brand
- a common system
- a defined territory
- a sharing of knowledge and resources a shared social purpose
- a mutually beneficial relationship
- a closed circle

## How does it fit with social enterprise?

- Based upon commercial franchising and Italian Consortia
- Allows social enterprise to be locally based and benefit from real economies of scale
- Enables more rapid growth – through replication and businesses in a box
- Puts social enterprise at the forefront of organisational development
- A federation that grows stronger as it grows bigger

## The Benefits?

- Accelerated business growth
- Credible and established brand
- Quick and easy(er) to start up
- Some couldn't develop any other way (e.g. lack of resource, need for local ownership)
- Business specific support
- Support from peers in other franchisees
- Control through shared ownership
- Mutual growth

## The Pitfalls?

- Failure to understand business
- Original business not strong enough
- Apeing commercial franchise
- Growing too fast too soon
- Franchising for the wrong reasons
- Selecting the wrong franchisees
- Lack of infrastructure and support
- Failure to seek/take proper advice
- Incorrect pricing

## And how does this help?



## Example social franchises



## Is my social enterprise franchiseable?



## What's required?

- Profitable business - financially viable for both parties and financially secure
- Proven business systems capable of replication
- Identifiable brand with distinctive image and concept
- Steady or growing demand for products or services
- Simple, easy to learn business format
- Identifiable, viable territories

## What to look for as a social franchisor

1. Potential to operate in a local, growth area
2. You have a well developed model
3. You have capacity (to run your own business *and* be a franchisor)
4. Tangible, mutual benefits at the right price for all

## What to look for as a social franchisor (cont)

5. Activity adds credibility
6. Successful profitable franchisees
7. Necessary internal quality systems for monitoring franchisees
8. Growth benefits all!

## Creating a social franchise -key principles

1. Identify economic sector
2. Replicate a successful and proven business and social enterprise model
3. Provide business support, financial backing, time & money

## Creating a social franchise -key principles

4. Pick people and organisations – get entrepreneur
5. The social franchise offer?
6. Mutually beneficial relationship
7. Ensure growth benefits all

## The Franchise model

- Brand
- Systems
- Support - development / on-going
- Territory
- Training
- Cost – initial / on-going

## Commonwheels

- **Brand** - Commonwheels or Option C (2009)
- **Systems** - telematics - pain barrier! Fuel deals. Comprehensive now!
- **Territory** – towns, villages, communities, islands
- **Support** – back office, raising finance, raising awareness, getting members, local authority input, local feasibility, property developers, economies of scale etc
- **Stakeholder / Governance** – support with legal structures
- **Charges** – initial and on-going



## Commonwheels – Issues / the future!

- Do we continue with mixed bag? Conversions of existing operations to franchises?
- Not everyone wants to be a franchise (but do we want them to?)
- Financial viability for franchisor / franchisees
- Need to learn (more) with and from our franchisees!



## The Franchise model – and You!

- Brand
- Systems
- Support - development / on-going
- Territory
- Training
- Cost – initial / on-going