

Financing Social Franchising CASA; Looking For Love

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Format

- What Do You Want?
- Brief Background To CASA
- CASA Perspective; Looking For Love
- Bridges Ventures Perspective
- Trial 'Pitches'
- Q & A

What Is CASA?

Care and Share Associates

- Company limited by guarantee
- Member directors: Margaret Elliott, Guy Turnbull, Shaun Jackson & Dave Wheatcroft
- Directors (non-executive): Walter Young & Michael Heap (Chair)

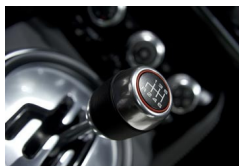
North Tyneside HCA	Newcastle HCA	Manchester HCA	Calderdale HCA	Knowsley HCA	New Units
<ul style="list-style-type: none"> • Company limited by share capital • Directors: Meg Halliwell, Shaun Jackson & Margaret Elliott • Ownership: CASA 10%; EBT 77.8%; SIP 12.2% 	<ul style="list-style-type: none"> • Company limited by share capital • Directors: Shaun Jackson & Margaret Elliott • Ownership: CASA 10%; EBT 82.7%; SIP 7.3% 	<ul style="list-style-type: none"> • Company limited by share capital • Directors: Elaine Mellor, Shaun Jackson & Margaret Elliott • Ownership: CASA 10%; EBT 90% 	<ul style="list-style-type: none"> • Company limited by share capital • Directors: Shaun Jackson, Guy Turnbull, David Wheatcroft & Margaret Elliott • Ownership: CASA 11%; EBT 89% 	<ul style="list-style-type: none"> • Company limited by share capital • Directors: Shaun Jackson & Margaret Elliott • Ownership: CASA 100% (EBT in the process of buying 74%) 	<ul style="list-style-type: none"> • Companies limited by share capital • Directors: 2 x CASA nominees, 1 x Unit Manager (subject to completion of probation periods), 1 x EBT rep • Ownership: CASA 26%; EBT 74%

Why CASA Is 'Good To Scale'

- Strong track record & proven replication model, franchise manual & licence agreement
- An attractive 'worked through' social franchise 'offer'
- Skilled, experienced, and 'values-driven' central management team
- Significant Market & Policy Opportunities
- A Unique Social Enterprise Proposition
- A Plan


Investment Requirement

- Objective – change up a gear
- £xxx,xxx
- A partner/fellow traveller
- Additional expertise/Fresh perspective
- Flexibility
- Shared Risk



Raising Venture Investment; The Process





CARE AND SHARE ASSOCIATES

Campari & Soda

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- Character
- Ability
- Market
- Purpose
- Amount
- Repayment
- Interest
- Security
- Organisation
- Debt/Equity
- Attitude


CARE AND SHARE ASSOCIATES

How Was It For CASA

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- Positively Challenging;
 - A 6 Months plus process
 - Significant Due Diligence Exercise
 - Investment & Pitches
 - ‘Strings’ & ‘Fierce’ Internal Discussion
 - Re-think elements of the social franchise model



CARE AND SHARE ASSOCIATES

Bridges perspective

What were we looking for?

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- Sustainable, scalable, high impact social enterprise
- Dynamic & passionate management team
- Growth plan for which ‘equity-like’ capital appropriate funding mechanism
- Support employee-ownership model in a sector where this improves outcomes for employees, customers & beneficiaries



CARE AND SHARE ASSOCIATES

Bridges perspective

Process

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- Long lead-time – largely due to discussions on ‘appropriate’ investment structure and availability of information
- ‘New’ investment model – need to have full buy-in from exec/non-exec team
- Learning exercise for all in finding the right ‘balance of power’ between various stakeholders in social franchise partnership


CARE AND SHARE ASSOCIATES


Bridges perspective

How was it for Bridges?

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Result:

- Supporting a high-growth, high-impact social enterprise in sector crying out for a successful social enterprise model
- Aim to be role model for other social enterprises looking to scale in order to develop the sector as a mainstream alternative to public and private sector providers


CARE AND SHARE ASSOCIATES

CASA ‘Fit For Purpose’;

Alignment Of CASA/BV Goals

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- ‘Patient Capital’ Investment In CASA & Units;
 - £200k investment to build CASA into a ‘robust platform’ to support growth
 - Access to ‘Significant Resource’ to develop new and existing units
 - Turnover-based repayment
- Broaden CASA Board – 2 x Non Executive Directors and one BV observer:
 - Walter Young
 - Michael Heap
 - Caroline Tulloch/Antony Ross, BV
- Create A CASA Core Quality Assurance Post/Function
- Develop stronger financial control and management systems
- Adopt A Common Brand
- Revise Licence Agreement

What type of finance is suitable?



Loans vs. equity

LOANS

- Fixed interest rate – suitable for projects with a low degree of uncertainty over outcomes
- Lower 'risk', therefore usually lower cost than equity
- May require security
- Balance sheet implications

EQUITY

- Shared risk & return:
 - Higher cost if all goes well; but lower cost (and no security) if things go less well or take longer than anticipated
- Engaged investor with aligned interests
- May be on or off-balance sheet (depending on whether equity or quasi-equity)

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Trial pitches 5 minute 'elevator pitch'



- Name & Strap-line
- Unique Social Enterprise/Social Franchise Proposition
- What type of investment are you seeking and why?

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Further Information



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