

ESFN decides to expand

Social franchisers have been growing steadily around Europe, and now employ over 22,000 people. At its conference in May, the European Social Franchising Network laid plans to expand its membership and services.



ESFN president Elisabet Abrahamsson thanks the speakers at the final ceremony

The European Social Franchising Network (ESFN <<http://www.socialfranchising.coop/>>) held its second European conference in Göteborg, Sweden, on 13th May 2014. Its first conference <<http://www.socialfranchising.coop/conference2011>> was held in London in November 2011.

Some 70 people from 16 countries attended, including 28 social franchises and 6 aspiring social franchises along with support organisations and public authorities.

Social franchising is the process through which a social

business idea is piloted, developed into a model with training manuals and quality standards, and then deployed in multiple places, adapted to local circumstances. It is essentially a structured transfer of knowledge and experience. Most social franchises are structures as co-operatives, in which the franchising organisation is owned from the bottom up by the member franchisees. However there is a lot of interest among charities and foundations too.

Experience shows that key factors of success are remaining true to the enterprise's social mission, and support from a network within a set of clearly defined roles.

Fast growth to 22,000 jobs

Research carried out in 2011 as part of the *Better Future for the Social Economy* (BFSE) network (SEN's predecessor) found at least 64 social franchises in Europe, employing over 10,000 people, of whom 65% were disabled or previously unemployed. They were young enterprise, and some of them were growing fast. Today, ESFN has 33 member franchisors which employ over 22,000 people, over half being disadvantaged. The original members have grown by 20% in three years.

They grow through a 3-stage process:

1. The original pilot enterprise, successful in its own context
2. The development of a structured franchise offer (manual, training, franchise agreement etc.)

ESFN uses the following definition of a social franchise:

- an existing social enterprise
- with one or more independent replicants
- broadly positive values
- a system for interchange
- an agreement defining rights and duties of partners

3. Expansion into a sustainable system

It is the second phase that constitutes the bottleneck, where external support is most needed to release the enterprise's potential for job creation and inclusion.

Transnational social franchising is certainly possible, the best example so far being **Le Mat** <<http://lemat.it/en>>, which operates 22 hotels in Italy, Sweden and Poland. Indeed conference participants stayed at the Le Mat B&B in Göteborg.

But all social enterprises start local. Sven Bartilsson of **Coompanion Göteborg** <<http://goteborgsregionen.companion.se/>> said that after a period of rapid growth there are now 64 social enterprises in the city, but they are still relatively small. He is therefore keen to import ideas from abroad, and is working on starting a Swedish franchise of the **CASA** <<http://www.casaltd.com/>> homecare business.

In her welcoming speech Lena Malm, the mayor of Göteborg, paid testimony to the way the social economy has made her city warmer and more inclusive. The city now intends to start a €1.1 million to support social enterprises. "The Swedish government has always been too passive. We will see how to move the issue forward," she said.

Speaking by video link, Raymond Maes from the cabinet of László Andor, European Commissioner for Employment, noted that social enterprise is no short-term fashion, and is now entrenched in EU policy. At least €320 million of ESF funding will be devoted to social inclusion in the next seven years, along with a new **€85 million investment fund** <<http://ec.europa.eu/social/main.jsp?catId=1084&langId=en>>. A continuation of the Social Business Initiative will certainly be on the agenda of the new Commission when it starts work in November.

The conference also heard the contrasting experiences of a big and a small social franchise from Eva Schulte of **CAP Märkte** <<http://www.cap-markt.de/>>, a German chain of 100 supermarkets running as integration enterprises, and Fredrick Bergmann of **Macken** <<http://www.macken.coop/>> in Växjö, which carries out recycling along with language training for migrants, and is starting a business incubator.

Workshops were held on the topics of evaluating replicability, choosing a good franchise, financing, quality, branding and EU programmes. There were also 10 small forum discussions on specific issues.

ESFN structures for growth

ESFN's newly-elected president Elisabet Abrahamsson of the **Vägen ut! consortium** <<http://vagenut.coop/>>, believes that the network will grow through making concrete proposals. It aims to raise the visibility of social franchising, helping them build their businesses by enabling franchisors and potential franchisees to find each other. In particular, it intends to realise the potential of cross-border social franchising: most social franchisors currently operate at national level, but many of their businesses have the potential to be replicated in other countries. It also has plans to further develop the methodology of replication, address financing and offer capacity-building training.

It is therefore restructuring itself as a co-operative (an economic association registered in Sweden) which will give it a more effective structure for trading (it is currently an EEIG, which does not have limited liability). Membership fees are currently under discussion.

ESFN's next conference is to be hosted by the **Barka Foundation** <<http://barka.org.pl/taxonomy/term/28>> in Poznań, Poland, in 2015.