SOcial franchising: you can have an impact

By Marla Rosner, MSA Worldwide and E. Hachemi Aliouche, PhD, University of New Hampshire

Readers of this magazine know that franchised businesses have become ubiquitous in the American economy and are well-established internationally as well.
According to the International Franchise Association, in 2021 franchising put nearly $788 billion into the economy; and there are now 775,000 franchise businesses in the United States (https://franchiseeconomy.com/).

This economic success and its ability to rapidly scale the footprint of storefront businesses motivates a consideration of the franchising model as a potentially powerful method to address daunting economic and social challenges that plague billions of people all over the world: poverty, hunger, poor healthcare and nutrition, lack of safe child care and education, lack of clean water, etc. Though much progress has been made in the fight against extreme poverty since the United Nations adopted the 2020 Millennium Development Goals, profound social and economic challenges remain. It is now recognized that conventional social programs (government programs, international foreign aid, charities, etc.) alone are not able to provide sustainable solutions to these still widespread challenges. Enter social franchising — the application of the franchising model and market-based principles to social and economic problems — into the mix of potential solutions, especially where scaling the footprints of storefronts can support social impact.

Social franchising has several features in common with commercial franchising, including: a proven, scalable business model with defined systems and processes; a trademark, owned by the franchisor and licensed to the franchisees; the delivery of a standardized product and/or service; and a set of support services provided by the franchisor to the franchisees (training, quality

The **Social Sector Franchising Task Force** was established by the IFA in 2010, as a platform to advance and leverage the use of commercial franchising methods “To Enhance The Quality Of Life In Underserved Populations – One Opportunity At A Time.” Founded by Michael Seid, Managing Director of MSA Worldwide and longtime member of the IFA Board of Directors, the Task Force is composed of IFA members and non-members who are leading commercial and social franchisors, franchise professionals and suppliers, as well as academics.

The Task Force shares best practices and lessons between commercial and social franchising professionals including providing advisory services and coaching to:
- NGOs and those considering starting a social sector franchise
- New social sector franchise start-ups
- Established social sector franchisors and franchisees

The Task Force partners with the University of New Hampshire’s Rosenberg International Franchise Center (RIFC) to promote and support the developing field of social franchising. RIFC was created thanks to a generous donation from franchising pioneer William Rosenberg, founder of Dunkin’ Donuts and of the International Franchise Association. RIFC’s mission is to explore and advance the understanding of franchising through research, education, and outreach (https://paulcollege.unh.edu/rosenberg/about).

The Task Force and RIFC currently conduct live and recorded webinars, bringing together social franchisors, franchisees, entrepreneurs, investors, donors, academics and consultants from around the globe. To educate and inspire those interested in understanding social franchising and evaluating its appropriateness for their social enterprise, a series of short explainer videos are now our top priority. Organizations anywhere in the world will be able to access the videos and grasp how to adapt commercial franchise approaches to expand their impact and provide business ownership opportunities to those that may otherwise never have such access.

Fundraising for the video project is almost at the halfway mark; sponsorships are welcomed at: https://bit.ly/3uSr5exy.

We are deeply grateful to our 2022 Platinum Donors:

We invite IFA members to join the Task Force and participate in quarterly meetings, projects and advising social franchisees. Check us out at the IFA Convention in Las Vegas, Sunday, February 26 from 3:30 to 4:30 pm, view our FAQs at socialsectorfranchising.org/faqs.html, or contact Task Force Chair, Marla Rosner, at mrosner@msaworldwide.com or IFA liaison, Paul Rocchio, at procchio@franchise.org for more information.

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control, advertising, marketing, etc.). Similar to commercial franchising, social franchisors also identify viable territories, select franchisees based on designated criteria, dictate product specifications and supply chains and may also control location design.

Social franchising, however, is different from commercial franchising. Instead of a focus on financial returns, a social franchisor may have a “double bottom line:” a social impact bottom line and a financial bottom line, aiming at profit primarily for franchisees. Another key difference is that social franchisees cannot afford much, if any, personal capital as an initial investment and are generally not in a position to pay fees and royalties.

Financial sustainability may require innovative financing facilitated by the franchisor in the form of loans, grants from large corporations and government subsidies which may support franchisees or franchisors.

In developing countries, social franchises have focused mainly on providing basic services to impoverished communities. Examples include: Mercado Fresco (nutritious food in Nicaragua), Jibu (clean water in several African countries), Unjani Clinics (health clinics in South Africa), Kidigo (childcare in Kenya), the Child and Family Wellness Shops (micro-pharmacies and clinics in Kenya) and GROW Educare Centres (early childhood education in South Africa).

Social franchising is at its beginnings. It has the potential to make a significant and lasting positive impact on millions of impoverished and disadvantaged individuals and communities across the world and the IFA Social Sector Franchising Task Force has been steadily developing resources that aim to support this vital niche.

Marla Rosner is the senior learning and development consultant at MSA Worldwide. For more information about IFA supplier member MSA Worldwide, please visit franchise.org/suppliers/msa-worldwide.

E. Hochemi Alouche, PhD, is the director of the Rosenberg International Franchise Center at the University of New Hampshire’s Paul College.