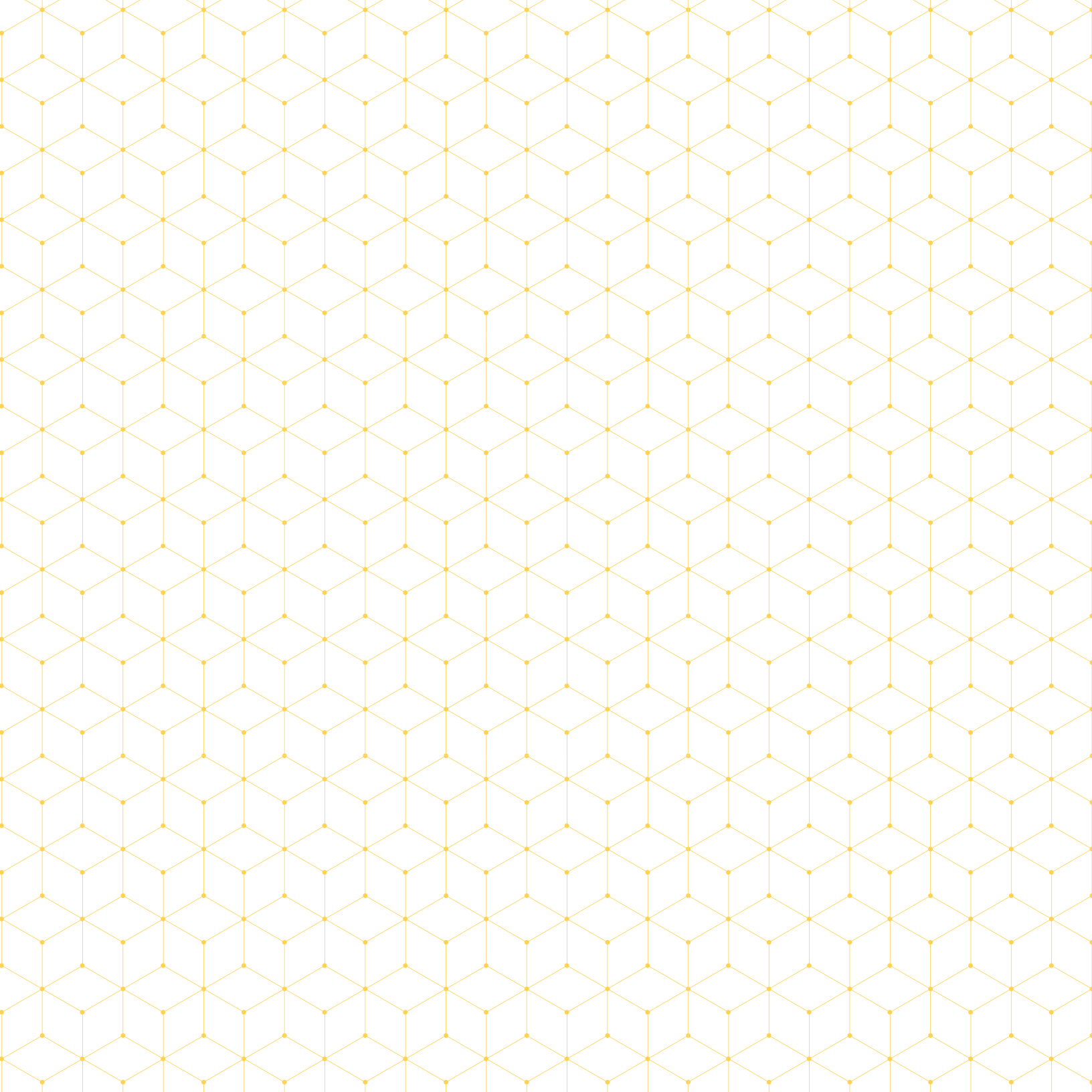


FROM SOCIAL ENTERPRISE TO SOCIAL FRANCHISE

AN INTRODUCTORY GUIDE TO ACHIEVING SCALE THROUGH REPLICATION



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ABOUT CSI

The Centre for Social Innovation (CSI) is a coworking space, a community and a catalyst for people and organizations changing the world, with four locations in Toronto and one in New York City. The CSI community is home to 1,000 nonprofits, charities and social ventures; employing over 2,500 people and generating combined annual revenues of \$250 million. CSI members are turning social, environmental, economic and cultural challenges into opportunities to make the world a better place. We provide them with the supports and connections that enable them to thrive.

We do this work because we believe in the power of ideas, people and collaboration to change the world. We know the challenges we face are daunting, but we believe these challenges are also opportunities to create a better world. Together, we're building a movement of nonprofits, for-profits, entrepreneurs, artists and activists working across sectors to put people and the planet first. Because it's up to us.



FOREWORD

Before we set out to write this guide, we reflected on our own journey to scale and how our experiences could help other social enterprises looking to grow.

Back in 2007, CSI expanded from 14 founding tenants to 175. This was a huge step for our little nonprofit. But it didn't stop there. The demand kept growing and, while we kept expanding, we were confronted with the constraints of our business model's limited profitability. We had to turn down so many opportunities to expand to other cities because we just couldn't make the business case to justify the resources.

In 2008 we even open sourced our model in three books, Emergence, Rigour and Proof. Honestly, while we believe in open sourcing great ideas for scale, we gave our learnings away for free because we didn't yet know how to monetize them and we were primarily interested in broadening our impact. We've been thrilled to see groups replicate our model. Yet we still constantly receive requests to open spaces in cities near and far from our homebase in Toronto.

In 2010 we bought our own building and filled it with over 200 social mission organizations (see our Community Bonds book for that story). In 2012, we opened CSI Regent Park. Then, in 2013, we took the leap and opened a space in Manhattan.

CSI NYC is now packed with a thriving community of social entrepreneurs and innovators creating impact in New York City and globally. But the experience has also highlighted the many challenges with a wholly -owned subsidiary model, since we were opening and operating spaces in different cities, all under the centralized administration of our founding Toronto office. Looking back, we recognize how much financial and operational risk we exposed ourselves to during this growth phase. So we asked ourselves, how could we meet the demand and further support the creation, operation and success of shared spaces for social innovation in a more sustainable manner?

This is the question that has led to this book. While we studied scale for years, we recognized that we still hadn't quite figured it out. Should we be scaling up? Scaling out? Scaling deep? What would this actually look like? How do you scale for impact when the profit margins are thin?

We are delighted to share what we've learned in our exploration of scaling, licensing and social franchising. Scaling social impact is not the same as scaling a business venture. As a nonprofit social enterprise with little or no profits, we understand the challenges and that the business model for a social franchise requires a different approach than traditional franchise models.

It is important to remember too that this guide is not the final word! Take these lessons to heart, and borrow, replicate and remix as much as you can. But also be prepared that you might reach a point where you have to roll up your sleeves and innovate your way to your own scaling model that meets your own social impact ambitions. Social franchising is afterall an innovation on a pre-existing commercial model, so don't be afraid to look for the next model to innovate on.

The sector has grown immensely, with many social enterprises reaching the point where they are struggling with how to scale. We see an incredible opportunity for the nonprofit sector to evolve, to develop scalable business models, and to ultimately change the world. We hope that this will be a small contribution to this movement.

Sincerely,
Tonya Surman

If you use this book, we'd be thrilled to learn how you scale your impact. Let us know by emailing **info@socialinnovation.ca**.

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PART ONE: INTRODUCTION

In recent years, the social enterprise sector has gained momentum in communities across the country, representing a sizable segment of the Canadian economy. People all over Canada are realizing the importance of taking action on issues ranging from local food systems, to community finance, to accessibility and social equity, all with social and environmental impact as a driving force behind this solutions-based movement.

A signpost of the maturing and evolving nature of this sector is the tendency for social enterprises to look to scale their successful models to new territories outside of their core market, or across impact areas. Social franchising is one of several methods that social enterprises, nonprofits, and charities are experimenting with to scale their models within Canada and abroad, as a way to quickly reach new beneficiaries, achieve larger impact, and leverage efficiencies of scale, without having to “reinvent the wheel”.

While this guide focuses specifically on social franchising it is important to consider whether replication is truly the best approach for an organization, and if the organization is willing to assume the responsibilities that a social franchising strategy entails.

The following pages will introduce Canadian social enterprises to the concept of social franchising by first taking a look at how social franchises compare and differ from traditional models of commercial franchising and then by exploring some of the inherent benefits and challenges of this approach.



What is a social enterprise?

A social enterprise is an organization that operates as a business, using commercial revenues to pursue community impact and social benefit.

According to the Institute of Social Entrepreneurs, “social enterprises directly confront social needs through their products and services rather than indirectly through socially responsible business practices such as corporate philanthropy, equitable wages and environmentally friendly operations – or through the unrelated business activities mounted by nonprofits.” (I.S.E., 2008)

Distribution of profits to individual shareholders is typically either extremely limited, or non-existent and social enterprises work across various fields in Canada, including retail sales, education & training, gardening & agriculture, food services, building services, tourism, sport & recreation and beyond (O’Connor,2014).

While the term ‘social enterprise’ has really developed only in the last thirty years, businesses have been operating under these principles and value sets for much longer (example: Goodwill Industries, founded in Boston, MA. in 1902).

1.1. WHAT IS SOCIAL FRANCHISING?

Franchising in the social enterprise sector is still at a relatively early stage, such that it has yet to embody a clear definition, and as a result is open to innovation and change. Social franchising is itself a broad concept that has been interpreted loosely (and somewhat inconsistently) in various jurisdictions, ranging from franchising without fees to all charitable and nonprofit franchise structures that you may be familiar with, such as Goodwill and United Way.

While a standard definition has been difficult to pin down, the most useful and inclusive understanding of social franchising is to see it as “simply the application of commercial franchising methods to concepts to achieve socially beneficial ends” (Temple, 2011).

Framed in another way, social franchising can be described by its ambition: as a way to enable successful social enterprise models to be reproduced in a local context in a way that combines social impact and financial sustainability.

According to Ahlert, et al (2008) social franchises commonly take one of the following three forms:

1

A commercially organized system designed to achieve social benefits.

2

A nonprofit replication system, which includes core elements of franchising, but without the classical fee and profit elements.

3

A subsidized franchise system to make services available at a lower cost than commercial solutions.



1.2. (COMMERCIAL) FRANCHISING DEFINED

Just as the social enterprise sector borrows from the commercial sector for some of its business organization structures and platforms, social franchising methods owe much to the age-old franchising models developed by commercial industries. Therefore, examining commercial franchising is an appropriate place to start, and to then consider how you can adapt this approach to your needs.

So, what is a franchise system exactly?

The International Franchise Association defines a franchise system as an agreement between two independent parties, which gives a person or group of people (the franchisee) the right to market a product or service using the trademark or trade name of another business (the franchisor). The franchisee is given the right to the operating methods of the franchisor, and agrees to an obligation to pay the franchisor fees for these rights. The franchisor agrees to an obligation to provide these rights and support to the franchisee(s).

In the commercial setting, there are two common types of franchise structures:



Product and Trade Name Franchising



Business Format Franchising

The Product and Trade Name Franchising system is typically used by large global industries as a way to introduce mass-produced items into foreign markets. Under this system, the use of a brand name and sets of trademarks are sold to a franchisee for exclusive rights in their market. Examples of Product and Trade Name Franchises are auto dealerships, gas stations and soft drink distribution. Perhaps due to the minimal managerial connection that exists between the franchisee and franchisor in this system, this format is not a natural fit for social purpose ventures and has not been adapted for social franchising.

The more common form of franchising — Business Format Franchising — lays the foundation for social franchising systems. In this system, the franchisee is issued a “turnkey business concept” from the franchisor, which would cover a range of business activities (from business set-up and training, marketing, product

supply, financial controls, etc.) and maintains an ongoing operating relationship with the franchisor. In exchange for a franchise start-up fee and a commitment to paying an ongoing royalty, the franchisee will be issued a license to use the franchisor’s brand (including trademarks and logos) in addition to their internal business system, which would be laid out in a franchise operations manual.

Under this scenario, the franchisee benefits from the franchisor’s experience and knowledge of the industry and is expected to follow the franchisor’s operational systems (which can include specific requirements and obligations that range from product purchasing, marketing participation, administrative fees, auditing, and so on) as a way to ensure local replication of the concept. Meanwhile, the franchisor benefits from the franchisee’s local market knowledge and uses the franchisee to reach markets beyond its natural reach.

Legal Considerations Around Franchising:

Franchise agreements are usually very complex legal contracts and any commercial or social enterprise should seek professional advice on tailoring an agreement that is right for their own situation.

Typically, franchise agreements have the following structure

(adapted from Ahlert, et al, 2008):

- | | |
|---------------------------------|------------------------------------|
| • Definitions | • Relationship of parties |
| • Use of name / logo | • Obligations upon termination |
| • Territory | • Non-waiver |
| • Fees | • Notice to terminate agreement |
| • Obligations of the franchisor | • No third-party rights |
| • Obligations of the franchisee | • Amendments |
| • Insurance | • Governing law – jurisdiction |
| • Dispute resolution | • Language |
| • Termination | • Entire Agreement; binding effect |

1.3. COMMERCIAL VS SOCIAL FRANCHISING

While social franchising is closely aligned with commercial franchising, there are some differentiating factors that make social franchise systems distinct from the commercial sector. First off, and most importantly, it is typically the organization’s social impact or mission that is driving the relationship more so than financial motivation.



Based on an extensive research study on European social franchises, a German-led study identified five major common differences between commercial and social franchises (Ahlert, et al, 2008):



Different objective

The main objective is not to maximize profit, but to maximize social impact. This can have an impact on managing the franchisee, making it more difficult to control and enforce quality standards.



Different target group

Social franchises might serve beneficiaries and not customers. Hence, traditional payment might not be part of the equation.



Additional player

Social franchises are often dependent on external financial support, especially in the start-up phase. Clear definition of the role the donor plays and their strategic preferences must be taken into account.



No transfer of investment risk

The transfer of investment risk is not always in play for social franchises, which potentially make it more challenging to motivate the franchisee.



Fees

In some cases, the franchisor might consider the payment of reduced fees or alternatives to monetary compensation in order to maintain social impact. “Payment” could be in the form of important data, time, support for funding applications, or other quality information that the franchisor can use for the wider development of its project.

However, despite these differences, it is worthwhile remembering that social franchises have more things in common with commercial franchises than not. For instance, as a recent study by the Social Enterprise Coalition (UK) points out:



The social enterprise's model must be proven, easily learned and scalable (duplicable).



High levels of upfront development as well as ongoing involvement and obligations (with associated high costs) will be required to succeed.



A common shared identity will be used in the market, which involves a risk for the franchisor: risk that necessitates a high level of control.



Social franchise systems are based on a legal agreement, involving license use in particular territories, setting out terms of payment.

(via Temple, 2011)



Key Elements of a Social Franchise
(from Temple, 2011)

- A business model, with associated systems and processes, which has been codified into an operations manual.
- Demand (or need) for the model to be replicated elsewhere, from potential franchisees, investors or end-users.
- A legally binding franchise agreement.
- Quality assurance system (including monitoring performance).
- A common brand (usually trademarked); often including a centralized marketing budget.
- Clear franchise fee structure* (initial and ongoing).
- Training and support provided from the centre (upon start-up and ongoing).
- Learning culture (openness to feedback, innovation, new practice).

* Note: payment of fees can sometimes be structured as impact metrics (e.g.: number of services performed) in lieu of monetary fees in some social franchise systems.

PART TWO: REPLICATION STRATEGIES

Most social enterprises emerge when a social need is recognized — often in a local context — and a related program, product or service offering is identified as an appropriate response. Action is mobilized around that solution, and an enterprise is born. That social enterprise can take many forms, from a non-profit or a cooperative legal structure, to a for-profit design, provided the driving force behind the enterprise is to deliver social impact.

However, even the most successful social enterprise solution may not reach that many people or have the intended impact, despite the fact that a similar social need may exist in communities outside their geographic reach. In fact, neighbouring communities may already have comparable programming that addresses the local social need, or perhaps is attempting to address the need but have been hindered by any number of barriers.

QUOTE

“THE PRACTICE OF CONSTANTLY INVENTING AND DEVELOPING NOVEL APPROACHES TO OLD PROBLEMS FOR WHICH THERE ARE PROVEN SOLUTIONS IS NEITHER DESIRABLE NOR SUSTAINABLE.”

- Simon McNeill Ritchie (2011)

As readers of this guide will likely attest to, starting a project or organization from scratch requires a great deal of time and resources; it can take several years before an emerging social enterprise produces the kind of social impact it sets out to deliver. Understandably not everyone can be this patient and persistent.

Launching new organizations and programs can involve months of designing a model that finally reaches a point where you’re comfortable sharing with the world. This model then goes through countless iterations, all while you are seeking initial funds, setting up a new legal entity and its systems, and building content expertise on the subject. This legwork can often lead to burnout, or too often the abandonment of the venture all-together.

Rather than building ideas from scratch, different models of scaling allow for that initial investment to generate additional impact by leveraging the foundational work already completed by the franchisor. Similarly, done correctly, the ingenuity, creative ideas, and local adaptations of the franchisee taking on the established model will build upon, and improve, the foundation of that model for others along the way.

Ultimately, as illustrated in a recent study conducted by the International Centre for Social Franchising (ICSF), when projects and organizations have proven to be successful in their home territory, they should be encouraged — through funding or other means — to expand their impact into other geographical areas where the same problem exists (Berelowitz, et al, 2013).

2.1. SCALING UP OR SCALING OUT?

When determining whether your enterprise is ready to scale, it's important to distinguish early on what kind of scale you would like to achieve: scaling out, or scaling up. Scaling out provides an opportunity to expand the social impact of a solution by introducing new territories to programs and organizations that, with the right strategy, can be effectively adapted to new local contexts. This approach can be thought of as scaling horizontally, to new regions and affecting a wider number of people.

A similar, but notably different, form of scaling is scaling up. While scaling out involves replication of an innovation, scaling up involves affecting the broader system that perpetuates the root causes of the problem an enterprise is looking to address in the first place. This approach can be thought of as vertical scaling, addressing the larger system through policy change, or affecting new norms.

A notable example in Canada is the Registered Disability Savings Plan (RDSP), a financial tool that emerged out of the social enterprise Planned Lifetime Advocacy Network (PLAN). PLAN was beginning to replicate its model of working with people living with disabilities across Canada, scaling out to more and more territories. However, the realization eventually hit that in order to address the larger systemic problem of freedom, equity, and opportunity for those living with disabilities, PLAN needed to move beyond the strategy of trying to iteratively reach more and more people and instead develop a strategy that can reach everyone. The result was to develop the RDSP as a way to secure financial freedom for all those living with disabilities in Canada, a solution that required working with policy makers and financial experts, as opposed to working through a replication strategy.

Social franchising provides an opportunity to scale both out, and up, however the core strategic approach inherent in franchising is scaling out and replicating across territories. With growth of a network of social enterprises, and the maturation of the enabling body (or franchisor), the more influence and impact there can be on the root causes and systemic barriers.



2.2. REPLICATION OPTIONS: AN OVERVIEW

According to an in-depth German-led study on social enterprise growth, “replication entails implementing successful projects elsewhere in order to increase social impact. [...] This does not imply simply copying them, but rather replicating those ideas and approaches that are successful in an appropriate manner for a given context.”(Ahlert, et al, 2008).

Scaling out includes several different strategic pathways to grow an organization, of which franchising is just one option, along with other strategies such as licensing activities or joint ventures. As the sector grows, so too do the models and methods of scaling (see illustration for overview).

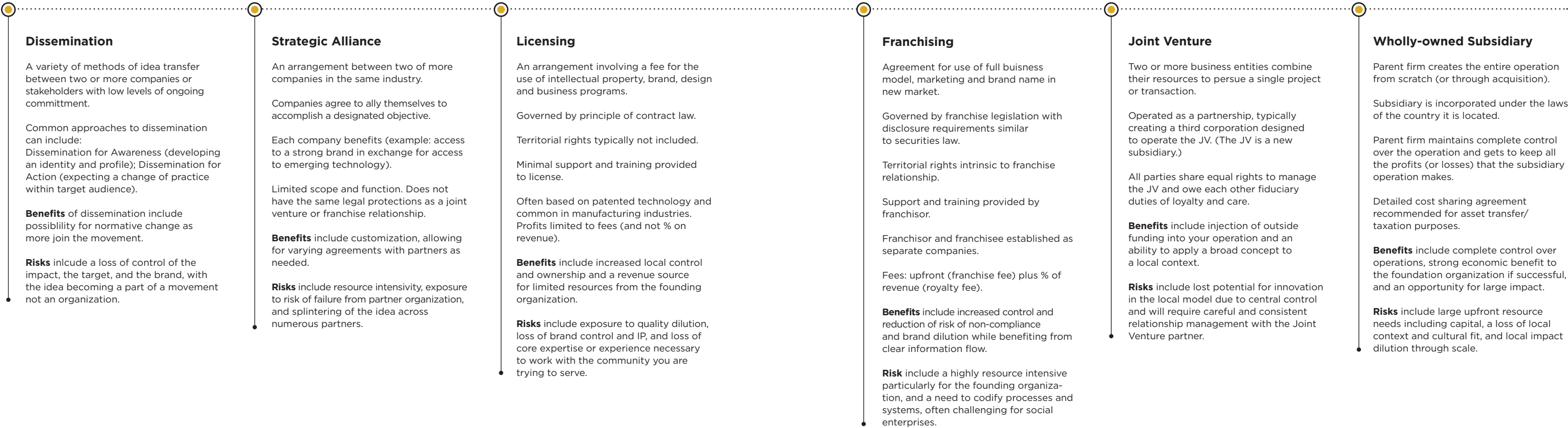
It is helpful to consider the range of options for scaling out in terms of control and risk, as well as accountability and autonomy. If the intention of the organization is to maintain absolute control over all aspects of organizational growth, then the risks (financial, reputational, potential for local success, and so on) would be high. In this case, an organization might consider scaling out via a network of wholly owned satellite entities or other such structures that allow for high degrees of control.

At the opposite end of the spectrum, where the organization wishes to take on little risk and is content with high degrees of flexibility within the scaling process, that organization could opt for dissemination, or sharing their business model in a way that allows for creative interpretation. This approach is also conducive to scaling to the masses, and is often successful by releasing books, webinars, running conferences and workshops, preparing guides, and assigning coaches. That said, while financial risk is reduced through this approach, there is a level of reputational risk involved as you are not actively in control of the replication activities.



Low Control/Low Risk

High Control/High Risk



Adapted and Inspired By: UnLtd's 'Replication Series' and previous work by the Social Enterprise Coalition (UK).

The intervening strategies can therefore be interpreted around the degrees to which your organization wishes to take on risk in exchange for administrative control.

For additional consideration on scaling pathways with high degrees of flexibility over degrees of control, see the chart below, developed by Nick Temple of the Social Enterprise Coalition (UK).

Factors that favour flexibility over control:

- Straight forward business model.
 - Concept-based business.
 - Low-risk business.
 - Small, informal and low cost operations.
 - Dependent on circumstances and adaptable business structure.
 - Self-funding, earned income operations.
 - Independent, contextualized organizations: lessons not always transferable and learnable.
 - Few potential economies of scale.
- (via Temple, 2011)

Factors that favour control over flexibility:

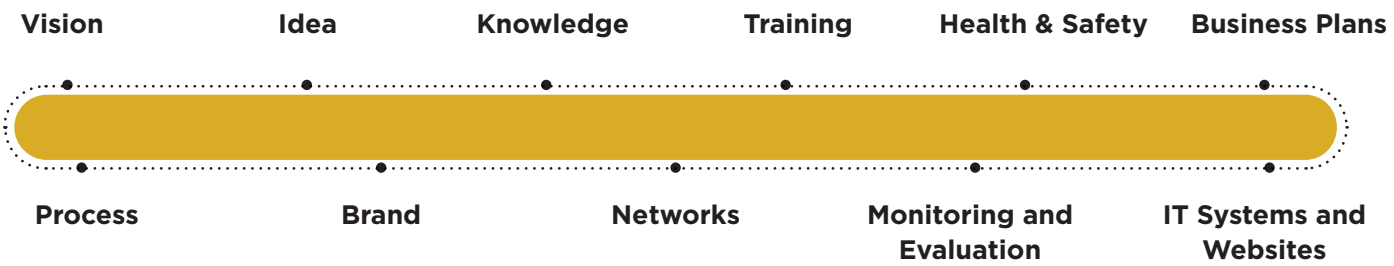
- Straightforward business model.
 - Multi-faceted, complex model.
 - Concept-based business.
 - Brand and mission require protection.
 - Low-risk business.
 - High-risk business where mistakes could have significant consequences.
 - Small, informal and low cost operations.
 - Established, proven business model with strong structures and policies.
 - Dependent on circumstances and adaptable business structure.
 - Package with considerable client recognition and trust.
 - Self-funding, earned income operations.
 - Evidence of impact across operations required for funders and/or investors.
 - Independent, contextualized organizations: lessons not always transferable and learnable.
 - Need for regular sharing of information and transferability of good practice.
 - Few potential economies of scale.
 - Significant economies of scale to be exploited.
- (via Temple, 2011)



2.3. KEY REPLICABLE ELEMENTS

When considering franchising as a replication strategy, it is helpful to examine which elements of the organization the social enterprise wishes to replicate. Some elements might be core to the concept delivery as a whole, while others could have contextual flexibility as the organization replicates into new geographies.

The key replicable elements of a social enterprise as reported in a joint study by the International Centre for Social Franchising and Social Enterprise UK (Berelowitz, 2013), include:



What is most important is determining the elements of your model that should be scaled, what are the core elements of your local success, and what are the elements that are open to adaptation and evolution. Perhaps the vision and base idea of the organization is core to the success of the model, while processes and IT systems are secondary and can be built locally by each new model as needed.



PART THREE: SOCIAL FRANCHISING LESSONS

After contemplating the range of replication options open to the social enterprise looking to scale, franchising often emerges as a middle-ground option for expanding into new geographies with a proven model, without assuming full financial risk.

The following section will set aside the other replication strategies available to social entrepreneurs, to look closely at franchising, and in particular how the social enterprise sector is customizing traditional franchising techniques in order to achieve social impact goals.



3.1. LAUNCHING A SOCIAL FRANCHISE

Launching a social franchise can be a lengthy process, with significant investments required upfront as well as in the process and quality control monitoring phases going forward.

The section below (adapted from Ahlert, et al, 2008) provides a short-form overview of the thinking required at each step as you plan the replication of your social enterprise:



1 Franchisability

Analyze your project.

- Is the concept replicable?
- What are the benefits of scale?
- What indications do you have that it is time to scale?
- Is franchising the best replication strategy?

Analyze the market and environment.

- Is there a clear social need beyond your geographic region?
- Which of the potential markets can be served best by franchisees?
- Is there a potential local champion of this model in these markets?

Analyze your capacity.

- Do you have the potential for sufficient financial backup?
- Is your organizational capacity sufficient to ride out slow growth?
- Do you have the required skills?

2 Planning Stage

Reflect on the idea of franchising the project carefully and elaborate all the steps in your mind. Set up a business plan.

3 Configuration

- Develop a turnkey concept
 - Standardize and codify your services and/or management processes.
 - Decide how to organize and govern franchisees (including the fee structure, and decision-making authority).
 - Set up a performance measurement system, financing/fundraising concept and franchisee-training concept.
- Test and improve your concept at a low cost.
- Set up a franchisee profile.
- Recruit and contract your franchisees.

4 Operational Issues

- Prepare a detailed operating manual.
- Induct your franchisees.
- Set up a communication platform.
- Market your franchise system including brand, awareness and association.

5 Ongoing System Maintenance

- Ensure the sustainability of the system.
- Train and support your franchisees continuously, training the trainer.
- Further develop the system and its services.
- Conduct regular marketing campaigns.
- Monitor your franchisees regularly.
- Arrange and manage the relationships with donors.
- Conduct market research regularly.
- Identify opportunities to leverage economies of scale
- Identify opportunities to leverage network for systemic change

adapted from Ahlert, et al (2008)

For an easy-to-use test to see if your social enterprise is ready for this process, see the Social Franchising Replication Test, found in Appendix One.

3.2. BENEFITS AND CHALLENGES OF SOCIAL FRANCHISING



Benefits

From the franchisor’s point of view, the most common benefits to social franchising relate to the speed through which the mission can be replicated, which accelerates the movement toward the social goal. Additionally, risk is shared with the franchisee partner, which can increase the potential access to funding for the lead enterprise. Social franchising also allows for a respect of local knowledge around a topic or mission in a way that a branch operation might not and accommodates local community ownership and leadership of that solution.

From the franchisee’s point of view, social franchising is a relatively ‘safer option’ than starting one’s own social enterprise. Many social franchisors will help provide a proportion of the start-up costs through central fundraising and provide a clear evidence base for success, which makes applications for funding much easier (Berelowitz, et al, 2013). Furthermore, the additional resources that are provided to the franchisee (from back office management and governance assistance, to programming materials and staff training) make the prospects of success more attainable.



Challenges

Based on an in-depth research study of social enterprises operating in the UK, several barriers to setting up social franchises were identified, including:

- Difficulties around accessing finance.
- Lack of structured support to social enterprises seeking replication.
- Absence of key skills and leadership within social ventures.
- Difficulties in finding suitable partners. (Berelowitz, et al, 2013)

Furthermore, common sets of operational challenges from social enterprises which had reached a mature franchise stage, were revealed in this same study, including:

- Challenges related to speed (replicating too quickly).
- Underestimation of local context differences.
- Unrealistic revenue expectations.
- Difficulties in implementing a quality control system.
- Consistent communications and support from franchisor.
- Franchisee’s desire for ownership and control, to be their own boss
- Capacity of local franchisees. (Berelowitz, et al, 2013)



Below are case studies of organizations that have explored strategies of scaling out. Lessons of scaling up are not included in this report or in the cases below. As discussed earlier, the lines between different models of scaling (franchising, licensing, etc.) are quite blurry and each organization takes a slightly unique approach that best fits their needs and their model.

The case studies below highlight organizations that have approached scaling through a model most comparable to social franchising, looking to replicate through expansion of a model or approach, but not always relying on formal agreements, brand replication, or fees. While this report acts as an introduction to social franchising, these case studies will act as examples of the nuance of how to apply these ideas to tangible stories, and what lessons can be learned from their experiences. We conducted interviews with each of the organizations below to arrive at the key lessons from each organization.



Founded
2012

Number of Affiliates
5 (4 in Ontario,
1 in Manitoba).
Plans to grow to 12-15
affiliates by 2017



Community Food Centres Canada (CFCC) works with a select number of organizations each year to develop responsive, financially stable Community Food Centres. The Community Food Centre concept is modeled after The Stop Community Food Centre in Toronto: “a place where people come together to grow, cook, eat, learn about, and advocate for good food for all”. At the end of their pilot phase of replication in 2012, there were three Community Food Centres in Ontario (Toronto, Perth, and Stratford).

Kathryn Scharf, the VP of National Programs, points to demand from other communities as the incentive to review a growth and replication strategy. Key lessons from their replication strategy include:

Providing a manual is not enough, you need to invest in the partnership, work on it, cultivate it. For CFCC this has meant moving beyond building a network of similar-minded organizations, and investing financially in the launch of each affiliate, establishing close one-on-one coaching and coordination relationships, and ensuring constant two-way feedback.

.....

Maintain a focus on evaluation, understanding where you have impact and ramping up the impact across chapters. CFCC invested heavily in understanding the impact of the original model at The Stop Community Food Centre, conducting evaluations on where impact was seen most and how it could be scaled to neighbouring communities. This was done with the help of a local foundation, the George Cedric Metcalf Foundation.

.....

Keep focus on what you want to achieve. It’s easy to lose sight of the why through the complex maze of the how. As of 2015 CFCC has launched (or is in the process of opening) Community Food Centres in 8 Canadian cities, in addition to the support and mentorship role they play to dozens of other Good Food Organizations across the country. Throughout all this work, their why continues to come back to their four key outcomes: increasing access to healthy food, building food skills and improving physical health, improving mental health and increasing social inclusion, and increasing civic engagement.



SVP International (SVPI) brings together nonprofits and philanthropists to learn from each other and to improve their communities. Within each SVP chapter, donors pool their funds and skills to provide more resources to nonprofits. SVPI serves as a hub for information, guidance and connection. It serves as the backbone that allows each of the 39 cities in the SVPI network to focus on their purpose and passion and less on the processes associated with nonprofit management.

In the spectrum of options within franchising, SVPI's approach focuses on scaling the core model and idea, and coordinating branding over operations and systems of management. In an interview with Ruth Jones, CEO of SVPI, she identifies a few key lessons in their approach to scaling:

It's important to let the need for coordination at a national and international level emerge organically. Forcing a model into communities that don't want it, or forcing a coordination body that's not necessary, simply does not work. Before SVPI even existed, a small group of disjointed SVP chapters operated across major cities in the USA loosely based on the model first developed in Seattle. After a few years operating under the same name and with the same general approach, SVPI emerged out of the need for coordination, information sharing, and achieving economies of scale. This was an organic need, not a forced service.

Get your rights and obligations down early, and try to get them right. What is the obligation of SVPI compared to the obligation of each local chapter? Details like control of the SVPI board of directors, decision-making authority on hiring, and understanding of financial contributions from one side to another needs to be addressed in conversation early, consistent across chapters, and agreed to in writing. Understanding the playing field from the outset is key.

Connect the online with the offline consistently. Community and shared experience are what keeps the momentum going for both SVPI and SVP chapters.

The ability to share best practices and lessons at an annual conference is crucial, but it's also the intangible feelings of connection, networks made, and belonging that keep the wheels moving, especially during difficult times.



✂ladies learning code

Ladies Learning Code (LLC) was founded in Toronto in 2011, and demand for replication began almost immediately, with the launch of its first satellite office in Vancouver in August 2012. By the end of their second year they had expanded to ten chapters, and now operate in 19 cities.

LLC is a nonprofit organization with the mission to become the leading resource for women and youth to become passionate builders — not just consumers — of technology by learning technical skills in a hands-on, social, and collaborative way.

With growth, scale, and replication starting so early, LLC has had a unique story on their franchising method with key lessons identified by Melissa Sariffodeen (Co-Executive Director) below:

Develop a high degree of central control and rather than charge member or license fees, operate on a profit-sharing basis. LLC Central retains 40% of profit generated from each chapter. It's about creating the right incentive mechanisms for growth of both profit and impact.

Documentation is vital for those considering scaling their social venture. Try to think about this from the beginning, even before you are actively scaling, because you'll have to eventually document the system processes, especially if the system is core to the business model as it is with LLC.

The availability of technological tools allows you to scale much more easily than in the past. Take advantage of economies of scale to set up a tech suite for chapters. In LLC's case this included Google Drive (resource and document sharing), Eventbrite (consistency in event booking, core to the business), Paypal (central accounting), Slack (internal communications).



TIMERAIKER

Founded in Toronto in 2002, Framework has created a flagship event, billed as “part volunteer fair, part silent auction, and part night on the town”, called Timeraiser. The event connects young professionals to organizations looking for volunteers by allowing event participants to bid their volunteer time for a piece of art.

To handle the request from cities outside Toronto to host Timeraiser events, Framework took a scalable license approach to meet demand, or a plug and play solution for local actors to bring the model to their local communities.

Timeraiser is a tech-based platform that uses this unique characteristic to their advantage in their scaling strategy, focusing on building a SaaS Model (software as a service) to create a cheap service for others to adopt. Former Executive Director and current Board Member, Anil Patel, shares his lessons in scaling:

Timeraiser received nearly 10 requests per year to host events locally which was simply not feasible from a Toronto-based enterprise with limited capacity. This prompted the exploration of replication models.

Early on, they tried to design their own software and offer this to licensed event holders, but they soon found that this became a distraction to their mission. They pivoted from this initial model to focus on the interoperability of a platform of cloud-based tools that results in an integrated solution for their partners. In short, they tested, they reflected, and they reacted.

Framework operates with a license agreement, charging \$750 to \$1000 per license agreement which has allowed for brand control, a revenue stream, and community ownership in each chapter.

CONCLUSIONS

As evidenced by the range of approaches to scaling found in the case study examples listed above, one of the overarching lessons for social enterprises looking to scale out through social franchising is to maintain creative interpretation around scaling methods.

IT IS IMPORTANT TO REMEMBER THAT THERE IS NO “ONE WAY” TO ACHIEVE SCALED GROWTH, AND THAT THE PATHWAY THAT YOU CHOOSE WILL INEVITABLY BE YOUR OWN. MAINTAINING A FOCUS ON SCALING IMPACT FIRST, ALONG WITH A WILLINGNESS TO ADAPT PREVIOUS SCALING PRACTICES (SOCIAL FRANCHISING -BASED OR OTHERWISE) AS YOU NEED TO IN ORDER TO SUIT A RANGE OF CONTEXTUAL FACTORS WILL BE AN IMPORTANT INGREDIENT TO SUCCESS.

It is an inevitable reality of the Canadian context that demand for socially-driven solutions to everyday problems will outpace the supply and as such, social franchising concepts should continue to be remixed and road tested throughout our country when positive enterprises emerge.

We can look to other countries such as the United Kingdom for insights on how to build system-level support for the social franchising sector. But it’s up to us to share the knowledge that is being developed by some of the Canadian leaders and pioneers in this space (this includes you!), and to help spark a nationwide social-mission movement.

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APPENDIX ONE: SOCIAL FRANCHISING REPLICATION TEST

“Am I Ready to Replicate?”

A 10 question test from the International Centre for Social Franchising.

Ask yourselves these ten key questions. For each of the ten areas, score to project on a scale of 1-10, where 1 is “not at all ready” and 10 is “completely ready”.

- ___ Social impact proven and evaluated?
- ___ Sustainable business model developed and demonstrated?
- ___ Clear project owner?
- ___ Success possible in another place without main assets?
- ___ Works in other cultures and conditions?
- ___ Process, systems, training, legal documents and procedures developed for delivery and ensuring quality?
- ___ Everyone from staff to board and external stakeholders supports replication?
- ___ Brand and values clear and unambiguous?
- ___ Significant market exists?
- ___ Supply of people or organizations willing to take on the replicated project?

TOTAL: _____

Score
75-100

Ready or almost ready
to replicate

Score
50-75

Strengthening needed before
replication undertaken

Score
25-50

Some replication potential but
more work needed

Score
0-25

Too early currently, much more
development work needed

Explore www.the-icsf.org for additional information

APPENDIX TWO: FURTHER READING

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