



Insights into Social Franchising

Lessons from a Social Franchising Accelerator

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BERTHA CENTRE FOR
SOCIAL INNOVATION &
ENTREPRENEURSHIP



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Executive Summary

Over the last 18 months, the Bertha Centre for Social Innovation and its partners have been running the World's first Social Franchising Accelerator. This brief captures our early insights. It aims to give social enterprises, funders and practitioners a deeper understanding of what it takes to extend their impact and reach through social franchising¹.

The Social Franchising Accelerator helped four organisations during their franchising journey. Each of the organisations was taken through the first four phases of a five-phased social franchising process, starting with proving the business model, and thereafter moving into a design, systemisation, and piloting phase.

While it should be recognised that social franchising success across the four franchisors cannot be established yet, given that none have reached the last "scaling" phase, eight critical success factors emerged from the accelerator:

1. INVESTOR

2. DESIGN

3. SYSTEMISE

4. PILOT

5. SCALE

Pre-Decision to scale:

1. Validate upfront that replication as well as social franchising is right for your solution and organisation.
2. Confirm all members of the organisation are ready to systemise and adopt a "scaling mindset"
3. Ensure that sufficient processes, systems, and resources are in place before deciding on an SF strategy
4. Articulate your SF strategy - i.e., your vision, outcomes, model, values & approach - collectively, upfront

Post-Decision to scale:

1. Franchise only those elements of your model that are critical to your target outcomes and replicable
2. Be clear on which individuals and organisations you will work with: Set clear selection criteria
3. Systemise vigorously to ensure reliability, yet dare to customise your model to local needs and demands
4. Don't cease to learn and adapt & pace your scaling efforts: Getting your 1st franchise right is key

Based on these local insights, we suggest the following considerations to taken account of in existing best practices and guidelines:

- Build in (more) time in stage one, of the five stage process above, to validate that social franchising is the way to go;
- Add the eight critical success factors to the International Centre for Social Franchising's "10 questions to social franchise success"²

Social franchising is an impactful scaling framework, but not a one size fits all model. However, the accelerator participants found that the framework improved their internal operations as well, thereby inadvertently increasing the impact of their work.

¹Social franchising is a unique way of systematically replicating and scaling impactful business models and solutions.

For more information about the mechanics of social franchising, please go to www.the-icsf.org

²(See chapter 4: Implications & Next steps)

1. INTRODUCTION

This report provides insights into social franchising in South Africa based on the outcomes of the country's first Social Franchising Accelerator. It aims to give social enterprises, funders and practitioners insights into what it takes to extend their impact and reach through social franchising, which is a unique way of systematically replicating and scaling impactful business models and solutions.

The report documents the journey that each of the participants of the accelerator went through; the challenges they encountered, as well as the critical success factors that emerged along the way. We have compiled our learnings here, in order to contribute to existing knowledge about social franchising. Individual case studies of the four organisations

underpin the report and are available separately. We are grateful to the four social franchise pioneers and our partners for their commitment and openness throughout the process, and indebted to the Rockefeller Foundation and the National Treasury of South Africa for making this work possible.

THE SOCIAL FRANCHISING ACCELERATOR

In January 2014, the Bertha Centre, in partnership with the International Centre for Social Franchising (a UK-based charity) and Franchising Plus (a South African franchising consultancy), launched the world's first Social Franchising Accelerator. Based at the Bertha Centre, the accelerator helped four South African social enterprises replicate their interventions through social franchising. The four organisations had been selected based on their demonstrated track record and successful interventions.

THEY WERE:

IkamvaYouth – an organisation that provides tutoring and career guidance services to high school learners from disadvantaged communities, giving them the knowledge, skills, networks and resources to access tertiary education and/or employment opportunities once they leave high school.

Philani Child Health and Nutrition Project

– which is replicating its Mentor Mothers programme, a successful community health programme focused on maternal and child health.

Silulo Ulutho Technologies – a social enterprise that is filling the digital gap in underserved communities through providing affordable computers as well as internet and mobile phone services and training.

U-turn Homeless Ministries – which works to rehabilitate homeless people and prepare them to re-enter society and the work force.

The accelerator supported these four organisations through the initial stages of a longer social franchising process, recognising that a successful social franchising initiative would extend beyond the period for which funding was available.

2. SOCIAL FRANCHISING AS A TOOL FOR REPLICATION SUCCESS

2.1 Social Franchising: A Unique Strategy for Replicating Social Solutions

Rooted in a realisation that lessons can be learned from successful commercial franchising practices, social franchising has emerged as one meaningful way to replicate effective models. It can be defined as “reproducing a successful social purpose organisation or project in a new geographical location or for a new beneficiary group.” The approach draws from the commercial franchising model, where an organisation systematises and packages its proven business model in a way that

enables others to replicate it. In much the same way, social franchising “addresses two key issues for the social sector: taking successful projects to scale, and avoiding the continual reinvention of the wheel.”

While commercial franchising is a well-established business format with proven application across industries, social franchising is still in its infancy around the world, although its gaining momentum. According to the International Centre for Social Franchising (ICSF), there are more than 100 social franchises in the UK, three thirds of which have come into existence since 2010. Similarly, the four organisations profiled here are only a sub-set of organisations experimenting with social franchising in South Africa.

2.2 Social Franchising In Context

Social franchising is only one form of social replication. Other recognised replication strategies include more flexible models such as dissemination, as well as more controlled options such as wholly owned models. See Figure 2 for an overview of common replication strategies. The benefits of social franchising relates to resource efficiency (a business in a box), the scale of a powerful idea (limited reinvention of the wheel), quick replication, and the combination of local knowledge and a codified solution. “Not everyone can be an innovator, but there are many people willing to work hard to create social change. Social franchising creates a framework for these people to work in but gives them the freedom to improvise around the areas that add value to the local community, hence the phrase ‘freedom in a framework’.” (Dan Berelowitz, 2012) However, social franchising is not a silver bullet, as the insights from the accelerator demonstrate. Each organization has to identify their individual scaling strategy. It should be noted that the accelerator methodology was based on international and local expertise. This insights piece can be read by all interested stakeholders, but is tailored towards the South African context.

AN EMERGING APPROACH

While this programme is the first of its kind, it should be noted that social franchising as a concept has emerged organically and has been tested successfully by multiple organisations in South Africa.

THESE ORGANISATIONS INCLUDE:

- **The Shine Centre**
- **Unjani Clinics**
- **Isibindi**
- **Hippy (South Africa)**
- **Sport for All**

¹Berelowitz, D, and Richardson, M, Investing in Social Franchising (2012) • ²ICSF, Social Franchising Innovation and the Power of an Old Idea (2012)

³Resources and social franchising toolkits are available on www.the-icsf.org/resources/

FIGURE 1: Common Growth & Replication Strategies

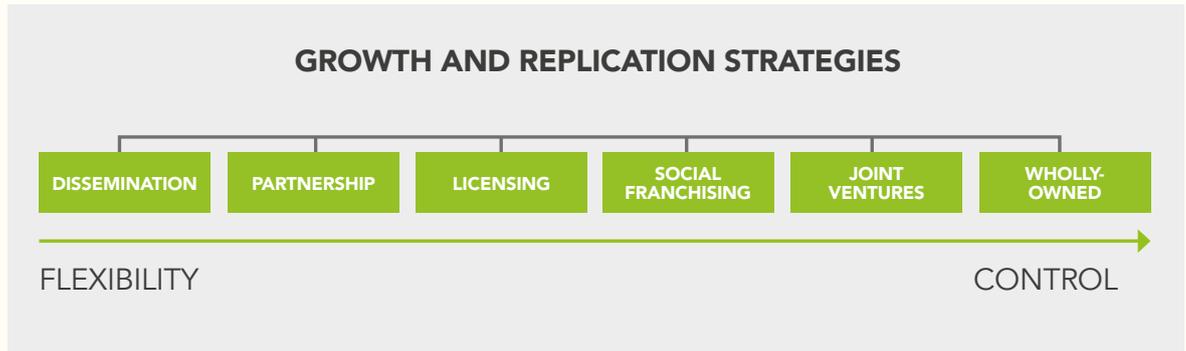


FIGURE 2: Social Franchising “Gives and Gets” by Player



WHO	Funder (grants and/or investment) of a franchisor / franchising model	Originating entity and developer of a proven concept or solution	Local entity / individual choosing to roll out a franchising concept
“GIVES” (i.e., Roles and Responsibilities)	<p>Fund initiation of social franchising processes, and initiatives, especially where capital requirements are high</p> <p>Fund expansion strategies and areas where subsidisation of a social franchise concept is needed</p> <p>Track social franchising success, and support ongoing monitoring and evaluation</p>	<p>Define the franchising concept, incl. Establishing viability of the social franchising concept, and creation of operating and training manuals.</p> <p>Support social franchises as they roll out and manage their respective locations</p> <p>Promote the social franchise in the market as an effective, viable, and trusted solution</p> <p>Ensure consistent quality of products and/or services, as well as ongoing refinement of the franchising concept</p>	<p>Implement the franchising concept in a way that meets the standards prescribed by the franchisor</p> <p>Provide ongoing feedback to the social franchisor to ensure ongoing learning and improvement</p> <p>As Relevant / Over Time: Pay for support services provided by the social franchisor</p>
“GETS” (i.e., Benefits)	<p>Greater reach and impact given:</p> <p>Funding of proven models</p> <p>Greater innovation / learning</p> <p>Possibly: Greater leverage</p>	<p>Greater, reach and impact given:</p> <p>Accelerated roll out</p> <p>Greater innovation / learning</p> <p>Political capital given size</p> <p>Possibly: Earned income</p>	<p>Greater, accelerated impact given:</p> <p>Access to a proven model</p> <p>Increased “speed to market”</p> <p>Decreased start-up risk</p> <p>Ongoing mentoring support</p> <p>Possibly: Access to funding</p>

3. EARLY INSIGHTS FROM OUR SOCIAL FRANCHISING ACCELERATOR INITIATIVE

As noted earlier, the Social Franchising Accelerator supported four South African organisations as they developed and sought to roll out their franchise models. This section provides an overview of the lessons learned by the social franchisors as well as by the partnership that led the acceleration process. Findings are based on the experiences of each partner over the course of the acceleration process and were deducted based on qualitative interviews by the Bertha Centre in April 2015, 18 months into the initiative.

3.1 Social Franchising Process & Support

The accelerator assisted each social franchisor as they designed, systemised, and piloted their social franchise concepts. As part of this “acceleration package”, each organisation received training, consultations, mentorship, and seed funding:

TRAINING	ONE-ON-ONE SUPPORT	MENTORING	SEED FUNDING
<p>... which took participants through a range of social franchising related topics. The course was an adaptation of Franchising Plus’ Franchising By Numbers course, and covered everything from social franchising strategies and objectives, to partner selection to financial planning and forecasting</p>	<p>... through which each organisation received in-depth, customised consultancy support, on aspects such as which goals to set for the franchise, which franchising format to best use, how to make the franchise financially sustainable, branding and marketing strategies for expansion</p>	<p>... as part of which the leaders and franchise champions of each organisation were matched with experienced mentors to help them overcome specific challenges on their social franchising journey</p>	<p>... - provided by the Rockefeller Foundation – to cover costs associated with franchising, such as staff time to develop the operations manual, legal fees and marketing campaigns to find franchisees.</p>

Over the course of the initiative, the four organisations went through the process of designing, systemising, and piloting their social franchising formats. Their individual journeys and support packages were mapped against the five stages of social replication, which the ICSF recognises as being key to any social franchising trajectory. (See Figure 3)

FIGURE 3: ICSF's Five Stages of Social Replication



The **Prove** stage is where the organisation develops a core model that can deliver social impact as well as demonstrate the potential to scale. Essential elements in this stage include refining the business model and proving the organisation's social impact.

In the **Design** stage, organisations work out the replication strategy most appropriate for them. With the appropriate strategy in mind, the organisation then works out its capabilities and capacity for expansion, and develops a strategy to reach scale.

In the **Systemise** stage, the organisation goes through the process of documenting all its intellectual property, from brand to systems, and packages its offering so that others can implement it effectively. This stage also requires organisations to create legal agreements and marketing materials for franchisees.

In the **Pilot** stage, the organisation tests its replication model. Ideally, the organization pilots its replication in more than one location in order to maximise the lessons learned and minimise the risk of one-off factors jeopardising success. The organization also monitors and evaluates the pilots and lessons learned to refine the replication package.

Finally, in the **Scale** stage, the organisation rolls out its replication model at a larger and more rapid scale by building a larger network of franchisees. The original organisation takes on the role of franchisor and provides on-going support to its franchisees. As there are different nuances in different contexts, the franchisor should seek to continuously learn and improve its interventions, as well as continue to strengthen its evidence base.

3.2 Critical Success Factors to Social Franchising

While it should be recognised that social franchising success across the four franchisors cannot be established yet, given that none have reached the last “scaling” phase of the process, eight critical success factors emerged from our listening tour among participants. Some factors involve recommended focus areas before a social franchising initiative is launched, while others are critical considerations post launch.

Pre-Decision to scale

1. Validate upfront that replication as well as social franchising is right for your solution and organisation.
2. Confirm all members of the organisation are ready to systemise your work and adopt a “scaling mindset”
3. Ensure that sufficient processes, systems, and resources are in place before deciding on an SF strategy
4. Articulate your SF strategy - i.e., your vision, outcomes, model, values & approach – collectively and upfront

Post-Decision to scale

5. Franchise only those elements of your model that are critical to your target outcomes and replicable
6. Be clear on which individuals and organisations you will work with: Set clear selection criteria
7. Systemise vigorously to ensure reliability, yet dare to customise your model to local needs and demands
8. Don't cease to learn and adapt & pace your scaling efforts: Getting your 1st franchise right is key

Our franchisors consistently indicated having revisited questions such as *'Why do we want to scale when we are already having good local impact?'*; *'Have we fully considered the risks associated with scaling, and do we have the resources to mitigate them?'*; or *'Are we ready for it?'*. These are important questions to spend sufficient time answering before getting started.

PRE-DECISION TO SCALE

INTRODUCTION

When selecting franchisors for the accelerator at the very beginning, we reviewed not only the replicability of a solution, but also the overall readiness of the organisation to franchise its solution(s). If the

hearts and minds of a management team are not (yet) committed, or if insufficient resources and management time are available, it may be better to halt or postpone a full-fledged franchising process. Allowing time for this process as well as making sure that all stakeholders support the social franchising strategy is of critical importance and makes the rest of the journey easier.

In working with the organisations, the accelerator team also found it important to let the franchisors develop their own language, systems, and the “gives and gets” with their franchisees and funders. For example, management fee-based structures may not be realistic between franchisees and franchisors, yet funders may be willing to pay a franchisor to oversee the roll out, which in turn limits the financial pressure on the franchisees.

CRITICAL SUCCESS FACTOR 1:**Validate upfront that replication & social franchising is right for your solution and organisation**

The reality of scaling is that it comes with risks and challenges and places significant demands on an organisation. Some organisations, especially more grass-roots organisations, achieve great local impact yet are not necessarily suitable for widespread replication or franchising.

Perhaps because solutions are not easily “put in a box” and codified, or perhaps because the hearts and minds of those involved in the organisation are more connected to local needs. If a concept is not replicable in the sense that skills can be transferred, or processes can be standardised, social franchising may not be the right way to achieve scale.

Adopting a social franchising strategy should contribute to the overall strategy of the organisation. Our franchisors consistently indicated having revisited questions such as ‘*Why do we want to scale when we are already having good local impact?*’; ‘*Have we fully considered the risks associated with scaling, and do we have the resources to mitigate them?*’; or ‘*Are we ready for it?*’. These are important questions to spend sufficient time answering before getting started.

CRITICAL SUCCESS FACTOR 2:**Confirm all members of the organisation are ready to systemise and adopt a “scaling mindset”**

The replication journey can be hugely rewarding, yet is also demanding and marked with uncertainty. Scaling, or supporting organisations to scale, requires more than financial support – it requires commitment to building the internal capacity to manage for scale. As one participant observed, in their case ensuring impact and excellence within their existing programmes required most of their founders’ attention, which complicated their social franchising work. In other words, it is important that the team understands how the process will affect the organisation and that they excited about the potential, scaling holds:

- *“Scaling takes an organisation in a particular direction and requires resources to be channelled towards that strategy. So it is important to get commitment from the whole organisation.” - Nicola Eley from Philani. Not only does involving the whole organisation help with the distribution of tasks, it also helps to inspire a shared vision across all staff.*
- A decision to replicate should be one that is reviewed thoroughly and collectively. Given the level of resources that is required to implement a social franchising strategy, the decision should not be taken lightly. As Sarah Simpson of U-turn Homeless Ministries recalls, *“we spent a lot of time asking ourselves if we’re really ready, if we have enough capacity, and if we really want to do this.”* IkamvaYouth’s Joy Olivier adds, *“scaling up require a fair amount of courage because the ground is always moving.”*

Anita du Toit from Franchising Plus adds one solution;

“having a dedicated resource in place to shepherd and ensure all those involved feel ownership over the process, is incredibly important”.

Our franchisors commented that the approach required them to make a considerable mind-set and language shift. This mindset shift became particularly apparent in three areas:

1. Fee for service approach to replication

The suggestion of charging Philani's replication partners a management service fee in exchange for ongoing support was initially difficult to embrace for its management team. As the team explained *"It felt like going against our culture of being collaborative and our ethos of being a public good"*. Similarly, some argued that implementing a franchise fee created the risk of being exclusive and therefore going against the promise of meeting the needs of some of the poorest and most vulnerable people. Reflecting on this tension, Zoe Mann of IkamvaYouth puts forward that: *"I struggle most with charging implementing partners a franchise fee, as I feel scaling should be inclusive. The people that have the most need are in poor communities and are often served by small organisations that don't have funds to pay for services. So by following a replication strategy that hinges on charging for service/support in order to sustain itself is challenging because it's difficult to see where the "small guys" fit in. Charging money for services makes this out of reach for other organisations."* Ikamva have overcome this by adopting a blended social franchise model, where smaller, under-resourced organisations fall into a dissemination strategy and larger, more resourceful organisations fall into a social franchise model.

2. Branding as a key part of one's modus operandi

The principle of branding and marketing was also initially met with resistance by some of the organisations. This initial resistance came from a place of being concerned that one can be perceived as *"showing off or making a name for ourselves"* if they invest more in branding and marketing of their social franchise. It took a mental shift to embrace branding and marketing as a critical communication tool, and a way to attract funding and achieve partnerships.

3. Formalising collaboration agreements

Another challenging principle to embrace was around the legal aspects of social franchising, such as signing legally binding franchise agreements with franchisees, and protecting one's work through Intellectual Property registration. As Dr. Ingrid le Roux of Philani expressed *"in the social sector we work with people who are used to us sharing our resources and knowledge freely and openly with them. So the legal aspects that are encouraged in social franchising is far away from the culture of the social sector, especially with community-based organisations."*

Social franchising seeks to rethink – and systemise – the way roles and responsibilities are divided between initiating organisations or locations (in this case social franchisors), and those implementing a solution in new contexts. It requires experimenting with new *"gives and gets"* between franchisors and franchisees, and requires organisations to embrace a more systematic and business model oriented approach. Branding and marketing in this context is not as much about blowing one's own horn, as it is about bringing out the full value of the initiatives, standards, and outcomes that are achieved by a collective of organisations that may otherwise remain unnoticed.

CRITICAL SUCCESS FACTOR 3:**Ensure that sufficient processes, systems, and resources are in place before deciding on a social franchising strategy**

With replication and scale currently at the forefront of the conversation in the social sector, it is sometimes assumed that because an organisation is achieving good impact, their internal operations are in order and they are ready to scale. However, as Sam Vos from U-turn Homeless Ministries indicated, having a good social impact record and a proven model is not enough; having proven systems is another important box to tick before embarking on the replication journey. In his words, *“Although we had progressed nicely over the years from developing a good solution and developing good internal capacity, if I could do it all over again, I would start with documenting what we do across all our processes, especially the support side of the organisation. It would have helped if we had done more work on strengthening our processes and systems before embarking on this process with you”*. Other accelerator participants shared Sam’s perspective and pointed at the fact that revisiting one’s internal systems and operations when preparing for scale is incredibly important.

All accelerator participants mentioned how much they underestimated the time and capacity the replication process would require. This was especially the case in the documentation stage of the social franchising process, which – as highlighted above – in most circumstances had not consistently been done in the past. Most social organisations tend to grow organically with a lot of knowledge is held in people’s heads.

CRITICAL SUCCESS FACTOR 4:**Articulate your strategy collectively, upfront**

Given that the replication journey is a lengthy and complex undertaking, starting with a strategy to guide the process and journey is important. As one participant pointed out *“having a guiding strategy for replication brought more clarity and less frustration along the way.”*

Although scale will always involve interplay between deliberate strategy and emergent opportunity, a well thought out replication strategy helps define an end-goal in order to anchor activities. It forces the organisations to be more deliberate about their scaling path. Because the social franchising approach relies on replicating through partners, forming good relationships become critical. A recurring reflection from the accelerator participants was around the importance of finding partners who share their values and visions. As Joy Olivier

expressed, *“when you are operating in the social sector, you have to partner with people that are not only super passionate about the work you’re doing, but who also believe that what you’re trying to achieve is possible. Without strong, trusting relationships, it’s impossible to move things forward”*. These partners include replication partners, funders and the communities, you are replicating the interventions in. Managing these relationships requires trust, clarity and openness. This is especially true given that – as was outlined earlier – adopting (more of) a business/scaling-oriented mindset can cause tensions.

An important dynamic to consider as part of these discussion is the relationship between the organisations delivering a solution (in this case the franchisor and franchisees) and whoever is funding one’s expansion and replication strategy. One participant in the accelerator mentioned that *“there is always this fear in the social sector that organisations can be driven by donor agendas, and not end up doing what is most beneficial for your organisations.”* Another participant added *“the process was difficult for us at times, as tensions emerged within our partnership between funder priorities and our immediate priorities. Although it was with good intention, it took time and effort to figure out a path forward that was comfortable for all.”* This, again, highlights the importance of ensuring upfront as well as ongoing alignment and clarity between all parties in regard to individual and collective priorities, roles, and expectations. This includes franchisors, franchisees, funders, as well as – in our case - partners within our accelerator initiative.

POST-DECISION TO SCALE

Once an organisation, or rather a collective of organisations, has embarked on its social franchising journey, another four critical success factors come into play. These are:

CRITICAL SUCCESS FACTOR 5:**Franchise only those elements of your model that are critical to your target outcomes and replicable**

In trying to determine which elements of the model are essential to replicate, organisations need to re-asses their interventions to find the critical, core elements on which the impact depends in order to ‘codify’ these elements. Everything that is not critical can be left open to adaptation. This is especially important for organisations with more complex models. In the case of U-turn Homeless Ministries for instance, the intervention model is

made up of multiple phases and steps. Every step of the model is critical to realising the final goal of successfully reintegrating the individual clients into society. Additionally, different aspects of the model deliver different value. Deciding which part of the model to replicate was therefore a critical decision point for U-turn. They had to go through a process of distilling the parts of the programme that will achieve their core aim – sustained reintegration – and replicating enough of that to see results.

CRITICAL SUCCESS FACTOR 6:

Be clear on which individuals and organisations you will work with: Set clear selection criteria

Often, going to scale requires partnering with others. Not only do partnerships help accelerate paths to scale, they can bring fresh energy, additional resources and passion for affecting change. Simultaneously however, collaborating with many players in a system can also be a stressful and complicated undertaking due to competing priorities, politics and conflicting timeframes even with the most “compatible” partners. Given this context, and as the accelerator participants experienced, being deliberate in identifying the right partners, and setting “minimum standards” for partnering organisations, is important. Minimum standards can relate to partner mindsets, as well as the extent to which the right teams, processes, and systems are in place and/or available within a partner organisation to play the role they are set out to take on. In the case of IkamvaYouth for instance, the team puts its programme success firmly on the strength of these partnerships. According to IkamvaYouth, partnering with like-minded people is crucial – be these funders, replication partners, government partners or community stakeholders.

CRITICAL SUCCESS FACTOR 7:

Systemise vigorously to ensure reliability, yet dare to customise your model to local needs & demands

Systemisation, standardisation, and control are important principles in social franchising. While commercial businesses can get away with a high degree of control and prescription within their franchise operations, application in the social sector can require a fair amount of flexibility. Social organisations often balance a number of factors as they are driven by an impact-first agenda, and often times, a sector development agenda. For most of the organisations participating in the accelerator, the control aspects of social franchising are what attracted them to exploring it as a replication strategy.

Many of them had tried other looser/informal forms of replication before, but had little success with ensuring quality and impactful delivery of their programmes at the new replication sites. Very quickly however, these organisations came to realise that it is important for them to strike the right balance between control and adaptation. As Joy Olivier from IkamvaYouth reflects: *“The control aspects of social franchising are important to us, but flexibility and adaptation are also important as our processes are very iterative. That is how we developed our model over the years, and that’s how our organisation has grown. So we’ve had to find a good balance in designing a social franchise model”*.

Of the organisations participating in the accelerator, these considerations have carried more weight for IkamvaYouth and Philani as their interventions will only be sustainable if they are community-owned and community-led. Applying a rigid framework in these contexts can jeopardise the potential impact. As such, adopting principles for engagement rather than strict rules was consistently mentioned as a critical success factor when franchising social impact solutions.

CRITICAL SUCCESS FACTOR 8:

Don’t cease to learn and adapt & pace your scaling efforts: Getting your 1st franchise right is key

Although all four organisations are yet to set up their social franchises, they have repeatedly reflected on how to balance speed with the quality and sustainability of the replication. *“My thinking around scale is that you are naive when you don’t know what it takes to replicate and what’s possible. So the reality is much slower, but it also means the reality is more robust in that I allow for slower but proper growth, rather than risking collapse”*, says Sam of U-turn Homeless Ministry. Anita du Toit from Franchising Plus adds: *“Piloting the first franchise outlet is an important step towards finalising the franchise model and understanding the implications of replication”*

The importance of being realistic in one’s pace for scale is especially relevant when government institutions are the main partner for scale. In which case, setting realistic timelines that recognise government timelines as well as anticipate events outside of the organisation’s control, is key.

3.3 Updating the five stage process of social franchising

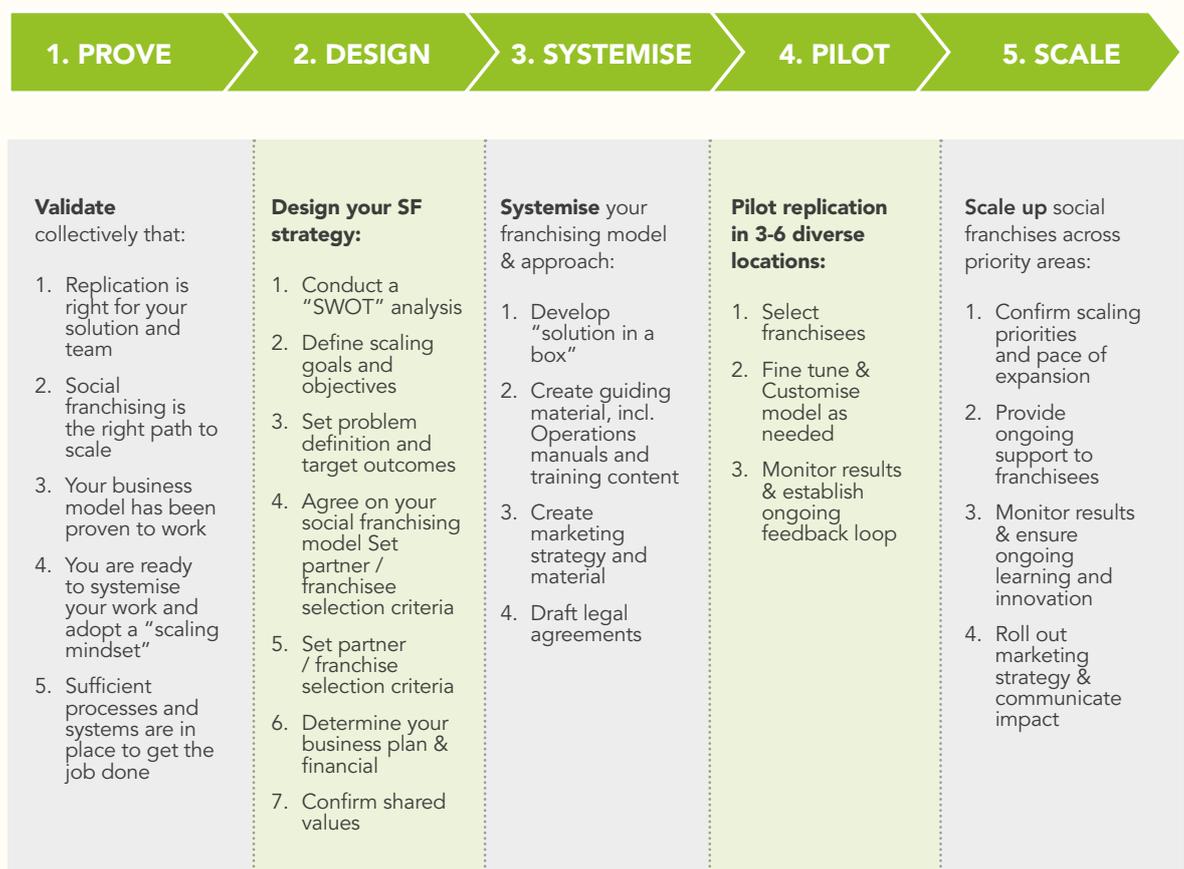
Building on these eight critical success factors as well as our overall experience from the Social Franchising Accelerator, we are suggesting a few additions to the five stage process that was shown earlier in Figure 3: Five Stages to Impact Replication.

The additions reflect additional considerations to stage 1, prove and stage 2, design. Focusing more on the prove stage by validating that social franchising could be the right solution for your organisation proved to be of critical importance within the South African context. This is mainly linked to the fact that the initial stages of social franchising locks up parts of the organisation's resources as well

as introduces a scaling mindset where processes and systems become crucial, thereby introducing new dynamics in social organisations as well as industries.

It should be noted that although the process of social franchising is split into five stages here, in reality, the stages overlap as well as feed into each other. For instance, the design (phase) will often be revisited (and improved) during the systemisation and pilot phase. However, the recommendations from the accelerator participants as well as the social franchising experts would be to attempt completion of the prove, design and systemisation stages before piloting.

FIGURE 4: five stage process, as inspired by local context



4. IMPLICATIONS & RECOMMENDATIONS

Based on these local insights, we suggest the following considerations to be thought into existing best practices and guidelines:

- Build in (more) time in stage one, of the five stage process above, to validate that social franchising is the way to go;
- Allow for the eight critical success factors to feed into the International Centre for Social Franchising's "10 questions to social franchise success"⁶

Those organisations that *continue to be excited about social franchising (and other forms of social replication)* after having gone through the diagnostic phase, can find a replication toolkit at <http://toolkit.the-icsf.org/Home> For those who decide that social franchising is not for them, accelerator participants have two recommendations:

- **Think about, and design, for scale sooner rather than later:** For most of the organisations participating in the accelerator, going to scale was not necessarily an intention when starting out as an organisation. Rather, most of them started out wanting to address a local need in a particular community, and their initial replication efforts were mostly in response to requests from others seeing value in their models.

For organisations wanting to have wide reach, it is worth thinking about scale in the early/pilot stages of your interventions. Refinement will always be necessary, but laying the foundations early on will support the scaling effort when the time comes. This includes systemisation and documentation of processes, procedures and guiding principles from the beginning.

- **Documenting systems and processes stimulates learning & is key to unlocking value:** Although documenting an organisation's systems and processes is a time intensive undertaking, accelerator participants found that incredible value comes from investing time and resources in this. In packaging their intervention for an external audience, participants found themselves thinking a lot clearer about their work, the pieces of the interventions that are essential, and how best these can be communicated to others for effective replication.

The discipline of documenting systems and processes also resulted in improvements on existing operations. In the case of Silulo, they had already replicated many times through various strategies – including franchising. However very little of their business and processes were clearly documented, and this caused various challenges when it came to their replications – especially those that were not wholly-owned replications. *"Systematising what we do and having controls in place will go a long way in ensuring we scale up sustainably as we have gone back to getting our house in order and laying the right foundation for accelerated growth"*, says Silulo's Luvuyo Rani.

In closing, we identified real value in social franchising. It is an impactful scaling framework, but also not a one size fits all model. However, the methodologies of phase 1-3 (prove, design, systemise), was found to affect the effectiveness of the franchisors significantly, thereby inadvertently improving their impact.

⁶ (See chapter 4: Implications & Next steps)

LOCAL' UPDATE TO THE ICSF'S "10 QUESTIONS TO SOCIAL FRANCHISING SUCCESS"

Based on the experiences of our four social franchising organisations as well as the partners involved in our Social Franchising Accelerator, the following 10 questions emerged as being critical to social franchising success in South Africa. They are inspired by the ICSF's 10 Social Franchising Questions and the Eight Critical Success Factors (mentioned here), yet should not be seen as a replacement to ICSF's guidance and toolkits

1. Is your solution ready for replication?

- Is your **social impact proven** and **evaluated**?
- Is sufficient evidence in place that your model works?

2. Does sufficient franchisee demand for your model exist?

- Does a significantly enough market exist for your market?
- Is there a supply of suitable franchisees willing and able to take on the franchise?

3. Is social franchising the right replication strategy for your solution?

- Has a sustainable business model been developed and demonstrated?
- Can your project succeed in another place without its founder present? Can it be systematized?
- Can your project flourish in other cultures and conditions?
- Is funding available?

4. Is your team ready to adopt scaling mindset?

- Does everyone from staff to board, and external stakeholders support replication?
- Does sufficient support exist within your team for a systematised approach to replication?
- Are you willing as an organisation to embrace a "scaling" or even a "business" mindset?

5. Is now the right time to kick off a social franchising process?

- Do you have sufficient resources available to finance a franchising process?
- Can you free up or recruit a dedicated resource for the full duration of the process?
- Are there processes, systems, training and procedures developed for delivery and quality?

6. Which elements of your solution will you franchise, and in what sequence?

- What vision and outcomes will lie at the heart of your social franchising model?

- Which elements of our solution are core to delivering on your vision and outcomes?
- Which elements are must have, yet require customisation?
- Which elements are "nice to have", and can be excluded from (immediate) replication?
- What collective benefits can you offer a franchisee?
- Which brand and values will you set for your franchisees and yourself?

7. Who will you select as social franchisees?

- Which values do you seek in your replication partners?
- What mix of local and sector expertise do you require in your franchisees?
- What level of commitment of time and resources do you require from your franchisees?

8. How will you design our replication process?

- How will you ensure a shared vision for and approach to replication among all involved?
- How will you balance systemisation and customisation of our solution and process?
- What will you do to connect (and sync!) our "systemise" and "pilot" phases?

9. What will you do to monitor and evaluate your results, ensure ongoing learning, and manage risks?

- What metrics will you bring in place to determine and manage your results?
- Which will you do to manage franchise risks, and what legal arrangements will you bring in place?
- How will you ensure you operate as a learning organisation as a collective?

10. How quickly will you scale?

- How will you pace our replication process?
SOFTEN – WONT KNOW BEFORE THE DESIGN PHASE...
- Which markers for being ready will you bring in place between and within each franchise phase?

Appendix 1: About the Project Partners and Financial Supporters

This accelerator initiative was conducted by the following three partners, and rolled out with funding from the Rockefeller Foundation's Social Innovation team:

PROJECT PARTNERS

Bertha Centre for Social Innovation and Entrepreneurship

Established within the University of Cape Town's Graduate School of Business in 2011, the Bertha Centre for Social Innovation and Entrepreneurship is the first academic centre in Africa dedicated to advancing social innovation and entrepreneurship. Since inception, the Centre has integrated social innovation into the school's curriculum, awarded scholarships to African students, and - together with its partners - has begun testing solutions ranging from social impact bonds, social franchising and healthcare innovation hubs. More on the Bertha Centre here: www.gsb.uct.ac.za/berthacentre

International Centre for Social Franchising

The International Centre for Social Franchising (ICSF) is a registered UK charity established in 2012 that was born out of a frustration of seeing organisations constantly reinventing the wheel and wasting scarce resources. Its vision is a world where innovative impact solutions are spread to match the scale of the problem they address. To achieve this vision, ICSF supports proven impact organisations to replicate their solutions to scale. ICSF also works with private and social sector pioneers to promote replication rather than reinvention of the wheel. Recent clients include: Nike Foundation, Oxfam, GlaxoSmithKline (GSK), PSI, SolarAid, Street League, YHA, FoodCycle and others. In total, ICSF has served around 30 organisations who fit Rockefeller's definition of an Impact Enterprise. More on the ICSF here: www.the-icsf.org

Franchising Plus

Franchising Plus CC was established in 1994 and has since become South Africa's most respected franchise consultancy. Franchising Plus has built a reputation of delivering unbiased advice and professional services

of the highest standard to existing businesses and prospective franchise companies in expanding their operations by means of franchising, licensing and other suitable business distribution mechanisms. Franchising Plus has worked on a range of social sector projects in a pro-bono capacity as well as giving advice on franchising and replication to the South African government. More on Franchising Plus here: www.franchisingplus.co.za

FINANCIAL SUPPORTERS

The Rockefeller Foundation

Over the past year, The Rockefeller Foundation, in conjunction with its grantee Monitor Deloitte, sought to identify best practices and innovative new ideas for scaling impact enterprises. There were several phases of work during this project. The first phase focused on understanding the needs of impact enterprises as they seek to scale. In the second phase, the team conducted primary and secondary research and developed a landscape of more than 160 impact accelerators in the United States, Sub-Saharan Africa, and Southeast Asia to understand both the typical support accelerators provide for impact enterprises as well as promising new practices. To have a greater impact on poor and vulnerable populations, the next phase encouraged further accelerator experimentation by giving grants to organizations testing innovative new models. Grants were given to five organizations: African Management Initiative (AMI), the Social Franchising Accelerator, Shujog, Unreasonable Institute, and Village Capital. Overall, this work sought to deepen and disseminate knowledge in the impact accelerator market. The report can be found here: <http://assets.rockefellerfoundation.org/app/uploads/20150201214323/Accelerating-Impact.pdf> More on the Rockefeller Foundation here: www.rockefellerfoundation.org

South Africa's National Treasury

In order to support the knowledge dissemination of the Social Accelerator's findings to mission-driven organisation across South Africa, the National Treasury supported the development of four individual case studies, this insights piece, as well as four social franchising workshops. The workshops will take place across South Africa in August 2015.

Appendix 2: Case Studies on the four Social Franchising Accelerator Participants

Accompanying this insights report are individual case studies on the four Accelerator participants. Each case studies covers the following aspects of the organisations:

1. A brief background of the organisation in terms of how it came into existence and the social mission that guides its work.
2. An overview of the intervention that the organisation has created to address a particular social need, and the core innovation that delivers the social impact.
3. An overview of previous pathways to scale that each organisation has adopted before testing social franchising through the Social Franchising Accelerator.
4. An overview of the social franchising strategy the organisations designed during their time in the Accelerator. It is important to note that the organisations are still in the 'systematise stage' of the five-stage process that the Accelerator aimed to take them through. Aspects of the replication models are therefore still under development.
5. Key lessons learned specific to the organisations and their unique journey through the Accelerator, organised alongside the critical success factors mentioned in this report.

The Social Franchising Accelerator was part of the Bertha Centre's work to test innovative ways of scaling social entrepreneurship. The work continues under the caption Pathways to Funding and Pathways to Sustainability.