Social franchising as an option for scale

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Abstract This paper presents a review and synthesis of resources available to social entrepreneurs considering social franchising as an option for scale. We identified 20 publications produced by organizations supporting social franchising and four peer-reviewed journal manuscripts. Commonalities and differences between social and commercial franchising are discussed, with a focus on capacities and considerations needed to undertake social franchising. Based on our synthesis, we propose a seven-stage approach to guide social entrepreneurs in considering this option and to inform future research on social franchising as one potential mechanism for scaling impact.

Résumé Cet article présente une revue et une synthèse des ressources à la disposition des organismes sans but lucratif qui considèrent avoir recours au franchisage social pour prendre de l'ampleur. Nous avons décelé 20 publications rédigées par des organismes appuyant le franchisage social et 4 manuscrits revus par des pairs. L'article traite des similitudes et différences qui existent entre les franchisages social et commercial, avec un accent sur les capacités et considérations requises pour mettre le premier en œuvre. En fonction de notre synthèse, nous proposons une approche à sept phases qui guiderait les organismes sans but lucratif envisageant cette option et renseignerait la recherche ultérieure sur le franchisage social comme mécanisme potentiel d'amplification des impacts.

Zusammenfassung Dieser Beitrag enthält eine Prüfung und Übersicht zu den verfügbaren Ressourcen für gemeinnützige Organisationen, die soziales Franchising als eine Option zur Skalierung erwägen. Wir ermittelten 20 Publikationen, welche von Organisationen veröffentlicht wurden, die soziales Franchising unterstützen,

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und 4 Zeitschriftenmanuskripte, die per Peer-Review beurteilt wurden. Es werden die Gemeinsamkeiten und Unterschiede zwischen sozialem und kommerziellem Franchising diskutiert, wobei man sich auf die benötigten Kapazitäten und Überlegungen im Zusammenhang mit sozialem Franchising konzentriert. Beruhend auf unserer Darstellung schlagen wir einen sieben-stufigen Ansatz vor, um gemeinnützige Organisationen bei der Erwägung dieser Option zu lenken und zukünftige Forschungen zum sozialen Franchising als ein potenzieller Mechanismus für Skalierungsauswirkungen zu prägen.

Resumen El presente documento presenta una revisión y una síntesis de recursos disponibles para las organizaciones sin ánimo de lucro que consideran la franquicia social como una opción de escala. Identificamos 20 publicaciones producidas por organizaciones que apoyan la franquicia social y 4 manuscritos diarios revisados por iguales. Se tratan los elementos comunes y las diferencias entre la franquicia social y la comercial, con un foco de atención en las capacidades y consideraciones necesarias para emprender la franquicia social. Basándonos en nuestra síntesis, proponemos un enfoque de siete etapas para guiar a las organizaciones sin ánimo de lucro a considerar esta opción y para informar a las futuras investigaciones sobre franquicia social como un mecanismo potencial para ampliar el impacto.

Introduction

Social entrepreneurs looking to expand their impact are faced with multiple options and considerations. Much of the literature focuses on best practices in the preliminary steps of designing, developing, implementing, monitoring, and evaluating social interventions (Seelos and Mair 2013). Resources such as human centered design (designkit.org), DIY Toolkit (diytoolkit.org), and a multitude of others are abundant to guide and inform social entrepreneurs confirmed! in the ideation and testing stages; in developing their business models and their distribution models (Chahine 2016). However, once a pilot is successful, less literature is available on the each of the multiple mechanisms that might be considered for replication.

Weber et al. describe four types of scaling strategies in Europe, based on a quantitative analysis of 358 social enterprises scaling nationally and internationally. Type 1 is capacity building, which is the first form of expansion or "doing more of the same." This is followed by strategic expansion, type 2, whereby new products or services are introduced, or new markets are opened. Contractual partnerships comprise type 3, which result in new sites being established via fixed contractual partners. Finally, type 4 entails knowledge dissemination, where the social impact model is shared without expanding the organization. Examples of the contractual partnerships described in type 3 are licensing and franchising, in which the authors note are often difficult to distinguish. Licensing can be defined as the transfer of

patents, trademark rights, names, and know-how, while franchising transfers the overall business concept (Weber et al. 2015).

Jowett and Dyer also point to four different models for replication, using the education sector as an example. The first is government replication, which might entail one of two pathways: either the non-governmental organization (NGO) innovates and pilots a product or service, demonstrating viability and then handing over to the government for replication and institutionalization; or the NGO works in partnership with the government to replicate the pilot. The second is franchise replication, where the initiating NGO or franchisor provides detailed guidance to another organization or franchisee, in a contractual agreement to maintain performance standards related to both processes and outcomes. Staged replication is the third model, where the NGO pilots and tests its product or service at multiple sites, and finally rolls out a finalized and evaluated version for replication through an increasing number of chains or branches, thus retaining the initiative within the organization through planned growth and replication. Finally, the model of concept replication combines various aspects of the above, whereby either the initiating NGO or others can replicate the original concept using a more flexible approach to adapt it to various settings. Jowett and Dyer also propose a fifth model which they term network replication, where organizations work actively together to adapt and replicate a core concept while maintaining close communication ties to enable them to function as a larger unit (Jowett and Dyer 2012).

Other mechanisms for scale include expanding the base organization; partnering with the private sector to leverage existing distribution channels; decentralizing production to expand reach; and micro-franchising which is a decentralized form of delivery (Crawford-Spencer and Cantatore 2016). Gugelev and Stern (2015) analyze six pathways to scale, comparing resources needed and effectiveness across settings for sustained service, commercial adoption, government adoption, replication, open source, and mission achievement. To pursue the replication pathway, a social venture first demonstrates the effectiveness and viability of its product or service, and then finds other organizations to deliver its model. The originating organization can either serve as a certification body that maintains quality standards (thus entering franchising related territory), or a center of excellence that serves as a reference to replicators.

In practice, institutions supporting grassroots organizations rely on a combination of the academic literature and their own experience and observations, to provide recommendations and technical assistance to pioneering organizations in expanding their social impact. Tayabali (2014) proposes five stages to help organizations assess purpose, applicability, transferability, readiness, and implementation (P.A.T.R.I) in planning for scale. Bradach and Grindle (2014) point to four pathways used by pioneering organizations based on their work in non-profit consulting with The Bridgespan Group. These include distributing through existing platforms using either a non-profit or for-profit existing network; recruiting and training other organizations via technical assistance and consulting; unbundling and disaggregating more easily replicable components of an organization's impact model; and using technology to distribute and spread the model to more people at a lower cost. A similar analysis conducted in a for-profit setting identified the importance of

developing and executing 'Repeatable Models' to achieve widespread adoption of social products and services to eradicate poverty in rural settings through improved agriculture (Tam et al. 2014). This entails focusing on your core capabilities and targets; embedding the core model and its non-negotiable so that it is internalized and executed across the organization; investing in talent and systems to prepare for growth; and adapting the core model as required for different contexts, incorporating feedback and innovating as needed. Both of these studies point to the importance of first identifying a core package which is replicable, to then take the steps required to assess options for replication and select the most effective option.

While social franchising is consistently mentioned as one of the multiple options for scaling impact, an in-depth analysis of the literature on social franchising is lacking. Social franchising is a relatively new term and until recently did not have a universally agreed upon definition (Lyon and Fernandez 2012). It can be defined as a process through which a social venture can scale up the coverage of its successfully proven social concept to its target population while maintaining the quality of its service delivery. The parent organization (the franchisor) allows other independent operators (the franchisees) to replicate its model using its tested system and brand name, in return for social results, system development, and impact information (Meuter 2011).

The option of social franchising is often posed in comparison with the other pathways for scale when an organization is operating in resource-constrained settings. This is not to be confused with micro-franchising, which has been applied by numerous organizations tackling poverty in developing countries. Micro-franchising is a specific business model which has been used in many cases to provide access to basic goods and services at affordable costs, and foster job creation (Beck 2009). Examples of organizations that have employed micro-franchising to provide social goods and services around the world include VisionSpring Eyeglasses, HealthStore Foundation, PlayPumps, KickstartPumps, Drishtee, and Grameen Phone (Mukherjee 2008; Clemminck and Kadakia 2007).

In social franchising, the parent organization partners with one or more existing organizations serving other geographic areas or sociodemographic target groups. This concept stems from the commercial practice of franchising, which can be traced back to the middle 1800s (Lavonen 2010). Franchisees are not only licensed to produce and or sell the product, but are also mandated to abide by stringent set of rules regarding processes and how the business is being carried out. This system of standardizing every single aspect of the organization, which has come to be known as business format franchising, helps to ensure that the quality of the end products across the entire franchise chain is maintained (Montagu 2002).

Examining commercial franchising as the starting point for social franchising, the former is explained primarily by the resource scarcity theory and the agency theory (Combs and Ketchen 2003). The resource scarcity theory posits that achieving economies of scale often requires expansion rates that are beyond what may be feasible relying solely on company generated revenue (Dant et al. 1997). Therefore, budding companies will use franchising to achieve the growth rate needed to attain the desired economies of scale. The agency theory on the other hand argues that, in an agency relationship where the principal (franchisor) delegates authority to a

second party (the agent/franchisee), the principal must expend resources to monitor the agent, because each party is inherently self-interested, and thus, the agent is likely to possess divergent goals from that of the principal. Typically, when the agent manages a company-owned outlet, he/she is not as invested in ensuring maximum performance, as his/her income tends to be fixed (Brickley and Dark 1987). However, franchisees are highly incentivized, as their income generally depends on the performance of their outlet (Bürkle and Posselt 2008). Since franchisees are typically more self-motivated to succeed, firms may decide to franchise, as this will eliminate the need to monitor or at least reduce the amount of resources spent monitoring outlet managers (Eisenhardt 1989). These perspectives are still applicable to the social franchising space, as they pertain to resources and agency, with the additional complexity of the social mission as the driving force.

Due to the importance of transferring both social impact and financial viability, social franchising has been described as the application of commercial franchising methods to achieve socially beneficial ends (Temple et al. 2011). This could entail either a commercially organized system designed to achieve social benefits; a non-profit replication system which includes core elements of franchising but without the classic fee and profit elements; or a subsidized franchise system to make services available at a lower cost than commercial solutions (Fleisch et al. 2008).

The practice and theory of franchising an impact model in the social sector are relatively nascent compared with the commercial sector. While in the commercial sense, franchising is used as a means towards achieving the financial bottom line of increasing profit, the focus of this paper approaches the definition and practice of social franchising as being conceptually different in the sense that the main goal of the social franchise network is the expansion of its social benefits to its target population rather than just financial returns. Our use of the term social franchising does not include the fractional operation of a commercial venture franchise by a social purpose organization; this has been practiced by non-profits for the purpose of diversifying revenue streams and is an important source of income for many social purpose organizations, but is not the focus of this paper.

This study aims at consolidating existing literature on social franchising, and proposing a framework which can be used for future research and for testing by social entrepreneurs and the institutions supporting them in assessing whether social franchising is the right fit for them and what it would entail. This work was motivated by the authors' fieldwork in supporting grassroots organizations considering social franchising as an option for expansion. Having identified a core package and potentially repeatable model, these organizations were faced with the question of whether social franchising might be an option for them, and how they would go about implementing it. Finding that resources were scarce to inform the investigation and decision-making surrounding these questions, we conducted a literature review to synthesize available publications. Below we present our methodology and results, and propose a framework based on the results to inform future research by academics, and decision-making by social entrepreneurs and the institutions supporting them.

Methods

This research was conducted at Harvard T. H. Chan School of Public Health from April to July 2014. A two-stage literature review was conducted. First, we searched the peer-reviewed literature using PubMed, Web of Science, ABI/ProQuest, and EBSCO host databases. Our search term was "social franchise", and our search results were limited to journal articles, dissertations, reports, and working papers written in English. Our pre-defined inclusion criteria were studies discussing the processes and steps required in implementing a social franchise, and those that discussed key points for consideration when embarking on social franchising. We thus excluded publications that were primarily focused on evaluating the clinical effectiveness of health care franchises.

The second stage was a review of publications produced by organizations dedicated to social franchising. This was conducted using the same search term in a Google search. Identified organizations were then reviewed for online content, and publications on social franchising produced by these organizations were downloaded for further review.

Results

Search Results

Our search of the academic peer-reviewed literature identified 14 articles in PubMed, 31 articles in Web of Science, 32 articles in ABI/ProQuest, and 11 articles in EBSCO host. Excluding the count of articles identified multiple times from the different databases, 50 unique articles in total were identified. After reviewing all of the 50 identified articles, only 4 met our inclusion criteria. The vast majority of the remaining articles related to social franchising were focused on evaluating the clinical effectiveness of health care franchising.

Our search of organizations providing support for social franchising resulted in 20 downloadable publications. These included direct guidance on the processes involved in the establishment of a social franchising system; key considerations and factors influencing the success or failure of a social franchise. A structured summary containing key pieces of information presented in the 24 reviewed publications is presented in "Appendix" section.

Advantages and Disadvantages of Social Franchising

Commonly described reasons to consider social franchising are expanding the reach of a social venture, scaling up existing activities to cover a larger geographic region and reach more beneficiaries; or expanding the organization's scope while maintaining quality and staying focused on the original objectives (Mair and Seelos 2006; Fleisch et al. 2008). Another common motivation for social franchising is the need for non-profits to make a paradigm shift in terms of

revenue sources from grants and government subsidy to trading as social enterprises. The increasing decline in funding streams has led to rising competition for the little available funding opportunities among the plethora of social enterprises with different solutions seemingly tackling similar problems (Tracey and Jarvis 2007).

Table 1 Potential risks and benefits of social franchising

| To the franchisor	To the franchisee
Potential benefits	
Rapid expansion of the social impact model and business concept	Rapid expansion of social impact while ensuring financial sustainability
Less financial burden required for expansion as compared to a wholly owned company expansion system	Less risk on financial and social investment, since the social impact model and financial viability are already established and proven
Can be a source of revenue when franchisees pay a buy-in and/or regular management fees	Can also be a source of revenue when the franchisor or a donor organization funds franchisees to achieve the social mission
Less managerial and other staff needed by the parent organization as compared to a wholly owned expansion system	Eliminates the need to experiment with different business approaches, as the franchisor provides a working formula
Reduced cost of raw materials, publicity, and marketing from the economies of scale associated with a network system	Reduced cost of raw materials, publicity, and marketing from the economies of scale associated with a network system
Reduced risk associated with business expansion when significant capital is provided by the franchisee	Brand and trade name of the franchisor could provide franchisee with better market acceptance/penetrance (credibility)
Utilization of local knowledge, local credibility	Access to technical expertise and training
Potential risks	
Time required to scope, manage, support, and oversee franchise	Internal and additional resources required to implement new social impact model and business model
Risk of insufficient capacity of franchisee to implement social model and business model	Financial risk carried by capital needed and potential requirement to share set percentage of revenues or profits with franchisor where applicable
Risk of insufficient alignment of social mission and organization culture to effectively replicate results	Risk of incompatibility between franchisors' standardized processes and procedures with existing internal systems and organizational culture
Reputational risk associated with quality of product or service offered and customer experience	Opportunity cost of retaining independent brand identify for subsequent ventures
Risk of testing social impact model and business model in new context remains non-negligible	Risk that franchisors' product or service will not prove to be as effective in local context
Challenge of balancing standardized systems with flexibility to local context remains non-negligible	Limited opportunity to test, develop, and adapt new systems

The reason and goal behind the decision to franchise will determine the pricing, strategy, and a host of other key factors for success. Potential risks can be high and must be carefully considered before making the decision to franchise (Table 1). The Leicester Community Action Network (Leicester CAN) undertook an exercise to evaluate the pillars of the traditional franchise model as laid out by the British Franchising Association (BFA) and concluded that franchising can be an extremely complex process and may not be suitable for small-scale social enterprises (CAN 2007). While franchising may generally be considered as a means of rapidly expanding the reach of an organization, in the thesis paper "Franchising as a Potential Growth Strategy", Lavonen implies that the desire for expansion should not be the main basis for a social venture's decision to franchise. Rather, its franchising decision should be based on the existence of a significant need for its services, the viability of its business concept, and the result of competitiveness and technical know-how (Lavonen 2010).

Stages of Social Franchising

A number of stages emerged based on our synthesis of the 24 publications reviewed which are commonly observed during the social franchising process. We thus present the results of our review using the structure of a seven-stage framework (Fig. 1). We propose this framework for the purpose of providing structure for organizations considering social franchising as a potential undertaking, keeping in mind that they are not necessarily linear in nature; rather each stage can be revisited as the organization gathers information as they proceed:

Pre-replication

Pre-replication refers to the period before which social franchising is implemented, when the organization is still assessing and preparing for the potential of pursuing this path. It is important to define this as a separate stage of its own, as the
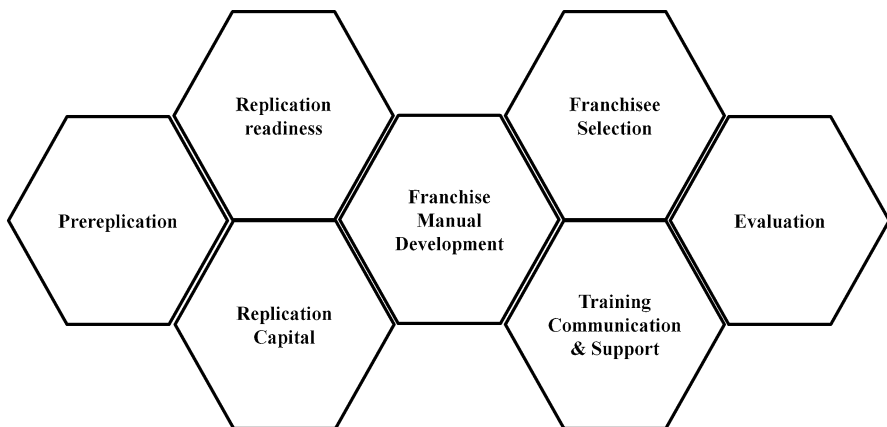
Fig. 1 Seven-staged approach to social franchising

organization should take its time to consider the benefits and risks summarized above, before jumping in.

Tracey and Jarvis identify key reasons that often prompt the decision to franchise social ventures: (1) access to the requisite financial resources, (2) managerial expertise, and (3) local knowledge (Tracey and Jarvis 2007). In terms of capital resources, on the part of the franchisor, social franchising provides the opportunity to meet the market demand for its products and services without having to provide the entire working capital or day-to-day management of a new outlet, thus circumventing common financial and managerial constraints to growth (Fleisch et al. 2008; Beck et al. 2010). For the franchisee(s), it provides ready access to a proven social impact model and business model, thereby reducing the risk of launching a new venture (Alur and Schoormans 2011; Smith 1997; Tracey and Jarvis 2007; Amar and Munk 2014).

A common observation is that organizations looking to expand may very often have only limited knowledge of the particular markets they wish to expand their services into (Shane 1996; Chahine 2016). Thus, social franchising can serve as a tool to surmount this obstacle to expansion by franchising outlets to local entrepreneurs that are knowledgeable about their local markets and their peculiarities. However, a key assumption to validate during the pre-replication stage is that the franchisee has adequate understanding of the local market; and that the franchisor's offering will be effective and acceptable in the local context. Thus, testing and data collection of the franchisor's offering in the franchisee's context remain an important part of the pre-replication assessment.

An example of the importance of data collection and market research is illustrated by the case of one of the first British social franchises, Aspire. Aspire was a social venture in the United Kingdom founded in 1999 that had a social mission to train homeless people in numeracy and basic business skills. The venture generated its income using a catalog business model, whereby homeless employees went door-to-door to place the catalogs in mailboxes and collected orders from around the city. However, because of their narrow range of products, this business attracted only a narrow range of customers. Without taking into consideration the restricted market associated with its business model and the feasibility of such a low market volume to sustain the entire franchise, Aspire embarked on a massive franchising campaign in 2000, barely 1 year after coming into existence, and this resulted in its total collapse shortly thereafter. In essence, if a social concept is yet to be perfected, franchising will merely replicate its existing problems, which will ultimately result in failure of the entire franchise network. This underscores the importance of an established business concept along with local knowledge and managerial prowess (Tracey and Jarvis 2006). The case of Aspire also emphasizes the importance of timing: if the franchisor's social impact model does not reach maturity and establish proof of concept sufficiently, the risks of rapid expansion will likely outweigh the benefits. This brings us to the next stage, that of assessing replication readiness.

Replication Readiness

Once a social venture makes the decision to replicate its concept using a procedure such as social franchising, the next step is for the venture to enter an appraisal stage to assess the feasibility. First and foremost are the importance of considering all the other various replication strategies and verifying that social franchising is the most appropriate approach (Coffman 2010). An important point to consider at this stage is the risk of unintended consequences associated with any errors in replication of services. For example, if the social enterprise is involved with particularly vulnerable or disadvantaged populations wherein errors in its activities could have dire consequences on this target population, then one of the less flexible and higher control replication strategies will be considered as being more suitable (Temple et al. 2011).

It is also recommended that the social venture go through a readiness exercise to determine how well it will be able to achieve its desired objective (Box 1). As part of the replication readiness exercise, the replicating organization must objectively assess the ability of their structure and leadership to handle internal management needs in combination with the task of overseeing that of franchisee sites. One of the most important prerequisites of readiness for social franchising is that strong management systems already be in place at the original site, to allow for the chief executive to dedicate the required attention to new sites. Other critical factors in being replication ready are having the required financial base and a thorough understanding of what makes your business concept work. In particular, being able to breakdown the business concept into modules, identifying those elements that are essential for effectiveness and to produce the desired results is of utmost importance (Campbell et al. 2008).

Box 1. Replication Readiness: factors for consideration

Have all replication strategies been considered before verifying that social franchising is the most appropriate approach?

What is the potential for unintended consequences? What vulnerable groups could be at risk from errors in replication by the social franchise? What precautions can be put in place?

Has the franchisor reached a mature stage in strengthening and validating its social impact model and business model? Have the essential elements for effectiveness of the model been identified?

Is the franchisor financially stable?

Is there sufficient operational capacity for management to safely dedicate time to the social franchise?

Ready tools to execute this exercise have been developed by a number of organizations including the Social Enterprise Coalition, LKM consulting and UnLtd. These tools provide the replicating organization with a broad assessment of its central systems and processes, its model of delivery, and how effective these are to enable replication of the social venture. The replication tools also help to highlight any existing areas of weakness that will need to be worked upon prior to replication (Temple et al. 2011).

Replication Capital

Despite the perception that franchising is a replication strategy which allows the franchisor to scale in light of limited financial resources, in effect however it requires a significant amount of investment in terms of financial and human capital, as money and staff time are needed for managerial oversight to start-up franchisee(s) (Berelowitz et al. 2013). If this is not anticipated and proper arrangements made to prepare for it, the demand for leadership at the franchisee site(s) may overburden the franchisor site resulting in an unexpected strain on existing resources, both human and financial.

In addition to the human capital and management systems requirements, franchising may also require a substantial amount of financial capital and other resources. These financial requirements should be taken into consideration when deciding on what particular franchising approach to employ. In a fractional franchise system, the franchised business forms only a part of the activities of the franchised unit. Accordingly, the fractional system has a relatively smaller financial burden when compared to the stand-alone system, as significant cost savings result from the fact that the franchisee contributes pre-invested capital in the form of buildings, staff, and clientele. Therefore, in the presence of limited capital, social entrepreneurs can benefit from the reduced financial burden associated with this fractional strategy (Montagu 2002; Sireau 2011; LaVake 2003).

Besides the reduced financial burden of fractional franchising, there is also an added advantage of its being potentially faster to implement, as business operations already exist at the franchisee site with a management team in place. It is important to note however that the fractional system may run the risk of brand confusion. This refers to a situation where the identity of the franchised service is closely linked to the identity of the hosting business. As such, any negative publicity/events affecting the hosting facility could have far-reaching effects on the franchised brand and the entire franchise network as a whole. Furthermore, to qualify for a fractional franchise, the franchised brand should constitute not more than 20 % of the sales volume of the franchisee (Miller 2004), and this relatively small proportion of sales/business activity volume can lead to a lack of motivation on the part of the franchisee, thereby resulting in the relegation of the business and activities of the franchisor to the periphery. On this account, it is necessary to weigh the benefits of fractional franchising against its disadvantage of possible franchise network harm arising from brand confusion and reduced motivation. Despite this limitation with fractional franchising, Montagu in his paper on "franchising of health services in low-income countries" hints that the system of fractional franchising may be very well suited to social purpose organizations as exemplified by the health service delivery sector (Montagu 2002).

This assertion is supported by the success stories of fractional social franchises such as Population Services International (PSI). PSI is a social franchise that addresses gaps in access to quality health services in developing countries using the existing private healthcare system infrastructure. Founded in 1970, it is currently spread across over 69 countries and continues to make a significant impact in the

areas of diarrhea, HIV, reproductive health, malaria and tuberculosis, and pneumonia (Montagu et al. 2013).

Legal and ethical considerations within a social venture are yet additional limiting factors affecting its ability to acquire the necessary finances. If social ventures apply some of the financial strategies available to purely commercial ventures, it could lead to the venture being increasingly focused on financial returns as opposed to its social goals, thereby raising ethical concerns. Another consideration is that obtaining bank loans can be very difficult for social organizations, as banks are often lacking in knowledge and experience related to social business (The European Social Franchise Network Research Paper 2 2012). As such, financing the social franchise process can be a tough and challenging task, because of the limited avenues for funding combined with legal and ethical concerns (Mavra 2011; Berelowitz 2012b; Paren 2013).

An additional challenge is that once funding is achieved, the dynamics of the flow of funds can be more complex than that observed in the commercial space. Unlike in the commercial space, where cash flow is generally from the franchisee to the franchisor, in social franchising funds could flow in either direction (Fig. 2). In addition to the bidirectional flow of funds, a third party (such as an external donor) could be introduced into the equation/relationship between the franchisor and the franchisee. Thus, a social franchisor could decide to apply a finance model which falls anywhere along the spectrum of operating using a for-profit at one end to issuing funds to its franchisees in the form of grants at the other end (Richardson and Berelowitz 2012).

Franchise Manual Development

In setting into place a plan to dedicate the required human and financial capital for franchising, a key ingredient is the formation of a franchise operations manual. This
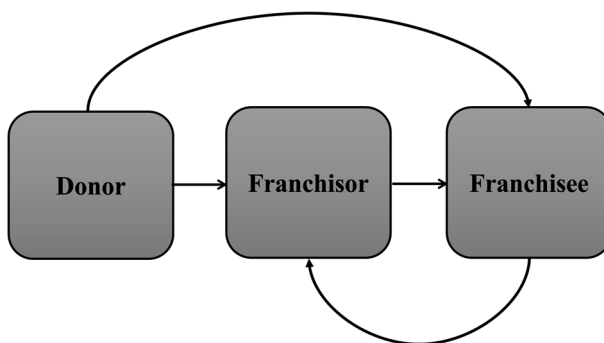
Fig. 2 Possible paths of cash flow for social franchising. As with the commercial market, a franchisee may be required to pay an initial buy-in fee and or continuing management fees. Alternatively, a donor could provide initial funding directly to the franchisor or to the franchisee. Wherein funding is provided to the franchisor, the franchisor will then be required to provide financial support for the franchisee(s)

manual is essentially the core of the franchisor–franchisee relationship and should be as exhaustive as possible. This is the primary vehicle through which comprehensive information is provided on the standardized and proven social impact and business model to the franchisee as well as the steps that should be adhered to, to ensure success of the franchising system. The social franchise manual also details the rights and obligations of both parties (franchisor and franchisee) involved in the agreement. Other important contents may include a description of the data sharing requirements related to social impact monitoring and evaluation,

Table 2 Key organizations providing support to social entrepreneurs on the process of social franchising

Organization	Services provided
The International Center for Social Franchising http://www.the-icf.org	With a mission to help successful social ventures replicate, ICSF provides assistance to organizations looking to replicate their social impact. Services provided include the search for and selection of best replicable ideas, designing projects and organizations for rapid scale, replication, and franchising feasibility studies, creation of operating manuals to be followed, and also legal advice on the best way to set up franchise relationships
The Social Franchising Program http://www.socialfranchisingni.com	Provides services to social entrepreneurs helping them to replicate their enterprise. Available services include support workshops, one-to-one mentoring with specialists along with funding advise and capability support
European Social Franchising Network http://www.socialfranchising.coop	This network of social franchises and other organizations that support social franchising seeks to create a positive environment of social franchising and to facilitate the development of best practices in social franchising
AMO Consulting http://www.amoconsulting.com	Provides specialist advice to businesses and social entrepreneurs on how to start up a franchise, and how to grow a franchise network, including international franchising
UnLtd http://www.unltd.org.uk	Supports community entrepreneurs to start up and those with existing social businesses to scale up
The Franchise Company http://www.franchisecompany.co.uk	The Franchise Company provides social entrepreneurs with a comprehensive range of services to assist in setting up a social franchise. Its team of franchise consultants offers technical support and franchise advice on every aspect of franchising
The British Franchise Association http://www.thebfa.org	The BFA helps potential franchisees to identify good franchises as well as helping franchisors position their business amongst prospective options
Franchising Works http://www.franchisingworks.org	Franchising Works is itself a social enterprise that provides advice and practical support to people interested in exploring franchising as a way into self-employment
Social Franchising Accelerator http://www.gsb.uct.ac.za	An academic-NGO-private sector initiative established at the University of Cape Town Graduate School of Business that helps successful social impact organizations scale up
International Franchising Association http://www.franchise.org	This association develops information and programs that promote positive relationships, encourage dialogue, and co-operation between franchisees and franchisors

training, and operational support to be provided for the franchisee; the duration of the franchise agreement and renewal rights; the consequences of termination of the franchise contract; terms under which the franchisee can sell their franchise; the buy-in fee and continuing management fees; the franchise territory and appropriate exclusivity; the perks associated with franchise network membership; and use of the business trademark, as well as the procedure for the settlement of disputes should they arise. That said, there is however no "one size fits all" formula, as the exact structure and contents of a franchise operations manual will vary depending on the particular business and the responsibilities involved (See: franchisecompany.co.uk/franchise-your-business/franchise-agreements).

Echoing the procedures of commercial franchising, the development of and adherence to this manual provides the core for a social franchising success. Further to the commercial world, however, the social franchising manual may contain more nuances due to dual consideration of social impact and financial sustainability.

At the same time, flexibility is needed to adapt to the local settings and characteristics of the target population (Berelowitz 2012a). Room for innovation is essential, and can be ensured through the appropriate clauses in the franchising manual, while ensuring that the core concept of the social venture is not altered. Social franchise networks may succeed or fail as a result of both the local franchisee management and the appropriateness of the brand to the target population. While strict adherence to standardization has been shown to be crucial for the success of commercial franchises involved in some service sectors such as food services, it is particularly difficult in other sectors such as education and health, as the existing wide array of social and medical services creates a remarkable complexity (Montagu 2002). Thus, the ability to strike a balance between the need for standardization and the provision of an atmosphere that engenders adaptability to local situations is key to the success of a social franchise. This flexibility model may be better positioned for success in the diverse environments requiring social impact from an enterprise's activity.

It is generally advisable that the franchise manual is written by a legal professional experienced in preparing franchise documents, because this document is essentially a legal document (Temple et al. 2011). A number of specialized institutions have identified the importance of this stage, and provide assistance for organizations wishing to franchise their initiative (Table 2).

Franchisee Selection

The steps of the social franchising journey may occur in multiple sequences: in some cases, the decision to franchise is taken first and is followed by the process of finding the suitable franchisee, while in other cases the entire process and decision to franchise may be first sparked by the identification of an organization that could be a suitable candidate for franchising. In both cases, screening and conducting due diligence on the franchisee are essential to ensure that the organization demonstrates the transparency and capacities required, including

management and accounting systems, operational capacity, and leadership qualities. While commercial franchising may be based on criteria such as financial background, experience in the select field, local knowledge, etc.; social franchising criteria may be more complex and nuanced due to the social impact and community criteria (Jambulingam and Nevin 1999). The key challenge associated with identifying the right franchisees is that the franchisor needs to enter into contracts with franchisees that are aligned not only in the financial goal, but also are passionate about the social cause of the parent organization and have the capacity to deliver the social product or service in question (Tracey and Jarvis 2007). Selection of an inappropriate franchisee can lead to a number of adverse effects such as a strained franchisor–franchisee relationship and poor brand reputation; and this can ultimately effect the entire franchise network system (Alur and Schoormans 2011; Clarkin and Swavely 2006).

Also relevant to this issue of appropriate franchisee selection is the completeness of the franchise manual. Contractual completeness can be determined by the ratio of the specific rights to the residual rights (Sonmezer and Akman 2012). The specific rights are those possible situations for which decisions have been pre-defined, while the residual rights refer to any actual events for which there is no specified action in the franchise manual (Hendrikse and Windsperger 2011). According to the agency theory, there is a likelihood that the principal (franchisor) and the agent (franchisee) will have differing interests leading to different decision-making preferences (Eisenhardt 1989). Therefore, an incomplete contractual agreement that does little to specify the decisions to be taken by franchisee in different situations (low specific to residual right ratio) increases the risk of adverse selection i.e. the chance of going into a contract with a franchisee who may not act in a manner favorable to the franchisor and the rest of the franchise network (Alchian and Woodward 1988; Hendry 2002).

An example that shows the nuances of the process of franchisee selection is the Dialogue Social Enterprise (DSE). DSE is a German-based social enterprise that offers social awareness exhibitions and workshops while creating jobs for marginalized and disadvantaged people worldwide (See: http://www.dialogue-se.com). At DSE, it takes on average 2 years between the identification of a potential franchisee and the eventual signing of the franchising agreement (Heinecke and Sonne 2012). During this period, Andreas Heinecke, the founder of DSE, gets to know the values and personal history of the franchisee as well as determine the intrinsic motivation of the franchisee through repeated meetings. This process results in only about one or two out of about 20 potential franchisees being selected, leading to a relatively slow replication process (Heinecke and Sonne 2012). Nonetheless, this rigorous selection practices have so far resulted in a very high success record for DSE with its franchisees.

Training, Communication, and Support

Following the selection of the potential franchisee, they are introduced to and trained in the execution of the franchisor's business formula and operating system. After the initial training phase, a provision for continuous training is recommended to keep

franchisees on track with the business concept and social impact. Constant communication that allows the franchisee to provide suggestions on how to best meet the demands in its local area, as well as technical support from the franchisor to the franchisee, are essential in keeping the goals of the franchisee aligned with that of the franchisor (Litalien 2006). Constant communication and support have been shown to have positive effects for franchisees and improve their satisfaction and ultimately their performance (Nijmeijer et al. 2014).

A success story in training and support for social franchising is SaniShop home toilets in Cambodia (Hystra 2013). SaniShop is a social enterprise that improves sanitation conditions globally by empowering local entrepreneurs (worldtoilet.org/what-we-do/sanishop). Their social franchise model has a participatory approach, engaging and empowering rural households as part of the solution rather than solely as customers. The business model entails triggering demand in a community through sales and awareness events, whereby local sales entrepreneurs work alongside local influencers. SaniShop provides training to local masons to build and maintain low-cost high-quality toilets with locally available materials. Thus, the social franchising model is adaptable to local contexts, replicable, and scalable, because it is tailored to the needs of each community it is operated in. True to the spirit of last-mile distribution as the "make or break" factor in many social enterprises, SaniShop's social franchise success is based on the work and the network of the last-mile entrepreneur. This social franchise is similar to and closely related to the micro-franchise model pioneered for various social goods and services by numerous enterprises worldwide (Beck 2009; Clemminck and Kadakia 2007; Mukherjee 2008).

The importance of this support was emphasized by Meek et al. who, using the social exchange theory, suggest that franchisors that want to expand fast as well as maintain their current base of franchises need to examine each of the three dimensions of commitment—affective, normative, and continuance—to understand what attracts and holds franchisees to the contractual relationship (Johnson et al. 2007; Meek et al. 2011). These commitment dimensions should then be built into the contractual concept and the franchisor should deliver on the contractual agreement to support the franchisee as pledged (Fig. 3). Covering these dimensions will help to ensure that the relationship continually remains profitable to the franchisee, where profitability may also be in the form of income, professional development, and connections.

Here, it is also important to emphasize the importance of structural support in the franchisee organization. Change management may be needed within the franchisee organization, taking into consideration existing governance structures. Social franchises may include a combination of commercial, charitable, and volunteering activity. Involvement of trustees and other stakeholders in the change management process is key to the social franchise's success (CAN 2007).

Evaluation

Finally, monitoring and evaluation are necessary for tracking the success of the franchising agreement as well as the ability of the social franchise to deliver the
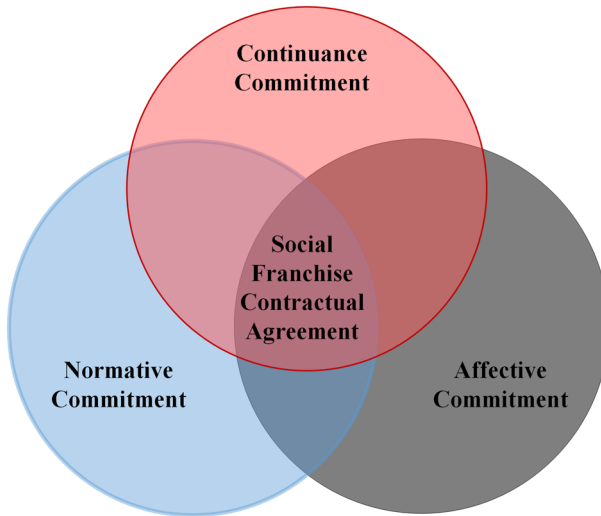
Fig. 3 Dimensions of an ideal contractual agreement

desired social benefit. This presents a multitude of challenges, as achievements may not be easily measurable as in the commercial sector. The challenge of social impact metrics is that, unlike the commercial franchising world where there is a universal metric in the form of financial gain, in social franchising the metrics could be numerous and complex. However, information obtained from this process is necessary for maintaining quality and can be used to modify the business format if deemed necessary.

In addition to ensuring that a social venture is achieving its social goals within the local context, monitoring and evaluation can also help avert the negative impact of free riding in a franchise relationship. Based on the agency theory, one of the risks associated with franchising is the development of a parasitic relationship, wherein the agent (the franchisee) may not put in its fair share of effort to ensure the success of the social venture at the local franchise site, while at the same time enjoying all the privileges that accrue from being in the franchise network (Lubatkin et al. 2005). This risk of free riding by the franchisee, which is termed the moral hazard of agency, can be reduced with the proper establishment of continuous monitoring and evaluation systems.

An evaluation system will also help align activities at the franchisee site with the interest of the franchisor by preventing activities at franchisee site(s) that could undermine the efforts of the franchisor at developing the brand and franchise network. For example, in a bid to maximize profits at the local franchise outlet, a franchisee could resort to understaffing at the detriment of service quality, which is something that could easily be determined upon evaluation and promptly rectified (Tracey and Jarvis 2007).

To facilitate the process of monitoring and evaluation, success metrics are first agreed upon by the two parties prior to commencing. Characteristics of effective indicators are that they are easily measurable and designed with the goal of being measured as an integrated part of operations rather than as a parallel activity requiring further staff and time. A key challenge is to strike the balance between measuring too much, thus taking up valuable resources, and measuring too little, thus leaving room to question the results (Chahine 2016).

While commercial franchising tracks financial performance and management indicators, such as brand integrity and customer satisfaction; social franchising takes evaluation one step further to assess the impact of the venture on the desired social outcome. If the venture aims to benefit a certain target population or ecosystem, then in addition to tracking the financial and management performance indicators, it is by definition required to track the intended social and/or environmental benefits. In most cases, social and environmental impact metrics will already be in place for the franchisor, and the franchisee will be required to use those same metrics.

This may require extensive adaptation of the franchisee's existing monitoring and evaluation system to ensure that the required indicators are obtained as an integrated part of the implementation process without expending unnecessary resources to collect and analyze them. Training the franchisee's staff is often also required to ensure accuracy and integrity of the metrics with respect to the franchisor's impact assessment methodologies. In some cases, the franchisor may be required to adapt its impact assessment methodologies to meet the needs, contexts, and limitations of franchisees to create one unifiable system in which collective impact can be cumulatively assessed.

An example is the TARAHAAT network of franchised village internet centers in rural India. TARAHAAT is a for-profit social enterprise owned by Development Alternatives, an NGO focused on sustainable development in rural India. Development Alternative's marketing arm is called TARA: Technology and Action for Rural Advancement, and its village internet centers are called TARAkendras after the Sanskrit word "kendra" meaning "center." TARAhaat delivers literacy education and other services to rural customers via the Internet. It aims to mobilize information to under-reached populations. Services are flexible and may differ from franchisee to franchisee due to an emphasis on locally relevant content, in local languages, and product development based on customer feedback. Thus, evaluating the social impact requires a locally tailored approach. Interviews with users of TARAhaat's rural services indicate measurable benefits ranging from "hard" metrics, such as enabling farmers to gain market information and higher price for their crops; to "soft" metrics, such as increased confidence and higher aspirations among rural children (Peterson et al. 2001). In addition to these social impact metrics, evaluation of the franchise network requires financial metrics to determine long-term viability. Thus, the company combines both commercial and NGO characteristics, and takes both aspects into consideration when evaluating the success of its social franchising. Most importantly, evaluation takes place with a goal-oriented purpose in mind, to determine the transferability of the social impact model and the business model, and to inform decisions on where to expand next.

Knowing the characteristics of successful franchisees and their external environment aids the organization in actively scoping new sites for replication.

Discussion

This is the first peer-reviewed journal article to synthesize the body of existing literature on social franchising. We find that publications on this topic, including both peer-reviewed and organizational publications, point to a number of commonalities and best practices among social franchising experiences. These can be synthesized into a seven-stage process as presented above, which can occur in multiple chronologies and is often an iterative process.

While literature on social franchising is scarce, the limited number of peer-reviewed articles is reinforced by the publications produced by a number of leading organizations supporting social franchising, which include reports, guidelines, and case examples. The primary reason underlying the lack of peer-reviewed journal articles on social franchising may be the need for and importance of disseminating this information in more outward-facing journals, which can be accessed by social entrepreneurs and grassroots organizations, as compared to academic journals.

Even with the limited number of documented social franchising experiences available, the complexity of success factors impacting the outcome of social franchising has already been clearly highlighted. Success factors are variable and depend on the exact nature of the business and social impact model. However, key factors for success that are cross cutting include the timing of the decision to franchise, selecting the right franchisee, creating an appropriate franchise agreement, and the continuous evaluation of the franchise network (Berelowitz 2012b).

With respect to best practices for integrating these success factors in a social franchise, much of what is considered best practice today are largely extrapolations from franchising in the commercial sector, as social franchising is still in its incipient stages with only limited examples to draw conclusions. That said, based on the available literature and case examples reviewed, best practices for optimizing the chances of success include opting to franchise only after the social venture has carefully standardized and documented its business formula and social impact model. The social impact model must be proven and well documented, having been shown to repeatedly result in the desired social impact when applied across multiple settings (Tracey and Jarvis 2006; Berelowitz 2013; Towner 2013). The organization must be sufficiently mature, such that the management systems in place will allow for the chief executive or senior management to dedicate sufficient time to the training, monitoring, and support of the franchisee. Thus, despite the benefit of cost subsidization associated with a franchise network, it cannot be over-emphasized that social franchising is not a decision to rush into as the first step in scaling social impact.

Added to these internal factors are multiple external factors for consideration, such as the availability of a potential market for the social product or service

provided in the franchisee location, and the brand name of the franchisor, as it pertains to leveraging and expanding its existing client base. Since every organization within a market space is unique with its own peculiar challenges, continuous evaluation of franchisees to identify what works appears to be a practical way of identifying best practice. Assessing the theory of change of the social franchise to validate its underlying assumptions and ensure an alignment in the end goals of both organizations is critical.

Even with the challenges of social franchising, it remains a promising option for replicating and scaling social impact. As noted by former U.S. President Bill Clinton, "Nearly every problem has been solved by someone, somewhere" (Bradach 2003). Rather than allocating limited resources to the development of social impact models, replicating successful ideas may allow social impact organizations to get a head start in creating the changes they strive for in their communities, and scaling these across multiple communities. Recent publications continue to underscore this potential and provide further resources for organizations considering this pathway (ICSF 2016; Hurley 2016).

As social franchising continues to grow and establish itself as a viable concept in social entrepreneurship, it is highly recommended for chief executives of social ventures, in addition to funders and philanthropists, to support the development of a body of data to inform evidence-based decision-making and practice on social franchising. While the majority of organizational resources reviewed in this article contained "how to" guidelines in the form of a handbook or manual, an academic synthesis and analysis of available data and results moving forward is critical to build a knowledge base for social entrepreneurs and researchers. Case studies for education and training purposes could be a critical component of future research.

This is particularly important in emerging markets and developing countries, where the practice of social franchising is still nascent. While our review identified numerous organizations providing support and resources for social franchising in the UK and Europe, there are close to zero such organizations in other regions of the world. The role of such organizations in other settings is crucial as a catalyst working with social entrepreneurs, funders, governments, and other stakeholders to create the infrastructure needed for social franchising. Existing commercial franchising networks or associations in developing countries and emerging markets could serve as an initial focal point in building this area further.

In addition to drawing from the literature on commercial franchising, prospective social franchisors and franchisees can also benefit from the use of broader innovation frameworks to develop their own formulae to determine what shape and form their social franchising—or other form of replication—will take. An example of such frameworks is the OCCI model which can be used as a diagnostic instrument to account for, and help overcome, factors that might derail innovation (Seelos and Mair 2013). Two of these factors which are particularly applicable in the social franchising context are formalization and scaling at the organizational level (franchisor); and experimenting and consensus building at the group level (franchisee). Such frameworks may prove especially helpful in heavily regulated environments, where a number of external factors may add to the inherent

complexities of franchising and scaling in general (Beckert 2010; Scheuerle and Schmitz 2016).

In terms of sectors, while a substantial amount of work has been conducted on clinical franchising, social franchising in other sectors such as the environment, education, water, and sanitation has yet to develop to the same degree.

Future research on the standardization of social franchising procedures and protocols could play an important role in building momentum in this field. This will help in distinguishing the practice of social franchising from commercial franchising and highlighting the methods that have demonstrated the best results. Finally, providing more resources on the legal coverage of social franchising in easy to understand language will be indispensable in aiding franchisors and franchisees comprehend their obligations prior to engaging in a social franchise network.

In conclusion, social franchising holds a significant promise for the financially constrained social impact sector, if sufficient preparatory work is conducted to mitigate risks and ensure that franchising is implemented as an evidence-driven process (McNeill-Ritchie et al. 2011). This mode of replication may have the potential to make strategic use of limited financial resources, providing greater value for investment. Chief executives and funders are thus recommended to explore social franchising as an option for scaling successful social ventures that have being able to demonstrate replication readiness. While multiple risks are inherent and numerous downsides may be possible as explored in our review, by applying the seven-stage process organizations can collect the data needed to inform their decision-making and implementation.

The limited number of publications on social franchising underscores the need for more research on the subject matter, with a specific focus on the determinants of success. The seven-stage approach to social franchising presented in this paper is a first step in bringing together existing studies and resources oriented towards guiding social entrepreneurs, supporting institutions, and researchers to explore this process. Documenting future work and building upon the existing literature and data will be crucial in ensuring that future efforts to scale social impact through social franchising are a success.

Compliance with Ethical Standards

Conflict of interest We declare that we have no competing interests.**Appendix**

See Table 3.

Table 3 Structured summary of the reviewed articles

Author	Focus	Summary findings/conclusions
Academic articles		
Alur and Schoormans	The importance of social franchising in providing much needed solutions in healthcare in developing countries and what needs to be done to ensure its success	Social franchising is the solution to the healthcare challenges in rural settings and the selection of the franchisee is a critical factor for success
Litalien, B	Looks at learning from both successful and unsuccessful social franchises to provide considerations for social entrepreneurs interested in franchising	Franchisors must be willing to take time to find the right franchisee without compromising the concept of the franchise
		The managing of the double bottom line remains a major challenge as excessive focus on either one of the missions can result in the franchise losing track of the other
Montagu, D	Describes the structure and operation of existing franchises and presents a model of social franchise activities that will afford a context for analyzing choices in the design and implementation of health-related social franchises	The franchisor needs to continually track and monitor performance to ensure franchisor–franchisee alignment
		Business format franchising has the benefit of low risk, fast expansion through local ownership and applying this to the healthcare delivery sector can potentially improve access to a variety health services and other social benefits
Tracey and Jarvis	How the theoretical underpinnings of commercial franchising applies to social franchising	Resource scarcity is a key motivation for social franchising
Organizational publications		The double bottom line of social franchising increases the cost associated with selecting appropriate franchises
Beck, S.	Based on work funded by John Templeton foundation and supported by Dalberg Global Development Advisors	Discusses the adoption of commercial franchising approaches as a tool for poverty reduction, including micro-franchising

Table 3 continued

Author	Focus	Summary findings/conclusions
Berelowitz et al.	Based on an online survey amongst over 155 social sector networks and organizations in the UK, this study provides some data on what kind of organizations replicate, the barriers they face and the impact of replication	There is a general lack of knowledge among organizations interested in replicating via options, such as social franchising. Social franchising works across a range of business models and has the advantage of increasing financial efficiency, professionalism, data collection, and innovation. However, major stumbling blocks include lack of access to requisite finance, lack of expert support, difficulties with finding appropriate franchisees, and a lack of internal capacity to franchise
Berelowitz, D.	This article addresses the question "How can we do more with less?"	Replicating via social franchising is a rigorous process involving perfection of the model before attempting to achieve scale
Berelowitz, D.	This research offers a framework for social organizations to consider social franchising as a viable approach to scaling sustainably and increasing its social impact	Identifies a model for assessing replication potential [readiness, resources, receptivity, risks, and returns]. Also essential for success is the ownership structure, having a systematized process with enough flexibility to adapt to the local context, an enhanced network and a well-recognized brand name
British Franchise Association	The BFA helps potential franchisees to identify good franchises as well as helping franchisors position their business amongst prospective options	Franchisors need to ensure that the business in the model in which they wish to franchise it has been proven to work for at least 1 year and it can really be transferred elsewhere
Campbell et al.	Examines important decisions associated with replicating via social franchising	Keeping the home site running smoothly while attending to major decisions arising from franchisee sites is a major challenge. Some important decisions regarding franchisee sites include where new outlets should be situated, identifying the appropriate franchisee and legal structure to employ, specifying the decisions and responsibilities that can be left to the franchisee and that which should be maintained by the franchisor, determining the flow of funds between the franchisor and franchisee, and, finally, ensuring quality across board
Clemminck, N., Kadakia, S.	Case Study by World Resources Institute	Shares the story of Scojo Foundation, now known as Vision Spring (http://www.visionspring.org)

Table 3 continued

Author	Focus	Summary findings/conclusions
Community Action Network (Leicester CAN)	Risks of social franchising	Examines guidelines of the British Franchise Association and provides cautionary points for social enterprises considering franchising as a means for replication
European Union, European Social Fund	Looks into financing for social franchise development	Simply copying financial strategies of the commercial sector can be problematic for social franchises. For instance, in the commercial sector, equity investors require ownership and a share of generated profits in proportion to their investment, and this can conflict with the fundamental values of social economy organizations resulting in ethical and even legal problems
Fleisch et al.	It considers the increasing competition by social enterprises for limited resources and the current trend of re-inventing the wheel	Social franchising is an effective way to utilize scarce resources. It can help to create trust and attract funding from donors and other stakeholders. However, establishing a social franchise takes time and requires careful planning and preparation. Social entrepreneurs must ensure that they have the necessary organizational and financial capabilities prior to setting up such a network
Heinecke and Sonne	The success factors in social franchise development	Selecting the appropriate franchisee that is committed to both the social mission and the financial goals is one of the most critical factors in social franchise success
Hystra (Hybrid Strategies Consulting)	Bottom of the Pyramid Franchising Success Stories—Sponsored by Bill and Melinda Gates Foundation, Shell Foundation, The Children's Investment Fund Foundation	Conventional sales and marketing approaches can be used to serve populations living in poverty. SaniShop social franchises was provided as one of the examples
Johnson et al.	A report aimed at providing guidance on replicating successful social ventures	Fundamental principles in establishing a social franchise include the existence of a need for the services/products of social venture; having a proven formula; selecting the right franchisee/franchisor; creating a mutually beneficial relationship between the involved parties, i.e., franchisor and franchisee; and continuous support in terms of time, finances, and business know-how

Table 3 continued

Author	Focus	Summary findings/conclusions
Mavra, L.	Looks at how social enterprises can successfully replicate their ventures	Social ventures wanting to replicate need to consider all options along the entire spectrum of replication methods and not only at social franchising. Ingredients for success in replication, such as social franchising include extensive support at the start-up stage for franchisees, appropriate legal, and financial frameworks recognized by funders and commercially astute franchisees that relate strongly with the social goals
McNeill-Ritchie et al.	Discusses some of the implications of social franchising	The creation of the franchise agreement, which serves as a binding legal document, is essential to the long-term success of a franchise network. Since the brand name is shared amongst all members of the franchise network, the franchisor has the responsibility of protecting all stakeholders—other franchisees within the network, donors, grant makers, as well as volunteers—from the possible mistakes and misdeeds of any one franchisee. Accordingly, the franchise agreement provides the franchisor with considerable powers over the franchisee, so that if necessary it can take swift action to remedy a situation in the interest of all stakeholders in the franchise network. In addition, it clearly states the ongoing obligations the franchisor and franchisee have to each other and the procedures to cope with every foreseeable contingency that may arise at a later stage in the relationship (renewal, termination, re-sale, etc.)

Table 3 continued

Author	Focus	Summary findings/conclusions
Meuter, J.	Highlights some advantages as well as difficulties associated with social franchising	Social franchising is a faster and more cost-effective means of replication and leads to more efficient use of resources within the non-profit sector. Social franchising helps to harness local resources through the involvement of local entrepreneurs and encourages a two-way transfer of knowledge. On the other hand, unlike in the commercial sector, monitoring and evaluating franchisees are rather difficult and the activities of one franchisee may have dire effects on the entire franchise network. Although standardization can serve as a remedy to maintain quality, finding the right degree of standardization remains a major challenge as success often depends on a certain level of flexibility that is necessary in different geographic and cultural environments
Mukherjee, S.	Social Franchising Analysis conducted for "WORTH" a global women's empowerment program	Examines micro-franchising as a solution to poverty, with a focus on training, capacity building, and multi-level marketing for rapid scale up
Richardson and Berelowitz	To understand how a social venture can successfully become a franchise	Success factors in social franchising include having a proven business model and establishing good communication between all franchise network members
Smith, E.	To provide an introduction to the concept of social franchising and its potential	There is evidence that social franchising can improve access to social benefits, especially in markets where the demand is high and unmet by other sectors of the economy
Temple et al. 2011	The Social Franchising Manual helps potential franchisees to identify good franchises as well as helping franchisors position their business amongst prospective options	The key elements for social franchising include a need/demand for the model to be replicated elsewhere; a common brand name; a franchise manual containing the codified business model with associated systems and processes; a clear understanding of responsibilities of both parties- franchisor and franchisee; and a qualities assurance system for monitoring performance

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