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Movin' On Up

Progress report – 2 years later

After only a few months it was realised that the business model proposed for Movin' On Up would not live up to the expectations. By the end of year two it had ceased trading. The main reasons cited were:

- Narrow product offering – Customers were not being offered a particularly wide range of products, certainly not enough to support repeat purchases and so each catalogue was generating on average less revenue than the costs of producing it. The products were also available elsewhere, from other suppliers with equally valid ethical motivations
- The management of the employees and the regional offices were struggling to cope with both the day-to-day operations and to achieve the social aims of the company. The groups taking on franchises were charitable bodies with no practical experience of door-to-door sales and business
- The franchisees often struggled to enforce discipline and support their vulnerable workers at the same time. As the 'employees' were all homeless or ex-homeless people, they often had problems such as alcoholism, drug addictions, mental illnesses and lack of basic skills.
- Franchisees turned to the central team for help with these problems, but without the capacity for support, the central team were quickly perceived as indifferent. At the same time, the central team were frustrated with what they regarded as the inefficacy and constant demands of the franchisees, resulting in an almost complete breakdown in communication.
- There was some confusion over the status of the Social Enterprise and its position relative to a more established initiative like 'The Big Issue'. Volunteers were difficult to recruit, particularly when they perceived catalogue sales funding a remote team being paid for their involvement.

Final thoughts from one of the founders:

- “ Using social franchising as a way of expansion is not the best option for a start-up, it being most suited to established brands and mature businesses. To franchise successfully, social enterprises must balance its commercial and its social objectives. This may mean that social enterprises may have to compromise on their social objectives.

Taking greater care when choosing franchisees is very important to make sure they have the right skill set, experience and understanding needed to move the franchise forward. Have good communication with all the stakeholders of the social enterprise.

