

# Making Innovation Work for Youth in Conflict Settings: Microfranchising

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What is the difference between  
a microfranchise and a  
microenterprise?

# Microfranchise is...

A small business with :

- **minimal start-up costs**
- **easily replicated concepts and operations**
- **proven business concepts**
- **an established brand**
- **defined operations**
- **a well defined cost structure**
- **operational support**


# Key Concepts

- Two parties:


The **microfranchisor** (the person who has created the business idea) creates and sells a model of successful enterprise

The **microfranchisee** (the youth) just needs to manage the business by following explicit directions

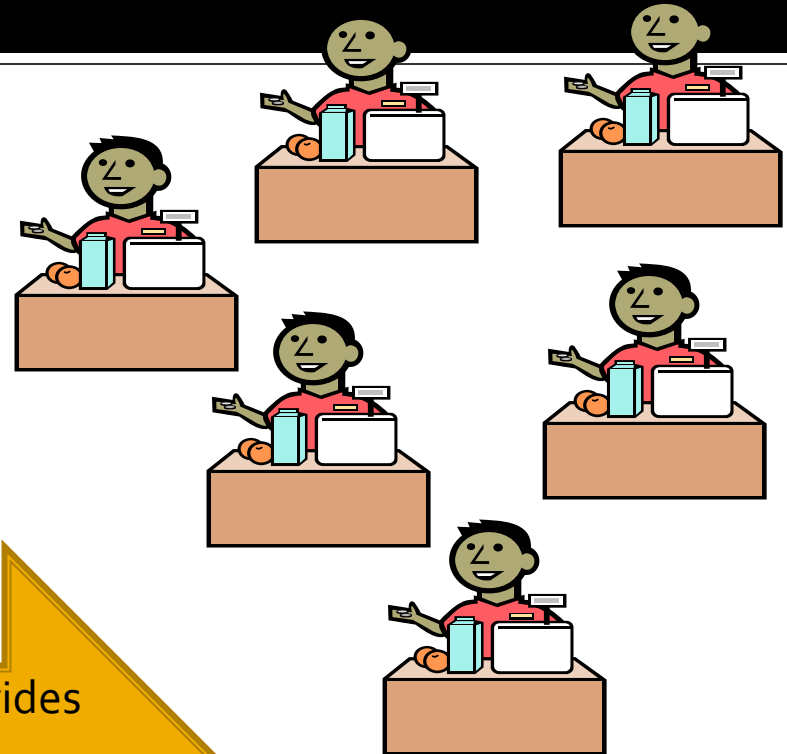
# Typical Model



Microfranchisees purchase  
microfranchise  
"Business in a box"



Microfranchisor provides  
equipment, training,  
operations and marketing



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What is the difference between microfranchising and regular franchising?

# Difference between microfranchising and regular franchising

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- Similar to 'regular' franchising
  - Pay a franchise fee
  - Operate by entire system of tools, financing, training, support, branding and marketing
  - Efficient, replicable, scalable

# Difference between microfranchising and regular franchising

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- Dissimilar:
  - “Business in a box” or backpack idea
  - Can have a purposefully social element
  - Can be subsidized: NGO or MNC fostered
  - Not necessarily focused on profit
  - Adaptation of franchise model’s operational and marketing concepts to micro and small business in the developing world
  - Can reach the very poor
  - Not necessary to be a gifted entrepreneur



# Uganda Village Phone: Microfranchise phone shops



- First replication of Grameen's village phone concept outside Bangladesh
- MTN Uganda, Grameen Foundation, MFIs and Village Phone Operators
- 3,097 Village Phone Operators
- 9 Microfinance Institutions
- Access to communication allows rural individuals access to market prices and information that saves time and expense





# HealthStores: Micro-Franchise Pharmacies

- Kenya: livelihoods for nurses to run micro-franchise pharmacies & clinics
- Start-up financing, business training, community outreach
- 66 HealthStores
- 400,000 patients
- Improved health care in slums, rural areas and underserved communities

# Fan Milk, Ghana



- An individual can become a vendor for US \$22 (goes towards bike purchase which can be returned if they leave the company)
- Sell yogurt, chocolate milk, ice cream, fruit popsicles
- Buys US\$33 of inventory daily and can make \$5.50
- Vendors can purchase additional bikes and sub-lease them out to new recruits
- Fan Milk provides equipment repair, biannual training on product handling and hygiene.
- Option of health insurance
- Require US\$.55 per day in forced savings, which Fan Milk distributes when they leave the company (8 yr avg tenure)



# Honey Care Africa

- Kenya & Tanzania: high quality honey
- Honey Care + local NGO + microfinance
- Innovative and replicable business model
- New technologies introduced
- 2,500+ rural honey producers
- Biodiversity protected
- Regional and international expansion



# Microfranchise Examples

	Investment	Country	Franchisees
<b>Village Phone</b>	\$300	Bangladesh, Uganda	250,000
<b>SHEF Health Clinics</b>	\$2,000	Kenya	66
<b>Scojo Reading Glasses (now VisionSpring)</b>	\$0 (consignment model)	El Salvador + 4 other countries	200
<b>Fan Milk Ice Cream</b>	\$50	Ghana	8,000
<b>Honey Care</b>	\$60	Kenya, Tanzania, Sudan	3,500

# How can NGOs get involved?

- 3 Basic Models:
  1. NGO **create and own** or **spin off** the business (most common)
  2. NGO **buy** a pre-existing, struggling business to own or spin off (rare)
  3. NGOs identify opportunity and **connect** companies to youth (IRC)