

Success chain: Peiran – a social franchising model that really works



General context: the situation that led to the creation of PEIRAN

In all the member states of European Union social economy sector is the only sector steadily growing, particularly from the point of view of job creation. This is the main reason why there are high expectations on the sector's capacity to play a strong role in job creation especially for the disadvantaged groups, as well as in the fight against exclusion of marginalised people from the labour market. But aren't actually these jobs in the sector of social economy underpaid, extremely precarious and, moreover, can they really assure the social and economic inclusion of marginalised unemployed and less qualified people? How and why do these jobs and the development strategies of the social economy meet, on the one hand, the needs and the ambitions of the less qualified unemployed people and, on the other hand, how can we assure that the social economy will be strong enough to find a position on the general market to cover the costs?

The fact is that social economy all over Europe, and especially in Hellas, is quite young and, among other reasons, has been certainly originated spontaneously out of the growing exclusion of more and more people from the traditional labour market: people with disabilities, women, young people and people living in marginalized areas. Traditional economy, which is forced by international competition, does not play the leading role anymore in job creation, as well as in raising human resources and capacities or promoting local development and social responsibility. All over the European countries, especially in the South of Europe, excluded people from the traditional labour market, often started informally to set up collective groups, cooperatives and enterprises. Their main aim was to ensure some basic income to every member of the group, participation to the community development, more independence from social welfare, better community services, active citizenship, self determination and the experimentation of a different development model in order to increase and not to waste human, environmental and cultural resources. So, the history of the social entrepreneurship is characterised by the dynamic development of a

multitude of initiatives where the capacities, imagination, ambitions and performances of the different people composing each group determined the success or the failure of every single initiative. Human resources, their capacity to work and plan together in order to strengthen the group, their claim to have a social "place" and play a role in the local community are central in order to ensure also the desired economic empowerment.

During the nineties the sector of social economy started to network in order to reach a higher visibility and access to equal opportunities and, in parallel, to strengthen small social enterprises throughout common support services and common marketing strategies. It was clear that the small and local dimension in order to survive and achieve positive results in tackling social exclusion, poverty and unemployment had to be empowered by a wider strategy on a general level. How can we avoid the risk that the third sector becomes the rallying point of unemployed people without particular skills, with disabilities and no future? How can we avoid the fact that having a job in the social economy sector means underpayment, low qualification, precariousness or volunteer work? Which kind of organisation needs to be set up in order to empower and strengthen the sector by rising the value of small social enterprises, maintaining their central role as well as the crucial role of human capital? Which are the best organisational models we can use in order to link and empower the various groups of social entrepreneurs? How can they learn from each other? How can we improve the quality of jobs?

In this framework, the main objective of Project PEIRAN, was to make an effort to answer to the above questions. The way to do that was the investigation, analysis and development of a social franchising model - network of social enterprises for young unemployed people (especially young women and people with disabilities), residents of semi-urban areas in the Regions of Western Hellas, Peloponnese, Epirus, Ionian Islands and Northern Aegean Islands, through the implementation of certain strategies, tools and methodologies in order to find solutions to common problems.

Briefly, project PEIRAN has implemented the following goals
(both on quality and quantity level):

- Upgrade of employability of young unemployed people in the above-mentioned areas.
- Creation of 8 social enterprises under the model of Social Franchising (seven social franchisees - 1 social franchisor).
- Creation of 17 new quality jobs in the social franchising chain.
- Creation of a social economy network via Internet.
- Development of an innovative CD ROM for educational use (simulation of social enterprises).
- Training of 20 social managers as well as training of 70 low skilled young people (8 training programs - 29.672 man hours of training).
- Dissemination of the model of Social Franchising and incorporation of best practices in mainstreaming policies and practices.
- Activation of almost 30 organisations in both local as well as central level, towards the support and strengthening of the social franchising chain.
- Junction of economical activities (traditional alternative products - organics) with cultural activities.
- Strengthening citizen participation, solidarity, cohesion and community work.

The PEIRAN social franchising model

As already mentioned, Project PEIRAN, focused on the development of a franchising model of social enterprises, for young unemployed people. This social franchising network consists of social enterprises, which are all activated in the field of trading and marketing of traditional, biological (organic) and alternative products and services with parallel cultural actions.

The concept of the entire project concerned the development of a social franchising model for the establishment of a network of seven social enterprises (franchisees), under the support and entrepreneurial guidance of one Social Franchisor. The Social Franchisor was established by three already existing cooperative social enterprises, which were constituted in the framework of EMPLOYMENT Initiative. The exploitation of these three cooperative social enterprises led to the establishment of homogeneous enterprises in remote areas in the regions of PEIRAN intervention, which operate as Social Franchisees. Social franchisees keep their particular local characteristics, and the local cast of features, but the Social Franchisor enterprise is to promote marketing policy in a common strategy base for each franchisee's products, as well as common brand name and publicity campaign. Moreover, the entire Social Franchising Network is expected to encourage and promote alternative cultural activities in remote communities.

In other words, the idea behind the social franchising model is simply the adaptation of the successful franchising chains of free market, in the particular area of social economy. Specifically:

Social franchisees:

The seven social enterprises (franchisees) of the network are all activated in the field of trading and marketing of traditional, biological (organic) and alternative products and services with parallel cultural actions (there is a perspective of expanding also in the area of standardization and production in the near future). The social enterprises of the network have got common brand name, which is PEIRAN - with the extension of the town which they operate in. So, there are:

- PEIRAN - Patras (Western Hellas)
- PEIRAN - Agrinio (Western Hellas)
- PEIRAN - Ioannina (Epirus)
- PEIRAN - Argostoli (Ionian Islands)
- PEIRAN - Sparti (Peloponnese)
- PEIRAN - Leonidio (Peloponnese)
- PEIRAN - Samos (Northern Aegean Islands)

Social franchisor:

The social franchisees are coordinated and supported by the social franchisor, which is also a social enterprise, with the same characteristics like the others. In other words, the leader of the chain is the social franchisor, but except its operation as a social enterprise it has got extra duties and responsibilities in providing to the rest seven:

- Common training
- Common marketing plan
- Common publicity support
- Common systems of product distribution and supplying
- Common entrepreneurial and financial guidance
- Common business plans

The offices of the social franchisor are located in Patras (Western Hellas).

Legal form: The legal form of the social enterprises of the network - including social franchisor - is L.t.d. Enterprises.

Operational structure of the chain: The whole network is a chain of social enterprises. The innovative characteristic of this chain - and therefore the point of interest - is the fact that the social enterprises operate on the basis of equivalence. That is:

- a) The franchisor, which coordinates and supports the network, does not belong and has not been established by physical persons: it is a social enterprise established by the seven social enterprises of the network, and therefore belongs to them. So, it is a common social enterprise owned by other social enterprises, on the basis of equivalence. This means that each franchisee-social enterprise owns equal shares in the common enterprise, the social franchisor, without of course paying royalties, as it happens in classical franchising models in free market. This equivalence in entrepreneurial shares among the franchisees is assured in the official memorandum of association, which is approved and published in the Official Gazette. Moreover, in case of a new entrance in the network - a new social franchisee - the new member automatically participates in the ownership of the common enterprise - the franchisor, with equal share with the rest social enterprises - franchisees. Mentioned that these terms of the official memorandum of association, concerning equivalence, can never be changed due to any reason. Consequently, social franchisor will always be the common social enterprise of all franchisees - social enterprises of the network on the basis of equivalence.
- b) The principle of equivalence is also applied on the level of operational structure of each franchisee - social enterprise. Each social enterprise belongs to physical persons. Every one of them owns equal share in the enterprise, which therefore belongs equally to each participant (shareholder). This term is also mentioned in the text of the official memorandum of association, so it can never be changed due to any reason.

The principle of democratic decision making:

Each shareholder of each social enterprise has got equivalent right to all the others, to vote in the General Assembly, in order to decide about important issues concerning the development of their enterprise. The General Assembly is the highest managing entity of the social enterprise. Likewise, concerning social franchisor - the common social enterprise, the procedure of decision making is similar: every social enterprise - franchisee which at the same time is a shareholder of the common enterprise, has got equivalent right to all the other social enterprises, to vote in the General Assembly. Mentioned that all decisions are made on the basis of majority of the participants. Last but not least: in case of expansion of the network, that is if a new social enterprise shows interest to enter the chain, this can happen only if the overall majority of the members agree, and under certain criteria (for example, if the prospective member of the network is not a social enterprise, in the field of biological and traditional products, it can not enter the chain). In this case, the new member, as we mentioned before, has got equivalent rights and commitments to all the others.

Products and services of the social franchising network:

As we mentioned, the social enterprises of the network are all activated in the trade sector of biological (organic) products, as well as traditional and alternative ones. The interesting fact is that according to the social franchising model, each social enterprise brings out to the local market specific products proportionately to local needs and socioeconomic situation of the particular area, but at the same time trades the products of the other social enterprises of the network, that is it creates new markets for new local products that otherwise would not be able to reach consumers. For example, in the social enterprise PEIRAN - Argostoli, which trades the traditional wine of the island, the consumer can find all the biological and traditional products of the other social enterprises of the network, that is traditional wine of Peloponnese and Ioannina, biological jams of and sweets of Agrinio and villages in Epirus, etc. All these places are located far away from Argostoli - which is on an island - so otherwise there would not exist many chances for these traditional products to reach people of Argostoli, not to mention that due to the fact that such kind of products are usually homemade, people that produce them have no marketing experiences and specific Knowledge in order to promote their production. Another important factor, crucial to the sustainability of the social enterprises of the network, is that reliable national and European authorities and organizations officially certify all the biological products they trade. Moreover, all PEIRAN social enterprises follow and implement the official set of specifications of HACCP systems, and soon they will be the first social enterprises in Hellas to acquire the certification ISO 9001/2000.

Basic criteria that led to the development of PEIRAN social franchising model

The basic criteria that led to the development of PEIRAN social franchising model are briefly the following:

- **Financial criteria:** the social franchising model allows the mutual support of sustainability of many social enterprises, therefore their entrepreneurial growth and prosperity. According to the model, and given that each social franchisee will trade the products of the rest members of the network at the same time with its own, they achieve minimization of entrepreneurial risk, in case that one social enterprise does not grow with similar rhythm to the others, or does not reach the same reimbursement. Furthermore, the common distribution, supplying and marketing system under the same trademark and brand name favours the "recognition" of the products in the local markets as well as promotes their effectiveness. Also, such an open model of social franchising chain can assure the maximization of the possibilities of further expansion of the network with new members.
- **Administrative and managerial criteria:** one of the basic strategies in the development of social economy is undoubtedly self management as well as autonomy of social enterprises. The choice that PEIRAN Development Partnership made, concerning participativeness in the administrative, managing and decision making procedures, promotes equivalence, autonomy and cooperation among social entrepreneurs.
- **Social criteria:** The social character of the model is quite obvious; it concerns a new way of tackling discrimination and inequality in the field of employment for disadvantaged groups. Moreover, it creates new quality jobs in the sector of biological and traditional products, which can reinforce their creativity and self-express.

A few thoughts as an epilogue

The flexibility of entrepreneurship concerning the rapid change of social and economic conditions all over Europe is proved to be one of the major parameters in providing strategies for equal access to the labour market, addressed to socially disadvantaged groups. Moreover, as the project PEIRAN shows, it seems that social enterprises and co-operatives can become important sources of local entrepreneurship in areas where the traditional employment structures may not always be sustainable.

Therefore, the establishment of franchising chains in the field of social economy, has got serious perspectives and dynamics towards the improvement of quality standards for products and services, as well as towards the establishment of collective models for creating social enterprises in order to eliminate or minimise business risk.

Moreover, the establishment of marketing links between social enterprises as well as the implementation of networking strategies and publicity activities, are considered to be actions of high importance for social enterprises and co-operatives, towards the central goal of sustainability.

Peiran shops



Peiran Patra



Peiran Sparti



Peiran Agrinio



Peiran Argostoli



Peiran Leonidio



Peiran Samos



Peiran Ioannina