Social Franchising: A New Paradigm for a Global Challenge

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The nonprofit sector has been traveling the familiar road of government funding, donor support and foundation grants for a long time, yet indications are that this path is becoming more narrow and overcrowded. This ineluctable situation prompts leadership in nonprofit agencies and social organizations to consider seeking a new journey to reinvigorate their efforts and provide resources that are more reliable for the mission ahead. While the path of social enterprise is well trod with new business idea development, earned-income activities and other business platforms, it has left many travelers by the wayside with failed attempts, diminished resources and constantly moving targets. Moreover, those organizations that have succeeded cannot afford to continue to rely solely on just a traditional path if their full potential is to be reached in the increasing complexity of the global economy. The franchise business model has been developing for over seven decades with its foundations most mature in the United States, yet growth in the use of this palimpsest construct abroad is accelerating. Due to its systematic replication indicia that results in reduced monitoring cost, increased yield by all parties and strong market acceptance, business format franchising is attracting the attention of nonprofit leaders in all sectors, both domestically and abroad. The intersection of nonprofit organizations and the franchise model (e.g. social franchising) is generating hope in the creation of a powerful and compelling gate to the future. While it suggests renewed prospects for developing long-term sustainability, numerous issues need to be explored and addressed. This paper seeks to identify some of the key management issues and illuminate the challenges they represent, as well as recommendations for moving the construct of social franchising forward in a global marketplace.
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