

Report



Evaluation of Scaling to Success

Rocket Science UK Ltd May 2011

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1. Introduction

Rocket Science was commissioned by the Social Enterprise Coalition (SEC) to evaluate Scaling to Success, a 2010/2011 pilot training programme for social entrepreneurs. Scaling to Success was focussed on social franchising and replication and was delivered by School for Social Entrepreneurs (SSE) in partnership with SEC.

This evaluation seeks to answer the questions of:

- Did the training have a positive impact on the participants?
- Should Scaling to Success should be repeated and/or scaled-up?
- If it is repeated, are there some changes that might improve the training model?

Overview of Scaling to Success

This pilot for Scaling to Success was attended by 19 participants and consisted of two major elements:

- Three 'learning blocks' two-day intensive workshops for the nineteen participants, led by a facilitator from School for Social Entrepreneurs. This included presentations/Q&A with guest speakers (former social franchisors/franchisees, commercial franchisors/franchisees, experts and funders), a number of short group discussions and some opportunities for socialising/networking.
- 2. Up to three Action Learning Sets groups of 4-6 with an action learning facilitator.

The delivery the pilot was co-financed by SEC and the participants – costing in total approximately ± 3500 per participant. Those attending were mostly chief executives or directors of social enterprises, others were senior figures with responsibility in business growth (one represented a VSC organisation rather than a social enterprise).

Definitions: Growth, replication and social franchising

The Scaling to Success pilot, while evidently about 'scaling', specifically supported social entrepreneurs who participated around 'replication' and in particular 'social franchising'. It is important to be clear about the differences between replicating social enterprises and what is specifically involved in franchising as a business model.

Replication is only one manner in which growth may be achieved (it is the counter part of 'organic growth'). Replication in this context is well summarised as "*implementing* successful projects elsewhere in order to increase social impact. The goal of replication is to achieve the same results as the original programme. This does not imply simply copying them, but rather replicating those ideas and approaches that are successful in an



appropriate manner for a given context. Which components of the programme are to be replicated, differ from one case to another.^{n^1}

Social franchising is one specific type of replication that a social enterprise may undertake. In SEC (2011) *Social Franchising Manual* social franchising is defined as: "the use of a commercial franchising approach to replicate and share proven organisational models for greater social impact"²

Social franchising is currently a "hot topic"³ and the term is commonly misused as a synonym for replication. The definitions are further hindered as replication models can change, more than one model might be used or hybrid models may be used. It would, therefore, be perverse to concentrate only on social franchising when it forms part of a spectrum of replication models which are strongly connected (and have similar support needs). This report looks at 'social franchising and replication'; which we will define loosely⁴ as any replication strategy closely linked to social franchising.



Evaluation methodology

Rocket Science undertook the evaluation between December 2010 and April 2011. The following activities were performed:

- Desk based review of social franchising materials;
- Attendance at Scaling to Success;

¹ Bundesverband Deutscher Stiftungen (The [German] Association of Foundations) (2008) Social Franchising: A Way of systematic replication to increase social impact

² The manual goes on to give a more in depth account of how social franchising might be defined with respect to business format franchising. More discussion on definitions if found in SEC (2011) *Growing social enterprise: research into social replication*.

³ Peter Holbrook, CEO, Social Enterprise Coalition (April 2011) http://www.socialenterprise.org.uk/press-releases.php/222/social-enterprise-coalition-launches-social-franchising-manual.

⁴Common sense applies here; social licensing is very closely related to social franchising, joint ventures and partnership models are quite closely related. We see no value in exploring a restrictive definition of a social enterprise in this particular report.



- Consultation with Scaling to Success participants 12 before and after scorecards;
- Consultation with Scaling to Success participants 15 online questionnaires;
- Consultation with Scaling to Success participants 14 telephone interviews;
- Desk based review of replication support materials;
- 7 telephone interviews with social franchising experts and stakeholders.

The experts / stakeholders we interviewed:

- Robert Looker independent consultant ex British Franchising Association, has set up social franchising training programmes for business Link (EE and WM) and recently worked for NESEP researching social franchising opportunities.
- Adrian Ashton independent consultant provides franchising support and recently worked with SELNET researching social franchising opportunities in the North West.
- Bill Mathers Director at Social Pioneers provides franchising support and started promoting social franchising with DTA more than six years ago.
- Karen McGregor Firstport manages a fund in Scotland which has just started to provide grant funding to social franchisors and franchisees and funds replication of social enterprises.
- Neal McKay Forth Sector provides support to replicating social enterprises in Scotland.
- Niall Alexander Scot Cash Scot Cash is a franchisee of Money Line which has 25 replications in the UK.
- Owen Jarvis Aspire Foundation was a social franchisee and led the Beanstalk social franchising programme at CAN
- John Bennett Welsh Social Enterprise Coalition was a social franchisor with Pack-IT, now looking at social enterprise support in Wales.

Overview of the evaluation

This evaluation report is in two sections:

- Impact of the Programme Did participants report increases in readiness, confidence, knowledge and understanding? What have been the benefits for the participants and their organisations?
- Delivery of the programme Did the participants appreciate the programme? Was the methodology for delivery well designed? What changes did the participants suggest making?

These sections are followed by our conclusions and recommendation drawn from the analysis.



2. Impact of the Programme

In our evaluation, the clearest finding was that participants had appreciated the course – a clear indicator that they felt it had a positive impact on them:

"I think it is a really good offer." "It was a brilliant course." "I would recommend it." "Really, really useful." "It was the chance of a lifetime."

The way in which this positive impact was felt, and the degree to which it will achieve gains for their businesses, was varied. This reflects the wide range of social enterprises attending, the wide range of different views on what they were hoping to gain, and the wide scope of the learning in Scaling to Success.

Scaling to Success was attended by individuals from organisations at a number of stages in their growth journey: some were only just beginning to consider how they might go about growth; others had already started replicating their business. Therefore, a positive outcome from the training looked different for different individuals.

Overall, the training can be viewed as benefitting in two different ways which help overcome barriers to growth:

- Enabling organisations to identify suitable models for growth this means giving participants the confidence, knowledge and understanding they need to make decisions regarding their social franchising and replication strategy. Clearly, this is most relevant to those only starting to consider their growth strategy.
- Enabling organisations to undertake social franchising and/or replication this
 means having the confidence, knowledge and understanding they need to make
 decisions regarding the 'nuts ad bolts' of social franchising and replication. This is
 most relevant to those closest to implementing their growth strategy or who have
 already started to undertake social franchising and replication.

The SSE approach to achieving these outcomes was not to lecture in how to achieve the knowledge, but rather to:

- Create a space for thinking and discussion;
- Encourage networking with peers;
- Provide opportunities to develop particular solutions (action learning sets); and
- Have speakers who could talk about their experience of replication including the pitfalls and decisions they encountered.



Enabling organisations to identify suitable models for growth

"It was really useful in finding out about the pros and cons of franchising and also the different models"

We found that in most cases Scaling to Success has played a major role in determining the approach to growth taken by the participants. By getting an idea of when social franchising and replication had worked (or failed) for other organisations they could better understand whether it was appropriate for their own organisation.



In most cases, Scaling to Success has helped participants develop a better understanding of different approaches to replication, what pitfalls to anticipate with each approach and what considerations should be made in deciding which to take. We found evidence that participants felt more empowered to make these decisions but they were often not ready to 'take the leap' until they had taken more time and had secured funding sources.

For example, one participant very quickly found that social franchising was not the right approach for their business model. This was a positive outcome for her and for her organisation: Scaling to Success helped them to make a well informed choice and act decisively.



Examples of Scaling to Success enabling organisations to identify suitable models for growth

- Whole School Meals decided not to replicate and rather to focus on what we do locally and grow their business 'organically'. But Stephanie has "no regrets" about attending and recognises that making the decision not to replicate was a postive outcome from her attendance.
- Nina at the Young Parents Project now feels that replication would work well for the cookery courses they offer although she cannot tell whether they will get this replication off the ground yet.
- Paul at Lifeline, Drug and alcohol treatment charity (rather than social enterprise), finds that they are still undecided about how to scale but feels he has a much better understanding of how to direct their growth. The main barrier remaining is that it will take a long time to change some of their processes to be more conducive to scaling/replicating.
- Daniel at PM Training finds that he will now be able to make an informed judgement about franchising, although this may be some time away: "what it did do was tell us we were still quiet a long way off [from franchising]."

Enabling organisations to undertake social franchising and/or replication

Increases in knowledge and understanding

There are a number of areas of knowledge and understanding that affect how well growth can be undertaken. We determined a number of these areas that might be a weakness and asked participants to rate themselves (on as scale of 1 to 5) before and after the programme. The nine areas identified were:

- Fees/pricing;
- Contracts/agreement;
- Branding/marketing;
- Funding/investment;
- Intellectual Property Rights;
- Quality/evaluation;
- Governance;
- Leadership;
- HR/People.

We found that participants reported a large average increase in all of these areas, which should mean that they are better able to undertake social franchising and replication:





In these nine areas, the overwhelming majority of participants reported an increase in score and most people increased a little (rather than only a few people increasing greatly). Almost no-one finished the course reporting a score of less than 3 out of 5 (50%) in any of these nine categories – these were a cohort of participants who were now much better prepared to undertake the challenges ahead.

In our telephone interviews participants said that they felt they had gained important experience from the discussions with guest speakers, looking at all the consideration needed to be made before and during the undertaking of social franchising and replication. Some participants were ready for event greater understanding of how to undertake social franchising in practice – these individuals wanted to see more about what exactly needs to go in a licensing agreement or a contract.

Examples of Scaling to Success enabling organisations to undertake social franchising and/or replication

One business which coaches small charities with teams of business support workers has already replicated and might look to franchise in the future. After a little help from Scaling to Success (only attended a few sessions) Fiona reports that "we are already a much more capable organisation for franchising."

Rachel from Chance UK was keen to learn some "nuts and bolts" to see if their current franchising model (started 2006) could be improved. She thought "it was a brilliant course" and "it was interesting to see different ways of doing it". In fact Rachel was keen for even more of the same: more details and examples that she could immediately implement herself.

In both the telephone interviews and the scorecard analysis it seemed that had already undertaken franchising benefitted somewhat in seeing how they might improve their



strategy, but generally benefitted less than the other participants as they knew the basic 'nuts and bolts'.



We divided the participants' scorecard responses into three groups:

- Those starting the consider growth strategies;
- Those committed to a growth strategy;
- Those already undertaking a growth strategy.

We then looked at the difference between these groups in terms of changes in knowledge and understanding.

We found that not all participants benefitted equally in their understanding around these nine important areas which are important when franchising: the greatest reported increase in knowledge were from those earlier in their growth journey this is where the biggest impact was for the programme in terms of knowledge and understanding.

Application of knowledge and understanding

While participants reported that they were in a much better position to progress (either in terms of ability to make informed decisions, to start working out a firm strategy or to improve their existing strategy), few would be able to start replicating in the near future. Those that had already begun to replicate but had not yet finalised the details were in the best position to use their new knowledge and understanding to increase their results.



We asked participants to rate themselves both before and after Scaling to Success in the following categories:

have no practical understanding of franchise	1←→5	
 nplementation	1()5	I fully understand the practical implementation of franchising
am not ready to undertake a pilot replication r feasibility study	1←→5	A pilot has been implemented / feasibility study completed
 is not at all clear to me how to get started in eveloping or replicating a franchise	1←→5	It completely clear to me how to get started in developing or replicating a franchise
 is not at all clear to me why franchising ould be of benefit to me/my organisation	1←→5	It is completely clear to me why franchising would be of benefit to me/my organisation
he risks of a franchising approach for my rganisation are not at all clear to me	1←→5	The risks of a franchising approach for my organisation are completely clear to me

Looking at the participants in the three groups (those starting the consider growth strategies, those committed to a growth strategy, and those already undertaking a growth strategy) we see that it is clearer how to 'get started' but on few are closer to being 'ready'.





Examples of Scaling to Success enabling organisations to undertake social franchising and/or replication

Fighting for Peace are not going to franchise, rather they have now been able to come up with their own model to expand the use of their business model through training. Scaling to Success helped them develop this model in a more informed way.

Bikeworks are already undertaking some replication (rather than franchising) and if they do franchise it will be at least a few years, but Scaling to Success "was also helpful in setting up our replication model, rather than just franchising."

The London Early Years Foundation had been considering replication for over a year, Scaling to Success helped them finalise a bespoked franchising model for their nurseries. Previously they were intending to pilot tentatively; following Scaling to Success, June (the CEO) feels they are ready to "just run with it".

It seems that the major barrier facing most of the participants now is that it will take time to get replication processes in place and they will find difficulty accessing finance:



"Positioning ourselves to pitch to investors is a major barrier".

"For us at the moment a lot [of the issue] is cash."

"Literacy around social franchising is still low, particularly funders/investors and potential franchisees... also a problem where participants need to learn about selling [ie promoting] their franchise to investors."

"It is the finance that is the problem. Looking for investors is the enormous hurdle."

Opportunities to develop knowledge and understanding further

The delivery of Scaling to Success was intended not only to achieve learning but support learning in the future.

From out scorecard we found that the participants now felt they had more access to learning materials (although a small number were keen to access to more learning materials).

We also found that participants are better networked; they have formed a number of small, informal networks of contacts that they already draw on for guidance and support. This is a key outcome of many of School for Social Entrepreneurs' courses and is one that was central to the design in Scaling to Success. Being part of a peer network was highlighted by many participants as one of the best outcomes of the programme. Networking brings many well recorded benefits; for this programme the sharing of information/ideas and possible collaboration between the participants will be beneficial for both their development as social enterprises and the development of their abilities around franchising/growth.

"I think the course was invaluable in building relationships"

"Dinners were very good as an opportunity to chat informally, reflect on the day and network."

"I have made several really good contacts through this"







3. Delivery of the training

Scaling to Success was a pilot training programme delivered between December 2010 and April 2011 for 19 participants with the intention of providing support for organisations to grow by social franchising and replication. The training was paid for by SEC and by the participants and delivered by the SSE.

The training course consisted of:

- 1. Three 'learning blocks' two-day intensive workshops for the nineteen participants, led by a facilitator from School for Social Entrepreneurs. This included presentations/Q&A with guest speakers (former social franchisors/franchisees, commercial franchisors/franchisees, experts and funders), a number of short group discussions and some opportunities for socialising/networking.
- 2. Up to three Action Learning Sets groups of 4-6 with an action learning facilitator.

These were held in the Young Foundation's headquarters building in Bethnal Green, London.

Participants reported that they found the learning blocks and the action learning sets to be both important to the growth of their organisation and well delivered. The learning blocks in particular were consistently reported as very satisfactory and very important.

Here average (mean) reported satisfaction is plotted against average reported importance based on participant responses. In both cases strong positive results are shown, with learning blocks receiving particularly high praise.	Very Sat	Action Learning Sets	Learning Blocks
Not Important			Very Important
	Not Sa	tisfied	



Learning Blocks

The delivery of the learning blocks was well regarded by all participants. They recognised that the facilitator, Nick Temple, as excellent and appreciated the insights the course offered.

"The days were well paced and the group sizes were spot on."

"It was possible to think about social franchising and talk openly about it; what it is, what it means, the benefits and potential issues."

"[It was] an eye opener"

A common statement was that simply having the chance to consider social franchising and replication in a group away from their day-to-day work was important:

"It gave me time to think"

"The programme gave me space to think about this properly"

Action Learning Sets (ALS)

"Action Learning Set was very useful - would like to continue this beyond the end of the course"

"Definitely enjoyed the opportunities to apply the learning to my own situation"

The action learning sets were appreciated by many and have helped participants develop their knowledge into clearer ideas about their own work. Unlike the learning blocks which were appreciated by everybody, there were a few participants who felt that the ALSs were less important to them. In these few cases, it might be that in future participants are given the option to opt-out of ALSs.

Content / Style

Guest Speakers

In the learning blocks most of the sessions were built around presentations or Q&A by guest speakers and 'expert witnesses'. Almost all participants commented that the quality of the speakers was very high. This was clearly a unique opportunity for them to have such intimate access to individuals that could bring their experience and expertise.

"The quality of the speakers was fabulous"

"The access to guest speakers made the course completely worthwhile."



"Calibre of Speakers was absolutely spot on - we needed to hear from those who were very experienced in this arena, and to have opportunities to make further connections with the ones who were more relevant to us, which we did."

"Really enjoyed the expert witnesses."

"Franchise experts particular Holiday Inn experience as it provided a good insight. The Q & A parts of the speakers enabled me to understand how things would relate to my situation."

Such was the quality of the speakers that a small number of participants would have liked a little more time talking as a group or in smaller groups either before or after the speakers to best use their insights and other participants wanted even more time, preferably one to one, with these speakers.

"I would have preferred a bit more small group discussion."

Group work and resources

Apart from the guest speakers, there were also some group discussions as part of the learning blocks. Of these the most valued appear to have been in the third block where more "nuts and bolts" of franchising were discussed. In particular, the opportunity to see the manual that SSE provides for their franchisees was much appreciated. Access to even more resources of this kind would be appreciated by those participants looking to undertake replication in the near future, or who have already undertaken replication.

"An extra layer of practical application would have made the course even better."

"It was useful to look at SSE's franchise handbooks and the example legal docs from Linklaters, but otherwise there weren't enough concrete examples or notes we could take away."

"I really wanted to see some examples of the paperwork."

"[I would have liked] a list of things to consider for inclusion in your manual"

Location

A small criticism, which was repeated a number of times, was that the location used for the learning blocks (in the Young Foundation offices in Bethnal Green) became a little dull after 6 days. The opportunities for networking dinners helped improve the variety.

Intensity

This pilot of Scaling to Success was delivered at a high intensity and over a short period of time. Future delivery would not have the time limitations of the pilot and might be



delivered over a longer duration, which would be a positive improvement - the most common change that participants sought was to increase the time between each of the sessions. This would allow them more time to implement or consider changes and make attendance easier for busy participants (eg CEOs).



Cost

We asked participants whether they felt that ± 3500 was good value for money and they overwhelmingly agreed. Not one of the 14 participants responding thought that ± 3500 would be poor value for money and almost all thought that it would be good / excellent value for money



3. Conclusions and Recommendations

Substantial impact....

All participants appreciated the programme and were happy with its impact on them. This is an excellent result from a pilot training programme.

Many participants found that *they were greatly helped in identifying the best strategy to take* (even if that was not franchising at all) and most reported *increases in knowledge and understanding* which will make them *better able to finalise and undertake their growth strategy*.







Those participants on the cusp of undertaking replication growth were able to improve their knowledge and understanding, refine their choice of replication strategy and can implement this in the near future (although they would have started some form of replicating with or without Scaling to Success). This group benefitted greatly and these benefits are likely to be soon reflected in better and greater growth of their business.

Those participants that were just beginning their growth journey were helped greatly in deciding what approach to take, had their previously weak knowledge increased to a moderate level but are less likely to use their new knowledge and understanding to implement growth in the near future.

Those participants who had already embarked on a replication strategy and had grown already were able to learn a little about other people's experience and consider whether they needed to make any improvements. Their social enterprises will benefit mostly from the more in-depth discussions of the 'nuts and bolts' of franchising.



All participants are also now better able to seek further support in the future, either by their increased access to learning materials or the small, informal networks of contacts that they already draw on for guidance and support around both growth/franchising and as source of ideas/information about social enterprises more widely.

It takes time to undertake growth and it would be perverse to try to assess the impact in terms of new business growth in the short time since the pilot began. However, we can be confident that this group of innovative social entrepreneurs will be better able to increase their social impact now by growing their business models in a more informed and considered manner because of this high impact programme.



A selection of the many positive comments from participants:

"I think it is a really good offer." "It was a brilliant course." "I would recommend it." "Really, really, useful." "It was the chance of a lifetime."

...Very well delivered

The activities in Scaling to Success are largely based on 'expert witnesses', Action Learning Sets and opportunities to network.

All aspects of the delivery were successful in this pilot and in particular all participants were delighted at the quality of the expert witnesses.

A selection of the many positive comments from participants:

"The access to guest speakers made the course completely worthwhile." "The days were well paced and the group sizes were spot on."

Recommendations

As independent evaluators, we have considered both expert and participant opinions as well as experiencing the learning blocks for ourselves. Our evaluation leads us to recommend continuing Scaling to Success and indeed rolling out the programme if practicable. Not all participants will benefit from every part of the programme, but overall future participants can expect Scaling to Success to better place them to consider growth strategies, develop their strategy and undertake social franchising and replication of their business. Scaling to Success is a unique opportunity which increases understanding, clearly presents benefits and pitfalls, draws on the experience of existing social franchisors/franchisees and provides a much needed space for participants to consider their growth strategy.

While there are a small number of ways that Scaling to Success can be improved a little further, we understand that SEC and SSE have already taken on board potential improvements and we are confident that were they to repeat their delivery it would be improved even further.

One recommendation we would make from our wider understanding of social franchising and replication is to ensure that Scaling to Success continues to embrace a wider range of scaling strategies than only social franchising: licensing and a whole range of hybrid models are just as relevant for potential participants and often just as complex.





Appendix – Scorecard

1. Concept	I have no understanding of what is meant by	1←→5	I fully understand what is meant by social
	social franchising		franchising
2. Practical Understanding	I have no practical understanding of franchise implementation	1←→5	I fully understand the practical implementation of franchising
3. Readiness / preparation	I am not ready to undertake a pilot replication or feasibility study	1←→5	A pilot has been implemented / feasibility study completed
4. Getting started	It is not at all clear to me how to get started in developing or replicating a franchise	1←→5	It completely clear to me how to get started in developing or replicating a franchise
5. Benefits	It is not at all clear to me why franchising would be of benefit to me/my organisation	1←→5	It is completely clear to me why franchising would be of benefit to me/my organisation
6. Risks	The risks of a franchising approach for my organisation are not at all clear to me	1←→5	The risks of a franchising approach for my organisation are completely clear to me
7. Fees / pricing	I have almost no knowledge of franchise fees and pricing	1←→5	I have a thorough knowledge of franchise fees and pricing
8. Contracts / agreements	I have almost no knowledge of franchise contracts agreements + manuals	1←→5	I have a thorough knowledge of franchise contracts, agreements + manuals
9. Branding / marketing	I have almost no knowledge of marketing + branding issues relevant to franchises	1←→5	I have a thorough knowledge of marketing + branding issues relevant to franchises
10. Funding / investment	I have almost no knowledge of accessing funding/investment for replication	1←→5	I have a thorough knowledge of accessing funding/investment for replication
11. Intellectual Property Rights	I have almost no knowledge of intellectual property rights issues relevant to franchises	1←→5	I have a thorough knowledge of intellectual property rights issues relevant to franchises
12. Quality / evaluation	I have almost no knowledge of quality systems relevant to franchising	1←→5	I have a thorough knowledge of quality systems relevant to franchising
13. Governance	I have almost no knowledge of governance as relates to replication	1←→5	I have a thorough knowledge of governance issues as they relate to replication
14. Leadership	I have almost no understanding of my role in replicating the organisational model	1←→5	I have a thorough understanding of my role in replicating the organisational model
15. HR / People	I have almost no knowledge of human resources issues relevant to franchises	1←→5	I have a thorough knowledge of human resources issues relevant to franchises
16. Learning / examples	I know of no sources of learning resources and case studies for social franchising	1←→5	I know of plenty of sources of learning resources and case studies for social franchising
17. Peer networks	I have no peer networks for social franchising	1←→5	I have access to a strong and active peer network for social franchising

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Appendix – Data analysis

























NB: In all evaluation analysis only those who completed a scorecard both before and after the training were included.