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Practitioner's Guide:

Franchising Development Programmes

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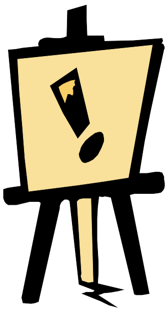
Franchising Development Programmes

Brief Description



Transforming a project into a national development programme requires major "re-tooling". Scaling-up the implementation capacity necessitates mobilising more resources, which in turn requires innovative ideas for tapping potential donor agencies and partners. A plurality of different partnership models based upon the principles of "franchising" approach offers an array of different cooperating models with potential donors.

"Franchising" is generally described as the granting or licensing of certain defined intellectual property rights and access to certain tangible and intangible benefits and privileges by one company or organisation (the "Franchisor") to another (the "Franchisee"). The term describes many different forms of organisational or business relationships, including licensing, distributor and agency arrangements. It is usually used in the business world. However, there are no plausible reasons as to why it cannot be used by organisations involved in development work.

A franchise system is a success kit. All the necessary tools are provided except human aspiration. The franchisee is an independent contributor to the company's or organisations success and is a participant in it.

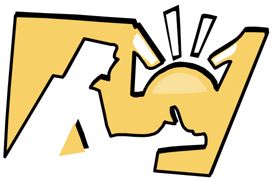
The system works like this: An organisation (or company) perfects a superior product or service and makes a success in that field. Then, for a concession or fee, the successful organisations becomes a franchiser, showing others how to succeed in the same way. The result is that the franchisers own organisation (or company) expands far faster than otherwise possible, the new franchisee gets an opportunity not otherwise available, and the public usually benefits from the improved product or service.

Franchising Development Programmes

Proposed Main Users

National Ministries, International Development Organisations, Multi-lateral and Bi-lateral donor organisations, Non-Governmental Organisations.

Purpose of the Method



The franchising approach allows for this plurality while guaranteeing quality. Franchising does not measure the impacts or effects of development activities, this requires a separate impact monitoring and evaluation system that can be derived from the concept being franchised.

Typical characteristics of Franchising include:

- A privilege granted or sold or right given by a Franchisor to Franchisees.
- The privilege could be the usage of the Franchisor's product, methods, possibly even name and procedures for undertaking development work.
- The Franchisor provides the Franchisees with the product, trademark/name, and assists through organizing, training, merchandising, advertising, promotion, management, and other related advises and activities. The Franchisor may even have a significant degree of authority and control over Franchisee operations.
- Franchisees, in turn, adhere to the development plans laid out by the Franchisor. There may also be some sort of fees associated with it, although not essential.
- The terms and conditions or considerations are mutually agreed upon.

The franchising approach of development programmes would allow for a scaling-up of successful projects to become national programmes, they would standardise the quality of services being offered and would significantly reduce the management of such national programmes, since each franchisee operates freely within the given framework provided by the franchising contract.

Franchising would allow that various organisations participating in the franchising approach can have different modes of operation: some may prefer to work only with government organizations; others prefer to participate in the "basket-funding" approach; while others prefer to work either with NGOs or with user groups directly.

Franchising Development Programmes

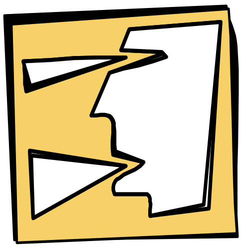
Advantages

- Organisations do not have to come up with a new idea since another organisation has already developed the product and has also tested it.
- Tried and tested approaches will already be well known in the country, they will already have a solid "trademark". Other organisations can benefit from linking up with the successful programme.
- The franchising model described here has been derived from quality management methods such as EFQM (European Foundation for Quality Management) that represents an industry standard.
- Good franchisors will offer comprehensive training programmes in applying the approach and ensuring quality work is undertaken.
- Good franchisors can also help secure funding for example for NGOs wishing to work closely with national programme.
- Although each organisation will be running its own "show", the customers (the beneficiaries) will be aware that the concept is based upon the success of a larger national programme.
- The basis of the "franchising" model is that partner organisations who fulfil the necessary (pre)qualifications, can join in and work within the fold of the franchised concept as long as they adhere to the main pillars of excellence.

Limitations

- The term "franchising" maybe too heavily associated with large corporations (e.g. McDonalds Corp), it may be necessary to term the approach "partnership model".
- The approach is suitable for development programmes that are not particularly complex and where an immediate impact can be achieved amongst the beneficiaries. Complex programmes with to many variables and interrelationships will be much harder if not impossible to franchise.
- Franchising will only guarantee the quality of the "inputs" and immediate "outputs" it does not provide any information or guarantee regarding "impacts" and "effects". This requires a separate monitoring and evaluation system.

Principles & General Procedures



Deriving the Franchising model from EFQM

Generally, quality management systems are designed in order to meet the quality standards laid down by the management of an organization. It includes the organizational structure, responsibilities, processes and resources required to meet these basic minimum quality standards. The most important concept that has to be introduced to an organization is the establishment of a *quality culture* that is enshrined in a set of commonly agreed upon standards and principles and in order to ensure their compliance a system for monitoring, maintaining and steering has to be put into place. The franchising model for development programmes is based upon principles of quality management. The European Foundation for Quality Management –EFQM, served as the model for the franchising approach.

The basic assumption being made in the EFQM model is that it is possible to develop a quality model and criteria that are applicable as a basis for quality improvement across all organizations. Organisational improvements both in terms of quantity and quality can be achieved through effective policies and strategies, by focusing on the employees within the organization as well as through proper management of the resources and workflows.

The EFQM Excellence Model is a non-prescriptive framework based on nine criteria. Five of these are **Enablers** and four are **Results**.

- **Enabler** criteria cover what an organization does and what the main principles for *successful* production are.
- **Results** criteria cover what an organization achieves. ‘Results’ are caused by ‘Enablers’.

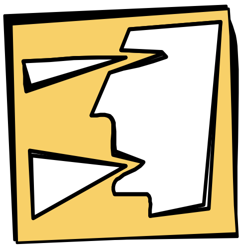
The Model, recognizing there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

- Excellent results with respect to Performance, Customers, People and Society are achieved through Partnerships, Resources and Processes.

The arrows in figure 1 emphasize the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

Franchising Development Programmes

Principles & General Procedures



Fundamental concepts of EFQM:

- **Results Orientation:** Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes the people employed, customers, suppliers and society in general as well as those with financial interests in the organization).

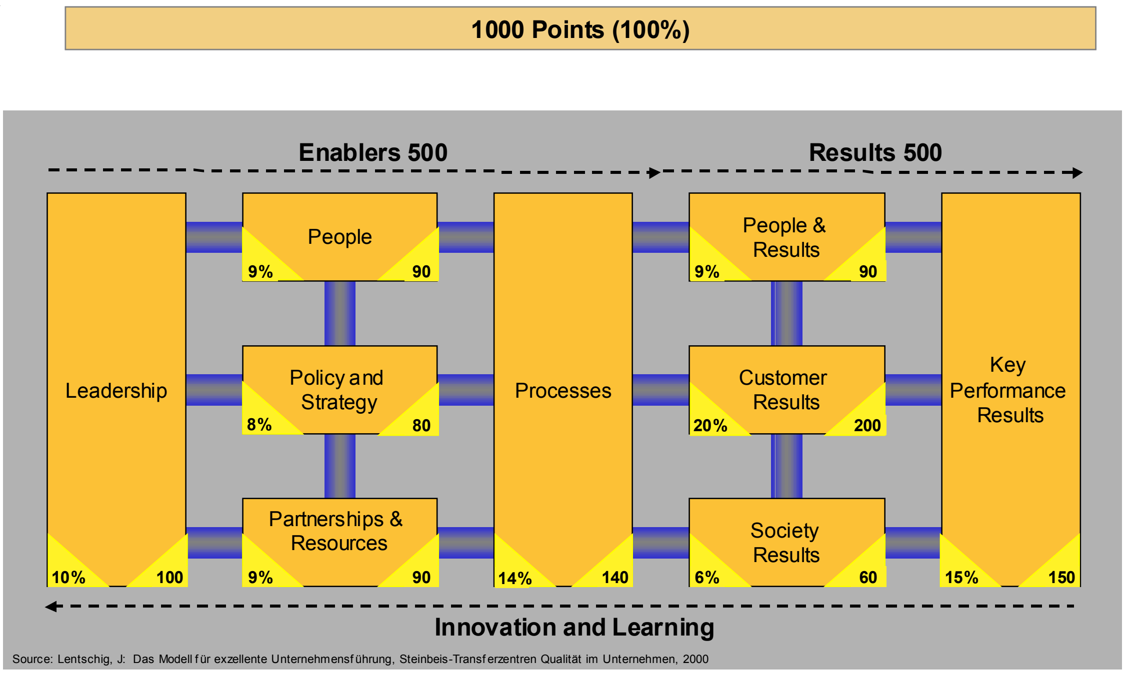
- **Customer Focus:** The customer is the final arbiter of product and service quality and customer loyalty, retention and market share gains are best optimised through a clear focus on the needs of current and potential customers.

- **Leadership & Constancy of Purpose:** The behaviour of an organization's leaders creates a clarity and unity of purpose within the organization and an environment in which the organization and its people can excel.

- **Management by Processes & Facts:** Organizations perform more effectively when all inter-related activities are transparent, systematically planned and managed. Decisions concerning current operations and planned improvements are made using reliable information that includes stakeholder perceptions.

- **People Development & Involvement:** The full potential of an organization's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.

Figure 1: Components of the EFQM model



Franchising Development Programmes

Principles & General Procedures

- **Continuous Learning, Innovation & Improvement:** Organizational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.

- **Partnership Development:** An organization works more effectively when it has mutually beneficial relationships, built on trust, sharing of knowledge and integration, with its Partners.

- **Public Responsibility**: The long-term interest of the organization and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large.

Steps required for developing a franchising model

Step 1: Results oriented programme as a basis

The selection of a development programme that is to be franchised should be based upon a number of criteria:

- The programme concept and approach is not unduly complicated.
- The programme generates tangible impacts amongst the beneficiaries in a relatively short-period of time.
- The programme is not in a pilot stage but has already been or is in the process of becoming a national programme.
- The programme has been proven to be successful and results oriented
- The concept of the programme must be easily understandable.

Step 2: Define the essential core components of the programme

Select the core elements within the programme that have proven to male the programme successful. These components can viewed similar to the pillars of a house, they form the pillars of the programme. Without them the programme cannot be implemented successfully. Core components that can be selected include: Transparency, Social Mobilisation, Beneficiary Targeting, Process approach and User Group Implementation, Good governance, etc.

Step 3: Agree upon a measure quality performance

- A scoring system has to be developed and agreed upon that is universal to all quality assurance questions that may be posed.

- It is important to agree upon the terminology of the scoring system first prior to defining the standards to be fulfilled.

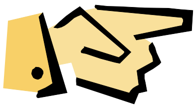
- The main question is, to what extend the quality standard or criteria of the standard have been met (compare example in table 1)

Franchising Development Programmes

Principles & General Procedures

Table 1: Common scoring system for all defined standards

1	**A basic or *minimum standard* is not met**. There are no visible signs of any efforts to address compliance with the standard. There maybe some verbal excuses for non-compliance.
2	**A basic or *minimum standard* is not met.** However, there is visible commitment to change for the better. There are some demonstrated efforts to improve the situation. RCIW partner organisations should be able to produce some evidence that the issue of non-compliance has been assessed and plan for improvement to reach a stage of compliance are currently being implemented. All efforts have not yet reached an acceptable level of compliance.
3	**A basic or *minimum standard* is met**. This score refers to a minimum level of compliance that would still be considered as acceptable.
4	**A basic or *minimum standard* is met**. There is some demonstrated additional effort to surpass the definition under score 3. There is visible commitment to continuous improvement. Evidence can be produced to demonstrate quality improvement. An excellence or *maximum standard* is met in most aspects.
5	**An excellence or *maximum standard* is fully met.** Excellence has been achieved. It is hardly possible to improve any further. Evidence to demonstrate sustained positive results and trends over 2 years can be produced.



Step 4: Determine whether organisations fulfil minimum standards

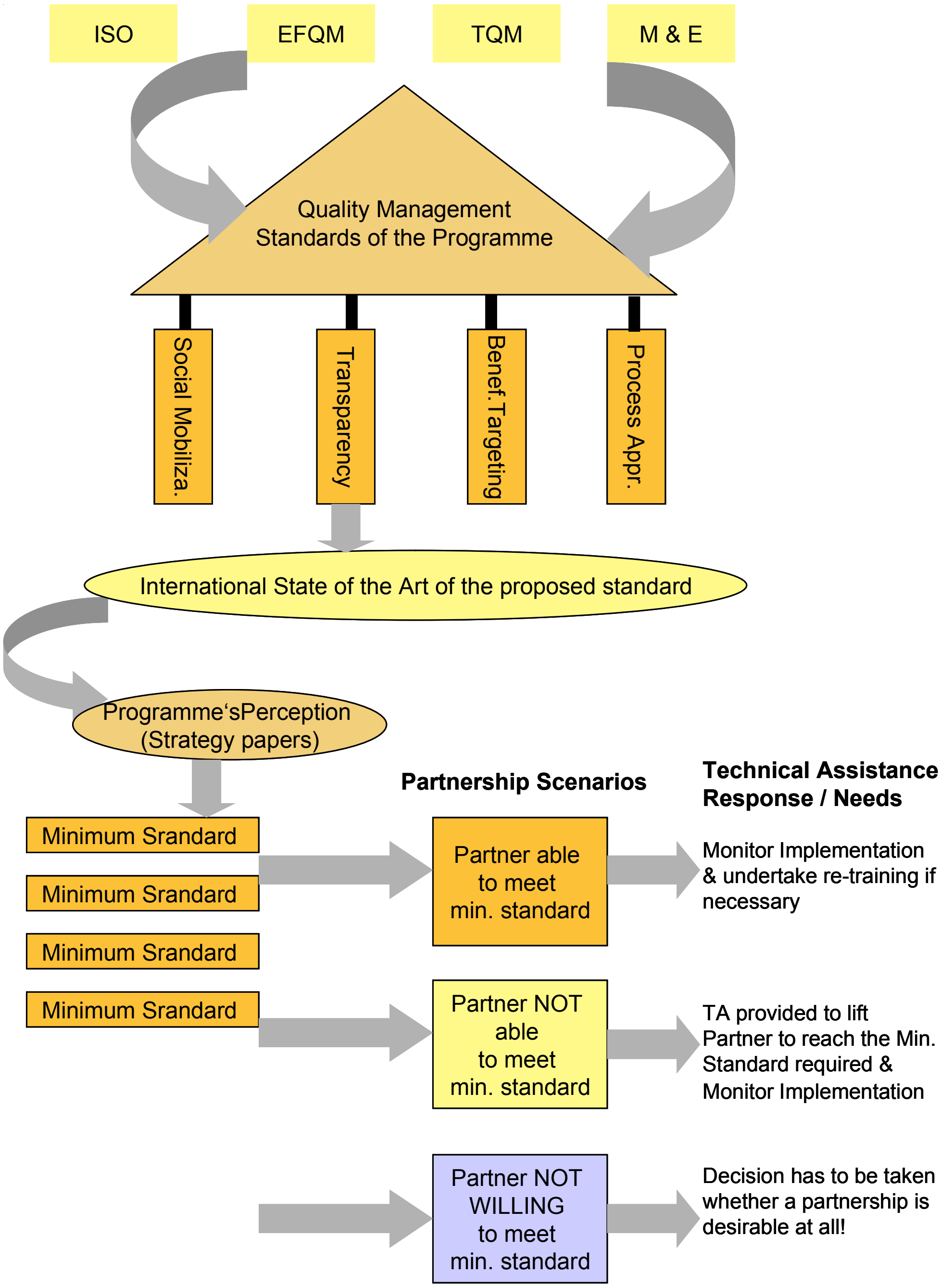
Agree upon a minimum standard or a "band-width" of standards that are to be achieved. The following helps to determine whether capacity building should be undertaken for the partner organisations:

- A franchising organisation may **meet or surpass the minimum standards**. In this case training is not necessary. However, during implementation a review of the franchisee organisation would determine whether the minimum standards continue to be met/ upheld. Training and technical assistance may be required in order to ensure continued compliance with the minimum standards.
- **A partner organisation does NOT meet the minimum standards**. However, the franchisee organisation shows that internally it basically follows similar principles and standards and there is enough scope to train the franchisee organisation to eventually meet the minimum standards. In this case capacity building will have to be provided in order to introduce and raise the defined standards.
- **A partner organisation does NOT meet the minimum standards**. Furthermore, within the franchisee organisation the similar standards are also not followed. No **possibility is seen to undertake training or capacity building** for the potential franchisee partner organisation. In this scenario the franchising organisation would have to seriously think whether they provide the organisation with a franchising licence.

Franchising Development Programmes

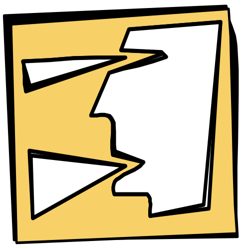
Principles & General Procedures

Figure 2: Linking quality standards to capacity building



Franchising Development Programmes

Principles & General Procedures

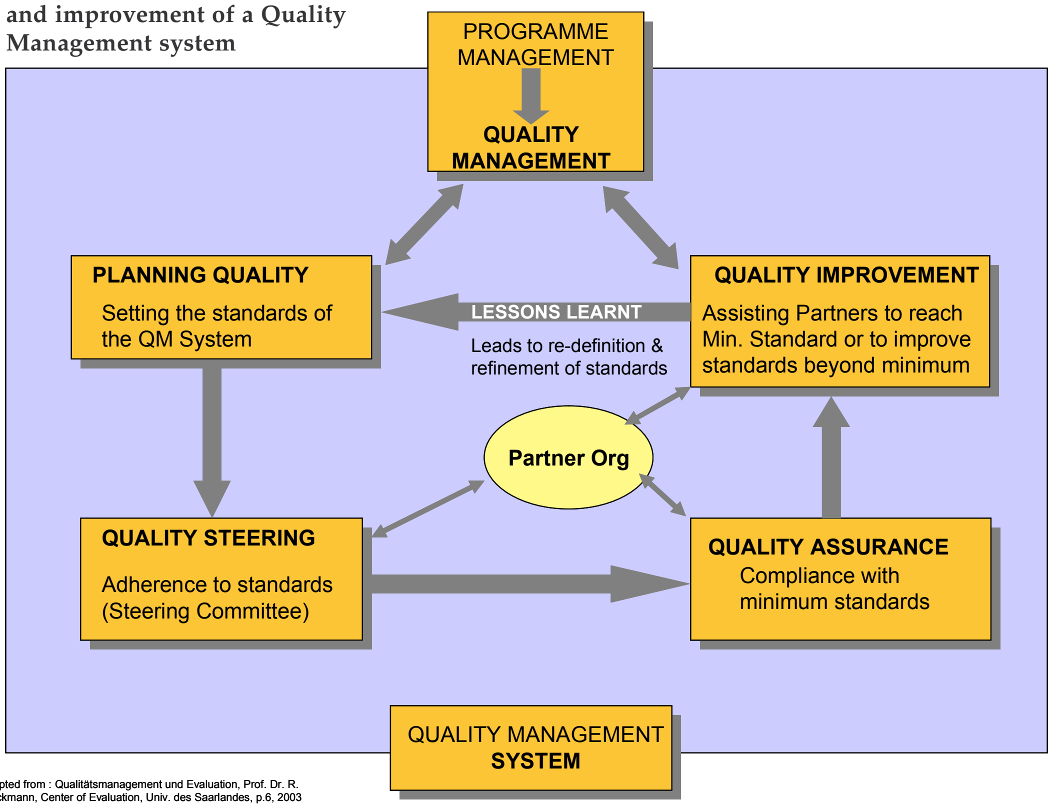


Step 5: Define the exact standards for each quality indicator

Each quality indicator requires a precise definition.A triangulation process between the internationally accepted definition of the indicator, the regional / national and local definition has to be undertaken. In the triangulation approach the definition to be used in the franchising model has to be derived.

- Present the internationally agreed upon definition of the indicator (short paragraph).
- Elaborate what the regional or nationally agreed upon definition of the indicator is.
- If a there is a locally agreed upon standard definition of the indicator, this too needs to be analysed.
- On the basis of the three definitions the programme has to determine how it wishes to define the indicator.
- The definition has to be written in such a way that it minimises subjective interpretations and that it is culturally relevant.
- The indicator will then define the minimum standard to be achieved by the franchisee.

Figure 3: Process for introduction and improvement of a Quality Management system



Adapted from : Qualitätsmanagement und Evaluation, Prof. Dr. R. Stockmann, Center of Evaluation, Univ. des Saarlandes, p.6, 2003

Franchising Development Programmes

Principles & General Procedures

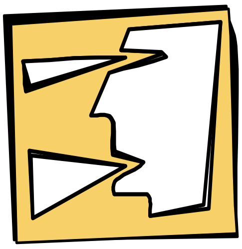


Figure 3 depicts a process in which quality steering, quality assurance and quality improvement forms a continuous learning and self-improvement cycle. First, management has to define the main elements that should make up the quality management system. In this case it means defining the main pillars upon which quality will be measured.

Thereafter, the quality management system has to be planned and elaborated, this includes defining the standards for the QM system. Quality steering, quality assurance and quality improvement forms a continuous learning and self-improvement cycle.

Step 6: Field test the indicators

- It is important that the indicators and the mode of measurement are thoroughly field-tested.
- The possibility for ambiguity, alternative cultural interpretation must be removed as far as possible.
- The aim should be that any person making the assessment should rank the results without undue discrepancies (i.e. the indicators need to be independently verifiable).

Step 7: Revise the indicators

- After initial implementation of the model it is necessary to revise the indicators and make appropriate adjustments and changes.

Step 8: Link franchising to a monitoring and evaluation system

- Since the indicators used in the franchising approach largely relate to measuring the quality of services being provided, it is necessary to link the system to a monitoring and evaluations system that measures impacts and effects.

Franchising Development Programmes

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