

THE Townships PROJECT

**MICROFRANCHISING
LAUNCH: TRADE
SHOW AND
WORKSHOPS**

**October 17 - 19
2012**

**Ubuntu Kraal
Orlando West, Soweto
South Africa**

PROGRAM

BUILDING A MASSIVE JOB CREATION ENGINE TOGETHER...



THE CHALLENGE

The challenge is to build a massive job creation machine to reduce high rates of unemployment at the bottom of the economic pyramid. Studies by the Global Entrepreneurship Monitor (GEM) show that South Africa's business failure rate is far higher than other countries in Sub-Saharan Africa. Franchising has been the most successful business model ever created; commonly accepted lore recognizes that 9 out of 10 franchise businesses succeed whereas 9 out of 10 stand-alone businesses fail. MicroFranchising systematises, brands and replicates tiny businesses, which can be purchased for prices starting at R10,000 through microfinance and enterprise development funding. It effectively permits a person to buy a sustainable job.

THE OBJECTIVE

The objective is to kick-start MicroFranchising in South Africa by establishing an **MICROFRANCHISING LAUNCH: TRADE SHOW AND WORKSHOPS**, which will have three components:

- **NATIONAL SELECTION PROCESS** to identify the best MicroFranchises or MicroFranchiseable businesses
- **TRADE SHOW AND WORKSHOPS** which focus workshops on these businesses providing them with an opportunity to access specific advice from individuals with a broad range of community and business expertise. Plenary sessions highlight the resources available to each business owner.
- **MICROFRANCHISE PACKAGING PROGRAM** for the top businesses selected from the Trade Show and Workshops, which will result in those businesses being packaged as microfranchises. MicroFranchising Launch anticipates setting up an investment fund from corporations' enterprise development funds to provide expansion capital to Microfranchisors. Microfranchisees will be able to access enterprise development microfinance loans through existing institutions such as Women's Development Businesses, Marang Financial Services, Tetla Financial Institutions, Phakamani Foundation and Small Enterprise Foundation.

The first **MICROFRANCHISING LAUNCH: TRADE SHOW AND WORKSHOPS** took place in Khayelitsha in 2011. The Department of Trade and Industry has undertaken to provide the MicroFranchise Packaging Program for the 5 businesses that were selected from that Launch.

THE APPROACH: FOUR WHEEL DRIVE MOBILE

The structure of the **MICROFRANCHISING LAUNCH: TRADE SHOW AND WORKSHOPS** is based on integrating existing tools for social change to drive a job creation engine. Based on business experience, only a small percentage of start-up businesses succeed. Recognizing that virtually all MicroFranchises are start-ups, the MicroFranchising Launch aims to relentlessly select and support the best it can find each year, certain in the knowledge that a few winners will emerge. Those that do succeed will be affordable, systematized, replicable and branded job creation engines.

The **FOUR WHEEL DRIVE MOBILE** approach brings together four existing skill-sets, each providing balance and essential information to the other, and marries them with mobile technology to increase efficiency and reduce costs. Wherever your skills and organization fit in this approach, **MICROFRANCHISING LAUNCH: TRADE SHOW AND WORKSHOPS** will introduce you to individuals and organizations from all the other “wheels” while providing structured workshops which focus on the challenges of specific real life businesses.

➤ **ASSET-BASED COMMUNITY DEVELOPMENT:**

The first “wheel” is asset-based community development (ACBD). We start with ABCD because all businesses and jobs exist within a community. If businesses are supported by the community, they are much more likely to succeed. ABCD asks a community the activist’s question “**What do we have?**” instead of the victim’s question “**What do you need?**” It focuses on how every community can use what it has to get what it needs. This approach awakens communities to the sleeping wealth in their midst - skills, associations, rights, physical and natural assets - leading them to think about how they can use that wealth to increase income. Inevitably, communities are

amazed at how much they have. Once a community starts on the path to achieve its own plans, it gains confidence. Experience shows that if a community starts with its own resources, it will own the plan. ABCD focuses on asking the right questions and having the community answer them. The answers from within the community inevitably lead to a commercial mind-set and concrete plans to move forward. A motivated community can use technology, money and business solutions in the most effective manner. A despairing community cannot see, let alone use, opportunity. The ideal use of Corporate Social Investment is to fund ABCD workshops to create this motivation.

➤ **MICROFINANCE:**

Once a community understands the opportunity ahead of it, it can start to look for the help that it needs. This brings us to the second “wheel” - Microfinance. We focus here on microloans, the subset of microfinance which offers loans to start or expand small businesses. These loans permit the disadvantaged to buy a business asset, a stepping stone to prosperity.

Microloans have four major limitations:

- I. Individuals can be knocked down if they climb above the rest without the community’s support.
- II. Most community members just want a job. Only a small proportion of borrowers (probably less than 20%) are willing entrepreneurs.
- III. Too many businesses are doing the same, unskilled activity leading to the “selling rotten tomatoes to each other” syndrome.
- IV. Tiny loans, on their own, cannot build much in the way of real assets and infrastructure.

We believe these limitations can be addressed by the other “wheels”, thus greatly increasing the effectiveness of microloans. South African microfinance has focused on group-lending, Grameen-style. New types of individual loans and new loan ceilings will be required to support loans to purchase MicroFranchises. These are likely to require support from outside agencies such as government, main-line banks, corporations and foundations. That brings us to the third “wheel”.

➤ **CORPORATE SOCIAL INVESTMENT/ENTERPRISE DEVELOPMENT:**

The third “wheel” is Corporate Social Investment (CSI)/Enterprise Development (ED) spending, which is mandated in South Africa at 3% of net profits after tax. This gives South Africa a unique opportunity to bring an annual investment approaching R8 billion to the development of an ecosystem of sustainable business enterprise at the bottom of the economic pyramid. The potential for the development of new markets is enormous, given that experience shows ABCD communities know what they need and focus on how to use an investment in the most transparent and effective manner. ABCD communities support the businesses they believe fit their economic objectives. Microloans help the disadvantaged get a foot on the asset-building ladder and MicroFranchising helps to manage the risk of start-up businesses. ED and CSI professionals can have confidence that the business opportunities resulting from MicroFranchising Launch have been:

- Identified through a 4 day ABCD process in their communities,
- Introduced to MicroFranchising through 3 days of training,
- Work shopped by a panel of experts at MicroFranchising Launch,
- Selected at MicroFranchising Launch as the best of their peer group and
- Packaged by franchising professionals who will brand, systemize and package them for replication.

MicroFranchising Launch offers ED professionals the opportunity to invest in successful businesses at the base of the economic pyramid that have the opportunity to use franchising to become national and even international brands.

➤ **MICROFRANCHISING**

The fourth “wheel” is MicroFranchising and other commercial solutions. These solutions systematically package branded products and services which every community needs. The process involves actively recruiting franchisors and ED participants to fuel the spread of microfranchises and other enterprise solutions in communities that want them. Job creation is at the foundation of South Africa’s BBBEE, so the creation of sustainable job-creating MicroFranchises will earn credits as well as increase community support and decrease community dependence. Since it is focused on creating profitable businesses, it will increase income and profit for all participants. South Africa has one of the leading franchise sectors in the world.

➤ **MOBILE TECHNOLOGY:**

As a result of software developments for mobiles, sophisticated microfranchising business applications are available to all cell phone users. Cell phones are being used for money transfer (M-PESA & Wizzit), payments, training, accounting, mentoring and inventory control. Cell phones make MicroFranchising possible by delivering a raft of affordable business controls to the smallest of businesses through technology already available to almost all South Africans.

➤ **FOUR WHEEL DRIVE MOBILE:**

4WDM recognizes that no one entity possesses all these necessary skill-sets or can provide all these services. The MicroFranchising Launch attempts to remedy this problem by bringing together the necessary elements and individuals needed to complete a well-rounded package that can be used by the chosen business owners for their own development and success. Co-operation and team-work are essential to. They also make success inevitable in the face of persistent effort and collaboration.

PROGRAM

MICROFRANCHISING LAUNCH: TRADE SHOW AND WORKSHOPS

Delegates have been carefully chosen for their expertise so that balanced participation from multiple skill sets can be brought to bear, through skilled facilitators, on a number of franchise able businesses. As delegates, you are encouraged to participate in your assigned workshops: the success of MicroFranchising Launch depends on your participation. You are an extraordinary bunch! We hope you enjoy meeting one another!

WEDNESDAY, 17 OCTOBER 2012

9:00 a.m. – 10:00 a.m.

Registration

10:00 a.m. – 10:45 a.m.

Opening Ceremony

Welcome to Delegates

Martha Deacon, CEO, The Townships Project

Thulani Cele, Founder, Let's Franchise, Former Chair, Franchise Association of South Africa

Korkor Cudjoe, Enterprise Development Specialist, Goldman Sachs 10,000 Women Program, Gordon Institute of Business Science

Format of Launch over 3 days – What will we accomplish?
Review of the 2011 Launch.

Introduction of 5 candidates from last year

Jayshree Padayatchey, Project Director, MicroFranchising Launch

Progress since 2011 MicroFranchising Launch.

10:45 a.m. - 11:30 a.m.

Department of Trade and Industry

Ms. Elizabeth Thabethe, Deputy Minister, Department of Trade and Industry- MEDIA LAUNCH of MICROFRANCHISING PACKAGING

11:30 a.m. - 12:30 p.m.

Introduction to the 15 businesses that are the focus of the MicroFranchising Launch 2012: 3 minutes for each business.

Ednah Nzombe, MA Student, University of Johannesburg

Jayshree Padayatchey, MicroFranchising Launch Co-ordinator

Martha Deacon, CEO, The Townships Project

12:30 pm - 1:30 pm

Lunch

1:30 pm – 3:00 p.m.
Plenary session

Asset-Based Community Development
First Wheel: Panel discussion and question period

Chair:

Corné Theunissen, Mmapula Community Development

Panel:

Gord Cunningham, The Coady International Institute, Canada

Brianne Peters, The Coady International Institute, Canada

Sebastian Mathews, Navigant, Johannesburg

3:00 p.m. – 5:00 p.m.
First Workshop Session

There will be 15 roundtables at each workshop, anchored by a business owner, a professional workshop facilitator and a note-taker to record proceedings.

Delegates are assigned to specific tables to ensure that there is expertise from each group at each table: entrepreneurs, voice of community, community development leaders, microfinance professionals, CSI/ED professionals, MicroFranchising professionals, public policy personnel and youth, mostly students.

Please participate in your assigned workshops: the success of MicroFranchising Launch depends on your participation. Your voice needs to be heard!

The session will begin with the business owner presenting the business to the workshop participants. The workshop will then proceed through each of the Four Wheel Drive Mobile components to examine how these special skills can impact the development of the business. The facilitator will promote sharing among participants and assist them in appreciating their own strengths and areas where they need to learn as well as appreciate the expertise of their peers. The underlying premise of the approach is that everyone has expertise and experiences to share and everyone has something to learn. The methodology encourages participants to transfer knowledge and translate lessons they deem useful into their practices and daily activities in their specific contexts.

10:00 – 11:30 a.m.
Plenary session

Microfinance

Second Wheel: with panel discussion and question period

Chair:

Yvonne Radinku, CEO, Tetla Financial Solutions

Panel:

Margaret Jiri, CEO, MicroFinance, Women's Development Business

Mark Tucker, CEO, Phakamani

Simpiwe Somdyala, CEO, Masisizane (CSI arm of Old Mutual)

11:30 a.m. – 1 p.m.
Plenary session

Corporate Social Investment/Enterprise Development

Third Wheel: with panel discussion and question period

Chair:

Jayshree Padayatchey, Project Director, MicroFranchising Launch

Panel:

Susie Mabie, Senior Project Manager, Transnet Foundation
Suzette Van der Merwe, Executive Head of Department, Vodacom, TBD

Sydney Hadebe, CSI Manager, IBM

Nonkqubela Maliza Director, Corporate and Government Affairs, Volkswagen

1:00 pm – 2:00 p.m.

Lunch

2:00 pm – 3:00 p.m.

Results from First Workshops

Chair:

Corné Theunissen, Mmapula Community Development

Co-Chair:

Sadi Luka, Chief Director, Community Development, Department of Social Development

Presentation of best solutions emerging from yesterday's workshop of business challenges.

3:00 p.m. – 5:00 p.m.
Second Workshop

Businesses keep same scribe and same facilitator. Delegates are assigned to a second business, different than the one they worked on Wednesday. Care is taken to maximize networking possibilities.

10:00 a.m. – 11:30 a.m.
Plenary session

MicroFranchising

Fourth Wheel: with panel discussion and question period

Chair:

Jason Fairbourne, CEO, Fairbourne Consulting

Panel:

Kobus Oosthuizen, SA Franchise Warehouse

Vera Valasis, Executive Director, Franchise Association of SA,
TBD

Lindy Barbour, Franchise Directions

11:30 a.m. – 1:00 p.m.
Plenary session

Mobile

Four Wheel Drive Mobile

Mobile applications that can support micro-businesses, with panel discussion and question period.

Chair:

Sean DeWitt, Grameen Foundation

Panel:

Brian Richardson, Founding Director, Wizzit, TBD

Abi Sibidi, Mobile Technologist, Vodacom

Luvuyo Rani, Silulo Ulutho Technologies

1:00 p.m. – 2:00 p.m.

Lunch

2:00 p.m. – 3:00 p.m.

WRAP-UP and Way Forward: 15 business owners – what is the biggest problem solved for each of them? What did they learn?

3:00 p.m.

ADJOURNMENT

REGISTRATION:

- Includes lunch for three days. All other meals, accommodation and transportation are the responsibility of delegates. The Soweto Hotel has reasonable rates.
- Display Tables: Any participant who wishes to present the products or services of their business or other organization to Launch participants should so indicate in the registration application.
- Invitees: Attendance is by invitation. Should you wish to recommend a colleague, business, NGO or some other participant be invited to the MicroFranchising Launch, please do so. We are seeking motivated individuals who are “doers” not just “talkers”!
- Inquiries: Jayshree Padayatchey at padayatcheyj@telkomsa.net or mobile +27 (0)79-189-6184

ANY QUESTIONS SHOULD BE DIRECTED TO THE ADMINISTRATIVE TEAM:

1. **Jayshree Padayatchey** – Project Director, MicroFranchising Launch
+27 (0) 79 189-6184 or padayatcheyj@telkomsa.net
2. **Anita Sebogadi** – Volunteer Administrative Assistant at Launch (staffing the Administrative Centre at the Launch).
3. **Martha Deacon** – Founder and CEO, The Townships Project; Initiator of MicroFranchising Launch.

Speaker and Panellist Biographies and Thank You section will be included in the final program to be received at the Launch.