



Adie Microfranchising, France

What?

Adie Microfranchising aims to finance and support unemployed people who wish to create a business but find it hard to secure a standard bank loan. It is an innovative model of supporting unemployed people in creating their own business through a franchise, along with training, counselling, financing and other business support. The target clients are people on low income, including those in receipt of welfare benefits and people with low educational attainment. The scheme facilitates creation of businesses with a lower level of risk, utilising a 'turn-key' business model that has already been tested.

Why?

Burdensome administrative requirements and fear of not being able to access sufficient start-up financing are two main barriers that discourage business creation in France. These obstacles are even greater for people from disadvantaged groups who may have low skill levels, poor networks, limited savings, and little experience with entrepreneurship. Adie Microfranchising addresses these barriers by facilitating access to finance and start-up support for people who are motivated to create their own business but lack finance and a viable business idea. Traditional franchises are often unaffordable and therefore unsuitable as a route into entrepreneurship for disadvantaged groups.

Key activities

The scheme introduces clients to different microfranchising networks to find a suitable project. Additionally, it provides them with a full array of integrated services, including a personal needs assessment, support developing a business plan, business advisory services, training and finance. The scheme uses the replication process of a franchise, but applies it to those who are disadvantaged to alleviate poverty. This differs from traditional franchising since microfranchisees are unlikely to sell their ownership stakes to another operator. The 'turn-key' business models are simple, accessible, and can be easily replicated. Microfranchisees benefit from access to a trademark, know-how, shared services and assistance provided by the microfranchisor. The franchisors are selected and developed through Adie's relationships with national and international business groups. Adie is responsible for identifying and testing the robustness of the different projects and negotiates the franchising arrangements. To create a franchise through this scheme, the microfranchisee is required to

provide, or acquire, the start-up capital for their franchise. This is typically less than EUR 10 000 and microcredit from Adie can be used. Candidates are selected through an interview process that assesses their motivation, qualifications and competences. The franchisees are either admitted directly into the scheme, or Adie proposes training to help the candidate develop their skills.

Impact

As of 2016, the Adie Microfranchising initiative has developed three microfranchise networks, creating more than 150 self-employed jobs. Five other microfranchise projects are under study or at a pilot phase. The cost of this project is approximately EUR 8 000 per job created which is substantially less than the total cost of supporting an unemployment benefit recipient. The initiative can, additionally, improve job quality for low-income earners.

This case study was adapted from material published in: OECD/EU (2016), Inclusive Business Creation: Good Practice Compendium, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251496-en> [1]

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[1] <http://dx.doi.org/10.1787/9789264251496-en>