



**ADIE – Association pour le Droit à l'Initiative Économique**

**Category of Good Practice:** Entrepreneurship

**Good Practice's title:**

Adie Social Microfranchising Initiative

**Main objective:**

The Adie Social Microfranchising Initiative aims to launch social microfranchise networks designed to offer turnkey business models to low-income entrepreneurs who lack a viable business project idea or do not want to start up their business alone.

**Key words:**

Entrepreneurship, turnkey business, unemployment

<b>Type of organization</b>	Microfinance Institution
<b>Country</b>	France
<b>Year of inception of the good practice</b>	2009
<b>Services and products provided:</b>	<ul style="list-style-type: none"> <li>• loans up to 10,000 €,</li> <li>• “start-up grants”,</li> <li>• non-interest bearing subordinated loans, microinsurance products,</li> <li>• business development services and</li> <li>• social microfranchising</li> </ul>
<b>Portfolio (€)</b>	73,700,861
<b>Avg loan size (€)</b>	3,441
<b># of clients</b>	35,418

**Address:** Association Adie  
139 boulevard de Sébastopol  
75002 Paris (France)

**Website:** <http://www.adie.org/>

**Institutional profile:**

Maria Nowak created Adie in 1989, adapting the Grameen Bank model of Professor Muhammad Yunus to the context of an industrialised country. Adie was the first microcredit institution in France and Europe. Adie has been helping people excluded from the labour

market and the banking system to create their own businesses for 25 years. Since its creation, Adie has financed more than 132,000 microcredits and enabled the creation and development of more than 94,000 microenterprises. Despite the current economic context, Adie has enabled the creation of 200 self-employed jobs per week in 2013.

**Mission of the organization:**

Adie has defined a three-part mission to implement its founding values based on the idea that everyone has the ability to create an enterprise and that enterprise itself is a fundamental right. The three pillars are:

- Financing microentrepreneurs who lack access to bank credit, particularly the unemployed and welfare recipients;
- Assisting microentrepreneurs before, during and after the creation of their enterprise; and,
- Improving the institutional microcredit environment, creating enterprise and generating employment.

**Governance structure:**

Adie's governance consists of multiple authorities. Twenty-three members from different backgrounds and representing various associations form the Board of Directors. The Executive Committee is the governing body that controls Adie's operations; it includes the President of the Association and reports to the Board of Directors. Adie also has Special Committees including: the Financial Committee; the National Committee for Volunteers; and the Audit Committee.

## Good Practice

**Introduction:**

With its introduction in 2009, the Adie Social Microfranchising Initiative (AMS) aims to launch social microfranchise networks, offering turnkey business models to low-income entrepreneurs who lack an idea for a viable business project or who do not want to start their business alone. For this purpose, Adie has created a dedicated incubator in charge of identifying replicable business concepts and appropriate business partners, setting up pilots, and developing microfranchise networks.

Adie has also created a dedicated investment fund, AMSI (Adie Microfranchise Solidaire Investissement) to support the development of the social microfranchise networks by participating in the microfranchisor's social capital. At the local level, Adie's credit officers grant loans and provide business development services to microfranchisees. Microfranchisees benefit from a trademark, know-how, shared services and assistance provided by the microfranchisor in exchange for a limited initial investment (<€10,000, the maximum amount of Adie's microcredit) and small royalties. The initiative has already created around one hundred jobs from its first two microfranchise networks.

Another five projects are under study or at a pilot phase. AMS's overall objective is to create between 3,000 and 5,000 jobs by 2020.

### **Target group and accessibility:**

Adie's target clients are low-income entrepreneurs who lack access to standard financial services. They are mainly unemployed, recipients of welfare benefits and have low educational levels.

### **Innovativeness:**

The initiative represents an innovative solution to overcome start-up obstacles for microentrepreneurs (e.g. complex French legislation and regulatory framework). The program also provides an innovative way to strengthen small business sustainability as the experienced microfranchisor secures the success of the business model, provides proven operational and marketing concepts, and delivers business services to its microfranchisees.

### **Relevance given the context:**

Given the context of high and rising unemployment in France, an increasing number of people are looking to create their own jobs but do not dare to do it alone. Microfranchising provides them with a secure framework to start a small business and enhances their chances of success.

### **Adaptability to other contexts:**

The Adie social microfranchising initiative is easily transferable to other contexts as the methodology is clear and relatively simple. As legal frameworks differ from one country to another, the program will need to be adapted to the relevant national context.

### **Efficiency:**

Presently, Adie's social microfranchise incubator costs about 8,000 euros per job created, substantially less than what the State spends on each unemployed person. Furthermore, as program experience grows, the number of jobs created from the program will increase as well: the cost-efficiency of the initiative is constantly improving. In the long run, as the idea spreads, a dedicated incubator will not be necessary as traditional businesses will be able to build social microfranchises on their own.

### **Outcomes:**

AMS has already developed two social microfranchise networks (O<sub>2</sub> Adie Microfranchise and Chauffeur&Go) and created one hundred self-employed jobs with the potential to exceed 1,000 jobs. Five other microfranchise projects are currently under study or at a pilot phase. AMS's overall objective is to build 10-12 social microfranchise networks and create 3,000-5,000 jobs by 2020. In addition to job creation targets, Adie social microfranchising has an impact on job quality as the program enhances low-income entrepreneurs' profits and boosts their development path.

To reach its ambitious objectives, AMS has four strategic approaches:

- developing social microfranchises in partnership with large businesses;
- developing social microfranchises in partnership with social entrepreneurs;
- assisting microentrepreneurs in developing small microfranchise networks; and,
- auditing and labelling existing affordable, "traditional" franchise networks.

**Sustainability:**

Adie's social microfranchising enhances microfranchisees' revenue and profit (3 months after business launch, a gardener-microfranchisee has a net profit of €1,700, approximately 1.5 times the French minimum wage). The program also boosts the microfranchisees' development path (83% of gardener-microfranchisees reached break-even from their 2nd month of activity).

The sustainability of microfranchising networks is secured by the business methodology developed by the incubator and by the implementation of a profitable business model at both the microfranchisor and microfranchisee levels. Another key factor for the sustainability of the initiative is the financing of the Adie social microfranchising incubator and investment fund: the former is funded by public and private subsidies as a key pillar of Adie's strategic roadmap while the latter is a for-profit social investment fund that provides financial support to generate a social impact alongside a financial return.

**In practice:** Specific description of a success story

**Bernard and the O<sub>2</sub>-Adie microfranchise network**

After 15 years of working on his family farm, Bernard bought a small grocery shop with his wife but after some time decided to enter the wage system, becoming a section manager in a supermarket. Unfortunately, he was laid off, becoming unemployed at age 46 and had troubles finding a new job. In May 2013, Bernard joined the O<sub>2</sub>-Adie microfranchise gardening network as a microfranchisee. Before his business launch, he had been financed and supported by Adie and trained by O<sub>2</sub>. "I liked the project. Being a microfranchisee means being part of a network. You are not alone. You benefit from real support, particularly in communication, marketing and management control. I appreciated this security. I felt warmly welcomed and truly supported." Since he began working, his business has been developing well, "I am rather optimistic because clients have been calling me back, and I'm starting to sign annual contracts."

**Further readings**

The video presentation can be accessed through the following link:

<http://www.youtube.com/watch?v=AqBhEtpVTsg#t=15>

There are also two more videos in French, viewable from these links:

- <http://vimeo.com/98751810>
- [http://www.dailymotion.com/video/x1218wh\\_la-microfranchise-solidaire-de-l-adie\\_news#from=embediframe](http://www.dailymotion.com/video/x1218wh_la-microfranchise-solidaire-de-l-adie_news#from=embediframe)