



2011 ANNUAL MEETING

September 19 - 22, 2011 ★ Sheraton New York Hotel and Towers

Jobs Breakout: Going Small for Big Results: Micro Franchise and Entrepreneurial Growth

Tuesday, September 20, 2011: 3:45 – 5:00 PM

I. Session Objective:

In the wake of the global recession, many countries are struggling to create employment opportunities for their populations. Even in nations where jobs are being created, opportunities for employment are spread unequally. Some promising inclusive microfranchise and microenterprise business strategies, however, are creating jobs and assisting business owners in low-income, marginalized communities where access to employment is the scarcest. Micro- and social enterprises expand entrepreneurship and are increasingly effective at building local capacity and generating job growth, while microfranchises allow individuals with little or no formal education to be trained to operate replicable, financially sustainable, ready-made business systems. These systems can create proven employment opportunities for franchisees, generate profit for both franchisee and franchiser, and deliver often-critical goods and services to the underserved. This panel will invite job creators to tell their stories, discuss the kinds of jobs they created, and detail how they attracted the financing to do so.

II. Summary of Discussion:

MODERATOR:

Mary Ellen Iskenderian, *president and CEO, Women's World Banking*

PANELISTS:

Kebede Ayele, *country director, International Development Enterprises*

Seema Aziz, *founder, CARE Foundation*

Elaine Edgcomb, *director, FIELD, The Aspen Institute*

Mannasseh Phiri, *executive director, Society for Family Health*

Morgan Tsvangirai, *prime minister of the Republic of Zimbabwe*

Ms. Iskenderian: This panel will focus on how we create jobs in communities where entrepreneurship is the only option and is an imperative. In the green room, Elaine Edgcomb said that we are a mish-mosh of strategies on this panel. Kebede, what strategies and models do you use to generate income at IDE?

- **Mr. Ayele:** IDE focuses on helping small farmers transform subsistence farming to small-scale commercial farming, creating wealth. We give farmers access to simple but affordable irrigation technology so that they can access water and use it for productive purposes during the 8 to 9 month dry season, when many farmers in Africa are underemployed. IDE designs and develops the irrigation technologies and trains local manufacturers to make them, creating a local supply chain.

Ms. Iskenderian: Manasseh, how is your SFH model different or similar?

- **Dr. Phiri:** Society for Family Health does social marketing of health services and products, using private sector methods to generate behavior change. Franchises are run by local health professionals, including doctors in some countries like Pakistan. In rural Southern Africa, that model is scaled down, and we work with volunteer community health workers, training them to conduct social marketing, teach health awareness, and provide services such as HIV testing and TB screening.

Ms. Iskenderian: Elaine, are these strategies also at play in the US?

- **Ms. Edgcomb:** The mission of microfinance is the same in the US as it is globally, and the strategies we use are sometimes very similar. One example is the Appalachian Center for Economic Networks in Ohio, which focuses on how to build value from the agricultural base in that rural region. They help specialty food



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entrepreneurs meet the regulatory requirements for commercial production, open distribution channels, and build consumer awareness of these local foods. These efforts have generated \$6 million in sales and have provided employment for 240 people.

Ms Iskenderian: Seema has created the largest fashion company and network of schools in Pakistan. Seema, could you tell us about your businesses?

- **Ms. Aziz:** I run a fashion business that started with the concept of creating a product equal to the best in the world using Pakistani labor and materials. We began outsourcing the embellishment of fine cloth, and soon realized that the 10-12 men and women who had taken this work were producing far more than this number of people could possibly do in a week – they had grown their own businesses! Today, there are 200 such master vendors who take the product and employ 20-70 people themselves. This was possible in a country like Pakistan, where access to capital and education is difficult, because we eliminated the need for financing by providing the material. Thousands of workers have now grown into entrepreneurs. This is very scalable in any country, developed or developing. This was also possible because it was packaged in such a way that they didn't have to think a lot or take a risk. We gave them a franchise model where the transition from job to enterprise was seamless. The one main step to bridge micro- to macro-entrepreneurship is education. It is education that helps you recognize opportunities and become independent. Education is the difference between empowerment and helplessness.

Ms. Iskenderian: Prime Minister Tsvangirai, your government is committed to providing economic possibilities. How are you working to bring employment to your people?

- **Prime Minister Tsvangirai:** I think government facilitates the conditions for job creation. In the context of Zimbabwe, bridging the gap between the informal and formal economies is a big task. Educating young Africans is key. In Africa, multinational investment is not going to be the solution. Small enterprises tied to larger enterprises are key. With unemployment very high, the task is huge. Franchising will help us find a solution.

III. Opportunities for Action:

- Form partnerships between researchers, microcredit providers, and local entrepreneurs.
- Provide training and education to franchisees.
- Create gatekeeper organizations that generate a local market for high quality products of microenterprise and help entrepreneurs understand why quality is important.
- Create alternatives to traditional microcredit in situations where collateral is not available.
- Expand educational opportunity so that microentrepreneurs will grasp opportunities to scale their businesses up.
- Utilize tools such as microtracker.org to learn about programs and micromentor.org to volunteer time to help an aspiring entrepreneur.
- Support independent entrepreneurs who are making a difference for their families and communities.