

MFDI Actively Promotes International Research



FanMilk Microfranchise Vendor

The MicroFranchise Development Initiative (MFDI) at the ESR Center continues to research the implementing of microfranchises in developing countries. The ESR Center believes microfranchising can ultimately help more individuals and families alleviate poverty, enhance economic self-reliance, and stimulate individual, community, and country economic development.

The ESR Center continues to pursue its international research efforts. Its focus is currently a longitudinal study of the effectiveness of microfranchising. During the past two years, the ESR Center has sent students to Bangladesh, Guatemala, and Ghana to collect data on the differences between stand-alone businesses, microcredit businesses, and microfranchises.

This last summer, the ESR Center sent two students to Ghana for two months to collect data from various regions of the country. They interviewed approximately 160 small-business owners. The franchisees worked mostly with Fanmilk, a leading manufacturer of ice cream and yogurt in Ghana. Fanmilk is an ideal microfranchise because it does not require much skill or start-up cost. To begin, the franchisee has to pay a deposit and is given a bike, uniform, and basic training. The organization covers the advertising, supply chain, and storage of the product. The franchisees typically make between US\$2 and US\$12 per day, depending on the hours they work, their route, and the weather. The microfranchise gives experience in

creating and running a business. A large majority of the franchisees work for a couple of years and then move on to their own business.

Other initial research found that, overall, the business owners in all three business models have a large range of effectiveness. Most have no education and typically go into the business to which they are first introduced. Many are not entrepreneurs but have been forced to start their own business out of necessity. Most sell nothing that would distinguish themselves from the person next to them. Bookkeeping or record keeping are minimal, and it is very much a day-to-day business. The overall sentiment of these business owners was: "If I have extra money, I buy stuff. If I don't, I don't." However, there are some business owners who are more strategic and successful. These individuals have more education and understand how to run a business, to plan ahead, to be efficient, and to make goals.

Within the next few months, MFDI will compile the data from Ghana and the other countries and hopes that it will show a linear progression—that people are more successful in a microfranchise as opposed to other business models and that the businesses grow over time. The goal is to prove that franchisees will be able to gain experience and save money and capital to move forward. The ESR Center will maintain its international research efforts to help many around the world understand the effectiveness of microfranchising. [ESR](#)