

ICSE 2014

Social Entrepreneurship

BOP Business

Case Studies

Five Core Characteristics of **Social** Entrepreneurs

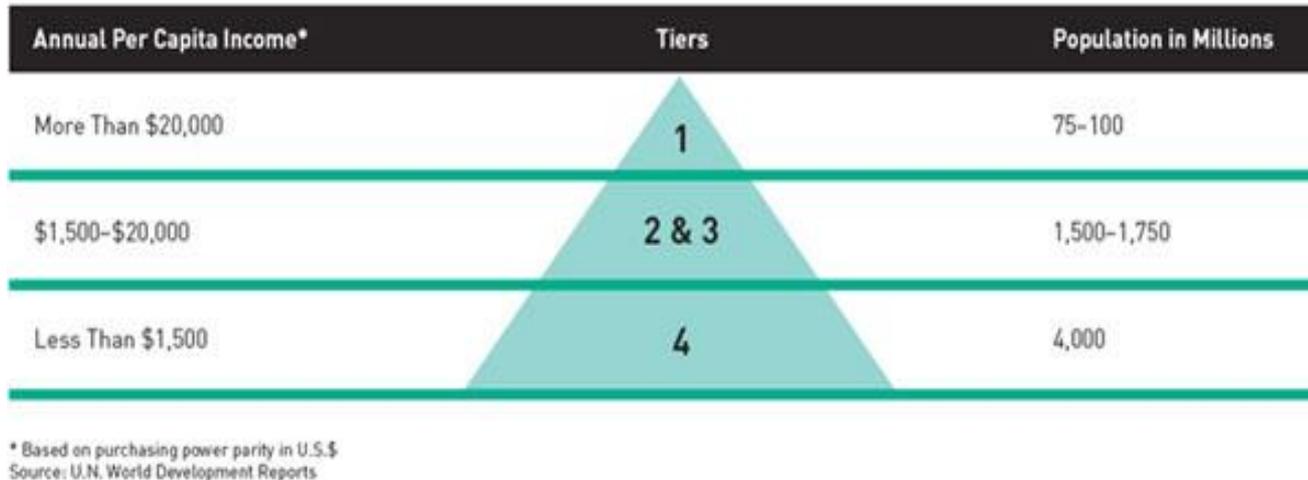
by Schwab Foundation

1. An unwavering belief in the innate capacity of all people to contribute meaningfully to economic **and social** development
2. A driving passion to make that happen.
3. A practical but innovative stance to a **social** problem, often using market principles and forces, coupled with dogged determination, that allows them to break away from constraints imposed by ideology or field of discipline, and pushes them to take risks that others wouldn't dare.
4. A zeal to measure and monitor their impact. Entrepreneurs have high standards, particularly in relation to their own organization's efforts and in response to the communities with which they engage. Data, both quantitative and qualitative, are their key tools, guiding continuous feedback and improvement.
5. A healthy impatience. **Social** cannot sit back and wait for change to happen – they are the change drivers.

What is the BoP?

<http://www.brinq.com/resources/bop>

Exhibit 1: The World Economic Pyramid



Two Concepts in "Base of the Pyramid (BOP)":

- 1. Demographic:** A socio-economic designation for the 4-5 billion individuals that live primarily in developing countries and whose **annual per capita incomes fall below \$1,500** (in PPP terms); and
- 2. Strategy:** An emerging field of **business strategy** that focuses on products, services, and enterprises **to serve people throughout the base of the world's income pyramid.**

BOP Business Strategies That Work

Critical Four Strategies in Dealing with BOP Markets

1. Re-Imagine Business for BOP Needs

- Examples: **water** (point-of-use systems), **food** (healthier products), **finance** (microfinance and low-cost remittance systems), **housing**, and **energy**.

2. Get Involved with Local Ecosystem of Vendors/Community

- Examples: **health care** (franchise and agent-based direct marketing), **ICT** (local phone entrepreneurs and resellers), **food** (agent-based distribution systems), **water** (community-based treatment systems), and energy (mini-hydropower systems).

3. Downsize or Enable Access By Repackaging Products/Services

- Examples: food, ICT, and consumer products (in packaging goods and services in small unit sizes, or ?sachets?) and in health care (such as cross-subsidies and community-based health insurance). And cutting across many sectors are financing strategies that range from microloans to mortgages.

4. Partner with Unconventional Stakeholders

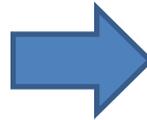
- Examples: energy, transportation, health care, financial services, and food and consumer goods. Enterprises often use more than one of these strategies serially or in combination.

Re-Imagine Business for BOP Needs

Roundabout Water Solutions

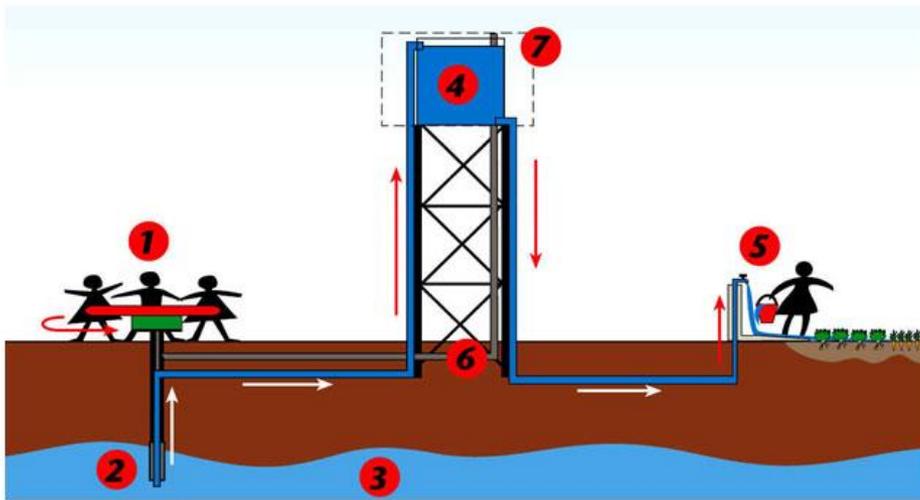
www.playpumps.co.za

- Since 2008 installed over 640 PlayPumps in South Africa, Malawi, Lesotho and Swaziland



- Costs \$7,000 to construct

How it works



Re-Imagine Business for BOP Needs

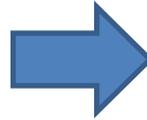
Q Drum

www.qdrum.co.za

- The Q Drum is a durable, donut shaped plastic container which when full holds 50 litres of water. It enables the easy transportation of large quantities of water comparatively easily, and remain simple and cost effective.
- Cost: R510 to R450/Unit
(\$64 to \$57)



How it works



Get Involved with Local Ecosystem of Vendors/Community

A Microfinance Success: Kiva

- **Kiva** stands the borrowing model of microfinance on its head by providing a platform for group **microlending**, by allowing individuals to form a group to lend specifically to those with **disabilities**.
- Since its launch in early 2004, Kiva has redefined the term micro-lending by allowing individuals to loan small amounts money globally, often as little as \$25, solely through an online network. Today, Kiva members have loaned close to \$220 million (INR 9.4 billion) to more than 560,000 entrepreneurs in 60 countries. But is Kiva inclusive?
- Through the Kiva Friends portal, where lenders can form groups based on interests, individuals have come together to focus on loans to entrepreneurs with disabilities and whose ventures affect those with disabilities.
- One such group is [KivaFriends – Disabled Persons](#). The **113-member group has loaned \$30,900** (INR 1.3 million) through **1,208 loans** since the group started in **August 2007**. Each member has made an average of 10.7 loans, while the **average loan size is about \$25.6**. The group is made up of people who are “interested in making a difference for entrepreneurs and families who are affected by illness or physical, intellectual, or psychiatric disability.”



Pitfalls in Microfinance

- The Indian microfinance sector is making strides in recovering from the crisis last fall. What lessons can the global community learn from what happened in Andhra Pradesh?
- Late last year, the Indian microfinance industry, which had seemed like an unstoppable juggernaut, came to a grinding halt after the state of Andhra Pradesh passed an ordinance **to prevent coercive collective measures**. As collections slumped, microfinance companies failed to settle their own borrowings, leading to a lending freeze from commercial banks.
- The chain of events has now all but derailed microfinance in the **country**. After several years of growth, Sanjay Sinha, of Micro-Credit Ratings International estimates that the industry has likely shrunk by 30% in the financial year ended March 2011.
- Ref: e-magazine on June 2, 2011

Get Involved with Local Ecosystem of Vendors/Community

Mosquito Net Business by Sumitomo Chemical in Africa

- The facility in Tanzania, in eastern Africa, there is the mosquito net factory run by Sumitomo Chemical Co. in alliance with local capital.
- The nets serve to prevent malaria from spreading in African nations. Sumitomo Chemical introduced the mosquito nets on full-scale in Africa in 2001. The company, Japan's largest in the production of source materials for insecticides, made **special mosquito nets by kneading the ingredients into resin so that they are slowly released to kill mosquitoes.**
- The advantages of the nets were recognized by the WHO, and orders increased immediately. The nets were exported from factories in China and Vietnam at first, but Sumitomo Chemical provided a Tanzania textile firm with related technology free of charge and started local production. **By February 2007, the two companies had established a joint venture and built a new plant. At present, the two firms together employ 3,200 people who produce 10 million mosquito nets per year. In 2009, the firms advanced into Nigeria in western Africa to expand on their production capacity.**
- **Challenges for Sumitomo Chemical:** the mosquito net business is faced with fierce price competition. The net which sold for \$5.6 a piece at first has dropped to \$4.8, driven by inexpensive Chinese products.

Pitfalls for Mosquito Nets in Africa

by Los Angeles Times

- Millions of bed nets pile up in warehouses across Africa, aid agencies and non-governmental organizations are quietly grappling with a problem: **Data suggest that, at least in some places, nearly half of Africans who have access to the nets refuse to sleep under them.**
- ...But, as even the staunchest advocate will admit, the treated nets were not designed with the cultural preferences of the rural African villager in mind. **Among other design flaws, their tight mesh blocks ventilation, a serious problem in the hot, humid places where malaria roosts.** Minor discomfort might be tolerable in rural African communities desperate for anti-malarial prevention. But, as medical anthropologists have consistently found, **because malaria is so common in much of sub-Saharan Africa, and because the overwhelming majority of cases go away on their own, most rural Africans consider malaria a minor ailment,** the way that Westerners might think of the cold or flu. Many rural people also believe that malaria is caused not just by mosquitoes but also by other factors such as mangoes, or hard work.
- **As a result, while we see the treated nets as a lifesaving gift, they see them as a discomfort that provides only partial protection against a trivial illness.** Is it any wonder that many use their nets to catch fish or as wedding veils or room dividers — all documented uses of insecticide-treated bed nets?
- *To draw an example why a good idea fails:*
- ***If that sounds ungrateful, think about what would happen if public health officials, concerned about the 41,000 lives that Americans lose every year due to flu, blanketed the United States with anti-viral face masks to be worn during the winter flu season. Donning masks would be a simple, safe and effective measure that could save thousands of lives. But would people wear them?***

Downsize or Enable Access By Repackaging Products/Services

Hindustan Unilever: Lifebuoy

- Lifebuoy, an undisputed market leader for 112 years, has a compelling vision “to make 5 billion people across the world, feel safe and secure by meeting their personal care hygiene & health needs”
- Lifebuoy has journeyed from humble beginnings of being a chunky red bar of soap to an evolved range of general and specialized products across formats, offering solutions in the health and hygiene space.
- Lifebuoy has a strong social mission, promoted through its rural hygiene programme, Lifebuoy Swasthya Chetna, which propogates the practice of hand washing with soap to reduce diarrheal deaths.
- **Key facts**
- Undisputed Leader in the soaps market of India, with 18.4% share.
- Turnover of €350 million a year globally, € 200 million in India.
- Has a consumer base of 140 Million households in India
- The iconic jingle of Lifebuoy – “tandruti ki raksha....” is almost like the health anthem of India and Indians
- Recent Awards: Voted in the top 10 most trusted brands in India in the “Brand Equity Survey” (came in at No. 9 in 2008 as well) Marketing excellence awards for its recent innovations and activations:
 - “Gold” at the Emvies 2008 for best use of media innovation
 - ASIA Pacific CSR Award 2007, for Lifebuoy Swasthya Chetna



Lifebuoy Core Soaps Range



Lifebuoy Handwash Range



Lifebuoy SkinGuard



Lifebuoy ClearSkin

Get Involved with Local Ecosystem of Vendors/Community & Partner with Unconventional Stakeholders



Jimmy Carter Work Project

- Each year since 1984, former President Carter and his wife, Rosalynn, give a week of their time to help us build homes.

The Jimmy & Rosalynn Carter Work Project helps to raise awareness for the critical need for simple, decent and affordable housing.

The event is held at a different location each year and attracts volunteers from around the world.



Locations and event coverage

[2011](#)

Léogâne, Haiti.

[2010](#)

Washington, D.C.; Baltimore and Annapolis, Maryland; Minneapolis and St. Paul, Minnesota; Birmingham, Alabama, USA.

[2009](#)

The Mekong Region: Thailand, China, Cambodia, Laos, and Vietnam.

[2008](#)

The Gulf Coast, Mississippi, Louisiana, Texas, USA.

[2007](#)

Los Angeles, California, USA.

[2006](#)

Lonavala, India.

[2005](#)

Detroit and Benton Harbor, Michigan, USA.

[2004](#)

Mexico.

[2003](#)

Alabama, Georgia, USA.

[2002](#)

South Africa.

[2001](#)

Korea.

[2000](#)

New York, Florida, Georgia, USA.

[1999](#)

Philippines.

[1998](#)

Texas, USA.

[1997](#)

Tennessee, USA.

[1994-1996](#)

Eagle Butte, South Dakota, Southern California, USA and Vac, Hungary.

[1990-1993](#)

Mexico: Tijuana; USA: San Diego, California, Miami, Florida, Washington D.C., Baltimore, Maryland; Canada: Winnipeg, Manitoba and Waterloo, Ontario.

[1984-1989](#)

New York, Chicago, North Carolina, Philadelphia, Atlanta, Milwaukee, USA.





A Brief History

Concept Was Born:

- **In 1942** The concept was started by a Christian farmer Clarence Jordan at Koinonia Farm to promote racial reconciliation.



Management Team Formed:

- **In 1965** Millard Fuller joined the firm. Jordan and Fuller developed the concept of "partnership housing." The concept centered on those in need of adequate shelter working side by side with volunteers to build simple, decent houses.





A Brief History

Testing of Concept:

- In 1973 HFH in Africa began. Goal of building affordable yet adequate shelter for 2000 people in Zaire launched. (Fullers' stayed in Africa for 3 years)

Building Momentum:

- In 1976 Habitat for Humanity International as an organization was born

Phenomenal Growth Begins:

- In 1984 Nobel Peace Prize laureate and former US president **Jimmy Carter and his wife Rosalynn** took their first Habitat work trip, the **Jimmy Carter Work Project**, to New York City. Habitat for Humanity experienced a dramatic increase in the number of new affiliates around the country, and across the globe.

The Concept

- The houses would be built at no profit and interest would not be charged on the loans. Building costs would be financed by a revolving fund called “**The Fund for Humanity.**” The fund's money would come from the new homeowners' house payments, no-interest loans provided by supporters and money earned by fund-raising activities. The monies in the Fund for Humanity would be used to build more houses.

The Results

- Through the work of Habitat, hundreds of thousands of low-income families have found new hope in the form of affordable housing. Companies, churches, community groups, governments and others have joined together to successfully tackle a significant social problem – safe, decent, affordable housing for all.

Today, Habitat for built, rehabilitated and repaired homes for millions of people in thousands of communities in North America, Latin America and the Caribbean, Africa, Eastern and Western Europe, and throughout the Asia-Pacific region