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Challenges to Scale

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Profiles in Transition: Enterprise Case Studies

Earlier this year, Beyond Profit and the [SEEP Network](#), a US-based NGO that connects microenterprise development practitioners in a global learning community, came together to host a pilot competition to uncover Social Enterprise Growth Stories.

Our goal was to give international social enterprises an opportunity to share stories of financial sufficiency and the benefits they have had on poor communities, and in so doing, to educate readers about successful models for social impact. The enterprises needed to demonstrate rapid growth, outline a plan for scaling up, and/or describe a challenging transition. Our geographic focus was “developing countries” and the “Global South.”

We were excited to receive many stories from enterprises around the world of all different sizes and with varying models. While the artisan-to-market model was very popular, we also received stories of value chain development, producer companies, new water products, and more.

We evaluated the case studies on level of accomplishment documented, scale, sustainability, insights for others, writing clarity, and compelling aspects of the story. With help from judges at Unltd India, SEEP Network, [Social Enterprise Associates](#), and Intellectap, we made the difficult decision of choosing several cases for publication in Beyond Profit (several case writers also got to attend and present at the SEEP Network Annual conference earlier this month in Washington DC).

In this issue, you'll find several featured organizations and entrepreneurs that make for a great social enterprise growth story. Our congratulations goes out to ECDI's Behind the Veil project – Pakistan (1st), Masuta in India (2nd), Microfranchise Solutions's Taxi Excel project in Peru and Oliberte in Africa/Canada (tied for 3rd) for telling great stories that can be shared with Beyond Profit readers. All of the entries can be found online at the SEEP Network's Value Initiative [page](#).

1st Place Behind the Veil: Value Chain Development in Pakistan

The Entrepreneurship and Community Development Institute (ECDI) is a pioneering capacity-development organization based in Karachi, Pakistan that facilitates the social and economic empowerment of women through micro and small enterprise (MSE) promotion. In 2004 it successfully implemented a market-led initiative called Behind the Veil that linked 9,000 rural women embroiderers to profitable and lucrative markets through a network of mobile female Sales Agents. ECDI now aims to scale up the initiative by introducing new innovations to build upon this flourishing model.

Why the Enterprise Exists

When Saleem Bukhari approached ECDI, her face was worn and she was exhausted from a lifetime of poverty. At the age of 45 she was struggling to provide for five children and an unemployed husband. Bukhari eked out a living by delivering handicraft piecework orders to a local middleman for less than \$5 a day. It was no use negotiating rates; her neighbor had tried and immediately stopped receiving work. She feared that her poverty would pass on to her children.

The helplessness of Bukhari is not unique in Pakistan, where 70% of the population lives on less than \$2 a day. Many women in poor rural families are principal earners and their hand embroidery skills bring incomes that are essential for household survival. In order to mitigate their plight they need access to lucrative markets without challenging the patriarchal echelons of the society.

Model Design and Sustainability

ECDI launched the Behind the Veil (BtV) project in 2004 to help women like Saleem Bukhari to overcome the barriers to participate in the garment market. They did this by using a comprehensive approach of pro-poor Value Chain development. The key to their model was mobile, commission-based female Sales Agents, who



For a long time enterprise pro-poor development in Pakistan meant increasing production of existing trades regardless of whether there was a market for or not.

purchased directly from embroiderers and linked them to markets. These Sales Agents functioned differently than their male-counterparts who lacked creativity, innovation, and did not understand the need for quality controls. Women Sales Agents, linked rural embroiderers to raw materials and profitable consumers via retailers, exporters, and popular exhibitions and were able to increase their own and embroiderers' incomes significantly.

The project also created Community Sales Agents to interact with the mobile Sales Agents to overcome deep issues of isolation and segregation in rural areas, and developed Buying Houses to manage orders and ensure qualities for larger orders and more sophisticated buyers like mainstream labels in Pakistan. ECDI resourced and trained the Sales Agents through a network of 5 Regional Facilitators.

After three years, Behind the Veil reached over 9,000 women, and raised incomes two to three times. Twenty-six embroiderers successfully upgraded to the role of Sales Agent, like Saleem Bukhari, who now runs a thriving enterprise of more than 35 women embroiderers, a girls' school, and a training center. Indeed, the major program accomplishment has been its ability to create and effectively position women leaders and motivators.

Results

The project met all targets primarily through the formation of an association of Sales Agents called the Association of Women Entrepreneurs in Small and Micro Enterprise (AWESOME). AWESOME's local chapters provide an open platform for the Sales Agents to engage in dialogue, exchange critical information, and discuss ideas for future business interventions. In order to adequately prepare the Sales Agents to function independently upon project phase-out, members of AWESOME have been given entrepreneurial development training and their linkages with high value markets consolidated.

The program has supported social change by empowering a new generation of women entrepreneurs. Many have become women's advocates, community mobilizers, and social entrepreneurs.

Beneficiary	Number	Total benefits (\$ thousands)	Average annual per beneficiary (\$)
Rural embroiderers	9,330	\$1,930	\$81
Rural embroiderers (active)	6,150	\$1,930	\$167
Sales agents	174	\$969	\$2,745
Urban garment makers	200	\$60	
Designers	40	\$47	
Totals	9,783	\$3,006	

Challenges

For a long time enterprise pro-poor development in Pakistan meant increasing production of existing trades regardless of whether there was a market for or not. The value chain approach, on the other hand, promotes demand driven production, a concept alien to many well meaning practitioners and organizations that claim to be experts in enterprise development. Hence, finding experienced human resources for value chain implementation can be difficult.

Moreover, overcoming traditional mind sets about the roles of men and women, underdeveloped market conditions, political and economic instability and culturally-dictated lack of access to

educational and business opportunities for women are among the challenges that ECDI has faced in the past and is likely to face in the future.

Scale Up Strategy

ECDI is now focusing its efforts on scaling-up. The principle component of the strategy includes extending the Buying House concept by establishing 25 Buying Houses which will tap into larger markets, increasing and stabilizing demand for producers. Commercial Buying Houses exist in the market, but few have access to networks of producers, and many struggle to maintain quality across these producers. The Buying Houses will be effective intermediaries between large retailers, wholesalers and exporters on the one hand, and producers and networks of producers on the other.

ECDI will take on the role of the "Master Buying House" and will network with other Buying Houses for federated orders, and ensure that they are capable of interacting with large national and multinational businesses. Regional Buying Houses will function as independent businesses, owned and run by enterprising Sales Agents, providing the commercial freedom to develop production networks with or without Behind the Veil to ensure competitiveness, efficiency, and market relevance.

The AWESOME trade association will be formalized to provide support, networking and lobbying services to the producers. A national center will be established to co-ordinate the six regional chapters, and will provide a single body for lobbying, setting of standards, and categorization critical for accessing the export market, developing deep industry knowledge, and research of new business opportunities. Within each AWESOME chapter, Business Service Centers will provide design, training and support on a commercial basis to Sales Agents.

We anticipate that 20,000 more embroiderers and 5,000 Urban Value-Adding Producers will be assimilated in the program through 300 new Sales Agents to access higher-value markets of finished and semi-finished goods.

- Seema Khurram
www.ecdipakistan.org



2nd Place Masuta: A Producer Company Model in India



Masuta, a producer company started in Jharkhand, India in 2005, provides livelihood opportunities to tribal women, and is unique in its ownership structure. At present Masuta is the only women tasar yarn producers' collective in India. In just five years, the organization has reached nearly 3,000 producer members.

Why the Enterprise Exists

In much of rural India, finding a job is a daily affair. Women find it particularly difficult, and often engage in manual labor—either in the fields, at brick kilns, as stone crushers or construction workers. While working in central India, the non-profit PRADAN noticed that what women needed was regular employment at their doorstep, which would also improve their social status, and their earning capacity.

They identified tasar yarn reeling as a potential idea. Tasar yarn is unique to central India and is remarkable for its lustrous golden look and unique feel. Tasar yarn is traditionally extracted by women in the handloom weavers' households through a manual, laborious and inefficient process known as thigh reeling. By introducing technology which requires low skill (and consequently has the potential to scale), and by providing market linkages, Masuta has created a new sustainable source of income for poor women.

A Different Kind of Model

To understand the Masuta model, one must first understand the

producer company model. A producer company is a hybrid business entity sanctioned by Indian law. To be a member or owner of the company, it is necessary to be a “primary producer,” that is, engaged in an activity connected with the organization's primary produce.

To become a member of Masuta, one needs to produce and supply a minimum quantity of tasar yarn, and be approved by a Board of Directors. Members receive an equity share in the company (currently one share is INR100 or US\$2.20). Masuta identifies and forms Self Help Groups (SHGs) of 15-30 rural women, which are offered limited financial services. The SHGs are registered as a Mutual Benefiting Trust (MBT), which are part of Masuta.

Masuta purchases tasar silk cocoons and sells these cocoons (at cost) to its producer members. The women purchase the cocoons as and when they require. In exchange for this consistent supply of cocoons, the women sell the yarn back to Masuta, which sells it on the market. The model removes risk for the producer, who knows that when her work is done, she will have a buyer. Masuta aggregates,

grades and sorts the yarn, then stores and maintains a stock of all varieties for potential buyers. Masuta brings in revenue when it sells yarn to buyers.

Initial Challenges

In the beginning, setting up the enterprise was challenging. The technology for making tasar yarn didn't exist, and there wasn't yet a market for the product. It was also difficult to link small producers to markets that required bulk quantities of yarn. Finally, transforming producers into "entrepreneurs" required an investment.

The enterprise has done a lot to overcome these challenges. To date, machines for both tasar reeling and spinning have been improved in terms of productivity, cost and quality of yarn produced. To enhance access to markets, Masuta has set up a system to aggregate yarn, and to link small producers to supply large quantities of yarn. Lastly, the enterprise conducted structured, step by step training, as well as worked to build ownership and capabilities of the producers to participate in the governance of Masuta effectively.

Lessons Learned

Undoubtedly the model holds many lessons, and is a source of inspiration to many others who wish to increase the potential of rural women. The essence of the model, with its focus on locally available livelihood opportunities and professionally managed business operations, can be replicated in other areas.

We have learned that in order to keep the women working throughout the year, it is necessary to provide comfortable working conditions in the reeling and spinning centers, and child care facilities.

Further, using a wage structure that pays out daily rather than every two weeks provides better incentives. Moreover, giving the women a larger role in the management of the business and business decisions helps to empower them. Also, the purchase committee should involve women producers to negotiate the price (not currently part of the model).

Going forward, Masuta faces competition from cheaper, imported Chinese tasar yarn. In order to increase the production of yarn at a reasonable price and have a corresponding social impact, Masuta needs to ensure the proper and timely supply of cocoons. Further, Masuta realizes the need to increase the number of women producers.

Masuta is working to tackle these challenges. To increase cocoon production, Masuta has started planting trees on which the silkworms feed, grow, and form cocoons. To increase the number of producer members, Masuta has begun to saturate the areas where it has a membership base and simultaneously looking for new areas to expand. The goal is to reach 10,000 producers in the next five years. Lastly, the enterprise has planned to offer quick payments with built-in incentives to the member producers, thereby, bringing in stability in production.

The model removes risk for the producer, who knows that when her work is done, she will have a buyer.

Results

In 2005, Masuta started with just INR1 lakh (US\$2,200). In 5 years, it has attracted nearly 3,000 women, organized into 165 MBTs with annual turnover of INR95.2m (US\$2.12m) in 2009. The enterprise has 140 clients, several of which are notable names like Eco-Tasar Silk Pvt. Ltd and KOSA Saree Sansar. At the end of FY 2009-10, Masuta generated a profit of INR3.2million (US\$71,000).

By March 2010, 2,668 rural women spread over 120 villages in three states (Jharkhand, Bihar and Chattisgarh) held shares in the company. Through Masuta, a full-time weaver can earn an average of Rs20,000 (~\$445; \$1=Rs45) per year. Masuta has 33 full time staff that assist various operations, like finance, production, membership development and marketing.

The producer company model of Masuta has attracted the attention of many private organizations. Today, it has access to funds from NABARD, Indian Bank, IFMR Trust, and Villgro. Masuta has established itself as the sole bulk supplier of Indian tropical tasar silk and sells more than 9 tons of yarn annually.

In order to take the enterprise to the next level, Masuta must increase the number of women producers and improve the technology to enhance the quality and production rate of yarn. Further, the organization needs to start branding and packaging of its product. For Masuta, the "better future" is not the end of the journey; rather, it is the beginning.

- Bharat Varshney
www.masuta.org



Editor's Note: Oliberte, a shoe enterprise operating in Africa, tied for 3rd place. They were unable to meet our e-magazine deadline, but we look forward to featuring them soon!

Interview: Grant Hunter, Microfranchise Solutions, 3rd Place Creating Sustainable, Responsible Franchise Businesses

Microfranchise Solutions is a social business that provides loans and ongoing training to entrepreneurs in the developing world. The company's first franchise, Taxi Excel, started two years ago in Lima, Peru. Beyond Profit spoke with the company's founder, Grant Hunter.



"I defined two criteria for determining which business concept to move forward with and franchise: the business had to be able to pay back the loan required to launch it within five years and the business had to have the capacity to lift the entrepreneur into at least the lower rungs of the middle class."

Beyond Profit (BP): Tell us about the business model of Microfranchise Solutions.

Hunter: Microfranchise Solutions (MFS) is a social business in that it is consciously employing business principles in solving social problems—in this case, a lack of sufficient livelihoods and the concomitant problem of poverty. MFS provides ongoing training, marketing, and business development support to help entrepreneurs actually succeed with the businesses they launch. On the finance side, MFS acts as a bridge between socially minded investors who believe in enterprise solutions to poverty and the entrepreneurs in the developing world who need access to reasonable financing.

BP: What's the social benefit?

Hunter: We are increasing the income of hard-working taxi drivers by as much as 25% daily, with an additional 36% when the residual value of a new car is factored into the equation, after it is paid off in four years. The car is like an automatic forced savings account for drivers who are not used to planning for their financial future, stuck as they are with the urgent demands of the day.

I think it is important to mention the environmental benefits of our model. Given our fleet of natural gas vehicles (CNG), according to the Natural Gas Vehicles for America, these cleaner burning engines produce 70% less smog-producing CO and 20% less CO₂ than traditional gasoline engines. Factoring this into the EPA's Clean Cities Emissions Benefit tool, with a fleet of 100 cars, we keep over a 1 million pounds of greenhouse gas (GHG) emissions out of the atmosphere every year!

BP: How did Taxi Excel start?

Hunter: After a trip to Peru in 2007 researching potential microenterprises that could be replicated via the franchise model, I defined two criteria for determining which business concept to move forward with and franchise: the business had to be able to pay back the loan required to launch it within five years and the business had to have the capacity to lift the entrepreneur into at least the lower rungs of the middle class (which I define in Peru as roughly US\$500/month). I looked at a variety of retail concepts, but even a small storefront was going to cost over US\$20,000, so that limited what was possible. Given that criteria and a generally chaotic and informal nature of the taxi industry in Lima, Peru, I really thought that the franchise model—with its developed world standards and ongoing support—offered a lot to the industry. So in the end, a single taxi became a franchised business for the working poor.

BP: What does being part of the Beyond Profit and SEEP competition mean to you as an organization?

Hunter: While we would have loved to win the top prize of course, it is great to be able to tell our story to a larger network of like-minded people working in the social enterprise space and contribute our lessons learned to the wider community. At MFS, we welcome correspondence from groups or entrepreneurs who have proven microenterprise models who are looking to replicate and scale.

BP: Where do you hope to go from here?

Hunter: We are very excited about the further evolution of Taxi Excel as not merely a taxi company, but as a mobile services delivery platform. Other innovations like mobile money, banking, health, and education can be delivered on and leverage our investment in a taxi infrastructure. I spoke at an invitation-only gathering recently put on by Nokia called Nokia Ideas Camp in California and naturally this integration of mobile technology and the emerging market economies was a topic of great interest.

8 Organizations to Watch

Beyond Profit and SEEP Network learned about many commendable social enterprises through our joint case study competition held from August to October. Read up on them below.



Wello: Walking Water

As we noted in our last issue, access to clean drinking water is a huge issue in most of the developing world. Women, usually, have to travel long distances to get water for the entire family. Wello, has engineered a rolling water container that can hold more than five times what a traditional barrel can—up to 20 gallons. This would weigh 175 pounds, but the wheel design creates an effective weight of only 20 pounds. The company's pilot will focus on Rajasthan, India, where 90% of the population is reliant on the disappearing ground water.



PEPY: Living by Learning

Short for “Protect the Earth, Protect Yourself,” PEPY has two arms: an NGO registered in the USA and Cambodia, and a tour operator providing education programs. The organization's goal is to help rural communities improve their standard of living with a focus on education. Currently PEPY supports more than 1,700 families in 12 villages and 6 schools in rural Siem Reap. During its first four years, PEPY tours transformed from a volunteer-based tour company to one that provides a learning experience to participants.



GreenSoul Shoes: Soles for Kids

GreenSoul Shoes has a lofty goal: provide 1 million shoes to shoeless children in five years. To make that goal more challenging, the shoes are 100% recycled. Each pair of GreenSoul sandals is made from discarded, recycled tires with no glues, no sealers, and no stitching. Their “buy one, give one” policy ensures that even poor children will receive shoes. So far, the company has given away more than 1,000 pairs of sandals in the Philippines.

Odegard: Decorative Art

Odegard Carpets, started by Stephanie Odegard in 1987, has brought high style to the traditional hand-knotted rugs of Nepal. Stephanie was first introduced to the art of hand-knotted rugs on an assignment for the World Bank to study economic opportunities in Nepal. Now, years later, the rugs provide color and class to places such as the Getty Museum and Condé Nast publishing in New York City. The company has provided a boom in the industry in Nepal—in the 1990s, more than 1 million people were directly and indirectly involved. The company has patented 324 unique designs and does more than USD\$10m in sales every year.



Santa Fe International Folk Art Market: Growing Art Business

This market takes place every July in Santa Fe, though the non-profit organization works year-round to support folk artists worldwide. The market generally includes 130 artisans from more than 50 countries and does US\$2m in sales over two and a half days. Each stall averages US\$15,000 in sales, and participants keep 90% of that revenue. About 92% of the participating artisans live and work in developing countries, so not only does the market help support disappearing art forms but also helps provide livelihoods for the poor. Prior to each annual market, participants attend a two-and-a-half day business training to help boost their market sales and their business back home.

Cluster Pulse: Creating Entrepreneurial Communities

Cluster Pulse works to support micro, small and medium enterprises (MSMEs) through a “cluster” format that creates groups of small entrepreneurs. The company has worked with more than 14,000 MSMEs and artisans in 82 clusters in 10 countries. The company has saved nearly US\$20m. Cluster Pulse works extensively in India and has projects in energy, textiles, and engineering.

Kambiri: Milking Jobs for the Poor

Kambiri was founded by local Christians as a response to the high unemployment rate and the dependence on the Kakamega forest—the last remaining rain forest in Kenya. More than 52% of the residents in this area were below the poverty level and did not have access to jobs. In order to avoid the pitfalls of foreign-based organizations, Kambiri raised funds from local churches and communities. The enterprise now has 20 dairy cattle, which provide milk to local people, and provides the company with Ksh. 2,400,000 (US\$31,257)



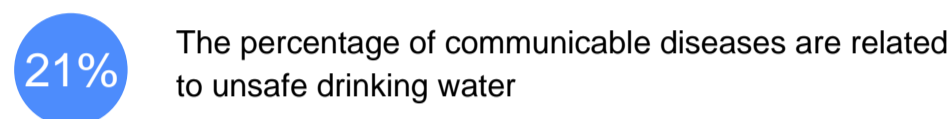
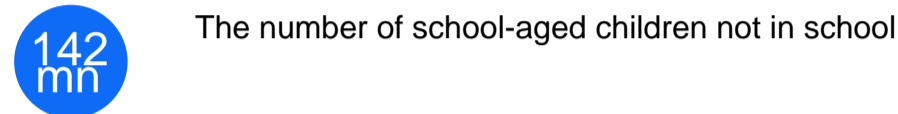
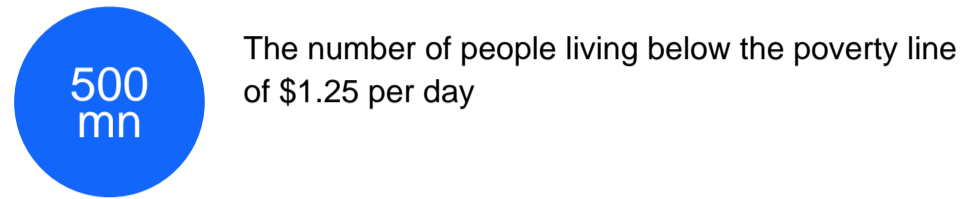
Sharan Craft Centre: A Knit Idea

After the breakup of the Soviet Union, the economies in the newly formed countries tanked—unemployment remained at 50% in many countries for years. One of these countries was Armenia, where the brother-sister team of Aram Sharambeyan and Anush Sharambeyan started Sharan Craft Centre (SCC). Founded in 1993 with the goal of providing jobs, the for-profit company makes children's sweaters and knit home accessories. Recently they started another business that makes and sells wooden furniture. Currently SCC provides jobs for more than 100 women and has provided training for more than 1,000 people. The company sells US\$650,000 a year in textiles.

By the Numbers: Social Enterprise Landscape Study

Earlier this year, Beyond Profit launched a large-scale online survey of social enterprises and the people who lead them in India. One hundred eighteen people (73% male, 27% female) responded and shared detailed information about their enterprises and experiences in running a social business.

The Case For Social Business



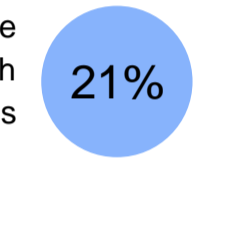
The number of people who do not have access to adequate sanitation with only 14% of the rural population having access to a toilet



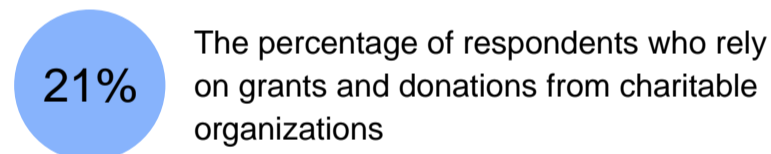
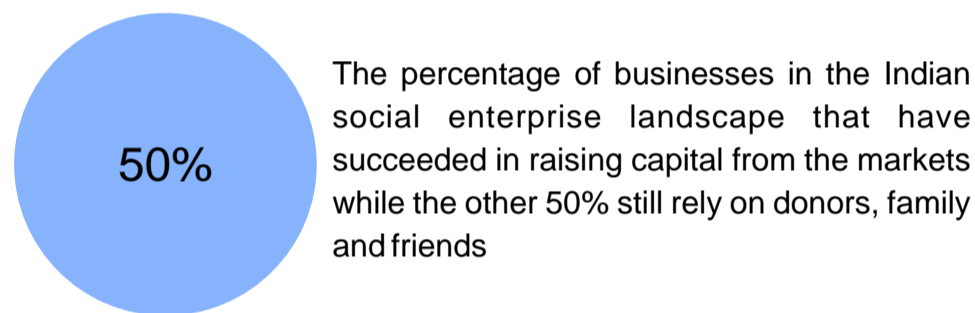
The percentage of women who are illiterate



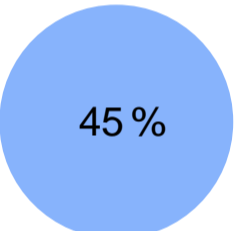
The percentage of respondents who source their funds from personal connections, such as family members and friends



Sources of Funding

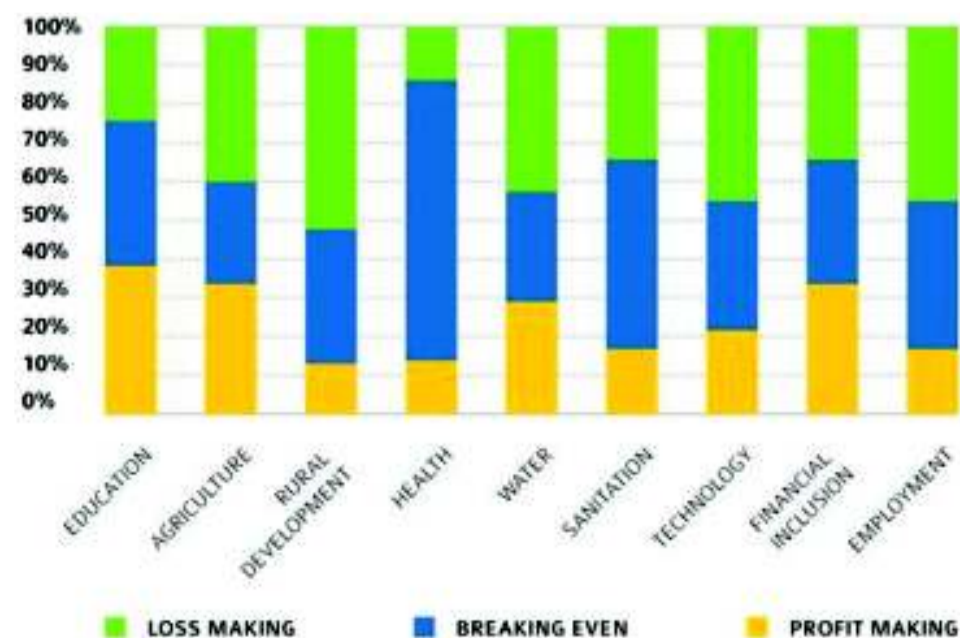


The percentage of respondents who obtained funding from commercial sources: 21% opted for equity, 11% chose debt finance and 13% borrowed from banks



Profitability by Sectors

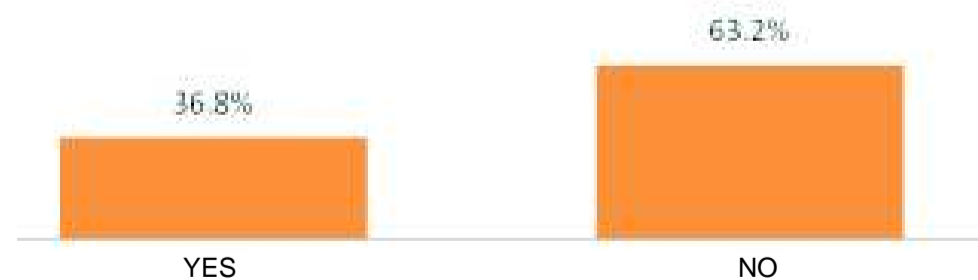
This graph was created from the survey's results. Based on the respondents' feed-back, the graph illustrates the level of profitability of social enterprises in their respective sector of operation



Has your company sought financing in the last 12 months?



If yes, did you receive the amount of financing you needed?



Some sectors within the social enterprise landscape are growing at more than 50% per year. However, the results reveal that the ultimate challenge for social entrepreneurs is securing funding for their enterprises.

Book Review: *A Fistful of Rice* by Vikram Akula



In his new book, SKS Microfinance founder Vikram Akula narrates how he began one of the largest and most controversial for-profit microfinance institutions in the world.

Indian microfinance giant [SKS Microfinance](#) has gained considerable media notoriety over the past five years. Its explosive growth has come as a surprise to many microfinance experts around the world and SKS's recent initial public offering (IPO) was a triumph. In 1998, SKS was the new kid on the block, and just a seed of the for-profit powerhouse it would eventually become under Akula's leadership. After spending years working for a local community organization in Andhra Pradesh, Akula gained insight into rural poverty, and conceived the idea of employing a new version of for-profit microfinance to help eradicate poverty.

In simple, straight-forward prose, Akula narrates the experiences that enabled him to bring SKS to life. An Indian by birth, Akula spent his formative years in upstate New York, and visited relatives in his homeland throughout with youth. His first encounter with hunger took place in his aunt's house, where a visiting woman selling pots picked up fallen rice grains from the floor, one-by-one. Akula acknowledges that such a scene would not have meant anything to him had he been raised in India, but because he is American and was not accustomed to seeing this kind of need, the moment sparked something within him. In detailing his social and philosophical leanings, Akula paints himself as fearless: in one scene he is a teenager hitchhiking across the U.S., in another, he is living in a remote Indian village that even the most seasoned community organizers might want to avoid.

Nonetheless, one cannot help but feel that Akula has a very specific agenda with *A Fistful of Rice*: the timing of the release of the book, right after the IPO, is hard to ignore. Akula wants the world to appreciate SKS and, possibly, also to appreciate him.

What makes SKS unique is not the fact that it is a successful MFI, but that from its inception, Akula envisioned it as a for-profit enterprise. While SKS began as a non-profit, as many Indian MFIs do, Akula was

determined to steer SKS towards more profitable waters: he sincerely believes, and stresses in his narrative, that the best way to eradicate poverty is to tap into the vast funding available in the capital markets. It is not a popular opinion to have, when critics have taken to framing the stance as "profiting off the poor." But the unpopularity of a for-profit enterprise that is mutually beneficial for stakeholders and the poor does not faze Akula.

A Fistful of Rice is not so much the autobiography of a businessman as it is a management philosophy treatise. Akula shamelessly subscribes to doing business on a grand scale. He uses the examples of McDonald's and Google to indicate his aspirations for SKS. Those aspirations may have been dampened in the last several weeks with the onslaught of a spate of negative press related to SKS [specifically](#), and the [sector](#), more broadly.

Negative press aside, it is undeniable that SKS has achieved something remarkable in its quick path to scale. Akula chalks it up to operational efficiency. By streamlining operations, he was able to eliminate the use of coins, shorten borrower meetings through standardization, and ensure that daily meetings took place in villages that lay side-by-side.

Akula maintains an easy, business-friendly tone throughout much of the book, but he cannot gloss over his personal troubles. In writing about his divorce and the resulting financial duress which him to step down as CEO in 2003, Akula is unable to veil his bitterness. It is a stark contrast to the ambitious poverty alleviation superhero he has made himself out to be.

Later, when he resumes his CEO post after securing venture capital funding for SKS, he dictates his financial terms and makes sure he is able to spend one week every month with his son in Chicago. All this serves to remind the reader that even though Akula is in the business of helping the poor, he is not operating a charity. He is a shrewd businessman, seeking a balance between his personal and professional lives, and who, even today, wants SKS to scale new heights. No doubt, Akula will keep pushing for Google status for his brainchild.

- Nisha Kumar Kulkarni

A Fistful of Rice is a Harvard Business Publishing book. It will be published in India in November 2010. It is already available in the United States and Europe.

Top 10 Takeaways from the Conference Circuit 2010

This fall, Beyond Profit had the opportunity to attend several marquee events focusing on development innovation, including the Clinton Global Initiative, SoCap 2010, the Legatum Convergence at MIT, and NetImpact. Some of the dialogue has not been new, in part because some of the most pressing issues of our time—empowering women and girls, youth unemployment, universal access to technology, and climate change—are so complex that they will stay at the top of the agenda for some time. However, there were several key ideas that emerged.

Rules of the Game:

1) Redistribute wealth. Social change isn't just for philanthropists anymore. Leaders from business, politics, technology, and even Hollywood (Ashton Kutcher included) are all looking for a way to make an impact. Right now, it's important for informed development experts to engage and educate the "haves" to channel their wealth to the "have nots" in strategic ways. When companies as diverse as Coke, Chevron, Nike, and Microsoft come ready to open their wallets, we (as members of the social enterprise ecosystem) should step up to meet them. They are ready and have money to give and invest—we need to guide them to use it effectively to have the greatest impact.

2) Get to the root cause. In attempting to alleviate poverty, we often address the symptoms, instead of the root cause. Empowering women with microfinance, for example, is one tool, but if we go deeper, we find that often, poor women need finance because they lack secure legal rights. This year, the dialogue was not just about empowerment of women and girls, but informing them about their rights, and enabling them to have secure rights to land and property. Getting to the root is often messy and can be time-consuming, but is an imperative if we want to lift people out of poverty and keep them from sliding back in.

3) Seek simple, but customized solutions. Toxic fumes from unsafe cook stoves kill nearly 2 million people a year. Ten years ago, we thought we could design a cook stove that would work for all women living on less than US\$2 a day. It didn't. Enter, the Global Alliance for Clean Cook Stoves (GACCS), launched at the Clinton Global Initiative this fall. The GACCS is working with local partners to create customized cook stoves for different contexts and communities. While we tend to lump the poor into various strata based on per diem income, the needs of the poor are often specific to their environment and preferences. Simple does not mean one-size-fits-all. The key is creating simple, but customizable solutions.

4) 30,000 Feet Won't Work: Western investors that are targeting social enterprises in developing countries will struggle to find and monitor their investments if they try to do it from afar. Think about it: Silicon Valley is what it is because investors can be within a 30 mile radius of their investee companies. Why should impact investors choose to do their investing any other way? Sure, investors can't always be on the ground in Ghana, Kenya, or India, but they can find local partners, in-country co-investors, and visit more than once a year.

Emerging Ideas:

1) Leapfrog. Developing countries have the extraordinary luxury of grabbing and implementing new technologies without dealing with a tangle of old systems. Exhibit A: major urban hubs in developed countries around the world are encouraging the use of bicycles and public transport. What are developing country cities doing? Many are still going the old way and building flyovers, overpasses and toll bridges. Why do that when they can leapfrog? Developing countries can skip the investment in roads and automobiles and go straight to bikes and trains a la London, NYC, and Barcelona. Whether looking at

technology, transport, energy, or anything else, we must encourage developing countries to leave legacy systems and processes behind. They should take advantage of the benefits of a clean slate.

2) Change perceptions. David Kuria, the humble CEO of Ecotact in Kenya, is a toilet man. He has built a "toilet empire" in Kenya, by setting up toilet malls in slums and persuading the poor to use them. How? He changed how the poor thought about toilets. First, he set up toilet malls near the Parliament to get the wealthy to use them. Then, he went to the slums and showed the poor: "You see the toilets the wealthy use? We're bringing them to you." Then he set up public toilet blocks, and made them a destination by including valuable services: a shoe shine or a bite to eat. It worked—but only because he changed how people valued and used his product. Perception is everything when it comes to changing hearts and minds, and modifying usage patterns.

3) Access, not ownership. The West is very attached to the idea of individual liberty, individual ownership, and individual needs. However, it's a pretty costly way to do things. Fortunately, we're starting to see a shift. Do we all really need to own our own car? Or can we share a ZipCar?

How can developing countries benefit from looking at this trend? Many communities and families in emerging markets already embody this philosophy—just think of joint families, shared water taps, and community toilets. But, as these communities become wealthier, they look to an ideal that encourages individualism. Is that the way to go? Or could we all adopt an ethos of sharing resources? Why own when you can access? (For more on this concept, see this book and this blog post.)

Words of Wisdom:

1) Edit, then reedit. To paraphrase Tom Friedman: "Being a leader over the next 50 years means taking things away from people." It means, using less energy, consuming less stuff, and rationing resources. The last 50 years has been about growth and more growth, at any cost. Now that we've realized that's unsustainable, let's edit.

2) No fear. Leila Janath, Founder of Samasource, made a very wise statement at CGI: development stakeholders need to be more open to failure, and open to feedback. For too long, we've been scared to try new approaches, scared to measure our work, scared to seek feedback because of what might happen. What's the worst that could happen? We could find out that it isn't working. Wouldn't that save us time and money in the long run?

3) Gray is the new black. Hard problems in development are very hard. Like poverty alleviation. The faceoff between microfinance pioneer Muhammad Yunus and young buck Vikram Akula of SKS at CGI illustrated the conflict of searching for an easy solution. Yunus believes that profiting off the poor is fundamentally wrong. Akula believes commercial capital is the only way to reach more poor people. To say that one is right and one is wrong is to miss how complex the issue of poverty alleviation can be. Very few things are black and white. Accepting gray requires patience and intelligence.

Beyond Profit Team

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Lindsay directs the strategy and content for Beyond Profit and led the conceptualization of the publication. She brings seven years of experience in communications, marketing, and research. Lindsay also writes for the New York Times and the Wall Street Journal. She lives a bi-coastal life, spending time in Mumbai, New York and Baltimore. Lindsay loves to hike, run, bike, and practice yoga. She is passionate about development innovation.

Nisha Kumar Kulkarni



Nisha produces content for Intellectap's publications and blogs, as well as works on various research projects. She brings five years experience in research, operations and fundraising. She is passionate about writing and economic development strategies. As a native New Yorker, Nisha is a new transplant to Mumbai. Her free time is absorbed by exploring her new city and reading great books.

Ritika Ranjan



Ritika looks after the brand development of Intellectap's publications. She comes with more than five years of experience in consulting, marketing & communications. She spent the past three years writing for 'The Right Quarterly'- a quarterly publication of Right Management. Travel, leisure and books take up a lot of her time.

Abby Callard



Abby produces content for the Beyond Profit magazine and blog. She began her journalism career at the tender age of 7 when she produced a one-page newspaper that she left on her neighbors' doorstep. She hasn't looked back since. Abby has just started her tryst with Mumbai, and most of her energy is consumed by crossing the road and searching out the city's best sevपुरi.

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Where to Find Beyond Profit in the Weeks Ahead

- **[Indian School of Business, iDiya \(Bootcamp\)](#)**
November 28-December 4
Hyderabad, India
- **[Social Mashup](#)**
December 2-3
Hyderabad, India
- **[UnConvention, Villgro](#)**
December 3-4
Chennai, India
- **[Rural Marketing Congress India](#)**
December 7-8
Mumbai, India