



ACUMEN
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POVERTY

EY
Building a better
working world

INCLUSIVE BUSINESS PLAYBOOK



A practical playbook
for business leaders

Market forces are not invisible hands, they are our hands, and collectively we hold the power to extend the benefits and opportunities of economic prosperity to everyone.

ACUMEN FOREWORD

Capitalism is rightly recognized for lifting billions of people out of poverty, yet it has also perpetuated the systems that have left so many with so little, and so few with so much. Over time our society has been persuaded that markets are self-regulating and that it is acceptable to allocate risk and reward inequitably. Frequently excluded stakeholders, workers from low-income and marginalized communities and the earth we all share, are thought of as commodities, referred to as “labor” or “land,” and omitted from moral consideration. These exclusions lead to even more economic inequality, division, and destruction of our shared, finite resources. Left unbridled, capitalism’s legacy will be the exploitation of people and planet in the name of shareholder returns and short-term financial growth.

It is easy to either be a market fundamentalist or have little faith in capitalism. Yet, this is a time for nuance, not either/or propositions. Now, more than ever, markets must play a role in solving our most pressing problems, but we will fail without a more nuanced understanding of where markets work, what their limits are, and how we can use them to serve our collective needs. This is why Acumen believes every business must build toward a more inclusive economy. We must see capital as a means to an end and use the power of markets to serve society, rather than allowing ourselves to be controlled by them.

For 20 years, Acumen has used the tools of business to change the way the world tackles poverty. Through “patient capital”— long-term, risk tolerant investments supported by philanthropic capital — we pioneered impact investing in markets where traditional

investment had failed, and aid had fallen short. The entrepreneurs and companies we invest in are building inclusive businesses that bring affordable, life-changing products and services to low-income communities worldwide, transform local economies, and create jobs that lead directly to sustainable economic growth. Time and again, we have seen that the most successful businesses are the ones that are underpinned by deeply rooted values and that have leaders with the character to uphold those values when they are inevitably tested. Through this work we have developed a collection of principles, practices, and skills we believe essential for any leader wanting to successfully create and scale an inclusive business. Most importantly, we have learned that we cannot do it alone.

We hope this practical playbook can serve as inspiration to be more inclusive in your business, to shift to a stakeholder led definition of success, or even to define inclusive capitalism. However it serves you, we hope you’ll join us on a journey to a more just and equitable economy because we all have a role to play.



JACQUELINE NOVOGRATZ, ACUMEN FOUNDER AND CEO

EY FOREWORD

While capitalism has created enormous global prosperity, it has also left too many people behind. With extreme poverty already on the rise as a result of the pandemic — and with climate change threatening to deepen inequality still further as vulnerable communities are hit first and worst by its effects — an economic system that is fairer, more trustworthy, and capable of addressing humanity's most profound challenges is urgently needed.

Business is a critical actor in forging that system and has a responsibility to help create a more inclusive, sustainable, and trusted form of capitalism. With revenues bigger than some countries and supply chains that wrap around the globe, business exerts incredible influence over societies and ecosystems. We have an enormous opportunity to be a force for good in the world.

Rightly, people increasingly expect the companies they work for, buy from, and invest in to channel their knowledge, resources, and influence toward tackling society's toughest challenges. At EY, we have long believed that capital and talent will increasingly shift from organizations that focus solely on creating value for shareholders to those who focus on creating value for all of their stakeholders, inclusive of employees, customers, suppliers, communities, and shareholders. Organizations that anchor their strategies to a meaningful purpose — with a focus on creating long-term, sustainable impact — are best positioned to benefit from, demonstrate, and measure the value they create.

As this playbook illustrates, business has an important role to play in reducing poverty and inequality by adopting a more systemic focus on serving the needs of low-income and marginalized

communities. We can do this by moving beyond seeing these communities just as new customers and extending access to new life-enhancing products and services, to distributing value equally through supply chains, providing real opportunities for decent employment, and even extending participation in ownership or governance.

Such actions are not just the responsibility of big business. Indeed, as the examples in this playbook show, innovative impact entrepreneurs — many of them past EY Entrepreneur of the Year™ winners and Acumen investees — are already lighting the road ahead for big business. In the process, they are demonstrating that their inclusive approach is a recipe for commercial success that also rapidly accelerates progress toward the UN Sustainable Development Goals (SDGs).

This project builds on our work with The Embankment Project for Inclusive Capitalism, the Council for Inclusive Capitalism at the Vatican, and our recent participation in the Stakeholder Capitalism initiative with World Economic Forum's International Business Council. It represents our continuing commitment to learning what more businesses — large and small — can do to become truly purposeful, inclusive, and sustainable.



CARMINE DI SIBIO, EY GLOBAL CHAIRMAN AND CEO

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INTRODUCTION

Our current economic system, which promotes short-term thinking, hyper individualism, and growth at all costs, is in crisis. A combination of rising inequality, environmental degradation, and exploitation has fractured trust in our economic system and the businesses that represent it.

Restoring trust and building back better will require moving beyond the status quo. It will only be achieved by enacting tangible change that upends traditional business models, redefines success, and forms a new social contract between businesses and the communities in which they operate and live. Critically, it will require valuing individuals' inherent dignity and extending the benefits of business success and economic prosperity to low-income and marginalized people who have historically been economically exploited and socially excluded.

Social entrepreneurs have long modeled this behavior. They define success not only by financial returns but also the metrics of social impact — the effect their businesses have on their customers, their employees, their communities, and the planet. They have demonstrated that companies from all industries can become inclusive and move from contributing to an exploitative system to addressing inequality across their workforces, governance structures, and supply chains, while maintaining financial sustainability. Many of these inclusive businesses operate in some of the toughest markets and serve customers from the lowest-income and marginalized communities, yet they are still profitable — demonstrating that a new, more inclusive economy is not only viable but economically, socially, and environmentally beneficial. If inclusive models work in these difficult environments, there is no reason that they could not be successfully adopted at scale.

But social enterprises alone are not enough. To truly alleviate poverty and reduce inequality, all businesses, from large multinational corporations to small and medium enterprises, must increase inclusion and strive to achieve both impact and profit. Fortunately, business leaders increasingly recognize the imperative for change and the urgency to establish more inclusive business models and a more inclusive capitalist system. This transition, however, will be



COLOMBIA

In this playbook, low-income and marginalized people refer to individuals that are classified as low-income and have historically been excluded from or had barriers to full economic, social, and political participation and opportunity. The causes of marginalization are multiple and intersecting and can include but are not limited to: income; class; age; race; ethnicity; sexual orientation, gender identity, and expression; immigration status; religious affiliation; or disability status. Taken together, these factors create systemic barriers — distinct to an individual's unique identities, environment, and context — to people's participation in and benefit from traditional economic, political, cultural, and social structures. We encourage you, as you work through the framework, to consider who is most marginalized in your context and how your business interacts with them.

neither easy nor linear. We are navigating uncharted waters and while there are many companies leading the way, our end vision, while achievable, remains aspirational — there is no roadmap, we need to build this together.

To do so will require a fundamental shift in how business views its purpose and distributes risk and reward across stakeholders, from today's shareholder-centric model to one that values the human contributions across a business's operations and supply chain, with particular attention paid to low-income and marginalized people. The provided framework and case studies guide readers through this transformation and prompt them to reimagine and repurpose operative business elements — from purpose and strategy to customers, workforce, and supply chain to governance, ownership, and value indicators — to prioritize inclusion and shared prosperity.

Transforming or further advancing inclusion within these areas will look different depending on an individual business's starting point, size, geography, and sector, among other considerations. Regardless of entry point, however, the first step for any business is to recognize the mutual dependence between its financial sustainability and the health and stability of the economy, society, and environment in which it operates.

The framework and case studies provided in this playbook bring this reality to light and can serve as a starting point for thoughtful inclusion of low-income and marginalized communities as you transition to becoming an inclusive business. At Acumen and EY, we will continue to draw on our diverse, global experience — from investing in early-stage social enterprises benefiting low-income people to training leaders and increasing inclusion at Fortune 500s — and will partner with businesses of all sizes to share our

collective insights on how we can advance this new, more inclusive system of capitalism. We hope you will work with us to build on this playbook, amplify calls for a more inclusive economy, and expand the conversation on the role of business in a society where people and planet thrive.

The COVID-19 pandemic has renewed discussion on the role of business and created opportunity to advance a bold vision. This new, inclusive capitalist model does not mean a shift to charity, or even corporate social responsibility, but acting on the recognition that market forces are not invisible hands, they are our hands, and collectively we hold the power to extend the benefits and opportunities of economic prosperity to everyone.



Framework

Extending the benefits and opportunities of economic prosperity to everyone requires adoption of a more systemic focus on serving the needs of low-income and marginalized communities.

The practical tools that follow — an inclusive business framework and series of illustrative case studies — are intended to inspire, provide suggestions, and spark action for your own transformation, no matter your starting point. The framework provides actionable ideas that can help guide your thinking, decision-making practices, and strategy while the case studies' real-world examples can inspire you to drive inclusive change within your own business and unique context. Taken together, this playbook is an essential companion for businesses that seek to disrupt the status quo and build new models that fairly distribute risk and reward.



Inclusive Capitalism

An economic system that works for everyone, where risks and rewards are distributed equitably.

Inclusive Business

A key component of an inclusive economy, which defines success as shared prosperity for society and planet.

To become an inclusive business, leaders can drive inclusion across all areas of their company.



Purpose



Strategy



Customers



Workforce



Supply Chain



Governance and Ownership



Value Indicators

What if?

Purpose

Business purpose is framed in terms of solving the problems of low-income and marginalized people and planet, and not creating or profiting from them?

Strategy

Strategy is built with a 'future back' approach to inclusion in which you identify a desired future state and work backwards to achieve it?

Customers

The needs of low-income and marginalized customers were prioritized as a lens for innovating products and services?

Workforce

Equitable, dignified, and stable employment offered everyone, particularly low-income and marginalized people, the ability to lead fulfilling lives?

Supply Chain

Procurement practices prioritized the human dignity and well-being of low-income and marginalized people, and the fair distribution of value throughout the supply chain?

Governance and Ownership

Participation in governance and ownership were broadened to more fairly share rewards and decision-making power?

Value Indicators

Value and success were defined beyond financial metrics to incorporate measures of long-term value creation for low-income and marginalized stakeholders?

🎯 Purpose

What if business purpose is framed in terms of solving the problems of low-income and marginalized people and planet, and not creating or profiting from them?

To deliver long-term value to all stakeholders, business leaders must understand the interdependence of economic, social, and ecological systems, and consider all three. The framing of business purpose, therefore, cannot be self-serving or shareholder-centric and must embrace social inclusion and environmental stewardship as essential components.

Purpose is the enduring “north star” that should guide all company decisions and actions. It should not be compromised, either for convenience or short-term economic gain. This commitment to an “inclusive purpose” must be led from the top and embedded throughout the organization.

This outlook leads to a very different set of framing questions for articulating a company’s purpose — less about who the business is and what it stands for, and more about who or what it is in service of, and how that fulfills broader societal goals. It is critical that the entire organization is aligned to this social, ecological, and economic purpose.



Recycling Lives

“The social mission came before the business. I realized that the best way to end somebody’s homelessness, and to reduce the risk of offending and reoffending, is to make sure that people are properly nurtured. Yes, that means providing opportunities for quality employment, but it also means putting a surrounding system in place to make sure that employment is supported by things like stable accommodation and a support network of people who understand the challenges that face people experiencing homelessness.”

– Steve Jackson OBE DL, founder of Recycling Lives

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Worksheet

How might you take a long-term and inclusive view of who your business serves?

- Identify how your business might solve your target problem(s) for low-income and marginalized communities.
- Identify how your business might include low-income and marginalized people as customers and/or members of your workforce, supply chain, or governance and ownership structures.

How might you fulfill broader social goals alongside business goals?

- Include the aspiration to positively contribute to society in company purpose.
- Establish inclusion of low-income and marginalized communities across all aspects of strategy and operations.

How might you go further to build a culture that values and rewards positive social and environmental impact as much as financial returns?

- Define a culture of inclusion in strategy, structure, and systems, and embed it in everything from corporate values and governance to performance management and metrics.

Strategy

What if strategy is built with a ‘future back’ approach to inclusion in which you identify a desired future state and work backwards to achieve it?

We cannot address the interconnected challenges of climate change and social inequality using strategies that build incrementally from our current state. We must identify new ways of working to avoid catastrophic climate change and its disproportionate impacts on low-income and marginalized communities.

Working back from a desired future is ideally suited to this challenge. It encourages executives to broaden their perspectives beyond business-as-usual — and the typical 5-year planning horizon — and forces them to confront the reality of potential futures that could render business models, and even entire industries, irrelevant.

Collective action and collective responsibilities are an important part of inclusion. The SDGs can provide a useful starting point for developing strategy in a way that aligns long-term social actions of a single enterprise with other organizations. They can help identify the sustainable development issues and outcomes that are materially impacted by strategy and operations — both for better and for worse. In turn, this can inform assessment, prioritization, and management of risks and rewards for product, service, and business model innovation.



Tony's Chocolonely

“There’s no quick and easy route to systems change. If we’d set out only to make our own products fairly and sustainably, it would be easy for others to dismiss us as an outlier — that what works for us wouldn’t work for them. To change the system, you must work within the system and show that change is possible, even in the hardest places.”

– Henk Jan Beltman, chief chocolate officer at Tony’s Chocolonely

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Worksheet

How might you meet the needs of future generations and a sustainable environment?

- Broaden your perspectives beyond the typical 5-year planning horizon.
- Imagine how future threats and opportunities could alter your business model and drive or hinder inclusion.
- Define how your business can:
 - Change practices to advance inclusion.
 - Contribute to the inclusive world you envision.
 - Change systems of exploitation and/or exclusion.

How might you go further to become an activist voice for market reform?

- Discontinue any lobbying or advocacy efforts that might unfairly shift market dynamics in your favor or that hinder progress toward a more inclusive and sustainable economic system.
- Advocate for systemic change that advances opportunity and removes barriers for all individuals and organizations, including your own.
- Consider partnerships with other like-minded stakeholders to advance your mission and impact.

Customers

What if the needs of low-income and marginalized customers were prioritized as a lens for innovating products and services?

While all businesses consider the needs of their customers, an inclusive business, at a minimum, must accept accountability for the human impact of their products and services — both direct and indirect — and make sure that their provision does not undermine customer health or well-being. Failing to understand how current systems exclude low-income and marginalized people reduces the likelihood of making products and services that accessibly and affordably fulfill their needs.

To effectively serve low-income and marginalized people as customers, businesses must listen to their needs, concerns, and desires. This means reconstructing customer research, which too often focuses on groups with the most purchasing power, to develop feedback mechanisms to hear directly from those customers living in poverty.



d.light

“We had to treat every potential customer with deep respect, showing up repeatedly, asking questions and listening deeply to people, even if we didn’t always like what they had to say...This commitment to deep listening has informed new product development.”

– Sam Goldman, d.light co-founder and president

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Worksheet

How might you safeguard the health and well-being of low-income and marginalized customers?

- Take measures to accept accountability for human and environmental impacts of your products and services. Disclose any negative consequences.
- Market with integrity by delivering your products and services as advertised. Consider information gaps that low-income and marginalized customers may face in accessing them.
- Protect privacy by simplifying terms and conditions. Clearly communicate how customer data is managed and provide easy opt-out options.

How might you go further to innovate affordable products and services that better meet the needs of low-income and marginalized customers?

- Conduct targeted consumer research and actively listen to better understand the needs of your low-income and marginalized customers. Create and adapt your products to meet their needs.
- Identify a problem for low-income and marginalized people that lacks a current market-based solution and position your company to solve it in a financially sustainable way.

Workforce

What if equitable, dignified, and stable employment offered everyone, particularly low-income and marginalized people, the ability to lead fulfilling lives?

Market forces are not set in stone. They are collections of human decisions, rules, incentives, and unintended consequences — and we can change them if we want to. For many organizations, employment of people from low-income and marginalized groups tends to come in the form of informal and so-called low-skilled labor. These roles are often viewed as dispensable — a means to achieve a profit — and lead to exploitative practices.

The assumption that rewarding human effort is a cost-based exercise, and that the lowest cost option is the best, thrives in weak labor markets. While it may protect margins for companies in the short-term, it exacerbates poverty and inequality. To build a truly inclusive business, it is critical to go beyond the bare legal minimum to deliver sustainable wages and benefits to all employees, including part-time, seasonal, and informal workers.



Saral Designs

Saral hires on values and invests in its workforce. Its “Sangini” last mile distribution network creates entrepreneurial opportunities for saleswomen to build their own brands, develop new products, and raise their incomes, and provides training in both business management and menstrual hygiene.

“These incredible women are such a pivotal part of our model. They don’t just provide access to quality products. They make sure that low-income women and girls can learn about the importance of proper menstrual care and make informed choices, with dignity and with confidence.”

– Suhani Mohan, Saral Designs co-founder and CEO

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Worksheet

How might you use employment to promote dignity and fairness for low-income and marginalized groups?

- Support equitable treatment and implement practices — including fair employment terms, freedom from discrimination, privileges and benefits, and a safe working environment — that recognize and value everyone’s dignity.
- Create stability for low-income earners and/or your informal workforce. For example, this could include a base pay during slow periods for commission-based earners.
- Empower HR to investigate workplace harassment and enable a safe and trusting environment for employees, particularly low-income and marginalized people who have historically been excluded from these protections.

How might you go further to use employment to share prosperity and reward the absolute value contributions of low-income staff, rather than the “market” value?

- Profit sharing and variable pay create opportunities for employees at all levels to participate in the company’s success. Expanding these programs beyond executives builds a culture of shared ownership and prosperity.
- Implement institutional controls that impose limits on the gap in income between the highest and lowest earning employees, to distribute money more fairly, and to recognize that the gap in human capabilities is not infinite.
- Extend the provision of health care, retirement, and other total rewards and benefits to low-income and marginalized people who often work in informal, part-time, or physically demanding roles.

Supply Chain

What if procurement practices prioritized the human dignity and well-being of low-income and marginalized people, and the fair distribution of value throughout the supply chain?

The supply chain is where companies are most likely to encounter exploitation of low-income and marginalized workers. Though labor valued by output is common across supply chains, particularly for workers like smallholder farmers, it maximizes worker risk and offers no protection. To generate shared prosperity, businesses must transition from seeing suppliers as dispensable cogs in a machine to acknowledging their inherent dignity and valuing them as a central and mission-aligned element of a company. As such, the same principles, policies, and practices that govern equitable treatment of a company's own workforce should be actively encouraged throughout the supply chain.



Azahar Coffee

By paying farmers a fixed price and practicing radical transparency, Azahar rebalances how value is distributed throughout the supply chain, making coffee farming a feasible way to make a living:

“If the farmers trust that we’re not going to speculate with their coffees — buying for the lowest price possible and trying to sell for the highest one we can fetch — and the buyers know the same because we’ve already told them what we paid the producers and what we aim to make, then we can focus on finding as much of the highest quality coffee as possible and marketing it in a way that convinces the rest of the industry and all its consumers to get behind this new way of doing coffee.”

– Tyler Youngblood, Azahar co-founder and CEO

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Worksheet

How might you use procurement to promote dignity and fairness for low-income and marginalized groups?

- Make a commitment to uphold human rights and decent work, to enforce a zero-tolerance policy for any form of forced labor, and to implement a strict supplier code of conduct. Work closely with suppliers to monitor compliance and address any issues.
- Diversify and increase inclusion in your supply chain for greater choice and flexibility, and to align supply chain with company's values and desired impact.

How might you go further to use procurement to share prosperity and reward the absolute value contributions of low-income workers, rather than the 'market' value?

- Price a living wage by setting prices based on worker risk, effort, and values to advance shared prosperity.
- Adopt integrated financing models to reduce risk.

How might you go further to do business only with living wage companies?

- Use your influence to advance shared economic growth. If living wage companies committed to only doing business with other living wage companies, less inclusive organizations would be forced to adapt to stay competitive.

Governance and Ownership

What if participation in governance and ownership were broadened to more fairly share rewards and decision-making power?

Inclusive capitalism may speak to creating long-term value for all stakeholders — employees, customers, suppliers, society, and the environment, as well as shareholders — but, in truth, how equally are all those voices heard and represented in decision-making?

Traditional ownership mechanisms often limit sharing of value created by an organization to investors and company executives. More inclusive ownership structures enable employees across all levels — including low-earning employees — to hold shares, for example, and be rewarded for the success of the company. These structures create increased opportunities for both shared prosperity and participation in decision-making.



Ansaar Management Company

The company is 41% owned by its employees through an employee benefit trust, enabling profit sharing for employees at every level of the operation.

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Coliba Recycling Ghana

Prince made the difficult decision to buy out an investor's 10% stake because the investor didn't prioritize Coliba's low-income workers. In the end, Prince recognized that, despite the potential for financial insecurity, the partnership was unsustainable:

"I've learned a lot about how to select investors. I trust their intuition, but we have to be aligned on values."

– Prince Kwame Agbata, Coliba co-founder and CEO

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Worksheet

How might you give low-income and marginalized communities a voice in decision-making?

- Seek investors and board members that are aligned on the company's social mission and can give voice to the interests of low-income and marginalized stakeholders — this could include employees, suppliers, customers, community members, or others.
- Include, where possible, representatives from low-income and marginalized stakeholder groups on your board.

How might you go further to create ownership opportunities for low-income and marginalized communities?

- Share prosperity with all employees by offering employee stock ownership. In the event of an initial public offering or sale, this can generate substantial value for all.
- Enable wealth generation by building a cooperative ownership model that is owned and governed jointly by its members, who share in the profit.

How might you go further to update articles of incorporation, or pursue certifications that 'legitimize' pursuit of social and environmental goals?

- Consider alternative models, such as becoming a B Corp — a designation for companies of all sizes that recognize the value of being associated with a commitment to social impact — or a low-profit limited liability company (L3C).

Value Indicators

What if value and success were defined beyond financial metrics to incorporate measures of long-term value creation for low-income and marginalized stakeholders?

Values and how a company defines success are critical to its ability to communicate its purpose and financial and social value.

The temptation remains to pit financial returns and positive social and environmental impact as competing demands rather than seeing them as interdependent. By acknowledging this tension and the possible trade-offs, a business can identify meaningful indicators to measure both financial sustainability and its social impact and use this information to further advance inclusion and business success.

For example, understanding of the climate emergency and its disproportionate impact on low-income and marginalized communities continues to grow. This makes evidence of meaningful action to address climate change and deepening inequality increasingly important to companies' ability to maintain their social license to operate, to attract top talent, and to win and retain business. To this end, a new definition of success, which integrates both financial returns and social impact into a unified story of your business's value and impact, will be increasingly valuable.



Biocon

"I have always believed that blockbuster drugs are not about making a billion dollars, but about reaching a billion patients. That's why we start with the poorest patients in mind. We believe in democratizing health care, providing high quality medicines for everyone who needs them, looking across the entire global market, not just providing them to the patients who can afford them."

- Dr. Kiran Mazumdar-Shaw, Biocon founder and executive chairperson

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Worksheet

How might you end the illusion of separation between financial and non-financial value?

- Acknowledge the tension between short-term profitability and social impact.
- Measure and transparently report what matters to your business and demonstrate impact for low-income and marginalized people alongside indicators of financial value.

How might you go further to action your purpose through impact targets?

- Redefine company success to incorporate both financial and social impact returns, such as increased yields and/or wages, into metrics that show a business's ability to create and sustain values for all stakeholders.
- Apply the same investment and rigor to impact measurement as to financial accounting and provide balanced reporting that captures positive and negative impact as part of a central reporting structure.
- Set relevant targets, indicators, and incentives for inclusion and impact at every level and in every process from strategic planning, budgeting, and forecasting to how people are recognized and rewarded.

Case Studies

The following case studies share the stories of eight entrepreneurs who have navigated the journey of building successful, inclusive businesses. The case studies detail how these entrepreneurs have innovated to address systemic issues of poverty and the hard choices they've made to increase inclusion of low-income and marginalized people throughout business operations and structures. When paired with the above framework, these case studies show how to increase inclusion in your own business and some of the challenges you may face along the way, providing a holistic approach to advancing inclusive business practices.



ANSAAR MANAGEMENT COMPANY →

Building affordable homes and thriving communities

AZAHAR COFFEE →

Sharing value equitably with smallholder farmers

BIOCON →

Making life-saving medicines accessible to all

COLIBA RECYCLING GHANA →

Creating value from waste

D.LIGHT →

Making life brighter with low-cost solar power

RECYCLING LIVES →

Breaking the cycle of homelessness and offending

SARAL DESIGNS →

Tackling period poverty

TONY'S CHOCOLONELY →

Making slave-free chocolate the norm

ANSAAR MANAGEMENT COMPANY

Building affordable homes
and thriving communities

Founded: 2008,
Pakistan

Sector: Housing
Operations: Pakistan

 Purpose

 Strategy

 Workforce

 Customers

 Governance
and Ownership

Origin Story

When Jawad Aslam moved to Pakistan in 2005, the region was about to experience a devastating earthquake that would kill more than 85,000 people and leave 4 million families homeless. The mass displacement added to an already substantial problem — a lack of quality, affordable housing for Pakistani families. Government efforts to address the shortage had failed, aid and non-profit ventures were insufficient, and the private sector was focused on maximizing profits by building homes only for society's wealthiest.

Jawad, a former property developer in Baltimore, found inspiration when he began working for Saiban, a nonprofit organization providing homes to low-income Pakistanis: "It was really powerful for me to see Saiban's model in action," says Jawad. "A light bulb went off for me."

The dearth of affordable housing was not a mistake, Jawad quickly learned. It was a function of a system that marginalized and dehumanized low-income people, overlooking their inherent dignity and economic potential. For years, the private sector ignored this whole segment of society, convinced



there was not enough profit potential to warrant attention. Where most saw a need for charity, Jawad saw an opportunity — not only for housing but also for economic development. He knew to meet the scale of the need, he would have to transform the Saiban concept into a for-profit business model.

In 2008, Ansaar Management Company (AMC) was born with the mission to provide high-quality, affordable housing to low-income Pakistanis. To build AMC, Jawad drew on his training as an Acumen Fellow; training that showed him what it meant to develop an inclusive and impactful business that focused on serving the needs of low-income communities. With AMC, Jawad's vision is not only to provide housing access to a population that has traditionally been ignored, but also to help low-income people build assets and wealth that they can then pass along to their children, helping to move an entire generation out of poverty.

About the Business

The Ansaar Management Company is unique in that it is the only Pakistani company committed to housing for low-income people. Jawad explains his mission simply: "The model is about inclusiveness and opening up the market so more people have access to housing." In practice AMC's mission is anything but simple. Rather than just providing affordable housing, AMC is intentionally using it as a tool to build wealth among its low-income customers and employees, while building thriving communities.

Today, AMC has eight housing developments in various stages from launch to completion. Each has their own security, roads, water filtration system, sewage treatment, electricity, school, mosque, and more — services that are unavailable to many low-income Pakistanis. AMC sells 50% to 60% of its units as built-up homes at- or near-cost to low-income customers and



the remaining 40% to 50% of the units as serviced plots at market value, for a profit, to wealthier customers. Jawad's model focuses on sustainability and scalability, using cross-subsidization to make quality housing affordable to its target low-income market

AMC exemplifies inclusivity in both its external activities and internal operations. The company is 41% owned by its employees through an employee benefit trust. This new ownership structure saw Jawad's personal ownership decline from 70% to 9% and was a multiyear effort — completed this year — in partnership with AMC's investors and advisors. The new governance structure is foundational to Jawad's mission to disrupt the status quo, in which wealth is concentrated, and to provide lower income people with opportunities to create and sustain wealth. By giving all employees an equity stake in AMC, Jawad

enables them to share in the company's success and supports his employees in building assets and equity in the long-term.

Though the impact of their ownership is still conceptual for many, Jawad is investing his time and resources in educating his employees on the economic benefits of this model, how it can improve their economic mobility, and how they can build wealth over time. He is also working diligently to provide a dividend so employees can experience firsthand the benefit of their ownership stake. Jawad explains that through AMC, he is "trying to make sure we look after the lowest-income segment and their needs." Indeed, Jawad has built a successful company that prioritizes the dignity and well-being of its employees and customers.

Overcoming Challenges

While Jawad has never wavered from his social mission, success was not inevitable. Before breaking through in 2015, AMC faced numerous challenges and operational barriers.

Building an inclusive model

When building AMC, Jawad envisioned his ideal end state: a thriving Pakistan in which prosperity is shared and everyone, regardless of income, has access to quality, affordable housing and services. To reach his goal, Jawad had to upend the status quo and convince society that low-income people were worthy of inclusion and that a business to serve their needs was financially viable.

When AMC was founded, low-income Pakistanis were viewed as beneficiaries of aid, but not potential customers. Jawad knew that to be successful he needed to break this mindset and transform the sector. He identified his target customers as those in the bottom 40th percentile — people who experience many economic challenges and were often left out of philanthropic housing initiatives, but whose income was sufficient to purchase homes at AMC's subsidized rate. While others struggled to view this population as consumers, Jawad made a well-informed bet that providing a quality product at an affordable price would prove successful and began to demonstrate the efficacy of his concept.

For customers, Jawad stressed that purchasing an AMC home was much more than just owning a house, which is a large investment for a group mostly living paycheck to paycheck with little capacity for savings or investment. Purchasing an AMC home, Jawad told them, was an investment in their family and their future. By owning a home, Jawad shared, they were building their assets and wealth, increasing intergenerational economic mobility: "a child could have 100 times more wealth in the future through this real estate model." But to make this impact a reality,

“People still see us as a charity project. I want them to see us as an investment.”

– Jawad Aslam, Ansaar Management Company founder

Jawad and AMC needed to earn their customers’ trust: “Our team needs to build trust with them, then deliver on our word. It sounds simple but delivering upon your word is one thing this income segment has been deprived of.” In time, Jawad and AMC built this trust by listening to and learning from their customers and keeping their promises by providing affordable housing and community services. As a result, AMC is beginning to redistribute wealth in Pakistani society and Jawad is sparking a new conversation with his customers, employees, and investors about the nature of wealth and returns with the hope of starting a local, inclusive business movement.

Jawad replicated this focus on low-income and marginalized groups in his internal hiring practices, which prioritize roles for women and people with disabilities. AMC directly employs 160 people and another 550 people, indirectly, through labor contracting. Providing quality livelihoods and treating his historically excluded employees with dignity and respect was central to AMC’s purpose from the start. On average, employees earn \$300 a month. Crucially, they also own a stake in the company as detailed above.

Relying on values in the face of failure

In 2009, just a year after AMC was founded, the company had broken ground on its first project and appeared well on its way to success. The demand was there, and Jawad’s extensive market research and experience had justified the business model. But just when everything seemed to be falling into place, the deal began to fall apart.



JAWAD ASLAM, AMC FOUNDER

The road to AMC’s project was shared with a developer who became at odds with a local politician. The road was dismantled, leaving AMC and its customers with no way to get to the development. The only way to regain access was to pay a bribe, but Jawad and his team refused, rejecting a culture of corruption that would undermine the company’s mission and values. Over subsequent years, AMC continued to struggle and was hit with one obstacle after another — endemic corruption, bureaucratic barriers, and finding funders who could see the possibilities, rather than the risks, of investing in Pakistan.

While the first project outside Lahore remains deserted, it is a reminder of AMC’s unrelenting commitment to company values in the face of failure. This resilience is central to Jawad’s company purpose and his later success. Though disappointed, Jawad and his team

were not deterred: “We still absolutely believed in what we were trying to do and kept faith that there’d be something better on the horizon. You can’t control external events, so all you can do is keep putting your best foot forward. The result is not your responsibility, but the effort is.”

For AMC, that effort, patience, and determination eventually paid off. As the housing shortage continued to grow — from 7 million to 9 million — so too did interest in innovative and financially viable solutions. Jawad understood the value of connecting with like-minded investors who would support his mission and committed his time and energy to identifying potential investors and partners. In 2015, AMC secured funding from Reall, a global investor in affordable housing, and Places for People, a U.K. property management company. With support from two specialized investors, Acumen — AMC’s first investor — was able to successfully exit the company, proving the profitability of AMC’s model and facilitating its ongoing growth.

Attracting investment and partnership

From the start, Jawad understood that building a vibrant housing sector that benefits low-income Pakistanis would require everyone — entrepreneurs, investors, businesses, and the government — not just one successful company. That is why Jawad has been committed to developing mutually accountable funding relationships with investors who believe in the promise of the sector and are committed to its success and growth. While today, AMC is successfully connected with like-minded investors committed to its mission and impact, initiating these partnerships as a new business, seeking impact rather than immediate profit, was a challenge.

To attract investors, Jawad had to demonstrate his impact and convince potential partners that the reduced profit margins pay off in the long-term. Real estate investors typically expect returns of 50% to 60%; initially it was quite difficult, especially locally, for Jawad to raise support for AMC, which had an expected return of approximately 15%. For Jawad,

this trade-off was central to his mission and ability to serve his customers. By foregoing profit, AMC was enabling individuals to invest that money in their own property and education and build their wealth over the long-term. As a result, he stressed to potential investors, AMC would help break the cycle of poverty and facilitate a larger pool of high-asset individuals. Jawad encouraged investors to take the same long-term approach — by forgoing a small portion of profits now, investors could help transform the sector, empower millions to lift themselves out of poverty, and, in time, increase their returns.

AMC's partnership with the right investors — first Acumen, then, in 2015, Reall and Places for People — has played a critical role in the ongoing development and scaling of the company. They have provided more than needed capital, they have enabled AMC to grow its inclusive business model and have played an active role in overcoming systemic and governmental barriers, assessing expansion opportunities to lower income populations, and completing the transition to an employee equity and ownership structure. But even with their substantial support, AMC is just scratching the service of the problem it was created to solve.

For AMC, the next step is leveraging the strength of its existing partnerships to attract new investors, including the government. Jawad is currently refining his messaging, intent on communicating the benefits of investment to the Pakistani government and working with his investors and advisors to encourage their participation. By enacting policies that dismantle inefficient bureaucracies, supporting programs that advance affordable housing, and increasing its investment and lending portfolio, the Pakistani government can become an invaluable partner in delivering affordable housing solutions to its people while setting itself up for long-term economic growth, he argues.

Success Redefined

As the Ansaar Management Company has grown to manage eight housing developments, it has produced tangible impact for low-income and marginalized people both internally and externally and facilitated the successful exit of its first investor. AMC has an annual revenue of approximately \$3.2 million and, to date, has built more than 1,500 units, housing up to 10,000 people. In the next five years, Jawad hopes he can scale his impact to provide housing for 100,000 people.

While Jawad is proud of what he has achieved with AMC, for him, true success is when Pakistan has a thriving affordable housing sector that provides shelter, sustainable livelihoods, and economic opportunity for all. He recognizes that AMC's impact is small in relation to the scope of the problem and has a grander vision for affordable housing and economic development at scale. As the only company in Pakistan doing this work, Jawad currently spends about a quarter of his time educating stakeholders on the impact of his business model and the broader case for social enterprises in the housing sector. He aims to draw more investors, more entrepreneurs, more businesses, and more government engagement. More capital, Jawad reasons, will mean more housing at more affordable prices and stronger returns on investment.

Through expansion of the sector, low-income households that were excluded from AMC's current business model will be incorporated as customers, increasing inclusivity not in one individual business but across the entire sector to the benefit of business and society. For Jawad, and perhaps all inclusive businesses, AMC will truly be a success when it is treated as a real, viable business — with potential for impact and returns — rather than a philanthropic cause: "People still see us as a charity project. I want them to see us as an investment."



AMC PROPERTY UNDER CONSTRUCTION

Questions to ask yourself

- What is realistic to expect from your business, and what services are better suited for an NGO or government-sponsored initiative? Is there an opportunity for partnership?
- What does inclusivity mean to you and your business? Have you thought about how your business may serve your whole community across income levels, gender, religion, and other factors that may cause exclusion?
- What role could partnerships play in scaling your business and achieving your mission?

AZAHAR COFFEE

Sharing value equitably with smallholder farmers

Founded: 2010, Colombia

Operations: Colombia

Sector: Coffee

Purpose

Strategy

Supply Chain

Value Indicators

Workforce

Origin Story

Smallholder farming is one of the most prominent legal sources of income for the rural poor in Colombia and more than 540,000 smallholders rely on coffee production to make a living. But the increasing cost of agricultural inputs, low productivity, and fluctuating global coffee prices have made coffee farming increasingly unprofitable. Further, the widespread prevalence of middlemen significantly reduces the amount of profit that makes its way back to growers.

Having had the opportunity to visit coffee farms in Colombia, Azahar Coffee co-founders Tyler Youngblood and Keith Schuman were surprised: though the coffee was very high quality, the farmers were not being fairly compensated for it. The more they dug into things, the more shocked they were by the business model.

Though coffee has always been one of Colombia’s main exports and a key driver of the rural economy, efforts to promote coffee as an alternative to coca have increased interest in the sector. Coffee is now the main source of income for rural Colombians, accounting for about 30% of jobs and the sole source of income for approximately two million people.

“That’s what I really couldn’t understand,” Tyler says detailing how coffee provided economic opportunity, specifically in post-conflict areas, but the system left farmers at the mercy of volatile commodity prices. “End customers may be paying \$5 or more for their latte, but many of the smallholder farmers who grow the beans that made it are earning less than \$4 per day.” This rate is below Colombia’s legal minimum wage and, as Tyler explains, “you’re not going to stabilize these communities unless you address these huge levels of poverty and economic injustice.”

Tyler felt there had to be a better way to create a business model and pricing structure that would not leave farmers subject to the volatility of the commodities market, but which would also be acceptable to international buyers used to paying prices based on that global commodity price. In short, there had to be a better way to connect growers of premium-quality coffees with buyers willing to pay a price that would provide them with at least a sustainable income. Figuring that out became the founding objective of Azahar.

About the Business

Founded in 2010, Azahar aims to rebuild peace and restore livelihoods in Colombia’s rural communities by rewarding smallholder farmers for growing the highest-quality coffee. By paying farmers a fixed price and practicing radical transparency, it is rebalancing how value is distributed throughout the supply chain, making coffee farming a feasible way to make a living.

Azahar sources dry parchment coffee from smallholder farmers, located largely in post-conflict rural areas, and distributes its product via export, local wholesale, and retail. While more than 90% of its revenue come from exporting high-quality green coffee beans to quality-focused international roasters and wholesalers worldwide, Azahar believes Colombians deserve to enjoy the country’s best coffee, too. So, instead of exporting all the highest-quality coffee lots to international buyers, it also roasts many of them itself



to sell in the domestic market through its wholesale and retail operations.

Underpinning everything is a model built around the needs of the farmer. Azahar purchases coffee from approximately 3,000 farmers, working closely with growers’ associations and cooperatives to provide their members with training and inputs to produce the highest-quality, single-origin coffee beans, in turn enabling them to be sold to demanding specialty buyers at premium prices. It also works more directly with its core group of producers, leveraging its labs around the country to provide them rapid, essential quality feedback. This frequently doubles farmers’ net incomes, occasionally boosting them more than 10 times, and ensures that they can always make a sustainable income, irrespective of global fluctuations in coffee prices.



AZAHAR COFFEE BEING DRIED

Overcoming Challenges

Establishing mutual commitment to fair value

“This isn’t about charity,” says Tyler explaining that Azahar’s approach has never been about asking buyers and consumers to take pity on rural coffee farmers, but to help them appreciate the amazing quality of their coffee.

Accordingly, Azahar’s strategy for securing fair value for farmers has always centered on trust, transparency, and storytelling: “It has to be a blend of logic and emotion.” By connecting buyers and consumers with the stories of individual farmers — and the extraordinary lengths Azahar goes to find the finest producers — the company creates an emotional connection to the care and dedication that goes into making great coffee.

“But that alone wouldn’t be enough. That’s why we also have a very transparent pricing structure that starts with the price to the farmer, which is put into context vis-a-vis their costs of production and productivity and ends by showing everything that happens between the farm and the point of export. We present this — along with our gross profit margin — to buyers that are interested in learning more. That’s the logical element. It means that, as well as feeling that farmers deserve to be rewarded fairly for the quality of their coffee, they understand how our model means they actually are.”

As a result, Azahar has succeeded in establishing a shared commitment to fair value that enables it to pay farmers higher, stable prices that exceed their costs of production by a margin that allows them to make real income, dependent on each farmer’s yields, region, and more. With that, farmers can be confident

“If the farmers trust that we’re not going to speculate with their coffees, and the buyers know the same, then we can focus on finding as much of the highest quality coffee as possible and marketing it in a way that convinces the rest of the industry and all its consumers to get behind this new way of doing coffee.”

– Tyler Youngblood, Azahar Coffee
CEO and director

that they will receive a fair price by selling through Azahar, and their loyalty means that international buyers can be confident in Azahar’s ability to supply sufficient volumes of the highest-quality coffee.

“All of this is about creating a community of trust,” says Tyler. “If the farmers trust that we’re not going to speculate with their coffees — buying for the lowest price possible and trying to sell for the highest one we can fetch — and the buyers know the same because we’ve already told them what we paid the producers and what we aim to make, then we can focus on finding as much of the highest quality coffee as possible and marketing it in a way that convinces the rest of the industry and all its consumers to get behind this new way of doing coffee.”

Building inclusiveness in the workforce

Even though Azahar's focus on inclusivity has been primarily supply side, given its ethos, it also seeks to improve livelihoods within its own workforce. For example, Azahar provides supplemental private health insurance as a benefit to everyone in its roasting, national distribution, and exporting operations, which is relatively rare in Colombia, and is taking further steps toward offering this and other benefits to people beyond its direct workforce.

That will be the next stage of a program that is already improving opportunities and working conditions for coffee pickers, who frequently are even poorer than the coffee producers. Although these pickers work directly for farmers, rather than Azahar itself, Azahar has nonetheless begun developing a training program to help pickers command higher pay for their services. The aim is to help them improve quality while balancing it with productivity, and thereby increase their value to farmers.

In all Azahar's efforts to increase the price paid to producers, there is a trickle-down assumption that part of that money is making it to the labor force. Unfortunately, that is not always the case. Very few coffee companies can guarantee that their products are sourced from "legal" or "formal" labor in compliance with local standards, let alone offer sufficient wage and benefits.

Azahar's model addresses this problem head on by hiring pickers specialized in harvesting premium coffee, paying them a living wage with benefits, and offering their services to farmers. Although farmers pay a higher price for this labor, they can be confident in its quality and rest assured knowing that Azahar will purchase the coffee at a premium rate. In this way, Azahar offers pre-financing for one of the greatest costs associated with the harvest, as labor usually makes up 50% to 70% of the costs of production in Colombia.

By ensuring the labor that goes into the coffees it trades is formally and fairly compensated, while



AZAHAR COFFEE FARMER

adding value to the farmers' coffees and assuming the risks of formalization, Azahar believes it will add value to its customers by delivering a product and model that they can sell to the world's next generation of socially conscious coffee consumers. It also allows its customers to know that they are not tacitly supporting unsavory labor practices. Most importantly, it is the right thing to do for coffee farmers – and the pickers that work their fields.

Toward sector change

The problems faced by Colombian coffee farmers are, of course, not unique to Colombia. Most coffee

producers around the world are subject to the same vagaries of the international coffee markets. That is why Azahar isn't stopping with Colombia. With a view to changing the dynamics of the entire industry, it is developed "A Sustainable Coffee Buyer's Guide," a tool, currently in its pilot stage, that includes up-to-date, income goal-oriented prices for different coffee producing regions.

Azahar acknowledges the limits of what an individual company can achieve. By illustrating the prices it takes to provide farmers with at least a local minimum wage, including an allowance for public health care and pension payments, or even "a more sustainable income," — which would extend these benefits for

every adult dependent from a given farm — Azahar hopes to encourage the development of a wider movement that can proactively address systemic poverty.

For Tyler, though, the need for systems change stretches even further:

“We have to reimagine what success looks like. You can’t properly understand ‘prosperity’ just by looking at short-term monetary measures and rates of growth. That’s exactly what’s fueled the staggering levels of inequality and environmental degradation we see today. We have to start defining success in more human terms, starting with the ability of everyone to earn at least a sustainable income. At Azahar, we’ve never measured our success solely in terms maximizing profits — in fact, we deliberately forego profit in order to achieve impact. For us, success is measured by how equitably revenues from coffee sales are distributed through the entire value chain, from the coffee ‘cherry’ to cup.”

To make this vision a reality, Tyler points to the need for clear direction from the top — a board of directors and leadership team that is completely committed to a clear sense of purpose, not just because it is the right thing to do, but also because they are united in the belief that it is fundamental to long-term business viability. But he also stresses the importance of how truly that purpose is reflected in the goals and metrics that drive actions and behaviors at every level of the organization.

Azahar’s pay structure for its relationship managers is a strong example: Their compensation will soon be linked to how well they obtain the best prices for farmers, whether they are only enough for them to break the poverty line, to make a minimum wage, or to earn a more sustainable income. For each level achieved, they are compensated more.

While this structure has meant that Azahar has often had to look outside the industry to find recruits who are not wedded to old compensation norms and

are willing to have their pay linked to social impact goals, Azahar believes it is essential to building a truly purpose-led business.

“There’s a lot of truth in the axiom that what you measure is what you get,” Tyler concludes. “Change the goals and metrics and perhaps you can change the system.”

Success Redefined

Since Azahar started exporting coffee in 2013, it has grown to represent a network of thousands of farmers and has improved their net income anywhere from two to 10 times what they would have made relying on the traditional commodities market.

In 2019, Azahar sold more than 3.6 million pounds of green coffee, at an average price nearly three times that of the market, for a revenue of \$10.3 million. Azahar currently works with about 80 of the world’s leading specialty coffee roasters and sees the potential to dramatically increase that number as it expands into other producing regions, starting with Mexico, where it plans to open operations later this year. Although it suffered a 30% decrease in sales during the pandemic, Azahar nonetheless remained profitable while retaining all its employees with the exception of a small portion of its retail staff, some of which have been hired back.



AZAHAR COFFEE FARMER

Questions to ask yourself

- How are you ensuring that everyone in your supply chain earns at least a living income?
- How can you embody a commitment to poverty and inequality reduction in the very products and services you provide?
- How can you share your learning and encourage others to adopt your new ways of working?

BIOCON

Making life-saving medicines accessible to all

Founded: 1978, India **Operations:** Global

Sector: Health

[Purpose](#)

[Strategy](#)

[Customers](#)

[Value Indicators](#)

Origin Story

“I often describe myself as an accidental entrepreneur, because I never planned to run a business,” said Dr. Kiran Mazumdar-Shaw, founder and executive chairperson of Biocon.

Nor did she ever plan a career in pharmaceuticals. Following in the footsteps of her father — a master brewer with United Breweries — she had traveled to Australia to study malting and brewing but, having graduated top of her class at Melbourne University in 1975, quickly discovered that India was not going to be a place where she could further her career. Brewing was “men’s work,” and she would have to look much further afield to find opportunities.

That led her to take up an offer to work at a brewery in Scotland. But before she could fly out to take up the job, a chance encounter set the wheels in motion for what would eventually become the global biopharmaceutical company that Biocon is today. Biocon Biochemicals Limited — a business that produced enzymes used in the brewing, food packaging, and textile industries — was looking for a partner to help establish an Indian subsidiary. After a brief period as a trainee manager to learn



the business, Dr. Mazumdar-Shaw returned to India, starting Biocon India in her garage in 1978 with seed capital of just 10,000 Indian rupees (\$500).

“In those early days, our initial projects were based on things like extracting papain, an enzyme derived from papaya for tenderizing meat, and isinglass, which is obtained from tropical catfish and used to clarify beer,” Dr. Mazumdar-Shaw recalled. “But that focus changed when I came to realize that India was at the epicenter of a crisis in the treatment of diabetes.”

“Insulin is a critical therapy, yet we were importing all of ours. People were even buying and using animal insulin, because they couldn’t afford recombinant human insulin,” she explains. “I believed I could

make more affordable recombinant human insulin (rh-insulin) using a platform technology I’d developed for enzymes — in fact, it is a very specialized yeast technology that still makes us unique to this day — and that was the first step on my biopharmaceutical journey. Today, I’m very proud to say that we are the world’s lowest-cost producer of insulin, offering rh-insulin at a cost of just \$0.10 a day in low- and middle-income countries, which are home to 80% of people with diabetes globally.”

From those first steps toward Biocon’s full independence, following an initial public offering in 2004, that same focus on making life-saving medicines affordable to all — through the development and manufacturing of advanced biotherapeutics — has



DR. KIRAN MAZUMDAR-SHAW, BIOCON
FOUNDER AND EXECUTIVE CHAIRPERSON

been the guiding purpose behind Biocon's growth ever since.

“Our business is rooted in the idea of ‘affordable innovation,’” says Dr. Mazumdar-Shaw. “It is Biocon's particular expression of what I like to call ‘compassionate capitalism’ — using proven business models and strategies to build a durable foundation for sustainable social development.”

About the Business

Headquartered in India, with a global reach in more than 120 countries, Biocon is an innovation-led global biopharmaceutical company whose expansion is

rooted in the belief that everyone has a right to affordable, high-quality medicines.

With exorbitant prices for critical medicines putting life-saving therapies out of reach for all but the richest few, Biocon is committed to producing advanced biopharmaceuticals for global patient populations. Leveraging India's scientific talent and cost-competitive manufacturing capability, it aims to advance equitable and inclusive health care by reaching one billion patients with its products.

Biocon's four integrated global business units — generics, biosimilars, novel biologics, and research services — span the entire drug value chain, from pre-clinical discovery to clinical development and manufacturing to commercialization, with a particular focus on:

- o **Diabetes:** helping people with diabetes to manage their health more effectively and comfortably with high quality, affordable biosimilar insulins.
- o **Oncology:** introducing affordable, world-class biosimilar and novel biologic therapies that transform the lives of people living with cancer.
- o **Immunology:** developing safe, affordable, efficacious immune-modulator medicines to treat patients suffering from autoimmune diseases.

This focus reflects the growing burden of chronic disease whose impacts, while global, are disproportionately felt in poor and marginalized communities. Non-communicable diseases, such as cancer, diabetes, and cardiovascular disease, are now the cause of 70% of deaths globally, with most of those deaths occurring in low- and middle-income countries.

“Lack of access to safe and affordable medicines to prevent and treat chronic disease isn't only a major humanitarian crisis,” explains Dr. Mazumdar-Shaw, “it also carries huge societal and economic costs. That's why we need a different approach.”

“Far too often, I've heard big pharma justify the need for high-price medicines on the basis that they need a return of their investment. But that's predicated on a business model focused on development of patented drugs for high-income markets,” she continues. “I have always believed that blockbuster drugs are not about making a billion dollars, but about reaching a billion patients. That's why we start with the poorest patients in mind. We believe in democratizing health care, providing high quality medicines for everyone who needs them, looking across the entire global market, not just providing them to the patients who can afford them.”

Overcoming Challenges

Biocon's entire business is predicated on inclusion of low-income and marginalized communities, driven by its purpose of achieving health equity and its philosophy of affordable innovation. And, clearly, with annual revenues in excess of 65 billion Indian rupees (\$863 million), it is a model that has proven highly successful. However, the journey toward scale has not always been smooth.

Promoting gender equality

The challenges of being taken seriously as a woman did not end with Dr. Mazumdar-Shaw's attempts to find work as a master brewer all those years ago. They continued in the early days of Biocon, too, and not only in terms of attracting investment.

“Most venture capitalists tend to be men, and I think their perception of women is that we are not risk-takers. We're not ambitious. We don't think big. So, it is especially hard for women entrepreneurs to gain access to capital,” she says. “The other big challenge I faced was that nobody wanted to work for a woman employer. They felt it was a huge job security risk. So, my first two hires were retired tractor mechanics, who really didn't care if I was a man or a woman!”

“Lack of access to safe and affordable medicines isn’t only a major humanitarian crisis, it also carries huge societal and economic costs. That’s why we need a different approach.”

– Dr. Kiran Mazumdar-Shaw, Biocon founder and executive chairperson

“As a woman, I think you have to work doubly hard to dispel these myths — to show that you are prepared to take risks, that you do think big, that you do have great ideas, and that you can deliver genuinely inspiring and ground-breaking work,” she adds.

“A pivotal point for us was the development of novel techniques for solid substrate fermentation technology. That led to creation of a \$250,000 venture capital fund that supported the business’s first major expansion in 1987; plus it added to the story I could tell to young scientists and engineers, who started saying ‘Wow, this is really exciting, let’s join her!’”

The challenges Dr. Mazumdar-Shaw experienced inspire her to do more to promote gender equality: “Diverse experiences and perspectives are so critical to a culture of innovation and promoting gender balance is a huge part of that. Forty percent of our scientists are women but, beyond that, I think it is up to us, in the corporate world, to make the extra effort to support women with leadership opportunities. I say to people that, even if a woman is less experienced, if she has the potential of playing that leadership role, then give her that chance. I’ve taken those bets on people and it is worked.”

Using purpose as a north star

“It is an oversimplification, of course, but I’ve always felt there are two kinds of entrepreneurs,” says Dr. Mazumdar-Shaw. “There are those who are all about the money — how quickly can I build a billion-dollar business? And there are those who are all about impact — how can I make the biggest difference? I’ve always seen myself in the second camp and that’s guided me throughout the different phases of Biocon’s expansion.”

In the early days, making a difference found expression in Biocon’s development of enzyme technologies that could replace polluting chemicals with eco-friendly alternatives. Years later, when Dr. Mazumdar-Shaw realized that India was the diabetes capital of the

world and saw the opportunity for Biocon to reinvent itself as a biopharmaceutical company, that same drive to make a difference endured, but evolved into the quest to provide affordable, low-cost alternatives to expensive medicines — first for the treatment of diabetes, then subsequently expanding into therapies for cancer and autoimmune diseases, too.

“True, my company is worth billions now,” she says, “but that’s because we do what we do very well and because the idea of affordable innovation has become so deeply ingrained in our culture. We’re in the business of saving lives and the most important idea has always been — and will always be — that no-one should be deprived of the treatment they need. All our success flows from that.”



“Hiring practices are massively important to maintaining that purity of purpose,” she adds, “otherwise there’s always the risk that the culture gets diluted as new people come onboard.”

Fixing capitalism

“I think the COVID-19 pandemic has really shown how our current system is broken and not just in the way that it is exposed the vulnerability of so many people,” says Dr. Mazumdar-Shaw. “Just look at where all the bailouts have gone. They’ve gone to large corporations who shouldn’t have needed them, who should have been resilient enough to withstand these sorts of challenges.”

“We’ve got so used to this idea of companies being too big to be allowed to fail and the kind of capitalism this has created is not the kind that will make the world a better and more equitable place,” she says. “By molycoddling corporations, we insulate them from risk and feed this notion that business is apart from society, rather than a part of it, which is nonsense. The success of any organization and the communities it operates in are always interconnected.”

So, what is her prescription?

“Well, I’d start with recognizing that capitalism isn’t about making money — certainly not making money at any cost,” she says. “Capitalism is about making good use of capital. It is about creating value. And what I describe as compassionate capitalism is about finding that sweet spot where creating value for the business and value for society go hand-in-hand.”

“What I hope Biocon exemplifies is that running a successful business and serving society aren’t mutually exclusive. Far from it, they’re interdependent. Especially amid all the calls to “build back better” from the pandemic, my encouragement to all companies would be to understand that the health and wealth of your business depends on the health and wealth

of the society and environment of which you are a part. Those that do are the companies that will last. Those that don’t, won’t.”

Success Redefined

Since Dr. Mazumdar-Shaw’s founding of Biocon in 1978, the business has scaled to become one of Asia’s leading biotech companies, with consolidated annual revenues in excess of 65 billion Indian rupees (\$863 million). It is one of the largest employers in the region, with an 12,000-plus workforce, and is a pioneer of Bangalore’s technology hub. The first biotechnology company in India to issue an IPO in 2004, Biocon’s was oversubscribed 33 times and it became only the second Indian company in history to close its first day of listing with a valuation in excess of \$1 billion.

To date, the business has provided more than two billion doses of biosimilar insulin globally. It has developed and commercialized five biosimilar drugs used in the treatment of diabetes, cancers, and other chronic conditions, and has taken two novel biologics from lab to market. It has also achieved multiple industry firsts, including being the first global company to get U.S. FDA approval for biosimilar Trastuzumab (a monoclonal antibody used to treat breast and stomach cancer).

Globally recognized for her efforts to promote and exemplify a more inclusive form of capitalism, Dr. Mazumdar-Shaw was not only named EY World Entrepreneur of the Year™ winner in 2020, but also appears in lists including Forbes 100 Most Powerful Women and Time Magazine’s 100 Most Influential People in the World. Most recently, CEO Magazine named her as one of its 16 Most Influential Women in Leadership, alongside world leaders, such as U.S. Vice President Kamala Harris, New Zealand Prime Minister Jacinda Ardern, and newly appointed Director General of the World Trade Organization Ngozi Okonjo-Iweala.



BLOOD SUGAR BEING MONITORED

Questions to ask yourself

- How does your own purpose express your commitment to poverty and inequality reduction?
- How do you embed that commitment in the very products and services you provide, who you serve, and how you serve them?
- How might you more deeply embed poverty and inequality reduction as a core value for innovation of new products, services, and business models?

COLIBA RECYCLING GHANA

Creating value from waste

Founded: 2017, Ghana **Operations:** Ghana

Sector: Waste Management

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Origin Story

On June 3, 2015, Accra, Ghana experienced dual tragedies as the city flooded and fire broke out — killing more than 150 people and shocking the nation. Prince Kwame Agbata is a survivor of the flood and found inspiration for his business, Coliba, in the aftermath of its devastation.

Prior to the flood, Prince was a software engineer with dreams of working at Google. But the events of June 3 changed everything: Prince was depressed and traumatized. He left his job at his university's research lab for a fresh start and began traveling across West Africa but only found more flooding. He dedicated himself to understanding and combating the issue: why are these cities flooding so frequently and intensely and, critically, what can be done about it?

Prince quickly learned that West Africa's urban flooding problem was, in large part, a waste management issue. Poor waste management facilities coupled with limited drainage systems, improper waste disposal, and low levels of recycling overwhelmed outdated infrastructure systems, causing chronic flooding and pollution. He found



COLIBA RECYCLING GHANA

that Ghana produced more than 20,000 tons of plastic waste each year and only recycled 2%. In heavy rains, this combination produced a perfect storm: plastic waste clogged the limited and unsanitary drainage system causing floods that negatively impacted the health and environment of surrounding communities. Without public waste management services, most plastic waste was not being collected and what was, was not properly recycled. Despite the severe consequences, there was not a concerted effort to fix the problem.

Prince was not going to kowtow to this unacceptable status quo. He dedicated himself to learning everything he could about the root causes of Accra's flooding — namely plastic waste and poor infrastructure. In doing

so, Prince identified potential solutions to Ghana's plastic waste problem and committed himself to addressing the issue.

In 2017, Prince participated in an incubator for social entrepreneurs where he met his co-founders. Together, they set out to build Coliba to transform how Ghana — and West Africa more broadly — manages its plastic waste.

About the Business

Coliba collects plastic then recycles and processes it for sale to manufacturers who reuse the plastic in new products — a circular economy where waste is

eliminated, and resources are continually used. Today, Coliba runs more than 40 recycling centers and hubs across Accra and operates a separate business in Ivory Coast. What started as an effort to reduce plastic waste has blossomed into a social enterprise that is increasing environmental sustainability, providing quality jobs, and developing a local, circular economy — where plastic that would formerly clog drainage on the side of a street is now sold as flakes or pellets to a company that reuses the plastic material in new, eco-friendly products.

To ensure that Coliba's services are readily available and accessible, most services are available through its user-centered mobile application, Coliba 2.0, which has earned Coliba the nickname “the Uber of recycling.” Operations include:

- **Plastic waste collection:** Coliba assists clients in starting recycling programs, sets up logistics for recovery, and responds to collection requests digitally.
- **Recycling services:** Coliba recovers, collects, and recycles various forms of plastic waste, paper, and beverage cans into new products. Clients can request this service through the Coliba app.
- **GreenTech solution:** Coliba delivers digital solutions and a cloud-based platform that raises awareness about pollution and allows clients to start recycling programs and/or request pick-up with the click of a button.
- **Sorting and processing:** Coliba sorts and processes recovered plastic waste into flakes and pellets for plastic manufacturers to reuse in new products. Critically, they are the only company in Accra to do this using digital solutions.
- **Recycling hubs and transport:** Coliba runs more than 40 recycling centers and hubs across Accra, Ghana to enable citizens to easily recycle their waste. The Coliba app supports customers to locate collection points and/or request a pick-up.



Overcoming Challenges

Prince's values — transparency, integrity, and empathy, among others — are the foundation of Coliba's business model and guide every decision. While some leaders and businesses develop values alongside their purpose or strategy, for Prince and Coliba, their values are their identity. As the company has continued to grow, these values have been tested and Prince's decision to prioritize values alignment over quick profitability has been integral to Coliba's ability to deliver on its purpose and provide for its employees.

Aligning owners and investors

Fortunately for Coliba, Prince says, “everyone wants something to do with plastic.” Forging true partnerships among investors, however, is more difficult “because our values must be aligned.” This commitment to values alignment means that Coliba often has to say no or walk away from relationships that are no longer serving the mission.

For example, when one of Coliba's customers began paying more for their recycled plastic material, Prince saw an opportunity to increase pay for his waste pickers. One of his investors, however, disagreed, arguing that the company could increase its profit by maintaining the wages of waste pickers. Though Prince understood that this meant sacrificing profitability in the short-term, he was determined to transfer the price increase to his workers, thus raising the pay of his lowest-income employees. This was not the first time Prince and the investor disagreed; Prince increasingly recognized that the investor was dedicated solely to revenue generation with little interest in social impact or increased opportunity for Coliba's — primarily women — employees. After much consideration, Prince made the difficult decision to buy out the investor's 10% stake using a combination of his personal funds and a new investor. In the end, Prince recognized that, despite the potential for financial insecurity, the partnership was unsustainable. “I've learned a lot about how to select investors,” Prince reflects. “I trust their intuition, but we have to be aligned on values.”

Values misalignment has been a roadblock for several potential investment opportunities and partnerships, including with well-known Fortune 500 companies and government embassies. Prince has turned down potential investors who sought to leverage a partnership for public relations rather than true social impact, most notably through one-off beach clean-ups and media campaigns that fail to challenge Ghana's current waste management model. This is not to say that Prince doesn't find value in partnership with



COLIBA RECYCLING GHANA FACILITY

large corporations. Put simply, Prince explains, “We gut check our values before entering any partnership.” Central to this consideration is navigating the power dynamics with large, multinational companies and assessing if Coliba’s mission can benefit from the partnership. Prince’s decision to partner with the Ghana Recycling Initiative by Private Enterprises (GRIPE), for example, exemplifies how Coliba has been able to leverage partnerships to expand its reach and amplify its impact. GRIPE is a campaign produced by Coca-Cola, Unilever, and others to improve waste management in Ghana. Coliba has partnered with the campaign and received a grant to set up a collection center. Prince believes that because GRIPE is a multi-company initiative, it is easier to find common ground and advance Coliba’s

goals than in a bilateral relationship with a large, multinational company that holds much more power.

Valuing your supply chain

Prince’s values influence every level of Coliba’s supply chain. While the company’s primary purpose is to address Ghana’s plastic waste problem by building a circular economy, Prince has developed an inclusive supply chain that not only serves the company mission but also supports its employees and provides opportunities for their continued economic growth far beyond what is required by law or provided competitors.

“I’ve learned a lot about how to select investors. I trust their intuition, but we have to be aligned on values.”

– Prince Kwame Agbata,
Coliba Recycling Ghana founder

Coliba’s supply chain begins with its 230 employees. Most employees, 210, are waste pickers or “Coliba Rangers,” those who collect the waste and source the material for 90% of the company’s products. Prince is committed to ensuring sustainable livelihoods for his workers — primarily women and young people who are traditionally employed in the informal sector and robbed of many of the protections and benefits of the formal workforce. Women currently comprise 95% of waste pickers, and Coliba provides each of them with a transparent overview of pay and benefits, including health care; how pickers can earn more money; and how they can become aggregators.

For those interested in taking on the expanded role of aggregator, Coliba provides an interest-free loan to help start their business.

After the plastic waste is collected, it is processed in Coliba factories, where 90% of the workforce is women, and prepared for sale to third-party buyers in Ghana and globally. Here, Coliba has also made values-driven trade-offs to safeguard sustainability. In one example, a company wanted Coliba to create a program to recycle a specific type of brown bottle and were willing to subsidize the service. Coliba rejected the proposal because the brown bottles, which are not fully recyclable, could not be transformed into new products and thus were less in demand from Coliba’s buyers. Prince ended the partnership with the company in question, stressing that processing the brown bottles would be financially unsustainable and in opposition to Coliba’s circular model and values.

Coliba works with several buyers who purchase its recycled plastic materials — pellets, flakes, baled and un-baled aluminum cans, and more — and use the raw material to create new, recycled products. When entering a purchase agreement, companies must sign a declaration stating that Coliba materials will be reused in line with its circular business model. This alignment throughout the supply chain means that Coliba sometimes opts to work with companies that pay less but share its environmental commitment. Prince explains that Coliba has turned down a number of companies from Asia that purchase recycled plastic at high rates but convert them into polyester products, which cannot be recycled. Instead, Coliba sells 65 metric tons to Ecobiera, based in Portugal, each month. Ecobiera — like Coliba — is committed to environmental stewardship and building a circular economy and, as a like-minded enterprise, supports Coliba's capacity development. Coliba additionally places a focus on developing a local, sustainable economy and sells raw materials to many local plastics manufacturers as well.

Success Redefined

Since 2017, Coliba's business has steadily grown and it has seen its revenue increase by nearly 300%, increasing its impact on the local economy, population, and environment. In this time, Coliba's net profit margin has expanded to 15% and is expected to significantly increase due to ongoing operational improvements, including washing line machinery that will enable them to remove plastic labels and wash bottles for processing much more efficiently and increase per day processing volume.

Coliba is undergoing big changes that will maximize its impact. The company is currently moving operations to a more peri-urban environment, which will reduce inefficiencies caused by distributed operations — operating expenses are anticipated to decrease by 15%. The move will also increase employment — from 7 factory workers to 50 just in the first year — and improve the livelihood of its workers, who will earn 30% more than their peers in the new location. This

move, however, is not without trade-offs as the new location means Coliba will disengage with members of its workforce who are unable to make the commute.

As a result of these efforts, Coliba has not only recycled 700 tons of waste and offset 4,200 tons of carbon, but has also developed a local, circular economy that delivers sustainable livelihoods and essential services to improve the health of low-income people and reduce stress on insufficient city infrastructure. While Coliba's operations provide waste management services directly to more than 4,000 households, restaurants, and schools, its impact on health and the environment is much broader.

Through Coliba, Prince is not only building a business, he is building a sustainable waste management movement. To encourage proper waste management practices and ensure that low-income and marginalized people — in Coliba's case, specifically women — get value for their recyclable materials, Coliba launched the Trash to Wealth program. The program, run through Coliba's app, incentivizes users to recycle and properly dispose of waste by awarding points per kilo collected. The app allows users to convert these points into cash, basic goods and services such as internet data, home appliances, foodstuffs, and health care.

In Coliba, Prince has built an inclusive business that reflects his values, protects the planet, increases economic opportunity, and delivers essential, affordable waste management services to low-income people in Accra. As Coliba continues to grow, so too will Prince's impact on Ghana and the region at large.



COLIBA RECYCLING GHANA EMPLOYEE AT WORK

Questions to ask yourself

- How may a partnership challenge your values?
- How can you most effectively integrate values across the organization and throughout the supply chain?
- How can you best engage your extended community? Can they help achieve your mission?

D.LIGHT

Making life brighter with low-cost solar power

Founded: 2006, United States

Sector: Energy
Operations: Global

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Origin Story

When was the last time you thought — really thought — about flipping a light switch, turning on the kettle or plugging your phone in to charge? This has become so second nature to much of the world that it is automatic — an assumption that when you need it, light and electricity will be available, instantly.

But that's not what life is like for the 789 million people around the world without any electricity supply, or the 2.8 billion people who lack access to clean cooking fuels and technologies. They do not have the luxury of choosing to live life off the grid. They cannot just flick a light on after the sun goes down. Instead, they must rely on expensive, dangerous, and polluting fuels, such as kerosene, to heat and light their homes and cook for their families.

Sam Goldman experienced this deprivation firsthand while volunteering with the Peace Corp in Benin in 2004 — one of many places that relies on kerosene for light. When one of his neighbor's sons was badly burned by a kerosene lamp, it moved Sam to make a difference. He contacted multiple corporations that sold portable lights in hopes of becoming a distributor, but no one responded. So, he resolved to develop



something himself and, upon returning to Canada, he enrolled in an Entrepreneurial Design for Extreme Affordability course at Stanford.

There he met serial entrepreneur and future d.light co-founder, Ned Tozun, and the pair instantly bonded around their shared belief in the need to transform access to safe, clean light and power. “Affordable, clean energy intersects with so many different areas that it is unlike anything else,” explains Ned. “It benefits the climate and improves people’s health and well-being. It gives people more hours of better-quality light to live, work, and study by. And it can power the devices that help them stay connected, with each other and the world. With just a few kilowatt hours of energy, you can totally change someone’s life.”

By 2006, Ned and Sam had developed their first prototype for an affordable solar lantern. Following successful testing with a potential customer in Myanmar, and a bit of fine-tuning, they won a \$250,000 prize at a business competition — just enough seed funding to take the plunge and found their clean energy start-up, d.light. “It was at that point that I knew we had to go for it,” says Sam. “Even if we ended up only impacting 10,000 people, it was worth committing a few years of our lives to.”

As it turns out, Sam should have squared that number. From the humble beginnings of their first commercial solar product hitting the marketplace in 2008, and with the ambition plan of bringing safe, clean lighting and power to underserved communities around the world, d.light has gone on to transform more than 100 million lives across 70 countries.



D.LIGHT CUSTOMER

About the Business

“We named the company d.light because that’s the emotion we wanted our customers to feel,” says Ned. “We just felt, while the world is evolving at such a rate, it was an injustice that people were living in pre-Thomas Edison days, not connected to the world. We wanted to share the benefits modern technology can bring.”

Founded in Palo Alto, California, d.light has become a global leader and pioneer in providing affordable solar-powered products for the two billion people globally without access to reliable energy. It has sold more than 25 million solar light and power products through four hubs in Africa, China, South Asia, and the U.S., improving the lives of over 100 million people by transforming the way they use and pay for energy.

The company is committed to providing the most reliable, affordable, and accessible solar lighting and power systems to low-income and marginalized

people worldwide. Since the launch of its first commercial solar lamp, the Nova, in 2008, its product portfolio has expanded to more than 15, including:

- o **Solar lanterns** — ranging from single-function lanterns for reading and ambient light to three-in-one devices combining lantern, a powerful solar torch, and USB charging for mobile devices.
- o **Solar home systems** — ranging from a 6.5W system that powers three lights to a 40W system, capable of powering five lights, a portable torch, multiple USB-powered devices, and various solar-powered appliances.
- o **Solar appliances** — including a fan, FM radio with MP3 playback, and a 32-inch LED TV.
- o **Portable chargers** — fast-charging power banks compatible with smartphones, tablets, cameras, iPod, gaming consoles, wireless earphones, and smartwatches.

Across the portfolio products are backed by one to two-year extended warranties and its solar home systems can be purchased on PayGo plans. This lease-to-own model allows low-income consumers to spread the cost of buying these systems over a period of 12-18 months, using a mobile payment platform, with daily micro-payments (less than \$1.50 a day) comparable to what customers would otherwise spend on kerosene.

Overcoming Challenges

d.light’s success has not come without difficulties. “Through the years, we’ve had various life-and-death moments,” says Ned. “Perseverance and grit are undervalued, but they are the things that actually separate the entrepreneurs who make the real impact from the ones who don’t. Everyone that’s really trying to make a big change is going to face challenges.”

“When we started d.light, we thought we were just getting investment and building a product company,” he continues. “But as it is turned out, we’ve also had to build a great distribution business, consumer finance business, fintech business, and software business. We’ve actually built all these great businesses in order to get to where we are today.”

Building a customer base

While, theoretically, low-income people could pay off a \$30 solar lantern over three months, the precariousness of their lives meant they could not save up enough to meet monthly payments. And even if they loved the product, most of them had doubts about this newfangled way to light their homes. Why should they risk what little hard-earned money they had on something that might break in a month?

“We had to treat every potential customer with deep respect,” says Sam, “showing up repeatedly, asking questions and listening deeply to people, even if we didn’t always like what they had to say. And when

“Perseverance and grit are undervalued, but they are the things that actually separate the entrepreneurs who make the real impact from the ones who don’t.”

– Ned Tozun, d.light co-founder

the first consignment of lamps from China turned out to consist entirely of poor-quality products, we had to scramble and repair every one of them before delivery. Over time, we started to earn people’s trust and build a customer base.”

That same commitment to deep listening has informed new product development, as d.light has learned from its forays into different markets.

“In Pakistan, for example, there we were marketing all the great attributes of our lights. ‘These are great lights,’ we said. ‘You can stay up later, your children can study longer, you can work in the evenings,’” says Ned. “And they replied, ‘We work enough. We’re hot. Don’t bring us a light, bring us a fan!’”

What they began to understand was that there was an “energy ladder” — that, as people got a taste of affordable clean energy, they quickly wanted more. They did not just want a light or a fan, they wanted to charge their phones, and maybe even power a radio or TV. And as d.light’s low-cost, human-centered design approach has reliably provided customers with these capabilities, trust has grown and the brand has evolved. Customers no longer think of d.light as just a solar company; they think of d.light as a company that provides transformative products, accompanying them on their journey from getting a lantern to owning a solar home system that can power multiple electronics.



“Our customers were always very aspirational,” says Sam. “They wanted their kids to have a better life and were willing to invest in things that would allow that to happen. We’ve worked hard to understand their risk thresholds, the little disposable income they have and their ability to pay and how. And we’ve had to build a business model that bridged that gap.”

As d.light expanded its portfolio to include larger solar home systems, key to that model was providing access to finance. Without it, these systems — and the impact they could drive — would remain unattainable. “We’d tried to develop a solar home system sold on cash terms in 2011,” recalls Ned, “but volumes were disappointing. It became clear to me and Sam that PayGo was a make-or-break decision. We couldn’t be just a product and distribution business anymore, we also had to be a financing business.”

Building an inclusive workforce

Beyond serving low-income communities as customers, d.light has also sought to create opportunities for people from those communities to find stable employment with the business, particularly in areas such as sales and after-sales service. Although fully

immersed in the challenges facing those communities, both founders were nonetheless aware that they were expats and that d.light would struggle to be sustainable without tapping into local knowledge and experience.

Local job creation empowers people in and of itself, so this was always aligned with d.light’s mission. d.light has a team of around 1,500 people working in their communities and the first thing they often say to Sam and Ned is thank you — thank you for creating jobs that allow them to stay in their communities when the only alternative for many would be to head into cities for work that can be competitive, irregular, and separate them from their families.

In addition, d.light has an uncapped bonus pool, allowing it to share the rewards of growth with employees when the business exceeds performance targets. It is also created a number of training and skills development programs for its people, including one that offers a defined path for sales agents to become entrepreneurs themselves, running their own retail businesses with marketing support from d.light. This takes things to another level — from local people having jobs to becoming job creators themselves — and creates a ripple effect that further strengthens local communities and economies.

“We’ve worked incredibly hard to make sure that, aside from the founders, our entire executive team represents the communities we serve, and we’ve taken steps to eliminate bias in our hiring practices, having identified some instances of favoritism,” says Ned. “But we’ve still got a lot of work to do, especially to improve gender diversity,” he adds, characteristically focusing not on what has been achieved, but on what still needs to happen to reach true inclusivity and sustainability.

Clearly, this is viewed not only as the “right thing to do.” It is viewed as essential to the long-term success of the business — something Ned illustrates with reference to the coronavirus pandemic. “When Sam and I returned to North America, the business continued to run smoothly without us and that’s a

product of investing in local leadership. It is helped our performance and succession planning but, most of all, it is helped us remain resilient during these difficult times.”

Creating robust impact measurement

Already a pioneer of off-grid solar products and PayGo financing, d.light is also at the forefront of efforts to set new standards in impact measurement.

d.light uses data, customer feedback, and ongoing product evaluation in the field to build a picture not only of the number of people it reaches with its products, but also the depth of impact those products have. To track progress toward its ambitious social impact goals, its impact measures include benefits to health, productivity, and well-being, and carbon emissions avoided through generation of clean, renewable energy.

“We try to distill our reporting down to a set of metrics that most stakeholders care about and we have formulas to track each one,” says Ned. “We do self-report, but we also want to be able to point to the work we’ve done in the context of a third-party standard, so we can compare our performance to other companies.”

Looking back on tough times, Ned reflects on d.light’s good fortune to have been able to rely on a mix of venture capital and impact investment to support the business from the outset. “There’ve been instances where, if we’d only had venture capital investors, they probably would have replaced the management team and stripped the business model down to something simpler and easier,” he says. “Impact investors are more patient if they see the social impact at the end and, without that balanced view, I don’t think we’d be around today.”

It is this experience that drives him to push for a robust and standardized approach to impact measurement, feeling strongly that this is essential to elevating the importance of social impact returns

among mainstream investors. To that end, d.light has played a lead role in spearheading a working group at the Global Off-Grid Lighting Association (GOGLA), which convenes both nonprofit organizations and commercial businesses around development of, and alignment to, an industry-wide definition of social impact.

Success Redefined

d.light is a shining example of matching profitability with profound social impact. Today, d.light’s revenue is more than \$100 million annually and the company has:

- o Empowered 107 million people with sustainable products, cumulatively saving low-income customers \$4.3 billion in energy-related expenses.
- o Generated 270 gigawatt hours of clean, renewable energy, avoiding 24 million tons of carbon emissions.
- o Created 23 billion productive hours of light, including for 28 million hours for school-aged children.

Having already met its initial target of getting 100 million people off kerosene by 2020, d.light has now set its sights exponentially higher, aiming to reach 1 billion people with sustainable products by 2030. That will not be without its difficulties either, since many local governments continue to subsidize kerosene and place heavy taxes on alternative energy sources. But with a constant focus on developing valuable products that match the needs, desires, and aspirations of its customers, d.light relishes the challenge.

“Most investors didn’t think we’d be able to evolve beyond doing solar lanterns, but we’ve proven them wrong,” says Ned. “It is satisfying to have already reached our initial target, but I don’t know if I’ll ever feel like we have arrived. And I think that’s good. It keeps us hungry. It keeps us tenacious. It keeps us climbing.”



NED TOZUN, D.LIGHT CO-FOUNDER

Questions to ask yourself

- o How can you ensure you are listening to voices that are traditionally excluded in the community you are part of? How might they help you identify unseen opportunities to innovate new products, services, and business models?
- o How might you look beyond selling to low-income customers and seek to include them in your workforce?
- o How do you measure the social impact of your business’s products, services, and programs, including not only the number of people they benefit, but also their depth of impact on people’s lives and livelihoods?

RECYCLING LIVES

Breaking the cycle of homelessness and offending

Founded: 2008,
United Kingdom

Operations:
United Kingdom

Sector: Waste
Management

 Purpose

 Strategy

 Workforce

Origin Story

“The social mission came before the business,” explains Steve Jackson OBE DL, founder of Recycling Lives. Having made millions from the sale of a previous tech business, initial thoughts of retirement quickly evaporated. He still had the itch do something different — something socially valuable — and an idea was starting to form.

Born into a scrapyards family, Steve had encountered many people experiencing homelessness looking to scrape together a living from selling scrap. He had even experienced homelessness himself, reliant on couch surfing with friends when the first business he had started did not go as planned. Also aware of the vicious cycle of homelessness and crime in the U.K., his mind became occupied with finding a way to break it.

“I realized that the best way to end somebody’s homelessness, and to reduce the risk of offending and reoffending, is to make sure that people are properly nurtured,” says Steve. “Yes, that means providing opportunities for quality employment, but it also means putting a surrounding system in place to make sure that employment is supported by things



RECYCLING LIVES EMPLOYEE AT WORK

like stable accommodation and a support network of people who understand the challenges that face people experiencing homelessness.”

“I used to describe us as being ‘purpose first,’” he adds, “but really we’re ‘people first.’ It is about understanding what it is to be human, which, after all, is what we all share. If you don’t have that shared humanity at your core — if you’re only about making money — then you’ve got problems, especially going forward. Asking if it is right to build social value into a business is a question Generation Z won’t even ask.”

And so, in 2008, Recycling Lives was born. Having already bought his father’s interest in a scrapyards business in 1999, Steve changed the name and set about making it the central pillar of an enterprise with the purpose of ending homelessness at its heart.

About the Business

Recycling Lives is not so much a business as an ecosystem — the combination of a commercial enterprise and a charitable organization that work in concert to provide a more comprehensive approach to the interconnected challenges of homelessness, offending, and reoffending.

The Recycling Lives business offers total waste management services to commercial customers, collecting, processing, and recycling all their waste streams — from scrap metal and cars to waste electrical and electronic equipment to plastics, paper, and cardboard — as well as providing waste management consultancy and compliance services.



RECYCLING LIVES EMPLOYEE AT WORK

Allied to that is the Recycling Lives charity, whose primary activities include running:

- Offender rehabilitation programs — including the HMP Academies program — which offer community and prison-based workshops where people undertake recycling or fabrication work. The HMP Academies program significantly reduces reoffending rates by providing the opportunity for offenders to earn an enhanced wage, achieve qualifications, and develop transferable skills ahead of release.
- Residential facilities that offer stable accommodation for men experiencing homelessness and a six-stage support program to help them develop life

skills, earn qualifications, and undertake work placements. This provides the foundations for rebuilding their lives, with a view to moving into purposeful work and stable housing.

- A food redistribution center, in collaboration with FareShare, which distributes thousands of tons of food and drink to disadvantaged groups daily via a network of school breakfast clubs, homeless shelters, hospices, and food banks — and which has successfully diverted more than 1,350 tons of food from landfill in the process.

“It is the way the two Recycling Lives entities reinforce each other that makes it work,” Steve explains. “The charity is there to provide the training and support,

and it is financially supported by the commercial operation. The commercial operation is there to win contracts, earn income, and provide employment opportunities, and when we match competitors across all other dimensions of value, the charity’s social mission becomes a clear differentiator.”

Overcoming Challenges

Clearly, Recycling Lives’ focus is on the inclusion of low-income and marginalized communities in the workforce. The commercial enterprise and the charitable organization work in tandem, not just to provide quality training and employment opportunities, but also to address the underlying causes and symptoms that manifest in a vicious cycle of homelessness and recidivism. While such a systemic approach may seem like a no-brainer, and has proved extremely successful, this belies the challenges that have been faced — and continue to be faced — in building and scaling the enterprise.

Helping people find the feeling

In the early days of Recycling Lives, most of the homeless people it was supporting shared one of two common traits — either being ex-armed forces or people with a criminal record — but with the massive surge of support for veterans that came with the U.K. Help for Heroes campaign, that balance shifted substantially toward the latter.

This led to the birth of the HMP Academies program, which trains people to undertake recycling and fabrication work while still in prison. Through this program, participants can receive an enhanced wage — 40% of which gets paid into a fund that compensates victims of crime — earn valuable qualifications, and, on release, enter a fully paid job with Recycling Lives, as well as being put up in a Recycling Lives residential facility, if they do not have their own accommodation.

At the beginning skepticism was rife on all sides. “Existing employees thought I was nuts,” Steve recalls, “but the cynicism was even greater among the prisoners. With few exceptions, businesses operating similar schemes were just treating them as cheap labor.” Yet, as Steve goes on to explain, the answers to overcoming that skepticism were deceptively simple: first, involve all employees in delivering the in-prison workshops; and second, make good on promises of decent jobs and accommodation for prisoners upon release.

“Emotion is such a powerful tool in business, and, in the end, it is all about helping people to find the feeling,” he says. “It is about people — about trust, loyalty, and understanding — and while those feelings take time to develop, once they do, everything changes.” Employees’ skepticism thawed as they got the opportunity to interact with prisoners, understand their lives and see, firsthand, the difference they could make in passing on their skills. Likewise, as prisoners experienced that Recycling Lives’ commitment to them was genuine — and especially once the first few alumni entered the promised paid employment on release — word of mouth soon spread that the HMP Academies program was the real deal.

Five years in, not only had Recycling Lives built out its capabilities as a top-tier recycler but could also point to solid social impact data — perfect timing, given the U.K. parliament’s passing of the Public Services (Social Value) Act in 2012. Although somewhat toothless, according to Steve, it nonetheless set the tone for greater consideration of social and environmental factors in government procurement decisions, which gradually filtered down to business and led to Recycling Lives being able to win a number of large contracts.

Dealing with barriers to scale

Providing the first step toward permanent employment, stable housing, and a life free from offending, Recycling Lives’ HMP Academies program



RECYCLING LIVES TEAM MEMBER

currently employs about 175 people at any one time across eight prisons, working on processes including dismantling waste electricals or building skips. But it could be so many more, says Steve.

As an example, he cites the HMP’s own recycling contract, worth tens of millions of pounds a year, which Recycling Lives cannot effectively bid for because of requirements for an established track record in delivering contracts on that scale. “It is a chicken and egg thing,” he explains. “We can’t win that sort of contract because we don’t have the track record, but we won’t gain the track record unless we win that sort of contract.”

“The crazy thing about it,” he adds, “is that the big three recycling players all sub-contract to Recycling Lives to satisfy the provisions of the Social Value Act.

“The best way to end somebody’s homelessness, and to reduce the risk of offending and reoffending, is to make sure that people are properly nurtured. It means providing opportunities for quality employment, putting a surrounding system in place to make sure that employment is supported by things like stable accommodation, and a support network of people who understand the challenges that face people experiencing homelessness.”

– Steve Jackson OBE DL,
Recycling Lives CEO

We could absolutely run those kinds of contracts and, at the same time, use those revenues to expand the HMP Academies program into 50% of U.K. prisons.”

Barriers such as this reveal a flipside to the symbiotic relationship between Recycling Lives’ commercial and charitable operations — its greatest strength also becoming its greatest weakness. For example, it is difficult to attract donations for a charity whose

activities are already financially supported by a commercial operation — public perception being that their money is better directed toward organizations that are not blessed with such a stable source of income. It is difficult to scale the HMP Academies program when the ability to place graduates into employment is limited by the capacity of the Recycling Lives business to scale and create new job openings. And seeking outside investment in the growth of the business can raise concerns about maintaining purity of purpose.

So, the question for Steve became how to scale the social value created by the HMP Academies program in a way that was less dependent on the growth of the business. And the answer has seen him step back from the commercial business to focus his time on developing a network of external partners. In essence, it is a strategy based on achieving scale through replication, rather than through organic growth, the only challenge being to find other businesses and sectors that can make use of the skills people already develop in the program or can replicate the ability to train and upskill people while still in prison.

“Thankfully, it wasn’t too hard to think of some quick wins and to create a social pipeline that’ll take the charity well into the 2020s,” says Steve. “Take a sector like auto repairs, for example. If you can dismantle a scrap car and take an engine to pieces, then it stands to reason you can put one back together again.”

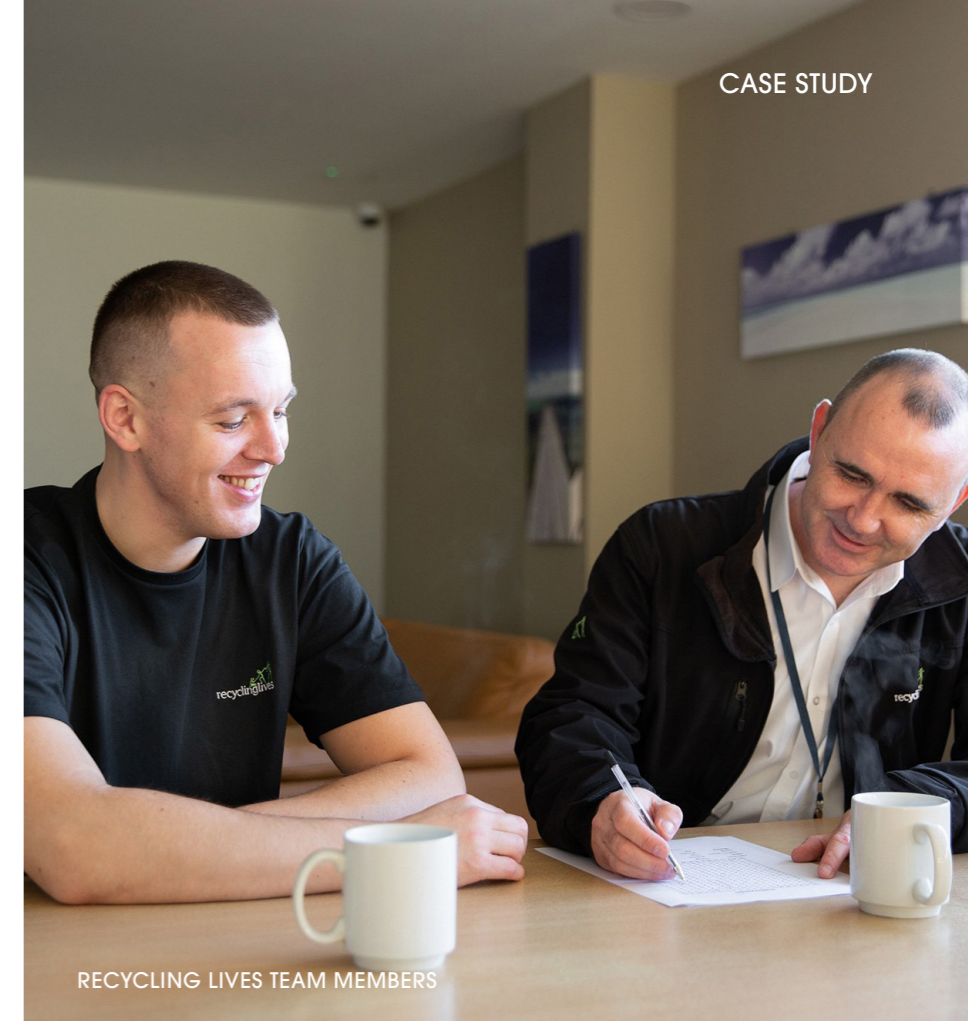
“The Recycling Lives charity has already established relationships with a much wider range of partners across different industry sectors, such as utilities and construction,” he adds. “Untethering employment from the commercial business was our most important step toward increasing the number and variety of available job placements for graduates of the program, and we now place more people into employment with other businesses than we do with the Recycling Lives business.”

Success Redefined

Recycling Lives’ achievements have earned the company four Queen’s Awards for Enterprise, including for sustainable development and promoting opportunity, as well as international trade. Its success has also led to Steve being awarded an Order of the British Empire and the title of EY Entrepreneur of the Year™ in the U.K. in 2019.

The business now operates a nationwide network of recycling sites, with facilities across England and Scotland, employing more than 600 people and generating annual revenues in excess of 100 million British pounds (\$138.4 million). Meanwhile, charitable operations created more than 11 million British pounds (\$15.2 million) of quantifiable social value in 2018-2019.

In 2018-2019, for the fourth year running, Recycling Lives reported that its HMP Academies program reduced reoffending rates among participants to less than 5% versus a national average of around 67%. On top of that, 84% of participants in the previous year had moved into employment on release, compared to just 17% nationally. By reducing reoffending and need for prison places, this is estimated to have saved the U.K. taxpayer more than 7.4 million British pounds (\$10.2 million).



RECYCLING LIVES TEAM MEMBERS

Questions to ask yourself

- How inclusive is my workforce, and how do I measure the positive societal impacts of inclusiveness?
- What programs are in place to identify, recruit, and develop an inclusive workforce?
- Which groups or organizations in my community can I partner with to achieve this?

SARAL DESIGNS

Tackling period poverty

Founded: 2015, India

Sector: Health

Operations: Africa
and South Asia

 [Purpose](#)

 [Strategy](#)

 [Customers](#)

 [Workforce](#)

 [Governance
and Ownership](#)

Origin Story

“When I was 23, I took a 15-day tour across India. I met a lot of women and one thing was similar: the taboo around menstruation and the lack of access for low-income women to good quality menstrual hygiene products,” says Suhani Mohan, co-founder and CEO of Saral Designs. “That’s a reality for a majority of women in India.”

While volunteering through her job as an investment banker at Deutsche Bank, Suhani was exposed to dire consequences of this reality. For example, an estimated 70% of all reproductive diseases are caused by poor menstrual hygiene, correlating with a similar proportion of rural women who do not use sanitary napkins, but instead resort to makeshift, unhygienic alternatives ranging from ash, sand, and hay to old rags, plastics, or newspapers. Additionally, on average, girls miss six days of class each month due to their periods, contributing to more than 20% of girls dropping out of school each year.

As Suhani had discovered, underlying both was a double whammy of the prohibitive cost of quality sanitary products and the social stigma attached to menstruation. The average Indian woman needs



around 300 Indian rupees (\$4.20) per month for menstrual products, rendering them unattainable for low-income households. Further, menstruation is often viewed with fear, shame, and embarrassment, which means that critical conversations about self-care and use of appropriate products do not happen.

Even growing up in an educated family in Mumbai, Suhani felt the weight of these norms. “Menstrual hygiene is a topic nobody really talks about in India,” she reflects. “For a very long time, it was something even in my family I wasn’t supposed to talk to my brother or father about. It was only a conversation between the mother and the daughter.” But it was not until Suhani considered the impact across India that the full extent of the problem hit home.

Drawing on her engineering background, Suhani set out to learn everything she could about menstrual health with the aim of applying her technology skills to make a difference. On the one hand, she saw high quality products that were just too costly to distribute to remote, rural communities; on the other, low-income women were forced to compromise and accept low quality, assuming they could afford menstrual care products at all. But what if that were a false choice? What if she could work out a way to combine low-cost production and distribution with high quality products?

Joining forces with fellow engineering graduate, Kartik Mehta, Saral was launched in 2015. “Low-income women were our focus from the very beginning,”



SUHANI MOHAN, SARAL DESIGNS CO-FOUNDER AND CEO

says Suhani. “We wanted to provide a solution to the challenges of affordability, accessibility, and awareness that blight the equitable provision of quality menstrual care products. But, more than that, we wanted to create a ripple effect on the overall confidence and dignity of women.”

About the Business

Saral is not just a business, it is a disruptive concept. Having developed its first semi-automatic machine for the production of sustainable, ultra-thin sanitary napkins in 2015 — named Swacch, the Hindi word for clean — it began selling those napkins in retail stores and via women distributors in the Dharavi and Ghatkopar slums of Mumbai. A second generation, fully automatic version of Swacch soon followed in 2016, and within a year, Saral had sold 1 million pads, reaching 25,000 women and girls.

Seeking to achieve much wider impact, and spotting a gap in the market, Saral created a “business in a box” model that empowers entrepreneurs and grassroots organizations to set up and run local manufacturing units with Saral supplying machines and raw materials, providing training on production, sales, and maintenance, and supporting awareness and advocacy campaigns.

“Multinational corporations tend to shrink contract suppliers’ margins over time and offer very little ownership and control over the product,” says Suhani. “By contrast, our model gives local entrepreneurs the freedom to develop their own brands, as well as to use our own.” By situating production facilities much closer to the communities they serve, Saral slashes distribution costs — which typically make up around 60% of the cost of a sanitary napkin — and provides, through automation, for economies of scale and product quality on par with big brands.

It is a model that has proven very successful with Saral having built a network of more than 40 production facilities and 1,500 last-mile distributors across India, Bhutan, Rwanda, South Africa, Namibia, and Bangladesh. Coupled with more advanced machines, producing up to 70 units per minute, combined sales now exceed 10 million affordable sanitary napkins.

Overcoming Challenges

“We are working toward a future where women will have access to a variety of services and products for their health and hygiene at a price they can afford,” Suhani explains. “The unnecessary shyness and stigma around natural biological processes like menstruation, puberty, sexuality, and defecation need to end. When we start talking about these topics openly, innovations in these sectors will happen at a much greater rate.” But overcoming this stigma is only one of the many challenges Saral has learned from since its inception.

Maintaining focus on the poorest communities

A trend observed in other sectors, such as off-grid solar, is that the proportion of customers in extreme poverty reduces as those businesses achieve scale. One explanation for this is that, as they grow larger and more financially sustainable, investors put pressure on impact enterprises to shift their product mix to incorporate larger, higher margin products, with the result that the lowest-income customers get left behind.

“It can be really hard to hold on to that purity of focus when we’ve seen a lot of companies get funding, and subsequently get acquired, because they’re selling to a premium, niche market,” agrees Suhani. “There’s always that pressure to move upstream and we return to conversations about diversifying our customer base roughly every six months.”

“It can be tough to find investors that align with your purpose and we feel very lucky that most of our investors do,” she adds. “I think we’re fortunate to be operating at a time when there are more and more people looking outside conventional views on return on investment — grant funders and impact investors who are more interested in social impact returns and are ready and willing to support companies dedicated to making life-enhancing products accessible and affordable to low-income families.”

Rather than look to diversify its customer base, the unlikely spur of the pandemic has instead encouraged Saral to look at opportunities to diversify its product range.

With very few manufacturing plants for face masks, and with production of sanitary napkins at a standstill, Suhani and Kartik quickly began to think about how their machines might be modified. After an incredibly short design and testing trial period of only 10 days, they had modified a semi-automatic machine and started making up to 2,000 three-ply, lab-approved masks per day. With production rapidly ramping up — first to 10,000 per day, then 25,000 — by mid-May 2020, Saral had produced more than 3.5 million masks and developed their first machines specifically designed for this purpose. It has also developed its Swacch 4 series — low-cost, ultrasonic machines that are modular in design and available with multiple add-ons for production of both three-ply masks and different sizes and types of sanitary pads.

While COVID-19 certainly dealt a sizable blow to Saral’s core business, and there is a significant amount of rebuilding to do, Suhani says the company will emerge from the pandemic with renewed confidence. “Not only will we have survived,” she says, “but we will be stronger. The pandemic has given us the confidence to manufacture a wider variety of products on existing machines. That’s great for us being able to provide our saleswomen with a basket of products to sell, and great for them being able to improve their incomes and lift themselves out of poverty.”

“The unnecessary shyness and stigma around natural biological processes like menstruation, puberty, sexuality, and defecation need to end. When we start talking about these topics openly, innovations in these sectors will happen at a much greater rate.”

**– Suhani Mohan, Saral Designs
co-founder and CEO**

Breaking down taboos, door by door

As mentioned earlier, Saral’s business in a box model involves working with entrepreneurs and grassroots organizations to set up and run manufacturing operations as close as possible to the communities that need them most. This also creates opportunities for employment within those local communities, supported by training in sales, production, or maintenance.

Among the most critical roles are those of the “Sangini,” meaning “life partners.” This is an apt name to describe the special band of women who comprise Saral’s last-mile distribution network and who are at the forefront of breaking down the stigma associated with menstruation.

“As just one example, studies estimate that more than 70% of girls have no knowledge about menstrual health



SCHOOL STUDENTS, INDIA

until after their first period,” says Suhani. “That’s why, for each manufacturing unit, we train around 200 women from surrounding communities not just to become salespeople, but to become educators.”

Low-income women themselves, Sangini earn commission on every product they sell and are provided training in menstrual hygiene management, sales, stock keeping, and data entry. One Sangini woman, Rehana, began selling sanitary pads alongside bangles and other beauty products. During the pandemic she earned 24,000 Indian rupees (\$400) in pad sales alone. Her success in multi-product offerings drove Saral to expand their own product line to include items such as maternity pads and soon, diapers, increasing earning potential for all Sanginis.

“Tackling these issues requires great local knowledge and sensitivity,” Suhani shares. “It often involves intimate woman-to-woman conversations in people’s

homes, which is why these incredible women are such a pivotal part of our model. They don't just provide access to quality products. They make sure that low-income women and girls can learn about the importance of proper menstrual care and make informed choices, with dignity and with confidence."

Hiring on values

While Saral's journey began in 2015 with just one prototype and four people, it has expanded into an incredibly diverse organization. From sales associates to supply chain experts, mechanical engineers to sociologists — not to mention the array of partners across its broader ecosystem — it employs and works with people with widely differing backgrounds and experience.

That is a challenge for instilling shared values and a single-minded focus on creating equity of access to products that can transform women's health, well-being, and confidence. Or at least it would be if, as so many hiring practices do, Saral emphasized experience and technical ability over values. But they do not.

"I know a lot of organizations speak of having purpose-led and values-based organizations, but how many of them truly put values ahead of ability?" asks Suhani. "And even of those who do, how many undermine those efforts with overcomplicated behavior and competency frameworks?"

"Kartik and I started out with a very long list of values, but we knew we had to keep things simple to stand a chance of really embedding them throughout our organization," she adds. "So, we boiled them down to five: empathy, gender equality, leadership, transparency, and efficiency. These are the things that best represent what we stand for and what we will never compromise on. With these as our foundation, we know we will attract and hire the right people."

That is not necessarily as easy as it sounds, though. For example, while the Indian constitution grants

equality to women and prohibits discrimination against any citizen on the basis of gender, religion, race, caste, or place of birth, it also allows "personal laws," which result in a dual system that still makes gender equality a particularly complex and sensitive issue. So, Saral has developed a carefully nuanced set of questions to better assess candidates' commitment to empathy and gender equality.

"Finding a candidate for a specific role is almost always urgent, so it would be easy to compromise on our values-based approach," says Suhani. "But we don't. It is just too important to a business like ours that's built on purpose and collaboration. Sure, it means it may take a little longer to find the right person, but the payoff is definitely worth it."

Success Redefined

Saral's commercial success and the pursuit of its social purpose to tackle the issue of period poverty go hand in hand. Through development of its innovative machines and the decentralized model of production this enables, Saral has succeeded in building a network of more than 40 production facilities and 1,500 last-mile distributors across India, Bhutan, Rwanda, South Africa, Namibia, and Bangladesh. At the same time, Saral has posted revenue of \$1.8 million over the past five years and has raised capital from marquee investors and multilateral organizations.

By working closely with local entrepreneurs and grassroots organizations, using quality materials, and slashing the costs of distribution, it has sold more than 10 million affordable, high-quality sanitary napkins to low-income women and girls. Among other accolades, this earned Saral the Indian Ministry for Skills Development and Entrepreneurship's National Entrepreneurship Award in 2017 and saw co-founder and CEO Suhani Mohan recognized by Forbes India as one of India's most trailblazing women in 2018.



Questions to ask yourself

- How could you re-define your purpose to drive the innovation of life-enhancing products that are more accessible and affordable to the poorest communities?
- How can you attract support from impact and commercial investors who are as committed to social impact returns as financial ones?
- How might decentralizing production help you lower the financial (and environmental) costs of distribution and make your products more affordable? How might it strengthen the local economy and build trust?

TONY'S CHOCOLONELY

Making slave-free
chocolate the norm

Founded: 2005,
the Netherlands

Sector: Chocolate
Operations: Global



Purpose



Strategy



Supply Chain

Origin Story

In the beginning, Tony's Choclonely was more of a campaign than a business. It all started with a series of investigative reports carried out by the Dutch TV program, Keuringdienst van Waarde. Described by Tony's Chief Chocolate Officer, Henk Jan Beltman, as the "CIA of food," it reveals the surprising stories behind production of some of our favorite food and goods.

In the case of chocolate, the dark secret is the staggering inequities hidden in the supply chain, especially in West Africa, where 60% of the world's cocoa is produced. Farming families in Ghana and Ivory Coast receive just \$1.52 and \$1.37 per kilo of cocoa beans respectively. These rates fall way below the World Bank extreme poverty line of \$1.90 a day. That is not a living income, even in West Africa, and it leads to more than 1.5 million children working the land under illegal conditions, because their parents can't earn enough from their cocoa harvest.

Not only was Dutch journalist Teun van de Keuken shocked by the prevalence of illegal child labor and modern slavery in the chocolate supply chain, but also that no-one from "big choco" was prepared to



TONY'S CHOCOLONELY BENEFICIARY

discuss this with him — even though a number of large international chocolate makers had signed the Harkin-Engel Protocol in 2001, committing to stamp out the worst forms of child labor.

Recalling the memorable PR stunt used to draw attention to the scale of the problem, Henk Jan says, "Given what he found, Teun regarded eating chocolate bars as receiving stolen goods. So he ate a pile of bars, then rang 911 to turn himself in as a 'chocolate criminal.'" While the case against Teun was ultimately dismissed — on the grounds that if the court prosecuted him, it would have to prosecute everyone who eats chocolate — the message hit home.

Having determined to lead by example, Teun produced 5,000 Fairtrade and "slave-free" chocolate bars in November 2005 but went on to sell 13,000. Emboldened by that success, Tony's was formally registered as a business in 2006; and validating its strong social and environmental focus, it has been a certified B Corporation since 2013.

About the Business

"Any company should have a higher purpose beyond making money," says Henk Jan, who acquired Tony's in 2011 and was named EY Emerging Entrepreneur of the Year™ in the Netherlands in 2015. "If you want to have impact, you of course have to be commercially viable, but profitability should never be a goal in itself. It is the means to achieve something bigger and that's why I say we're not a chocolate company. We're an impact company that happens to make chocolate."

Perfectly symbolized by the image of a broken chain on its wrappers and the design of its large chocolate bars in unequal segments, for Tony's, that "something" is tackling inequity in the cocoa supply chain and making slave-free chocolate the norm. Recognizing that no one company can make chocolate production entirely slave-free — short of achieving 100% market share — Tony's efforts encompass not only its own practices, but those of the entire industry.



“I know I just described Tony’s as an impact company, but even that isn’t quite right,” says Henk Jan. “The idea that you assign a term like ‘social enterprise’ to any business that wants to make the world a better place is complete baloney. It is the world turned upside down. By that definition, any company that doesn’t run its business with a view to making the world better is an antisocial enterprise.”

“This is exactly what has to change,” he adds. “To tackle climate change and inequality, we have to rethink our businesses and economies. It is the innovation opportunity of a lifetime — not a technical innovation, like sending a rover to Mars or whatever, but a systemic innovation that’s better for the planet and everyone who lives on it.”

In tune with this view, Tony’s has evolved a three-pillared roadmap toward sustainable, slave-free chocolate that spans:

- **Raising awareness:** Tony’s wants all “choco fans” to be aware of inequality in the chocolate industry. The more people know what is going on and actively demand slave-free chocolate, the sooner the industry will change.

- **Leading by example:** Tony’s aims to be an undeniable example that chocolate can be made differently, and that a commercially successful company can be built from making chocolate without the use of modern slavery or exploitation.
- **Inspiring others to act:** Tony’s aims to inspire others to apply its model and to make it easier for them to do so. This includes through the Tony’s Open Chain initiative, which offers a practical framework for implementing just and sustainable cocoa sourcing practices.

Foundational to the inclusion of low-income and marginalized communities, to the success of Tony’s own business, and to its efforts to accelerate systemic change by encouraging major manufacturers to follow its lead, are Tony’s five interrelated sourcing principles:

Use traceable beans

Fully transparent “bean-to-bar” traceability — i.e., knowing the origin, flow, and quantity of beans used — is fundamental to creating a fairer and more inclusive supply chain. In 2019-2020, more than 6,700 metric tons of traceable beans flowed through Tony’s

“Beantracker” system with the ambition to raise the bar to 9,900 metric tons in 2020-2021.

Through that system, which Tony’s hopes to establish as the industry standard for traceability, the business can determine the precise location and quantity of purchased cocoa beans in real time. Using this platform, producers can also track the journey of their beans until their arrival in port in Antwerp — the trigger point for them receiving an additional payment from Tony’s, over and above Fairtrade premiums. Because Tony’s knows exactly where its beans come from, this transparency and traceability also means that it can work together with farming cooperatives to maintain the integrity of the supply chain, improve farming practices, and prevent illegal child labor, should any instances be uncovered.

Pay a higher price

Until there is a sustainable solution to ongoing low cocoa prices, chocolate makers need to bridge the gap between farmgate prices and the Living Income Reference Price (LIRP). Tony’s already does so, with the nearly 8,500 farmers it works with in Ghana and Ivory Coast receiving premiums of \$335 and \$350 per metric ton respectively in 2019-2020. Going significantly beyond the Fairtrade premium, an additional Tony’s premium is determined at the start of the cocoa season. Based on the minimum farmgate price agreed by the governments of Ghana and Ivory Coast, it is adjusted so that the farmers are paid the LIRP and can provide for their families.

Support strong farmer cooperatives

Strong cooperatives offer many benefits for farmers, not least the ability to achieve economies of scale in the purchasing of agricultural inputs and to negotiate better prices by aggregating their outputs. Tony’s model is based on direct sourcing from six cocoa farming cooperatives in Ghana and Ivory Coast, and on providing assistance to professionalize the operations and organization of those cooperatives. In doing so,

“To tackle climate change and inequality, we have to rethink our businesses and economies.”

– Henk Jan Beltman, chief chocolate officer at Tony’s Chocolonely

this helps Tony’s get to know farmers even better and to make sure that Tony’s premiums are being put to good use.

Build long-term relationships

Longer-term relationships with farmers provide them with the confidence and opportunity to make longer-term investments in their farms — buying better inputs or investing in farm machinery to improve quality and productivity. To that end, Tony’s works with farmer cooperatives for at least five years. There is also a transparency clause in its collaboration agreement, allowing farmers to share it with other potential buyers to aid negotiation of similar terms.

Improve quality and productivity

Quality and productivity must improve if we are to meet the apparently conflicting demands of growing more food using less land and fewer resources. A good farmer, supported by a professional cooperative, and by higher prices and longer-term relationships with buyers, can grow their yields from the 350-550 kilos per year many of them currently harvest to more than 800. With improved quality and yields comes higher income and, with that, the ability to invest in further gains — in short, a virtuous cycle of improvement.

Overcoming Challenges

Adopting a purpose rooted in creating systems change and shining a light on unjust and unsustainable practices across an industry, brings with it significant challenges. For example, Tony’s has attracted disapproval for working directly with farmers in Ghana and Ivory Coast, with many critics feeling that sourcing from those countries automatically means that there will be illegal labor and modern slavery in its supply chain. Alleged abuses in the supply chain of Tony’s cocoa processor, Barry Callebaut, have similarly given rise to criticism and led to Tony’s removal from Slavefreechocolate.org’s list of ethical chocolate companies.

Working within the system to change the system

So how does Tony’s manage the apparent contradiction between its purpose and the people and places it works with? The answer is to practice the same radical transparency that characterizes its Beantracker system, exposing why that apparent contradiction actually is not one at all.

“There’s no quick and easy route to systems change,” says Henk Jan. “If we’d set out only to make our own products fairly and sustainably, it would be easy for others to dismiss us as an outlier — that what works for us wouldn’t work for them. To change the system, you must work within the system and show that change is possible, even in the hardest places.”

“We deliberately chose to work with farmers in Ghana and Ivory Coast, and with Barry Callebaut, not because it is easy, but precisely because it is hard,” he continues. “If you simply ignore the problems in West Africa, or switch sourcing or processing elsewhere, you’re never going to fix things. That’s why we go to where the problems are — so we can help solve them.”

This is precisely the argument that Tony’s published in the wake of considerable press coverage earlier this year surrounding its production of limited-edition

chocolate bars that aped the branding of major manufacturers. The point of that exercise being to highlight how “big choco” could follow its lead on sustainable sourcing, that inevitably led to Tony’s own credentials being put under the spotlight.

In response, Tony’s was able to highlight how working with Barry Callebaut allows it to further scale production and grow Tony’s Open Chain — aided and abetted by fully segregated processing that does not compromise its mission and ensures that its 100% traceable beans, and those of its “mission allies,” are never mixed with other beans. It was also able to transparently report on the number of cases of illegal child labor found to be occurring on the cocoa farms where it sources its beans, and those it had remediated.

You can only change things as fast as others want to go

For all the amazing work Tony’s has done to light the road ahead, the journey toward 100% slave-free chocolate across the entire industry is inherently limited by other organizations’ commitment to development. Henk Jan freely admits that it is much harder for large, established companies to change, compared with a smaller company that started with a blank business model canvas, but that’s exactly why Tony’s is open sourcing its practices and insights through Tony’s Open Chain initiative.

“Originally, you might have imagined Tony’s as the Greenpeace zodiac boat bumping into the big oil tanker, but we’ve moved on,” says Henk Jan. “These days, a better analogy would be Tony’s as a tugboat. What we’re saying to ‘big choco’ is ‘Hey, follow us, and let’s make impact together.’”

“We’ve decided that our aim should be to make it as easy as possible for chocolate brands to assume responsibility for sustainability issues in their cocoa supply chains,” he adds. “It is about making our model scalable and replicable, and we support our ‘mission

allies' with change management and planning guidance, as well as ready-made impact storytelling toolkits that facilitate shared communications campaigns.”

While still early days, there are promising signs. Adding to Dutch retailer, Albert Heijn, which signed up to Open Chain in 2019, Aldi has also just joined, and there are hopes of adding a further three mission allies over the coming year.

What about the inherent trade-off between supplier and customer inclusion?

It would be easy to assume that Tony's focus on the inclusion of low-income and marginalized communities in its supply chain necessarily comes at the expense of poor consumers — the inevitable impact on the cost of its chocolate bars rendering them too expensive to all but a more affluent niche. But, unsurprisingly, Henk Jan does not see it that way.

“People buy and eat chocolate to put a smile on their face,” he says. “Once you realize that the main ingredient in the bar you're eating was likely harvested using illegal labor — that your cheap bar is basically subsidized by the suffering of 1.5 million children — you're not going to enjoy eating it anymore.”

“Once you know, you can't unknow, and I think people are more and more capable of making the right choices. They're not only thinking in terms of cost, but of value — and their values. I think people are totally prepared to spend a little more, maybe a little less often, to enjoy a product that makes them feel proud. And, by the way, I deliberately don't say 'pay a premium for,' because it is not a premium. It is the true cost of making a product without shortcuts.”

Success Redefined

In 2019-2020, Tony's revenues grew by 27% to \$122.3 million. While almost 70% of those revenues came from the Dutch market — where Tony's is number one

by market share, ahead of the likes of Verkade, Mars, and Nestle — the business has also been growing strongly internationally. For example, it almost doubled sales in the U.S., reaching \$14.3 million, and achieved 8.7 million British pounds (\$12 million) in sales in the U.K., more than doubling its results from its launch last year.

Demonstrating that these results go hand-in-hand with its social mission, it also achieved remarkable results in relation to the three pillars of its roadmap toward 100% slave-free chocolate:

- o **Raising awareness:** when Tony's first started, few people were even aware of the problem of child labor and modern slavery on cocoa plantations. Among chocolate fans in the Netherlands, awareness has grown to 72%, and it is rising in new markets such as the U.S. and U.K. too.
- o **Leading by example:** nearly 8,500 farmers supplied 100% traceable beans to Tony's in 2019-2020. All were paid Tony's premiums (\$575 per metric ton in Ghana and \$825 in Ivory Coast) to bridge the gap between the farmgate prices and the Living Income Reference Price. Measured against the Multidimensional Poverty Index (MPI), 55% percent of Tony's cooperative farmers in Ivory Coast and 73% in Ghana have already been lifted out of poverty.
- o **Inspiring others to act:** with two major retailers already signed up for Tony's Open Chain, and the hope of adding a further three mission allies over the coming year, more than a quarter of the 9,900 metric tons of 100% traceable beans Tony's aims to purchase this coming year will be for use in other companies' chocolate bars.



Questions to ask yourself

- o How transparent is your supply chain, and how are you ensuring that everyone in it can earn at least a living income?
- o How can you embody your commitment to poverty and inequality reduction in the very products and services you provide?
- o How can you engage and encourage others to create wider systems change?

Conclusion

The framework and case studies included here showcase both the need for transformation and the ability to profitably address the challenges of poverty and inequality. However, as these tools illustrate, the transformation will not be easy; there can be inherent tensions between prioritizing inclusion and impact and delivering financial returns. Reimagining traditional business models tailored to maximize shareholders returns will require a new definition of success and the redistribution of risk and reward.

As you reach the end of this practical playbook, we hope that you have found inspiration, considered a new way of working, or identified opportunities to increase inclusion in your business. Regardless of where your business is in the journey, we hope you will continue to engage with us to advance more inclusive business models and, ultimately, build a more inclusive capitalist system.

Acumen and EY know that to achieve our vision will require ongoing commitment and fundamental change, from all stakeholders. That is why we see this playbook as just a starting point — a conversation starter, an inspirational device, and a foundational toolkit. In the coming years, we will continue to work together to draw on our global experience and networks to offer actionable guidance to leaders and businesses seeking to build a world where people and planet thrive. We will rely on you and others to take action and share your experiences, and we aim to continue to share what we learn in the process. We invite you to join us.



D.LIGHT

ABOUT ACUMEN

Acumen is changing the way the world tackles poverty. We invest patient capital in inclusive, early-stage social enterprises that serve people in poverty and enable them to transform their lives. We share our ethos, principles, and practices to train the next generation of leaders through Acumen Academy. We scale the most effective solutions to systemic poverty through for-profit, returnable impact funds totaling more than \$100 million. Founded in 2001 by Jacqueline Novogratz, Acumen has invested more than \$137 million in 139 companies across Africa, Latin America, South Asia, and the United States. Learn more at www.acumen.org and follow us on Twitter [@Acumen](https://twitter.com/Acumen).

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