

# Creating Shared Value through Enterprise Models

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social  
atlas

Leading development of shared value in Australia

[www.sharedvalue.org.au](http://www.sharedvalue.org.au)

**SHARED  
VALUE  
PROJECT**

## Company Description

The Clinton Giustra Enterprise Partnership (CGEP) is pioneering an innovative approach to achieving poverty alleviation at scale. CGEP is an independently financed initiative of the Clinton Foundation.

CGEP are impact entrepreneurs, starting and scaling for-profit enterprises with a social purpose to bring people from low-income communities into the supply chains and distribution networks of large corporations. The enterprises are known as the Acceso enterprises.

Acceso enterprises remove the barriers that prevent small producers and entrepreneurs from reaching their potential in developing countries. By taking an enterprise approach Acceso are able to recycle profits, and the ability to scale is therefore not dependent on donor funding.

Experienced in building effective partnerships across sectors, Social Atlas are working with CGEP as it expands its model into the Asia Pacific Region - building a network of like-minded partners, who understand and embrace the opportunity of using business to deliver social impact. New markets and products, value chain enhancements and effective and impactful clusters being created around a shared social and business vision.

## The Opportunity

There are an estimated 400 million small-hold farmers<sup>1</sup> in the world living in poverty, operating at levels of productivity that are significantly below their potential, and unable to directly access formal, high value markets for their produce.

Multinational corporations and large local food retailers are generally unwilling to extend their procurement systems and supply chains to deal directly with numerous small farmers due to the associated risks and operational complexity, unreliability, and inconsistent, substandard produce. Moreover, local entrepreneurs are unwilling to create businesses to support and aggregate small farmers due to their scale-driven nature and relatively long payback on their investment (typically greater than three years).

In the meantime, rapidly increasing global demand for food is leading to increased levels of food insecurity and high levels of inflation.

It is estimated that 70 per cent of the developing world's 1.4 billion<sup>2</sup> extremely poor people live in rural areas that are underserved in terms of access to affordable quality consumer goods, food, and pro-poor innovations such as cook stoves and solar lamps. Many women in these communities are unemployed while being solely responsible for their children and parents. These women constitute a huge untapped source of entrepreneurial potential and are also likely to invest their earnings in the needs of their families including education.

Traditional distribution channels for manufactured food, consumer goods, and in particular pro-poor innovations in developing countries typically end in small urban centres. At this point, people living in rural areas are forced to use relatively expensive public transport, and expend significant amounts of non-productive time accessing those urban outlets. In general, there is a total absence of third party distribution enterprises to bridge the gap between rural consumers and formal sector manufacturers.

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<sup>1</sup> [http://www.unep.org/pdf/SmallholderReport\\_WEB.pdf#sthash.5j05QtKr.dpuf](http://www.unep.org/pdf/SmallholderReport_WEB.pdf#sthash.5j05QtKr.dpuf)

<sup>2</sup> <http://www.un-foodsecurity.org/node/970>

## The Strategy

CGEP created three distinct Enterprise models to address these opportunities – Supply Chain, Distribution and Training under the name Acceso.

### Supply Chain Enterprises:

By removing all the barriers that small farmers typically face, Acceso enterprises boost small farmer productivity to their highest potential and provide sustainable access to high value markets.

*Cluster development:* Acceso set up depots and collection centres around clusters of small farmers to:

- Provide them with fertilizer, seeds, and other inputs at (scale leveraged) cost. The input costs are deducted from the payments received for their produce, releasing them from the working capital trap.;
- Train them in best agricultural practices, and;
- Buy their produce.

*Redefining productivity in the supply chain:* Acceso aggregate this into quality controlled, reliable supply chains for large purchasers under contract. It is not uncommon for Acceso to be able to double or triple small farmer yield and income by simply allowing them to release the latent potential of their land and labour.

### Distribution Enterprises:

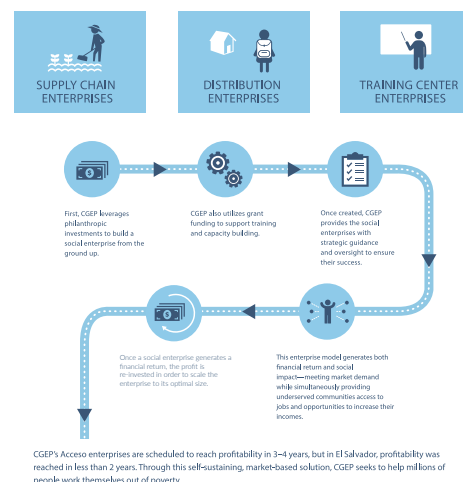
*Reconceiving products and customers:* Acceso distribution enterprises provide essential consumer goods, food, and pro-poor innovations - like solar lamps or water filters - to women from low-income communities. The women sell these products into their communities and increase their incomes in return. They supply the products at convenient meeting points and Acceso provide the training and coaching that they need to be knowledgeable and confident salespeople.

*Cluster development:* There are many other benefits from participating in Acceso enterprises. CGEP has found that the training provided (including topics such as inventory management, managing credit, good decision making, and basic literacy) equips the women with the skill set and confidence for other business activities that they pursue. They often add other products or services to their product basket. Moreover, their participation in the enterprise creates a support network, an extended community, and a new identity including increased self-esteem. Retention is extremely high and it is not uncommon to double household income – on average, women sell over \$400 per month and make a 15-20% margin.

Lastly, Acceso distribution enterprises are also a very efficient mechanism for behaviour change. CGEP recently announced a partnership with the UK's International Development Agency (DFID) and Unilever to work together to positively change the behaviours of 100 million people in Africa and South Asia in terms of health, sanitation, and nutrition. In this partnership, CGEP will use its enterprises for outreach and the delivery of related services and products. Each of the women in the Acceso system has twice monthly direct contact with 100-200 customers. Assuming an average size of 5, this implies she has

## HOW WE CREATE SELF SUSTAINING SOCIAL ENTERPRISES

OUR ACCESO ENTERPRISES FALL UNDER 3 CATEGORIES :



direct access to 500-1,000 people. An enterprise of 6,000 women implies a network of 3-6 million people. The development potential of such an organisation is huge.

### **Training Enterprises:**

Acceso create, scale, and oversee vocational training enterprises that bridge the gap between local businesses that have unmet demand for trained labour and the local community. The training enterprises are designed with the specifications of the local businesses to train underserved youth with the exact skills that the businesses require.

CGEP work closely with high growth business sectors such as hospitality, retail, logistics, and business process outsourcing (call centres), to identify requirements and offer training programs based on job competencies and designed according to employers' needs. These alliances with the business sector help to guarantee formal employment and decent incomes for Acceso graduates. CGEP target placement rates of over 70% and focus on training people from the lowest socio-economic levels, with a specific focus on youth.

Young people trained by Acceso enterprises graduate with the skills to obtain higher pay and employment. These youth also achieve higher purchasing power that is able to boost local economies.

## **Results, Lessons learned and Challenges**

### **Social Outcomes**

- Access to training & skills development
- 70% placement rates within high-growth business sectors
- Financial & literacy inclusion of women
- Improved household wealth of small farmers

### **Business Outcomes**

- Increased small farmer productivity
- Surety of goods sold by small farmers
- Post-payment of production inputs for small farmers (interest free)
- 15-20% margin on products sold by women

CGEP has created 8 Acceso enterprises in the last 2 years with 10 more in the pipeline. The enterprise models have a huge potential for commercial viability and social impact. CGEP is now at a stage in development where it plans to spur expansion and amplify impact by adding a select group of new strategic partners and investors that share the core values of the founders.

The key to success so far has been through effective partnerships and collaborations along the value chain. Ensuring multiple corporate partners are on board as investors, purchasers and advisors is key to success so creating these partnerships and ensuring they operate well is essential.

This can also be a challenge as often the social impacts are improved with multiple corporate purchasers in the supply chain and partners in the distribution chain. The model relies on committed corporates who share the social vision and are committed to creating shared value in a sustainable way.

The key challenge is getting funding to scale the operation through the "start-up" phase to allow the necessary scale to take all enterprises into profitability. CGEP needs access to funding that allows it to stay focused on its social mission as it grows and develops towards profitability. As a new hybrid entity, somewhere between a 'not for profit' and a 'for profit', CGEP can be described

as one the first shared value enterprises developed from the ground up. A new opportunity to add scale to traditional social enterprise models CGEP can become a multi-national 'for-purpose' enterprise with shared value at its core. The opportunity to deliver shared value opportunities to established companies as part of its model amplifies the shared value impact.