



BUSINESS INNOVATIONS THAT IMPROVE LIVES: IDEAS TO ACTION

A sourcebook for overcoming the barriers to creating and implementing inclusive business models in India



Report by Joe Phelan, Namrata Sandhu and Alexa Firmenich, with pieces by Manju George, Co-Founder, Intellecap, Sachin Joshi, Director, CII-ITC CESD, and Joanna Pyres, Associate, The Partnering Initiative.

The barriers research was conducted for BCtA by Accenture Development Partnerships and IBLF.

© International Business Leaders Forum unless otherwise stated.

You may re-use this information (not including logos) free of charge in any format or medium, provided you acknowledge IBLF as the source of the information and, where possible, provide a link to www.iblf.org.

In this report:

Intellecap analysis of the Base of the Pyramid market in India	p2-3
IBLF research: Barriers to inclusive business	p4-5
CII-ITC CESD: Barriers as drivers of innovation	p6-7
Business Call to Action: Indian case studies	p8-14
Partnering and inclusive Business	p15-17

“Eradicating extreme poverty continues to be one of the main challenges of our time, and is a major concern of the international community. Ending this scourge will require the combined efforts of all, governments, civil society organizations and the private sector, in the context of a stronger and more effective global partnership for development. The Goals are ambitious but feasible and, together with the comprehensive United Nations development agenda, set the course for the world’s efforts to alleviate extreme poverty by 2015.”

UN Secretary-General Ban Ki-moon, New York, September 2010.



“Modern day concepts like Corporate Social Responsibility and sustainable business are not borrowed from developed economies but have been nurtured over the millennia by our rich ethical traditions. It is indeed, now for us to add to the global repositories of evolving concepts by imprinting India’s unique flavour on them. As India continues its journey towards economic prosperity and growth. I am sure Corporate India will contribute to our efforts to fulfil the dreams of the aam adami.”

Mnamohan Singh, Prime Minister of India, New Delhi, December 2010.



IDEAS TO ACTION

How can companies overcome the barriers to more inclusive business in India?

India's remarkable economic growth in the past decade has created greater capacity for business to play its part in addressing the issues of poverty and exclusion that continue to be a major challenge within the country and the region.

Many companies are accepting this challenge, developing business models designed to return a profit for the company whilst including the poor – as suppliers, employees, customers or clients – and reduce dependency on natural resources. India is becoming a focal point for new approaches to these challenges.

Despite this flourishing of innovation, barriers remain to widening and deepening the reach of these 'inclusive business models' – barriers that company executives are often working alone to solve.

This report combines research from a number of organisations into ways that companies are overcoming these barriers, in India and internationally.

It also features profiles of the seven business innovations from India that have been recognised by the Business Call to Action. Launched in 2008, the Business Call to Action (BCtA) aims to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop inclusive business models that offer the potential for both commercial success and development impact.

Worldwide, 27 companies have responded to the BCtA by making commitments to improve the lives and livelihoods of millions through commercially-viable business ventures that engage low-income people as consumers, producers, suppliers, and distributors of goods and services.

Our purpose in producing this report is to help companies to learn from each other and be more effective and inclusive when designing, implementing and growing new core business approaches to achieving commercial success and development outcomes. Identifying and showcasing more examples from India is also a priority for the Business Call to Action, and IBLF leads this outreach. Please get in touch if you have a business initiative that you think matches the goals of the Business Call to Action.

What is an Inclusive Business?

- Being an inclusive business is about managing core activities in a way that is profitable and also helps fight poverty.
- Inclusive business models are designed to deliver mutual benefits for business and for the poor – generating sales and profit, while also creating jobs, providing access to new products and increasing incomes.
- Successful inclusive business initiatives may include the poor as employees, producers and business owners on the supply side, or as clients and customers on the demand side.

This model shows the areas through which companies are able to maximise their positive impact on society, and minimise their negative impacts.

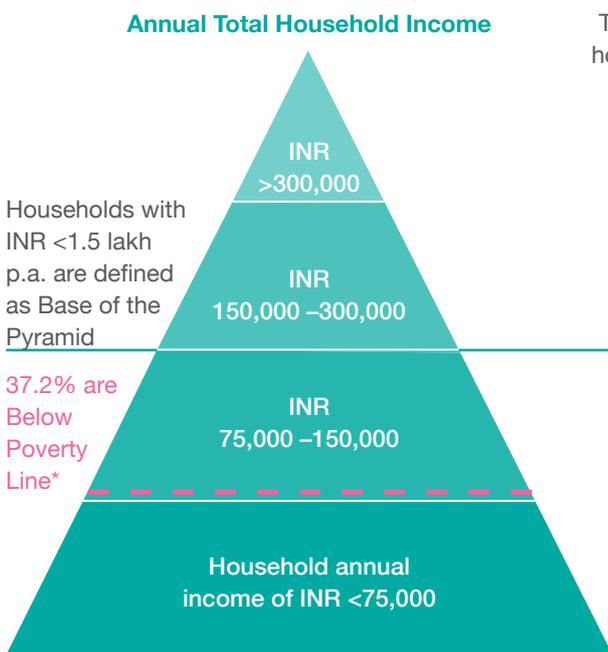


Whereas CSR, for example, typically takes place in the community investment sphere, inclusive business models are concerned with changes in core business.

FOCUS ON INDIA: HOW VIABLE ARE CONSUMER DRIVEN INCLUSIVE BUSINESS MODELS?

Poor is not a homogenous market, demand not explicit.

The Base of the Pyramid



Targeting the very poor is yet to make business sense for many

Case: Micro-Insurance

Mainstream insurance: Lowest end products have a coverage of ~INR 1-2 lakhs per annum targeting the top segment of the Pyramid

Missing the middle: ~30% of people not being served in this segment

Micro-insurance: Driven into the market by policy; coverage of household of INR 10,000 -30,000 per year; Viability unestablished.

Demand for re-definition of 'micro-insurance'

* Using the Tendulkar Committee BPL definition for 2004-5 data

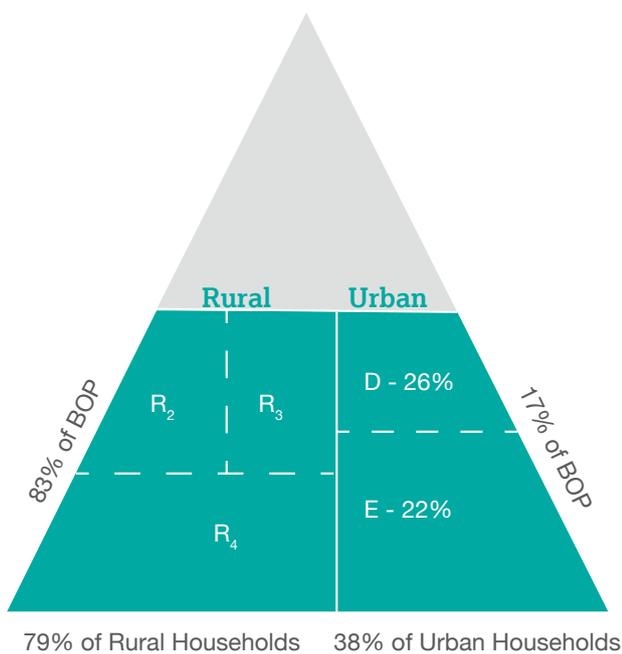
Successful products are more than just low cost:

- Factor in the context:**
Surf was modified to adapt to hard water, frills such as softeners and bleaching agents were removed
- Maintain quality:**
Shokti doi has to maintain a balance between cost and quality because it requires refrigeration and lower quality substitutes exist
- Ensure customer service:**
Despite higher fees than Self-Help Groups, **MicroFinance Institutions** achieved higher growth in a shorter time span due to improved customer service
- Use appropriate technology:**
Mobile VAS are voice-based. SAS Motors customized tractors for the rural market – lower hp, easier to service

Adapted from material produced by Manju George, Co-Founder. Intellectap. © Intellectap. All rights reserved



There exists many 'markets' within the BOP market



Note: The socioeconomic classification (SEC) groups urban Indian households on the basis of education and occupation of the chief wage earner

Market size is not demand

Culture

- 78% of India's coffee consumption is in the South
- Fairness products sell better in the South
- Gold loans: popular in the South, taboo in the North

Awareness

- Lifebuoy's Swasthya Chetana Programme
- No Toilet-No Bride campaign: coverage increased from 20 to 57% in the last decade

Transfer/Opportunity costs

- Difficult to convey long-term cost advantages of solar power – lanterns have high upfront costs
- Immense efforts required to sell water purifiers

Need for last mile reach make channel choice critical

- Distribution and procurement is a challenge: Aggregators reduce transaction costs
- Local knowledge and customer insight

MFIs	0.5-5.7 Mn (Reach of top 10 MFIs)	Micro Enterprises	150 Mn (Jobs to be created)
Post offices	1,000 Mn (No. of people that can be reached)	NGOs	0.2-1 Mn (Reach of largest NGOs)
Railways	35 Mn (No. of people travelling annually)	Mobiles	> 600 Mn (Mobile users)

BARRIERS TO INCLUSIVE BUSINESS

Where do the barriers lie and how can they be overcome?

Barriers at Conception

Lack of interest:

- Lack of awareness
- Perceived risk
- Focus elsewhere
- Unconvicted of inclusive business model
- Lack of senior buy in

Lack of opportunity: internal barriers

- Lack of information
- Lack of experience, skills
- Lack of time/focus
- Internal stakeholders not connected
- High cost of capital

Lack of opportunity: external barriers

- long pay-back time
- Insufficient scale
- BCtA criteria prohibitive
- Lack of synergy with core

Start-up

- Prohibitive start-up costs.
- Partner coordination.
- Corruption
- Regulation / bureaucracy
- Recruitment / human resources

Lack of interest:

Lack of awareness or understanding of inclusive business models, or inadequate dissemination of information on existing models in similar business sectors or contexts, and little guidance on where to go for resources and advice

Perceived risk and competing priorities within MNCs that may inclusive business initiatives may be branded as Corporate Social Responsibility (CSR) initiatives and thus dismissed by business units, distraction by merger activity, economic downturn driving a retraction to core priorities of business survival, or lack of scale of a specific market to warrant pursuing inclusive business initiatives.

- Lack of senior management buy-in crucial in getting the initiative off the ground and to run the process.

Lack of opportunity or capacity due to:

Lack of experience, skills or resources in terms of internal innovation, market intelligence and knowledge in identifying the best opportunities, and untapped resources to use innovation funds or an incubation structure to start an innovative inclusive business model.

Internal stakeholders not connected because of discontinuity between CSR and core business units in terms of identifying shared objectives and transitioning projects.

- Political and regulatory environment such as political and social perceptions and biases against profit-making models, difficulty in ensuring that health and safety standards are upheld within small businesses, and questionable or complicated regulatory environments discouraging investment in certain markets

This is a summary of research undertaken by IBLF and Accenture Development Partnerships into the barriers identified by companies as part of the Business Call to Action process.

Building Demand

- Product / service popularity
- Price
- Lack of consumer finance
- Awareness / brand recognition

Building Supply

- Human resources / skills
- Distribution
- Production / input factors
- Costs

Operational

- Communication
- Attrition
- Monitoring and Evaluation

Inclusion

- Neutral / negative developmental impact

Financing and Start up

- Securing internal funding for start-ups is often a problem, and payback time in BOP markets is longer than in most higher-income markets. Furthermore, access to 'patient capital' is a huge challenge in commercial organizations, with metrics often geared towards short-term profitability.
- Initiatives often warrant creating a separate structure which may take time, and they take a long time to scale, even after concept is proven; furthermore, securing funding to invest in the necessary marketing can be a challenge.
- Regulatory issues, corruption and bureaucracy can also be prominent barriers.

Building Demand and Supply

- Winning brand awareness in BOP markets is critical but highly challenging. Even very successful products can struggle to reach profitability because customer acquisition costs remain stubbornly high. Acquiring customers without prohibitively increasing unit costs can be difficult.
- Local infrastructure may need substantive building and investment.
- Establishing new partnership deals for distribution can be time-consuming and risky.

Management and Operational Issues

- Local business units may be less supportive of new initiatives than corporate headquarters.
- Securing human resources for new initiatives can be problematic and lead to intra-departmental struggles to borrow staff.
- Staff may need training to develop the unique skills required by innovative, inclusive business initiatives.

FIVE STEPS FOR SUSTAINABLE AND INCLUSIVE INNOVATION

Excerpts from the report by the CII-ITC Centre for Sustainable Development

These five steps to Sustainable & Inclusive Innovation have been identified as important for a company that wants to explore sustainability and inclusivity as drivers for innovation.



A VISION FOR STRATEGY

Company's efforts towards sustainable innovation need to be driven by leadership and supported by the rest of the organisation force. Having conditioned the organisation, companies should also look at the level of innovation capability that results in business and sustainable value. Innovation is as much necessary for internal low-hanging fruits as it is for offering new products and solutions.

TWO DRIVERS FOR INNOVATION

Poverty and natural resource depletion – will continue to put pressure on all institutions in society such as, government, companies and NGOs. All companies aiming for sustainable innovation should in a transparent way present how they help reduce poverty and increase resource efficiency, and provide products and solutions that meet sustainability challenges.

Exploring how poverty and resource efficiency can become two common platforms for innovation that can help spread sustainable and inclusive solutions through society is an area where companies could engage.

THREE APPROACHES TO INNOVATION

There are three different kinds of approaches that companies can use to embrace sustainability as driver for innovation where identified. These three can exist together within the same company, and within big companies they usually do.

The Clean slate approach

This approach can be used by a company, or a part of a company, that can start fresh from sustainability need and look for services needed. This approach is often technology-driven and it is important to include mechanisms within the company that explore if there are other technologies that can provide the same service in a better way. If a company only focuses on improvements in one technology, it can contribute to a technology lock-in even if the original intention was meant to deliver a sustainable solution.

The Springboard approach

This approach can be used by a company that realises that at least a part of its business is not currently sustainable. This realisation often happens due to external pressure. Instead of only defending their business, they can look for new business areas that build on their current strengths using the outside pressure to find new business paths, and thereby use the outside pressure as a springboard for a new and more sustainable business strategy.

A major challenge for companies driven by outside pressure and applying a springboard approach is to ensure that basic structures in the companies are reformed so that the energy that is turned against the company's unsustainable part is directed in a sustainable direction without coming back again due to lack of supporting structure and links to the company's core strategy, KPIs and future revenue flows.

The Quantum leap approach

This approach is for companies that don't have any outside pressure to deliver sustainable solutions but through their products or services have new or existing solutions that can help society become more sustainable. One of the challenges for a company applying a quantum leap strategy is that they might have outside pressure in an area that is not that important, but it may shift the focus away from the proactive strategy.



Confederation of Indian Industry



CII-ITC Centre of Excellence
for Sustainable Development

FOUR STAGES OF SUSTAINABLE INNOVATION

It is important to establish the ambition for innovation within the company. In many cases different kinds of innovations are needed on different stages at the same time.

Reactive

This is probably still the most common stage and usually treated as innovation in relation to sustainability today. Due to new legislation, changing customer preferences, buyer demands, competitor moves, media attention and others, companies find that they are under pressure to change. There is a tendency to resist change or adapt to secure existing business deals.

Incremental

Leaving an ad-hoc approach to sustainable innovation behind, many companies now try to build in systems for constant improvement using ISO systems and other management systems. It has been demonstrated that incremental steps, beyond-compliance processes – addressing current issues of cost, risk and footprint reduction – have been an important step towards a better understanding of what sustainability means.

Radical

A company's growth trajectory is what will propel it to create sustainable value and provide it with the ability to make a significant positive difference in the world. As companies reach out to new markets, they may realise that their products have far greater impact than their manufacturing facilities.

Driven by an accelerating rate of technological change, radical innovation is a vital stage in transition to sustainable business and low-carbon economy.

Transformative

When a company begins to look towards the future, the shift in focus is transformational. Leapfrogging to inherently clean technologies through disruptive business models, for instance, at the base of the pyramid, enables companies to confront directly the sustainable development challenges.

FIVE INDICATORS TO PROGRESS

Create a sustainability vision

Many companies cannot survive without a great vision. There is need for a real vision – a vivid picture of the future that has no boundaries, it is larger than the organisation itself and it is lofty enough to want to work hard for.

Ensure leadership conviction

A comprehensive sustainability strategy can only be implemented with support from the top by leaders who have strong convictions.

Check if there is a strategy pay-off

Is the sustainability-driven innovation and profit-making strategy paying-off? The payoff is tapping into the revenue, innovation and productivity side of the sustainability business case rather than just the risk mitigation and cost-savings side.

Work with stakeholders

No company can achieve transformative change alone. To work with other companies is therefore necessary.

Measure value-add

Annual or quarterly financial results tell only a part of the story. Companies need to design such long-term measures and metrics, explaining to the external world why these are valid as indicators of sustainable value creation.

These 5 Steps are adapted from "Indian companies with solutions that the world needs", CII-ITC Centre of Excellence for Sustainable Development and WWF-India, 2008

FOCUS ON INDIA: BCTA INITIATIVES

Ballarpur Industries Ltd: widening access to company value chains for rural farmers

In 2006, the company started sourcing pulpwood from small farmers, many of whom owned degraded lands that did not yield much output and in the long-run were not sustainable. BILT realised that it was in their interests to ensure that the farmers could earn sustainable incomes during the 5 year gestation period, as pulpwood plantations would suffer if the farmers were to migrate out; therefore BILT supports them with starting alternative income-generating activities such as intercropping and vegetable cultivation, or holding poultry, goat and cattle rearing for milk production, while at the same time linking the farmers to markets.

BILT selected its long-time partner, the NGO Harsha Trust, as the implementing partner. Harsha Trust worked with the farmers in setting up a cooperative to negotiate on behalf of the farmers, also helping them to secure loans and other benefits. BILT is also able to assist the farmers in accessing support from government programs, such as access to fertilizer and pesticides, and access to loans from banks and other relevant training.

In 2009, BILT was able to further expand this initiative with the support from India National Bank of Agriculture and Rural Development. Knowing that these farmers do not have commercial experience, BILT needed to build a comprehensive extension program that would allow the farmers a sustainable living to support their families, while at the same time reducing the transaction costs for the company in dealing with numerous individual farmers.

Patneswari Agricultural Cooperative Ltd. (PACL) was established in 2008 to help these farmers to access loans on group strength from the formal banking system and as a collective, the farmers were finally able to attract loans and credit to carry out commercial activities. The members will sell their yield to PACL, which then sells it in bulk to BILT. The Cooperative's connection to BILT provides the link to the market; however PACL can choose to sell to other buyers if that is more beneficial.

The benefits accruing from this inclusive business scheme are easy to see for both sides. On one hand, sourcing from local suppliers stimulates the local economy and revives rural degraded areas, and supporting the farmers to establish a cooperative has resulted in securing loans and better confidence, cohesiveness and cooperation among people, enabling vibrant rural communities. On the other, sourcing raw materials locally presents huge savings for BILT in transportation costs. BILT has successfully created a partnership model building on the strengths of each of the partners to ensure a sustainable supply chain and predictable employment opportunities for the farmers, and assures the welfare and participation of all actors

Key success factors were a focus on local sourcing, sustainable livelihoods, partnerships, and a compelling business model. BILT overcame the barriers of creating alternate income-generating activities, setting up local partnerships to advocate for poor farmers and ensure credibility, and increasing the education and skills of their production chain. Initially some difficulties were faced as the farmers were not coming forward because they did not have experience in commercial plantations; within the company, it was also difficult to convince the people about the likelihood of success of the intervention. This mindset started changing however as all could see the progress of the interventions.



LifeSpring Hospitals: promoting affordable healthcare in India

LifeSpring is a joint venture between HLL and New York-based private social investor Acumen Fund, tackling the issue of the extremely high rate of maternal mortality present in India. Most of these deaths and complications could be averted by providing an adequate level of pre- and post-natal care but unfortunately in much of India public hospitals are often overburdened and space in delivery rooms limited, and private clinics offer good quality care, but high prices put it out of reach for most lower-income families. The initiative aims to provide women with high-quality care including pre- and post-natal services, deliveries, family planning services, medical termination of pregnancy, infant care (including immunizations), diagnostic services, and pharmacy services reasonably priced at 50 to 70 percent lower than private clinics.

Within 18 months of opening, the first hospital in Hyderabad broke even. Three years after the launch of the first clinic, LifeSpring Hospitals began its rapid expansion to other neighbourhoods surrounding Hyderabad. By 2009, the chain had grown to nine hospitals located in high-density, low-income areas. LifeSpring has managed to successfully optimize the utilization of its most expensive asset—its doctors—by encouraging optimal utilization of a doctor's time and not expecting them to perform the administrative functions that most other hospitals require.

The hospitals also limited capital expenditures by renting existing hospitals on multi-year leases rather than purchase new buildings; outsourcing pharmacy and laboratory services; and reducing the amount of machinery needed.

The main challenge however remains in engaging with the community in which each hospital is located. To market LifeSpring's services, each hospital employs two outreach workers. LifeSpring Hospitals has filled an important void in the Indian healthcare landscape, providing quality services at reasonable, transparent prices for working class poor families, and with more than 20 percent of all global births taking place in India, their narrow focus on a high incidence occurrence such as childbirth is good for its business. In addition to revenues generated from deliveries, additional income is attributed to family planning services, outpatient doctor consultation fees, and the rent received from the outsourced laboratory and pharmacy.

Key success factors were maximised utilisation of resources (by specializing on maternal and infant care, the hospitals are able to use doctors, nurses, equipment, and space more efficiently than other hospitals that provide a wider-range of services); a process driven approach through a clearly spelled out standardized methodology in order to reduce costs and maximize efficiencies; rigorous monitoring and evaluation using indicators such as post-operation infections, mortality, and morbidity rates as a means of quality control; and a strong business case whereby LifeSpring fills a large gap in supply for the demand for the maternal and child health care needs of thousands of low-income families across India.



FOCUS ON INDIA: BCTA INITIATIVES

Multi Commodity Exchange of India: transforming agricultural markets

In September 2010 MCX pledged to help transform the agricultural sector in India by providing as many as 60,000 smallholder farmers with access to information that will allow growers to boost productivity and income. India's agricultural sector and rural smallholder farmers have faced enormous obstacles to growth, especially in terms of the lack of access to critical information about crops and market pricing. To ensure commodity exchange benefits reach the recesses of rural India, an inclusive business model has been designed as a single-window service for all pre-harvest and post-harvest requirements of farmers.

Through its Business Call to Action initiative, MCX will mobilize \$950,000 over five years to develop 50 Gramin Suvidha Kendra (GSK), or rural service centres, in various states throughout India.

At each GSK rural service centres, farmers will be able to keep abreast of market data, prices of crops and crop protection products, and weather reports. They will offer further services such quality agricultural inputs, weather insurance (provided by WRIMS, a Kanpur based company offering customized crop specific products), warehousing receipt and credit, educational booklets (in association with Pratham Books), adult literacy (in partnership with Tata Consultancy Services Limited), expert advising (along with NABARD and local agricultural Universities to conduct various farmer training and awareness programs).

Additionally, GSK's partnership with India Post has given it access to a ubiquitous network of over 155,000 post offices across the country, allowing MCX's potential to reach out to farmers through GSK to grown exponentially. To date, more than 7,000 farmers have benefitted from this initiative which helps lay the foundation for an entrepreneurial, market-based agricultural sector, in which farmers are linked to the wider national and international markets.

The biggest challenge faced was in finding that right partner who could help MCX reach out across vast geographies, and it was decided that the Postal service had the scale, trust and organisation necessary for such an endeavour. It was also very difficult to translate future price information into a local understandable language, because usually future price information is viewed as an abstract concept by many farmers. One another key challenge that they faced in the beginning was 'where' to begin the service from—necessary criteria were easy accessibility and easy logistics, a better economic level of farmers which would make them open to accept risks with new systems being offered.



Monster: expanding access to job opportunities for rural youth in India



Because of the Government of India's vision of 'all inclusive growth', which seeks to expand economic opportunities in rural areas, a large number of Monster's customers were interested in extending their businesses into rural areas but were often unable to recruit the necessary talent. Monster also recognised that potential employees in rural areas had no access to information regarding potential jobs. It therefore pledged to expand access to employment opportunities to some 40,000 villages across nine states in rural India through Rozgarduniya.com, an Internet job portal.

Rozgarduniya.com is a joint initiative between Monster.com and ITC Choupal, which are Internet-enabled kiosks set up by ITC Limited in villages throughout India. The platform enables job seekers to access and apply for jobs through ITC Choupals, and the bilingual site provides a credible recruitment tool for companies looking to hire local talent. For qualified candidates, the portal provides access to job information from companies expanding their reach into rural areas.

The Rozgar Duniya website project is bringing business

value to both Monster and the ITC e-Choupals. While jobseekers are able to access job information for free, companies who post jobs are charged a fee by Monster, which is then divided between Monster and the e-Choupals thereby creating value for both.

ITC itself benefits from a stronger e-Choupal offering and strengthened links with the rural communities in which it operates.

The Rozgar Duniya website is an example of two different organisations working together to bring value to themselves and the communities they serve through their core competences.

The portal was designed after intensive research with the youth in rural India to understand their profiles and internet usage behaviour, helping to empower them by connecting them to the economic mainstream. Monster also trains the Sanchalaks to help the youth submit resumes online, apply for jobs, explore other career opportunities and to act as the key facilitators for jobseekers in the village.

FOCUS ON INDIA: BCTA INITIATIVES

SABMiller - doubling the local sourcing of barley in India

In 2005, SABMiller India realized that it needed access to better quality barley to create better quality malt and to reduce production costs. However, the majority of the 1.5 million tons of barley produced each year in India is feed grade, low quality barley. Because this barley does not command a premium price in agricultural markets, farmers do not consider it a priority crop and many farmers do not invest in government-certified seeds and other inputs and training that would help yield a higher-quality crop. Therefore, SABMiller launched its Saanjhi Unnati (Progress through Partnership) program to help farmers overcome these constraints.

Farmers participating in the program receive hands-on customized support from agricultural specialists who provide farmers with tips and information on barley cultivation; they also have access to conveniently located “Progress through Partnership” centers where government-certified seeds, fertilizers, and pesticides can be purchased, best practice workshops and literature can be found, and harvested crops can be sold.

The Rajasthan government provides SABMiller India with the appropriate permissions and licenses to sell government-certified seeds and to purchase crops directly from the farmers.

SABMiller has also partnered with the Morarka Foundation to identify and address long-term development needs within barley-producing communities. The Foundation, which is a local non-profit focused on agricultural development, facilitates interaction between the community leaders and the program managers.

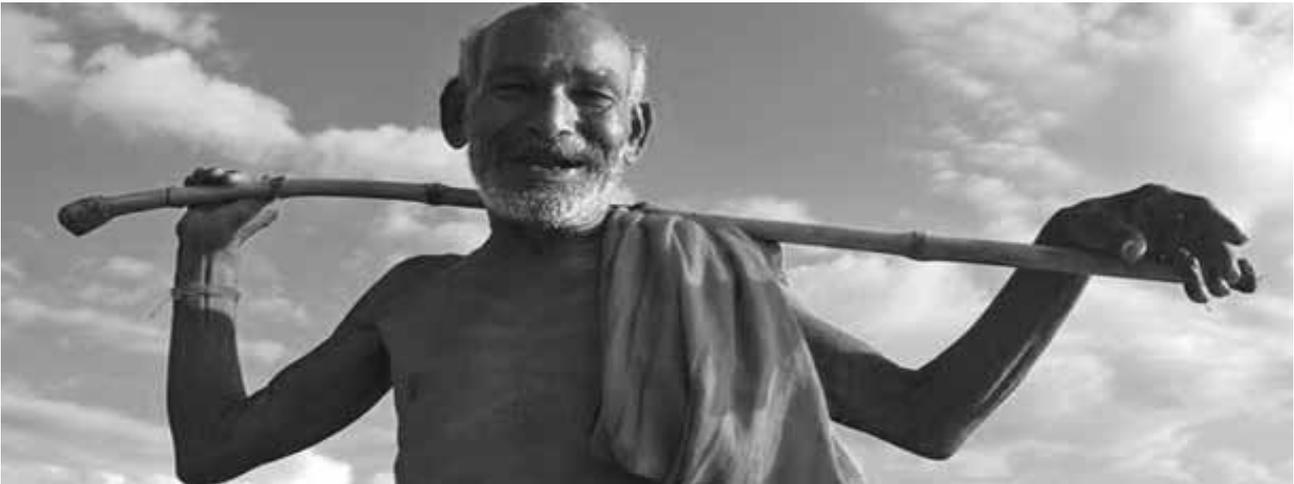
For SABMiller India, supporting the development of the local barley value chain helps the company meet its long-term goals for growth in India. SABMiller needs a stable, secure source of malting barley to produce its beverages and meet its growth targets in the future. Having access to the higher-quality malting barley has helped the company reduce the cost of the brewing process, while also improving the quality and extending the shelf life of its products. SABMiller also believes its relationship with the local government has improved thanks to this initiative.

Through the “Progress through Partnership” program, farmers benefit from an assured market for their barley, transparent transactions, and fair pricing structures.

In addition, the program promotes community development by offering extension workshops on topics of interest such as youth employment and water management. Farmers also receive a preferential price by selling directly to SABMiller rather than selling through agricultural middlemen, and these higher prices translate into a real income hike for farmers; in the 2008-2009 growing season, farmers earned about 10 percent more than they had the year before.

Key success factors were an anchor with core business; partnerships (through leveraging the core competencies of various partner organizations, the “Progress through Partnership” program was able to reach more farmers and provide a wider variety of services to the farmers. Involvement of local partners has also helped to lend credibility to the program in the eyes of the farmers); and monitoring results carried out at the field level with day-to-day interaction between farmers and agricultural technical advisors.

Tata Group - helping farmers access agricultural information online



In 2008, Tata pledged to develop a customized online public information system (mKRISHI) for farmers in rural India. Farmers would be able to access personalised agricultural advice and pricing information at village 'knowledge portals', which will be made available in 100,000 Indian villages.

The mKRISHI platform combines multiple technologies such as cellular networks, mid-range mobile handsets, weather and soil sensor technologies to bring vital information regarding local weather, fertilizer requirement based on soil conditions, pest control, and current grain prices in local markets in rich content format to farmers' low-end mobile handsets. Farmers also send crop images to experts for analysis. They send queries in their local languages through a mobile phone and receive responses with advice or information. Literacy challenged farmers access the service by means of voice activated SMS. This initiative will increase agricultural productivity and stimulate local micro-enterprise.

Some major challenges faced were:

- Establishing communications of server with the sensors in the field due to the need to integrate several technologies;
- Weather related problems; convincing the government to participate in field trials with their experts;
- Convincing farmers to explore the features and benefits of mKRISHI, and the need to reduce the subscription fees as farmers were initially reluctant to pay for the service.
- Another challenge involved teaching the farmers to use the software on the cell phones. TCS had to ensure that they received a lot of training and handholding.

FOCUS ON INDIA: BCTA INITIATIVES

Thomson Reuters - providing real time weather and price information for farmers

One major challenge that many of India's rural producers face is lack of access to relevant information about their crops. As a result, farmers produce lower crop yields, endure higher levels of crop wastage and spoilage, and are often charged high transaction fees due to lack of knowledge about current commodity prices.

In 2007, Thomson Reuters realized that this "information asymmetry" among India's farmers provided a tremendous opportunity for the financial news and information company to expand its business.

Because mobile phone penetration rates in rural areas were continuing to grow at a steady rate, it was determined that the best way to get information to farmers was via mobile phones. Reuters Market Light (RML) was created, a highly customized and localized agricultural information service targeted for India's farmers.

The subscription-based service provides each individual farmer with a choice to receive information via mobile phone messaging services, for example on the local weather forecast, local market prices, relevant news for two types of crops, etc.

Operations are divided into two main divisions: Editorial and Content Services, responsible for developing content, and Sales and Marketing, which builds partnerships with distributors.

RML works with several partners at the regional level to distribute its voucher cards; major partners include Idea Cellular; Aadhar of Future Group, a rural retailer group; and Biostadt, an agricultural products provider. This division is also responsible for raising awareness and demand for RML's service among farmers.

Recently, RML has partnered with the oil exploration and extraction company Cairn Energy to distribute RML subscriptions to farmers in the state of Rajasthan.

To expand access to RML, the unit reevaluates how to better meet the needs of its customers on a regular basis. Every six to eight weeks, an independent research group conducts surveys identifying ways in which RML could improve its products and services. As a result of the surveys, RML has developed a voicemail service to serve the needs of illiterate farmers.

Thomson Reuters invested in RML because the initiative has the potential to bring significant revenues to the company in the long-term. In India alone, there are more than 250 million agricultural producers which represent an estimated \$500 million potential market opportunity.

Just a little over two years after launching the new product, RML has reached nearly 300,000 subscribers in 12 states. For the farmers, RML allows them to increase the value of their agricultural products and to be better able to judge when to harvest, sell, and store crops; to negotiate rates for their crops; make better decisions to enhance productivity; and reduce losses based on reliable agriculture news, crop advisory and localized weather forecasts.

Key success factors include engaged senior management (because the RML service was a risky investment for the company, critical to its successful start-up and funding was CEO Thomson Reuters' belief that it was a good business); focus on the consumer by surveying subscribers every to better understand what the farmers like or do not like about the product; and dedicated staff, because a project such as this requires staff to be flexible, entrepreneurial, and willing to take risks but also have a clear vision of what can be achieved. The team must be ready to change course and consider new tactics in order to achieve the desired results.

PARTNERING FOR INCLUSIVE BUSINESS

Why is partnering important in inclusive business?

Inclusive business is often achieved through business engagement with non-traditional business partners, such as producer associations, NGOs or public sector agencies. Each of these non-traditional business partners has its own organizational culture, distinct operating procedures and set of drivers which differ from those of business and from each other.

Working together effectively in these new collaborative arrangements requires understanding difference and learning how to capitalize on the diversity to make the project more successful, rather than allowing difference to be an obstacle that leads to failure or under-performance.

Cross-sector partnering is the skillful navigation of sector differences to provide innovative collaborative solutions to sustainable development challenges. There are a number of ways for these non-traditional business partners to work together ranging from conventional transactional and contractual relationships on the one hand, to partnerships and joint ventures on the other. As the degree of co-design, co-working and co-delivery increases, so does the need for understanding and communication.

- If the initiative lends itself to a transactional relationship, one party may design the project and then seek out an organisation to implement according to a set of pre-determined criteria.

- If a partnership relationship is preferable, although one party is likely to initiate proceedings, the complete project definition and final composition of the partnership partners will be determined at a later point, in order to benefit from the input and perspective of those involved.

Inclusive business models exist to empower the poor not exploit them, consequently all involved need to understand how to build equitable, transparent and mutually beneficial working relationships. This is the art and science of partnering for sustainable development.

Experience of numerous cross-sector initiatives has shown that a partnering mind-set combined with partnering skills and tools can equip those involved to better:

- navigate the complexities of multi-stakeholder collaboration;
- manage communication and relationships;
- optimize the quality of collective activities/outputs;
- reap the rewards of resource efficiency and innovation;
- understand and be able to measure ensuing business and development impacts;
- position themselves to reach scale.

Types of business engagement with NGOs



WORKING TOGETHER EFFECTIVELY

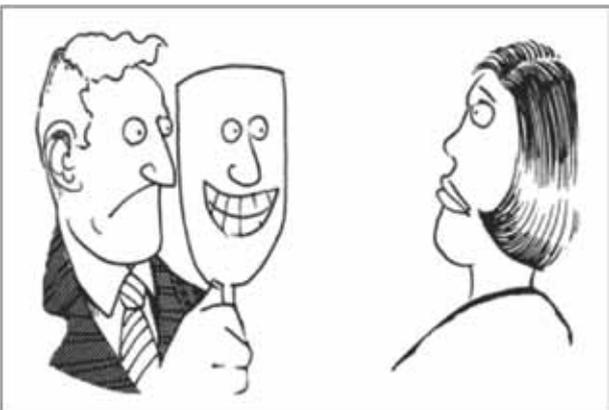
Good partnering behaviour

Evidence of certain core principles and behaviours define whether a relationship is a partnership or not and adhering to these principles greatly enhances the success of a partnership.



EQUITY?

What does 'equity' mean in a relationship where there are wide divergences in power, resources and influences? Equity is not the same as 'equality'. Equity implies an equal right to be at the table and a validation of those contributions that are not measurable simply in terms of cash value or public profile.



TRANSPARENCY?

Openness and honesty in working relationships are pre-conditions of trust – seen by many as an important ingredient of successful partnership. Only with transparent working will a partnership be truly accountable to its partner donors and other stakeholders.



MUTUAL BENEFIT?

If all partners are expected to contribute to the partnership they should also be entitled to benefit from the partnership. A healthy partnership will work towards achieving specific benefits for each partner over and above the common benefits to all partners. Only in this way will the partnership ensure the continuing commitment of partners and therefore be sustainable

Whether an inclusive business initiative is formed as a partnership or not, in this unfamiliar cross-sectoral context, the way organizations and individuals acting as their representatives behave has a tremendous effect on the success of the initiative.

“Good” partnering behavior involves fostering a culture of mutual respect and can provide the “fertile soil” in which innovation, trust, smooth running operations and effectiveness can grow.

Attitude

- Be flexible and open to new ideas wherever possible.
- Recognize and respect the value of each partner’s contribution verbal and actual.
- Encourage a culture of transparency by being transparent yourself.
- Be honest about your interests, needs and constraints and ensure that other partners understand them.
- Recognize that in order to get your interests met, you also need to help others get their interests met.

Seek to understand

- Ask questions to gain a more fulsome understanding.
- Listen to and understand the real interests, needs, and constraints of your partners.
- Appreciate that different sectors have different motivations, different cultures and may use a different vocabulary and try to translate these into your own understanding.

Practical suggestions

- Spend time reflecting on your interactions with other partners. Are there things you / they may not have understood? Does this build equity, transparency, mutual benefit? Are there things you could do differently? What assumptions am I making? What expectations do I have?
- Be aware and pay attention.
- Be prepared, where necessary / feasible to help build the capacity of partners to allow them to perform their roles more effectively.
- Ensure that you fulfill all the commitments you make to the partnership.
- Invest in training to build partnering skills and a partnering mindset in key staff members.

Access resources and
connect with peers on
businessinnovationfacility.org



About the Business Call to Action (BCtA)

BCtA is a global initiative that aims to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop innovative inclusive business models that offer the potential for both commercial success and development impact. The business models integrate the poor on the demand side as customers and on the supply side as employees, producers, suppliers and distributors. Although pro-poor, inclusive business results in commercial and development benefits, companies face a range of internal and external barriers when conceiving and executing these initiatives.
www.businesscalltoaction.org

About The CII-ITC Centre of Excellence for Sustainable Development

The CII-ITC Centre of Excellence for Sustainable Development is an institution that creates a conducive, enabling climate for Indian businesses to pursue sustainability goals. It creates awareness, promote thought leadership and build capacity to achieve sustainability across a broad spectrum of issues. It enables Indian businesses become sustainable, and channels the potential of Indian industry to power India's agenda for inclusive growth and sustainable development. It enables businesses transform themselves by embedding the concerns of sustainable development into their own strategies and processes.
www.sustainabledevelopment.in

About The Business Innovation Facility

The Business Innovation Facility helps the development and uptake of inclusive business models by companies in developing countries. Funded by the UK Department for International Development (DFID), the Facility supports companies that are developing inclusive business projects in Bangladesh, India, Malawi, Nigeria, and Zambia. In these countries the Facility helps companies directly by facilitating the process of developing inclusive business, brokering partnerships, signposting to other sources of support, and/or sharing the cost of consultancy support. The Facility also aims to help practitioners in any country through the Practitioner Hub, an online community of practice that provides a gateway to the latest information, insights from peers, good practice and useful resources for developing and implementing inclusive business.
businessinnovationfacility.org

About IBLF

Founded in 1990, the International Business Leaders Forum (IBLF) is an independent, not-for-profit global organisation working with leading multinational companies on the responsible business and sustainability agenda. IBLF positions business as a lead partner in international development, helping companies work with government, global agencies and civil society to overcome development challenges. The organisation works across five main focus areas: Business Standards, Partnership, Human Capital, Prosperity and Environment.
www.iblf.org

About Intellecap

Intellecap is an advisory firm that seeks to catalyze the growth of businesses with positive social and environmental impacts particularly in emerging markets. It facilitates investments, provides consulting services, incubates high impact social enterprise models and builds knowledge and information around key work spaces. Combining its deep knowledge of development issues and operational realities at the grass roots with the mainstream consulting experience of its team members, it designs and implements strategies and processes that help create scale and impacts. Intellecap manages the Business Innovation Facility in India.
www.intellecap.com

About The Partnering Initiative

The Partnering Initiative (TPI) is a programme of the International Business Leaders Forum (IBLF). The Partnering Initiative aims to promote and support the use of cross-sector partnerships worldwide by disseminating learning about partnerships, facilitating the sharing of practical experience, contributing to cutting-edge knowledge, offering support, training and advice, as well as setting standards in what constitutes good partnering practice.
www.ThePartneringInitiative.org

IBLF India contact

joe.phelan@iblf.org
www.iblf.org