



Saïd Business School
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CARE Bangladesh Rural Sales Programme (RSP)

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Part 1: The case in context

Case use and teaching objectives

The case can be used to illustrate a number of management issues – including marketing, supply chain management, corporate social responsibility, entrepreneurship and innovation, strategy and international business.

Within this context, the following teaching objectives can be highlighted:

- To explore the social, ethical, economic and environmental impacts of micro enterprise in developing markets, and issues of scale
- To explore the reputational risks and benefits of supply chain innovation and the creation of multilateral partnerships (labour standards, job security etc.)
- To examine the role of the individual actor, and their networks in local decision making that has potential global impact
- To explore issues of governance, transparency and accountability
- To explore the boundaries of corporate social responsibility and philanthropy, and how they contribute to sustainable development
- To highlight the challenges of defining sustainable development.

The story of the case in synopsis

The story of the case is told from the perspective of one set of stakeholders in rural Bangladesh, namely CARE – an international humanitarian organisation with the mission to fight poverty and its underlying causes. Focusing on three main actors in CARE Bangladesh – Nick Southern, Country Director of CARE Bangladesh, Saif Al Rashid and Asif Uddin Ahmed, both programme managers in CARE's Economic Development Unit (EDU) – the case outlines the recent history and events of CARE's engagement at the bottom of the pyramid (BoP) through the organisations' Rural Sales Programme (RSP).

As the case opens, Saif has received an offer of €600 thousand from danone.communities (DC) to scale the RSP into a social enterprise (SE), replicating the model throughout Bangladesh. DC believes this investment could transform the RSP from an NGO programme aimed at income generation for Bangladesh's most marginalised women into one of the world's largest "social businesses" engaged with the BoP market.

As the case highlights, the RSP was initiated at a time of significant global interest in business approaches to poverty alleviation and a concomitant shift in NGO funding from donor-led to market based models. CARE, like many international aid agencies and NGOs, began to look for ways to leverage the resources of the private sector to achieve its development goals. Its' need to move beyond conventional donor-funded programming became immediate as CARE's long-time donor support for the Rural Maintenance Program (RMP), an income-generation cash-for-work program CARE had been running for decades, came to end. While the organisations openness to private sector engagement was mixed, Saif, in particular, saw business as a way to provide rural women with few marketable skills and low levels of literacy a viable income independent of donor support.

The RSP began as a relatively unsuccessful pilot programme between CARE and BATA shoes in 2005. Forty-nine women were trained to sell shoes door-to-door in Bangladesh's hard to rural communities yet by the end of the year only 26 of the 49 women were still active. However, through the persistence of Saif in finding corporate partners such as Unilever, and through changes in the business / distribution model, the RSP began to flourish. By 2009, the programme employed 1,200 women in rural Bangladesh who earned an average of 1,144 taka per month selling a basket of goods (e.g. food, toiletries, apparel, agricultural inputs, and medicine) door-to-door.

Yet, despite the RSP's successes, it remained dependent on CARE for operational funding. DC's offer seemed like the best possible way to achieve Saif's long time goal – gaining scale with the RSP in order to provide a regular income stream to Bangladesh's poorest women. Saif had been given three months to put together a proposal for the SE's organisational structure and plans to scale.

Nick knew a partnership between CARE Bangladesh and DC – a globally ground-breaking NGO-private sector hybrid – would represent a coup for CARE in the eyes of many donors and media stakeholders, but that the offer was not without its risks and detractors... many of whom were inside the CARE organisation.

The decision to accept DC's offer was far from clear-cut.

Part 2: Discussion and key learning

The birth of a partnership

When teaching this case, it would be helpful to outline the conditions that arguably contributed to the ultimate success of the RSP:

A highly respected and trusted NGO

CARE had spent many years in Bangladesh, in what can be described as a more traditional donor-dependent engagement model. Among donors the organisation was widely respected for its work on relief, community mobilization and food security, and during CARE's 60 years of operation in Bangladesh, the organization had built credibility as a grassroots organizer and

advocate on behalf of vulnerable groups, especially women and girls. The organisation had established extensive networks across the country and was known for its deep insights and sensitivities to Bangladesh's socio-cultural mores. This ultimately became CARE's value add in the RSP.

The BoP model

Students should be aware that since C. K. Prahalad's 2004 publication, *The fortune at the bottom of the pyramid*, "bottom-of-the pyramid" (BoP) schemes have gained favour as a way to marry the interests of business and international development. By 2004, when the RSP programme was launched, the BoP model was already well-known in Bangladesh. In 1997, Grameenphone introduced the Village Phone Program, in which village women would rent out a phone and airtime to communities throughout Bangladesh. Similarly, based on learning from Shakti, the Hindustan Unilever programme that enabled women to earn an income by distributing Unilever products in rural communities, Unilever Bangladesh instituted the "Joyeeta" programme hiring Bangladeshi women as door-to-door salespeople for their fast moving consumer goods (FMCGs). DC too had entered into local partnerships in Bangladesh – with Grameen producing and distributing highly nutritious and low cost yoghurt to families most at risk of malnutrition. The RSP thus emerged in a context where there was considerable interest in using the BoP approach as a model for women's economic empowerment and poverty reduction.

Women's Poverty and Exclusion

It is widely known that women's economic empowerment can improve the welfare of women and their families. Improving women's access to income, as well as to goods and services is central to many BoP models. Women are often the target consumers for goods distributed through BoP systems and the "micro-entrepreneurs" who sell products door-to-door. As a model of female economic empowerment, the BoP approach would appear well suited to contexts like Bangladesh where the majority of women have little formal schooling and face chronic poverty. In most of the country, the religious practice of *purja* means women do not leave their home unaccompanied, restricting their access to goods, services, and employment, and leaving most women dependent on male family members for financial security. As the case highlights, this exclusion of women from economic opportunity provided fertile ground for the RSP.

An Entrepreneurial Vision

The narrative of the case rides on three principal actors – Nick, Saif and Asif. Nick has many decades of experience within CARE globally, and in particular Bangladesh. Nick recruited Saif in 2004 to lead CARE Bangladesh's Economic Development Unit (EDU). Saif brought experience in marketing within the private sector as well as deep personal knowledge of Bangladesh's rural communities. Asif, with a background in international development and private sector engagement, was recruited to CARE in 2006 and provided Saif with an ally in his mission to empower women through market-based solutions. With the somewhat hesitant support of Nick, Saif negotiated with Unilever and also reached out to other multinational and Bangladesh-based firms to build on the BATA pilot, while facing not inconsiderable resistance within CARE to the RSP's model of market-based development.

Decision points

Below is a timeline of the major events in the evolution of the RSP from 2004 to 2009. In the classroom it would be helpful to ask the students to draw out the key events and ask what makes them pivotal in the development of the programme, and why. Students should address the flashpoints in the development of the RSP: i) the BATA pilot; ii) negotiations with Unilever; iii) the distribution model; and iv) the tensions created by Fair and Lovely in the context of CARE's "I am Powerful" campaign.

YEAR	WHAT
2004	<ul style="list-style-type: none"> • Saif Al Rashid hired into CARE Bangladesh • RMP programme terminated • BATA & CARE heads discuss partnership • Saif secures seed funding for a pilot
2005	<ul style="list-style-type: none"> • March – BATA / CARE pilot begins in Natore region with 49 women • December – 26 women remain in pilot
2006	<ul style="list-style-type: none"> • Saif visits Natore to interview the 23 inactive women • Saif realises that standalone purchase model does not work in rural markets • Asif Uddin Ahmed recruited into EDU • Saif negotiates a partnership with Unilever, with commission for CARE • CARE RSP brand developed • Over 300 Aparajitas selected, recruited and trained
2007	<ul style="list-style-type: none"> • Square joined the RSP • EDU gained a dedicated team • RSP extended into Rangpur • Fair & Lovely one of the highest selling products in RSP channel • 12 hubs created close to Aparajitas sales routes, along with network of bike distributors
2008	<ul style="list-style-type: none"> • RSP distribution channels refined, including route maps, bags • A further 300 aparajitas join the RSP from the Unilever Joyeeta
2009	<ul style="list-style-type: none"> • 1,200 aparajitas in 58 hubs across Bangladesh • DC approaches Saif to offer to convert the RSP into a social enterprise

Improvisation, innovation and harnessing opportunity: The BoP Entrepreneur

Following the above discussion, it will become clear to students that the RSP has been heavily shaped by the entrepreneurial drive and vision of Saif. As the case illustrates, however, neither Saif nor Asif had a coherent strategy for the development of the RSP. In fact, the programme originated through the serendipity of a golf game on the other side of the world. Yet as the previous discussion of decision points will have illustrated, a complex and bespoke system emerged through adaptation and continued innovation in product choice, transport, distribution, and aparajita selection.

Students might argue that because the RSP lacked a clear strategy and was peripheral to CARE's core programming, it was a fragile system and to some extent this is true. Without the personal commitment and personas of Saif, and the support of Asif and Nick, the RSP may have ended in 2005 with the BATA pilot.

A counter perspective is that the RSP prospered precisely because of the improvisation and innovation in developing the system. Taking feedback from the aparajitas, observing the successes of Unilever's other initiatives, and learning from the insights of BATA and elsewhere, Saif created a fluid and responsive distribution structure that in turn created its own resilience and scale.

Students should consider whether were it not for the personal networks and entrepreneurialism of these three men, who – for various reasons – chose not to abandon the RSP pilot despite its disappointing results, would Unilever, and ultimately DC, have been persuaded to come to the negotiating table and a) share distribution channels with competitors and b) agree to pay commission to CARE, which was essentially acting as a facilitator in this programme?

Value creation

It would be timely now to introduce a discussion on where value is being created in this pilot, and for whom.

A first read and reflection on this case might lead many students to feel re-assured by the 'triumph over adversity' and the positive anecdotes of the aparajitas who are able to feed their families, choose more vibrant saris and enjoy a level of financial security. Students will note that the aparajitas annual incomes increased nearly threefold over the first four years of the programme, from taka 444 to 1,144 from 2005 to 2009 (see Exhibit 1).

Exhibit 1: Expansion of RSP 2005-2009

	2005	2006	2007	2008	2009
No of Hubs	-	-	12	44	58
No of Active Aparajita	26	300	300	924	1,200
Average monthly income of Aparajita (BDT)	444	450	667	730	1,144

Students might also feel that the efforts of Saif, with the support of Asif and Nick, were vindicated by the offer from DC, and that a market-based model of NGO intervention is more sustainable than donor-led models.

And they might also see a success story for participating companies, who have created significant global goodwill through these grassroots efforts, gained access to a new market of consumers and brand advocates, and seen their earnings grow from €12,307 to €506,643 over the period 2005 to 2009 (see Exhibit 2).

Exhibit 2: RSP Annual Sales 2005-2009

	2005	2006	2007	2008	2009
Total BDT	965,005	4,567,006	7,712,017	27,402,235	50,078,872
Total Euro	12,307	50,169	77,335	284,669	506,643

Some students might raise concerns, however, that micro enterprise can create more debt and insecurity than it alleviates, that a nascent environmental problem is being created in a part of the world already extremely vulnerable to climate change impacts, and that the pilot is nothing more than a cynical marketing ploy on behalf of the MNCs to 'have their cake and eat it' by selling products that arguably these communities do not need but in a model that suggests a genuine concern for wellbeing and economic empowerment.

This discussion will need to be managed carefully. Instructors should remind students to stay focused on the information provided in the case, directing students to think specifically about each of the stakeholders, where risks lay for each of them in the system, and the extent to which their interests are aligned with one another. The following questions will be helpful in guiding the discussion.

I. Corporate Stakeholders

Is the RSP integrated into the business management of companies as more than CSR or philanthropy?

- Should companies pay CARE commission, and for what? (direct students to consider whether commission is paid for CARE's 'local' knowledge or distribution capabilities)?
- What is the business case /ROI for this kind of system?

- What are the risks – reputational, financial, competitive – for companies? How can they be identified and mitigated?
- What risks might companies face when marketing consumer goods to rural communities?
- Does it matter if the products' brand values in the aparajitas' baskets compete?

II. CARE (and other NGOs engaged with the BoP Model)

Can the model align with the goals and mission of NGOs?

- In light of CARE's core mission and organisational values, should the organisation be partnering with the private sector? If so, how might CARE gain support for such initiatives within the organisation?
- How should CARE assign a value to the knowledge and networks it has developed over half a century?
- How should CARE decide who to partner with? Are there certain companies or products that CARE should not allow in the system?
- Is the RSP any more secure or sustainable than a donor model, such as the RMP?
- Is CARE selling its network and knowledge and thereby rendering itself unnecessary in the long-term?

III. Communities in rural Bangladesh

Do such BoP models contribute measurably to the social, economic and environmental wellbeing of the rural communities?

- Is demand for products being created or fulfilled through the RSP?
- What are the likely longer term social, environmental, ethical and economic impacts on rural Bangladesh?
- How should CARE handle the increasing disparity of income between the aparajitas and other rural families?
- What other ways could the aparajita network be used to meet the health, nutrition and educational needs in the communities?

Is this a model of sustainable development in Bangladesh?

Following the discussion of how and where the RSP generates values and risks for stakeholders, instructors should facilitate a broader discussion of whether the RSP is a sustainable model for development. This may be the most emotive discussion with regard to the case and again, discussion should remain closely tied to the particularities of the case.

While the economic benefits for the aparajitas are clear (see Exhibit 1), and one must assume in turn their families and communities, many engaged in international development will have reservations. Critics of the micro enterprise movement suggest that a lack of education and experience in money management is creating more significant debt cycles, and that putting money into the hands of women can increase their vulnerability to violence in their households and communities. Those working for gender empowerment may find the sale of beauty products objectionable, while economists may argue that the circulation of manufactured

commodities may stifle the production and sale of local goods. Finally, there is a clear environmental challenge with regard to product and packaging waste and potential ethical concerns about illegal or contraband goods entering into the RSP system.

On the other hand, the RSP creates a level of financial security for CARE that they have never had. Through the commission paid for their expertise and networks, they are reducing their donor dependence and fulfilling their mission to empower women economically. In time, the revenue generated through the system may be used to support CARE's core program work for hard to fund 'boutique' projects.

Students should be encouraged to reflect on the meaning of sustainable development in the context of the RSP and discuss what would constitute a 'good' outcome for the RSP. They should also consider whether the model should and could be replicated in other developing country or emerging markets, and if so under what conditions (e.g., companies lack market penetration, significant proportion of landless poor, rural consumers have limited access to markets etc.).

What should CARE do?

As the case highlights, the decision facing Nick, Saif and Asif is not clear-cut, with many – often contradictory – factors at play.

It might be helpful, drawing on the discussions and insights that have taken place so far, to summarise all the reasons why CARE should and should not enter into this partnership with DC before telling the class what happened next. In discussion, attention should focus on the value CARE brings to this partnership. Arguably, CARE's key value-add to companies lays in its ability to reduce turnover by selecting saleswomen who are likely to stay active, to develop appropriate training for female entrepreneurs and community members, to create acceptance of the *aparajitas*, and to scale by recruiting additional companies into the system to boost overall sales.

Discussion should then turn to the benefits and risks a partnership with DC could bring to CARE. Students might consider how initiating a social business with an MNC of DC stature would be viewed among donors, whether scale would be likely to support and enhance the organisations long-term objectives, and what, if anything, CARE is likely to gain from DC's brand equity. Would DC's focus on child nutrition add value to their work or overshadow other aspects of empowerment CARE had worked hard to cultivate? They might also consider how much control CARE should relinquish to DC, discussing, for example, whether DC should have the right to determine which companies can distribute through JITA or which products/brands can be included in the system.

Students should then turn their attention to whether a partnership with DC would allow CARE to expand its vision for the RSP and bring sustainable improvements in the *aparajitas*' lives, as well as the communities in which they live.

Part 3: What happened next

Students will want to know the outcome of CARE's decision. In the end, following protracted and often difficult negotiations between CARE USA, CARE Bangladesh and DC, CARE International accepted the offer to embark upon a joint venture with DC. As originally envisioned, CARE International owns 67% of the new social enterprise, JITA, while DC owns 33%. JITA was formally incorporated on 12 December 2011 and became operational on 1 February 2012. JITA currently has partnerships with seven companies (Unilever, BATA, BIC, Square, GDFL, Grameen Phone and Lal Teer) and incorporates 2,640 poor rural women (the aparajitas) in 88 sub districts of Bangladesh to deliver a range of products and services door-to-door.

Like the RSP, JITA is dedicated to empowering women by creating new employment opportunities and to improving access for Bangladesh's most marginalised communities to health, hygiene and nutritional products as well as communication services. Over the next two years JITA plans to expand significantly, aiming to employ 12,000 aparajitas and to reach 10 million BoP consumers across the country by 2014. True to Saif's original vision, as JITA looks to the future it seeks to create a sustainable business model that can flourish independently of donor funding while fostering economic development in Bangladesh's poorest regions.