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CARE Bangladesh Rural Sales Program (RSP)

Catherine Dolan – Mary Johnstone-Louis – Linda Scott

This case was prepared by Dr. Catherine Dolan, Mary Johnstone-Louis, and Dr. Linda Scott. Dr. Dolan is a Fellow of Green Templeton College, University of Oxford. Mary Johnstone-Louis is a DPhil Candidate, Saïd Business School, University of Oxford. Dr. Scott is DP World Chair for Entrepreneurship and Innovation at the Saïd Business School, University of Oxford.

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CARE¹ Bangladesh Rural Sales Program (RSP) Case

Tim Brown, Country Director of CARE Bangladesh, had a lot to consider. It was September 2009, and he was gathered in a meeting with Ali Rashid and Ashraf Uddin, both program managers in CARE's Economic Development Unit (EDU). Ali, who was also the founder of CARE's Bangladesh's Rural Sales Program (RSP), had just debriefed Tim and Ashraf on an unexpected proposal from the board of Danone Group in Dhaka.

At the time, the RSP was a network of more than 1,000 of Bangladesh's most marginalized women, each trained by CARE to engage in sales of consumer goods door-to-door across rural Bangladesh. For most of these women, the RSP represented not just their first opportunity to earn an income, but also the first opportunity for any woman in their family history to do so. Since 2005, Ali and later Ashraf had struggled to build the RSP from the ground up in some of the most challenging areas of their country. They had faced criticism from their colleagues, difficulties with their corporate partners, and limited financial support. But now, Ali had received an offer from Danone that seemed to vindicate their perseverance: €500 thousand to scale the RSP into a social enterprise (SE), replicating the model throughout Bangladesh. Danone believed this investment could transform the RSP from an NGO program aimed at income generation for Bangladesh's most marginalized women into one of the world's largest "social businesses" engaged with the "base of the pyramid" (BoP) market.²

As Country Director, however, Tim knew that the RSP remained an uneasy fit with CARE Bangladesh's core activities. While his two EDU directors had convinced him that the RSP had the potential to provide a sustainable income for marginalized women and bring important goods to hard-to-reach communities, for many of CARE's staff the market – and in particular multinational corporations (MNCs) – was a problem, not a solution for development concerns. 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, and was widely respected for its work on relief, community mobilization and food security. The organization operated globally under the banner of "Defending dignity, fighting poverty", a commitment that resonated strongly with the reformist ethos of many CARE staff. But increasingly, CARE's donors were emphasizing an approach to development that was market-based, business oriented, and financially sustainable. Tim sensed a sea change underway: fervour over C.K. Prahalad's BoP thesis, the promotion of microfinance schemes across Bangladesh, and support for private sector solutions to poverty seemed to be changing the landscape of development practice, even if much of his staff were reluctant to embrace it.

It was not that Tim did not share many of his staff's concerns. He himself had worked for CARE – and in antipoverty programs globally – for decades. But when one of CARE Bangladesh's largest donors, the Canadian International Development Agency (CIDA), signalled that they

¹ Established in the United States in 1945, CARE is one of the world's largest non-governmental organizations (NGOs) dedicated to relief and development. To learn more about CARE and their work, visit: <http://www.care.org>.

² Prahalad (2004) initially defined the bottom of the pyramid (BoP) as the 4 billion people in developing countries who live on less than \$2 per day. He argued that this socio-economic demographic represents an untapped consumer market for multinational corporations, who could be served through innovative products and services.

would end funding for the Rural Maintenance Program (RMP), an income-generation cash-for-work program CARE had been running for decades, because it was insufficiently market based, he knew the tide was turning. RMP had made up a substantial portion of CARE's operating budget in Bangladesh. Its closure was a significant blow to Tim and his team's antipoverty and empowerment work across the country. Now Danone, a €28 billion³ Western MNC, proposed not only unprecedented levels of funding for a CARE Bangladesh program, but offered to eventually become a 49% shareholder in a potentially profitmaking venture with the NGO, which would own the remaining 51%.

However, the question of whether and how CARE Bangladesh could implement such an approach remained an open one. Debate about the development impact of micro-loans and the ability of the private sector to catalyze poverty reduction was routine among CARE staff and field partners. Tim knew a partnership between CARE Bangladesh and Danone – a globally groundbreaking NGO-private sector hybrid – would represent a coup for CARE in the eyes of many donors and media stakeholders. But even after their first debrief, it was clear both to Ali and Tim that the decision to accept MNC investment and spin the RSP out into an NGO-MNC owned social enterprise was far from straightforward.

The RSP in Context

The RSP was born in a context of heightened global interest in business approaches to poverty alleviation. Unilever's Project Shakti, a rural distribution system that uses a network of female entrepreneurs to sell consumer goods door-to-door in India, was regularly cited in the business press as an example of business-led poverty alleviation.⁴ Similar sales systems were popping up across the world selling everything from eco-friendly stoves to medical goods, most often working through networks of women. From a development point of view, these systems claimed to increase access to life-improving goods for the poor and to economically empower women by providing them an opportunity to sell goods door to door as "micro-entrepreneurs". From a business point of view, such programs were attractive not only due to their potential social impact, but also as a means of accessing new markets and potential consumers. With sales for consumer goods flat in many OECD countries, firms ranging from Coca-Cola to Procter & Gamble saw emerging markets as a crucial source of future growth.

Several such schemes were already underway in Bangladesh. Danone were working with Mohammed Yunus' Grameen Group to scale up demand for and distribution of low-cost cups of high-nutrition yogurt among rural households with the aim of combating child malnutrition. Grameen had already pioneered a much vaunted "village phone ladies" program through which rural female micro entrepreneurs sold phone time in areas beyond the scope of retail. CARE staff had noted such innovations, often with a degree of bemusement, while continuing their work on gender empowerment, land rights, and community organizing.

³ Danone total assets: €28 billion (end 2010).

⁴ See, for example: 'HLL Project Shakti to cover all Rural India' (2004), Financial Express, 2004, accessed 10 May 2011, <http://www.financialexpress.com/news/hll-project-shakti-to-cover-all-rural-india/100565/>.

However, when donor funds for RMP, the long-running cash-for-work scheme dried up, CARE began to reconsider the role that business could play in reducing poverty, particularly among women. Women in rural Bangladesh form the majority of the chronically poor. In much of the country, the traditional practice of *purja* means women do not leave the home unaccompanied. Many have never made a purchase or handled money, and goods for female consumers – ranging from clothing to contraception – are typically purchased through male relatives. A woman's financial security and even physical survival are often linked to male family members, leaving widows, single mothers, and women whose husbands are ill or otherwise disabled at risk of destitution. Employment options for women in such circumstances are almost nonexistent: formal employment is limited for both men and women all over Bangladesh, and women's informal labor is typically unremunerated or paid through barter of staples. Though microfinance loans have been widely available to women in Bangladesh for more than a decade – with women in many rural areas holding multiple micro loans at once at any given time – female-run rural microenterprises remain almost nonexistent throughout the country.

Globally, CARE's organizational platform of gender empowerment places significant emphasis on working alongside women and girls as beneficiaries⁵. From his first weeks working at CARE in 2004, Ali had developed a particular rapport with one such woman, Bani Zaman, a widowed mother of three living in the flood-prone region of Rangpur in Northern Bangladesh. Though Bani did not know her exact age, she estimated she had been married when she was 12 or 13 years old, as was customary for her area. Like as many of 80% of women in areas of rural Bangladesh, Bani had little formal schooling and was unable to read or write. While married, her world was confined to her in-laws' home, where she supported her mother-in-law in household tasks, cared for her elderly father-in-law, and maintained the family vegetable garden. Skilled at barter and household management, she often traded vegetables from her garden with female neighbours for staples like cloth or rice. Until her husband's death, Bani had never walked her village unaccompanied or made a purchase at a local shop.

Since her husband's death and subsequent conflict with her in-laws, all that had changed: Bani had found herself destitute almost overnight. The CARE office in Rangpur reported that when they first met her, Bani and her children were regularly seen begging, reliant on handouts to survive. CARE had offered Bani a place in RMP and for five years Bani swept rural pavement and did basic road maintenance with her youngest daughter next to her as an RMP employee, putting her son through school at the local *madrasa* while her oldest daughter worked as a housekeeper in Dhaka, sending small remittances back to Rangpur from the age of 10.

Ali and Tim knew Bani's story, and those of thousands like her. Tens of thousands of Bangladesh's most marginalized women – many orphans or widows – had relied on the RMP program for regular income throughout its decades of tenure. How could CARE provide alternative employment to those women who depended on the program?

⁵ See, for example, CARE's 'Top 10 Myths About Women' for the 100th anniversary of International Women's Day, accessible at: <http://www.care.org/getinvolved/mythbusters/index.asp>.

Birth of the RSP: Philanthropy for BATA Shoes

In RMP's wake, determining whether market-based approaches could deliver reliable income for women like Bani became Ali's personal and professional mission. At first blush, Ali appeared an unlikely fit for an NGO. He had recently joined CARE as an up-and-coming marketing manager, previously recruited top of his class to British American Tobacco's (BAT) Bangladesh office as the company was the only international firm recruiting that year in Dhaka. But while cut from a different cloth, Ali knew Bangladesh's back routes and hamlets as well as any CARE field staff. Not only had he grown up in one of Bangladesh's villages, but his experience at BAT taught him to "read" a rural community; not through beneficiary maps or poverty indices but through market segments and points of sale. Tim brought Ali on board in 2004 with the hope that he would help CARE respond to the increased market orientation of its donors, applying his business skills to develop financially sustainable programs targeted at improving the lives of the poor. Under Tim's direction, Ali became the founder and sole member of CARE Bangladesh's Economic Development Unit (EDU).

Almost as soon as he joined CARE, Ali's primary concern became how to fill the void left by the termination of RMP for women across Bangladesh. His BAT background suggested that the quickest way to provide an income stream for women was not to seek additional donor funding, but rather to train RMP's workforce to engage in sales. Ali knew that fellow business school alumni working at the fast-moving consumer goods (FMCG) giant Unilever in Dhaka were pioneering innovations in rural selling: a program called "Pollyduth" employed men to distribute products with vans and bicycles while another called "Joyeeta" employed rural women as door-to-door salespeople to target mostly female consumers beyond Pollyduth's reach. With CARE embedded in Bangladesh's rural communities and households to a degree Unilever could only dream of, Ali was optimistic that he could duplicate and scale such existing models, creating large-scale employment for women like Bani Zaman and eventually developing a new distribution channel for goods made by rural enterprises. However, none of CARE's income-generation programs were equipped to produce products of sufficient volume or regularity to stock a sales channel: Ali needed something to sell.

The answer of what to sell came in a most unexpected form. As the story goes, the head of CARE Canada and the head of global shoe manufacturer BATA regularly played golf together in Toronto, and had fallen into discussions about C.K. Prahalad's BoP thesis, the fate of the women in CIDA's RMP program, and the possibility of using business as a means to women's economic empowerment. One day, conversation on the golf course turned to the fact that shoes were no small matter in much of rural Bangladesh. Bangladesh's wet planes are soaked with groundwater containing high levels of arsenic. For rural families, shoes are an expensive rarity, and going about daily work barefoot can mean almost constant exposure to arsenic. Though studies had not confirmed that shoes could prevent arsenic exposure, the CARE and BATA heads believed that they could potentially bring both health and social benefits to rural communities through a partnership. They discussed the possibility of expanding shoe distribution into rural areas, potentially using something akin to Unilever's famous Shakti model. It was not long before an email proposing such an initiative was sent from BATA management and CARE Canada to Tim and BATA's director in Dhaka.

Tim gave Ali the green light to pursue the proposition and Ali rushed to set up a meeting with the Managing Director of BATA Bangladesh. At the start, BATA viewed it as a way of expanding their philanthropy by contributing to women's economic empowerment in Bangladesh, and also of learning about rural markets which they had a hard time penetrating. Leaving the meeting with BATA, Ali thought immediately of a group of 49 women who had just been let go from the final round of RMP's program in the Natore district in Western Bangladesh. Pitching the idea of a pilot to Tim back at CARE, Ali eventually secured \$20,000 seed funding to put together a sales route that corresponded to an ongoing CARE program that provided vet access to rural dairy farmers. He drafted basic business training materials and agreed that BATA would pay distributors their standard retail commission of 22%. A one-month advance on shoes would be provided to women unable to afford inventory, and CARE would guarantee this advance. BATA donated branded bags from which women could purvey their goods.

Though he helped secure seed financial support for the pilot, Tim was ambivalent about the BATA initiative. Should the rural poor spend money on plastic shoes that had no proven welfare benefit when they so often struggled to afford nutritional staples or school fees for female children? While just as eager as Ali to secure a reliable income stream for former RMP participants, Tim also wondered whether CARE was inadvertently subsidizing BATA's bottom line. Though Ali eventually convinced him the company's motives were philanthropic, not everyone within CARE was convinced and several staff members expressed serious reservations. Some feared that door-to-door selling – a clear breach of *purja* community norms – might affect women's standing in their communities and potentially undermine CARE's moral influence in Bangladesh. CARE's Women's Empowerment Unit, for example, had a long history of gender intervention programs in Natore, and these relied on meticulous consensus building and awareness-raising. It took incredible time and resources for CARE to build a community's trust to the point that they, as a foreign NGO, could address deeply cultural issues such as gender norms with any credibility. Tim feared that encouraging women to do something as counter-cultural as selling door-to-door might cause serious offense or worse put women in danger. CARE was well aware that the provision of microfinance loans in rural Bangladesh often precipitated gender violence, and Tim wondered how CARE and BATA would ensure women's safety should their earnings begin to grow.

Still others raised concerns about the informality of the employment the scheme generated. It was, they argued, no replacement for the security of the RMP cash-for-work scheme, in which women were paid a predictable salary for their labour. Yet when Tim and Ali raised these concerns to CARE's field staff in Natore, most of who were born and raised in the Natore region, they paled in significance compared to the destitution left in the wake of the RMP. The Natore team agreed to work closely with the community to help BATA saleswomen become locally accepted and remain vigilant to any signs of gender violence. Ali was given the go-ahead for the BATA pilot. In March 2005, 49 women from Natore began selling BATA shoes door-to-door in Western Bangladeshi villages (See Exhibit 1: Expansion of RSP 2005-2010).

The BATA Program: Seeds of the Rural Sales Program

Ali's goals for the BATA program during the 2005 pilot were several. First and foremost, he wanted to create an opportunity for rural women with few marketable skills and low levels of literacy to earn an income independent of donor support. Second, though most BoP distribution channels around the world tended to be proprietary or offer a single category of products, Ali hoped to develop a channel that could carry a diverse basket of goods, including medical items and locally-produced products. He knew that the biggest hurdles rural microenterprises faced in Bangladesh was to find a market for their goods. Ali suspected that tapping into the demand of women who were unable to shop – but able to buy or trade from other women who visited them at home – could unlock a market for rural goods that had proved so elusive.

Yet, as the BATA pilot moved through its first year of life, Ali became more circumspect. By December 2005, upon the completion of the pilot, the earnings of women in the BATA program were low relative to other CARE income-generating activities and also highly variable. Of the 49 RMP women who were trained and started the program in March 2005, only 26 were still active by the end of the same year – the others sold only very irregularly or dropped out entirely. Carrying a heavy bag of shoes across remote rural areas by foot was taxing labour (See Exhibit 2: BATA Saleswomen, Bangladesh). But transport, even by rickshaw, cut into BATA saleswomen's already meagre earnings. Additionally, shoes were a high-cost, infrequent purchase. Rural families maintained the habit of sharing one pair and using them until they wore out, only for negative word of mouth to spread in some areas that BATA shoes were poorly made.

Ali was discouraged but undaunted. Travelling to Natore, he and local CARE staff interviewed all 23 inactive BATA saleswomen to identify where the pilot had gone wrong. Each mentioned the demanding physical labour as well as difficult and irregular sales. Additionally, and despite CARE field staff's best efforts with the Natore community, many women had lost the will to continue selling shoes because they were tired of being objects of ridicule, chased by children who poked fun at them for walking unaccompanied, and were worn down by adults who appeared to be whispering behind their backs for breaking *purja* norms. Though women seemed to find it too personal to admit to him directly, Ali's Natore colleague in CARE's Women's Empowerment division reported that several women had confessed to her that touching a strange man's feet in order to fit him for sandals had been one of their most humiliating life experiences. As such feedback made its way to the Dhaka office, many CARE staff felt the whole approach undermined the "defending dignity" mission that defined the NGO globally. Tim argued that because CARE held the risk for unsold goods provided by BATA, the program was unsustainable in its pilot form. At the same time, BATA began to wonder whether this was the kind of philanthropy their firm wanted to support and in December 2005 asked for the pilot to be closed.

Ali's interpretation of the pilot was different. He saw the BATA model not as a quick-win philanthropic venture, but as a possible long-term social business innovation on the part of CARE, one that could serve as an exemplar for poverty reduction throughout rural Bangladesh. Though women's earnings from the program were not high during the pilot (average 444 taka monthly), they were nonetheless on par with CARE's agricultural income generating projects

(IGPs) (average between 300-700 per month). Furthermore, whereas women faced no upfront costs with the RSP and could begin to earn an income from day one, CARE's agricultural IGPs required an up-front investment in inputs and/or animals and took about 6 months to recoup investment.

Ali was convinced that despite the challenges of the pilot, they were headed in the right direction. Optimism about BoP distribution systems was growing in global policy and management circles and he had recently heard that Unilever's Joyeeta program was aiming to develop 10-15,000 rural saleswomen across Bangladesh, working in very much the same style as CARE's BATA saleswomen. Ali wondered how, rather than abandoning it, he could expand the BATA program.

As Ali left Natore, travelling through rural Bangladesh on the long bus ride to Dhaka something clicked: the BATA program needed the same logic he had known so well at BAT: tobacco purchases were rarely standalone purchases in rural markets. Rather, BAT relied on securing presence at key points of sale for the majority of their rural purchases. Ali went back to Dhaka resolved: Why not use CARE's well-established poverty rubric to identify women so marginalized that they could claim some immunity from norms such as purja – and place BATA shoes in a mixed basket of goods, allowing women to pad their incomes and lighten their reliance on heavy, infrequent purchase shoes?

As he watched the kiosks pass, each one staffed and frequented by men (See Exhibit 3: Field Photo, Kiosks, Bangladesh), he pictured their female counterparts at home, unable to buy, sell, or access the market. In that moment, Ali became resolved: he would see female economic exclusion in his country not as an obstacle, but as an opportunity.

From Philanthropic to Business Venture

The addition of Ashraf Uddin to the CARE team in 2006 provided Ali with an ally in his renewed mission. Ashraf had extensive experience in both the private sector and international development work, and was thus well placed to represent CARE's private sector initiatives to the media, donors, and corporate stakeholders. Together in 2006, they approached Unilever with a proposal to add the firm's consumer goods to the emerging RSP channel. Dilip Kabir, known to both Ali and Ashraf from their university days, ran Unilever Bangladesh's rural marketing programs, and was eager to consider Ali's proposal. Dilip and his team had struggled to reach what they estimated to be 75% of Bangladeshi consumers who lived in rural areas. Rural transport and communication infrastructure was poor and the monsoon season left entire areas nearly unreachable for as much as three months of the year. Rural economic activity was fragmented and often informal – Dilip told Ali his team estimated rural markets generated as much as half a million Euros for Unilever in Bangladesh, but that this business passed through more than 800 thousand independent retail kiosks. Rural incomes – especially cash incomes – were low, with daily Unilever sales at even a busy a kiosk representing less than USD\$4.

Ali was confident that he could boost Unilever's sales and exposure to rural markets by adding their goods to the RSP. Dilip agreed, but two sticking points quickly emerged. First, Unilever senior managers were suspicious of giving up their proprietary channel, devolving control of

brand distribution in new markets to an outside entity – especially an NGO with which they had never worked. Second, the firm was reluctant to negotiate commission for CARE. The CARE partnership was a cost-cutting effort for Unilever: Dilip's managers agreed that a 10% commission would be paid to RSP saleswomen in line with what they usually offered retailers, but argued that commission to CARE was out of the question. When Tim got wind of this, it reignited his concerns about engaging with the private sector. The lack of commission for CARE's work chafed. He wondered: Was this 'partnership with the private sector' really a partnership at all?

Ali and Ashraf understood Tim's reservations. But they were convinced that it would not take long for Unilever to realise CARE's economic contribution. Moreover, they felt commission payments to CARE would be essential for the RSP to work independently of donor support. Ashraf began dedicating significant time and effort to developing a strategy to better articulate how indispensable CARE was to building a successful rural distribution channel.

'A woman who does not accept defeat'

Throughout 2006, Ali and Ashraf continued negotiations with Unilever and also reached out to other multinational and Bangladesh-based firms. When not negotiating externally, Ali in particular worked tirelessly on the model within CARE, branding the effort internally as the 'CARE Rural Sales Program (RSP)' aimed at women's economic empowerment. He became fluent with CARE's global language on women's empowerment, and strategized on how the RSP might fit with CARE's global "I Am Powerful" campaign, which sought to raise awareness of CARE as a women's empowerment organization in donor countries (See Exhibit 4: CARE Global Campaign, 'I Am Powerful'). In addition, he spent hours poring over charts and statistics gathered by RMP and other CARE income-generation programs from across Bangladesh, scoping out the size of a possible market for consumer goods around the country.

Using surveys collected from CARE women's empowerment groups, he chose women to train for the RSP from those who typically marked their weeks by how few "full stomach" meals they could provide their children; how many times they had to eat rice when they wished for a meal containing meat or vegetables. Unsurprisingly, when examining the statistics, he found many of these extremely poor women, like Bani Zaman, lacked a husband or close male relative. Over time, these women involved in the RSP came to be known at CARE as "Aparajitas", a term for "a woman who does not accept defeat". With Ashraf, Ali devised a system of working through existing CARE women's empowerment groups left underemployed by the RMP closure, and by September 2006 over 300 women were active in the program.

Tim watched the RSP work to find its feet, all the while fielding criticism from colleagues who questioned whether CARE's scarce funding should be allocated to a program aimed at boosting consumption of manufactured goods among the poor. Economists at the organization argued that the RSP would face market saturation as the number of Aparajitas in the program increased, eroding women's margins and potentially deepening their poverty. They also raised questions about the displacement effects on other entrepreneurs, who could be edged out of business by competition from the Aparajitas. Tim was deeply sympathetic to such concerns. However, he knew how closely Ali managed the Aparajita routes to avoid competition. He also

pointed out that rural economies typically excluded women entirely, a situation his organization could not accept. While Tim continued to fight these fires internally, by mid 2006 news had spread that the organization was negotiating with Unilever. Tim abruptly found himself inundated with an unprecedented slew of senior visitors from donor agencies, media and corporations, all eager to see an example of a rural distribution system that could bring together profit and social impact.

The visits were pivotal to the future direction of the RSP. Tim, Ali, and Ashraf were surprised to find from their myriad guests that well-known BoP approaches, including Grameen's celebrated "village phone ladies", Hindustan Unilever's Project Shakti, and even Unilever Bangladesh's Joyeeta program were struggling to manage personnel in rural areas about which they knew little, with costs running high and scale remaining elusive. It became clear to Ali and Ashraf that CARE possessed valuable insight about and access to rural economies that MNCs often did not. It was time to make their move.

An NGO Adding Value

When Ali and Ashraf learned that Unilever's Joyeeta program had not reached its projected 10-15,000 rural saleswomen they had the ammunition they needed to revisit the commission issue with Unilever. Broaching the topic with Dilip, Ali found him ready to talk. Dilip and his team confessed that Pollyduth had made headway in rural kiosks, but that it could not provide inroads to female consumers who practiced purja and thus stayed at home. Joyeetas were supposed to fill that gap by selling Unilever items door-to-door but were not succeeding.

When identifying Joyeetas, Dilip's team had recruited women from rural microfinance lending groups, assuming they would not only have access to the USD\$7-10 down payment required for inventory, but also exposure to business training through their microfinance lenders. However, Joyeeta had experienced dropout and inactivity rates similar to CARE's BATA pilot, falling from a high of 4,000 Joyeetas recruited to less than 1,000. Managing even this small cadre had proved extremely demanding for Dilip's team; despite their exposure to microfinance, many women still had no business training and required support in basic literacy and formal numeracy before they could report their sales to Unilever. Joyeetas tended to buy the smallest possible amount of inventory, fearing investment in goods that did not sell. But this left the cost of distribution and management of the Joyeeta channel astronomically high, as much as 17% of the final sale cost.

As it turned out, Unilever's flagship rural distribution program, Project Shakti in India, was in a similar state – so much so, Dilip confided, that Hindustan Unilever managers had decided not to add any more women to the program, and were considering shifting it from a business to a corporate social responsibility (CSR) initiative. But, Dilip's supervisor was firm: success for Unilever in Bangladesh meant success in the rural market. Joyeeta had to become cost-effective.

Ali remained confident that CARE's insight and management of the RSP system would represent real added value for Unilever. In negotiations across the latter half of 2006, he emphasized CARE's key value added: reduce turnover by selecting saleswomen who were

likely to stay active and developing appropriate training for female entrepreneurs and community members to create acceptance of the female saleswomen, and to scale by recruiting additional companies into the system to boost overall sales. To Ali, it was crystal clear – CARE's contribution to the creation of the RSP represented thousands of man-hours as well as years of community investment and hard cash from donors. By the end of 2006, Unilever agreed to include its products in the RSP channel starting in 2007 with a clause preventing direct competitors from accessing the RSP. Aparajitas would earn 10% commission, and Unilever would pay CARE a commission of 6%. For Tim and Ali, it was an unprecedented victory: a corporation agreeing to remunerate CARE for their knowledge and expertise of rural communities.

Expansion and Change

By the end of 2007 Ali felt the RSP was finally achieving tangible results for marginalized rural women, albeit slowly. The system included 300 Aparajitas covering 12 districts and earning, on average, enough monthly to buy two daily meals' worth of rice for a family of 5 (667 taka). Unilever's products sold more frequently than BATA's, allowing the program to expand. Square added their products to the system in mid 2007, though Ali was able to negotiate only a 3.5% commission from them for CARE. On the other hand, to Ali's personal satisfaction, in 2007 the EDU gained a dedicated team and the program was extended into Rangpur, allowing Bani Zaman herself to enter training and become an Aparajita, doubling her personal income in her first month with the RSP. Donors including the United States Agency for International Development (USAID) praised the program for its ability to provide income to women more quickly than traditional income-generating activities such as agriculture or crafts.

At the same time, Ali was in conversation with several other Bangladeshi FMCGs as well as medicine and seed manufacturers about adding their products to the RSP baskets of goods. He maintained contact with Dilip, who was increasingly convinced that the entire Joyeeta program would be better run by CARE than by Unilever. A combination of access to consumer goods, donor funds, and deep knowledge of rural economies and gender dynamics in Bangladesh seemed to allow the RSP the ability to troubleshoot and overcome many of the bottlenecks plaguing other BoP systems globally.

Yet while Ali's optimism grew, many in the Dhaka office were becoming convinced that these were not the kind of results they could endorse. While on a field visit in Rangpur, Ali had missed a CARE staff meeting in which it emerged that one of the highest-selling Unilever products in the RSP channel was 'Fair & Lovely', a skin-whitening cream which was very popular in Asia but controversial among Unilever's Western consumers. The sales figures hit Tim's desk the same week he received a press pack from CARE USA headquarters containing the newest version of CARE's global 'I Am Powerful' ad campaign (See Exhibit 5: CARE Video, 'I Am Powerful' and Unilever Video, Fair & Lovely). The contrast between the uplifting images of the global CARE campaign and the Fair & Lovely commercial circulating around the Dhaka CARE office, which linked a female job seeker's prospects to the use of the skin lightening cream, was deeply unsettling for Tim and many of his staff. Anticipating the fury which could be levied at

CARE by Western stakeholders⁶ for purveying skin lighteners to poor women, Tim reached a crisis point with the RSP, his patience with what seemed like smoke and mirrors of marrying business to CARE's core empowerment goals wearing thin.

Ali and his new EDU team knew the goodwill of their colleagues was waning but were determined to stay the course. Throughout 2007-2008, they worked to secure contracts with suppliers of socially beneficial goods, and troubleshoot the operational pitfalls that continued to dog the RSP. Ali was convinced that once the RSP was fully functioning as a distributional channel, it had the potential to carry all manner of agricultural, health, and educational goods to Bangladesh's hardest-to-reach areas, providing an income to traditionally socio-economically excluded rural women and generating a revenue stream for CARE that would be unaffected by donor whims. But he had to get the distribution system right.

Changes to the RSP Model

Operational changes to the RSP at the end of 2007 and throughout 2008 were key. Aparajitas were unpopular with rural wholesalers because they carried low volumes of inventory, visiting the wholesaler only when they ran out of goods. Retailers complained that the sellers were "irrational" and "un-businesslike". The same issue had plagued Unilever's Joyeetas' business. But the EDU team knew the problem was not women's "irrationality" but the high transport costs they had to pay to reach wholesale centers, the social discomfort of being the only woman to arrive in an all-male commercial space, and the fear of locking up scarce resources in goods that might go unsold. The answer became to create RSP hubs close to Aparajitas' sales routes (See Exhibit 6: RSP Channel), a total of 12 hubs functioning across some of the poorest areas of rural Bangladesh in 2007.

Ali and his team conceived of hubs as small independently owned businesses, which invest in less inventory than a wholesaler, but more than a kiosk (See Exhibit 7: Field Photos, Hubs, Bike Distributors, and Aparajitas). Hub entrepreneurs were selected by CARE to serve as a local distribution point, with each hub stocking approximately 30 Aparajitas and receiving commission from BATA and Unilever (See Exhibit 8: RSP Business Model). In addition, the EDU team drafted a network of bike distributors, a cadre of mostly young men furnished with bicycles and carts who ferried goods between the Hub and the Aparajitas, thus providing Aparajitas with a steady stock of goods while alleviating the risk of unsold product. This system overcame the primary constraint that Joyeetas had faced, effectively lowering costs of distribution by allowing larger quantities of goods to flow through the RSP system.

Moving into 2008, Ali, Ashraf and the EDU team continued to fine-tune the distribution channel, making regular field visits to learn about recruitment, introducing more effective bags in which the Aparajitas could transport their goods, designing route maps for sales and working to ensure the Aparajitas' safety and acceptance in the communities in which they moved. CARE's meticulous management prompted Unilever to offer 2,000 Joyeetas to Ali and his team in 2008, of which 300 of the most marginalised were selected to join the existing RSP network. By

⁶ CARE's 2009 annual report indicated that 60% of financial support for CARE's work came from Western government sources, with 40% coming from the US government. Just over one third of CARE's financial support in 2009 came from private sources, including many individual and institutional donors based in the United States or Europe. (Source: <http://www.care.org/newsroom/publications/annualreports/index.asp>).

March 2009, 1,200 Aparajitas were active in 58 hubs across Bangladesh, earning an average of 1,144 taka per month, up from 450 in 2006, and distributing goods to women who had never previously made purchases outside the home. The model was working.

The Cost of Success?

By 2009, it seemed that the RSP had finally found its feet. It had entered into partnerships with Aci Ltd., Lal-teer Seeds, and Renata (veterinary products), and absorbed the remains of Joyeeta, cutting Unilever's per item costs for goods in the system by 50%. It had generated more than €500,000 in sales that year, of which BATA gained 31% and Unilever 51% (See Exhibit 9: RSP Annual Sales, 2005-2009). Ali also began to draft plans about how to connect the RSP to other CARE programs including a large project supporting rural dairy farmers, moving beyond a sales channel to create a rural ecosystem of economic activity. At the same time, Ali and his team were showered with invitations to speak about the RSP in a range of high-profile global forums. Despite uneasiness about products such as Fair & Lovely, it was clear to Tim that the RSP was by far CARE Bangladesh's – and perhaps CARE global's – most talked-about program.

It was this success that prompted a senior manager of Danone Group in Bangladesh to reconnect with Ali. Ali had known the Danone Group for some time. In 2005 he met Jacques Danthon, the head of Danone's efforts with Grameen in Bangladesh. Jacques had shared that the Danone-Grameen partnership had struggled, and he sought advice from CARE on how to more effectively source milk from poor farmers for use in Danone's products. As part of Danone's Danone Communities vision, the Bangladesh enterprise was intended to be pro-poor from end to end – sourcing inputs from poor farmers, employing the poor in processing of milk products, using rural women to distribute, and aiming to sell to rural consumers in order to improve child nutrition.⁷ But, while the Danone-Grameen partnership had seen success in its upstream activities, distribution was proving far more difficult. Since 2005, Ali and Jacques remained in touch, with Ali eventually providing advice and technical assistance on rural distribution for Danone, particularly in regard to the still-struggling distribution of Danone's high-nutrition yogurt.

By 2009 Jacques was aware that the RSP had reached the kind of rural penetration to which Danone had aspired but never achieved. The RSP had grown from 49 women selling a single product in one region of Bangladesh in 2005 to almost 1,200 women across 58 hubs making an average of 1,144 taka monthly selling an ever-changing basket of goods including food, toiletries, apparel, agricultural inputs, and medicine door-to-door in households across rural Bangladesh, usually to female customers beyond the social or geographical reach of formal retail (See Exhibit 10: Field Video, Aparajita on Sales Route in MBA Lecturer Folder: Catherine Dolan). Backward linkages with rural enterprise appeared to have been achieved – Ali and his team never ceased to be amazed at the variety of goods they found when peeking inside an Aparajita's basket. Most importantly, the monthly incomes of Aparajita were almost three times what they were when Ali launched the program in 2005. Bani Zaman was making enough to buy three meals a day for her family, more cash than she had ever had access to in her life.

⁷ Visit <http://www.danonecommunities.com/en/danone-communities> for information about danone.communities.

Jacques had invited Ali to a meeting with members of Danone's senior executive team who were in Dhaka to review the Danone Communities project. When Ali entered the meeting, he expected to discuss the success of the operational changes to the RSP model across 2008 and how high-nutrition yogurt might potentially fit into the channel. His mind was on the need for cold storage, and on how he might be able to secure a consulting contract to compensate his team for the technical assistance they were providing Danone with increasing frequency. Instead, he was blindsided by Danone's proposition: the offer to convert the RSP into a hybrid social enterprise.

Danone gave Ali three months to put together a proposal for the SE's organizational structure and plans to scale. However, examples of hybrid organizations at this scale were few, and the implications for the program were enormous. Could an initiative birthed in an NGO scale to a social business funded as an investment – albeit a “social investment” – by one of the world's largest multinational companies? What were the implications for the other companies he had painstakingly grafted into the RSP channel? Danone had a clear and highly mediated stance on social impact – what, then, would become of core RSP volume drivers like Fair & Lovely? Danone had already intimated that they may have reservations about certain products flowing through the system. Would their focus on child nutrition overshadow other aspects of empowerment CARE had worked hard to cultivate? And on that note, how would CARE field staff respond to the social enterprise? How could CARE's contribution thus far – years in the country, Ali's own time, his team's – be quantified and valued?

Still, Danone's offer seemed like the best possible way to achieve Ali's long time goal – gaining scale with the RSP in order to provide a regular income stream to Bangladesh's poorest women. He thought of the villages he had visited where RSP consumers were most dense. There, he and the EDU staff had noticed, women's saris tended to be bright hues of red or pink rather than the more traditional green or blue. This, they knew, was a result of women selecting their own clothing for the first time, likely from an Aparajita. To Ali and his team, it was a sign of empowerment, a signal of life.

Tim was touched by such anecdotes, but unconvinced that the RSP had articulated its development impact fully enough or sufficiently considered its impact on consumers. Concerns about the ethics of informal labour, the “crowding out” of local goods through multinational FMCG products, and the introduction of consumer goods to poor consumers remained commonplace among his staff. While international media coverage of the RSP had to date been overwhelmingly positive, Tim feared headlines in New York or London chastising his NGO for proffering Fair & Lovely to poor women. Even worse, for all Tim knew, less desirable products such as cigarettes or illegal substances could make their way into the channel undetected (See Exhibit 11: Note on Care's Policy on Corporate Partnerships). Would CARE have to police the contents of the RSP system? In fact, as more and more FMCGs entered the channel, Tim became increasingly conflicted about the environmental impact of the program. It seemed that discarded containers were a more and more regular feature of the rural Bangladeshi landscape, a trend with which Tim wanted CARE to have nothing to do.

On the other hand, the RSP was the first potentially commercially viable project he had encountered in his decades of work with NGOs across the world. Tim thought that perhaps with Danone's investment, the RSP might begin to turn a profit sufficient enough to provide unrestricted funds for CARE, enabling the NGO to overcome the donor-dependency that dominated so much of his staffs' time and programming. But what, he wondered, if things went wrong? One false move from an RSP partner could compromise CARE's reputation in all of Asia, and with it CARE's potential to move thousands of the world's poorest citizens out of poverty.

CASE QUESTIONS:

1. Is the RSP a social innovation or a supply chain innovation with a good marketing story?
2. How aligned are the interests of the various stakeholders?
3. Who are the beneficiaries of this system? Think about the stages of RSP development. Where and when was value created and for whom?
4. Who bears organizational or reputational risks in these partnerships? Where did risks lie and how can they be minimized?
5. Is the RSP a more sustainable option for income generation than a donor-driven project? What is the potential for durability and impact?
6. What are the advantages and disadvantages of going ahead with the Danone partnership? If you were Tim, what would you need to resolve to accept Danone's offer?
7. If CARE agrees to develop the social enterprise, should and can limits be placed on the goods carried through the RSP channel?

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

Exhibit 2: BATA Saleswomen, Bangladesh**Exhibit 3: Field Photo, Kiosks, Bangladesh**

Exhibit 4: CARE Global Campaign, 'I am Powerful'



Exhibit 5: CARE Video, 'I Am Powerful'/Unilever Video, Fair & Lovely

Required: Fair & Lovely Advertisement: <http://www.youtube.com/watch?v=KIUQ5hbRHXk>

Optional: Fair & Lovely Media Source: <http://www.fairandlovely.in/Media/Default.aspx>

Required: CARE 'I Am Powerful' Campaign:
<http://www.care.org/features/videogallery/2006/iap.asp>

Optional 'I Am Powerful' Resources:
<http://www.npr.org/templates/story/story.php?storyId=91684112> and
<http://muse.jhu.edu/journals/asr/v009/9.1overview.html>.

Exhibit 6: RSP Sales Channel

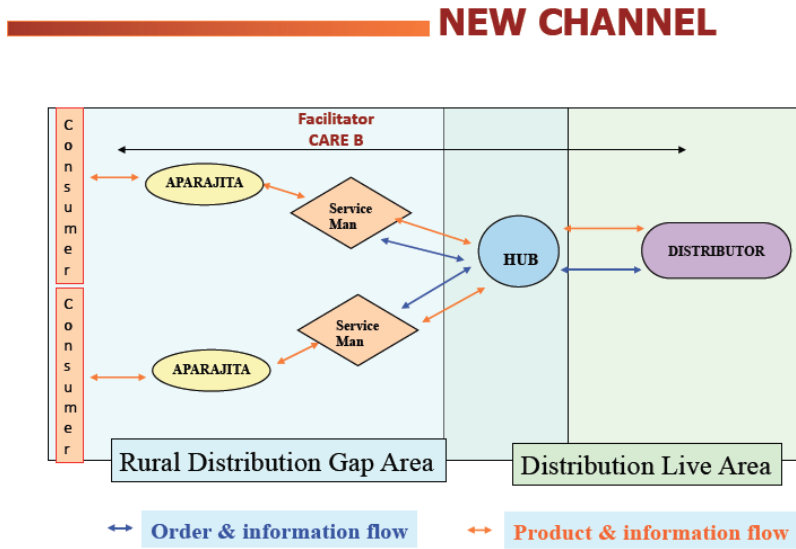


Exhibit 7: Field Photos, Hubs, Bike Distributors, and *Aparajitas*



Hub Entrepreneur



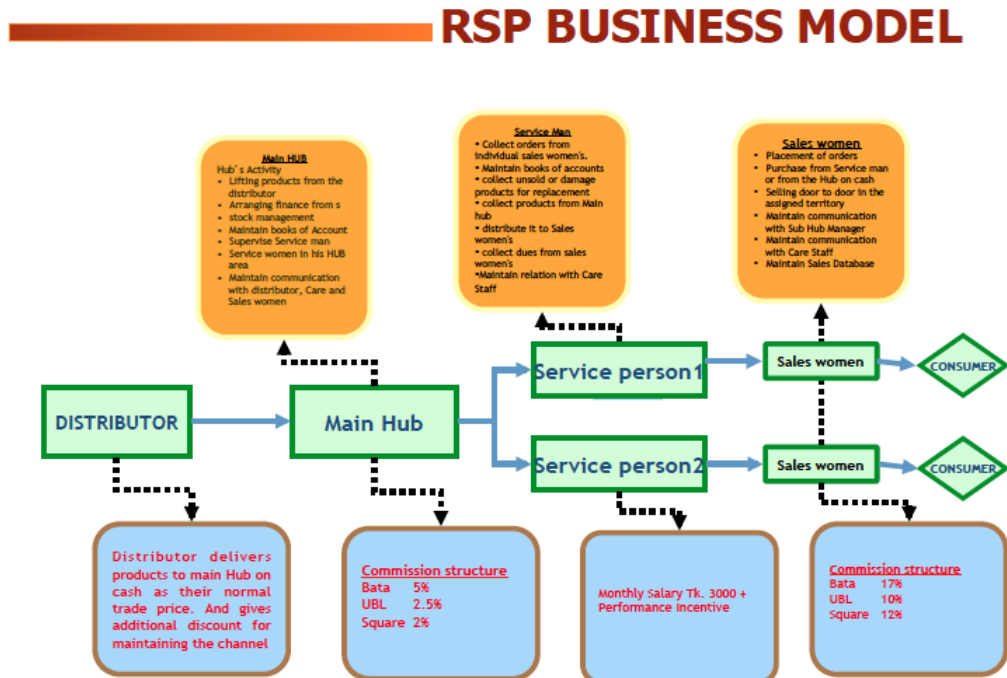
Bicycle Distributor



Aparajitas



Exhibit 8: RSP Business Model



Source: CARE Bangladesh, April 2009

Exhibit 9: RSP Annual Sales, 2005-2009

Annual Sales	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

Exhibit 10: Field Video, *Aparajita* on Sales Route

See video on MBA Lecturer Folder: Catherine Dolan

Exhibit 11: Note on Care's Policy on Corporate Partnerships

CARE's policy documents note the organization's policy on corporate partnerships:

'INDUSTRIES WITH WHICH CARE WILL NOT ENGAGE

No CARE Member will engage with industries where the product produced or service offered is in itself so antithetical to our vision of a world where all people live in dignity and security that a discussion of how to improve business practices would not be relevant. These necessarily include:

Corporations whose material business is the manufacture of weapons.

Corporations whose material business is the production and/or distribution of pornography.

In other cases where a CARE Member considers a corporation's corporate practice to be inherently harmful (eg exploitative child labour practices), or where its products, while not antithetical to CARE's vision, may be objectionable to the Member's constituents (eg tobacco), the CARE Member will only engage to advocate or advise for improved corporate practice. In these cases, CARE will not undertake co-branding; cause-related marketing; event sponsorship; TV or radio advertising; or website collaboration.'

Source: CARE International Corporate Engagement Guidelines, Accessed 10 May 2011 from: pqdl.care.org/Core%20Library/CI_Corporate_Engagement_Guidelines.doc.