GlobalHealth Lab

class 8 Health commodities and their distribution

Spring 2013

Anjali Sastry and colleagues
Plan for today

• Quick live survey
  – Host status: Your one-word description of how things stand
  – Equipment check-in today with DH: BRAC, CIDRZ, Gradian, GS Memorial, LifeSpring, Shining Hope, Unjani, Western Cape

• Review last week’s sessions
  – Takeaways from discussion

• Case analysis
  – What are the goals?
  – How does LG accomplish them?
  – Your assessment?
  – Lessons, links to our projects

• Coming up
  – Mentor meetings this week
  – Finalizing interim studies, annotated bibliographies
  – Packing list, photo and video notes
How do things stand with your host, IN ONE WORD?

1. BRAC
2. Unjani
3. Riders
4. Daktari
5. Lifespring
6. Western Cape
7. LVPEI
8. CIDRZ
9. Himalayan HealthCare
10. GS Memorial
11. Gradian
12. Shining Hope
Living Goods: Measures

Living Goods tracks the performance by month and updates stakeholders quarterly on:

- Pregnancies supported per agent per month
- % of deliveries in a facility with a skilled attendant
- % of newborns visited in the first 48 hours by an agent
- # of under-5 malaria treatments per agent
- # of under-5 diarrhea treatments per agent
- % of malaria and diarrhea treatments followed up
- % of high-impact items in stock
- Sales per agent
- Sales per branch
- Branch profitability
Sustainability strategy

• Leveraging existing resources, assets, and partnerships wherever possible;
• Creating buying power at the retail level and building significant scale economies;
• Bypassing middlemen in the existing distribution chain;
• Maintaining rigorous cost discipline;
• Focusing obsessively on the productivity and livelihoods of sales agents
Map of Living Goods locations removed due to copyright restrictions.
Source: Living Goods. "Where We Work."
Living Goods

TEAM MEMBERS:
VISHAL GUPTA
JENNY HU
KEVIN KUNG
AWILDA MENDEZ

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Agenda

- Vision
- Context
- Business Model
- Tradeoffs
- Leadership Initiatives

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
The Entrepreneurial Solution for Defeating the Diseases of Poverty

- Reinvent village healthcare and micro retailing in the developing world,
- Through networks of franchised micro entrepreneurs,
- Who bring high quality products to poor consumers at significantly lower cost.
• Nearly 20,000 people die every day in developing countries for want of basic medicines that cost less than a cup of coffee.

• This list of diseases account for nearly 70% of childhood illness and death in Africa.

<table>
<thead>
<tr>
<th>Target Diseases</th>
<th>Yearly Deaths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaria</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Micro-nutrient Deficiency</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Diarrhea Diseases</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Respiratory Infections</td>
<td>3,900,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9,000,000</strong></td>
</tr>
</tbody>
</table>

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Avon Model Inspiration Design

Living Goods

- Brac Partner Branches (24)
- LG Direct Branches (4)

CHPs (480)
CHPs (140)

Business in a Bag

Products

Rural/Peri-Urban Markets
$0.50-$2.00/day

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
The Living Goods Health Business in a Bag

Photograph of Living Goods kit removed due to copyright restrictions.
Product Offering

Living Goods Products

- Water Filter
- Solar Lanterns
- Water Treatments
- ORS / Diarrhea Treatments
- Malaria Treatment
- Treated Bed Nets
- Fortified Foods + Vitamins
- Oral Contraceptive
- Condoms
- Clean Birth Kit
- De-worming
- Pain/Cold/Cough
- Antacid
- Anti Fungal
- Soaps
- Feminine Pads
- Tooth care
- Diapers

Courtesy of Molly Christiansen. Used with permission.
Avon Model Inspiration Design

**Business Model**

**Context**

**Leadership Initiatives**

**Tradeoff**

**Vision**

Lean Supply Chain, Tight Information Loops, Cash Flow

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Value Proposition Model

Manufacturer (e.g. P&G)

Living Goods

Brac Partner
Branches (24)

CHPs (480)

LG Direct
Branches (4)

CHPs (140)

Rural/Peri-Urban Markets

National Distributor

Regional Distributor

Local Distributor

Rural Seller

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Value Proposition Model

Manufacturer

Living Goods

- Brac Partner Branches (24)
  - CHPs (480)
  - Rural/Peri-Urban Markets

- LG Direct Branches (4)
  - CHPs (140)

- Buying power
- Optimizes density of agents
- LG prices average 30% lower than market
- Products delivered directly to consumer
- Managing frequency of stock-outs, counterfeits

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Cash Flow Model

Donor Capital

Living Goods

Brac Partner Branches (24)

CHPs ($75)

LG Direct Branches

CHPs ($125)

Rural/Peri-Urban Markets

Brac

Inventory Restock

Micro-financing

Sales

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Cash Flow Model

Simple Cash Flow Loop

Donor Capital

- Living Goods

- Brac Partner Branches (24)
  - CHPs ($75)

- LG Direct Branches
  - CHPs ($125)

Rural/Peri-Urban Markets

- CHPs retain 20% of sales
- Average monthly income $75/$125
- Targeting sustainability within five years

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Quantitative monitoring of information is part of the model.

Living Goods

Brac Partner Branches (24)

LG Direct Branches

CHPs

CHPs

Rural/Peri Urban Markets

- Initial training covers market data collection
- 1 week review training/Yr
- Monthly coaching sessions

Abdul Latif Jameel Poverty Action Lab

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Tradeoff: Adaptability vs. Uniformity

Adaptability
+ tailor to local needs
+ capturing niche markets
+ sense of franchise ownership
+ resilient to price fluctuations
+ learning/improving/experimenting

Uniformity
product quality control +
branding +
bulk purchasing power +
simplified/measurable standards +

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Tradeoff: Independence vs. Partnership

Independence
+ operations management
+ identity
+ quality control

Partnership
using on existing infrastructure ("lean") +
reduced overhead costs +
distributed risk +
potential to scale up +

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Tradeoff: Prioritizing Goals

Empowering women + Delivering health care = Given resources (constrained)

Expansion

Training

Procurement Monitoring

Living Goods

RA + RT + RD

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Leadership Initiatives

- **Monitoring/Regulation.** As we scale, Living Goods will have to find more efficient methods.

- **Tracking Impact.** Continued and broader assessment of health and business outcomes.

- **Refining Core Competencies.** What parts of the model do we want to own? What do we want to outsource to partners?

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
# Living Goods & Avon: Business Model & Social Responsibility Shared Goals

## Living Goods

- A proven business-in-a-box system heavily supported with training, marketing and coaching
- Low start up costs of just $100-$250 supported with simple low-cost financing, and
- Flexible hours and lifestyle: Sellers can work on their own schedule and in their own communities.

## Avon

- “Independent earnings opportunity for women”
- “Social purpose for women”
- “Largest economic engine in the world is the emerging market of women”
- “Women’s earnings are used to support families, access health care and education and improves personal security”
- “Women’s earnings are used to build and spur social progress”

Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. Used with permission. Creative Commons BY-NC-SA.
Comparative text on BRAC-Living Goods and its wholly owned and operated network removed due to copyright restrictions.