

# 15.232 Business Model Innovation: Global Health in Frontier Markets

Class 8

## Franchise Models: Living Goods

**Anjali Sastry**  
Fall 2013

# Today's plan

- Logistics and notices
  - Meet with Nick for slide review. Note deadlines for sending him final decks and executive summary
  - Do not pass up Andrea Coleman, Riders CEO and Co-Founder. Monday, 10/7 from 4pm to 5pm or Tuesday, 10/8 from 4pm to 5pm
  - Website woes
  - Feedback: thanks for first round, second check-in today. Join the conversation in class!
- Living Goods
- Coming up: Narayana case; revisit key questions about applicability of Aravind model to other domains. Prahalad & Mashelkar reading
- Great guests for our last three classes!

# Living Goods

- 2013 target
  - what's the promise—what could Living Goods achieve?
- Assess
  - as a franchise
  - as anti-poverty
  - as healthcare delivery
  - as sustainable business model
- Consider
  - TB; child birth
  - BRAC
  - their focus

# Living Goods – Goals 2013

- Goal 1: Improve access to and adoption of affordable health products in underserved communities by deploying 3000 well-trained, well-stocked mobile Health Promoters serving a total population of three million. Target sustainable income per agent of 200-500 USD per year.
- Goal 2: Materially reduce mortality and morbidity rates, especially for children under five and their mothers – proven through university quality control studies.
- Goal 3: Save poor families money on health care and keep wage earners healthy and productive.
- Goal 4: Become financially self-sufficient on a run rate basis.
- Goal 5: Propagate the replication of the health micro-franchising model by creating an advisory division to help social entrepreneurs replicate the model in other countries.

Living Goods — Welcome

# Living Goods

- 2013 target
- what's the promise?
- Assess
  - as a franchise
  - as anti-poverty
  - as healthcare delivery
  - as sustainable business model

Images removed due to copyright restrictions. See "[Products that Improve Health and Wealth](#)." Living Goods.



# LivingGoods



**TEAM MEMBERS:  
VISHAL GUPTA  
JENNY HU  
KEVIN KUNG  
AWILDA MENDEZ**



Courtesy of Vishal Gupta, Jenny Hu, Kevin Kung, and Awilda Mendez. License: CC-BY-NC-SA.



# Vision

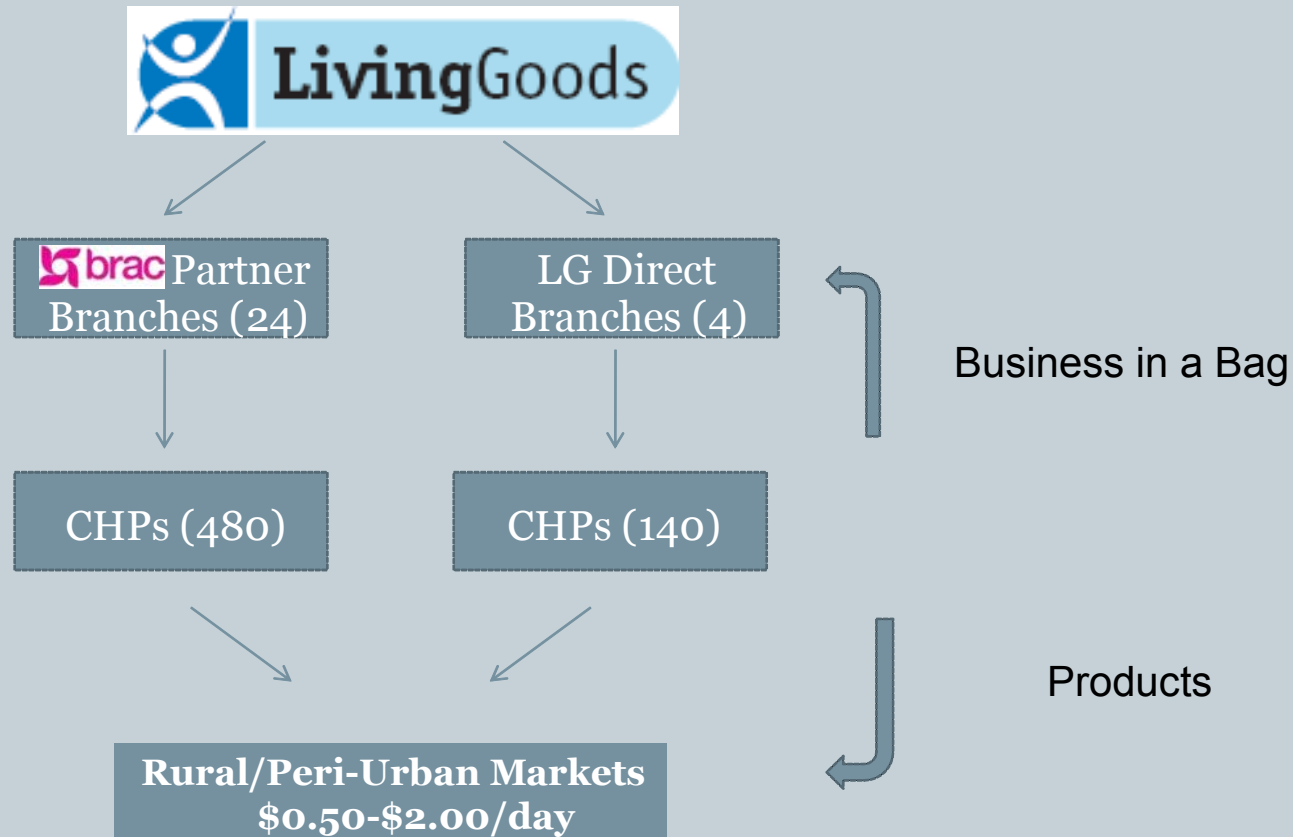


## *The Entrepreneurial Solution for Defeating the Diseases of Poverty*

- 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.



# Avon Model Inspiration Design



# The Living Goods Health Business in a Bag



Vision

Context

**Business Model**

Tradeoffs

Leadership Initiatives

# Product Offering



## Living Goods Products



Vision

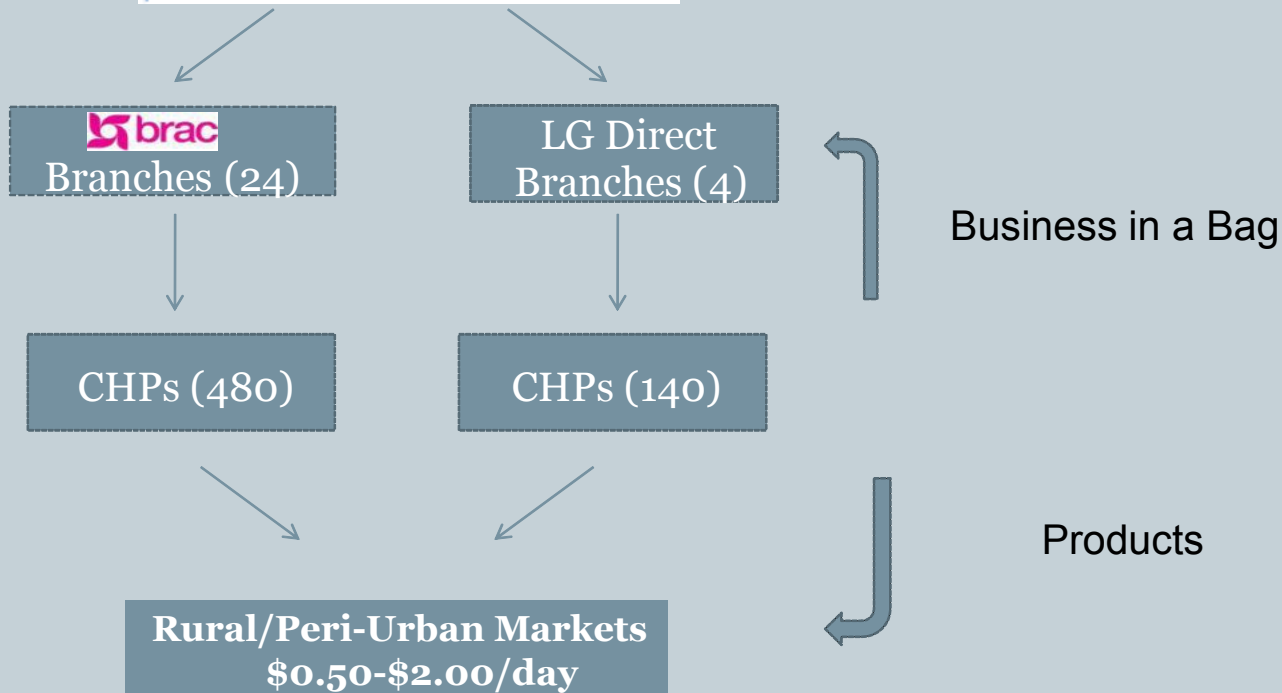
Context

**Business Model**

Tradeoff

Leadership Initiatives

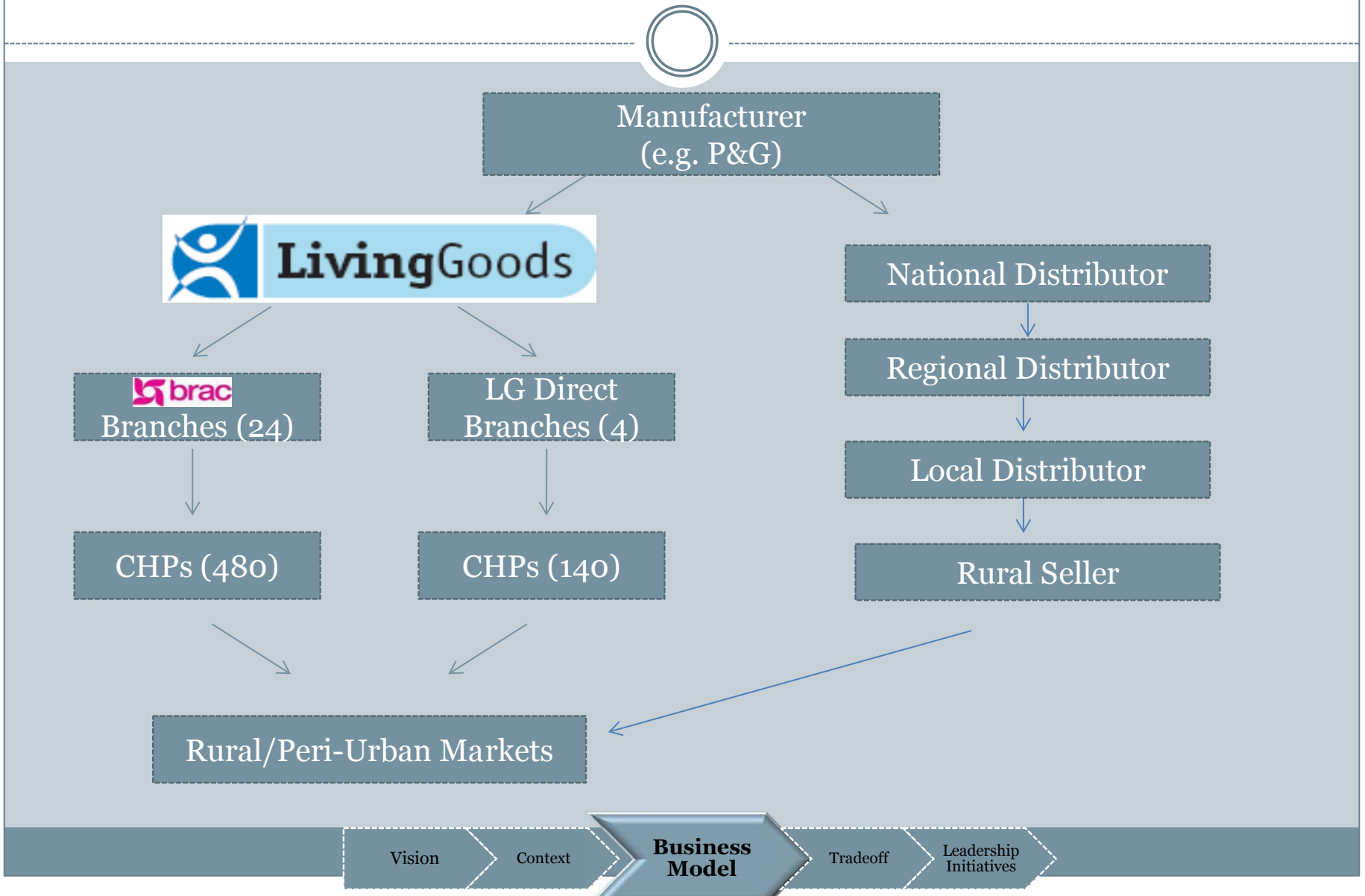
# Avon Model Inspiration Design



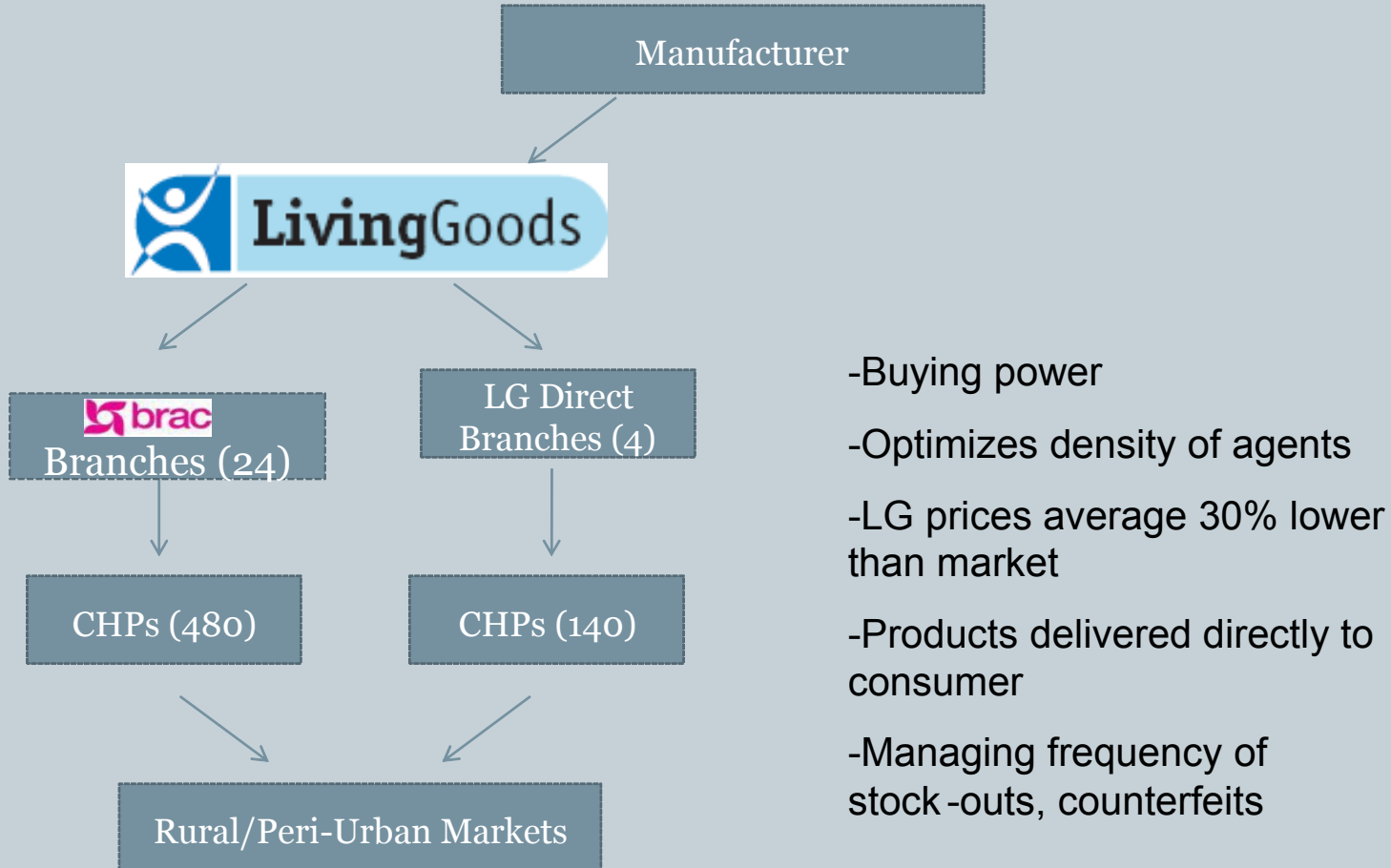
**Lean Supply Chain, Tight Information Loops, Cash Flow**



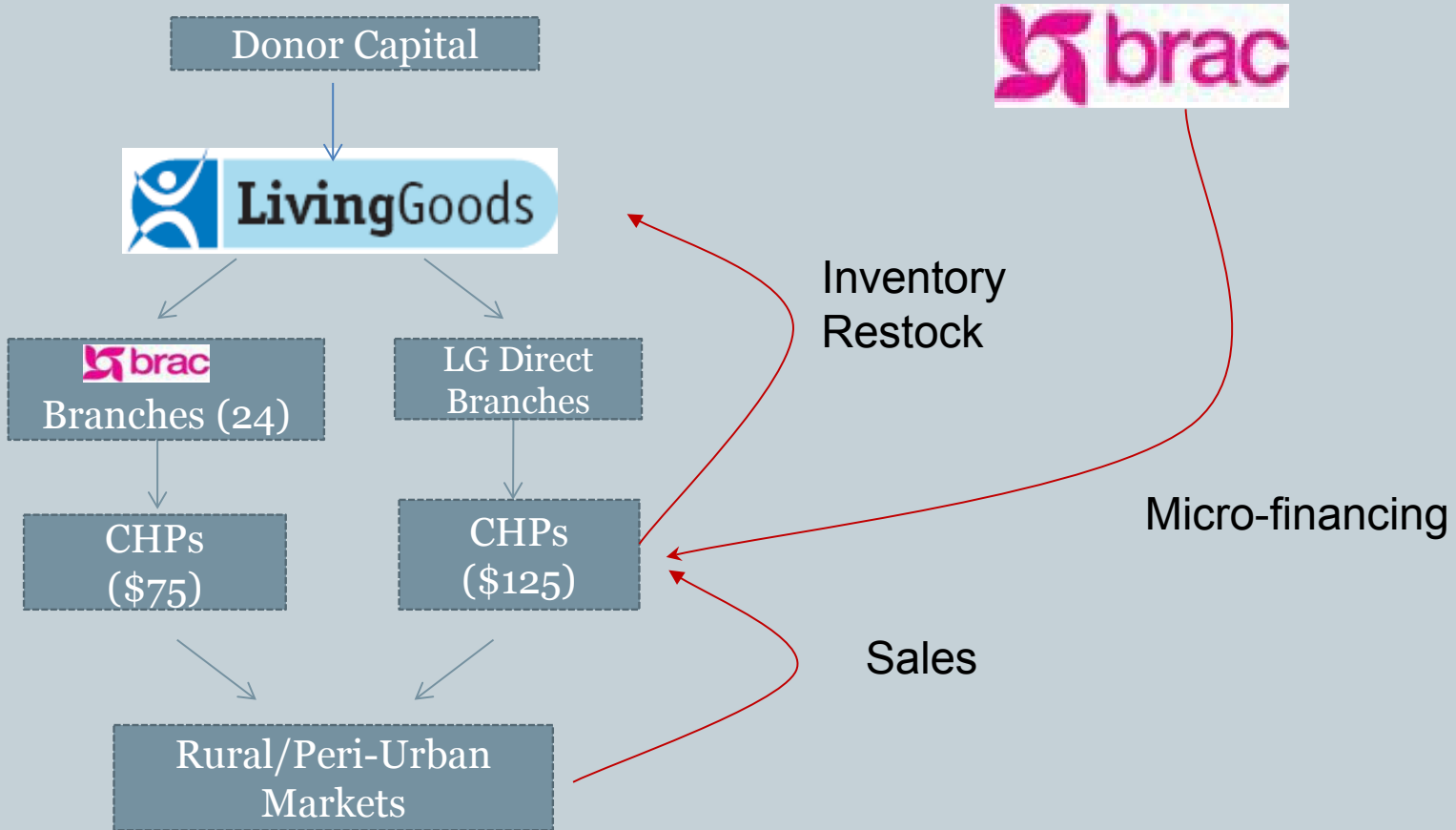
# Value Proposition Model



# Value Proposition Model



# Cash Flow Model

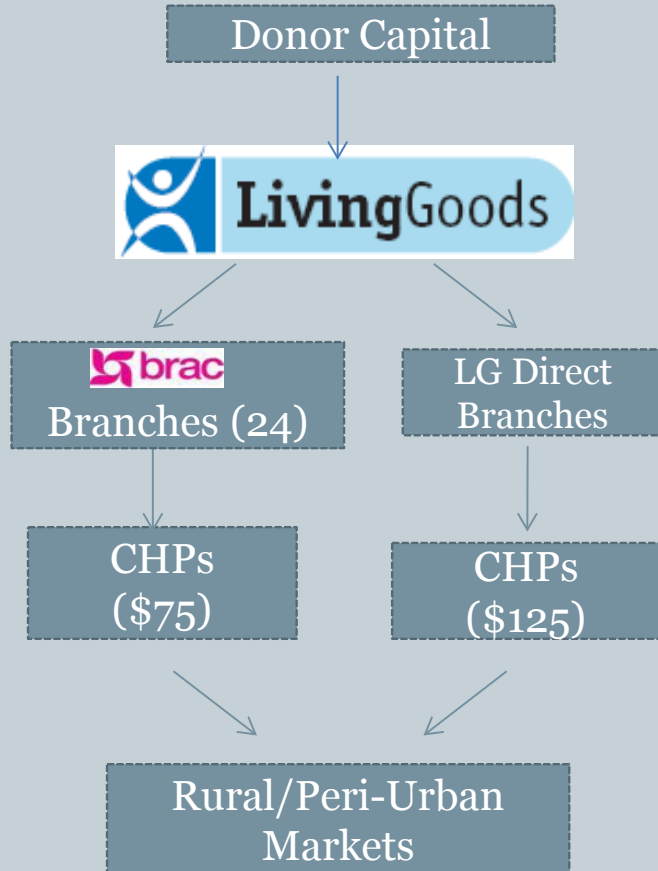




# Cash Flow Model



## Simple Cash Flow Loop



-CHPs retain 20% of sales

-Average monthly income \$75/\$125

-Targeting sustainability within five years

Vision

Context

**Business Model**


Tradeoff

Leadership Initiatives

# Information Loop

**Quantitative monitoring of information is part of the model**



  
Branches (24)

LG Direct  
Branches

CHPs

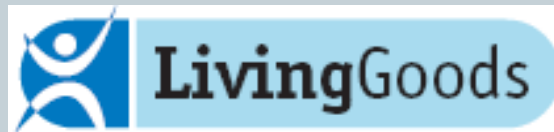
CHPs

Rural/Peri Urban  
Markets

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



# Avon Model Inspiration Design



 **brac**  
Branches (24)

LG Direct  
Branches (4)

CHPs (480)

CHPs (140)

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

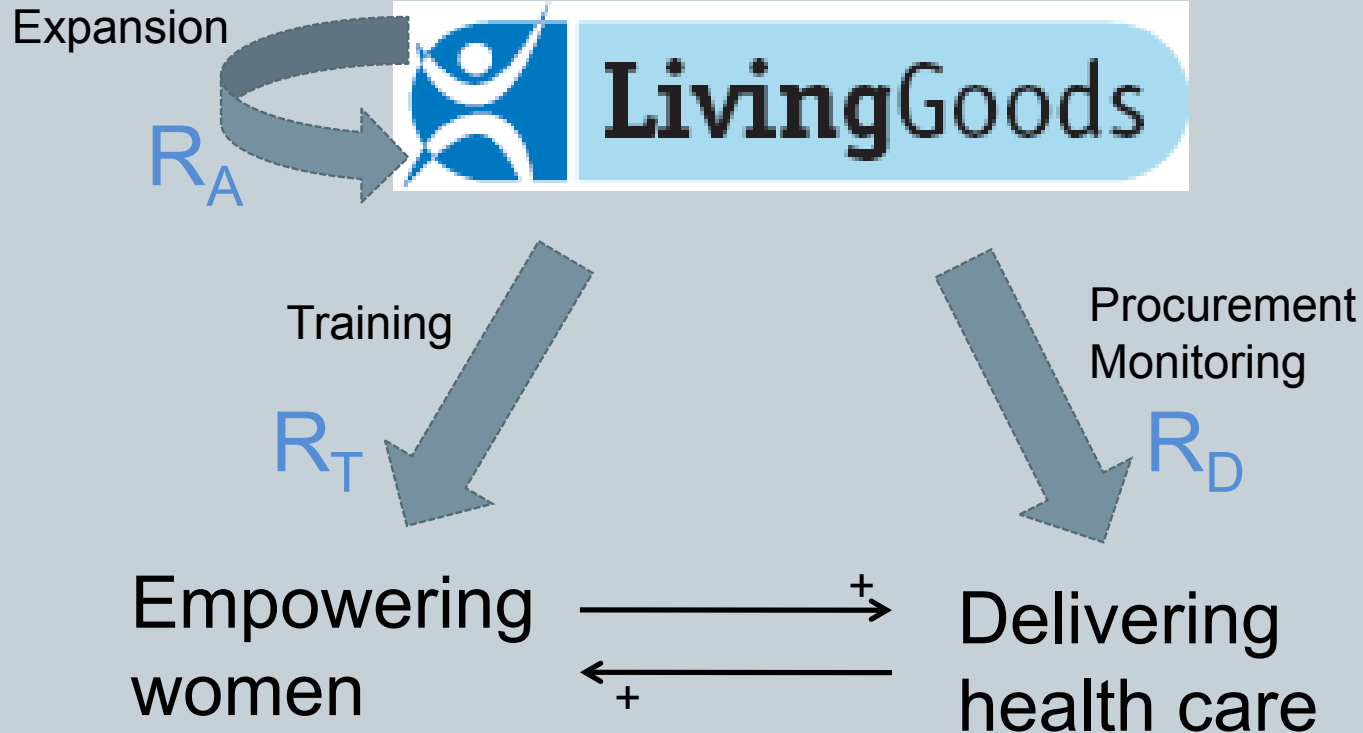
Business in a Bag

Products

**Lean Supply Chain, Tight Information Loops, Cash Flow**



# Tradeoff: Prioritizing Goals



$$R_A + R_T + R_D = \text{Given resources (constrained)}$$

Vision

Context

Business Model

**Tradeoffs**

Leadership Initiatives

# Living Goods

- 2013 target
- what's the promise?
- Assess
  - as a franchise
  - as anti-poverty
  - as healthcare delivery
  - as sustainable business model
- Consider
  - TB; child birth
  - BRAC
  - their focus

Images removed due to copyright restrictions. See [BRAC Mission & Vision](#).

Image removed due to copyright restrictions. See map: [BRAC Across the World](#), pp. 58-9, BRAC Annual Report 2012.

Images removed due to copyright restrictions. See p.8, Chowdhury, T. "[Pay for Performance of Community Health Workers \(CHW\): BRAC's Experience](#)." Jan 21 2009.



# Living Goods' focus: Kevin Starr, Mulago Foundation, at Poptech 2010

- <http://vimeo.com/17292835#t=184>  
3:05-4:28 how do you know if you're having an impact?
- 5:57-6:25 8-word mission
- 7:53-8:44 single thing to measure
- 8:59-9:34 measure it well

- [http://www.brac.net/content/stay-informed-media-resources#.Ukrfaz\\_B8s9](http://www.brac.net/content/stay-informed-media-resources#.Ukrfaz_B8s9) an introduction to BRAC, 20 minute video
- <http://blogs.hbr.org/2013/01/for-social-enterprises-size-ma/> HBR blog post on what BRAC has learned about scale

MIT OpenCourseWare  
<http://ocw.mit.edu>

15.232 Business Model Innovation: Global Health in Frontier Markets  
Fall 2013

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.