

MONITOR

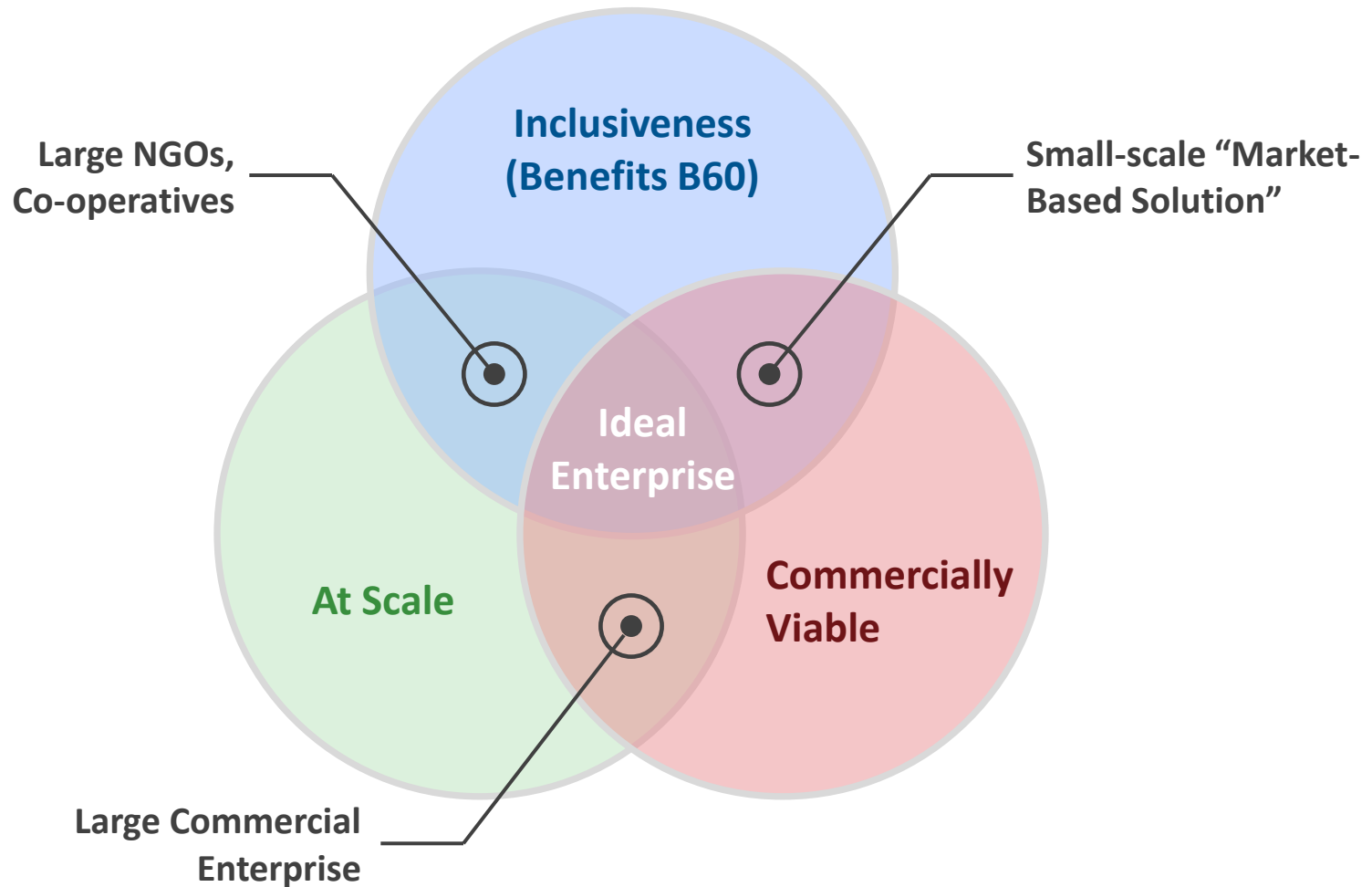
Principles Promoting Innovation:

How to make this *reliable and repeatable...*

16th April 2012

Intractable challenges facing social enterprises

Social enterprises continue to face challenges around a triad of issues related to inclusivity, sustainability and scale



Yet, successful models exist – *the Fabindia story*



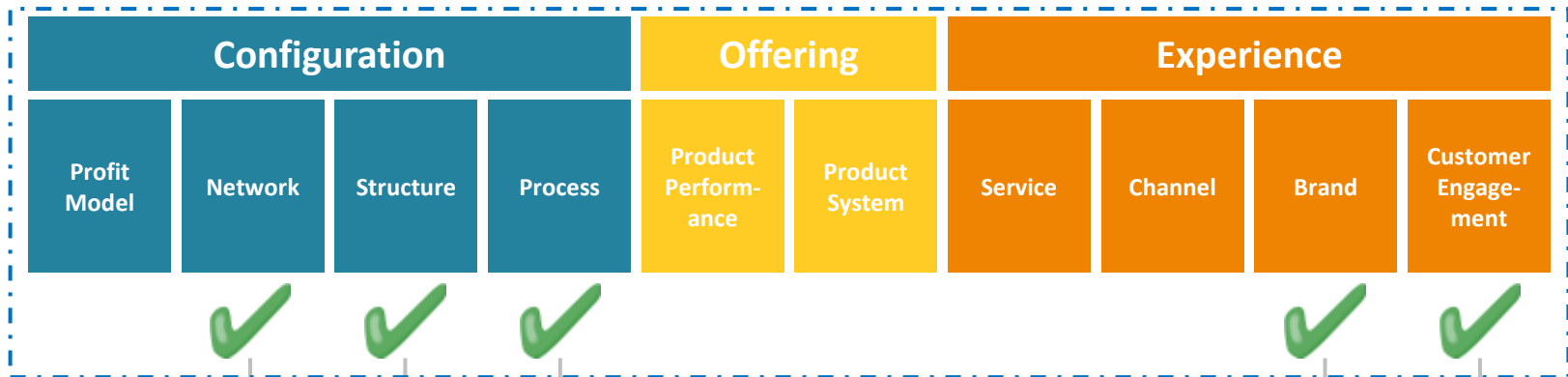
“FabIndia” brought scale and consistency to a highly unorganized and fragmented handicrafts industry – helped create a supply-chain by organizing scattered artisans into community-owned companies



As a result, it now links over 80,000 craft based rural producers to modern urban markets, has 148 stores across 5 countries (and 64 cities), and is currently valued at ~INR 1,500 Crore

Key business model attributes – *the Fabindia story*

MONITOR'S TEN TYPES OF INNOVATION™ FRAMEWORK: FABINDIA



- Pioneering the concept of community-owned companies and providing financial services, equity stake and capacity building to such companies

- Decentralized quality assurance and mechanism for transmission of market signals

- Inventory management enabled by decentralized decision-making model and aligning incentives across all network players

- Interactive ways to educate customers making the purchase process a participatory process

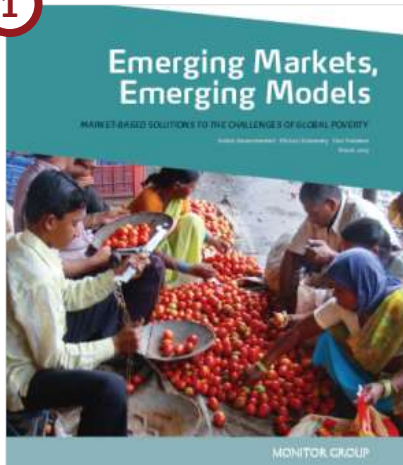
- Standardized and consistent quality; availability of wide range of stock-keeping units

Insights for serving the BoP – Integrating learnings from across the globe

Monitor has been studying market-based solutions focused on the BoP since 2006

“Emerging Markets, Emerging Models”

1



Providing market-based solutions to the challenges of global poverty, through business models for BoP consumer

“Is the BoP Really for You?”

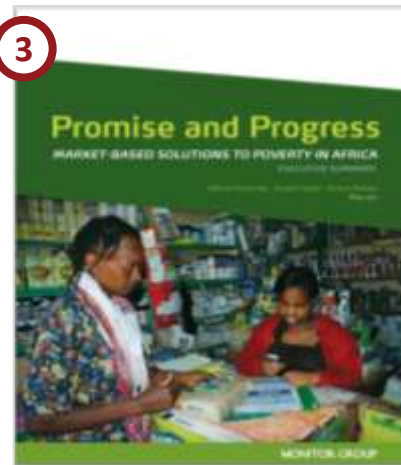
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Understanding the obstacles of doing business with the BoP, based on the assessment of over 700 market-based initiatives (in India and Africa)

“Promise and Progress”

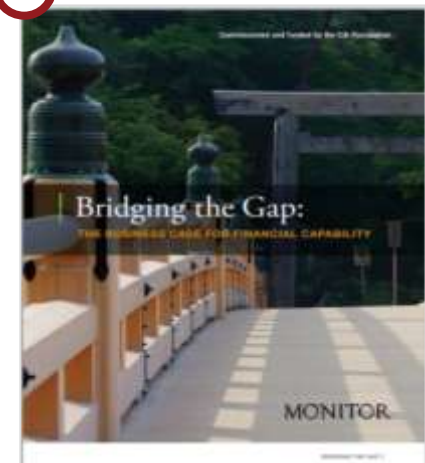
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Providing market-based solutions to poverty in Africa, assessing implications for donors, impact investors, governments, etc

“Bridging the Gap”

4



Assessing the “financial capability gap” – chasm between those who financial access and those who do not

Based on the studies, Monitor has gained unique insight into consumers, supply chain and distribution, scaling, and pricing issues facing organizations trying to serve the BoP

Principle #1: Build an integrated view across the value chain



Principle #2: Consumer-in, not product-out



Principle #3: (System) Economics matter



Principle #4: Get disciplined, as much as creative



Principle #5: Challenge internal orthodoxies



Principle #6: Play well with others



Principles summary

1.



Build an integrated view across the value chain

Develop a complete understanding of the entire value chain

2.



Consumer-in, not product-out

Build your service/product offerings basis consumer insights

3.



(Systems) Economics matter

Configure your business model to ensure financial viability

4.



Get disciplined, as much as creative

Set conditions for successful innovation efforts, while thinking out-of-the-box

5.



Challenge internal orthodoxies

Turn industry and company assumptions on their heads

6.



Play Well with Others

Form relationships with nontraditional partners both within & beyond your organization

Monitor Group

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