Principles Promoting Innovation: How to make this *reliable and repeatable*...

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Intractable challenges facing social enterprises

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

- **Inclusiveness (Benefits B60)**
  - Large NGOs, Co-operatives
  - Small-scale “Market-Based Solution”

- **At Scale**
  - Large Commercial Enterprise

- **Commercially Viable**
  - Ideal Enterprise
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
  - Inventory management enabled by decentralized decision-making model and aligning incentives across all network players
- Decentralized quality assurance and mechanism for transmission of market signals
  - 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”

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

“Is the BoP Really for You?”

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”

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

“Bridging the Gap”

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

PROFITS ARE DOWN, SO WE FIRED THE SALES DEPARTMENT TO REDUCE COSTS.

THIS STRATEGY HEAVILY DEPENDS ON PEOPLE DRIVING TO OUR WAREHOUSE AND BEGGING FOR OUR PRODUCTS.

DO YOU THINK I SHOULD WRITE A BOOK? I’D TRY READING ONE FIRST.
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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