

Soluciones Comunitarias (SolCom) A Community Enterprise Solutions social enterprise

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Sales of Health, Energy and Food Security-Related Solutions
via the Micro-Consignment Model (MCM)



History of organization

Van Kirk and Glickley were Peace Corps Volunteers in Guatemala from 2001 to 2003. There Van Kirk recognized that tourists were regularly visiting the Guatemalan town of Nebaj where he was working, but were leaving quickly without spending any money locally due to a lack of infrastructure. So he invested some of his own funds to start several tourism businesses: they would help the local economy by creating jobs and motivating tourists to stay longer in Nebaj spending money on goods and services. The long term strategic vision was local entrepreneurs earning ownership of the ventures through sweat equity, and taking over when financial and administrative self-sustainability was achieved. This happened in early 2004. These ventures continue to function profitably to this day.

Van Kirk donated profits of these tourism businesses to a wood-burning stove project. He realized, however, that merely donating stoves limited the capacity for distribution. He thus developed what would become the Micro Consignment Model (MCM) to empower local entrepreneurs to manufacture, market and sell cook stoves. Materials would be provided to local entrepreneurs on consignment and sold to low-income families on an interest-free basis. This model would not only provide an essential, high-quality product at an affordable cost to villagers but would provide new income-generating opportunities to local individuals as entrepreneurs. Soon after this was launched, Glickley joined Van Kirk to further develop and expand this initiative, amongst others.

In March of 2004, Van Kirk and Glickley were contracted by Scojo Foundation (now VisionSpring) to find an effective way to distribute reading glasses to low income villagers in El Salvador, a large need as an estimated 90% of people over 40 require such glasses. Van Kirk and Glickley developed and applied the MCM as VisionSpring's means of distribution. They realized that the MCM could work as a unique means to provide villagers with access to potentially myriad products and services. They established Community Enterprise Solutions (CE Solutions) as a US non-profit organization 2004 as the engine to test, develop, implement and expand the MCM, to create access to life-changing products and services in isolated villages throughout the developing world.

In 2005, a sister social enterprise called Social Entrepreneur Corps was created to provide CE Solutions with additional human capital and financing support. Over 550 students from over 50 universities have now participated in this program to help CE Solutions in the field.

In 2006, CE Solutions founded Guatemalan-owned Soluciones Comunitarias (SolCom) to manage future MCM initiatives in the region. SolCom is a social enterprise owned and managed by entrepreneurs who have risen up in the ranks through MCM and have earned their role through sweat equity. CE Solutions does not repatriate any sales proceeds from the MCM but rather utilizes these to ensure long term sustainability and local growth. CE Solutions and Social Entrepreneur Corps are the strategic partners for SolCom.

CE Solutions expanded to Ecuador in 2009, Nicaragua in 2010, South Africa in 2011 and the Dominican Republic and Haiti in 2012. Pilots have been introduced for expansion in Peru and Mexico.

Product/service offering and value proposition: The goods SolCom provides must meet strict criteria to be considered solutions that can be distributed by MCM. The products being sold through the MCM ARE NOT being sold by any other organizations in the geographies where implemented. The MCM is a first mover that opens new markets. In addition, the social and economic benefits of the good (i.e. productivity gains and savings) must be immediately understood. Currently, SolCom in Guatemala creates access to improved cookstoves (introduced in

2004), near vision eyeglasses (2004), UV protective eyeglasses (2005), eye drops (2006), water purification buckets (2008), vegetable seeds (2008), energy efficient light bulbs (2008), solar lamps (2010), family nutrition kits (2011), rocket stoves (2012) and solar home energy systems (2012). SolCom is currently analyzing mosquito nets, various other solar products including complete home systems, different water filtration products, new improved cook stoves and earplugs. For products above \$100 (cookstoves and drip irrigation systems) as well as for some water purifiers, SolCom offers an installment plan of up to six months at a 0% interest rate.

Value chain: SolCom offers the opportunity to become an MCM entrepreneur creating access to life-changing products and services. More than 300 entrepreneurs have participated in training to date with approximately 70 active in Guatemala. The focus of the last four years has been scaling product and service solutions for each entrepreneur rather than scaling the number of entrepreneurs. Regional coordinators, often initially supported by CE Solutions field consultants, identify, train, equip and provide ongoing support to entrepreneurs. Training is a self-selection process that takes approximately six to eight weeks of “classroom” and field training before entrepreneurs are able to hold their first independent village access campaign. Entrepreneurs, known as “Asesores Comunitarias” (ACs), are tasked with identifying community needs, which are discussed with the regional coordinator. SolCom then looks for appropriate solutions, testing them both technically and with the community. Once selected, products are ordered in bulk from manufacturers and dispatched to regional offices where once a month ACs collect their product inventory and pay for the products they have sold. The product vetting process can either come from the field or from CE Solutions investigations and network. It is either a need looking for a solution or a potential solution seeking to fit a potential need. This is the value of the relationship established through the MCM mechanism. All parties are aligned.

When entering a new village, ACs first meet with local authorities to secure support, including a public location for their village access campaign. They then advertise for the campaign with local radio, flyers and posters and speak with community members and leaders. Community leaders become advocates. During the campaign, normally held within five days of initial advertising, ACs often start by giving free eye exams and demonstrate how to use the various products offered. For larger products such as cookstoves, ACs must qualify demand, referring groups of at least five interested individuals to their regional office. SolCom leadership will then conduct a demonstration, make the sales and build the stoves on-site (new rocket stoves are prefabricated). Regional offices often include an MCM Village Store that carries MCM products, including those that are more difficult to distribute through MCM’s traditional campaign model, e.g. irrigation systems, large cookstoves and water filtration products. This creates a “pull” mechanism to complement the initial “push” of the ACs.

ACs are overseen by regional coordinators (one for up to 15 ACs). Most ACs work in pairs for security (women may feel uncomfortable travelling alone), motivation, risk mitigation and for better efficiency (e.g. one conducts eye exams while the other sells).

Results: (note: these results are only for Guatemala)

- *For end-clients:* SolCom has created access to approximately 100,000 products in 3,000 village campaigns since inception, with these products resulting in more than \$3 million in cost savings or productivity gains (net economic impact),²¹ according to CE Solutions. In 2011-2012 SolCom sold approximately 30,000 products in Guatemala and impacted more than 80,000 direct beneficiaries.

21 CE Solutions Intro from Peery Film Fellows on Vimeo <http://vimeo.com/30551159>, figures updated with 2012 results.

- *For entrepreneurs:* SolCom has trained over 300 entrepreneurs, approximately 70 of whom are currently active in Guatemala.²² Together they have earned over \$150,000 through their work to support their families. Each pair of ACs earns on average \$65 per month for 4-5 days of work (2 days per campaign, 2 campaigns a month and 1 day of prospection), corresponding to approximately minimum wage for full time work. Top ACs can earn up to \$140/month. In addition, entrepreneurs report having gained an enhanced sense of pride in their role as trusted ACs providing needed solutions to the community. Entrepreneurs have a yearly churn of 20%, remarkably low among such part-time commission based models.
- *For SolCom:* SolCom made approximately \$450,000 in 2011 and 2012 combined gross revenues and plans to earn approximately \$300,000 in revenues in 2013. The company reinvests earnings for growth and is currently break even.

Exchange rate: 1USD= 7.82Q

Sources:

Field Visit to Guatemala operations, 7-9 November 2012. Interview with Miguel Brito, CEO; Ricardo Guzmán, Regional Manager; Luke Burchell and Anna Moccia-Field, CE Solutions field consultants

Interview with Greg Van Kirk, co-Founder, April 2012 and December 2012

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²² Summer 2012 Impact Report.

<http://www.socialentrepreneurcorps.com/Documents%20PDF/SocialEntrepreneurCorps2012ImpactReport.pdf>