

Low-bono consulting with social impact at its core

Clare Stevens (www.ey.com/egs)

In early 2013, EY established Enterprise Growth Services (EGS) – a global programme which sends EY consultants overseas to help promising social impact businesses overcome obstacles and accelerate to their next stage of growth.

Teams work on-the-ground, on projects lasting from 2 to 12 months, mostly in sub-Saharan Africa, supported by EY's global network of technical experts.

The programme has helped:

- Solar companies improve their sales teams' effectiveness
- Sanitation businesses scale up successful experiments
- Logistics organisations improve food security
- Agri-businesses make markets work for smallholder farmers.

Social impact: out of the wings and on to centre stage

With over 7 billion people in the world, most goods and services are targeted at the 3 billion rich and middle-class. To generalise, the remainder, living on less than \$8 per day, are trapped in an informal economy and struggle to gain access to basic services such as clean water, sanitation, or affordable education and healthcare. However, there's an exciting wave of exceptional 'social entrepreneurs' who are creating ultra low-cost, highly scalable businesses to tackle these previously intractable problems.

Small businesses increasingly dominate the economic life of most developing countries and social entrepreneurs are at the heart of this movement. Social entrepreneurs are the driving force behind the rise of enterprise models serving the poor as customers rather than passive recipients of aid. However, lack of capital, limited management capacity, poor infrastructure, and challenging legal and regulatory environments all contribute to low business survival rates. The social

enterprises that make it out of their start-up phase are often unable to grow beyond the capacity of the entrepreneurs behind them.

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Every minute, a child dies somewhere in the world from the effects of drinking dirty water. One of the inspiring businesses the programme works with to tackle this devastating statistic is Jibu. They work with local entrepreneurs across East Africa to set up profitable franchises that solar-sterilise water and then sell it to low-income customers at a fraction of normal prices. The programme helped Jibu develop the financial and operational infrastructure it needs to grow quickly and sustainably across the region.

We find our social enterprise clients by working with impact investors, such as Acumen, who offer patient capital to businesses that have the power and potential to change the lives of millions of people.

Frontier Markets, which operates across Rajasthan, is supported by Acumen and is working to enable rural, 'base of the pyramid', populations in India to switch sustainably and affordably from dangerous and polluting kerosene to solar for their energy needs. Its products have reached 150,000 end customers so far. Although the addressable market is huge, adoption of solar products is slow because cash-constrained customers perceive solar to be unreliable, and there is a lack of last-mile infrastructure to market, deliver and service solar products. We worked with Acumen and



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Frontier Markets to generate actionable insights from their current customer data in order to inform product strategy and marketing decisions and better serve the needs of their customers.

Equally, in tough funding conditions, many NGOs have, and continue to, set up social enterprises, or impact-investment platforms as part of their activities to facilitate growth and ensure longevity. One of these organisations is Access to Capital for Rural Enterprises (ACRE). ACRE is a consortium of international NGOs working together to identify enterprises with high socio-economic impact in the global south and helping them with tailored packages of support and finance. Amar Desh Amar Gram (My Country My Village) was an early recipient of ACRE's support. Amar Desh is bringing the concept of e-commerce to rural Bangladesh, directly connecting more than 5,500 rural producers to urban buyers in Dhaka and beyond via its 'amardesheshop.com' website. Amar Desh enables these men and women to earn much higher incomes than they would through more traditional value chains. EGS helped them develop a growth strategy to target at least 15,000 producers, to provide many more rural communities with sustainable income.

Consciously or subconsciously, social impact considerations are shifting from the periphery to the core of organisations and their operations. Big corporates are no exception. At EY we are passionate about working with impact investors, foundations, non-governmental organisations and multinational corporations to find high-potential small and growing businesses, like Jibu, Frontier Markets and Amar Desh who are changing lives in low-income communities; supporting them to accelerate this extraordinary socio-economic transition.

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Until very recently there were almost no examples of such social impact organisations, yet now, there are almost too many to count. These entrepreneurs have incredible vision and work immensely hard to play their part in this transition. They are the lifeblood of low-income communities, tackling problems often ring-fenced as being too difficult. Helping them to operate more efficiently and grow sustainably means helping to solve some of the world's most pressing challenges.

Low-bono consulting

There are good reasons for choosing a 'low-bono' approach. Firstly, if clients pay for support, even at a fraction of the commercial rate, they are more likely to be engaged to get their money's worth; steering the consultants in the direction of their priority problems to make effective strategic improvements.

There is also a risk that, when corporates offer pro-bono assistance, they have preconceived ideas (often subconsciously) of how they intend to do so; therefore it is important to be demand-led by starting with client needs. As fees are charged, consultant engagements are subject to contracts – creating an expectation of consultants with appropriate skills to match the job and the same high standards as any mainstream commercial project. This makes sense, as young growing companies all face different challenges, often specific to their locality, which require a real spectrum of skillsets in order to be addressed successfully.

By charging low fees, a proportion of the substantial costs can be covered, allowing the programme to operate on a not-for-profit, not-for-loss basis. So the programme can be sustained and grow to a far greater scale than could be achieved with a pro-bono model that typically relies on a limited budget.

Clare Stevens joined EY's Enterprise Growth Services earlier this year to support its growth strategy. Her main responsibilities include resourcing, sourcing opportunities, operational support, scoping engagements and event management. Prior to joining EGS, Clare qualified as a chartered accountant with EY's Corporate Tax department.