

Universidad de los Andes

INGENIEROS SIN FRONTERAS
Proyecto Intermedio
Angélica Lizarazo Cuéllar

Negocios Socialmente Incluyentes
Capítulo 2

Iniciativas de Mercado de Grandes Compañías en Sectores de Bajo Ingreso

- Construyendo el Modelo de Negocio
- Factores clave: Innovación e Integración Social.
- Escalando: Una Promesa Incumplida

Construyendo el Modelo de Negocio

- Empresas de estudio: Iniciativas recientes.
- Conectan Sectores de bajos Ingresos (LIS) con mercados a los cuales no tenían acceso previamente.

Construyendo el Modelo de Negocio

- Ejemplo de 12 empresas en América Latina.
- Todas orientadas hacia la generación de ganancias.



Table 2.1. Large Company Business Ventures with LIS

Company	LIS customer venture	Business driver of venture	Starting year
AES-EDC (electric energy)	Electric service provision in urban LIS	Loss reduction	2003
Agropalma (palm oil)	Procurement of palm for palm oil plant from small farmers	Using idle capacity (increased efficiency)	2001
Aguaytia (gas)	Provision of liquid gas in cylinders in the region neighboring the refinery (Peruvian Amazon)	Penetrating volume market; savings in transportation	2002
Amanco (irrigation systems)	Provision of irrigation systems to small farmers	Penetrating volume market	2004
Cativen (retail)	Procurement of vegetables for supermarkets from farmers	Capturing intermediation margin; increasing small supply chain efficiency	2001
Cemex (cement) "Construmex"	Provision of construction materials and homes to LIS	Penetrating volume market	2004
Codensa (electric energy)	Provision of electric household appliances to urban LIS (Codensa Hogar)	Securing customer loyalty	2001
Colcerámica (ceramic tiles)	"Su casa como nueva paso a paso" Provision of ceramic tiles to urban LIS	Penetrating volume market	2004
Edenor (electric energy)	Electric service provision in urban LIS	Loss reduction	2001
Gas Natural BAN (direct gas)	Direct gas provision in urban LIS	Penetrating volume market	2003
Grupo Salinas (banking and retail)	"Empresario Azteca" Provision of tools and equipment to micro-entrepreneurs	Penetrating volume market	2004
Palma del Espino (palm oil)	Procurement of palm for palm oil plant from small farmers	Using idle capacity (increased efficiency)	2003

Construyendo el Modelo de Negocio

- Diseño innovador del Modelo de Negocio:
 - Satisfacer las necesidades de los clientes potenciales.
 - Hacer uso de las capacidades como proveedores en los Sectores de bajos ingresos estos sectores.

Table 2.2: Major Novelties Featured in Original Business Model

Company	Value proposition	Distribution channel	Relationship with customers	Partner network	Revenue model
AES-EDC (electric energy)	None: traditional electric energy	None: traditional distribution network	New: illegally connected individuals become clients through collective meters.	New: close collaboration with community leaders	New: community leaders collect individual payments
Agropalma (palm oil)	New: otherwise unavailable palm supply and social license	New: company purchases directly from farmers cooperatives	New: company involvement in the organization and development of small farmers	New: collaboration with governmental agencies financing crop development	Implementation pending
Aguaytia (gas)	New product: liquid gas in cylinders	New: company sets up its own truck fleet	New: company "sows" free gas motors and stoves among future customers	None: no partnering involved	None: simple cash and carry
Amanco (irrigation systems)	New product: small tailor-made irrigation systems	None: traditional delivery remains in place	New: company promotes collective effort to build distribution network	New: close collaboration with CSOs, and national government	None: company traditionally sells on credit
Cativen (retail)	New: timely supply of fresh vegetables at stable prices	New: company purchases directly from farmers cooperatives	New: company involvement in the organization and development of small farmers	New: collaboration with government agencies and universities during setup	New: the company makes regular scheduled payments to farmers through bank accounts
Cemex (cement)	New products: houses and construction materials other than cement	New: company sets up a network of sales offices	New: unprecedented direct relationship with individual consumer instead of traditional b to b relations	New: partnerships with international remittances company, construction companies, and local distributors of construction materials	New: sale on credit to final consumer instead of traditional sale on credit b to b

Table 2.2: Major Novelties Featured in Original Business Model (continued)

Company	Value proposition	Distribution channel	Relationship with customers	Partner network	Revenue model
Codensa (electric energy)	New product: household appliances	New: company leverages on distribution channel of existing retail chain	New: applies credit scoring tailored for LIS customers	New partner serving distribution: large national hypermarket chain	New: unprecedented sale on credit
Colcerámica (ceramic tiles)	None: traditional ceramics	None: traditional delivery channel through local hardware stores remains in place	New: unprecedented sale relationship with individual consumer through local promoters	New: close collaboration with CSO, community organizations, and local hardware stores	New: layaway sale to LIS; community organizations collect payments
Edenor (electric energy)	None: traditional electric energy	New: distribution of pre-paid energy cards through dispensing machines	New: relates with customers through dispensing machines and pre-paid meters.	None: no partnering involved	New: pre-payment instead of post-payment of electric service
Gas Natural BAN (direct gas)	None: traditional gas service	None: traditional distribution network	New: company promotes collective effort to build distribution network	New: close collaboration with CSOs, local governments and multilateral agencies	None: traditional post-payment remains
Grupo Salinas (banking and retail)	New product: tools and equipment for micro-entrepreneurs	None: traditional retail chain	New: company uses credit scoring tailored for LIS customers	None: traditional close collaboration between companies of the Salinas Group	None: company retail chain traditionally sells on credit
Palmas del Espino (palm oil)	New: otherwise unavailable palm supply and social license	New: company purchases directly from farmers cooperatives	New: company involvement in the organization and development of small farmers	New: collaboration with governmental agencies financing crop development	Implementation pending

Construyendo el Modelo de Negocio

- Adaptación e implementación Exitosa:
 - Construir dependencia y confianza mutua.
 - Adaptar el Concepto del Producto a la demanda del consumidor.
 - Fronteras entre Informalidad e Ilegalidad.

Factores Clave: Innovación

- Desarrollo de mercados en la base de la pirámide (BOP): Innovación en productos, servicios y procesos.
- Soluciones que generan reales cambios.
- Ventajas de la “co-creación” .
 - Categorías: Tecnológica, en producto, Institucional y en patrones de relación personal.

Table 2.3: Innovations in Large Company Business Ventures with LIS

Company	Innovation	Status of business model
AES-EDC (electric energy)	Technology: application of pre-paid card digital technology to purchase electricity Relational: managers entered community spaces, social workers hired to engage LIS	Billing and collection unsolved. Also affected by government regulation of LIS electricity rates.
Agropalma (palm oil)	Relational: managers entered community spaces relying partly on community leaders	Not yet operational
Aguaytia (gas)	Product: original product (LPG cylinder) expanded to include means of consumption (stove, adapted motor) Technology: conversion of gasoline motors to use with LPG (liquefied petroleum gas) cylinders	Developed
Amanco (irrigation systems)	Product: irrigation system adapted for small acreage Relational: company initially entered community spaces through alliance with CSO	Profitable scaling model unsolved
Cativen (retail)	Relational: purchasing agents entered community spaces relying partly on community leaders, existing community organizations, and local public agencies	Profitable scaling model unsolved
Cemex (cement)	Product: original product (construction materials) expanded to include home design, international money transfers, and delivery in Mexico Technology: application of internet tools in marketing and sales of houses in Mexico	Profitable model unsolved
Codensa (electric energy)	Institutional: created organizational unit generating information and scores based on LIS specific standards	Developed
Colcerámica (ceramic tiles)	Product: original product (ceramics) expanded to include home design, and payment plan Relational: managers entered community spaces in alliance with CSO, community organizations and local salespeople	Delivery problem unsolved. Affects scaling.

Factores Clave: Integración Social

- Éxito en los mercados de LIS : Fortalecer Organizaciones Sociales
 - Crear redes de confianza con organizaciones e instituciones.
 - Generar desarrollo desde la base.
 - Entender y construir sobre la infraestructura social ya existente.
 - Relación con los grupos de la comunidad : Fuentes de experiencia y legitimidad local.

Table 2.4: Company Reliance on Non-Traditional and Traditional Actors

Company	Non-traditional actors	Traditional actors
AES-EDC	Local leaders, local policy arenas, community groups	None
Agropalma	Local leaders	National government
Aguaytia	None	None
Amanco	CSO, local leaders	National government, large multinational company
Cativen	Community groups, local leaders, local public agencies	None
Cemex	None	Companies in Mexico (distributors, construction companies) and international remittance companies
Codensa	None	Large national hypermarket chain
Colcerámica	CSO, community groups, local leaders	Local distributor companies
Edenor	None	None
Gas Natural BAN	CSO, local leaders, local governments, community groups	Multilateral agencies
Grupo Salinas	None	Cluster of companies in the group
Palmas del Espino	Community groups, local leaders	National government

Factores Clave: Integración Social

- La Compañías deben invertir importantes recursos para formar integración.
 - Identificar líderes con conocimiento y experiencia: Puente entre la Compañía y agricultores.
 - Mantener la participación en el proceso colectivo.
 - Creación (asociación) de Grupos comunitarios.

Table 2.5: Reliance and Investment in Communal Infrastructure

Company	Area	Reliance and investment in communal infrastructure	Details
AES-EDC	Urban	Company relied on existing communal social infrastructure.	Initial entry relied on community leaders, "electric tables" (government organized local policy arenas) and condominium boards. Community leaders actively participated in billing and collections.
Agropalma	Rural	Company invested in creation of community groups.	Initial entry relied on community leaders. The venture organized suppliers directly for the purpose of engaging in exchange.
Amanco	Rural	Company invested in creation of community groups.	Initial entry relied on community leaders. The venture organized customers directly for the purpose of engaging in exchange.
Cativen	Rural	Company invested in creation of community groups.	Initial entry relied on community leaders and community organizations. The venture organized suppliers directly for the purpose of engaging in exchange.
Colcerámica	Urban	Company relied solely on existing communal social infrastructure.	The company relied on community organizations to manage sales force, billing, and collections.
Gas Natural BAN	Urban	Company worked with existing community groups or with the municipality.	Initial entry relied on community leaders. The venture organized customers directly for the purpose of engaging in exchange.
Palmas del Espino	Rural	Company invested in creation of community groups.	Initial entry relied on community leaders and an existing but inactive peasants' association. The latter had to be re-created by the venture.

Escalas y Sostenibilidad Económica

- Operaciones a pequeña escala. Excepción: Codensa y Aguaytia.
- La compañías siguieron:
 - Grandes esfuerzos por la innovación: readaptación en proceso.
 - Conseguir Integración Social: Construcción de ecosistemas.
 - Paciencia en el proceso: No rendirse, perseverancia.

Escalas y Sostenibilidad Económica

- ¿ Si la propuesta es correcta, por qué las oportunidades de creación de valor no son tomadas a mayor escala?
 - Replicar los resultados en distintas comunidades no es fácil.
 - Desarrollo de complejos ecosistemas locales a pequeña escala.
 - No se ha identificado un prototipo de Negocio Rentable.

Table 2.6: Level of Scaling and Economic Sustainability of LIS Ventures

Company	LIS customer venture	Starting year	Level of scaling in 2007	Economic sustainability in 2007
AES-EDC (electric energy)	Electric service provision in urban LIS	2003	Pilot, small scale.	Operations are not self-sustaining.
Agropalma (palm oil)	Procurement of palm for palm oil plant from small farmers	2001	Small scale. Not yet operating.	Investment phase still running.
Aguaytia (gas)	Provision of liquid gas in cylinders in the region neighboring the refinery (Peruvian Amazon)	2002	Moderate scale.	Profitable. Low opportunity cost.
Amanco (irrigation systems)	Provision of irrigation systems to small farmers	2004	Two pilots implemented. Very small scale. Very slow expansion.	Investment requires social funding. Not profitable if all capital is private. High opportunity cost associated with working with LIS.
Cativen (retail)	Procurement of vegetables for supermarkets from small farmers	2001	Small scale, no expansion.	Positive net gain but there is an opportunity cost associated with working with LIS.
Cemex (cement)	"Construmex" Provision of construction materials and homes to LIS	2004	Small scale, little expansion.	Negative net income. High opportunity cost associated with working with LIS.
Codensa (electric energy)	Provision of electric household appliances to urban LIS (Codensa Hogar)	2001	Has been scaled moderately.	Positive net income. Secures market share of core business.
Colcerámica (ceramic tiles)	"Su casa como nueva paso a paso" Provision of ceramic tiles to urban LIS	2004	Small scale, some expansion.	Negative net income.

Gracias ii