A Guide to Inclusive Business

How companies can improve the livelihoods and wellbeing of poor people by including them

On the supply side – as producers, employees and distributors

And on the demand side as clients and customers
Being an inclusive business is about managing core activities in a way that is profitable and also helps fight poverty.

Inclusive business models are designed to deliver mutual benefits for business and for the poor – generating sales and profit, while also creating jobs, providing access to new products and increasing incomes. Successful inclusive business initiatives may include the poor as clients and customers on the demand side, or as employees, producers and business owners on the supply side. Inclusive models can be seen as combining community development objectives and business activities.

The International Business Leaders Forum (IBLF) has built up expertise on inclusive business models through a variety of publications and experience with the business community. We believe inclusive models are an exciting alignment of business and development interests that can make real inroads in fighting poverty and building sustainable profitable businesses.

This guide provides an introduction to inclusive business, designed to be accessible to people from any sector and any region. It is hoped that it will serve to encourage reflection about your own company and highlight ways in which inclusive changes can both be profitable and help low income communities. The guide is divided into the following sections:

- p1 Areas for Inclusivity – this section highlights 4 business areas where companies can be inclusive – the supply chain, employment, through the provision of products/services to the poor and in the distribution chain. While not all areas will apply to every sector the ideas and processes from each can have relevance.

- p2 Areas for Inclusivity – this section highlights 4 business areas where companies can be inclusive – the supply chain, employment, through the provision of products/services to the poor and in the distribution chain. While not all areas will apply to every sector the ideas and processes from each can have relevance.

- p6 The Business Case – this section outlines the many varied ways in which inclusive ventures can be profitable. It particularly addresses the issue of scalability.

- p8 Community/Society Impact – this section highlights the ways in which inclusive business initiatives can benefit low-income communities through the themes productivity, sustainable earnings and empowerment. It also addresses the issue of impact measurement.

- p10 Challenges – this section raises some of the common challenges that inclusive initiatives face through the themes of operational challenges, reputation and relationship management challenges and systemic challenges.

- p12 Meeting the Challenges – this section raises the ways in which challenges can be met. Partnerships with NGOs, Governments and businesses are seen as essential and guidelines are given to an effective approach.

- p15 Leading the Way – this section looks at how inclusive initiatives emerge and what the next steps could be.

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WHAT IS INCLUSIVE BUSINESS?

Changing perceptions, Changing business models

Grasping the opportunities that the poor present begins with a change in perception. Normal business models exclude the poor as inefficient and inconvenient from a supply and distribution side, as lacking in education and skills on the employment side, lacking purchasing power at the consumer side and as simply lacking the potential to be successful business partners. Even where potential is recognised, accessing and utilising it is often seen to be too challenging.

A growing global movement of businesses is proving these to be outdated assumptions, showing that new types of profitable business ventures can directly reduce poverty. These businesses recognise the poor as value and brand conscious consumers, able to be served through a low profit margin – high volume approach. They recognise the entrepreneurship and creativity of small, micro and medium enterprises (SMMEs) has the capacity to scale up and be included in value chains. They recognise that the poor can be built up as a source of labour both as part of these processes and on their own terms.

Together these changed perceptions see not the obstacles but the opportunities the poor present. It is about a new relationship with communities and smaller businesses built not on philanthropy but a “win-win” mentality of mutual success.

Figure 1: Company Spheres of Influence

This model shows the areas through which companies are able to maximise their positive impact on society, and minimise their negative impacts.

Whereas CSR, for example, typically takes place in the community investment sphere, inclusive business models are concerned with changes in core business.
Supply chain inclusivity – Buying from the poor

Companies worldwide are making innovative changes in the supply chain that can improve flexibility and stability, reduce costs and offer sizeable opportunity to low income communities. This can be through establishing new relationships with smaller suppliers, perhaps combined with a process of localisation, and can also be through improving existing chains, by building direct linkages to suppliers for example.

Building new supply chains

While smaller suppliers are often seen by larger businesses as inefficient and unreliable, businesses worldwide are actually reaping the benefit of including them in their supply chain. From agricultural commodities and manufactured components to cleaning and printing services – within most sectors there are opportunities to engage SMMEs as business partners. The process can be coupled with localisation – sourcing inputs locally as opposed to from another region or country. Closer connections potentially offer greater flexibility and stability, reducing the costs for business while offering large economic opportunity to SMMEs. This process can also help build relationships between businesses and communities, improving the social license to operate.

Being inclusive through “co-creation” is a radical new idea about business creation. It is about building a new product or service from the bottom upwards, through partnership between a community, a company and often a local NGO or CBO. The co-creation principle can be used more broadly where businesses go into joint ownership with SMMEs and are integrated into supply chains.

Improving existing supply chains

Building stronger linkages with suppliers, also known as “deep procurement”, is a way of more closely matching the needs of the buyer and their suppliers. Stronger relationships can bring benefits to the suppliers such as technical knowledge/assistance related to production methods or management systems for example, and through bypassing middlemen. These efficiency gains can improve competitiveness and increase livelihoods. For the buyer stronger links can be a way of putting quality control closer to the source and also ensuring the supply of inputs needed for production. A critical success factor for supply chain inclusivity is being able to ensure suppliers that their output will be purchased. Without strong commitment mechanisms suppliers will be disincentivised from investing in new relationships and potential benefits will not be reached.

SABMiller – Sanjhi Unnati – “Progress through Partnership”

SABMiller’s “Progress through Partnership” project works to help small-scale Indian farmers produce higher quality barley stock needed for SABMiller’s beer production. It is an example of strengthened supply chain links being profitable and fighting poverty.

Previously low yields, excessive middlemen fees and low profit margins were a deterrent for local farmers to grow malt-quality crops. In partnership with local NGOs and government bodies however SABMiller now provide training and technical assistance to farmers as well as a commitment to buy barley at a premium price, providing it meets the quality requirements. This offers economic opportunities to small scale farmers as well as sourcing opportunities for SABMiller which ensures the sustainability of their core business activities.
Employability

Businesses across the world often face difficulties in recruiting people with the specific vocational and technical skills needed for their sector. People normally excluded from such jobs because of their social position – their gender, ethnicity, disability, class or socio-economic background – can meet this need through vocational training programs, bringing joint benefits to both business and society.

Inclusive employment can be a quality of any business, regardless of sector or size. There is a strong business case for larger companies to develop training programmes where they face a gap in the labour market and can build up skills to meet demand. Within this process the two case studies of ICICI and Intercontinental Hotels Group China highlighted below both illustrate the key role that partnership with academic and international organisations can play. For medium sized businesses there can be an equally strong business case for inclusive employment. The scale of training programmes for these businesses will clearly be different and in house training or partnerships with NGOs may be more appropriate.

Inclusive employment is of particular use to businesses that are looking to expand into markets catering for the poor. People local to the target market can provide essential local knowledge. Employing them to manage local distribution networks is one way of gaining this advantage and extending the inclusivity of the initiative at the same time. Integrating people local to the community within your network can also bring positive forms of social pressure, such as fear of losing a good reputation, which can ensure reliability in local partners.

ICICI Probationary Officer Programme/Industry-Academia Partnership

ICICI Bank is combating a significant gap in India’s financial sector labour market through innovative e-learning and technology based education in partnership with academic institutions, building a pool of motivated and trained employees for their core business.

ICICI target young people who do not speak English from disadvantaged areas that are normally untapped by large companies which tend to unduly focus on linguistic abilities. A significant proportion of the population residing in such areas are also low income or from socially marginalised groups. ICICI are challenging social and economic inequalities while building their core employee base with loyal workers, also building the dynamism of the sector in general.

Intercontinental Hotels Group China

In response to the lack of appropriately educated and trained talent available to work in IHG hotels across China, IHG partnered with local educational institutions to form the IHG Academy and train the next generation of skilled tourism specialists.

With close to 5,000 students enrolled in the IHG Academies every year, the company is on track to meeting its initial aim of developing a talent pool of educated and qualified individuals. With every individual who completes the programme successfully, IHG moves closer to meeting its staffing needs as well as helping to expand the economic opportunities available for communities impacted by the tourism sector.
Demand led inclusivity - products and services

One route for inclusivity in business is through producing products and services to be consumed by the poor. Many see the poor as an undesirable market for business to focus time and energy on given low purchasing power, but this framework is out of date. New business models across diverse sectors are proving that the poor can be a viable and exciting market. Key characteristics of a new poor orientated business model include:

• Affordability: given the low purchasing power of the poor providing a quality and low priced product is essential. Oftentimes this follows a low profit margin/high volume model, highlighting the importance of reaching scale. This may not be the case for all products however. It is important also to note the need to understand and adapt to the consumption patterns of the poor.

• Access: developing innovative distribution networks that build on existing social infrastructure and can compensate for poor physical infrastructure are essential. Access is also concerned with ensuring the interface of the product reflects local needs and aspirations – i.e. it is in a usable format (accessible to illiterate people for example).

Competing with existing products

It is well established that the poor are often forced to pay higher prices for basic goods because of local monopolies and inefficient social/physical infrastructure that prevents competition. This is known as a “poverty penalty”. All types of goods, from credit to food and fuel, can face this penalty. Breaking down this penalty represents a business opportunity. The challenge is to provide the same product but at a lower cost with comparable or better quality. This model typically applies to health care, energy and water services, education and microfinance but can also work with daily household goods.

Introducing new products

The poor can benefit from products that are normally only available to those higher up the pyramid. Financial services, communication and I.T technologies for example have great potential to increase productivity and life opportunities for the poor. Other products may not increase productivity but rather well-being, such as food and beverage items.

An essential step within this process is market development. This involves researching the needs, aspirations and consumption patterns of the targeted market before producing a product or service that reflects these needs. It can also involve a process of education (particularly within the financial or technological sectors) or raising brand consciousness through marketing. This is particularly important for isolated areas where there is very little information about new products and services. NGOs can sometimes be a partner within this process.

SELCO-India: Affordable solar home systems

SELCO has developed a photovoltaic solar home system which offers a sustainable alternative to the expensive and inefficient light sources that hundreds of millions of people are forced to rely on, without access to electricity grids. The innovation opens up new leisure time in the evenings and can facilitate productive business activities.
Distribution chain inclusivity

Including SMMEs within the distribution chain can be an opportunity to improve the flexibility and reliability of distribution side operations. It can be a particularly effective strategy for products reaching poor people.

Poor markets in both rural and urban locations often have challenging operating environments with poor public infrastructure. Normal distribution models are ineffective as they do not compensate for these challenges and often cannot be cost-effective as sales volumes or price points are too low.

Building business linkages with SMMEs local to the target market can utilise networks and systems that have proven effective within that context.

Such partnerships help acquire the local knowledge that may be essential to successful operations but difficult and expensive to acquire without local partnerships. SMMEs also help strengthen bonds between a business and a community; this can legitimise the business’ operations and work to establish long-term relationships.

Bogasari Flour Mills, Indonesia

Bogasari Flour Mills has expanded its presence in the noodle market by providing support to small-scale noodle making entrepreneurs. By providing access to credit, training and legal support hundreds of SMMEs, employing thousands of people, have the tools needed to scale up, and Bogasari Flour Mills have a stable market to supply flour to. This highlights the benefits that investing in the wider distribution network can have.

Godrej Appliances

Godrej Appliances is developing a community led distribution model for the Chotukool fridge, which is seen as the world’s lowest price model and targeted at tier II, III and IV cities, as well as the rural poor. Instead of using conventional distribution channels with a dedicated sales force Godrej is partnering with MFIs to leverage the local knowledge of ordinary people and distribute at the community level.
THE BUSINESS CASE

Profits

The bottom line for inclusive business initiatives is that they are profitable. When meeting a real need and delivering an effective and efficient service ventures designed to provide products and services to the poor can offer a real financial return and opportunity for expansion into new markets. Including SMMEs within the supply and distribution chain can also offer gains in flexibility, quality assurance, and reduced costs, particularly when part of a process of localisation. It is also important to recognise the potential flexibility of the networks established. A network designed for supply purposes for example may provide the framework for products going the other way down the value chain, opening up the opportunity for “two-way networks”.

The business case for inclusivity needs to recognise the cost structure of the process. Often these initiatives face high short term costs – for overcoming the knowledge gap in finding local suppliers and distributors, or engaging them through enterprise development schemes. Similarly, in expanding a product to a new market and the market development required. This highlights that sometimes there’s a need for patient capital that accrues benefits in the longer term.

Reputation

Inclusive initiatives can build a business’ relationship within communities. This has two clear benefits. Firstly, it can build a company’s ‘social license’ to operate, meaning a positive healthy relationship with communities which is based on a mutually beneficial relationship. It can also build a company’s brand within new markets. Associations with socially positive initiatives can build consumer loyalty.

Organisation, Employees and Knowledge

Inclusive initiatives require employees to think about the needs of marginalised communities and the workings of often informal markets.

Stepping outside the normal business framework requires a creative and imaginative mindset, “out of the box” type thinking which can feedback positively on other areas of a company.

A common benefit to inclusive businesses is improved employee morale. Many employees gain satisfaction from knowing that their company is contributing positively to the poor and this positive thinking can again feedback into other areas of a company.

Scalability

Reaching scale is essential to realising the benefits of an initiative, in terms of both poverty and profits. A successful initiative should have increasing returns to scale – as it grows the cost per unit declines and it becomes easier to include more customers or business partners. The challenge of poverty and the opportunities the poor present requires a large response and while a successful initiative is valuable at any size, the larger and more effective the better.
Scale means different things in different initiative areas and expectations should be context specific:

- **Provision of goods and services** – scale here can simply mean selling more of the same product. It could also mean scaling the same business model to a different area of operations. The potential for scale here clearly depends on the size of the market but is critical given the “low profit margin-high volume” business model.

- **Value chain inclusion** – scale within this area is more energy intensive and often requires aiding smaller businesses to scale. By definition scale is limited by the size of overall operations.

- **Employment** – reaching scale through employment can mean formalising training schemes, once these systems are optimised scale can be more effectively reached. Again, scale here can be limited to the size of a business’s operations.

Within all areas building up experience and know how is essential to ensuring the success of scale and the sustainability of changes in core-business. It may be appropriate therefore to start with a smaller initiative, building relationships, networks and confidence, before scaling up the particular initiative or the new business model.

*It is essential that short-term miracles are not expected but the initiative is seen as a long-term investment.*
COMMUNITY AND SOCIAL IMPACT

An inclusive initiative that isn’t profitable clearly isn’t sustainable. Likewise, an initiative that doesn’t provide clear and tangible benefits to low income communities isn’t a success from an inclusive perspective. The benefits that inclusivity brings to poor communities are as diverse as the activities themselves. They can be categorised under productivity, sustainable earnings and empowerment.

Productivity

Including SMMEs into the supply chain is often seen as the most powerful way in which initiatives can bring sizeable benefits to the poor. While this type of inclusivity is often associated with the extractive sector it is increasingly common for small-scale farmers, light manufacturers and service providers working in diverse sectors. Local enterprise development is nurtured through the procurement power of larger businesses and it is argued that the benefits of such linkages can be used as a “springboard” for businesses to reach economies of scale, as well as expanding into new markets. The knowledge and technology transfer from larger businesses to SMMEs through this process offers significant opportunities for the poor to improve the way in which their businesses operate, for example in improving management of stock, production methods or staff organisation.

Sustainable earnings

Including the poor within the value chain or through employment offers opportunities for sustainable earnings within the formal sector. The poor principally work within the informal sector; outside of government regulation, labour standards or contracts. Work is therefore often inconsistent and fragile. Inclusive initiatives of all types can be an opportunity to escape this burden. They are made more sustainable when core skills and capabilities are improved and dependency is reduced. This applies to both individuals and SMMEs.

Empowerment

Inclusive initiatives can work to empower the poor by focusing on their needs and aspirations, offering an opportunity to have greater control over their future through business.

Targeted products and services include the poor in mainstream economic activities, bringing them away from marginalised economic positions. Selling products to the poor that meet a need more efficiently and at a lower cost can also improve empowerment. It has already been noted that the poor often face inflated prices for basic goods, if businesses innovate new products and can distribute effectively then more capital is freed up to be used elsewhere, increasing purchasing power.
Impact Measurement

Key performance indicators are essential within business. Likewise, similar measures need to be used to evaluate the community/society impact of inclusive business ventures. While in business terms profitability is the base indicator, assessing impact on the poor is more complicated, and numerous indicators and factors have to be considered.

Accurate impact measurement of an initiative ideally needs to begin before the initiative itself. Base line data of social and economic factors is often essential to contrast with the same measurements after the initiative has begun. Oxfam’s Poverty Footprint Methodology highlights important factors that in ideal need to be observed:

- Income and Productivity (levels of income, job security, goods produced per unit expended etc)
- Gender and equality (access to jobs, training, markets, within house allocation of resources)
- Health and well-being (access to health, education and social services)
- Standard of living (opportunities to maintain cultural identity)
- Empowerment (opportunities to participate and influence decisions that will impact their lives)
- Stability and Security (access to resources that help people endure shocks to their livelihoods)

Clearly not all factors will be directly relevant to all areas of inclusivity. Nonetheless initiatives may have surprising positive and negative spillover effects and these should be included in the assessment of an initiative. An important pitfall to avoid is measuring inputs – amount of initiatives started or money invested for example – rather than the actual impact of these inputs.

For large scale initiatives randomised methodologies organised through academic institutions and international organisations such as the UNDP may provide useful pre-initiative data through pilot projects, pinpointing opportunities and obstacles. Such studies typically control for common methodological problems such as selection bias (the tendency of a certain type of people to opt into a project) and program placement bias (the tendency for better, non-average, locations to be chosen). These findings can be key to successfully scaling an initiative. They can also be used following an initiative to assess progress.

These studies are however expensive and it may be more appropriate for smaller initiatives to use survey data or interviews to assess the impact of the initiative, again based around the framework above. Finally, it may also be the case that there is internal opposition to such assessments with the fear that they could highlight a disappointing or negative impact on the poor. Not only is there a strong moral case against this position but the nature of inclusive initiative necessitates positive impacts on the poor for long term success, there is therefore also a strong business case.
CHALLENGES

Being inclusive isn’t easy, and the problems that are faced are often diverse, unpredictable and also sector specific.

Nonetheless, there are some common obstacles that can be understood as coming internally, from the external environment and from the SMME/community being engaged with.

**Internal challenges**

Developing an inclusive initiative can challenge the existing ways of doing things within a business. This can lead to internal tension and opposition to change. Inclusive initiatives can be seen as high risk with long-term returns and as therefore too challenging. Businesses may lack the internal expertise needed or may think they lack the time needed to invest. There therefore needs to be an internal commitment to the initiative across the board – particularly among higher management.

Businesses also often lack sufficient information. Including smaller businesses within value chains for example, presents serious information challenges. Smaller companies in under-regulated markets may not be easily accessible without established and effective sector networks to disseminate knowledge or established local contacts. As a result, companies may face overly high information costs. Similarly, in adapting or designing a product for the poor, businesses often lack adequate local market knowledge about price, quality or size for example, to provide an effective service that has enough uptake to be profitable.

**External environment challenges**

The poor are often terribly underserved by public infrastructure. Poor electricity and water access, old or non-tarmaced roads and weak transport systems for example prevent supply and distribution models based on developed country experience or on serving the wealthier in developing countries. In rural areas, suppliers may be dispersed and road connections poor, hindering the efficient supply of agricultural produce and making it more difficult to reach scale. Similarly with distribution chains and reaching the rural poor with products. In urban areas slums may be impenetrable, impeding supply linkages or product expansion.

National and local governments often do not provide regulatory environments that facilitate business. Weak legal systems that fail to ensure contracts or inefficient tax systems for example are familiar to businesses operating in developing markets. Similarly, clear legal systems with weak implementation are also problematic. These systems are typically even less effective within poorer communities, particularly given that marginalised people tend to operate within the informal economy. These problems therefore particularly impact inclusive business initiatives.
SMME/community challenges

People often mistrust the intentions of businesses external to their community, building relationships, trust and respect is therefore essential to doing business with the poor. Such change inevitably however also disrupts existing systems and power dynamics. Whether it is introducing a new product that breaks into a local monopoly or bypassing middlemen in the supply chain, social consequences need to be closely considered. Opposition to inclusive changes could hinder the success of the initiative and attempts therefore need to be made to either compensate those who lose out - by including them in another way in the initiative (as a new distribution partner for example) - or designing operations in a way that otherwise eases social tension.

It is also crucial that both communities and smaller businesses don’t become overly dependent on larger businesses. This can leave both heavily exposed to the fluctuations and whims of international markets and also creates power dynamics that without strong regulation could lead vulnerable communities and businesses to unequal or even exploitative relationships.

Many businesses simply lack the capacity to be included in the value chain. At the supply end companies may struggle to meet quality or safety requirements, lack flexibility in production, or be unable to scale up to meet demand. At the distribution end companies may have limited purchasing power, have marketing inexperience or cash management problems.
MEETING THE CHALLENGES: THE ROLE OF PARTNERSHIP

Meeting these challenges will often, if not nearly always, involve some form of partnership with other organisations, from profit, non-profit and public sectors – be they SMMEs, NGOs, local or national governments, international organisations or educational bodies. The nature of the problem will determine the type of partnership needed but building sustainable and effective partnerships is difficult, particularly with organisations that are designed for different purposes.

Experience has shown that through working together, such partnerships can provide:

- Innovative approach to business development and poverty reduction
- A range of mechanisms, enabling each sector to contribute their own specific competencies and capacities in order to achieve both common and complementary goals more effectively, legitimately and sustainably than when each operate separately
- Access to more resources by drawing on the full range of technical, human, knowledge, physical and financial resources within all sectors
- Dynamic new networks offering each sector better channels of engagement with the wider community
- Greater understanding of the value, values and attributes of each sector

Partnering with SMMEs

Partnerships can help SMMEs overcome operational constraints such as limited capacity, bringing out the benefits of links at the supply and distribution end. Common ways to help are:

- Assessment – working with smaller businesses to identify their strengths and weaknesses
- Training – in light of the above, how can these be utilised or overcome? Often third parties such as international organisations or NGOs can provide training but many companies also design their own programs, based on their expertise.
- Coaching – many businesses may require continuous support and ongoing mentoring is one way of providing this. Peer-to-peer learning is another way of providing the same guidance but with the benefit of seeding individual relationships. These often also grow into peer networks.
- Experiential learning – companies can provide on the ground assistance helping businesses optimise their activities.
- Awards and incentives – these can encourage businesses by publicly valuing the greatest improvements.
Access to financial services is a critical component in enabling SMMEs to scale up their operations. To conventional commercial banks these businesses are high risk and servicing them would have high transaction costs. Companies have found the following responses effective:

- Establishing their own financial services – by directly providing finance through micro credit schemes companies can help meet the needs of SMMEs.
- Capitalising external funds – instead of starting their own some companies help fund existing organisations, which have the experience and expertise to provide the service effectively.
- Partnering with micro finance organisations – connections can be established with smaller micro finance organisations, those either run by NGOs or on a commercial basis.
- Partnering with commercial banks – while this is normally infeasible for SMEs, those linked within the value chain of larger companies are seen as more attractive by commercial banks. The larger company may have to act as the guarantor for these loans.
- Financial literacy – companies have found that often credit and its flipside debt aren’t helpful for SMMEs. Rather, they require business advice.

**Partnering with NGOs/CBOs**

Innovative private sector–NGO/CBO partnerships are essential because they can bridge the gap between business and communities. Businesses wanting to engage the poor often have to build a ‘local character’, overcoming the distance between them and communities. NGOs and CBOs have the local knowledge, networks, and significantly the legitimacy to fill this space and engage people at the grass roots. What challenges can this partnership overcome?

Local knowledge: the experience NGOs and CBOs have from working and living with the poor is critical to successful initiatives. These organisations know and understand needs and aspirations and are therefore a source of market knowledge for businesses looking to serve the poor through products and services. Many companies also run “immersion schemes” whereby their employees spend days or weeks living within communities, trying to understand people’s aspirations and the way they consume – local organisations can facilitate this process. Finally, local organisations may know local business networks and therefore be able facilitate the processes of value chain inclusion.

Service providers: On the basis of local knowledge NGOs and CBOs can be used as sub-contracted service providers, working at the local level through their existing systems, overcoming the potentially high costs a business would face to develop similar systems. NGOs/CBOs can, for example, use their understanding of a community to present a new product or service to them within their own terms. The Godrej example earlier illustrates the ways in which partnership with community organisations can benefit distribution for example.
Partnering with Governments

Governments are responsible for providing a regulatory environment suitable for both commercial investment and protection of labour/environmental/social standards. Many poor communities operate informally, by definition outside of the tax system often outside of regulatory standards. There is therefore space to engage governments on issues of regulation through inclusive initiatives, provide a stable environment to the benefit of both communities and businesses.

As governments recognise the benefits that inclusive models can have centralised means of enabling linkages may be established. Government led websites pooling details of large and small companies by sector and location could be used as an interface to build linkages. Designing an effective system could be a point of dialogue between governments and businesses.

Partnering with International Organisations and Private Foundations

International organisations and private foundations often work as joint partners, providing development expertise, on the ground organisational capacity, and sometimes funding, to initiatives seen as having particular development benefits. International organisations such as the UNDP have worked as partners with businesses in the early stages – piloting new products such as microinsurance for example.

Partnership with Academic Bodies

Partnerships with academic bodies can be used to help businesses build effective workforces. Businesses may need help in designing and running academies or training schemes and drawing upon the expertise of universities or other academic bodies may be more efficient that running completely in house programmes. There is often also a mismatch between the needs of the private sector and academic preparation so closer ties can align the two, which has wider positive effects. ICICI’s example earlier illustrates this well.
LEADING THE WAY

Inclusive initiatives often start with a simple idea or vision, perhaps from a particular individual or a group brainstorming session. This idea may be a response to a recent event – an incident with an unreliable supply chain, an experience or need within a community or an inspiring talk, for example.

For the idea to materialise it has to capture the imagination of the company, spreading throughout and becoming an ambition and motivator. Its success depends on a number of important factors:

- Senior management has to understand the business case and provide strong support and direction for the idea.
- Employees within the company need to have ownership of the idea, as well as clear responsibility – to liaise with the new suppliers, coordinate training with partners or manage the new distribution networks.
- Working with local communities companies have to be able to identify partnership opportunities and manage these partnerships effectively.
- Local civil society organisations and governments can become equal and valuable partners in such initiatives.
- Staff attitudes and motivations have to be managed allowing these to be utilised towards the success of the initiative.

The challenge is to begin thinking about your own business and seek opportunities to be inclusive. Where do you already interact with the poor and how could these relationships be improved?

How best can your business benefit the poor through core expertise and how best can your business ambitions be matched with the needs of society?