

# Reflections

The SoL Journal  
on Knowledge, Learning, and Change



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# Serving the Underserved

## Progressive Energy Solutions Through a Sustainable Business Model

BY ROBERTO BOCCA AND PREMA GOPALAN

One of the best attended sessions at Sol's 2008 Global Forum in Oman was a presentation by Roberto Bocca, then director of Emerging Consumer Markets for BP Alternative Energy, and Prema Gopalan, the founder and executive director of Swayam Shikshan Prayog (Self Education for Empowerment, or SSP), a non-governmental organization (NGO) in India. The two organizations partnered to look at solving the problem of bringing clean energy to some of India's poorest people. This took the form of creating a market together for an innovative, affordable cooking stove that uses pellets made of agricultural waste as fuel. The following is adapted from that session, which addressed the unique nature of corporate-NGO partnerships.



**Roberto Bocca**

### Roberto Bocca:

At the end of 2004, BP started looking at the bottom of the pyramid, those who are economically underserved, who use “regressive” energy. Regressive energy is energy that is considered unhealthy and unsafe. More than 3 billion people around the world use regressive energy, and 1.6 million people die every year of respiratory diseases and indirect pollution attributed to burning regressive fuel. This issue presented a business opportunity for us, and BP began working with SSP to understand how we could solve the issue of regressive energy. The partnership between BP and SSP grew such that SSP became one of the largest distribution channels for a clean-burning stove, and even invested in some manufacturing.



**Prema Gopalan**

After three and a half years in India, more than 200,000 people have bought our Oorja stove and biomass pellets solution, which is a good sign that it is a sustainable model. Of this, over 20 percent come from the NGO channel set-up by SSP. The partnership with SSP has definitely added value to BP.

In terms of what factors play into partnerships between non-governmental organizations (NGOs) and corporations, I'd like to emphasize the following points about BP's involvement with SSP:

1. Partnership is key.
2. Our business is a business. Our system has to be socially sustainable, environmentally sustainable, and profitable. Without those three elements, the business will not work.
3. Our approach has been very rigorous. While we are co-creating and working with partners, we have created all of the phases that are needed in any business or project.

4. It is necessary to link the three elements of “people, planet, and profit.” Our challenge is always to bring the three elements together to some level of balance.
5. We have been co-creating with the consumer. All that we have done has relied on the access to the consumer that we have achieved. Close to 20 percent of the access we have to our consumers today comes from work with SSP

as an NGO partner. The consumer has always inspired our product.

**Prema Gopalan:** SSP began as an informal network for the economic empowerment of rural poor women in 1990. After India’s 1993 earthquake, SSP worked in over 1,000 villages in rural Maharashtra to lead disaster recovery efforts. Fifteen years later, SSP partnered with BP Energy to create a business partnership that built on SSP and the networks that emerged from the disaster work. When similar disasters occurred, the latest being the tsunami, SSP involved women’s groups in the recovery and development. Today the NGO partners with over 60,000 women in self-help groups or networks in three disaster-hit states in India.

SSP’s primary goal is to build the social and economic competencies of women at the grassroots level, by creating networks that enable communities to move from the margin to the mainstream of development. We value our partnership with BP, as it has introduced us to a business opportunity that provides livelihoods to large numbers of women who are first-time entrepreneurs.

For poor women, any kind of learning is seen as a luxury. SSP began as a self-education experiment that organizes learning around practical issues. Poor women are centrally involved in finding solutions to the practical problems that the poor face – be it health, water, food security or energy. Social mobilization designed by SSP ensures that women’s groups learn and act collectively by traveling out of their homes for exchanges, market exposure, and training workshops.

SSP provides support to over 5,000 groups that form the economic and social base of our network. Women’s groups operate savings and credit and insurance businesses and act as information providers and planners. Mature groups improve access to services by working hand-in-hand with service providers and government to improve quality of health, water and sanitation services.



By using a market-based approach to development, SSP has created new markets in rural villages that are traditionally difficult to reach. We involve the grassroots women's network in co-creation of the product, business model, and the business itself. Global corporations entering the rural markets in India have found that women's self-help networks involving more than 30 million individuals have an extraordinary reach to remote villages. These groups are formed by the government, by NGOs, and by groups of women themselves. Women who take microcredit start micro enterprises. It is an entry point that allows them to develop financial and organizational capabilities.

Corporations are partnering with NGOs to connect with these networks for marketing and distribution of products. When we started working on the partnership with BP Energy, we found that our biggest challenge was to prepare the women's groups and the NGO teams to shift from development to market-based approaches that entailed partnerships with commercial entities and "Be Ready for Business" social values. This is very different from the micro-credit story.

### **The Innovation Brought About by the Partnership**

In the search for solutions that address basic needs, SSP promotes social businesses that are designed to fulfill three goals – social impact, sustainable livelihoods and women's empowerment. What was really important was that we saw a huge business opportunity that was right in the sectors that we cared about most.

Grassroots women are at the forefront in bettering quality of life. We listened to their demands for products and services that promote "savings" of time, energy, and money. They want to be at the center of creating these products and business models.

Since 2007, the SSP-BP partnership has catered to the clean energy needs of 58,000 customers and families by creating a for-profit entity. Prior to the

launch of the business, the NGO identified the villages, the women, and the groups that would be involved. At the center of the business model are the women's networks, which act as a business platform. The network appoints women as village level entrepreneurs (VLEs) or "Jyotis," a symbol of energy. Jyotis are responsible for the home delivery of cooking stoves and pellets or bio fuels. They are the first users of the stoves. They demonstrate the value of using clean fuels and vow to convert their neighbors and help to create smoke-free villages for the future. Linking to customers through the Jyoti network allows corporations and NGOs to understand rural households and their needs, and to facilitate sustainable solutions.

The engagement between BP and SSP with grassroots women's groups in the partnership created a multi-dimensional business model that followed the growing theme of "People, Planet and Profit." Women are "daily life experts" on practical issues such as food systems, fuel, water facilities, and waste recycling. The co-creation process builds upon their insights to test and innovate new products, reduce costs and empower women to play new roles in the operation and management of business.

Both BP and SSP had to develop very different ways of thinking and working together, because the business models for serving these emerging consumers profitably are different than others. We need to move further in terms of numbers, because this is a high-volume business with low margins. Scaling up is a challenge, but the process can be replicated because in almost every Indian village, women are organized in self-help groups and micro-credit networks.

### **Producing Social Development Gains from Corporate Partnership**

We have gained a fair amount of knowledge about how social networks can function in a business environment. The NGO team, together with the Jyotis, have some powerful insights to offer on how to conduct business in remote, hard-to-reach rural markets. We have created a "social market"



from our member networks that responds to new products and deals with market relationships in a way that is a win-win for commercial entities and communities.

Our real challenge involves sustaining the outcomes of our partnerships. On a daily basis, the business model must deliver social value and business offers to the consumers. People must see and feel such values, because otherwise we will lose their trust, the relationship will go bad, and everything could go wrong very quickly. NGOs bring in credible long-term relationships that are truly helpful in starting businesses in remote markets.

In the prototype testing, things went wrong, but people did not take to the streets. There is patience and understanding between our consumers and members, because networks and groups were explaining the processes. We have to invest in networks, in horizontal learning, and in teams and women who are part of the innovation in order to produce a community of business leaders who can transfer insights across networks, institutions, and corporations.

BP has been extraordinarily sensitive to the fact that women at the grassroots are driving the business on the ground. Experienced Jyotis or entrepreneurs train and hand-hold new entrants. This principle guides our training strategy. We have refused any inputs from commercial market agencies for training, market research or marketing. As an NGO, we have built on scaled social campaigns and used popular promotion methods to take the product to weekly markets and to homes.

Our annual gathering of Jyotis or entrepreneurs was held in early January 2008. It was attended by 820 women – a huge leap from the 30 who attended in 2007. Women presented plays and sang songs about how the stove had changed their lives. They called the stove by names including Lakshmi, [the goddess of wealth and prosperity and a household deity of most Hindu families], because it is an integral part of their life. Cooking food and fire are very important symbols in India. Other songs and skits were about creating awareness among men – fathers, brothers and husbands – about what the women are doing, convincing them that investing in the new coking stove and fuel will pay off.

The system has given women a new economic identity in their villages. Many of them are getting elected to local governments. But what is more interesting is that they have gained the confidence to start new businesses. Unlike before, they are investing their money and taking risks. They are keen on creating a business platform. This can be a boon for large companies wishing to partner with a network of distributors in emerging markets.

**Roberto Bocca:** The big challenge for us is how to go forward: 200,000 households is great. It is about 1 million people. But it is nothing compared to what we want to achieve.

I think that everybody realizes the value that we are bringing by discovering a new world, a new way of working, and a new space. Being in the market, we have to find out what consumers really want. We started somewhere, and are now somewhere completely different. We are starting to look into the value of carbon. Three years ago, carbon was not even in the agenda.

**Prema Gopalan:** There is tremendous interest within India from NGOs and corporations on continuing to work together. We struggled to recruit women in the beginning, because women and communities did not understand the concept of this business. There was a lack of family support

for the women, which changed dramatically once families started using the product. They understood its value, and word of mouth is the best marketing we have. Men have become supportive and help women entrepreneurs to handle the business – carry things, keep records, handle cash, and so on. The house is the shop front and therefore is both an asset and a contribution for this business.

We are not faced with drop-outs as yet. But we need women who are more prepared for business and ready to take on risks. We plan to increase economic incentives and introduce social incentives together with better training and monitoring. The business is over if women start dropping out. So, it is important that we sustain women in the first four or six months until they cater to enough customers and earn sufficient incomes.

Next year, we plan to invite GROOTS International – both grassroots women’s networks and organizations from Latin America, Africa, the Caribbean, and parts of Asia – to come see our work. They will not learn about the system otherwise, and they are interested in learning how to partner with a corporation. They want to understand what grassroots women are getting out of the partnership, see the partnership at work, and talk to the women on the ground. We all have a lot to learn together. ■

## ABOUT THE AUTHORS

**Roberto Bocca** was director of the emerging consumer markets for BP Alternative Energy. He held various roles in BP since joining the company in 1995. Since 2004, he led the development of the business to provide access to cleaner, safer and affordable energy solutions to a large number of emerging consumers across the developing world. Before joining BP, Roberto worked in Italy for Telecom Italia and Finconsumo in Finance. He is a graduate of the Turin University of Business and Economics. [robby2bocca@gmail.com](mailto:robby2bocca@gmail.com)

**Prema Gopalan** is the founder and executive director of Swayam Shikshan Prayog (SSP) a learning and development organization headquartered in Mumbai, India. SSP’s mission is to build and enhance core social, economic and political competencies of grassroots women’s collectives and communities with the aim of bringing the rural poor, women and communities from the margins to the mainstream of development. [premagab@gmail.com](mailto:premagab@gmail.com)

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### EDITORIAL TEAM

Managing Editor  
Nina Kruschwitz

Publisher  
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[reflections@solonline.org](mailto:reflections@solonline.org)  
*Reflections: The SoL Journal*  
PO Box 381050  
Cambridge, MA 02238-1050

+1.617.300.9515 (phone)

+1.617.812.1257 (fax)

E-mail: [reflections@solonline.org](mailto:reflections@solonline.org)  
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