

Designing a Sustainable Micro-Enterprise Tailored to Community Needs – Notes from the NWC

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Scalability. Replicability. Sustainability. These are the three golden tenets of creating an impactful social enterprise in the developing world. For good reason too, as they provide a reliable scaffolding in designing enterprises that achieve focused objectives – particularly in terms of improving measurable health outcomes, or economic bottom lines at scale. When the objective itself is to create an enterprise to fit a specific community and its multiple needs (rather than to create a singular product across multiple communities), however, this tried and true approach fails.

Social innovation proposes new processes to provide solutions to problems that are poorly addressed in the

current market system. This requires a constantly iterative process to optimize solutions, and works best in an open market where product is the focus, not people. At some point, new social innovation must be brought in to stop leaks and to strengthen weak links in the old model.

Though there is no perfect model, creating an enterprise with the ability to adapt would remove the need for some of this stepwise reinvention. One way of achieving this outcome is to customize the design of an enterprise to a specific community and embed the flexibility for further innovation and adaptation within the model. This model is called a sustainable micro-enterprise.

The Narasingapuram Women's Community Co-operative (NWCC) was founded in early 2014 with the objective of creating an alternative means of income for HIV-affected sex-workers in Narasingapuram village, in South India. We are a community-based business, with the objective of creating livelihoods, but more importantly, functioning as a responsive vehicle to addressing changing community needs. The NWCC provides a case study in micro-enterprise design centered on community. The model is inherently unscalable, to an extent unreplicable, but provides an often overlooked example of how even highly niche and small-scale innovations contribute to the new paradigm of development and improvement of human lives.

To Think Big, Start Small

The impetus for starting the cooperative was born from a lack of comprehensive systems addressing the cycle of poverty and social stigma surrounding HIV-infected female sex workers in a small village in Southern India. Young, naïve and idealistic, I began the endeavor without a set objective in mind. My understanding of markets, innovation, and business was informed by an education in biology and public health and was thus, tenuous at best. This naiveté was both a boon and a liability – as it left me open to flexibility and experimentation paired with the acute awareness that my inexperience was as much a hindrance as an asset.

The creation of the cooperative was rooted in the need to provide a viable alternative to sex-work. In true millennial fashion, my reluctance to commit myself to a daunting web of endless operational work in the dusty heat of a rural village drove me to establish an organization that could survive separate of me, or any external resources. My intent was to simply catalyze change, not be the long-term implementer of change.

As such, I envisioned a model with a net creation of resources (rather than a net consumption of resources), with a focus on community benefits. This meant that the nonprofit model of grant seeking was not suitable for the long run, and neither was the traditional for-profit business model. A collaborative model of joint community ownership, grounded in for-profit business practice served as the ideal framework. I knew that in order to

create continuous, lasting impact, an enterprise has to be able to stay alive long enough to generate results – thus sustainability became the main objective of my endeavor.

Designing for Sustainability

As the enterprise evolved, some key facets made the NWCC suitable for longevity. Like most social enterprises, it required seed funding for the initial months, and then transitioned to financial independence, as we operationalized production and set up partnerships for distribution. Through a process of trial and error, operations gradually became more streamlined, and optimized.

Over the first few tumultuous months, membership and turnover fluctuated and eventually stabilized. At the end of the first year, four surprising and unconventional factors also emerged as chief cornerstones in ensuring the sustainability of the organization. All four of these factors were born out of a commitment to tailoring our business model to our community.

1. No management layer

The same body of members who carried out operations also carried out all the aspects of the decision-making process – including product design and development, materials sourcing and price negotiation. Allowing for transparency, group participation in all decision-making

processes built trust and greater buy-in by members. Counter to intuition, this actually sped up decision-making processes, and increased informed decision making, as women actively lobbied each other with opinions and pushed for actions.

2. No formalized accountability mechanism

The cooperative was open to participation to any women in the area without requiring any binding contracts. Participation was purely voluntary; women could walk in or out at any time. Though this may seem reckless, it was effective because it embedded the enterprise into existing social relationships within the community. The open model also elicited a more responsive understanding of members' needs - we experienced our highest turnover in response to implementing HIV-testing but witnessed an increase in participation when we included child care; in essence, we were democratizing business practices. Fluctuations in membership and turnover initially hindered production, but eventually enabled us to align our goals with the women who were looking to participate, while leaving the model open to others in the future.

3. Flexible benefits and participation

Members could customize the benefits they received through the cooperative, thus incentivizing participation for nonmember women while simultaneously allowing all women a higher degree of independence. Women could

choose to use cooperative benefits to access medical care, open bank accounts, avail small loans, reinvest their share of profits or exit the cooperative. This degree of flexibility was an operational challenge for such a small enterprise, but was essential to support our commitment to being a community-driven entity.

4. Truly localized

All operations and key stakeholders existed within a twenty-minute walk from one another. The material, expertise and artistry required to create our products were traditional art forms of the region, and were therefore unique to the area. All trade relations at the twelve-month mark existed via local partnerships. The small yet significant economic benefits were distributed amongst our local community. In retrospect, the decision to stay local was pivotal, and a lynchpin in allowing the NWCC to continue without dependence on external resources or inputs.

Lessons Learned

In founding and participating in the growth of a collaborative and experimental enterprise, I have learned that there are key benefits and pitfalls that are often two sides of the same coin. The first and most important of these is the struggle of unscalability. The NWCC is a model that has the unique ability to be responsive and nimble, yet also maintain a shared decision-making

process between all members. This equilibrium is rare and fragile, and rapidly loses its stability when the body grows too large. This makes the organization almost impossible to scale while maintaining current culture and practices. On one hand, this allows the organization to maintain a high level of independence and self-governance, but also puts it at risk of collapsing quickly without a formal leadership structure.

The second major challenge is replicability. A loose framework providing for creation of similarly structured micro-enterprises is conceivable, but with the key caveat that customization to community needs is paramount. This makes it difficult to apply knowledge and lessons from one micro-enterprise to the next as communities vary so drastically in requirements, and appropriate solutions to addressing such needs.

The third and final challenge lies in the implementation of flexible innovation while also keeping the enterprise afloat. It is imperative to allow for flexibility and experimentation to optimize impact, but the price of failure is substantially greater in a small, self-sustained micro-enterprise. At times, the difference between continued life and the demise of an endeavor lies simply in the type and affordability of the failures encountered. In my journey with the NWCC, I was fortunate that each failure encountered was offset by proportionally greater successes. Stability is difficult to achieve in a living, evolving organization, and requires constant vigilance

against the risks and potential detriment that often occurs when allowing flexibility in the organization.

True sustainability is derived from empowerment within the community. Empowerment enabled via provision of tools to address challenges as well as a free hand to make decisions about the how, when and why of the process. Problems at a community level are often complex, and rooted deeply in culture and context. Scalable, replicable solutions that utilize the one-size-fits-all models can overlook the nuance and complexity of community-level problems, and hence fail to address important issues. At the opposite end of the spectrum of broad, sweeping, radically disruptive innovations, are equally important, but humble, small, tailored, sustainable innovations and micro-enterprises. We need both to fully address existing and coming challenges.

At present, the NWCC is operational and has a membership base of between 25 and 40 women, who continue to produce traditional "kalamkari" goods in Southern India. In the two years of its operation, the cooperative has expanded to include more diverse product offerings, and has elected to move from a supplier-based distribution model to a fully consignment-based system, as per its members' wishes.