

# Inclusive Business CHECKLIST



BUSINESS  
CALL TO  
ACTION

## Can you count what counts? How to tally numbers reached at the Base of the Pyramid

**How many people at the Base of the Pyramid (BoP) does your business reach? The question appears deceptively simple. How do they benefit? This question seems tougher. This checklist runs through the basics of tracking your reach to the BoP: to your customers, suppliers or 'beneficiaries'.**

### Why do inclusive businesses track their reach to the Base of the Pyramid?

**To measure social performance** – By tracking the number of BoP beneficiaries, and how they benefit from engaging with a business, a company can clearly monitor growth in its social reach and report data to others.

**To improve social performance** – knowing who you do and don't reach, how, why, where and when – can help sharpen strategies to reach target groups effectively.

**To strengthen the business proposition** – understanding your clients and being able to map a potential market can help improve product design, pricing strategy, marketing. Tracking tools can provide a mechanism to gather invaluable feedback, build loyalty and support engagement.

### Understanding your reach to the Base of the Pyramid is the first essential step for understanding social impact. Of course it is just part of the picture.

Every business will have other areas in which it creates social impact: treatment of human rights, gender empowerment, water use, climate-friendly technology, or the catalytic effects on local economies, to name just a few. Not everything that can be counted counts and not everything that counts can be counted. But in the spirit that being able to tally BoP reach is a valuable ability for any business with social impact, this Checklist outlines the top 4 questions you need to address.

**'Beneficiaries'** at the Base of the Pyramid may be customers, suppliers, distributors or indeed employees of the business. We use 'beneficiary' to cover all these possible target groups, recognising most businesses will prefer to talk more specifically about 'clients' or 'suppliers'.

#### Inclusive Business Checklists

provide a quick and simple way to determine how effective an idea, tool or model might be for your inclusive business project. They can be used by inclusive business practitioners, to develop and scale up business strategies. They are based on the real-world experiences of companies actively expanding opportunities for people at the base of the economic pyramid through their core business activities.

Access the other Checklists at  
<http://bit.ly/HubChecklists>



**Sanergy**, an inclusive business working to make sanitation more accessible and affordable in African informal settlements, engages two BoP segments in the Kenyan slums where it operates: users of its Fresh Life toilets (their customers) and Fresh Life Operators (their entrepreneurial sales force).



## 1. Who needs to be counted – your customers or suppliers?

Any business will engage many people up and down its value chain. An inclusive business usually has an explicit intention to expand opportunities for a certain group – usually customers or suppliers, whether reached directly or via an intermediary. But it can be employees of the company, distributors of the product, or a combination.

The first essential step is to define the target group, and where they sit in relation to the company.

- Which is the key target group within the BoP?
- Is there more than one group? E.g. consumers of the product as well as suppliers of the inputs.
- Is it every supplier to the firm, or just one type, such as smallholders, or those involved in one initiative? Is it every consumer or only those purchasing a low cost product line aimed at the BoP?

**Mfarm**, a market information service for farmers, for example, counts the number of subscribers not the number of price requests to report numbers of people reached.



**Paradigm Cookstoves**, counts one cookstove sale as one household, but over time will need to make allowance for replacement sales to previous customers.

## 2. How many do you reach?

This apparently simple question has no simple answer. It all depends how you measure. Different businesses measure in different ways. But it is important to be clear about which approach you are using, and apply it consistently each quarter, each year and in each report:

- How many people (not how many transactions)? If customers make repeat transactions, can you avoid double-counting? This depends on the type of product and business (see *Table*)
- Include all members of a household, or only direct clients? Does the whole household benefit from the product or service? Do you have a reliable multiplier for household size? In the online survey conducted for Breaking Through (BCtA, 2014) 15 companies reported BoP reach after multiplying by household size (usually x5), and 29 reported numbers without multiplying.
- Count clients this year, or cumulative total to date?
- If 2013 data shows 1000 customers and 2014 data shows 4000 customers, is this 4,000 in total to date, or 5,000 in total to date?
- Are there primary and secondary benefits (network effects) from a business' engagement with the BoP? Are secondary benefits significant?

### Counting people not transactions

Type of engagement and degree of information	Example	How to tally numbers reached
Once-off transaction – minimal customer data.	Sale of improved cookstoves.	Usually you can assume that one transaction equals one unique customer (ie one household is benefiting). But check for repeat customers due to replacement sales based on product life, or multiple purchases.
Repeat sales, multiple transactions – minimal customer data.	Sales of seeds to farmers. Provision of toilet service.	Determine/assume the number of transactions per user per year. Divide total units sold by average transactions per user per year to estimate customer numbers.
Ongoing subscription, service or contract – likely to have client data.	Mobile information service to farmers. Out-grower contracts.	Use your unique client records to tally numbers of customers reached.

A client survey done by Indian inclusive business **ZHL Ambulance Service**, revealed that 71% of their clients were female, they were poorer than male clients, and medical issues relating to maternal and child health accounted for 43% of all cases requiring ambulance services. This highlighted the importance of key government partnerships around maternal care.



### 3. Understanding who gain: women, youth, poor, rural?

- Do you know whether more women than men are clients?
- Can you use the information to tailor your product better, or increase reach to women?
- Is it feasible to track? If your business provides services directly – to clinic patient, toilet user, school pupils – it is easy to track. If purchase or sale is via intermediaries, more creative approaches are needed.
- Are clients at the 'Base of the Pyramid?' Just how low is their income? This is particularly important for businesses with a specific focus on reaching low-income groups. Income levels of beneficiaries can be tracked fairly easily by financial services or microfinance businesses, and businesses that provide finance to their clients, because they have detailed client data. Are you making use of the data you already have?
- Other inclusive businesses lack such data but can use tools like the Progress out of Poverty Index<sup>1</sup> to collect fairly simple data to estimate poverty levels. Or can make the judgement based on proxy indicators, such as where they live or what they do.

**SolarNow** sells solar energy systems to households on an instalment basis. Data needed for credit checks tells them that one third of residential customers live on under \$2 per day, and another 40% live on under \$4.

**Bridge Academies** count 90% of their teachers and academy staff as part of the BoP, based on which ones live in the same poor settlements as their low-income students.

**Bridge Academies**, providing low-cost schooling in Kenya, assesses student achievement and compares them to national standards.



### 4. How do they benefit?

- Do beneficiaries gain through higher earnings, cost savings, time savings, lower vulnerability, better health...?
- Can these benefits be quantified? E.g. time or income saved due to more reliable electricity? Higher education performance relative to local or national average
- If you are using assumptions or evidence to calculate benefits such as total income gained, have you documented them? Businesses using carbon credits have to establish a number of assumptions, such as CO<sup>2</sup> saved per stove user, to calculate impacts.

#### Capturing depth as well as breadth of impact

Inclusive business success is not only about maximising the number of BoP people reached. The depth or quality of impact is critical too – does it contribute to life-changing human development? But this is harder to measure and compare.

Depth is about how significant the benefit is, and also how durable.

Vortex Engineering estimate that 15 million people have used their solar powered ATMs in India. For those living in a remote area, being able to access cash without travelling to town is far from insignificant. Ballarpur Industries Limited (BILT) estimate that some hundreds of pulp suppliers and thousands of associated workers are earning a living from their pulpwood initiative in India. These results are clearly very different. The former reaches up to 10,000 times as many people, but the latter is more likely to bring a family out of poverty.

<sup>1</sup> <http://www.progressoutofpoverty.org>

## The four questions to consider while tracking and reporting reach at the BoP

### 1. Who are the target group(s)?

- Consumers?
- Suppliers?
- Entrepreneurs, employees?
- A segment of any of the above?
- More than one group of the above?

### 2. How many do you reach?

- Convert number of transactions to unique individuals?
- Include all household members or only directly-engaged clients?
- Report cumulative total to date, or new clients this quarter/year?

### 3. Who gains?

- % that are women, low-income, rural, youth...?
- What do you need to know and what can you easily find out?

### 4. How do they benefit?

- Increased income and earning opportunities?
- Access to improved quality goods and services?
- One-off benefit, or ongoing? Contribution to health, skills, security, time savings, productivity...?

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This checklist is based on work done for Business Call to Action and the DFID Impact Programme, on tracking beneficiaries of inclusive businesses and guiding companies to report their own reach.

The checklist is written by Caroline Ashley and Joe Shamash, respectively Results Director and M&E Manager on the Impact Programme, and both contributors to BCtA's 2014 flagship report, Breaking Through.

The Checklist was produced by the Practitioner Hub and Business Call to Action in collaboration with the DFID Impact Programme.



**THE  
IMPACT  
PROGRAMME**

### Related resources:

Tracking Reach to the Base of the Pyramid through impact investing: An Impact Programme Discussion Paper (2015): <http://bit.ly/ImpactBoP>

Breaking Through and the Business Call to Action Today: Mapping challenges, progress and the way ahead (2014): <http://bit.ly/BCtABreakthrough>

Poverty Profile of Ziqitza's clients (2014): [http://www.zhl.org.in/images/casestudy/ZHL\\_1604\\_pdf2.pdf](http://www.zhl.org.in/images/casestudy/ZHL_1604_pdf2.pdf)

Video – ZHL Founder Shaffi Mather presents their approach to tracking reach: <http://bit.ly/ZHLimpact>

Results Measurement in the DFID Impact Fund: <http://www.theimpactprogramme.org.uk/results-measurement-in-the-dfid-impact-fund/>

Blog – Using mobile enabled technologies for collecting data and managing client relationships: <http://bit.ly/JuhudiData>

Blog – Measure Poverty, Do Better: How objective, household poverty data can drive better strategies for development practitioners: <http://bit.ly/PPblog>



**For further information and to view other Checklists, go to:**

Practitioner Hub on Inclusive Business: [www.inclusivebusinesshub.org](http://www.inclusivebusinesshub.org)

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