



OMIDYAR NETWORK™



TRANSLATING RESEARCH INTO ACTION

What is Living Goods?

Living Goods empowers micro-entrepreneurs to deliver life-saving, life-changing products to the doorsteps of the poor.



Four Key Goals



Saving Lives

Reduce child mortality by focusing on easily preventable and treatable diseases.



Improving Livelihoods

Save poor families money on essential needs, provide incomes for thousands of entrepreneurs, and keep wage earners healthy and productive.



Increasing Access to Innovations

Increase access to high-impact, money-saving innovations like clean cook stoves, solar lamps, water filters, high yield seeds, and more.



Achieving Sustainability

Build a fully sustainable double-bottom-line business serving the Base of the Pyramid.

High Impact Health Focus

LG focuses on a short list of health needs that drive 75% of child deaths, yet can be treated and prevented at low cost



1. Treating Malaria promptly and properly
2. Treating Diarrhea promptly and properly
3. Treating and Referring for Respiratory Infections promptly and properly
4. Registering and supporting pregnancies - Ensuring facility delivery
5. Newborn Care- encouraging immediate breastfeeding and preventing early infections
6. Ensuring proper Micro Nutrition in the first 1000 days

Streamlining Supply Chains Lowers Costs

Typical Supply Chain



Living Goods Supply Chain



“By applying business discipline to the fragmented and inefficient landscape of rural retail in Africa, Living Goods is building a scalable delivery system for products designed to fight poverty and disease.”

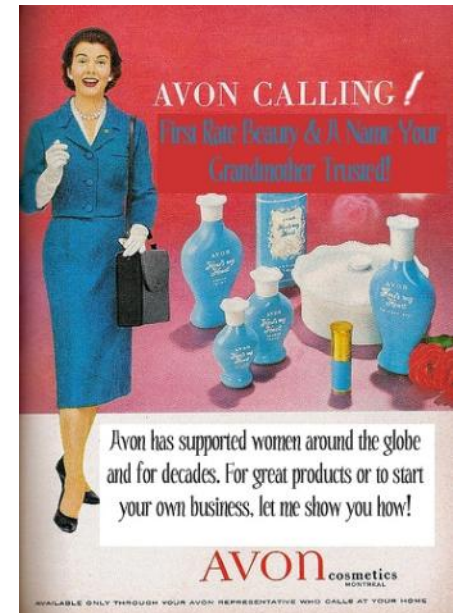
- Omidyar Network

Living Goods — The Avon of Rural Health

There is a compelling analogy between the conditions that provided the fertile ground for Avon over 100 years ago and the developing world today.

- Avon was founded in the U.S. in 1886
- The population was mostly rural and agricultural
- The standard of living was substantially lower
- Access to quality products in rural areas was poor
- There were strong village social connections
- Targeted to rural women needing extra income

Today Avon sells over \$10 billion and thrives in 140 diverse cultures – from Peru to the Philippines.



The Living Goods System.

1. **Recruiting and Selection:** Referral incentives, rigorous testing and enforced standards.
2. **Training:** Practical learn-by-doing, 2 weeks initial training, monthly refresher trainings, all free.
3. **Branded Business in a Bag:** Uniforms, bag, signage, health flip books, record books, cell phone.
4. **Multiple Marketing Modes:** Door-to-door direct selling, mobile phone marketing, community groups, home storefront, weekly markets, product promotions.
5. **Smart Mobile Tools:** On demand call for help system, SMS health education and sales promotion, real time treatment tracking, automated treatment reminders.
6. **Broad Product Assortment:** Combines high-impact, low-velocity products with fast moving consumer goods.
7. **Branch Distribution System:** Branches support 30-80+ agents within ~7km, agents re-supply weekly.
8. **Creative Financial Tools:** MFI-like loans, micro-consignment, 1,3, and 7 day credit, free- trial.



LivingGoods

Living Goods Toolkit in a Bag



Broad Product Assortment Drives Impact, Sustainability, and Enables Cross Subsidization

Prevention



Fortified foods*
Vitamin A, Iron, Zinc
Contraceptives
Water treatment
Insecticide treated nets

Treatment



ACT
ORS/ Zinc
Amoxicillin
De-worming
Pain, cough & cold

Consumer Goods



Sanitary pads
Laundry soap
Toothpaste
Diapers

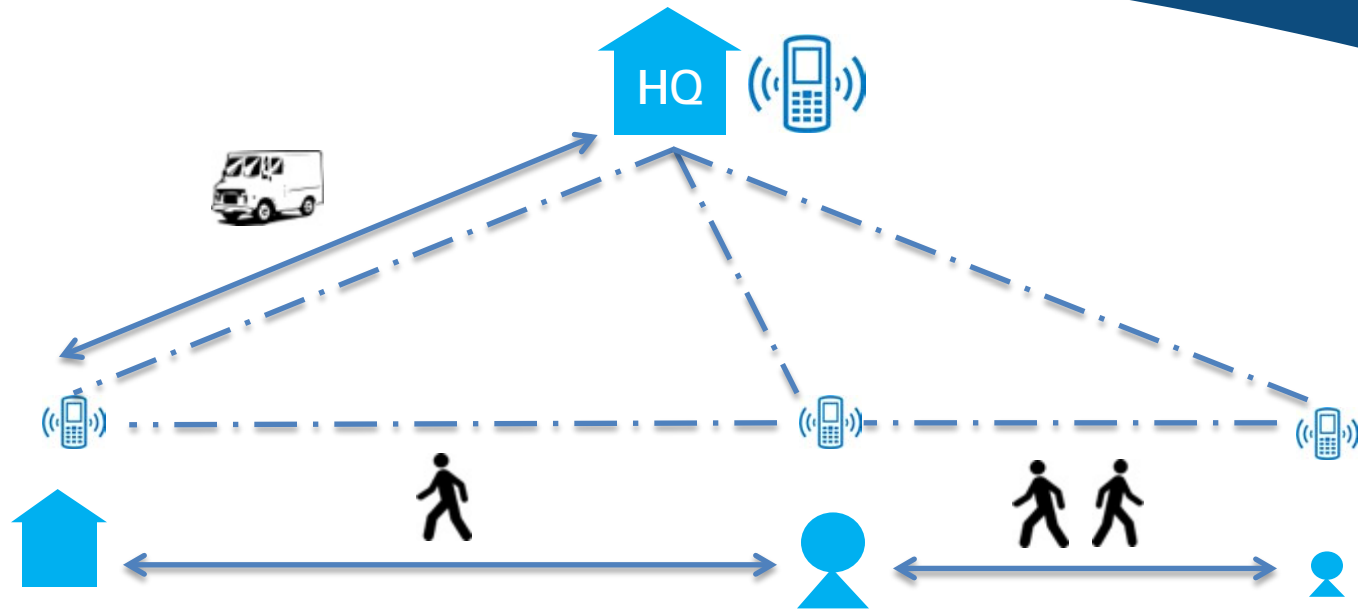
Pro-Poor Innovations



Solar lamps / chargers
Clean burning cook stoves
Water filters
Efficient Cooking Fuels
Future > Ag Innovations

*Fortified maize, millet, Vitamin enriched sugar,
Micro-nutrient powders, Iodized salt

Distribution System



Branches

- Support 25 -150+ Agents
- 100% in Stock
- 5-10km service area
- 2 staff
- POS system + Smart phone
- Agents re-supply weekly
- Provide training
- Performs quality control
- Provides WC Loans

Micro-Entrepreneurs

- Support 80-200 homes
- 35-50 home visits / week
- Own a phone
- Simple home store
- Member of Community groups

Clients

- Avg HH size 5.4
- High impact segments
- On call product/service delivery

LG Mobile Tools Drive Impact & Sales

Increases Sales

Broadcast product promotions drive up demand and improve agent sales.

Delivers Health Education

Weekly text messages educate clients on key health behaviors and timely reminders.

Drives Prompt Treatment

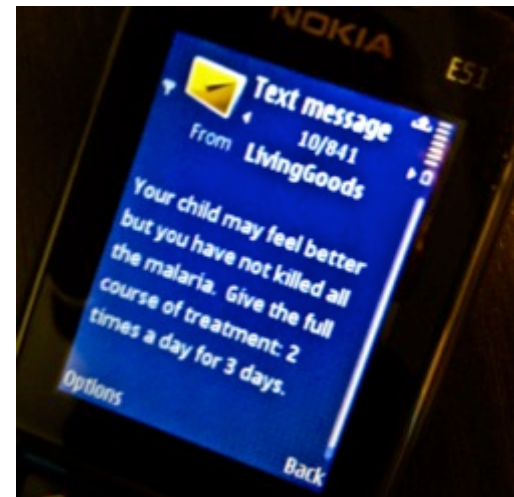
Clients are encouraged to call or text their CHP at first sign of disease symptoms. Creates an on-call health worker system.

Reinforces key behaviors and adherence

Automated tailored SMS to drive key pregnancy/newborn behaviors and treatment adherence

Improves Monitoring

LG uses text and voice calls to improve treatment follow up and reduce monitoring costs.



LG Achieving Impacts and Sustainability

Results to date

- **Health Impact:** Exceeding targets set by rigorous model of key impact drivers
- **Financial Sustainability:** LG covers full cost of goods, agents earn income; earned revenue covers cost of distribution system (transport, rent, labor, etc)
- **Improved drug quality and lower prices:** JPAL researchers found 50% reduction in counterfeits and 20% reduction in price among private outlets in areas where LG agents operate compared to control areas.

Key Performance Indicators (monthly)	2012	Target
Treatments for Children under 5 (malaria, diarrhea)/CHP	20	16
Pregnant women supported per CHP	20	18
% facility delivery	98%	92%
% newborn visit in 48 hours by a CHP	93%	85%
Retail Sales/CHP	\$98	\$108
Distribution level sustainability (transport, rent, labor)	100%	94%

Partnering to Scale Impact

To achieve dramatic scale, Living Goods seeks to collaborate with visionary NGOs, governments, and global businesses to adapt and replicate its model.

- Direct Operations
- Joint Venture
- Master Franchise
- Technical Assistance/Advisory
- Advocacy/Influence/ Open Source

Living Goods can help organizations improve sustainability and deepen impact

Public health-oriented NGOs and governments

- ✓ Create sustainable cadres of community health workers
- ✓ Expand products, services and integrate delivery across impact areas
- ✓ Deepen the reach and impact of fixed-location clinics or franchises
- ✓ Integrate mobile tools to drive impact and efficiency

Economic opportunity-focused NGOs/MFIs

- ✓ Create business opportunities for micro-entrepreneurs
- ✓ Build sustainable distribution platforms for high impact products
- ✓ Expand into new products and services

Consumer Businesses

- ✓ Grow business into underserved markets
- ✓ Expand product offering to meet needs of BoP consumers

Menu of Advisory Services

Living Goods brings expertise designing effective distribution systems along with practical know how and tools

Optimizing Product and Service Mix

Identifying opportunities where impact and economics align; product testing; pricing strategies

Building and Managing Micro Entrepreneur Networks

Tools for recruitment, selection, training and ongoing performance management

Strengthening Supply Chain & Inventory Management

Forecasting, negotiating with suppliers, optimizing turns

Developing Smart Marketing & Behavior Change Strategies

Optimizing marketing mix across door-to-door, mobile/SMS, social, retail, clinical

Developing Smart Mobile Tools

Support the design and development of mobile marketing and data collection systems

Integrating Agent and Consumer Financing

Helping design the right financial tools to drive demand and minimize risk

Building Impact & Financial Planning Models

Helping build tools to support vital decisions for driving scale, impact and sustainability

Living Goods Advisory Partners

BRAC Goals: Increase sustainability and deepen impacts of BRAC 's successful "health volunteer" model.

Scaling in Uganda

MSI Goals: Bolt on networks of financially sustainable community health entrepreneurs to franchise system to drive increased health outcomes in family planning and MNCH . Scale across MSI countries. Piloting in Kenya

Clinton Foundation Goals: Build a commercially successful BoP distribution business that creates jobs and can scale dramatically. Piloting in Peru

PSI Goals: Create de novo system of financially sustainable micro entrepreneurs providing broad range of essential health products and services. Piloting in Mozambique





"A lot of programs give lip service to 'sustainability' — this is the real deal. Living Goods is one of few models with the potential for game-changing scale."

*- Holly Wise, Former Secretariat Director,
USAID Global Development Alliance*

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Made Possible By Extraordinary Partners.



Board and Advisors

Board of Directors

- **Randall Spratt:** EVP of McKesson, the largest drug distributor in the US
- **Holly Wise:** Former Mission Officer - USAID Uganda and Head of USAID's Global Development Alliance
- **Amy Klement:** VP at Omidyar Network
- **Andy Peterson:** Former Procter & Gamble, Director of East and South Africa
- **Charles Slaughter:** Founder - TravelSmith, Former President – Healthstore Kenya
- **Stephen Jarrett:** Former Deputy Director of Procurement, UNICEF
- **Dr. John Cutler:** Chief of Country Programmes, Health Metrics Network Secretariat, WHO (emeritus)

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- **Dr Sam Okuonzi:** Makerere University Uganda, Regional Center for Quality of Healthcare
- **Dr Rebecca Weintraub:** Harvard Global Health Delivery

The Vision of A Proven Entrepreneur.

Chuck Slaughter is the Founder and CEO of Living Goods. Prior to launching Living Goods, Chuck founded TravelSmith and grew it to over two million customers and \$100 million in sales. After selling TravelSmith in 2004, Chuck devoted his entrepreneurial instincts to building vibrant enterprises in both the private and social sectors. In affiliation with the private equity firm Golden Gate Capital he participated in the acquisition and turn-around of 10 major apparel brands with combined sales over \$2

billion. As pro-bono president, Chuck led the turnaround of the HealthStore/CFW Shops, a system of micro franchised clinics serving the poor in Kenya. Chuck currently serves on the boards of The Initiative for Global Development, the Horace W. Goldsmith Foundation, Living Goods, and is a former board member of Spiegel Brands. He is a recipient of the Ernst & Young Entrepreneur of the Year Award and is a Draper Richards Fellow. He has spoken at many venues including the Clinton Global Initiative, Global Philanthropy Forum, World Affairs Council, and Skoll World Forum. Chuck earned both a BA and a Master's in Public and Private Management from Yale.



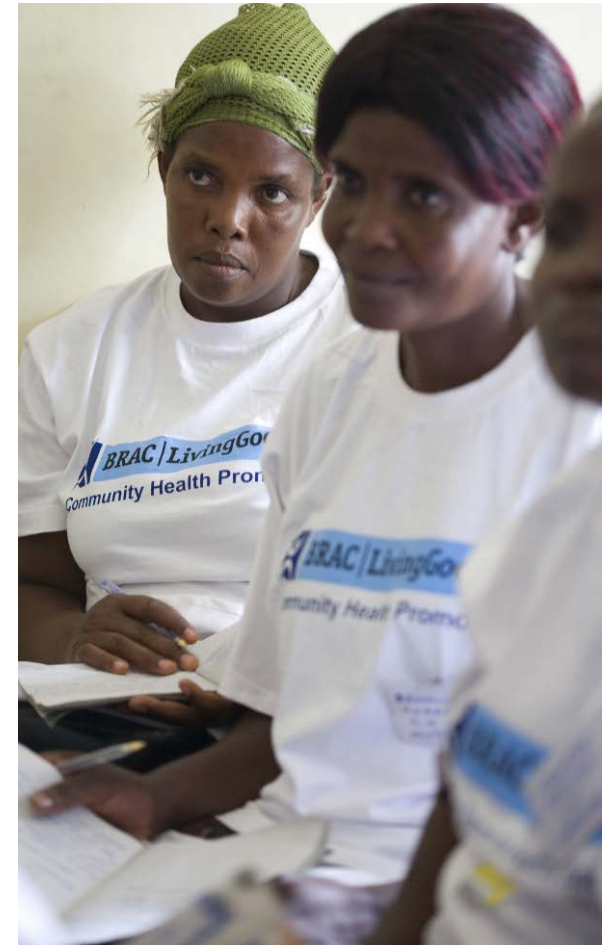
Collaboration with Public Health Systems

Proving and scaling a model that has the potential for broad transformative change in community-based health care, that yields significantly greater health impacts at much lower costs than the current dominant paradigms.

- Providing quality village-based prevention and treatment for simple diseases reduces the work burden, wait times and stock outs at public health centers.
- Creating and supporting a formal system to refer secondary care patients to the public health system (eg high risk pregnancy, VCT).
- Collaborating on village based public health education.
- Mobilizing communities for immunization drives.

Training and Monitoring

- **Health Promoters' Training:**
 - 2 weeks of FREE initial training & materials
 - Ongoing monthly training, testing and coaching
- **Regular Monitoring:**
 - Field agents meet with health promoters at least once a week to re-supply, review records, collect health and sales data, and create outreach plans.
 - Staff also periodically interview community members to measure quality of service and accuracy of diagnoses.



Strict Product Controls

- LG branches maintain 95%+ in stock position at all times. We have maintained this performance for 4 years running.
- All pharmaceutical products are independently bench tested for quality.
- Every branch takes a physical inventory monthly. Any expired products are promptly and safely disposed.
- LG employs Ernst and Young to carry out an independent inventory audit every year.
- LG stores Pharma products safely, securely and out of site of the public.
- Agents receive thorough ICCM training on diagnosis and drug storage. And must pass written tests.
- Agents are provided with lockable storage cabinets.

Data Collection and Evaluation

- **Data Collection on Outputs:**

Health promoters keep detailed records of patient visits, diseases diagnosed, product sales and referrals to the public health system. Every pregnant mother is registered and monitored. Key product volumes are tracked vs monthly targets.

- **Evaluation of Outcomes:**

Randomized control trials

- Study designed and lead by Poverty Action Lab affiliate
- Will measure changes in behaviors, morbidity and mortality
- Recent RCT proved LG improves product quality and reduces prices