

# Global Poverty: Business Approaches & Solutions

*The Complex Business of Serving the Poor:  
Insights from Unilever's Project Shakti in India*

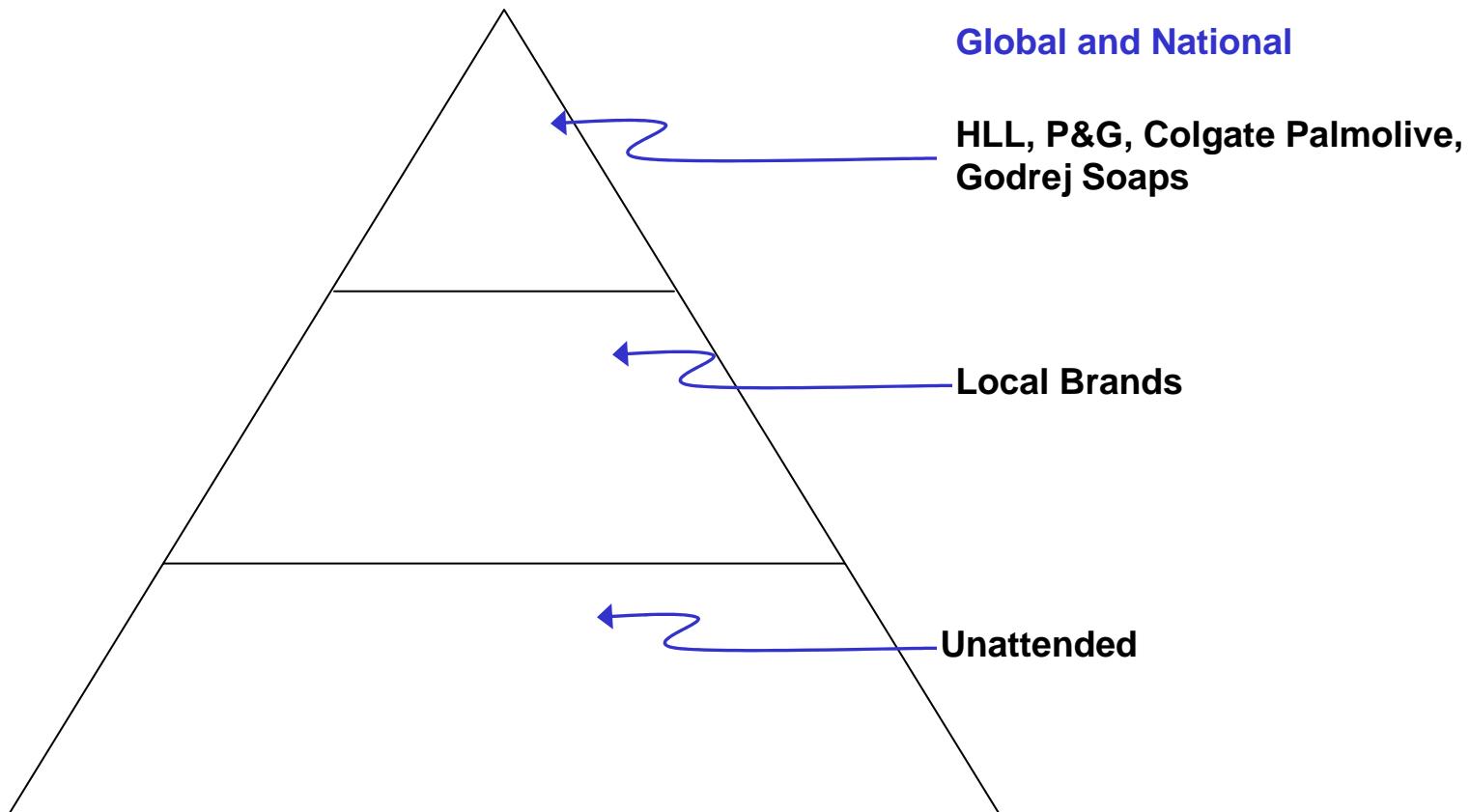
Kash Rangan, HBS  
Rohithari Rajan (Hindustan Lever)  
Dalip Sehgal (Hindustan Lever)

## Hindustan Lever Limited Background

---

- \$2.3 billion subsidiary of \$50 billion global food giant
- Has operated in India since 1933; HLL was formed in 1956
- Operates 4 business units: Detergents, Personal Care, Beverages, Foods
- Gross Margins: 40% to 45%  
Net Margins: 10% to 15%
- Market share of about 45% across categories
- Built a reputation for strong management and corporate values

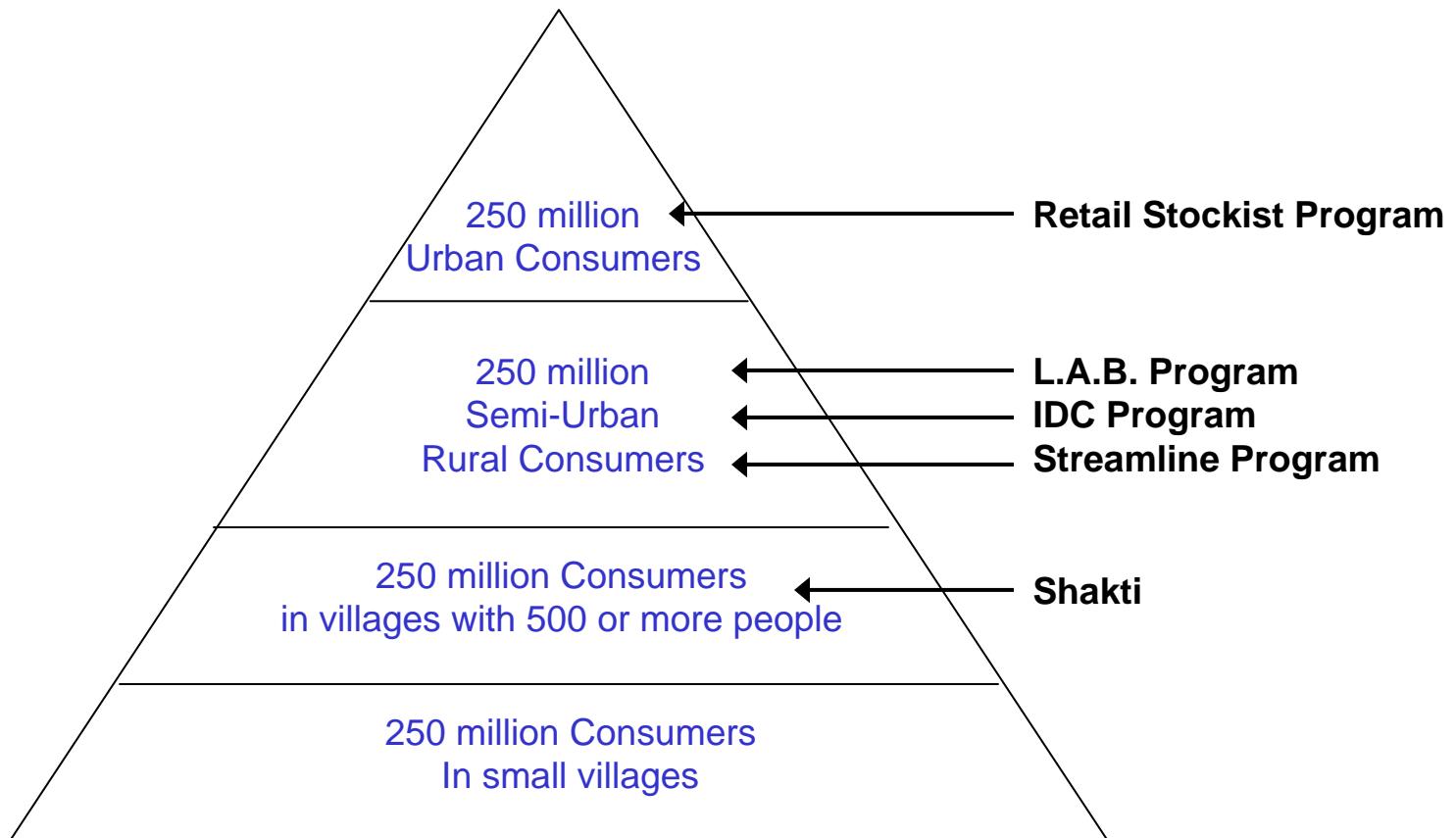
# Structure of Competition in Indian Markets



**Local Innovation:** Example, Nirma, building up since seventies

**Global Entry:** Heating up since the nineties

## Structure of HLL's Market Reach in India



Annual Per-Capita Income \$600 (\$3,000 PPP)

Market Size of Urban and Rural Approximately Equal

## Distribution of Villages in India

---

Population	Number of Villages	% of Total
Less than 200	114,267	17.9%
200-499	155,123	24.3%
500-999	159,400	25.0%
1,000-1,999	125,758	19.7%
2,000-4,999	69,135	10.8%
5,000-9,999	11,618	1.8%
10,000 and above	3,064	0.5%
<b>Total</b>	<b>638,365</b>	<b>100%</b>

Source: *Selling to the Hinterland*, Pradeep Kashyap, The Businessworld Marketing Whitebook 2003-04

# Hindustan Lever Sales Offices

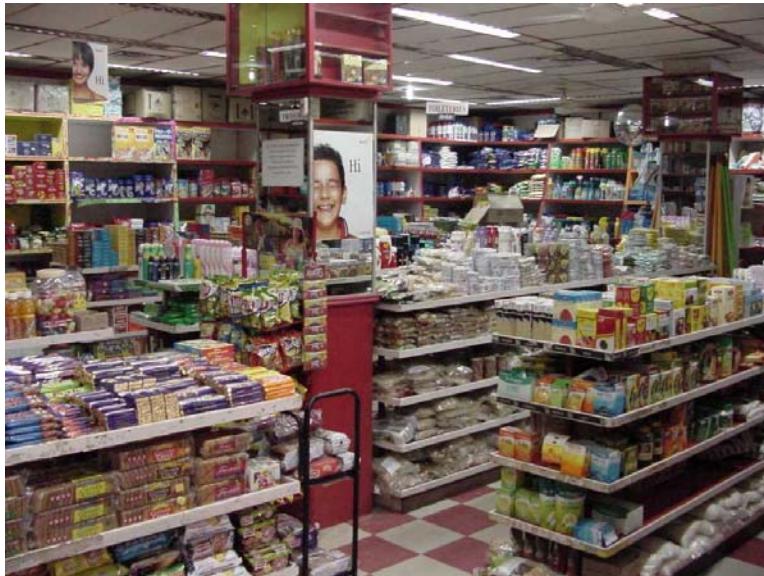


Source: HLL

# Urban Stores

---

## Self-Service Store



## Retail Store



Source: HLL

## Rural Retail Stores

---



Source: HLL

## Appearance of iShakti Kiosks

---



# A Shakti Entrepreneur

---



Source: HLL

## Shakti Vani: The Communicator



Source: HLL

## Economic and Social Benefits

---

### Shakti Entrepreneur

- Sales \$250/month  \$3,000/year
- Earnings about 7%, after 3% goes towards principal (\$250) and interest
- Improves her per-capita income by about 50% to 100%
- 100,000 entrepreneurs by 2010
- So, Social Benefit equals \$20 to \$30 million

### HLL

- Sales Turnover of about \$250 million
- If all goes well, Net Margins of about \$25 million

## Challenges

---

1. Scaling up for economic profit. Moving from variable cost to fixed cost model.
2. Significance of Partnerships with NGO sector and Government sector in building Commercial infrastructure (even Competitors).
3. Sustainability and Attention.  
Multinationals' Dilemma