

## INDUSTREE'S NON-LINEAR SCALING APPROACH AND SUCCESS EXAMPLES

Founded in the year 2000, Industree Foundation was created with the aim to deal with the root causes of poverty, especially targeting the rural Indian population. It gradually evolved into an organisation that was focused on creating an ownership-based, organized creative manufacturing ecosystem for vulnerable women micro-entrepreneurs.

Industree recognises the nature of labour markets in India which have the largest migrant population in the world. More than 93% of the working population is in the informal sector. The current scenario, along with the ensuing lack of data, effectively increases the injustice meted upon the workforce, as well as disparity in wages, work-place abuse, lack of social security and access to adequate professional training and growth opportunities. Women-owned businesses have mostly been occupied by the upper class, leaving over 100 million underserved women without proper livelihood opportunities. Thus, the organization works to empower and support women in their entrepreneurial journey by collectivizing them into producer enterprises that are completely owned by them, ensuring proper wages and workplace safety. Industree's focus so far has been with creative manufacturing and value added agri and forest based value chains. Industree has built a model in a way that it can stand with the National Rural Livelihood Mission Strategy, which falls under the Ministry of Rural Development, and is enabled by the National Rural Livelihood Mission. The strategy addresses the growth of rural livelihoods in relation to small women collectives called Self Help Groups. SHGs have a maximum of 20 members, and recognising the limits of the size and scope, Industree's model enables the aggregation of women producers with SHGs, into 200 member enterprises, that own a larger apex producer enterprise, which could have approximately 1000 members or more. This in turn enables production and supply at scale, carried out in compliance with both national and international standards. The given process enables some of the most vulnerably situated and decentralised producers to stay physically located in their communities and carry forth production with set international standards and substantial value addition. Furthermore, they can get access to national and global supply chains, which provide a much more sustainable income as compared to their local markets.

To this end, Industree has developed an ecosystem, articulated as the 6C framework for achieving sustainable impact through its six core components:

**Construct** - Producer collectivisation and aggregation, infrastructure creation close to their homes.

**Capacity** - Training and Skill Building

**Capital** - Financial access for producers

**Connect** - To digital resource platforms

**Create** - Newer value added products

**Channel** - To buyers, both B to B and B to C, for greater market access

This model serves as the perfect method for adopting non-linear scaling pathways, across different sectors and value chains with the potential to impact 3 million micro-entrepreneurs

by 2030. Industree has impacted a population of 200,000 over the years, and many have become role-models in their communities with financial and social confidence.

The non linear scaling pathways fall under the three main categories:

1. **Deep Engagement** provided directly to communities.
2. **Broad Engagement** with communities via other social enterprises and NGOs implementing deep engagement methods.
3. **Light Engagement** with communities, by enabling them to access all facilities of deep engagement through technology platforms, allowing them to access a greater network.

Industree's strategic plan to reach 3 million micro entrepreneurs follows a blend of all the three kinds of engagements. A combination of all three approaches to scale up in a non-linear manner can reduce the one time investment per producer towards their economic prosperity, from 1000 USD to 100 USD. The dissemination and findings, once spread across different markets and countries, have the potential to impact 11 Sustainable Development Goals while generating 5 times the social return on every dollar spent.

Industree's strategy of Deep Engagement, facilitated through the provision of 6C services, would impact 100,000 producer lives directly. This pathway facilitates producer collectives to be connected to value chains and markets, both on a national and global level. Participating producers are given management and technical training, creating regular incomes for their self-sustenance and an increased transparency and traceability for the customers.

Broad Engagement is built fundamentally on the foundations of the Deep Engagement strategy. In this pathway, independent social entrepreneurs, MSMEs, NGOs are benefited with professional support and skill training programmes which are facilitated by Industree. They also have access to physical infrastructures called the Business Excellence Centres (BCEs). Through the proper functioning of this pathway, Industree aims to reach 600,000 end producers by 2030.

Light Engagement is an extension of Deep and Broad Engagement processes. It looks at diversifying the number of 6C service providers through co-creation and collaboration, allowing service providers to connect with producer groups in their given geographical proximity and hence improving and lowering the cost of services for the benefit of farmers and artisans. To this end "Platform for Inclusive Entrepreneurship" has been initiated, as a public good, using a digital platform to a positive effect by connecting the entire spectrum; producers, service providers and customers. PIE has a takeaway for all- for producers. It maximises the creator's value by ensuring higher wages and social equity, while for customers, it creates a channel for greater access to the local culture and community and sustainable consumption. and Service providers are offered the opportunity to scale up. Lighter engagement, as the title signifies, allows Industree to step back after the creation and initial orchestration of the platform, allowing technology to take over in providing focused data for constant improvement of services. This pathway aims at impacting 2.3 million lives by 2030, thus allowing the target of 3 million to be achieved.

## GREENKRAFT

As an established success story of the implementation of Deep Engagement and the impact of its non-linear ecosystem building approach, Industree showcases **Greenkraft**, a producer company (focusing on lifestyle and home-accessories from agricultural by products) with over a 1000 women-owner members generating a revenue of 1 million USD. Another similar company is **Ektha Apparels** that has 300 women-owner members with a revenue of 0.5 million USD.

GreenKraft is a creative manufacturing enterprise which was co-created with women producers in Tamil Nadu. Incubated in 2013, the idea was to aggregate a number of Self Help Groups that Industree had worked with in previous years. This would enable improvement in quality, competitiveness, productivity and provide transparency, fair and equitable wages as well as regular incomes to its members, consecutively supporting their agency. In 8 years, the producer owned company has emerged to be unique in its ability to create substantial value addition for its owner producers, with global customers like IKEA. It holds a distinguished space, manufacturing 100% handmade home and lifestyle products using natural fibres.

### Key Impact -

To measure GreenKraft's social impact is evaluated based on five pillars of its Theory of Change:

- Increased and regular income.
- Decent and equitable working conditions.
- Women's empowerment.
- Improved standard of living for the next generation.
- Increased resilience to life's crises.

70% of the women were not employed earlier and this is their first regular job. 94% of them are happy with the work culture. Key reasons for it are regular income, proximity to home, good prospects for personal development, freedom to express concerns and participate in decision making. 65% of women were able to perceive a strong positive change in the attitude of their families and community towards them after they took up employment at GreenKraft. 52% of the women say they have now moved their children to better schools. 9 out of 25 women are currently holding leadership roles within the company.

In and around Madurai, Tirunelveli, Karaikal and Nagapattinam, women producers hand weave banana agri waste to create lifestyle and home products. Maintaining international compliance standards and their goal to achieve financial and social security, enhance their capabilities and have access to childcare, their collective boasts a model ownership with 100% women-producers. GreenKraft currently impacts over 1800 women and their families, and is in the process of scaling to 3600, by 2023. It is ensuring that backward integration in the supply chain is enabling supply chain transparency, as well as creating an increase in income for farmers and bark harvesters.

By creating a safe environment for women, where they can utilise and harbour their potential, flourish and be economically empowered from the production of eco-friendly products the collective significantly contributes to SDGs like #1 No poverty, #5 Gender Equality, #8 Decent work and Economic Growth, #12 Responsible Consumption and Production, and #13 Climate Action, amongst the eleven SDGs it touches.

India is one of the world's largest producers of the banana fruit. One banana tree offers upto one clump of bananas after which it is cut down. The outer sheaths of the trunk are stripped and sun dried instead of just being thrown away. This acquired product is termed as banana bark. These strips are used to create durable and hardy products like baskets, lampshades and other home utility products. It is mainly done by a process involving drying, cutting and then hand-weaving it into required forms.

Women members with support from professional service providers, essentially overlook the entire journey from farming to harvesting, from transportation to production, making sure that the entire process is carried out effectively and in an environmentally friendly manner with quality checks at every point. With mentorship from customers like Ikea, and a lot of cross learning exchanges, the ability of these novice communities to be able to supply into global value chains has been augmented gradually. Other than just processing raw materials, or hand weaving the baskets, women follow all recommended processes understanding the logic behind timely supply, quality checks and productivity improvements. They understand that their potential is limitless and they too can prosper by taking care of myriad issues, other than just skilled work with their hands. They understand that customer satisfaction is critical and thus teamwork and group work should be a norm to be able to supply in quantity and quality. They ensure all special processes are followed as advised by a professional staff that is deeply engaged with them, till it becomes second nature and they are able to carry on, with women from their communities taking up those professional roles.

For raw material procurement, transfer, production distribution, GreenKraft relies on the Hub and Spoke Model that has a dual function, with a centralised Hub ( warehousing, packaging, material warehousing, packaging, material storage etc.) and decentralised Spokes for production functions in different units. Thus the hub is centrally connected to facilitate multiple spokes maintaining a healthy cost structure, and doing away with the necessity of women having to commute long distances to work. GreenKraft currently has 12 spoke units across South India. This model held up very well during the COVID-19 crisis, and was further simplified, with production becoming limited at common work spaces and a majority of it transforming into Work From Home. This model has been extremely successful, whilst ensuring there is no child labor.

Supporting professional services include co-design. New designs are co created with producers, and initial design concepts are based on market trends. Final designs need multiple checkpoints in terms of design, value engineering and costing between the master artisans, producers and the buyers. Small batch productions are run to calculate the productivity that can be achieved in a particular time, enabling women to earn fittingly, at the same time retaining the competitiveness of their business.

Based on the costing, orders start flowing in and the delivery dates are finalised. To meet the deadline of delivery dates, the collective production house takes into account any unavoidable challenges and speeds up the process right from material procurement with a

plan running backwards from the delivery date. The support services team plans ahead with the producers, considering various geographical factors like harvest time, monsoons, festivals and other pressing circumstances local communities face.

With the COVID-19 Pandemic in full swing, the professional teams, producers along with the customer, planned an effective strategy for work from home or work closer to home where 5-10 women can come together and work in units at the village levels avoiding travel as much as possible. This system is still operational now. A fully functioning team works to ensure that women members are issued materials right at their homes or units and the finished products are dropped off with the same efficiency. The strategy is planned on daily targets to understand production rates and trends and then adjusting as per shortfalls. The collective works increasingly well due to the implied flexibility built into the system that has the space to make changes in production processes with the added advantage of real-time production monitoring. To maintain quality standards, visual references are also set up for the producer's benefit, even during procurement. The materials are QC checked and then re-worked upon if needed.

A woman team leader with leadership skills trained in lean manufacturing helps set up the daily target and oversees the production processes and coordinates accordingly, to deal with any kind of unforeseen situations and tracks the pickup-delivery systems. For instance, in the GreenKraft unit in Kalakkad, there were 8 women out of 110 who took on the responsibility of production for the team.

Greenkraft has always been maintaining COVID protocols effectively. Temperature checks are done for every individual at the unit, and in case of a high temperature, individuals are either sent home with precautions to be taken or undergo a COVID test. To ensure sanitisation, dispensers are set up at every corner and producers wear masks along with social distancing. The well ventilated units also work with a lower capacity than pre-pandemic.

During the global lockdown, like all industry sectors, GreenKraft also lost its ability to produce. But it turned that inconvenience into a strength by utilising the period for training- both in person and virtual. Post lockdown, the situation is quite better, with online stores working well and orders flowing in steadily. Even now, during the second wave of the pandemic, the production units were closed but producers worked from home in compliance with health and safety protocols.

A producer-owned enterprise model like Greenkraft has the potential to scale across geographies and empower individuals from vulnerable backgrounds. The pandemic too, with all its inconveniences proved that GreenKraft's model ensures economic sustenance at the same time ensuring good health, as well as an institutional framework for support. Thus the model is effective and resilient and can influence more and more women to become self-sufficient.

Purna Pechi, working for Greenkraft for about 2 years lives in Kilakulikudi, 5 kms away from the Madurai hub, with her husband and two children. Previously a worker at a garment factory, Purna now works as a banana basket weaver. During the pandemic, Purna single handedly managed her family, as her husband was not getting any jobs. Throughout the pandemic, women enrolled themselves into calling circles and more than **22 thousand calls**

were made across 2 waves, within the community of women to ensure that everyone was safe.

Initially, she faced financial struggles with the 'work from home' method of a fixed per piece rate, but with time and practice, she has increased her production, using her own abilities and hence offering solutions to her peers. She is earning 1.5 times more than her previous earning and helping others too. This is the core philosophy of co-creation, collaboration and co-ownership models. Producers themselves have the skills, tools, methods for their prosperity. They need assistance for setting these valuable abilities within the modern day design of supply chains. During the pandemic, she was also able to invest more time to improve her skills in basket weaving. Purna is confident and self-sustaining. She no longer depends on her husband or asks him for money to meet her personal needs. She proudly boasts of having paid off the loan for her two-wheeler and gleefully purchases clothes and jewellery for herself and her children. She decides the most productive hours of the day in which to work, and in that way also finishes her household chores and looks after the children's needs. This convenience gives her a stress free and peaceful life.

Like Purna Pechi, Greenkraft has opened the doors for economic transformation and empowerment for thousands of women who are constantly increasing their potential and learning new techniques for more efficiency and a sustainable independent livelihood, whilst protecting the planet, engaged in making circular economy products.