

**Solving the Last-Mile Distribution Challenge
through Effective Partnerships:
An Executive Summary of a d.light design
distributor partnership**

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EXECUTIVE SUMMARY
LIPMAN FAMILY PRIZE

CASE SUMMARY

Overview

In 2004, Sam Goldman was serving as a Peace Corps Volunteer in Benin, a small country in West Africa, when he witnessed his neighbor's young son get badly burned by an overturned kerosene lamp. This moment of tragedy inspired Sam and co-founder Ned Tozun to start d.light design ("d.light"), a social enterprise that aims to increase access to reliable lighting and decrease dependence on kerosene by manufacturing high quality, affordable solar lanterns. They developed their first prototype as first-year MBA students at Stanford Graduate School of Business, and d.light was born by the time both graduated in 2007.

d.light relies on diverse partners to ensure it reaches those most in need. "We are our partners," says Darin Kingston, Social Performance Manager for d.light. Without innovative, effective distribution partners that can adapt to local conditions and constraints, d.light would not have the reach and impact that it has today.

In the spring of 2013, a team of Lipman Prize Fellows studied one of d.light's most successful organizational partnerships in order to identify its key components that inform its approach to improving and scaling its distribution model.

Case Findings

After reviewing literature and performing fieldwork, the Fellow team identified five key elements that have led to a successful partnership between d.light and its distribution partner:

- (1) Mission Alignment: Market-based Solutions to Social Problems
 - a. Both d.light and its partner share a common, underlying social purpose: to improve the quality of life for Bottom of the Pyramid (BOP) communities. Mission alignment can provide a solid foundation for a partnership between mission-driven organizations and social enterprises that have a triple bottom line like d.light.
- (2) Customer Focus: Seeking out and Addressing Core Needs and Concerns
 - a. d.light and its partner have demonstrated a customer-focused approach by communicating directly with beneficiaries and responding to their feedback. For example, d.light and its partner use "seeding" and "sampling" tactics to engage customers and collect initial feedback on product design and performance.
- (3) Ear to the Ground: Organization, Communication, and Responsiveness
 - a. The partner's unique organizational structure and extensive communications network has enabled it to build a highly successful grassroots presence in its target communities. By having an "ear to the ground", the partner has been able to effectively monitor product quality and service delivery across 2,000 villages and quickly channel feedback from the field to its leadership.
- (4) Non-Financial Incentives: Social Capital to Motivate and Inspire
 - a. The partner has instilled a sense of ownership in a common cause among community leadership groups: meeting the demand for access to reliable electricity. As a result, these groups are motivated by their commitment to serving and improving the community, rather than financial incentives.

(5) Creative Financing: Helping Customers Overcome Financial Barriers.

- a. The partnership has benefited from the distribution partner's success designing and executing robust and secure savings and loan schemes for its members. By providing beneficiaries with the financial means to purchase products such as d.light lanterns, the partner has inspired ownership and self-confidence among community members to control their financial future.

Key Strategies

The following process improvements have been employed by d.light to strengthen and expand their distribution partnerships:

- (1) Access the partner's data tracking system, to understand customers and sales performance and identify unmet needs.
- (2) Strengthen communication with the partner and customers, to enable efficient communication at senior and grassroots levels.
- (3) Enhance the warranty system, to protect brand image and ensure long-term sales through the partner.
- (4) Increase sales through motivational tools, to tap into the partner's existing motivation system and create new incentives.
- (5) Pilot micro-entrepreneurship outside the partner's network, to unlock market potential beyond their current reach and sustain growth.

Conclusion

The private sector around the world has increasingly demonstrated how market interventions in BOP communities can help combat intractable social problems. Businesses are driving innovation and economic development across a multitude of sectors—from energy to healthcare to agriculture—by offering underserved markets affordable products and services designed to meet the needs of the poorest communities. However, despite the myriad of successes observed by these market interventions, challenges persist. One particular set of obstacles is the last-mile distribution of these products in rural and peri-urban areas. There are several useful models in operation today that can be replicated and scaled in new settings. This case study, which remains confidential for proprietary reasons, aimed to highlight one compelling approach: an example of how a for-profit social enterprise organization expanded its reach and impact by finding a partner that not only had a similar mission, but was also deeply rooted in the community. This required a high-degree of coordination, trust, transparency, and communication as the organization relinquished ultimate contact with end-users to the partner organization.