

learn

2.4 million
people over 75 live alone in the UK



1/3

of British people have never swum in the sea

SOURCES: ELDERLYCAREFORUM.CO.UK/GO OUTDOORS

Community power

ENTREPRENEURSHIP How a social startup venture in India could end up taking on the multinationals

Close your eyes and imagine life without electricity. Entertainment and communications are generally what people think of first. No iPod. No mobile. No television or computer. It's very quiet. But electricity also drives more fundamental services we take for granted, such as running water (an electric pump is usually required) and lighting. Now multiply by 580 million. That's the number of people in India (more than half of the country's population) who live without electricity today. Sounds like the basis for a charitable effort that should command the attention of citizens in the world's wealthier countries?

TIME FOR A SWITCH

Now imagine you are Gyanesh Pandey, a young electrical engineer who learned he could generate electricity from rice husk, a waste product heaped along the rural roads of his native state of Bihar. Would you be tempted to apply for government grants, approach international aid agencies and seek donations from private foundations? Maybe. But with the input of a couple of MBAs from the Darden School in the USA, Manoj Sinha and Charles (Chip) Ransler, might you consider the heretical notion that you could actually make money at this thing?

WHAT PROFIT?

With grants and donations, you could do it the right way – import gasification plants from the US, employ trained technicians and set up a power grid, probably on a rationally justifiable five-year plan. But when you entertain the notion of 'profit' you can only begin with what you have or, if you are clever, maybe build a working proof of concept with resources you can afford to lose. The specifications for your prototype are clear: the solution has to be cheap. Or free. Or cheaper than free. That means you have to make machinery locally and train local talent to put it together and maintain it. And you have to figure out how to get paid. It's just about possible.

Except for a few small details. You are in Bihar, one of the poorest states in India. The local population is not educated, often not literate. And the notion of 'paying' for electric power is not customary. Tapping into grids and stealing it is more the norm.

TWICE ILLUMINATED

The team set out to design a business model based on village systems, not powergrids. Small, cheap and prepaid would describe it, like the mobile phones pervasive in rural Bihar. Make technicians, salesmen and even business leaders out of local people – those hungry to learn, even if



Power house
Electricity is generated from rice husks in Bihar

only to pay the bills. As the team spins out this unlikely tapestry, they learn that a community's emotional ownership in a business is a powerful thing. And that a functional business model is worth a thousand grandiose plans that gobble cash and go nowhere. It is the same lesson that so-called social entrepreneurs who dare to do it for profit are learning all over the world. Ask Mohammed Yunus, founder of Grameen Bank. Ask Matt Flannery, founder of Kiva. Ask Bill Drayton, founder of Ashoka.

BRIGHT FUTURE

Today, Husk Power Systems serves around 92,000 customers in villages across Bihar. They won the prestigious Cisco-DFJ Global Business Plan Competition, and have

attracted approximately \$2.5m in investment from sources such as Acumen Fund to finance expansion. Add another \$800,000 from the Shell Foundation and it gets a little bit easier to imagine the possibilities. Husk has created thousands of local jobs. But the most interesting fact is in the fine print. Husk makes a profit selling power at \$0.07 per kilowatt hour. That's a bargain compared with buying kerosene for a lamp. And also a bargain compared with buying electricity from the national power company. Could a social venture out-compete a state subsidised monopoly? If so, Husk could expand from social startup venture into social multinational firm. That would, indeed, be powerful progress. ●

details

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What I've learnt
Lynne Franks