



LivingGoods

*Empowering micro-entrepreneurs to deliver
life-changing products to the doorsteps of the poor.*

2012 Year End Report



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2012 Year End Snapshot



975

ENTREPRENEURS EMPOWERED



206,550

CHILDREN TREATED



28,103

PREGNANCIES SUPPORTED



17,782

CLEAN COOKSTOVES SOLD

Metrics include LG Direct and BRAC

Headlines

Living Goods Direct Beats 2012 Plan. In Q4, LG Direct exceeded nearly every year-end target across both health and economic impacts. Pregnancies supported ended the year 25% above plan. Post-natal follow-ups were 8 percentage points above target. Malaria treatments were up 40% from Q1, diarrhea treatments came in 40% above target, and treatment follow-ups grew by 20 percentage points from Q1. Sales per branch per month hit a new all time high in Q4. Wholesale margins closed the year north of 30% for the second consecutive quarter versus plan of 22.5%.



New Pilot Branch Grows To Largest Network in First Four Months. Living Goods launched a new pilot in Masaka, Uganda (dubbed simply LG 2) with the aim of reaching dramatically more clients per branch and accelerating our path to sustainability. The branch opened in September and within 4 months recruited 117 agents (compared to an average of 60 at the other sites) and grew to nearly twice the sales of the average existing branches all open for at least a year. Masaka pilot began turning a profit just three months after opening. In December, Masaka agents generated over 27M UGX in sales. Cook stoves and fortified foods are top selling products in Masaka. LG faces numerous challenges and opportunities with LG 2, but early indications are very promising.

Cook Stoves Sales Soar; Face Challenges Ahead.

LG sold over 17,782 clean cook stoves in 2012 - more than 4 times the 4,229 sold in 2011. This is driving tremendous economic impact as each stove saves families \$90 per year on average. However the price of carbon offsets is falling dramatically after the economic turn in Europe and threatens the vital carbon finance component of the stove business.



New Replication Unit Lands Major Clients. To support the adoption of LG's innovative model throughout the developing world, LG launched its Advisory Services division in Q2. The Advisory Services team landed their first client in Marie Stopes Kenya (MSK). The MSK collaboration aims to expand the impact and sustainability of their franchised clinic system in Kenya by deploying networks of LG-like Community Health Promoters. In Q3, The Clinton Foundation came aboard as our second Advisory Services client. With funding from Carlos Slim and Frank Guistra, our collaboration with the Clinton team plans to build a world-class micro-entrepreneur distribution network that creates thousands of jobs throughout Latin America, beginning in Peru.

LG Helps BRAC Uganda Turn Around. Two senior BRAC managers supporting the BRAC-LG partnership moved on in 2012. The management transition led to notable drop in sales and health metrics. The LG team, with support from CIFF, helped BRAC craft an improvement plan, and increased management support. Results improved significantly in the third quarter. Pregnancies supported and diarrhea treatments grew sharply approaching targets. Sales grew a robust 80% from Q3 to Q4.

Expanding Mobile Technology Tools.

LG deployed a significantly expanded suite of mobile technology tools in Q2. Most agents are now logging key client interactions by SMS. LG sends automated adherence reminders by SMS to parents of sick children and pregnant mothers. Branch managers are using smart phones to monitor the performance of their sales force. And LG uses SMS campaigns to deliver health messages and drives sales promotions to over 25,000 households now in our mobile database.



It took considerable effort grow agent adoption of our SMS system. Over 60% of agents are now routinely using SMS to track treatments. Substantial challenges lie ahead to convert more agents to mobile reporting.

Living Goods Attracts Major Media Coverage. LG's influence effort built momentum in the second half of 2012. The New York Times featured Living Goods in the print edition of the Sunday Review. The Economist's business and management blog highlighted LG's model in a BoP retail post. Next Billion posted a two-part feature on LG's mobile technology advances as part of their "Big Idea" series. LG also authored a pair of well-read thought-leader piece of its own on HuffPost Impact. Foreign Policy named LG one of the "Best Small Ideas" of 2012 and NBC's Rock Center spent 3 days filming Living Goods for a feature to air in early 2013.



Stronger Management Team and Systems. LG strengthened every function in 2012 in preparation for substantial growth in 2013. The team implemented improvements to the mobile system, developed a Salesforce database to track influence targets, partners, funders and friends, and deployed a new point of sale accounting system at the branches. LG hit its hiring stride in 2012. After a long search, LG landed Arijit Basu as Uganda Country Manager. Arijit brings over 25 years in consumer goods sales and marketing working in India and Uganda for top firms like Nestle, Gillette and Glaxo. The Advisory Services team brought on two talented Partner Development Managers – Mike Pezone and Tamsin Chislett. Mike is a Cornell MBA and Peace Corps alum with experience consulting at The World Bank, GE, and SC Johnson, among others. Tamsin is an Acumen Fund fellow with a Bain consulting background. After 5 years leading communications for the Ghana based mobile technology pioneer Esoko, Sarah Bartlett joined LG's marketing team. And just before the year ended, we scored a major hire in Shaun Church to head our Kenya operation. Shaun began his career in bond trading at Goldman Sachs and went on to run his own hedge fund. After retiring from high-finance in 2000, Shaun has dedicated his time and talent to helping grow the footprint of innovative social enterprises. Most notably, Shaun launched six new country operations for mothers2mothers.

Financially Sound. LG ends 2012 with ample resources to support robust growth in 2013. The development team extended its solid fundraising performance in 2012. Every funding renewal request was approved. New funders include Cisco Foundation and the Barr Foundation. In December, LG negotiated a two-year grant with UBS Optimus Foundation. Elma Philanthropies and Bohemian Foundation are poised to back LG in Q1 2013. Key renewals in 2013 include cornerstone funders Omidyar Network and Pershing Square Foundation.

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Performance Dashboard

Living Goods Direct						Target
Reach/Health Metrics	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YE 2012
Total # of CHPs / BLPS	194	189	203	211	279/117	250
Total Active Pregnancies per CHP	21.1	20.7	18.8	21.8	20.0	14.0
% Delivery in Facility	92.6%	95.3%	97.0%	97.6%	98.2%	92.0%
% Postnatal Visits in first 48 hrs	87%	78.7%	83.0%	91.3%	93.3%	85%
<5 Malaria treatments/CHP/mo	13.5	11.5	12.1	15.2	16.0	10.0
<5 Diarrhea treatments/CHP/mo	9.8	8.2	6.9	8.1	8.4	6.0
<1 Malaria treatments/CHP/mo		3.8	4.5	6.0	6.5	1.5
<1 Diarrhea treatments/CHP/mo		3.5	3.1	3.9	3.9	1.0
% Treatments Follow up	71%	72%	72%	84%	92%	65%
% u5 Referrals Follow up		71%	51%	75%	85%	75%
Economic Impacts/Sustainability						
% of Key Items in stock	98%	100%	92%	98%	98%	100%
Wholesale sales per CHP/mo UGS	237,848	183,433	207,615	203,315	220,202	235,000
Wholesale sales / Branch/Mo UGS	9,199,673	6,939,062	8,586,733	8,600,000	11,007,061	10,200,000
Wholesale sales per CHP/mo - \$	\$95	\$79	\$85	\$83	\$85	\$94
Wholesale Margin	24%	26%	20.1% ^a	32.8%	32.0%	22.5%
Field Cost Recovery	93%	83%	82.5% ^a	92%		94%
BRAC-Living Goods						Target
Reach/Health Metrics	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YE 2012
Total # of CHPs	492	508	539	614		580
Total active pregnancies per CHP	11.4	9.9 ^b	9.6 ^b	8.8	14.0	14.0
% Delivery in Facility	74.3%	77.3%	79.0%	78%	79%	85%
% Postnatal Visits in first 48 hrs	68%	65%	73%	70%	66%	85%
<5 Malaria treatments/CHP/mo	11.6	11.5 ^b	13.0 ^b	13.0	13.2	13.0
<5 Diarrhea treatments/CHP/mo	3.7	3.6 ^b	3.2 ^b	2.4	5.1	6.0
<1 Malaria treatments/CHP/mo			1.6	2.7	2.0	1.5
<1 Diarrhea treatments/CHP/mo			0.7	0.8	1.3	1.0
% Treatments Follow up	63%	65%	45%	61%	63%	65%
% u5 Referrals Follow up			76%	43%	69%	75%
Economic Impacts/Sustainability						
% of Key Items in stock	81%	82%	75%	69%		100%
Wholesale sales per CHP/mo UGS	115,580	124,491	99,163	74,744	142,525	183,000
Wholesale sales / Branch/Mo UGS	2,446,438	2,635,067	2,082,095	1,845,593	3,391,872	4,500,000
Wholesale sales per CHP/mo - \$	\$46	\$53	\$40	\$30	\$55	\$78
Wholesale Margin	10%	9.2%	4.8%	9.2%		13%
Field Cost Recovery	72%	70%	62%	81%		82%