Creating Value Through the Chain: SABMiller & the Tenderos
Real Development, a Good Business Strategy? Closing the Gap

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Executive summary

Launched in 2013, the “4e Camino al Progreso” program is an Inter-American Development Bank/Multilateral Investment Fund-sponsored social investment project led by SABMiller and implemented by the executing agency FUNDES in six Latin American countries. Capitalizing on the opportunities inherent in the brewer’s value chain, the initiative provides business and leadership consulting to small retailers, known as tenderos, in impoverished neighbourhoods. The project aims to improve the profitability and sustainability of the stores, or tiendas, allowing their proprietors to achieve a better quality of life and contribute more time and resources to improving their communities. Empowering these retailers to become better business operators ultimately strengthens SABMiller and other companies’ distribution network, creating benefits for the local and regional economy.

The case presents a promising model for similar corporate-social partnerships and contains innovative examples of how the private sector can contribute to substantive development initiatives. Given the partnership’s variegated players and contacts, the case highlights stakeholder relations strategies and challenges. The project’s design also demonstrates scalability and sustainability potential, although the ultimate success of these ambitions will depend on strategic decision-making and managing SABMiller’s evolution as it merges with Anheuser Busch InBev, the world’s largest brewer.¹

While its ultimate results remain to be seen, this project raises three main lessons given its progress to date: first, sometimes even the most obvious solutions, such as using technology, do not come with an equally straightforward technique for adoption and implementation; second, reconceptualising the bottom of the pyramid as an engine of growth in the value chain, rather than simply a group of undervalued consumers; and third, understanding how productivity and efficiency contribute to sustainability, which may be undermined if this relationship is not recognized.
I. Introduction

Purpose & Partners

SABMiller launched the “4e Camino al Progreso” program in partnership with the FUNDES and the Inter-American Development Bank (IDB)’s Multilateral Investment Fund (MIF) on August 5th, 2013. These organizations joined forces to serve a common objective: develop the business and social leadership skills of small-scale retailers in Latin America, who are known as tenderos in Spanish, empowering them to improve their own and their families’ standard of living and enhance their roles as change agents for the rest of the community. The project aimed to reach 40,000 tenderos in six countries (Colombia, Ecuador, El Salvador, Honduras, Panama, and Peru) by 2018.

The main problem identified by the IDB/MIF and SABMiller is the unsustainable operation of these small stores, or tiendas, which hinders not only the efficiency of SABMiller’s value chain, but also the profitability of the shopkeepers and their quality of life. Many stores are run without implementing standard business practices such as maintaining accounts or managing inventory, and the businesses’ general informality limits their access to finance, banking services, technology, and opportunities for collaboration. The tenderos’ lack of familiarity with approaching and leveraging such services makes it critical to design the training program so that it begins with generating awareness of these options and advances to developing a routine among the tenderos. Moreover, their unsustainable practices leave the stores poorly integrated into regular business channels, compounding the challenge of identifying suitable beneficiaries and incorporating them into the project, especially given their geographical dispersion. SABMiller’s connections to these retailers through its distribution network, however, offers avenues for the partners to reach out to tenderos, learn their personal and business needs, as well as assess their leadership potential.

SABMiller

SABMiller is a global beverage giant specializing in the beer and soft drinks business. It is the world’s second largest beer brewing company, with approximately 70,000 employees in more than 80 countries. SABMiller also oversees substantial bottling
productions for its own products and for Coca Cola. In the year ending March 31, 2016, the company recorded group net producer revenue (NPR) of US $24,149 million and earnings before interests, taxes, and amortization (EBITA) of US $5,810 million.

In Latin America, SABMiller is the dominant player in Colombia, Perú, Ecuador, Panamá, Honduras, and El Salvador. SABMiller’s market leadership in these countries is largely held through its subsidiary brands, gained through acquisitions prior to the present project, such as Bavaria in Colombia. Most of these local subsidiaries account for many decades of operating history and are therefore deeply rooted in the local culture of their regions. Since major grocery stores have struggled to take over the Latin American market, SABMiller relies heavily on the approximately 780,000 tiendas in these six countries to distribute their products. Thus, promoting these small businesses dovetails neatly with the first imperative of SABMiller’s five pillar Sustainability Strategy: “accelerat[ing] growth and development in [its] value chains.”

FUNDES

Founded in Panama in 1984, FUNDES is a non-profit business committed to enhancing small and medium enterprises’ (SMEs) competitiveness through business development services and improving their “business-enabling environment.” FUNDES has national level operations in 10 countries, whose offices use a franchise from FUNDES International for the organization’s products and services.

With 10 years of experience working with small retailers in Latin America, FUNDES offers consulting, training and access to credit services, with a focus on business growth, operational improvements, technology innovation, market development and business networks. Additionally, it provides policy advice to local municipalities, governments, multilateral institutions and other NGOs involved in the sector. In addition to its own projects, FUNDES often acts as a service provider for large partnerships.
The Inter-American Development Bank (IDB) is a multilateral lending institution that provides funds and technical assistance to governments, businesses, and non-governmental organizations (NGOs) in Latin America and the Caribbean. The IDB is the largest contributor of development financing in the region, approving $11.4 billion in lending in 2015. Since its founding in 1959, the IDB has expanded to 48 member countries, including 26 borrowing member countries. The Bank’s headquarters are located in Washington D.C., with offices in all of its borrowing member countries as well as regional offices in Asia and Europe.

The Multilateral Investment Fund (MIF), a member of IDB Group, is the leading provider of technical assistance to private sector-based development initiatives in Latin America and the Caribbean. Created by 21 donor countries in 1993, MIF provides financing options in the form of grants, equity, loans or combinations of loans and equity with grants. Considered the “private sector development lab” of the IDB Group, it has provided more than $2 billion of financing to over 1,800 projects since its inception. Micro and small businesses are among the core beneficiaries of MIF operations. The organization’s funds come from 39 contributing member countries in Latin America and the Caribbean, North America, Europe, and Asia.

MIF has also established a reputation for offering expert advice. It works with global partners such as corporations, foundations, and other multilateral organizations to jointly solve development challenges. In the case of the 4e Camino al Progreso program, the MIF identified four areas where it could add value: financial education, development of entrepreneurship and social leadership capacities, monitoring and evaluation, and knowledge management. This falls under the “poverty reduction and private sector development” mandate of the IDB, which aligns closely with SABMiller's sustainability strategy.

The Tenderos Case in Context

In Latin America, tiendas play an outsized role in the region’s economy; providing products and services to more than 30 million people, these stores are a driver of local
commerce and a nexus of social capital for the community. Globalization has incorporated these businesses and their owners into global distribution chains that connect some of world’s largest corporations to its smallest retailers. Despite their informality and low individual productivity, in many cases tiendas account for one third of their home countries’ GDPs and one half of their partner MNCs’ total sales in the region. Indeed, in the present case, 40% of SABMiller’s regional sales come from their business with tiendas. Thus, the tenderos are integral to both SABMiller’s core business and the region’s overall economic development.

Furthermore, tiendas occupy a unique social space that positions their proprietors to become leaders in their communities. Given the fact that 42% of tienda customers shop there every day, these stores are natural meeting points and information centres for people in the surrounding neighbourhood. As a result, tiendas often play a communal role beyond the food and beverage-providing mandate of a typical corner store, including extending credit to regular customers and monitoring local security concerns, such as crime and suspicious activity. Considering that 65% of tiendas stores are located in high poverty areas, strengthening these businesses is a high-impact channel for promoting the advancement of Latin American communities and their most vulnerable people. In this context, sustainability efforts must consider the productivity and efficiency of these businesses, so that beyond remaining operational, they can grow and empower their owners.

II. Case description

Partnership and Project Origins

SABMiller’s previous social impact investment programs were mostly local projects overseen by its subsidiaries. These traditional corporate social responsibility initiatives, however, shared no common methodology or purpose, limiting their impact to the immediate issues being addressed for the duration of the initiatives. Thus, the disconnect between the ancillaries’ social investment and the parent company’s value chain resulted in fragmented efforts and unsustainable outcomes.
In 2009, the IDB was invited to a retreat in Panama, where SABMiller was promoting more than 40 separate social impact initiatives. The IDB expressed interest in collaborating with SABMiller, but on larger scale project with one specific goal and greater prospects for sustainability. The Bank suggested focusing on one of two social priorities that relate closely to SABMiller’s business profile: water management or tenderos. Following a successful pilot project, “Progresando Juntos,” conducted with FUNDES in El Salvador, the “4e Camino al Progreso” project was proposed to the IDB/MIF in 2012 and approved the following year.

Project Selection and Definition Process
While consolidating SABMiller’s social impact efforts in the region and identifying a mutually acceptable venture necessitated back and forth communication between SABMiller and the IDB, the process ultimately resulted in a proposal that was very satisfactory for both parties. The program relates closely to SABMiller’s core business: 75% of its suppliers in Latin America are small, family-owned businesses. At the same time, it constitutes a genuine investment in the region whose primary benefit is not public relations. Bavaria’s business accounts for 0.45% of the country’s GDP, a rate that rises to 1.24% when its multiplying effect over other sectors is incorporated, indicating strong linkages to these sectors via the company’s value chain. For example, each direct job at Bavaria, SABMiller’s local subsidiary in Colombia, sustains 37 jobs throughout the economy. Furthermore, the proposal retained FUNDES as the executing agency, an addition to the partnership that the IDB/MIF gladly welcomed. This ensured that an independent party would oversee implementation, and given their preexisting relationship, both IDB/MIF and FUNDES were fairly accustomed to each other’s governance structure and working styles, making it easier for them move quickly from planning to execution.

The six project countries were selected based on the location of SABMiller’s operations. These cases were acceptable for the partners, although it required FUNDES to expand into Ecuador and Honduras, where it had no previously existing operations. Additionally, while the six countries can be grouped together in some
general (and largely relative) ways, they present fairly significant differences developmentally. Under the World Bank’s classification, whereas Panama would qualify as a high-income economy, Honduras would classify as a lower-middle-income economy. This is consequential for project implementation, which must account for the differences in these operating contexts. For instance, consider internet access in the project countries; whereas 52.6% of Colombians are internet users, the rate is 19.1% in Honduras. Beyond capturing a broad disparity beyond the project countries, this fact presents a specific challenge to a program that seeks to leverage technology to expand its reach.

To account for these differences, the selection criteria for the tenderos rely on community-level, rather than country-level, poverty rates. The project focuses on stores in low-income areas to maximize its impact on the neighbourhoods most in need of development. Furthermore, the project targets the 49% of tenderos who are “necessity’ entrepreneurs,” meaning they operate businesses because they lack alternative employment opportunities. Based on a total project budget of US$10.4 million and an estimated expenditure per shop owner, it was decided to target 40,000 tenderos in the six countries as the direct beneficiaries of the project. A breakdown of the budget can be found in Appendix 1. The project’s indirect beneficiaries are estimated to be 9.5 million people, accounting for shopkeepers’ families and the number of families served through the stores.

**Project Goals**

The project has four explicit goals and two underlying motivations. Beginning with the former, the initiative aims to 1) increase incomes for tenderos; 2) achieve a better quality of life for tenderos and their families; 3) promote greater well-being in the tenderos’ communities; 4) empower the tenderos to lead positive social changes in their communities. Higher incomes and quality of life are primarily reached through raising the tenderos’ skills to make the businesses more profitable and sustainable. Thus, the training increases long-term business capacity, rather than merely short-term income. More efficient management of the tiendas is also expected to permit tenderos to spend
more time with their families outside of the workplace and dedicate more energy to neighbourhood activities, ultimately empowering them to become change agents in their communities. \(^{47}\) Additionally, the highest performing tenderos in the course are given additional support to lead community initiatives, introduce new products, and expand the services they offer. \(^{48}\) These goals were informed by preliminary research conducted by Mindcode Group and commissioned by SABMiller, which found that tenderos themselves desire to be more profitable and to achieve a better balance between work and family life, but “often feel they lack the tools to achieve economic and personal growth.” \(^{49}\)

While these are the four primary goals of the project, there are two additional considerations that inform the project’s purpose. First is improving SABMiller’s value chain by increasing their distributors’ productivity. This is by no means a problematic motivation or an unspoken perk; in fact, the relation of the project’s development goals to SABMiller’s core business is one of the key successes of the initiative. This dynamic of the project, enhancing the stores’ productivity and thereby increasing SABMiller’s profitability, is a basic shared benefit of the program for the company and the community, which reinforces the beneficial relationship between SABMiller and the tenderos. To exclude this consideration from a discussion of the project’s goals, therefore, would be to miss an important aspect of its significance. Second, an overarching goal of the project for the IDB/MIF, SABMiller, and FUNDES is to achieve scalability. The organizers are intent on a regional level project that easily permits expansion and provides a guiding approach for future endeavours.

### III. Transforming the business and development approach

In order to achieve its objective, the project is divided into 4 stages: 1) essential business and leadership training; 2) family-conscious business advising; 3) growth consulting; and 4) community leadership development. \(^{50}\) For a visual representation of the stages, see Appendix 2. This division provides flexibility in project implementation and ease in managing key performance indicators. For example, although a high desertion rate was expected between levels, the program design offers a funnel-type
approach, allowing gradual exits of participants with useful takeaways at each level. Approximately 20% of the total registered tenderos successfully complete all four stages, but the students receive recognition upon completing each stage. This provides a sense of accomplishment and responsibility to the participating tenderos that encourages engagement with the program and motivates them to progress through its stages.

The program offers 35 hours of classroom training and in-store mentoring. What is unique about the program, however, is that these 35 hours are almost equally split: 18 hours of classroom training and 17 hours of in-store mentoring. Classroom sessions are specially designed to maximize output. The lessons are group-based, with approximately 30 tenderos in each. The tenderos are distributed among the groups based on classroom’s proximity from their shops and the number of groups that could possibly be formed in a particular area. Beyond the designed advantages of this plan, there are a few ancillary yet powerful benefits. First, the 17 hours of in-store mentoring reduces the time spent by tenderos away from their shops, which minimizes the financial and psychological strain they experience when away from their stores during business hours. Second, making smaller classroom groups with a condition on proximity to their stores allows FUNDES to address a large number of tenderos with only a few consultants tasked with in-store mentoring, bringing down the program’s cost. Further, based on technology penetration and adoption rate in a particular area, classroom lessons are offered either offline or online. This hybrid model of online and offline classroom lessons ensures that the program reaches the widest possible geographical area and has an impact on the maximum possible households while keeping operating costs low.

Though the large number of hours dedicated to in-store mentoring is resource-intensive, it is an essential factor that assures sustainable impact. FUNDES’ experience suggested that classroom lessons were often forgotten and inconsistently practiced outside class. 17 hours of dedicated in-store mentoring allows for direct advising and tailored consulting. For example, even though both accounting and inventory management are equally important, one might require more emphasis than the other for
a particular shop owner. Fostering an ongoing, mentoring relationship between the consultants and the tenderos is a significant example of innovation in this project.

Furthermore, FUNDES’ past experiences in the region and expertise in dealing with tenderos augments the effectiveness of the curriculum. While the modules address business fundamentals such as product display and store organization, it was realized that the local shop owners require training in soft skills, such as self-presentation and punctuality, just as much as (if not more than) they require technical assistance. For example, cell phone etiquette – namely, staying off of one’s mobile phone in formal situations – is an unfamiliar concept to some participants. Equally important are the life-planning skills that go beyond the tenderos’ business operations. Notably, it is important to help tenderos understand the value of taking time off during the weekends for their families. The somewhat counterintuitive idea of temporarily closing the business for the sake of leading a better life is one of the most difficult lessons FUNDES consultants have to teach, especially since these businesses are run to earn just enough to make a living.

IV. Partnering for innovation
Multi-Stakeholder Dialogue
The project’s primary collaboration occurs between the IDB’s MIF in Washington D.C. and SABMiller’s corporate affairs office in Miami. Both directly support and advise FUNDES International, and have indirect relationships with FUNDES’ country offices through their own satellite units. FUNDES’ local units are trusted with managing relations directly with the tenderos, and facilitating dialogue between them and SABMiller. The latter’s non-profit foundations also assist with these communications. The efforts of these various actors primarily affect the tenderos, with additional effects on the tenderos’ families, their communities, and SABMiller’s distribution network.

The main project partners have complementary units that interact and facilitate dialogue. These organs’ structures, however, do not necessarily mirror one another. Both SABMiller and FUNDES have a manager dedicated to the project, but whereas SABMiller has additional managers for each of the project countries, FUNDES’ team is
less diffuse: Peru gets its own manager, but a manager in Colombia oversees the operations there as well as in Ecuador and Panama, and a third manager based in El Salvador is in charge of it and Honduras. The people in direct contact with the tenderos are SABMiller’s sales teams and foundations, as well as FUNDES’ team of 75 consultants. For a visual of the project’s partnership structure, see Appendix 3.

The multifaceted nature of the SABMiller brand in Latin America and the project’s regional scope necessitates variegated channels of communication between the project partners and within their own operations. Considering that most of the SABMiller’s operations in the six countries are through local subsidiaries, dealing with these subsidiaries individually increases the complexity of FUNDES’s work. The degrees of separation between these subsidiaries and the parent company inevitably introduce variation in the management and interests across the corporation.

Despite the challenges this structure introduces, the subsidiaries add considerable value to the project’s implementation. Since they are enmeshed in the culture of the local communities where they operate, the subsidiaries are instrumental to opening and maintaining a dialogue with local tenderos, a step that is critical for the project’s success. FUNDES is able to leverage SABMiller’s local sales teams who, by virtue of their work, have strong connections with the tenderos in their region. The partners’ work to engender cooperation among the project’s many contributors has been crucial for reconciling local operations with the project’s overarching strategy.

One aspect of this collaboration that had to be considered and managed strategically relates simply to the perception of the corporate partner. In general, organizing a development initiative with a large corporation can raise scepticism. Additionally, as a beer manufacturer, SABMiller is in the business of producing consumer goods that occasionally carry a negative connotation. This could be a challenge for IDB/MIF’s brand image, which has a reputation of implementing projects – using funds from donor countries – with a desirable social impact. Working on a development project with a corporation, especially one that operates in a sensitive industry, necessitates creating a strong business case for the partnership.
In this case, the initiative and partnership with SABMiller offered several advantages that made the proposal desirable. The plan targeted improving the livelihoods of millions at the bottom of the pyramid, and given that 77.7% of tenderos are women, the opportunity had the added benefit of addressing gender disparity. Recognizing this, the course content was specifically developed to address the needs of female shopkeepers. In a sense, the tiendas presented a readymade women’s empowerment project, as supporting the stores would necessarily advance the professional lives of their female owners. SABMiller also demonstrated self-awareness and responsibility by, with the help of FUNDES, proactively designing the classroom lessons to include lessons on responsible alcohol sales and consumption. So while an effect of the project may be increased beer sales, the risks associated with this would be counteracted by better safety protocols. Moreover, given SABMiller’s strong track record in social investment, its robust relationship with the tenderos, and the scalability advantages posed by its large distribution channel, the partnership made good business and development sense.

Social Innovation

This project has generated a mutually reinforcing educational process for both the project partners and the project’s primary beneficiaries. For example, through the program, SABMiller has gained a better understanding of the tenderos and their core values, which define their way of doing business. This has helped SABMiller augment the trust between them and the tenderos.

Implementing the project has also revealed challenges that underscore the importance of responsible stakeholder relations. In the early stages of the project, it was not easy for FUNDES to hit the ground running. Simply approaching the tenderos proved difficult; they were reluctant to open up any lines of communication with members from outside the community. The partners realized that in order to bring a lasting change, it was important to address the root cause of this apprehension rather than executing the project based on predetermined guidelines.
In order to get the project off the ground, FUNDES had to play a role beyond that of just an implementing partner – it needed to earn the trust of the project’s target participants. FUNDES had to connect with the tenderos and understand their priorities and goals. To accomplish this, SABMiller and FUNDES launched several local awareness programs and opened dialogues with shopkeepers sought for the project. Through these brief yet variegated interactions, the partners realized that most of the tenderos were unaware of their own potential and the existing opportunities for improvement their businesses presented. For the tenderos living in extreme poverty, business is merely a means of survival. Every day, they attempt to complete sales to simply stay open, while remaining entirely vulnerable to risks such as health emergencies or accidents, which could jeopardize their future earnings and thus, the security of their family members.

Reaching out to the tenderos with the assistance of representatives from SABMiller and spending several hours understanding their problems helped FUNDES win the trust of the local population. FUNDES’ expertise in uplifting less privileged communities helped it build classroom lessons that were designed to be both informative and engaging. As a result, once a tendero is on board and registered for the program, it is rare to lose that tendero halfway through a stage of the program. As desired, the tenderos’ capability to contribute to SABMiller’s value chain has been enhanced. In turn, the unstable situation of the tenderos has been ameliorated through increased sales and improved profitability.

**Impact Investment**

Despite the emphasis placed on sustainability in the project’s execution, the program’s achievements could be fragile if the tenderos are not provided the financial support they need to remain out of extreme poverty. It is important to help graduates of the program gain access to the minimum credit required to support their families until their training ‘pays off’ and implementing the lessons yields higher earnings. This is a fundamental requirement during the transformation phase, as one could predict that the tenderos’ daily income, which is already severely constrained, would drop temporarily due to the...
number of hours they must dedicate outside of their business. Fortunately, this situation is expected to change once the new business practices are properly implemented and are adhered to on a daily basis.

In view of this, the IDB/MIF recognized the need for partnering with a financial institution that could micro-finance the tenderos. Using its connections, the IDB/MIF approached lending institutions such as Banco Agricola, who agreed to become involved.\textsuperscript{61} Even though these micro financing projects were not merged with the 4e program and were run in parallel, they have acted together to reinforce the efforts of the latter.

To ensure proper reinforcement of the 4e program, SABMiller has had to work closely with these banks. For example, it is important for SABMiller to continuously share progress reports and other key metrics with these lenders so that tenderos registered under the 4e program can be considered for micro-financing options. This has indirectly increased the number of working partners for SABMiller, whose coordination and management responsibilities have increased to ensure information flows smoothly.

V. Achieving and maximizing impact

Conceptually, the tenderos project is truly a case study in harmonizing business and development objectives. The MIF and SABMiller’s shared decision to organize the project around strengthening the least developed members of a value chain provides a model for identifying fruitful opportunities for collaboration that lend themselves to scalability. Indeed, the business and development interests in this case show strong evidence of alignment, as indicated by the partners’ agreement to extend implementation until 2020 and increase the number of participants from 40,000 to 70,000.\textsuperscript{62}

Success has been measured by tracking tienda sales and revenues, the number of jobs created, improvements in family life, and participant satisfaction.\textsuperscript{63} On average, the tiendas’ sales have increased by 11.7%, and the program holds a 96% approval
rating among its beneficiaries. As of June 2016, the project has reached 23,000 tenderos.

Going forward, the project’s main challenges stem from efforts to scale the project, and changes on the horizon for SABMiller. The partners recognize that in order to expand the project while minimizing costs, additional partners must be brought on who can beneficially incorporate technology into the program’s methodology. The IDB and SABMiller have met with Microsoft, IBM, Telefonica, and other major technology companies to gauge interest in this idea. Previous efforts to benefit from technology, however, have produced mixed results. FUNDES initially gave its consultants tablets, but later reversed course after they realized these products were essentially being used as expensive notepads, and more problematically, that the tablets created security risks for the consultants and the tenderos.

While deciding what to do with technology is largely up to the partners, SABMiller’s purchase by Anheuser Busch InBev presents greater unknowns for the project. This development is a significant opportunity to expand the program and its impact, but the partners will need to determine how to ensure continuity as the merger unfolds. Fortunately, the design of the 4e initiative is such that it presents management with clear incentives to retain it; maintaining a productive value chain is fundamental to SABMiller and AB InBev’s success, so there is little to gain and much to lose by abandoning the program. While in the future, the partners will have to manage the project with new people and interests at the table, the priorities contained in the 4e project are inextricable from the corporate partner’s core business, which elucidates the program’s value.

VI. Discussion

The tenderos project is an effective demonstration of how value chains can be used to improve social and economic development of the communities by leveraging large distribution channels of companies like SABMiller. The challenges currently facing the project range from procedural issues to more existential questions. Three main
considerations emerge from the case as it stands today: planning development projects efficiently, strategizing scalability, and coping with change.

While the project was approved quickly once a formal proposal had been submitted, it took four years to launch the project from the time when SABMiller first approached the IDB. The consolidation process, including scrutinizing SABMiller’s existing efforts, identifying the project’s target beneficiaries, verifying feasibility through pilot projects, incorporating required design changes based on pilot project results, and finally, developing the formal proposal, was time consuming. Moreover, once the project was approved, it was launched in an array of countries whose inclusion was primarily determined by the sponsoring partner’s existing operations. Differences between these countries have affected the project’s implementation because of the distinct challenges that each country presents. For example, while using expensive gadgets such as tablets in some countries could be safe, it jeopardized the security of the project’s stakeholders in countries with higher crime rates. The IDB/MIF’s project development process could be improved, but future changes must balance efficiency with rigour.

Reaching more tenderos and expanding the project to other retailers is a priority for the IDB/MIF, SABMiller, and FUNDES, but determining how best to achieve this, and more importantly, how this will serve the beneficiaries better (rather than simply in larger numbers), has not been clearly ascertained. MIF strongly believes that technology plays an integral part in the progress of any business, and the other partners have equally recognised the advantages of technology in the case of tenderos project. However, successfully leveraging technology has not been as easy as proposing it as a solution. Firstly, incorporating technology partners into the program is still an ongoing effort, without any key players yet on-board. Secondly, it is not clear how technology’s concomitant security risks, as discussed above, will be addressed. Finally, SABMiller has proven to be a champion for this project, which in its current form is clearly SABMiller’s. Including additional partners – especially if their products play a central role in the program’s methodology - will inevitably dilute SABMiller’s stake in the project. While all the partners express enthusiasm regarding an additional collaborator and the
potential benefits for the program, this will necessarily heighten the complexity of the project.

A further player whose support will be crucial for the longevity of the project is government. Involving public officials, however, may discourage participation by the Tenderos who operate informally – a key target demographic of the project – due to tax and business regulation concerns. While business formalization is an intention of the program, this is best approached gradually rather than by unintentionally outing struggling tenderos as unwitting tax evaders or operators of unincorporated businesses. Additionally, including governments would expose the project to complicating external forces, namely political cycles. Valuable partnerships forged with particular governments could be undone at the ballot box. This risk is heightened in places with unstable governments, where changes are not always determined transparently.

Even scalability itself poses a few questions worth consideration. If scalability means bringing more tenderos into the program, what impact will this have on local competition and prices? Furthermore, it may be correct to assume at this stage that scaling the project is only going to make the process of defining the needs of participating tenderos more complex, especially considering their heterogeneity. This could potentially exacerbate a concern that the partners are already trying to address by exploring alternatives such as technology – the operating cost of the project.

Finally, SABMiller’s merger with InBev has unknown consequences for the project. Considering that one of most difficult challenges in project implementation has been coordinating between regional-level decision-making and country-level execution, an even larger corporate partner with more diverse subsidiaries will require sophisticated stakeholder relations management. Moreover, depending on the interests of the newly consolidated company, existing project partners may have to advocate for the program’s simple continuation.

VII. Conclusion

Many companies struggle to adopt social impact strategies because they often wish to leave their existing business policies as unchanged as possible. Rather than
introspecting what elements of their core business strongly correlate with effective development ideas, they end up chasing pre-existing strategies that are imposed on them by external factors or as a result of their recent business decisions.

This case serves as a lesson in how opportunities to combine social development with a profit incentive have to be created, not found. Companies must first understand their core business and then try to design integrated strategies to do the business more responsibly. Such a holistic approach indicates that social impact and profitability are not two distinct goals, but rather, a single end result pursued via two different motives. In today’s world, it is not only sufficient to have strong business strategies to stay competitive; it is also necessary to do business responsibly and to accept this imperative as a permanent part of the global marketplace.

More specifically, the project’s progress to date presents three main lessons. First, sometimes even the most obvious solutions do not present an equally straightforward technique for their adoption and implementation. The clearest example of this comes from the opportunity presented by technology for development projects. Although technology can lower programs’ cost and expand their reach, its effective use necessitates an implementation strategy that reaps these benefits while ensuring a safe operating environment. Thus, employing an objective methodology is critical; not only should corporations be aware of why they need to adopt a particular strategy, but also how to achieve its desired output in an efficient and cost-effective manner.

Second, the partners have shown how the bottom of the pyramid can be conceptualized as an engine of growth in the value chain, rather than simply a group of undervalued consumers. Significant mutual gains for large corporations and small businesses can be achieved by strengthening the business skills of the latter’s operators, which improves their quality of life and the profitability of their partnerships.

Finally, the project highlights the strong connection between productivity and sustainability. In development initiatives such as the tenderos project, large corporations often have to work outside their area of expertise, which calls for caution and due diligence. No project can effectively address the social problems it intends to tackle without first understanding the root causes of those issues. In the present case,
improving the lives of the tenderos in a sustainable manner requires understanding the
dynamic between their businesses’ performance and their financial and social well-
being. Educating these retailers to operate more efficiently and productively invigorates
this essential relationship in order to accomplish the project’s goals in both the short and
long term.

The tenderos project is notable for effectively integrating business and
development interests through a strategic focus on SABMiller’s large distribution
channel to provide access to goods and services that contribute to the social and
economic development of the communities. The shared benefits for the project’s
stakeholders are obvious: the shopkeepers receive education and expertise otherwise
not available to them and the corporate partner’s distribution network is strengthened
and more productive. At a broader level, by leveraging SABMiller’s extensive
distribution channel, the project supports private sector development, advances small-
scale entrepreneurs, addresses gender disparity, and promotes the welfare of
impoverished communities and their residents.

The accomplishments of this project hold special significance in a world where
the majority of the population is at the bottom of the pyramid. In today’s competitive
landscape, it is time to see which companies are ready to rise up to the challenge of
finding new ways to create value for all participants in the global economy, no matter
their size.
VIII. References


Inter-American Development Bank, The, the Multilateral Investment Fund, SABMiller. “‘Tiendas, Tenderos, and their Potential to Thrive.’” 2015.


---. “Improving communities in six Latin American countries through the leadership of shopkeepers.” Project Number RG- M1241. 2014.


Phone interview conducted with a representative from SABMiller. June 8, 2016.

Phone interviews conducted with a representative from FUNDES. June 8 and June 14, 2016.

SABMiller. “4e Camino al Progreso: The path to progress.” Brochure. n.d.


IX. Appendix

1. Budget

<table>
<thead>
<tr>
<th>Project components</th>
<th>MIF</th>
<th>Counterpart</th>
<th>Total</th>
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<tr>
<td>Component 1.</td>
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<td>6,087,809</td>
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<td>Development of</td>
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<td>business skills and</td>
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<td></td>
</tr>
<tr>
<td>family’s quality of</td>
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<td></td>
<td></td>
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<td>and social</td>
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<td>entrepreneurship</td>
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<td>Knowledge management</td>
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<tr>
<td>and communication</td>
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<tr>
<td>strategy</td>
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</tbody>
</table>

| Execution and       |         |             |          |
| supervision         |         |             |          |
| components          |         |             |          |
| Project execution   | -       | 939,962     | 939,962  |
| unit                |         |             |          |
| Baseline            | 40,000  | -           | 40,000   |
| Monitoring and      | 30,000  | -           | 30,000   |
| evaluation system   |         |             |          |
| Country/program     | 186,000 | -           | 186,000  |
| monitoring and      |         |             |          |
| evaluation          |         |             |          |
| Midterm evaluation  | 40,000  | -           | 40,000   |
| Ex post reviews     | 60,000  | -           | 60,000   |
| Contingencies       | -       | 90,000      | 90,000   |
| Subtotal            | 2,397,076| 7,895,349   | 10,292,424|
| % of financing      | 24%     | 76%         | 100%     |
| Impact Evaluation   | 77,198  | -           | 77,198   |
| Account             |         |             |          |
| Agenda Account      | 30,000  | -           | 30,000   |
| Grand Total         | 2,504,274| 7,895,349   | 10,599,623|
3. Partnership Structure


Phone interview with SABMiller representative, June 8, 2016.


Ibid. 1-2.


Ibid. 8.


14 Ibid. 5.

15 Ibid. 3.

16 Ibid. 5.


18 Ibid.

19 Ibid.


24 Ibid.


26 Ibid. 4.


29 Phone interview with SABMiller representative, June 8, 2016.

30 Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). “Improving communities in six Latin American countries through the leadership of shopkeepers.” Project Number RG-M1241. 2014. 3.
31 Inter-American Development Bank, The, the Multilateral Investment Fund, SABMiller. *Tiendas, Tenderos, and their Potential to Thrive.* 2015. 11.

32 Ibid. 5, 9.


35 Ibid.

36 Ibid.


47 Ibid. 4.

48 Ibid. 7.

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50 Ibid. 17.
52 Ibid. 15.
53 Ibid. 15.
54 Phone interview with FUNDES representative. June 8, 2016.
56 Ibid. 10.
59 Ibid. 11.
60 Ibid. 11.
61 Ibid. 22.
64 Ibid. 20.
65 Phone interview with SABMiller representative, June 8, 2016.
66 The world’s largest brewer and a top five consumer products company based in Leuven, Belgium.