

# Interview with a social entrepreneur

[Business](#), [Strategy](#)



Sreejith currently lives in Chennai, India with his wife and 2 young kids. He was born and raised in an ordinary middle-class family with no entrepreneurial background. After losing his dad at a very young age, he grew up in their family home in Kerala, India with his elder sister and mother. While he earned accolades for his academic excellence at school, he also earned a lot of love and respect from his friends and community for his positive attitudes towards social causes. After passing high school with very high scores, his aptitude towards technology and automobiles led him to pursue his undergrad in Mechanical Engineering. This is when we went to same college – Government Engineering College at Thrissur – and spent the 4 years as classmates.

We both graduated out with high GPAs in the year 2000 and while I pursued to land my first job, Sreejith's plans were different. His ambition was to get involved with social causes and do something good for the community. I landed my first job and moved to a different city, and eventually to another country and we didn't have any contacts for next few years. Sreejith continued with his graduate studies at TATA Dhan academy, a joint venture of Dhan Foundation and Sir. Ratan Tata Trust, founded with a mission to train and groom development professionals who can change the lives of poor communities in rural areas. He chose to do the Post graduate diploma in Development Management there, the development professionals are trained to manage the rural projects like water management, dairy sector management, agriculture and rural banking etc. The two-year training at this institution not only brought out the social entrepreneur in him, but also

helped him with skills in the areas of development management, development finance and microfinance.

## **Interests and Influences**

He grew up and studied in Kerala, a small south western coastal state in India. The social fabrication of Kerala is different from rest of the India and doesn't really have rural spaces. The state boasts of high human development indexes (HDI) as well. It was during his graduate studies at TATA Dhan academy and his subsequent works at IIT Madras, both in a nearby state Tamil Nadu, he got plenty of opportunities to watch and act up close with the rural communities. This exposure and experience reignited his passion towards social causes and he started thinking how his education in development management and microfinance could be leveraged for social causes. Interacting on a daily basis with farmers, artisans and other labors, he came across the many issues they faced. He was determined to make the changes in their lives in whatever he can, he then would spend next couple of years thinking and pursuing of many impactful ideas. It was around this time, he was influenced by many great personalities from social, entrepreneurial and business worlds, one such influencer was late Prof. CK Prahalad.

He was a professor at Booth School of Business and University of Michigan, and is considered to be world's one of the most influential business thinkers. Prof. CK Prahalad 's theory about the ' fortune at the bottom of the pyramid' has many followers in corporate, management and social enterprise world. This theory influenced the retailers all over, especially in developing world.

His proposition was to stop seeing poors as victims, instead see them as value demanding customers, and target them with customized services and products. This drove the retail giants like Colgate Palmolive, Hindustan Lever and Godrej in Asia to come up with small portions of the products in sachets and for significantly lower prices. For example, the One rupee sachets of shampoo, conditioner, tooth paste, detergent etc. and they were instant success in rural areas and developing world overall. Ideas and Opportunities

Sreejith was attracted and influenced by many ideas and innovation like the one above during the 2002 – 2005 period, soon after his graduate studies. With many successful examples in front of him, he started believing that many of his innovative ideas could be converted into opportunities. Instead of targeting products and services, he also thought of rural India as a good source of skilled labor supply to urban markets. He didn't launch any business immediately, he needed more time to make sure he is making the right moves. He joined Villgro, one of the India's oldest and world's largest social enterprise incubators as an investment manager. (As a side note, PR Ganapathy, whose Tedx talk we all listened to in the class is the current president of Villgro India)

After a short stint with Villgro, Sreejith in worked on couple of pilot projects funded by IIT Madras during the 2005 – 2006 period. IIT stands for Indian Institute of Technology, considered to be one among the best in world for Technology and Science education. This is where he learns more about the capabilities of modern technologies including the computers and eCommerce. He was quick to think about new possibilities with some of the

ideas he has been treasuring for some years now. His ‘Connecting rural artisans to the urban world’ idea would very soon be rephrased to ‘Connecting rural artisans to the urban world through eCommerce and online stores’. Remember there were no major eCommerce or online stores at that time in India and Flipkart, one of the first and prominent online store in India, was born around the same time period. Amazon was still operating within US boundaries then. Evaluation of the Opportunity, Developing Business Model and Business Plan By late 2007, Sreejith was already working with a small set of artisans to market their products to big box retailers and urban population with the small funds from IIT Madras.

In parallel, he was also working on developing a business model to scale and convert this opportunity into an enterprise. Around the same time, Sreejith found a person who shared the common interests and a similar business plan. His name was Patrick Fischer and he was an American engineering graduate. He had worked as an aircraft engineer before he persuaded his management studies at Kellogg’s business school. His specialization was in nonprofit and NGO management, and had worked with nonprofits extensively in Namibia and Nigeria. After 10 years his work in nonprofit sector, Patrick wanted to be a social entrepreneur, and he zeroed in on India to start his new career. Textile business was his first plan, but eventually Sreejith and Patrick together would launch ROPE International in early 2008. ROPE stood for Rural Opportunities and Production Enterprise and their business model was to coordinate artisans and sell their products – furniture, clothes, handicrafts, decoration materials and many more – to big box stores

and retailers and through online stores leveraging eCommerce platform. They did extensive research on the business model they were going to develop. Remember they already had a few customers and artisans they were working with, and they started the market research – with their customers, competitors, suppliers, artisans, and number of other individuals. For example, when they talked to one of their NY based customer, they learned of a specific problem.

Customer was specialized in selling papers (man and machine made) made out of alternate sources for decoration and packaging, and their Chinese supplier, who used banana skin to make these papers was unable to meet the demand. Sreejith identified an opportunity, and he was sure he could get enough banana fiber flakes of 1 milli meter thin from the bark of banana, which could be used as an alternate source for these papers. Also, banana trees were abundant in rural areas close to Madras, and supply throughout the year was not an issue. He took up that opportunity and later this NY based customer would become one of his key accounts. Another big box retail chain and export house, Fab India wanted table mats, runners etc. made from alternate sources. At one-point Sreejith and Patrick was pursuing to be part of Ikea's supply chain as well. They thoroughly analyzed opportunities and challenges in front of them. Sreejith and Patrick would soon find out that there's already a big market for the products they were planning to supply, but India was not a source for many of the big box retailers.

They identified the issue – the artisan and skilled laborers didn't work in an organized way, and couldn't produce in large scale s to meet the demands of big companies. This was a huge opportunity waiting to be cracked and Sreejith and Patrick would design their business model around it. ROPE also adopted a business model that would focus on ' key accounts'. The SWOT analysis helped them evaluate their Strength, Weakness, Opportunity and Threat. They also identified and analyzed competitions to their business model – a) large export houses that exported items like bed linen, cotton, textiles etc. , b) traders who directly worked with artisans and marketed their products and c) many NGOs and non-profits with the support from various government agencies like Khadi Board and Handicraft Emporiums. The problem they identified with the competition was that they were simply meeting the demands of market, but they were not market responsive. This means the business model they develop should have a strategy built around market responsiveness. To decide whether to pursue the opportunity, they used certain criteria, and the important ones were current and future market demand for their product, lac of organized supply chain and availability of resources and skilled laborers throughout the year. Sreejith and Patrick would soon work together in developing the Business Plan. Its time they pen down the details of their business, details of the team, plans for marketing, financial and fundraising, and risk assessments. They prepared the plan that contained details of plans to connect with artisans and organize them, identifying and pursuing venture capitalists and govt organization for raising funds and key strategies to identify, retain and focus on key accounts. They also prepared detailed financial projections for 5 years.

## Perceived Risks

Competition was the one of the major risks they identified. The mitigation plan was to identify key accounts, retain and grow them, for e. g. Ikea.

Supply chain related risks were another issue – how to ensure uninterrupted fulfilment of the orders. Price fluctuations and availability of raw materials and resources throughout the year were risks factors as well. Procuring some of the raw materials like jute, bamboo, river grass, palmira leaves were not easy to be procured throughout the year, they were used to make baskets, boxes, table mats, runners, blinds etc. The risk mitigation strategy they adopted was to diversify their products offering. There were risks associated with offering same set of products as well – they planned to follow the trends develop new collections. Financial risks included risks associated with cost management, managing margins and raise fund, identify sources for working capitals etc.

Significant Dates  
 Nov 2002 – Business idea seeded  
 April 2007 – Opportunity trial run as a small project in 2007  
 Mar 2008 – Enterprise (Rope International) was born  
 2007 through 2008 – Development of business model and Business Plan  
 Early 2009 – Business in full scale

Significant contacts/individuals  
 Dr. Ashok Junjunwala – A rock star when it comes to start ups. Padmashree (India’s highest civilian honor) awardee. Paul basil – Founder of Villgro and provided initial incubation support and guidance  
 PR Ganapathy – helped to reevaluate the business plan. He is a mentor too.

Patrick Fischer – Co founder of ROPE International  
 Advice to the future aspirants  
 There are two schools of thought in the start-up world. The traditional approach is to ensure strong P&L (profit & loss) from beginning



and grow slowly. The other school of thought is not to worry about P&L at the beginning, attain as much growth as possible and look at profitability when stable. If you are running a business that deals with or sell tangible products (e. g. agriculture products, dairy etc. ), the best approach would be to have a good control over inventory cost, P&L and cashflows from the beginning. In either case, do not neglect availability of cash and liquidity management aspects. Why is Sreejith successful? Sreejith says he still has a long way to travel, his business is still in the growing phase, slowly and steadily.

Investing on the right opportunity and a healthy business plan combined with his own hard work is paying off. His market and customer base are also growing. Customers and their preferences are changing, and he is well equipped to meet the changing needs of customers and markets. People are more plastic conscious nowadays and are embracing for alternate materials that replace plastic and other toxic things to nature. Demand for alternate products only should go up, where he sees opportunity to grow further.

For example, he is currently working with one of the big retailers to supply them with more hand bags made of natural materials instead of leather. He made the right business model and business plan when he started the enterprise, he is a pioneer now in supplying alternate material products. He is a person who sees larger picture and an ardent believer of perseverance. He still maintains his passion strong for social entrepreneurship, networking, connecting with people and thought leaders. Q. Analyze how the factors in Question 1 affect this entrepreneur's success. (couple of paragraphs) There are many factors that attributed to this entrepreneur's success. First, he was

fully committed to what he was doing. He kept a strong wish to working for the betterment of society from a very young age. His education in development management and contacts with many leaders and visionaries in social entrepreneurship world has influenced him.

The biggest factor in his success would be the idea he chose to pursue as an opportunity. When he came across a problem of unorganized skilled labor, he sensed a great opportunity in it. He pursued that idea, developed it into an opportunity, did a small-scale pilot project to test the water before finalizing on the opportunity. He also did extensive market studies and thorough risk analysis before developing the business model, these factors have also contributed to his success. By the time he was developing the business model, he knew what would and what wouldn't work from his interactions with his potential customers, skilled laborers and supply chains. His vision was impeccable too, as he sensed there would be greater demand in future for alternates to plastic and other environmentally unfriendly raw materials. He modelled his business around alternate raw materials and made sure these materials could be sourced from different suppliers throughout the year. He also offered a diverse and trendy product. His business model used eCommerce as the platform to sell instead of a traditional storefront also shows his vision for the future. Perseverance and hard work along with a sound business model and a business plan is a good recipe for entrepreneurial success. I would say all these factors aligned well in his case and he deserves every bit of credit for his success.

Congratulations Sreejith and best wishes for more successes in future!