



# LivingGoods

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

## 2016 Q2 STAKEHOLDER REPORT



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## The Next Chapter of Growth

Our second decade is off to an impactful and inspiring start! Shaun Church completed his first few months at the helm of the organization, and our teams across the globe are making significant progress toward deepening our impact and broadening our reach.

As of June, we trained over two-thirds of our Ugandan Community Health Promoters (CHPs) on the latest version of our SmartHealth mobile tools. In July, Living Goods Kenya celebrated their first year of operation of the CHP model, and has made impressive strides toward achieving strong health metrics. And now that we're approaching half-way through our current four-year plan, we have a timely opportunity to extend the plan, doing so with our long-term goals of scaling impact and systemic change firmly in sight. Read on to learn more about all of these exciting happenings!

As we continue into this next phase of Living Goods' journey, we're excited and inspired by the potential our model has to transform community health systems and save lives. Thank you for joining us on this important journey.



*A happy and healthy Living Goods Baby!*

## Health Performance on the Rise in Kenya

In an effort to reach millions across the country with quality health services, Living Goods re-launched our Kenya operations in 2015—leveraging the public-private partnership approach successfully modeled in Lira, Uganda. Living Goods Kenya has since exceeded our expectations, working hand-in-hand with government partners to already deploy almost **300 CHPs** across **four branches**, reaching over **225,000 registered households**.

While health impact metrics initially got off to a slow start, the team has made significant progress to increase life-saving assessments and treatments. After an in-depth performance analysis, the team organized trainings for staff at all levels, introduced an innovative CHP mentorship program, and deployed a series of impact-driven incentives. This scrupulous attention to performance management has made an invaluable difference.

*Since the launch of Living Goods Kenya's CHP model, total assessments of children under five (per CHP) have **tripled** in malaria-endemic areas.*

Other metrics including pregnancy support and follow-ups are steadily improving as the team continues to explore and test new innovations to improve efficiency, reach, and impact. The exceptional turnaround in Kenya is a testament to the determination, creativity, and hard work of our team. It is also symbolic of Living Goods' ability to operate outside of the established context of Uganda—while maintaining key health targets.

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## Charting the Path to Change

By the end of 2016, we will be half way through our current four-year plan. This presents a timely opportunity to extend the plan out two additional years to cover 2017-2020. The plan will be a natural evolution of our existing strategy. It will address how we will further scale our, and our partners', highly impactful and cost-effective current operations. And how we will seek to make the model even more impactful, cost-effective, replicable and integrated with government. The plan will also set out how we will continue to strive to achieve lasting systemic change. With our future vision of transforming the effectiveness of community health across the developing world firmly in mind, we will be thinking about what we can do and test over the next four years that will propel us ever closer toward our ultimate, long-term goals.

We will develop the 2017-2020 plan throughout the second half of the year, and will consult with funders and stakeholders along the way. We will, of course, be updating you further as the year progresses.

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## Kenya

### Kicking Off Year Two with More Growth and Expansion

It's an exciting time in Kenya, with further expansion and growth on the horizon. In Q3, we're set to open two more branches in Busia and Kisii counties. In Q4, we will open one more branch in Busia and expand to one new county. To prepare for this upcoming expansion, we introduced a robust branch trainee program modeled off of our program in Uganda—resulting in the recruitment and training of 12 experienced staff members who can support Living Goods Kenya's continued growth.



*Living Goods CHP checking up on a new mother*

### Supporting Peer-to-Peer Learning in Kenya

With our primary health metrics on track, we will explore ways to improve sales in Q2. Sales per CHP this quarter were at \$29—missing the target of \$45. We anticipate that additional coaching of CHPs and the introduction of newer product offerings will help boost sales in Q3. After a successful pilot at the Busia branch, Living Goods Kenya expanded the CHP mentor program to the Thika branch to provide support and guidance to lower-performing CHPs. Through the program, high-performing CHPs receive training and a small travel stipend to visit and mentor lower performing CHPs twice a month. We're continuing to see very positive performance results.

### Deepening Collaboration with Government Partners

As we continue to grow and deepen our reach in Kenya, it's more important than ever to collaborate with county and national government and ensure that our operations are aligned. In Q2, Living Goods Kenya met with the new Cabinet Secretary of Health Dr. Mailu, and hosted a two-day immersion visit for the community health and child health national ministry of health (MOH) units at the Busia branch. Additionally, we're very pleased to report that the malaria control unit of the MOH has requested that Living Goods distribute free mRDTs and ACTs (supplied by Global Fund) in all malaria-endemic counties we operate in. This is a significant step toward aligning and harmonizing even further with our government partners. While we are still in the very early stages, we hope to launch the initial pilot in Q4.

## Stories of Impact



*Living Goods client in Busia, Kenya cradles her healthy new born baby*

*"I'm so grateful to my CHP Helen because she came immediately she heard I was in labor, she paid for me to go to hospital. At the hospital the doctor was able to manage the problems I was having and my baby survived. If my CHP had not chosen to come to my house when I began my labor I would have stayed at home and I would have lost my baby. I am so grateful to my CHP for caring so much and saving baby Chrispinus' life".*

*-Wilamina from Busia, Kenya*

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## Uganda

### **Key Health Metrics on Track, With Under-One Assessments per CHP Up 25 Percent**

In 2016, Living Goods Uganda began tracking health assessments as its primary metric for CHP activity and performance. The focus on assessments has kept CHPs focused on evaluating and diagnosing sick children—regardless of treatment or referral outcome. In Q2, under-one assessments per CHP came in at

Living Goods Stakeholder Report: Q2, 2016

5.3—well above the target of four, and an impressive 25 percent increase compared to Q1. The shift has also supported the adoption of malaria rapid diagnostic tests (mRDTs), which enable CHPs to accurately test for malaria before administering treatment. As a result, Living Goods Uganda’s under-five assessments are continuing to improve month by month. Our average Q2 under-five assessments per CHP came in at 17.4 assessments—a 14 percent increase over Q1. While this is still short of our target of 18 registrations per CHP, we saw a steady upward trend over the quarter, even exceeding the target in June.

### Strengthening Sales with Private-Label Products

In Q1 2016, economic activity in Uganda slowed during the election period. Rebounding, Q2 sales per CHP were up 16 percent from Q1 at \$35. While this is under our target of \$50 per CHP, we’re optimistic the upward trend will continue thanks to consistent sales of Living Goods’ Healthy Start private label porridge, and the launch of Living Goods’ private label Chamuka stove in May. The Chamuka stove accounted for eight percent of Q2 sales and is one of our top five sellers.



*CHPs celebrating at the Mityana branch graduation*

### Expansion to Three New Branches in Q2

Following the national election in Q1, we’re now resuming our expansion plan and meeting most of targets. In Q2, Living Goods Uganda celebrated three new branch openings: Igana, Mityana, and Mbale. These branch openings, in addition to two expansions in Tula and Mukono, resulted in 183 new CHPs. Living Goods Uganda will open a branch in the District of Kalangala in July and a branch in the District of Kayunga in August. To support growth, we welcomed 17 new hires on the field operation team, training team, and headquarters.

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## BRAC Uganda

Despite significant expansion activities in Q2—including the recruitment of new CHPs and health staff, ongoing-trainings, and restructuring activities—CHP treatment performance was maintained, but is still under target overall. Under-five treatments per CHP were at 12, missing the target of 17. While BRAC is under target for new pregnancy registrations, they are exceeding their target for postnatal care visits within the first 48 hours—a very important factor in the prevention of under-one deaths. In Q2, BRAC rolled out business training to all CHPs to enhance performance. Additionally, we are recruiting for a manager who will divide their time between BRAC and Living Goods to facilitate cross-learning and improve performance.

By the end of 2016, BRAC aims to support a total of 4,000 CHPs and reach 3.2 million Ugandans. In Q2, BRAC recruited and trained 402 CHPs who will be deployed in July 2016 and reflected in the Q3 report. To support growth, BRAC hired a marketing manager, three regional health IT officers, one regional health



coordinator, and 55 project assistants for health. To harmonize efforts and promote cross-learning, BRAC and Living Goods continue to hold coordination meetings and joint branch visits.

Training and a field pilot of the mobile tools began in late June, in preparation for the official rollout anticipated in September. BRAC CHPs will be transitioning to a mobile system for the first time—presenting a significant opportunity to increase efficiency, improve data reliability, and boost performance management.

Similar to Living Goods Uganda, BRAC also felt the effects of the election. Sales per CHP were up to \$25 from \$19 in Q1, but still well below the target of \$45. The three new products introduced in Q1—millet porridge, Afripads, and Sprouts of Water—were well received by clients, and BRAC hit their margin target of seven percent. To support with sales, BRAC is considering the possibility of providing financing for the purchase of relatively expensive items, such as cookstoves and solar products.

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## Mobile Rollout

After months of preparation, Living Goods began the official rollout of our enhanced Android SmartHealth mobile tools! Following several quarters of development and field-testing, and a heroic effort from our tech and country teams, we've successfully trained nearly 750 CHPs on the new mobile platform in Q2. This represents



over two-thirds of all of our Ugandan CHPs, and we're optimistic that Living Goods Uganda will be fully trained by the end of Q3. The new tools—developed in partnership with Medic Mobile—boast improved speed and usability, intelligent and performance-enhancing features, integrated SMS functionality, and robust analytics. See 2-minute video demo of the tools [here](#).

We will begin the conversion in Kenya by the end of Q3, with an aim to be fully transitioned by the end of the year. Additionally, BRAC Uganda launched a field test of the new mobile tools, which will wrap up by mid-Q3. Feedback gleaned from this test will guide the development of a roadmap for converting all BRAC branches onto mobile. Through our strong collaboration with Medic Mobile, we continue to leverage cutting-edge technology to ensure that Living Goods and our partners are delivering the greatest health impact.

## Partnerships

### Optimizing Live Well Network's Impact in Zambia with CARE

Living Goods and CARE continue to focus on deepening impact. At the behest of the national Ministry of Health—who endorsed our work in Q1—the team made several presentations to the national drug authority and expect their endorsement before the end of the year. Securing an endorsement from the

*“Live Well shares a common vision with the Ministry of Health which is to have a nation of healthy and productive people.”*

*-Ministry of Health, Zambia*

drug authority could open opportunities to explore the distribution of deworming medications—and possibly anti-malarials—through our network.

In Q2, the team welcomed a full complement of Zambian board members and staff to set up and run the network of community health promoters—which is being registered as an independent social enterprise called ‘Live Well.’ In addition to the managing director and regional managers who joined in Q1, the team welcomed

a new finance manager, procurement officer, stores officer, and several field officers to drive execution and impact.

This quarter, sales per CHP were up from \$29 to \$32, and the team more than doubled the number of trained CHPs from 100 to 231. The program will cover at least seven districts by the end of the year.

### Win-Win Network Expanding in Myanmar with PSI

With a full-time Living Goods employee seconded in Myanmar, the team is now focused preparing processes, tools, and personnel for accelerated expansion. Starting in July, the team will begin recruitment of 80 CHPs across two hubs using revised recruitment processes and criteria.

In Q2, sales per CHP increased by seven percent over Q1. However, sales of impact products decreased due to a two-month stock-out of oral contraceptives, which has since been resolved. The team expects to see a boost next quarter with the launch of eight new essential health products. To prepare for this launch, the team removed 12 low-impact consumer goods from the lineup to make way for the new health products, and provided Win-Win CHPs with training on cough, fever, and cold relief.

PSI is actively fundraising for the match portion of a two-year challenge grant secured last quarter, which will be used to invest in





technology, expand staff, and grow the reach of the program.

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## Board Announcements

In June, we convened a very productive board meeting led by Andy Peterson, our new board chair and Ana Schrank, our new board vice chair. As a former general manager of Procter & Gamble in South and East Africa and owner of Shangrak, Andy has extensive business experience focused on emerging markets and has been an active member of our board for many years. Ana is the senior vice president of internal audit for McKesson Corporation. In this role, Ana serves as the chief audit executive for the global internal audit and enterprise risk management functions. She has been with McKesson for 18 years and joined the Living Goods board in 2015.

Our fiercely dedicated founder, board director, and Advocacy Committee chair Chuck Slaughter, continues his service to advance Living Goods' long-term vision. In June, Chuck attended the Aspen Community Health Incubator and Spotlight Health in Aspen, where he led several sessions with funders and community health leaders, and spoke on a panel about leveraging social entrepreneurship to deliver healthcare to hard-to-reach populations. Plus, as you may recall, Chuck and the team attended the Skoll World Forum in Oxford in April. Living Goods was one five 2016 recipients of the Skoll Award for Social Entrepreneurship.

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## Advocacy & Impact

### Building Awareness, Visibility, and Impact

Living Goods continues to cultivate relationships with government leaders, key decision makers, and influencers in global health to expand our reach and deepen our impact. Some notable highlights from the last quarter:

- Living Goods was selected as one of seven transition-to-scale finalists for Saving Lives at Birth: A Grand Challenges for Development competition backed by USAID, Bill & Melinda Gates Foundation, Grand Challenges Canada, and other influential funders. We were chosen among over 650 applicants, and joined other ground-breaking

### Living Goods in the News!

WALL STREET  
JOURNAL

[Selling Health Door-to-Door](#)

May 26, 2016

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[If You Think She Looks Like an Avon Lady, You're](#)

[Half Right](#)

April 28, 2016

FINANCIAL POST

[Five Daring Disruptors Win \\$1.25M Each to Help](#)

[Them Change the World](#)

April 19, 2016

innovators in Washington D.C. for the annual DevelopmentXChange. Read more about the seed and validation [finalists here](#).

- Living Goods hosted a senior delegation from Global Fund in Kenya and a USAID delegation in Uganda, with very positive feedback from both groups. Additionally, Living Goods Kenya met with the World Bank Social Enterprise team, and hosted a two-day immersion trip for the MOH in Busia.
- Shaun Church spoke at President Barack Obama's Global Entrepreneurship Summit in June alongside social sector entrepreneurs from Kiva, Muso, and Watsi.
- Director of Advocacy Molly Christiansen, curated and spoke on a panel for the CORE Group Community Health Practitioner Conference in May.

## Making Headway on Second RCT

Progress is being made on the second RCT, led by IPA, researchers from MIT J-PAL, and Stockholm University—with funding support from Children's Investment Fund Foundation. IPA completed baseline data collection in June, surveying 12,500 households across treatment and control areas. These second RCT results will demonstrate Living Goods' ability to retain key health indicators as the organization continues to evolve, grow, and scale.

## Key Performance Indicators

Living Goods Q2 2016 Key Metrics	Living Goods-Uganda			BRAC- Uganda			Living Goods-Kenya		
	Q2 2016 Target	Q2 2016 Actual	Q2 2015	Q2 2016 Target	Q2 2016 Actual	Q2 2015	Q2 2016 Target	Q2 2016 Actual	Q1 2016
<b>Impact Metrics</b>									
Pregnancies Registered / CHP per month	4.0	8.3	9.4	4.0	2.9	2.5	3.0	2.4	2.2
Under-1 Assessments / CHP per month	4.0	5.3		4.0			4 / 3	5.5 / 3.7	2.6 / 2.6
Under-1 Treatments / CHP per month	4.0	4.8	3.3	4.0	3.9	4.4	4 / 3	3.9 / 1.4	2.4 / 1.3
Under-5 Assessments / CHP per month	18.0	17.4		18.0			18 / 12	19.8 / 10.0	11.8 / 9.0
Under-5 Treatments / CHP per month*	17.0	16.4	23.8	17.0	12.2	16.2	17 / 9	14.6 / 4.2	11.9 / 4.3
Active CHPs	1,372	1,114	699	3,206	2,787	1,413	343	299	208
Total Pregnancies Registered	12,616	24,088	15,343	34,280	23,786	10,351	2,165	1,939	1,221
Total Under-1 Assessments	12,616	14,732		34,280			2,698	4,062	1,515
Total Under-1 Treatments	12,616	13,057	5,312	34,280	32,665	18,540	2,698	2,636	1,256
Total Under-5 Assessments	56,774	48,518		154,259			11,858	14,092	6,370
Total Under-5 Treatments	53,620	45,545	38,627	145,689	101,771	68,151	10,758	9,747	5,931
% On-Time Referral Follow-Up	65%	49%	13%	65%			65%	43%	26%
% Postnatal Care Visit in first 48 hours	85%	71%	64%	85%	90%	87%	85%	44%	46%
% of 'High Impact' Items in stock	100%	100%	100%	100%	95%	83%	100%	100%	98%
<b>Sustainability Metrics</b>									
Wholesale Sales (USD)	\$ 157,706	\$ 111,730	\$ 89,601	\$ 480,900	\$ 204,800	\$ 130,230	\$ 40,163	\$ 22,022	\$ 20,453
Sales / CHP per month (USD)	\$ 50.00	\$ 35.37	\$ 44.56	\$ 50.00	\$ 24.57	\$ 31.25	\$ 45.00	\$ 28.57	\$ 33.28
Sales / CHP per month (local)	165,000	117,179	147,630	165,000	81,486	101,695	4,500	2,865	3,337
Initial Wholesale Margin	22.0%	24.7%	22.7%	8.0%	6.6%	4.9%	21.0%	19.6%	19.2%
Final Wholesale Margin	20.0%	23.2%	20.0%	7.0%	6.6%	4.9%	19.0%	14.8%	15.0%
Population Served	1,097,278	891,200	559,200	2,564,800	2,229,600	1,130,400	257,250	239,200	166,400
Net Cost per Capita Served (annualized)	\$ 2.29	\$ 2.87	\$ 3.13	\$ 1.41	\$ 1.03	\$ 1.02	\$ 5.65	\$ 6.09	\$ 8.47

\*Note: Under-5 treatments in Uganda have dropped year-over-year in large part due to the introduction of mRDT's, which enables more accurate diagnosis of malaria