

# The Bangladesh Smiling Sun Franchise Program



The Quest for Sustainability in Social Franchising

Mombasa, November 2011

The opinions expressed during this presentation are personal and do not represent Chemonics International's view

# Sustainability

## Definition

Sustainability is understood as the systemic capacity of an organization to consistently respond to societal demands while generating resources that cover structural needs and planned development.

# Sustainability

## Definition Implications

- Organizational existence only justified thanks to its social objective/mission
- Sustainability is an outcome
- It is a continuous quest/“perpetuum mobile”

# The Sustainability Cycle



# Sustainability in Smiling Sun

## The challenge: Double bottom line

- Expand access to quality affordable health services
- Increase the number and proportion of poor people served
- Attain high levels of cost recovery

# Sustainability in Smiling Sun

## Endogenous factors

- Sunk investment. USAID had invested for years in establishing a clinic network
- Diversified service structure. SSFP provides FP, child and maternal health services, diagnostic and LCC.
- Initial low levels of installed capacity utilization

# Sustainability in Smiling Sun

## Exogenous factors

- Large populations. High numbers, high density.
- Custom of paying for health services. Majority of health services in Bangladesh are paid OOP
- Initial low levels of installed capacity utilization
- Government support



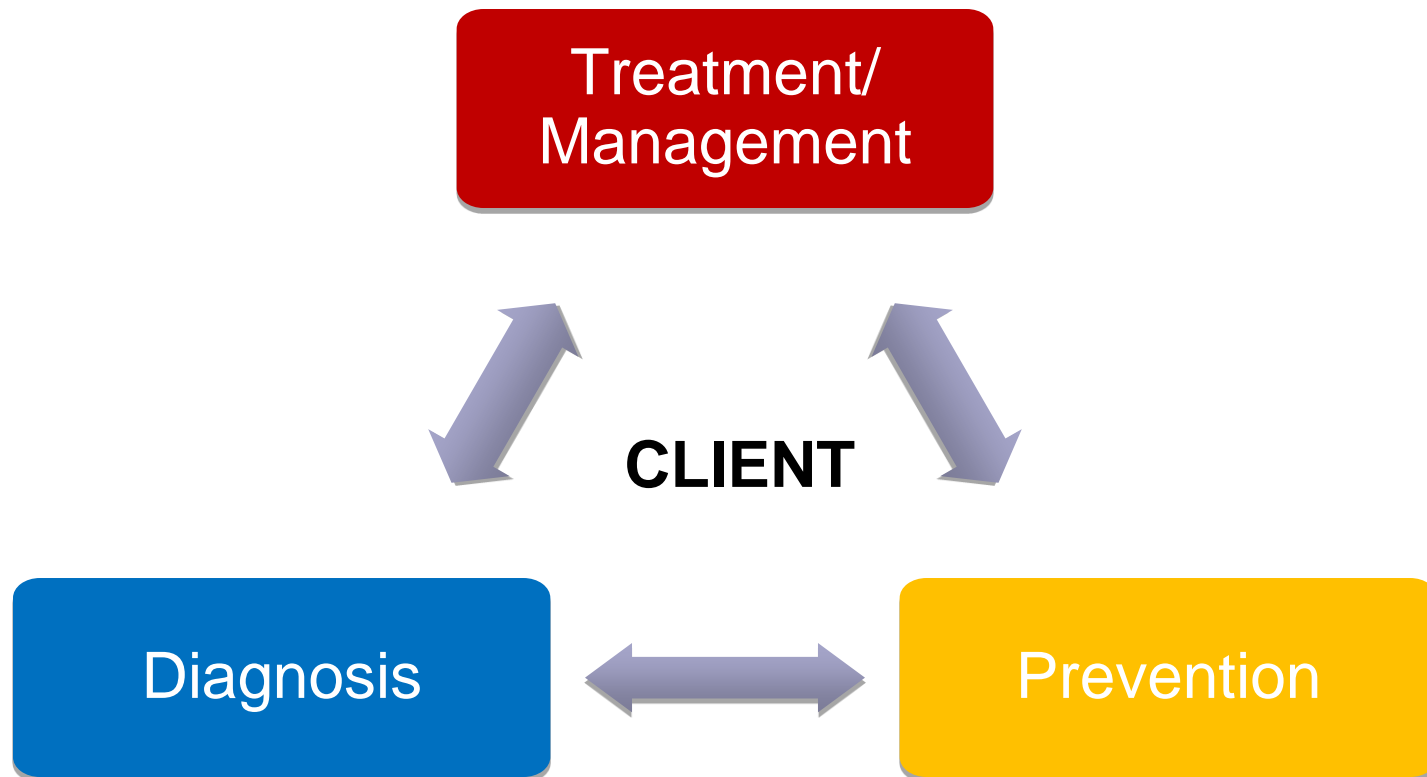
# Sustainability in Smiling Sun

## The way

- Differentiate: Reality and perception
- Build on previous investment
- Market space and network room for growth
- Crossed-subsidization (clients as stakeholders vs. shareholders)

# Sustainability in Smiling Sun

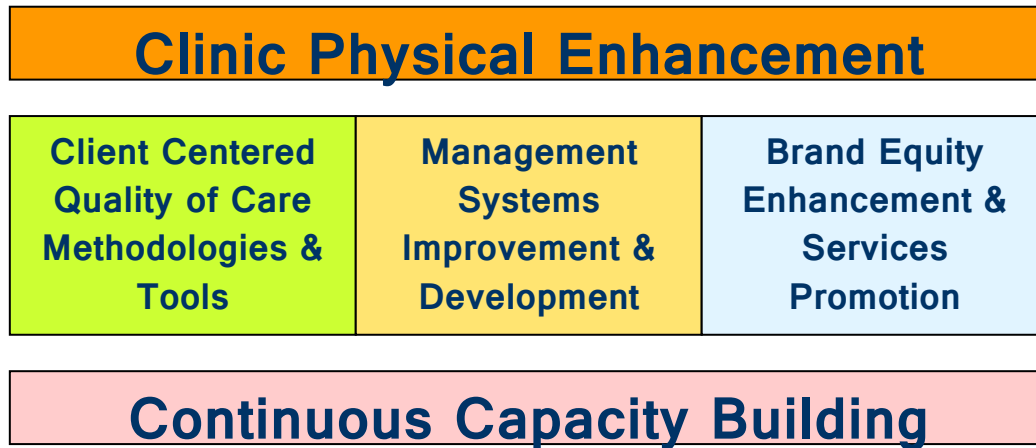
## SSFP's Client-Centered Health Service Delivery Model



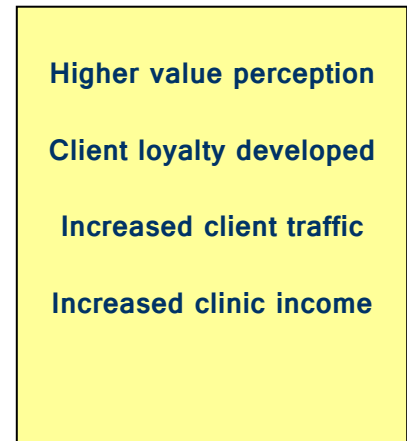
# Sustainability in Smiling Sun

## Conversion Process

### Conversion Elements



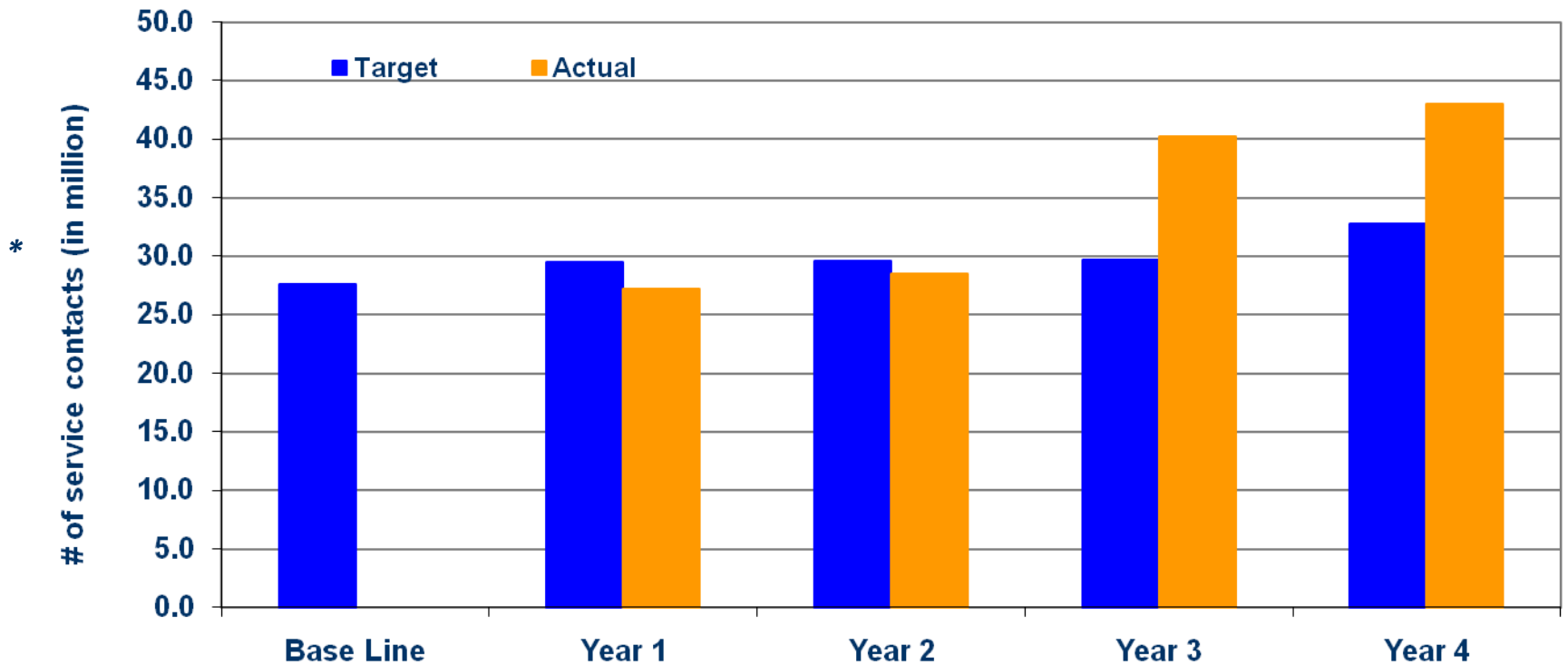
### Sustainability Determinants



# RESULTS

# Total Services

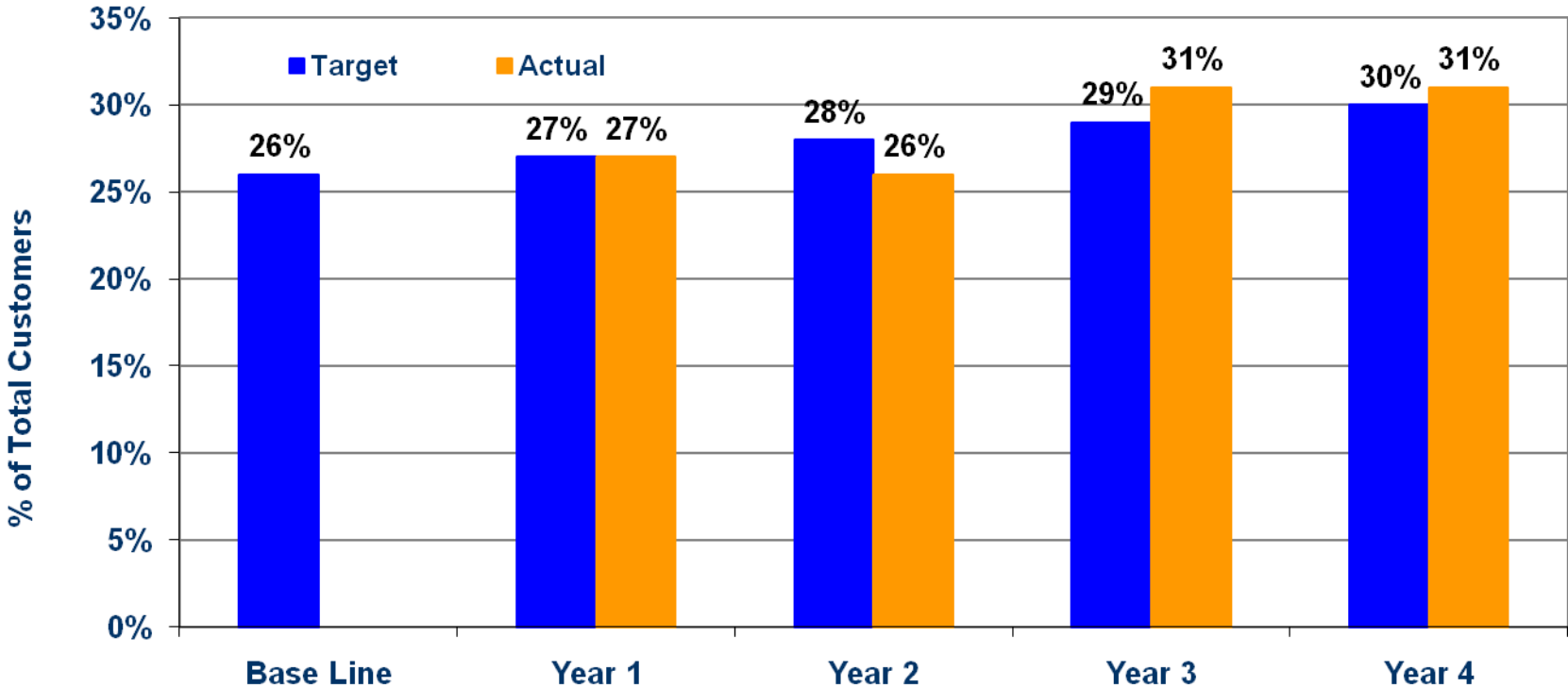
## SSFP Project Performance



*\* Year 4 figures are actual performance of first 3 quarters plus a linear projection for the 4<sup>th</sup> quarter*

# Services to the Poor

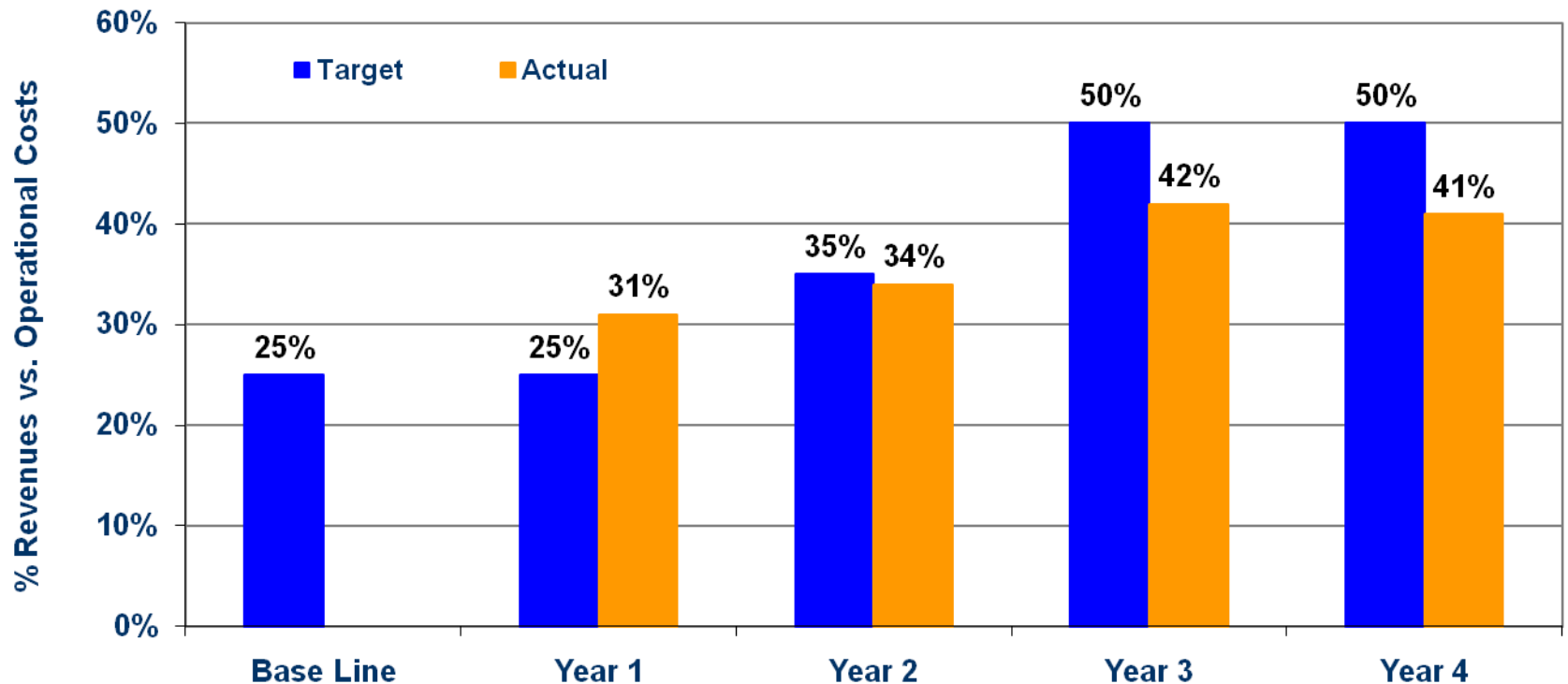
## SSFP Project Performance



\* Year 4 percentage shown is not a projection. It reflects actual results till June 2011.

# Percentage Cost Recovery

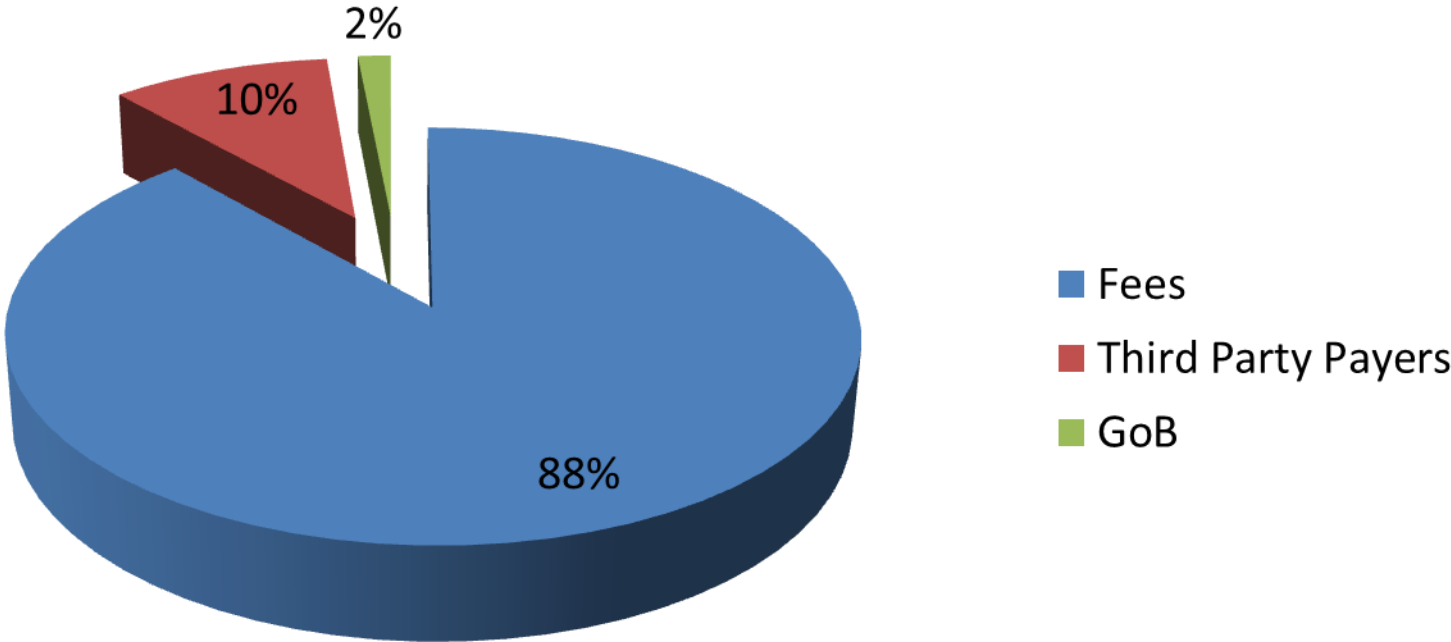
## SSFP Project Performance



*\* Year 4 cost recovery shown is not a projection. It reflects actual results till Jun 2011.*

# SSFP Revenue Breakdown

Year 4\*



---

*\*Breakdown is approximate; based on June 2011 results*



# Lessons Learned

## Challenges remain

- Track the environment (providers' expectations, macro changes and resources management)
- Culture matters (business as usual, “donor dependence”)
- Align agendas of different stakeholders
- Develop new market concepts (pre-paid services)

# Lessons Learned

## What works

- It is important to have a common (well understood) objective
- Clients and providers like good quality
- People pay... really
- If you offer, they will come (integration works, new services and more)
- Partnership with government

# Questions Remain

- Is the model replicable? What is needed?
- Is the government always needed in the equation?
- What is the value of brand and quality perception?
- For how long donor support and capital are needed?