



Sustainability | Leadership | Innovation



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Hindustan Unilever: Developing a rural sales network that enhances livelihoods

Highly Commended: Innovative project award

What

Hindustan Unilever (HUL) is one of the largest companies in India. Its "Project Shakti" aims to provide a livelihood enhancing opportunity to women micro-entrepreneurs in rural India. In an attempt to provide regular income, these women entrepreneurs (called Shakti Ammas, 'Shakti' means 'power' and 'Amma' means 'mother'), are trained on basic principles of distribution management and familiarisation with the company's products. Shakti Ammas receive training and support to become micro-entrepreneurs, selling Unilever products in low-income rural communities. The programme has three goals for Shakti Ammas: economic empowerment; improved social standing within the family; and improved social standing within the village.

The finance team has been critical to the success of this programme. They have demonstrated the programme's commercial viability; applied financial analysis to identify cost savings and efficiencies; and built robust reporting frameworks.

'You need to believe by doing the right things and by doing good you will grow business. And I think that's when finance really needs to think about different models.'

Mr Srinivas Phatak,
CFO, Hindustan Unilever

Why

HUL's sustainable living plan is based on three pillars: improving health and well-being, reducing environmental impact and enhancing livelihoods. Project Shakti is aligned with the sustainable living plan. It aims to boost financial independence for women and, in doing so, contribute to the economic well-being of her household and community. By engaging Shakti Ammas to distribute Unilever products in their villages, it provides access to quality products.



'The Shakti programme is an impressive initiative that, to date, has financially empowered more than 1,20,000 women in rural India. By teaching them various aspects of how to run a retail business, from inventory to distribution management, it has increased the average income of a Shakti household and enhanced the lives and status of the women within their communities.'

Finance for the Future Awards judges

How

The company started the programme in 2001 and has been refining the model since then:

- > The programme **started as a controlled pilot**, focused on getting the mechanics right. After the pilot, HUL scaled up in round one. It has then incrementally introduced new elements to the programme to scale up and expand its reach.
- > Project Shakti now **operates with three models**: door-to-door selling within the Shakti Amma's village, assisted model for distribution in same and nearby villages; and operating from a small retail outlet.
- > Team of Rural Sales Promoters (RSPs) coach these women Shakti entrepreneurs by familiarising them with HUL products in order to manage their businesses better. This includes basic accounting and sales and troubleshooting, as well as enhancing their soft skills of negotiation and communication. Rural sales promoters in the field provide regular guidance. They meet monthly with each Shakti Amma and provide remote support on a weekly basis.
- > Shakti Ammas earn a regular income basis their monthly sales value. Such indirect compensation from HUL supplements their income thereby boosting their motivation to continue the business.
- > The programme's success has led to the model being adapted and evolving in other countries.

The role of finance

The finance team has been engaged with Project Shakti from the beginning and continues to champion the programme and support its success. Finance has brought their expertise in financial modelling, cost management and control, payment mechanisms and reporting into the cross-functional programme team.

Financial modelling, cost management and controls

The finance team has been instrumental in cost modelling and ensuring that the cost of this sales channel is in line with other channels, despite the challenges involved in distributing to rural areas with poor infrastructure. They benchmarked costs for rural sales promoters and introduced efficiency improvements. These savings enabled the programme to expand into new villages over time. Multiple governance checks were put in place by the finance team to ensure smooth data flow and identification of any outliers periodically. Timely action on the outliers has made this unique channel robust and scalable.

Payment mechanisms

Following the recent changes in Indian banking system, the finance team envisioned an opportunity of introducing direct bank transfer (DBT) payments to Shakti Ammas. Finance staff played a pivotal role in negotiating with the banks, setting up the end to end infrastructure and enabling DBT payment to be made to offer convenience and transparency at a massive scale. This change eliminated the reliance on intermediaries for making payments and helped plug the leakages. This enabled timely confirmation of receipt of payments directly into the bank accounts of Shakti Ammas.

Reporting

HUL reports externally on its sustainable living plan, including individual programmes such as Project Shakti. Finance has built robustness and scrutiny to the reporting process.

The impact of the programme

HUL has capitalised government's vision of financial inclusion to bring transparency into its operations. Over 95% of the Shakti Ammas receive their monthly earnings in their bank account and every new Shakti is onboarded into HUL's ecosystem only after confirmation of her bank account details. The once financial excluded Shakti Amma has now been integrated into the formal banking framework in India. Shakti Ammas' earnings bring some extra income into the household which makes a significant difference to their quality of life. HUL found that Project Shakti

households can afford better education for their children, improved access to sanitation products and more household goods.

The latest third-party research from Kantar Public showed a 24% increase in household income, with 89% of Shakti Ammas feeling that they had more respect within the family and 83% of Shakti Ammas feeling that they had more respect within the community.

www.hul.co.in



DISCLAIMER

This case study presents **Hindustan Unilever** entry for the Finance for the Future Awards 2019. The case study only includes information that was part of the organisation's 2019 entry. Some of this information may now be out of date. For a current view of the organisation's work, please visit their website at the link given above.

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