

## Hapinoy: Building Local Business Networks

**HAPINOY**  
Community of Nanays, Network of Stores

### Initiative Description

In April 2013, Hapinoy joined the Business Call to Action with a commitment to create an innovative and inclusive distribution network of independently operated convenience stores for over-the-counter medicines and healthcare-related products in marginalized communities in the Philippines.

#### Hapinoy's goals:

- Educate and train more than 10,000 store owners by 2015
- Ensure that at least 20 per cent of the store network distributes and sells over-the-counter medicines and healthcare-related products by 2015 and 40 per cent by 2020
- Ensure that over-the-counter medicines and healthcare-related products comprise at least 5 per cent of sales by 2015
- Reach over 200,000 community residents and to provide greater access to healthcare-related goods and services during this period



### Business Model

Over 30 million Filipinos live in poverty.<sup>2</sup> While the Philippines has an efficient healthcare system in place, it is not accessible to many low-income communities or remote areas. Hapinoy's commitment to the Business Call to Action seeks to reach this underserved population by partnering with existing sari-sari stores, convenience shops that are common even in the remotest areas, to provide over-the-counter medicines and healthcare-related products to those who need them most. There are an estimated 1,000,000 sari-sari stores in the Philippines, representing 35 to 40 per cent of total retail sales. The ubiquity of these micro-retail outlets provides a readily available infrastructure to deliver affordable and essential goods and services to vulnerable populations.

*Very often rural communities have limited alternatives and access to the products and services they need. The Hapinoy programme will help us expand awareness of basic preventative healthcare at the community level. It will also allow individual owners to begin to attract new customers and expand their offerings and value proposition.*

Erika Tatad,  
Managing Director of Hapinoy<sup>4</sup>

1. Hapinoy. Retrieved 10 September 2013 from: <http://hapinoy.com>.

2. Santa Clara University's Global Social Benefit Incubator. (2011). "Hapinoy: Empowering sari-sari store owners to better serve poor communities." Santa Clara: Santa Clara University, Center for Science, Technology, and Society. [http://www.scu.edu/socialbenefit/resources/upload/hapinoy\\_web-quality.pdf](http://www.scu.edu/socialbenefit/resources/upload/hapinoy_web-quality.pdf).

Empowered low-income women entrepreneurs (“Nanays” which means Mothers in Filipino) operate these local franchises. As part of its efforts to reach vulnerable populations, Hapinoy has recently integrated Health Hubs in select stores, in which over-the-counter medications are sold by Nanays trained in basic healthcare provision. Working in 160 communities and growing, Hapinoy franchises have the potential to create systemic transformations both for and by those at the base of the pyramid (BoP).

Hapinoy’s mission is to develop a robust inclusive business programme with the sari-sari stores at its core, seeking to develop highly skilled and empowered micro-entrepreneurs by providing them with the necessary tools and skills to build a sustainable business and generate impact at the community level, to give micro-entrepreneurs access to value-added inputs (e.g. capital, training and new business opportunities) and to develop a platform for channelling goods to the community level in the most rural areas, with a preference for social impact goods.



### Hapinoy’s Business Model

#### How it Works

The Hapinoy programme begins by giving Nanay the training needed to run her business more efficiently and acquiring tools that better store operations. This education and training component runs for a period of approximately ten months.

By the fifth to sixth month, Nanays who would like to expand their business have the options of accessing more capital through any of Hapinoy’s microfinance partners.

MicroVentures also sources high-impact products and services, then offers them to Hapinoy Stores, which are owned and operated by a Nanay, who earns a daily gross salary of at least Php500 (USD 11). A number of these stores serve as hubs, like a micro-distributor or wholesaler to approximately 30 to 100 smaller Hapinoy sari-sari stores in the surrounding area. Moreover, they act as a focal point for information and opportunities for the community.

Hapinoy empowers Nanays by providing education and training, capital and new business.

Hapinoy provides training to Nanays on best practices in business and finance then links them to goods in their area, providing a more affordable and diverse product range for the rural poor. Challenges include the difficulties Nanays face in recording data about sales and inventory levels. Training modules have been developed to focus on topics such as keeping track of daily expenses, profit and credit thresholds. The programme also facilitates access to loans (as a result of a partnership with the Center for Agriculture and Rural Development) so as to support and eventually expand store operations.

Under Hapinoy’s Health Hub Initiative, the programme has since extended training to Nanays regarding the appropriate provision of supplied healthcare products and they now serve as a vital source of health information for their client base. The Health Hub model is based on the same Hapinoy business model used for selling basic consumer goods. MicroVentures procures branded over-the-counter medicines from Unilab, a leading Filipino pharmaceutical business, and distributes them to Community Stores. Medications are dispensed in smaller units (i.e. per pill instead of per bottle), allowing for greater accessibility.

## Innovations

that improve lives

The regulatory framework regarding medicine distribution has proven restrictive to the role that retail outlets, like sari-sari stores, can play in supplying over-the-counter drugs. In a study conducted by the Center for Health Markets Innovation, research found that prescription drugs, particularly antibiotics, were being sold illegally in some sari-sari stores. The misuse of antibiotics is particularly problematic, especially since sari-sari stores offer consumers the opportunity to buy

medicines by the piece (as opposed to the full quantity as would be prescribed by a doctor). To mitigate identified challenges, Hapinoy has instituted a training module on the correct use of antibiotics that includes discussions on the regulatory issues at hand in order to raise awareness amongst Nanays. MicroVentures fully adheres to regulations and does not distribute prescription medications to Hapinoy Community Stores.

*Hapinoy's vision is built on the idea of a Filipino community with thriving and sustainable micro-to-small businesses at the grassroots level. It envisions a community where basic goods are accessible and more and more services that improve the quality of life are efficiently delivered to even the most rural of areas.*

## Results Achieved

Hapinoy has trained 1,300 women store owners as of December 2012 and introduced Health Hubs in selected areas, and, through its Business Call to Action, seeks to reach 10,000 more by 2015 with training for health-related products and services to better serve vulnerable and remote communities.

### Business Impact

Hapinoy focuses on developing capacity among Nanays, emphasizing business sustainability and profitability. The programme allows Nanays to develop valuable sales strategies (e.g. record keeping, marketing and customer relations). During monthly meetings, a group of 10 to 20 Nanays gather at one of the Hapinoy Stores in their group to learn about various mechanisms to ensure proper store management through training modules. Hapinoy seeks to introduce higher margin and higher value goods and services to rural communities through sari-sari stores. This brings added revenue to Nanays and creates access to essential goods and medicines.

Hapinoy provides Nanays with the opportunity to expand business operations, depending on local market needs. For example, by the fifth to sixth month of the programme, if a sari-sari storeowner wishes to expand

her business (e.g. through increased inventory, a combination of new goods and services, the acquisition of productive assets such as a delivery vehicle, etc.), she may be referred to a lender that best suits her purposes. Nanays may also be introduced to new businesses (such as medicines, solar solutions or mobile-based services) that can generate further revenue.

Since the programme's inception, sari-sari stores have witnessed a marked improvement in business practices, including:

- 20 per cent increase of average daily sales of over 80 per cent of Nanays
- 57 per cent decrease of average daily product loss by family members without proper inventory
- Overall decrease in average daily credit Nanays extend to her customers
- Higher credit rating by independent microfinance institutions stemming from better management habits

### Development Impact

Through this initiative, Hapinoy is addressing Millennium Development Goals 1 and 3 to end poverty and hunger by strengthening opportunities for business growth and providing

access to finance and to promote gender equality and empower women.

The company has made it a priority to train Nanays in business management, personal development and the care and provision of products. This approach promotes long-term sustainability both for the sari-sari stores and for the communities they serve. Such actions also promote inclusion of populations living at the BoP, fostering entrepreneurial spirit and building local.

As of 31 December 2012, the programme has graduated 1,300 women from its training programme. Through increased income from their businesses, Nanays are better able to support their children's education and afford healthcare for their families. Nanays that take part in the programme have been shown to: gain higher self-esteem and self-worth; explore new businesses and market opportunities; provide others with employment opportunities as their own businesses grow; involve family members in managing their business; make goods within reach of their community both in terms of availability and affordability; and assist other micro-entrepreneurs in structuring their own business systems.

## Key Success Factors

### Sustainable Business Model

Hapinoy provides one of the only opportunities rural entrepreneurs have to scale their businesses, assisting small producers with product development, quality control, packaging and operational support required to scale-up production. The meaningful inclusion of all stakeholders in the design and implementation of the Hapinoy programme is one of the project's key success factors. For example, the Health Hub Initiative included workshops that were organized with the project team, strategic partners and Nanays so as to co-develop all aspects of the programme. This included consultation and collaboration on merchandizing, the assortment and pricing of goods and the education event launching the initiative.

## Achieving Scale

A key driver of success in the Hapinoy model has been the development of a sustainable supply chain through a hub and spoke system that has transformed a hitherto unaffiliated network of stores into an effective distribution platform for the poor. By managing the chain and coordinating product distribution, Hapinoy reduces costs to store owners and their customers, thus having the potential to raise incomes for all. A strategic partnership with RiteMed is now under way in order to expand the portfolio of healthcare products, extending into advocacy, affordable medicine and services.

## Next Steps and Spin Off Effects

Working towards achieving its Business Call to Action commitments, Hapinoy plans to educate and train more than 10,000 sari-sari store owners by 2015, reach over 200,000 community residents and to provide greater access to healthcare-related goods and services.

Hapinoy also aims to ensure that at least 20 per cent of the store network distributes and sells over-the-counter medicines and healthcare-related products by 2015 and 40 per cent by 2020, and that these medicines and products comprise at least 5 per cent of sales by 2015.

Challenges include the difficulties Nanays face in recording data about sales and inventory levels.<sup>3</sup> Training modules have been developed to focus on topics such as keeping track of daily expenses, profit, and credit thresholds.



3. Center for Health Markets Innovation. (2013). "Hapinoy Healthcare Hub Case Study." [http://healthmarketinnovations.org/sites/healthmarketinnovations.org/files/Case\\_Hapinoy\\_Chapter%20Health%20MVI%20v3.pdf](http://healthmarketinnovations.org/sites/healthmarketinnovations.org/files/Case_Hapinoy_Chapter%20Health%20MVI%20v3.pdf).



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