

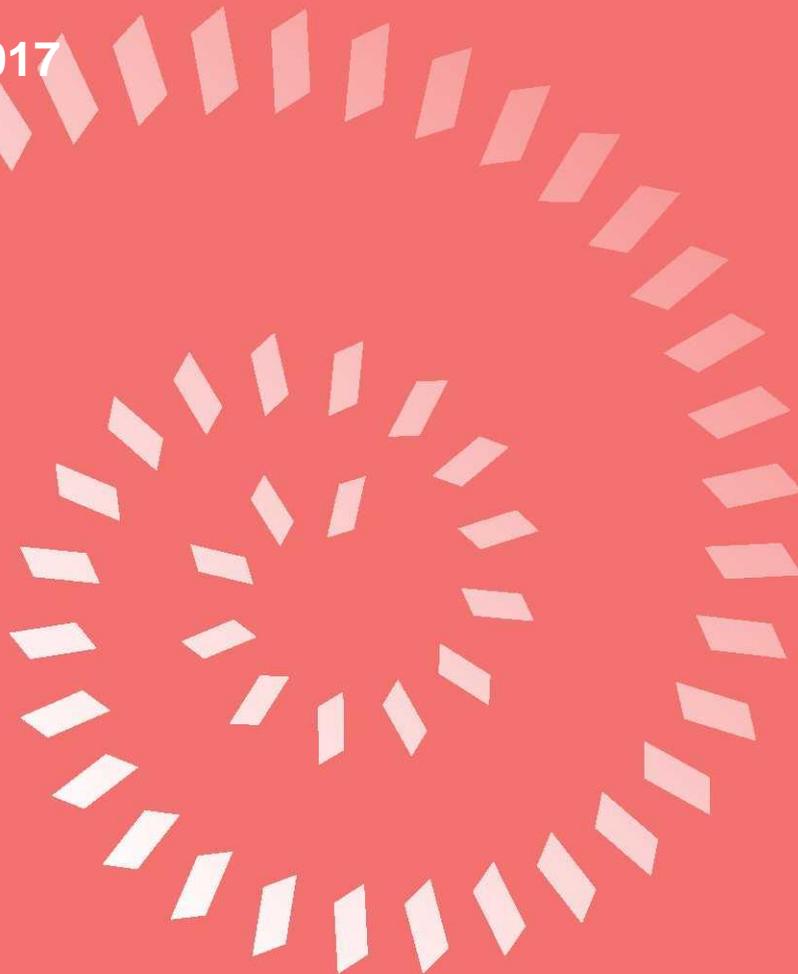
MARS
catalyst



Mars, Incorporated: Maua Programme

Making Business Mutual Case

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Hannah Radvan – Mars, Incorporated
Jeanne Roche – Mars, Incorporated

Contributions by:

Mutuality in Business Research Team – Saïd Business School
Clara Shen – Mars, Incorporated
Alastair Colin-Jones – Mars, Incorporated

Edited by Justine Esta Ellis

About the Making Business Mutual Case Studies

This series of case studies explores how mutual approaches to business can help companies and their partners tackle some of the most pressing global challenges. The businesses featured in this series share a commitment to objectives beyond purely financial performance, as well as a serious intent to implement mutual practices through new forms of ownership, governance, leadership, measurement and management.

In particular, these cases address the measurement of multiple forms of capital, ecosystem shaping approaches, leadership development, business education, and policy formulation through laws and regulation that promote mutual conduct. The authors appreciate the collaboration of participating companies in creating these cases.

These cases were first developed for the annual *Responsible Business Forum*, the convening event of the Mutuality in Business Project, a joint research programme between Saïd Business School, University of Oxford, and the Catalyst think tank at Mars, Incorporated. The *Responsible Business Forum* brings together global companies, MBA candidates, scholars and activists to share their experience in confronting key challenges in their ecosystems to generate financial, social and environmental value.

Saïd Business School

Park End Street
Oxford OX1 1HP
www.sbs.edu/mutuality-business

Author's Note: This is a descriptive case study, based on publicly available materials as well as on the information shared by the company described. This case study is not meant to provide critical analysis of the literature or information used to develop it. All errors and omissions are the authors' own.

Case Name Mars, Incorporated: Maua Project, Kenya



Mars, Incorporated is a family-owned business with six main divisions and over 80,000 associates in 78 countries. In 2014, Mars leadership announced its intention to make Mars the “most mutual company” in the world, building on the company’s core principles of Quality, Responsibility, Mutuality, Efficiency and Freedom. With this ambition in mind, in 2009 Mars’s internal think-tank, Catalyst, launched the Economics of Mutuality research project, dedicated to developing a new business model whereby mutuality drives a superior level of holistic business performance.

Ecosystem Pain Point

In 2013, in collaboration with Wrigley East Africa, Catalyst launched the Maua business pilot to provide a new route to market for Wrigley products. The pilot aimed to engage consumers in informal settlements and rural areas that were difficult to reach through traditional channels.

The social goal of Maua is to unleash the benefits of entrepreneurship and opportunity in challenging business contexts, particularly in impoverished areas that lack infrastructure and investment. Maua aims to build the non-financial wealth of the communities in order to grow flourishing businesses that substantially impact participants’ income and well-being.

Business Strategy

Maua is designed and managed using principles and practices that derive from the “Economics of Mutuality” approach. This entails engaging non-financial metrics to drive business performance in terms of profit and wider social benefits. The core strategy is to focus on investing in the community’s human and social capital, with the understanding that the success of the micro-entrepreneur and the wider ecosystem will also lead to benefits for Mars. With this aim, Catalyst has developed key business practices:

- Start where Mars’ business is not: rural or urban low-income communities.
 - Take an ecosystem approach to understand and address community pain points.
 - Create a “hybrid value chain” by establishing mutual partnerships with a variety of citizen sector organisations.
 - Unlock entrepreneurship and enable it to flourish.
 - Rigorously measure and manage performance with the new metrics of human, social and shared financial capital.
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Performance

The Maua programme has become a significant contributor to the Wrigley East Africa business, exceeding USD 7 million in profits and representing nearly 15% of total sales in this region. However, the programme is assessed holistically through factors other than business performance or financial gain alone. It seeks to deliver measurable results across human, social and shared financial capital. Maua is now run as an integrated part of the Wrigley’s Kenya business.

Prognosis

The Maua programme and the Economics of Mutuality have demonstrated financial sustainability and scalability. Work with local partners in Kenya is on-going to address the needs of participating micro-distributors. Parallel programmes have been successfully replicated in the Philippines (Project Bloom) and plans for the launch of similar route to market programmes are currently underway for India and China.

Making Business Mutual: Mars, Incorporated – Maua project, Kenya

Mars, Incorporated, mutuality and the genesis of Maua

Over the last decade, Mars, Incorporated has committed to assessing not only how the business performs financially, but also how it performs in terms of creating benefits across people, planet and profit.

In 2009, Mars' internal think-tank, Mars Catalyst, launched a multi-year, multi-disciplinary research programme called the "Economics of Mutuality" (EOM). This programme resulted from a crucial question John Mars put to management: "What should be the right level of profit for the company?" This question had both moral and financial implications. EOM explores whether mutuality, one of Mars' five principles, could be understood in simple and actionable business terms and whether a business based on mutuality leads to superior value creation for *all* stakeholders. Integral to this interest is the proposition that mutuality provides a "win-win" strategy, bridging the firm's interests in productivity and performance with its vision of benefiting those with whom it works throughout the value chains in which it operates.

At Mars, mutuality is described in terms of shared benefits – "a mutual benefit is a shared benefit; a shared benefit will endure" – and these are not limited to financial benefits. A further articulation of mutuality is the idea that Mars' success should not come at the "expense, economic or otherwise, of others with whom"¹ the company works. The concept of mutuality is fundamentally relational and it aspires to ensure the flourishing of all involved.

Within this context, Catalyst has been researching business model innovation to reach the billions of consumers at the "Middle of the Diamond" (MOD), the so-called Base of the Pyramid (BOP), while delivering the Mutuality premise. Where informal markets dominate, traditional metrics such as GDP per capita do not fully capture the potential business value hidden in latent, non-monetary exchanges. Hence, business at the MOD requires strategies that deliver both economic and social value. It also necessitates metrics to decipher and leverage the value of a community's social interaction patterns needed to building collective trust – in other words, its social capital.



The Maua pilot, launched in 2013 in collaboration with Wrigley East Africa, emerged from this research space. It was the first real-life test of the insights of the EOM research programme. Above all, the case explores the business proposition that, when mutuality drives business performance, greater value (including financial value) can be created than through profit maximisation alone.

¹ For further information on Mars' principles, see:
<http://www.mars.com/global/about-us/five-principles#mutuality>

Situating Maua and its dual objectives

The Maua programme aims to occupy a unique, transformational space in the quickly evolving world of responsible and inclusive capitalism and micro-entrepreneurialism as a pathway to poverty reduction and reaching BOP markets. The learnings from programmes such as Maua are not limited to BOP contexts. The findings have applicability across multiple business environments. Maua fits well within current definitions of social business or hybridity because it is profitable. However, it is designed to offer economic opportunities and social benefits. The broader aim of EOM is at the core of Maua, namely to prove that the real drivers of business performance are non-financial, and that business must manage and measure performance holistically. Therefore, Maua focuses purposefully on harnessing the non-financial resources that exist in poor communities, using the power of business to grow both financial and non-financial capitals.

Maua combines the clear business goal of establishing a new route to market with an integrated social goal of sustainability and mutuality. As a business, Maua seeks to expand the distribution of Wrigley products into informal settlements and rural areas – locations difficult to reach through conventional distribution methods – by engaging micro-distributors. This route to market project has helped solve a key “last mile” challenge for Wrigley and opened access to MOD markets.

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Maua ultimately pursues a double objective: a clear business goal – establishing a new RTM – and an integrated social goal of sustainably and mutuality
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In terms of its social purpose, the programme connects untapped entrepreneurial ability with an opportunity provided by a successful, established corporation. Through the programme, the entrepreneurs gain an economic opportunity, specifically access to a fast-moving and desirable product. The programme also serves as a platform for broader social benefits, including opportunities for participant-led coordination, group formation, as well as trainings and information sessions.

Mars acquired Wrigley in 2008. At the time of the sale, Wrigley recorded USD 5.4 billion in annual sales and employed 16,000 people globally. Of note, the Wrigley’s executive chairman, Bill Wrigley Jr., cited Mars’ family history and family ownership as an important touchstone and point of commonality between the two companies.

Recognising that targeting the MOD represents a future growth opportunity for Mars, the company set its sight upon Sub-Saharan Africa, where the MOD is expected to increase from 57% of the population (which will exceed that of China by 2040) to 71% in 2030, nearly doubling from 0.6 billion in 2010 to 1.1 billion in 2030. Although these consumers have limited income and limited access to formal markets, they nonetheless participate in the economy. For that reason, these consumers present an immense opportunity for companies that develop strategies for offering products and services that consumers want and can afford—preferably, in a profitable and mutual way for all parties. Focusing on this region therefore represents a clear opportunity to help deliver aspects of Wrigley’s global strategy to “reach billions of new consumers” and “extend success to everyone in our value chain.”

The selection of Kenya as the testbed for Catalyst’s EOM route to market model was twofold. First, Kenya was ideal given the size of the MOD. It provided a good sample in terms of income level range and spread, as well as demographic and health indicators. Furthermore, Kenya displayed a relatively good risk profile (compared with other African

countries), and represented a non-fragile, low-income country. Moreover, the social case for an intervention in Kenya was clear. Unemployment rates are well over 50% of the population, of which youth make up 75%. Forty per cent (40%) of the population does not have access to clean water and 68% lack access to improved sanitation facilities.

Second, as a Mars subsidiary, Wrigley maintained a significant presence in Kenya and has long dominated the market, holding approximately 75%. Wrigley products are distributed from the Nairobi factory to major retailers, which include supermarkets, petrol stations and chemists. Strong local networks with formal and informal traders, as well as good country knowledge and the presence of a Wrigley factory made Kenya an ideal choice. However, although Wrigley had a strong presence in the larger cities, it had no active route to markets in rural, suburban and very low-income communities.

In 2013, Wrigley estimated a customer class of nearly 18 million across Kenya, and believed half of this population could be reached through better execution of the existing business model. However, the other 9 million – traditionally considered unreachable as a result of their remote location or poverty– required an innovative route to market. Maua is a “last mile” programme designed to reach these remote populations in slums and rural areas. At the same time, it aims to create jobs to alleviate high unemployment, thereby delivering economic and social benefits to the community in which Mars operates.

Unleashing entrepreneurship at the middle of the diamond

Before launching the pilot, Mars conducted approximately one month of desk research followed by field visits. During this time, researchers studied in depth the community, as well as the living and working conditions of the potential entrepreneurs. With a green light from Wrigley’s East Africa division, Dandora, Nairobi’s principal dumping site located less than two miles from the capital, was selected as Maua’s first test site.

Maua entrepreneurs are mainly Kikuyu, reflecting the social networks and regions in which they were recruited. The programme is available to a wide demographic, and those involved vary from young, unmarried men to grandmothers helping with grandchildren’s school fees. There are those who left school after the fourth grade and those with university degrees. One participant is even studying for a medical degree. Approximately one third of participants had a primary school education and 19% had received university or technical training. Female entrepreneurs account for 28% of the group, and the entrepreneurs come from both rural and urban areas. Some carry as many as 80 brands of goods in their baskets. Others have additional jobs, including running photocopying businesses, hairdressing or washing laundry.

The Maua programme has incentivised the distribution of Wrigley products by creating the following categories of participants:

- **Stockpoints** – small wholesalers.
- **Uplifters** – a network of micro-distributors to bring products from Stock Points to the small shops (e.g., Dukkas or kiosks) and street vendors.
- **Hawkers** – people who sell directly to the consumer.

In a typical day, Uplifters and Hawkets gather the Wrigley product from participating Stock Points, paying on credit or with cash. The Uplifters then distribute the product to kiosk owners and other small-scale vendors, generally on credit. At the end of the day, the Uplifters return to the vendors to gather payments. By contrast, Hawkets collect the products

from Stockpoints and sell directly to the consumer. Crucially, although distributing rival products is discouraged, sellers are not constrained in the basket of goods they carry. This practice provides flexibility to the sellers and helps ensure the attractiveness of the scheme.



This practice provides flexibility to the sellers and helps ensure the attractiveness of the scheme.

Maua field officers meet with Stockpoints and Uplifters regularly to record their sales. These numbers are used to calculate a bonus payment for each unit sold. The bonuses are distributed at regular “share out” sessions that also

serve as meetings for participants and opportunities for training. As the programme has grown and participants have increased their earnings, Maua switched to paying the “share outs” via M-Pesa mobile banking, thereby reducing the necessity for busy participants to attend these sessions. Aside from sales data, the Maua field officers have non-financial KPIs (human, social and shared financial capital) and upload the data onto a dashboard.

Upon introducing Wrigley’s PK gum to the BOP market, sellers reported high levels of customer satisfaction with the product as compared to their major competitor, Fresh (Kenafric). Other Wrigley products distributed through Maua include Double Mint, Juicy Fruit and Big G.

Entrepreneurs at the Heart of Maua

Stakeholder journey mapping is a core step in building and managing Maua. Workshops and interviews are conducted with the stakeholders to understand what they want. This process entails gathering information on their pain points and insights to construct a stakeholder persona. The information helps identify and deliver attractive and effective offers. During this process, the stakeholders are considered in each stage of the journey. This method shifts the traditional paradigm of consumer-focused mapping, so that the stakeholders are truly centralised. Crucially, this ensures the needs and welfare of the micro-entrepreneurs remain at the heart of the programme. This mutual practice helps bring wider benefits for the ecosystem.

It is vital that the pilot benefit the lives of the entrepreneurs, not only to attract them to the scheme, but also to ensure the programme delivers mutuality across human and societal metrics. The economic opportunity granted to the entrepreneurs is clear. Additionally, this mutual practice brings wider social benefits such as the positive impact on social cohesion between the entrepreneurs and confidence in transferable skills gained from training.

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“As independent entrepreneurs, they wouldn’t have extra connections, tools and training, but if they join hands with us they get that and they walk a long way.”

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Maua Field Officer

The Maua initiative distinguishes itself from programmes focused on primarily accessing a new route to market. In contrast to other programmes, it engages individuals at the BOP by providing social programmes. The programme includes initial training and

introduction. It also offers monthly “share-out” meetings, which may feature motivational speakers or guests offering information on beneficial opportunities such as health insurance or microfinance. Although national health insurance exists in Kenya, many of those living in the slums are unaware of such programmes’ existence. The breakout sessions have proven valuable in bringing basic, yet vital, social issues to the community’s attention. In answer to the question of what they most valued in the training, respondents mentioned listening to guest speakers from the banking sector and learning about saving and managing money.

A Maua programme manager emphasised the importance of training and belonging to the Maua network: “As independent entrepreneurs, they wouldn’t have extra connections and tools and training, but if they join hands with us they get that and they walk a long way.”² The interviews conducted with entrepreneurs reveal that training was perceived as valuable for giving confidence along with skills and knowledge. One respondent said the training transformed her self-image: “I didn’t know I am a businesswoman before the training.”³ As this participant’s words highlight, the trainings often resonate with the independent entrepreneurs and some of the guest speakers have included entrepreneurs who have managed to pull themselves out of the slums and move to the city.

Sustainable Income	Business Support	Quality of Life	Social Support
Earn additional income from distributing popular Wrigley products	Receive direct support from Mars and Wrigley	Opportunity to improve the quality of life for themselves and their community	Make new friends + receive social support from the Maua community
Direct delivery of stock from Wrigley distributors at lower prices	Branded sales and merchandising tools e.g. T-shirts, name tags, cooler bags etc.	A livelihood programme that supports and empowers a network of micro-entrepreneurs	Learn best practices among peers
Competitive prices and exclusive products to drive demand from retailers	Regular training on business management, sales, marketing and leadership	Provide accesses to NGOs, microfinance institutions	Mentorship from Maua field officers

² “Mutuality in Business – The Maua Programme (Kenya), Mars Corporation,” Mars Catalyst/ Saïd Business School, (8 June 2015): 27 [Interview 03].

³ “Mutuality in Business – The Maua Programme (Kenya), Mars Corporation,” 29 [Interview 28].

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In addition to the training and share-out sessions, Maua entrepreneurs receive optional uniforms such as Wrigley t-shirts, as well as tools for performing work such as backpacks. Aside from the obvious advantages of backpacks in terms of ability to transport and display goods, Maua participants generally benefited from an association with a respected company. As one Uplifter explained: “They [customers] respect me because you are in a group. People will respect you more if you are in a group than when you are a regular hawker who is not in a group.”⁴ Even though they worked independently, the uniform gave them an important sense of group identity. As one entrepreneur put it: “Let me say [t-shirts are] not support but a form of motivation. When I see them I feel comfortable with work. I feel like I am in a team and not like I am alone.”⁵ This collective identity aided and motivated his work, allowing him to earn a higher income and the company to generate higher sales revenue.

Key practices: Hybrid value chains & multi-capital measurement

Central to the Maua programme design are two elements: the concept of hybrid value chains, and the measurement and management of multiple forms of capitals.

Hybrid Value Chains (HVC)

HVCs, which are composed of partnerships between private sector and non-profit organisations, are potentially powerful structures. As Brugman and Prahalad describe, in a HVC “both [partners] apply assets and competencies to a business that creates greater value for each than their independent efforts could generate.”⁶ The HVC can deliver value and market access, in a way that no single organisation can deliver on its own.

The Maua HVC relies on the core assets of Wrigley (e.g., brand, operational capacity, infrastructure and logistics), Mars Catalyst (e.g., innovative mutuality performance metrics), and the non-profit partners (e.g., mobilisation, social support, behavioural change and access to finance). Citizen sector organisations, including NGOs and academic institutions, offer a deep understanding of community needs, dynamics and social networks. For example, organisations such as Opportunity International offers access to finance and The Youth Banner provides mobilisation and behavioural change.

Bringing in external organisations allowed Maua to offer a wide range of information and services to participants. One of Maua’s key initial partnerships was with Technoserve, an NGO that focuses on creating economic opportunities for women in poverty. Through Maua, it helped organise recruitment training in the initial stages of the programme. Specific attention has been paid to offering opportunities for programme participants to access micro-credit and to form their own savings or table banking groups. Other partners include microfinance sponsors Kisi Country Youth Bunge Sacco, Joyful Women, JamiiBora Trust and World Bicycle Relief. Academic partners have been equally important, with the

⁴ “Mutuality in Business – The Maua Programme (Kenya), Mars Corporation,” 25 [Interview 32].

⁵ “Mutuality in Business – The Maua Programme (Kenya), Mars Corporation,” 24 [Interview 62].

⁶ J. Brugmann and C. K. Prahalad, “Cocreating Business’s New Social Compact,” *Harvard Business Review* 0702, (2007): 1–14.

University of Nairobi contributing, the Saïd Business School offering qualitative interpretation and the Paris School of Economics providing measurement and evaluation.

Rigorous Measurement of Human, Social and Shared Financial Capital

In order to understand the impact of Maua and how it functions on the ground, Mars Catalyst has undertaken regular monitoring, including quarterly and annual human and social capital surveys. It has also collected sales data and worked with researchers from the University of Oxford on qualitative interviews.

Mars Catalyst designed survey-based tools, in collaboration with top-tier international and local universities, to measure performance in three key areas:

1. **Shared Financial Capital:** To evaluate the mutuality in the value chain, specifically how the economic benefits are shared among its participants, in order to ensure a sustainable margin and wage.
2. **Social Capital:** To create an “index of social capital” at the community level, making it possible to compare social capital across geographies, communities and groups, as well as to describe trends over time. On the ground, the surveys identify three key dimensions of social capital (social cohesion, trust and collective action).
3. **Human Capital:** To create an index of “well-being at work” at the individual level.

Three types of measurement were used to assess Maua’s performance:

1. Traditional business metrics that accounted for the financial performance of the business.
2. Surveys conducted by Mars Catalyst that measured the shared financial capital, as well as the social and human capitals.
3. Qualitative interviews conducted by the Saïd Business School to gather in-depth insight to complement quantitative data.

Ultimately, this rigorous and holistic monitoring helps capturing complex information about the impact of Maua on people’s lives and has provided Mars with a unique opportunity to learn to operate and to craft a business model that can deliver social value on a large scale. This programme has demonstrated the potential to improve the lives of a large sector of the world’s population.

Prognosis: A flourishing start and promising future

Maua was quick to deliver success, demonstrating that a programme designed with a social mission could be financially profitable and scalable. In 2014, the programme reported double-digit growth. Starting with an initial seven micro-entrepreneurs operating in one slum area (Dandora), Maua has since grown to work with approximately 650 micro-entrepreneurs throughout Kenya and over 118 stock points. Between January 2017 and April 2017 alone, 357,000 bags of chewing gum have been delivered to stock-points, making over UDS 1 million RSV. The programme has generated total retail sales exceeding USD 7 million, a level of earnings significantly exceeding that of the conventional parallel route to market model. Since it has become such a substantial part (more than 15%) of Wrigley Kenya’s annual revenues, Maua is now managed as a separate business unit led by a Maua business development manager.

Results from survey and financial data, combined with qualitative interviews, show high levels of programme satisfaction by participants across most measures. Most participants have experienced financial benefits and enjoy the freedom of the work as well as the association with Wrigley. Success stories include examples of individuals opening new shops and buying new modes of transportation to expand their selling businesses and earning potential.

Despite the programme's many successes, the feedback has also highlighted important challenges and areas for improvement or further consideration. Participants face the financial and physical risks associated with selling and working in rural areas and informal settlements. They also confront the challenges of life with a low level of income, particularly for those who are unable to save. The need for improved transportation options in order to expand the number of customers an Uplifter serves was frequently raised in interviews. Transportation was consistently identified as a key constraint on earnings, both in terms of limiting a seller's reach as well as his or her ability to carry a large volume of goods.

The programme has proven scalable. Maua's success catalysed to the launch of Project Bloom in the Philippines in 2015, where Mars confectionary is distributed alongside Wrigley products. Bloom currently has more than 350 micro-entrepreneurs and is generating retail sales of more than USD 450,000. To date, a significant positive effect on wage, savings and overall well-being among Maua and Bloom entrepreneurs (both part-time and full-time) has been observed, along with substantial revenue and profit. The training courses offered through Bloom are more formalised than those in Kenya, with certificates offered after certain modules. In the future, Maua plans to adopt this feature in its own programme.

Although challenges persist, it remains clear that this innovative route to market model represents a promising leap forward in Mars' journey to extend success to everyone in its value chain. Moreover, Maua will continue to inspire and shape the design and implementation of Mars-led inclusive business projects across the developing world. Plans are already underway in Mars Catalyst for similar mutuality-driven "Entrepreneur Accelerator" programmes to be launched in China and India, incorporating the key learnings of Maua into their development. Ultimately, Maua has been successful in creating jobs, delivering profitable outcomes for the business and entrepreneurs alike. Above all, Maua has challenged the common perception that making business mutual requires trade-offs and cuts into the bottom line.

Saïd Business School

Saïd Business School at the University of Oxford blends the best of new and old. We are a vibrant and innovative business school, yet deeply embedded in an 800-year-old university. We create programmes and ideas that have global impact. We educate people for successful business careers, and as a community seek to tackle world-scale problems. We deliver cutting-edge education programmes and ground-breaking research that transform individuals, organisations, business practice, and society. We seek to be a world-class business school community, embedded in a world-class university, tackling world-scale problems.

Mars, Incorporated

Mars' approach to business has long since been guided by five principles – quality, responsibility, efficiency, freedom and mutuality. Together they inform and guide the actions of all Mars associates every day as they do their jobs and interface with the outside world. The Mars' leadership has tasked its economic research unit, Catalyst, to start new work into unexplored territory for business; to identify critical drivers of mutuality and, using business pilots, to develop and test new metrics and management practices that can help boost mutuality in business situations. This work is called the Economics of Mutuality.

The Oxford-Mars Mutuality in Business Partnership

On the back of these promising findings, a multiyear partnership with Oxford University's Saïd Business School was established in 2014 to focus on the development of a business management theory for the Economics of Mutuality with corresponding teaching curriculum, new management practices, and case study research. The research programme has combined the pursuit of normative questions – what is mutuality and how should it be enacted? – with grounded, ethnographic research on current thinking and practices. This has led to the development of field experiments and case studies examining how large corporate actors conceive of and pursue responsible business practices, and how these relate to their financial and social performance.

Saïd Business School
Park End Street
Oxford OX1 1HP

Mutuality in Business
T: +44(0)1865 422875
E: responsiblebusiness@sbs.ox.ac.uk
W: [Mars Catalyst Labs](#)
W: www.sbs.edu/mutuality-business