



## SABMiller's 4e *Camino al Progreso* training program

### Summary

SABMiller sells its products across Latin America through a value chain of very small retailers called *tenderos* from low-income communities, holding local grocery stores. By supporting these entrepreneurs with business skills, mentoring, life skills and networking, the company has accelerated their growth and social development whilst benefitting from increasing sales and improving livelihoods across its value chain. In 2013, the company launched a large-scale enterprise development program called *4e Camino al Progreso* (Path to Progress).

*Location:* Latin America

*Sector:* Retail

*Category:* Value chain development

### Key figures

- Targeting 40,000 *tenderos* across six Latin American countries by 2018 – and 190,000 *tenderos* by 2020

### Company background

Founded in South Africa in 1895, SABMiller plc is the world's second largest brewing company. It is also one of the world's largest bottlers of Coca-Cola drinks and produces a portfolio of wholly-owned soft drinks brands. It operates in 75 countries with around 70,000 employees in six different continents. Latin America is one of the company's fastest growing markets with 780,000 small retailers across the region.<sup>1</sup>

### The skills gap

#### *Developing skills across the value chain*

In Latin America, SABMiller sells beer and soft drinks through a value chain of very small retailers, or *tenderos*, who hold local grocery stores (*tiendas*). *Tenderos* are usually "survival" or "necessity entrepreneurs" as the income made from their stores is used to meet their families' day-to-day needs. In Colombia, for instance, the company estimates that revenues range from US\$130 to 315 per month. The *tiendas* have an average size of 40 square feet, the majority owned by women, and stock food, beverages, basic household goods and credit for mobile phones. In low-income countries, entrepreneurs such as *tenderos* and small and medium enterprise (SMEs) account for 80% of employment but less than 20% of GDP, and so helping them develop is a business imperative for SABMiller.<sup>2</sup>

<sup>1</sup> Jenkins, Beth, Richard Gilbert and Piya Baptista. *SABMiller's Approach to Strengthening Business Ecosystems*. Harvard Kennedy School, Corporate Social Responsibility Initiative. 2014.

<sup>2</sup> Harvard Kennedy School's CSR Initiative and Business Fights Poverty, op. cit. p.6.

Located in low-income communities, the constraints for *tenderos* are numerous: lack of financial literacy, rudimentary inventory management skills, and insufficient knowledge on pricing and how to differentiate stores from the competition. However, as the stores tend to bring together people and form social hubs (on average, one small store serves 50 families), the *tenderos* often provide advice and services beyond their business, and are seen as persons of reference in their communities. As such, they can be considered ideal figures to lead initiatives that benefit the community.

The development of suppliers, distributors and retailers in SABMiller's value chain through training, mentoring and access to finance and technology is a core part of the company's sustainability strategy.<sup>3</sup> There are also targets in place to directly support over half a million small enterprises with the aim of enhancing business growth and family livelihoods by 2020. Currently the company works with 50,000 smallholder farmers and 68,000 micro-retailers and entrepreneurs worldwide.<sup>4</sup>

### SABMiller's solution

#### *4e Camino al Progreso*

By focusing on improving the livelihoods of *tenderos*, with a particular focus on the 70% of female retailers who are also heads of households, SABMiller realized it could have substantial impact on individuals, communities and society as a whole while relying on this channel to reach the consumer. It was with this objective that the company launched its social program *4e Camino al Progreso*.

The program aims to improve the leadership and business skills of *tenderos* by providing them with training courses and mentoring. As the shops become more efficient and appealing to consumers, income rises and thereby *tenderos* have the opportunity to lead more fulfilling lives and even become community leaders.

*4e Camino al Progreso* was built on the best practices and previous experiences gained from pilot projects run by SABMiller, such as the *Progresando Juntos* program in Peru and El Salvador focused on improving business skills, as well as the *Oportunidades Bavaria* project in Colombia providing microcredit for small retailers. The latter was launched in 2009 with the aim of improving the business performance and quality of life of small-scale shopkeepers and was extended in 2012 to include business training. This was eventually scaled up to develop the *4e Camino al Progreso* program, launched in August 2013.

To create the program, SABMiller partnered with specialist research firm *MindCode*, conducting an in-depth study on the aspirations, desires and dreams of *tenderos* in order to establish what would make them more fulfilled in their day-to-day lives. The answers that came out were of two kinds: firstly, the *tenderos* wished to have more successful and growing businesses; secondly, they wanted to improve the quality of their private lives,

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<sup>3</sup> This is one of the five main objectives of SABMiller's sustainability strategy, along with discouraging irresponsible drinking, making beer with less water, reducing waste and carbon emissions, as well as supporting sustainable use of land.

<sup>4</sup> SABMiller, Sustainability, Growth and Development, [www.sabmiller.com/sustainability/shared-imperatives/growth-and-development](http://www.sabmiller.com/sustainability/shared-imperatives/growth-and-development)

self-esteem and secure better opportunities, such as education for their children or home purchasing, and to help the communities around them.

Building on these insights, SABMiller designed an initiative with the objective of training *tenderos* to not only be better business people by running more efficient and appealing shops, but also to build leadership skills to take on responsibilities at community level. To carry out this initiative, SABMiller partnered with FUNDES, a private development organization that focuses in micro, small and medium enterprise development. FUNDES consultants and SABMiller sales personnel work closely and are in direct contact with the *tenderos*.

The training program is divided into four stages, with each stage consisting of 6 modules taught in 35 hours; and 3 components. The stages are:

1. *Responsible Tenderos*: focus on basic business skills such as displaying products, sales, customer service in order to raise income;
2. *Sustainable Tenderos*: classes on sustaining long term resistant businesses, on cost and expenses structures, inventory rotation, and about making a life plan;
3. *Excellence Tenderos*: ideas are explored for doing something for the community, plus classes on recycling, responsible beverage sales and diversification of products and services;
4. *Leader Tenderos*: classes on developing the microentrepreneurs as a community leader and converting the shop into a meeting place for neighborhood development.

The *tenderos* go through these stages in classrooms of 25 over 12 weeks. In addition and in parallel with the stages, the program comprises 3 components: a diagnosis to identify the *tenderos*' strengths and weaknesses; training for *tenderos* to be more competitive; and a one-on-one advice in their own shops with mentors to apply what they have learnt in the classroom.

The content of the courses has been adapted in language and form to the social and cultural conditions of each of the six countries in which they are deployed (Colombia, Peru, Ecuador, Panama, Honduras, and El Salvador).

Overall, SABMiller will invest US\$ 17 million to benefit 190,000 *tenderos* in seven years. Project 4e will receive a US\$ 3 million grant from the Multilateral Investment Fund of the Inter-American Development Bank in 2015 to complement the US\$ 17 million that the company has invested to deploy the training.

## The results

Targeting 40,000 *tenderos* across six Latin American countries by 2018, and 190,000 by 2020, the program aims to improve business skills and leadership through the provision of training courses and mentoring. Overall, SABMiller believes that via this program, it could touch up to 10 million people directly and indirectly by 2018.

SABMiller has observed sales growth, retailer loyalty, reduced costs and risks, profit increase, retailers gaining higher income, reported better living conditions and four fifths of

participants stating that the program has raised their self-esteem, developed their competences, and created an interest in their respective community. *Tenderos'* total sales grew by 13% and it is expected to grow to 30%.

SABMiller is committed to “work with partners to measure overall number of enterprises supported, income, job quality, and employability, with a specific focus on women.”<sup>5</sup> The impact of the program is being measured using a Social Return of Investment methodology with a baseline of April 2014. Expecting to publish initial results by October 2015, the measurement process looks at the jobs created, income generated and the change in life conditions on four levels: business, personal, family, and community.

This enables the company to determine if the final purpose of the project, to give *tenderos* the tools to become agents of change, is being met. SABMiller's aspiration is that the project not only reaches the target of 190,000 small retailers by 2020, but that it creates a model that can be replicated and improve people's lives across the globe.

Already a year into the project, SABMiller intends to expand its scope in different ways. Firstly the company's salesforce database is expected to play a critical role in ensuring continuous communication, by tracking the project and trainees. This will help create a mentoring system to continue to work with the entrepreneurs after the training. Furthermore, the company intends to introduce technology into the training activities and will pilot a project in Latin America this year. On a larger scale, the company is looking to transform the 4e program into a platform that other consumer goods companies can participate in.

## Challenges

**Finding the right partners and creating the business ecosystem** – One of the main challenges that followed was to find partners to collaborate with, especially as the program had to be tailored across six different countries, but with one commonality of targeting small retailers. SABMiller partnered with experts along the process, from enterprise development agencies for scoping, neuroscientists for the surveying, to consultants for tracking the process. The company is also in the process of bringing local authorities and organizations to the program by helping governments use the 4e channels to reach the most vulnerable.

## Key success factors

- **Support from senior management** – In the case of SABMiller, top executive support was the catalyst for launching the 4e program as the President for Latin America was at the origin of a top-down movement to genuinely affect the lives of the people working in the company's value chain. In collaboration with the social development team, who already had insights and knowledge about the communities in the company's operations, the project scoping was launched.

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<sup>5</sup> SABMiller, Sustainability, Growth and Development, [www.sabmiller.com/sustainability/shared-imperatives/growth-and-development](http://www.sabmiller.com/sustainability/shared-imperatives/growth-and-development), accessed September 10, 2014.

- **Effective internal communication and justification** – It was at this stage that it was necessary to engage with other parts of the company, especially the sales team, to explain the value of investing in such a project. The in-depth study conducted by neuroscientists was essential for finding the insights that would unite the company behind a common objective. Identifying this, communicating it to all the internal stakeholders proved to be one of the key success factors for the program.
- **Leverage of business expertise** – Core business knowledge was incorporated into the training program.
- **Leverage of scale** – Necessary to develop regional programs that single countries cannot achieve alone, as well as attracting influential partners.
- **Strengthening business ecosystems** – Raising awareness and aligning incentives to create more successful business communities was an integral key success factor of the program.

*This case study is part of a booklet issued in early 2015 titled [Meeting the skills gap: Lessons from the private sector](#). The publication was produced in collaboration with the Let's Work Global Partnership, and provides insights into solutions put in place by ITC, SABMiller, and Vale, three WBCSD member companies with a significant presence in emerging markets. They have taken proactive steps and initiated training programs that empower not only their workforce, but also their suppliers, retailers, and the surrounding communities.*

