**G-Lab: G-Lab: Mercy Corps, Indonesia**

**Using business principles to address malnutrition**

**Michael:** Hello and welcome to another MIT Sloan podcast, my name is Michael Perrone and I’m here with Chris Lin, Emily Sporl, and Libby Putman. Hi guys. So the three of you worked as part of a team for G-Lab in Jakarta. What company did you work with?

**Chris:** Mercy Corps in their Indonesian office.

**Michael:** And what does Mercy Corps do?

**Chris:** Mercy Corps is a global NGO that does a lot of different things ranging from disaster relief to preventative and addressing things like malnutrition and things like that so they have a whole range of issues that they work on across the world.

**Michael:** And what was the project they called you in for?

**Libby:** So, as Chris mentioned, Mercy Corps has a lot of different projects they work on. The program we were working on specifically is called KeBal which was a program they started to address malnutrition for kids under five and it was specifically targeting the food that they were eating on the street because that’s the major ways that moms were feeding their kids were through street carts. So we thought that that was a good distribution model to get healthy food out to kids instead of the unhealthy food that they were currently eating.

**Michael:** So what kind of preparation did you have before you worked with them directly, before you went there?

**Libby:** So for September, and October, and early November we spoke with them over conference calls to better understand the existing program and how that was working to date. And then on our side, we were looking at the business models. They wanted to scale it up and spin it off as if it were a profit business, so we were looking at different types of models they could use to make that possible.

**Michael:** A lot of G-Lab groups, once they interact more directly with their organization find a very different picture, or find that it’s a very different experience when it’s not via conference call. Was that the case?

**Emily:** I think, to their credit the Mercy Corps folks did a lot of really great prep work initially. And we were always very clear about what we were trying to get from them...
and they were very good about getting that to us. And so I didn’t feel like we had too many surprises, I mean I think, you know, once we were on the ground there were definitely a couple of, sort of environmental issues that were maybe different than what we were expecting, but I think that would be normal given our situation.

Libby: Yeah I think I would back up Emily on that. I think there was nothing about the organization that was surprising. In fact, what was surprising was that there weren’t surprises probably. It was an extremely well-run organization and the two women we worked with on site were fantastic. And like Emily said, they did a lot of preparation for our visit to make that go very smoothly. I think what was surprising was maybe, I don’t think any of us had been to Indonesia before and so actually understanding the culture there and some of the experiences we had, understanding, you know, exactly how the program was working, what the conditions were like in the neighborhoods we were visiting, that was what was different than what maybe we realized before getting there.

Chris: I think mentally we had been prepared for some surprises because through G-Lab class and the fact that there’s been all these previous G-Labs in the past and there have been all these changes either you know, in the fall when we’re doing prep work or most likely on site, we’re ready for some big shock. And like Libby said there wasn’t any big shock. The biggest surprise was the lack of surprises. Kind of the deliverable we said we were going to do around kind of the middle of the fall was pretty much what we said we were going to do at the first day on site, or second day on site when we talked things over with them again. And that’s pretty much what we delivered at the end. So things went very well. I think again largely to their credit, they were a very well organized non-profit, and they were running their pilot program very well. And I think what we brought in was that business perspective which, again was not necessarily surprising. We knew they were not a business organization so that wasn’t a surprise to us that they didn’t have as much kind of that business terminology and background and things like that.

Michael: And what exactly was the deliverable?

Libby: Yeah so the three things that we delivered to them were a financial model for them to look at, actually growing in the business, how quickly did they need to grow at, how many centralized cooking centers they needed to open, things like that. We also gave them an organizational plan. So right now the program was under the umbrella of Mercy Corps and they’re going to spin it off as its own separate for-profit business without any staff really eventually from Mercy Corps. So they to think about how would they structure that business, what would the organization itself look like. And the third thing we gave them was sort of a 100-day plan, which is really an idea of you know, what are the major decisions and challenges they’re going to face, what our recommendations about how to approach those, and some recommendations about what we thought they should do in some of those situations.

Michael: Now do any of you in your pre-MIT Sloan lives have any sort of backgrounds with any sort of similar work?
Chris: I was in management consulting before and this is somewhat similar in process but not necessarily content I’d say. But in terms of the process it was actually a fairly similar type of work. And it’s probably actually fairly similar to a lot of casework we do in the MBA program. I mean a lot of it is, here’s a situation, what are your recommendations, what would you do, and that’s ultimately I think kind of a lot value that we did is a lot of recommendations. The financial model was a tool for them to help them develop strategy and things like that. But yeah I think the consulting work I did before was pretty similar.

Libby: Yeah, I mean I worked in publishing so it was a very different industry here in the U.S. But one of the ways that we sold our books was through a home selling model where you empower individual women to be selling books in their communities. So in that way, the idea of creating entrepreneurial opportunities for these individual street cart vendors, and sort of the challenges you have as the overall organization are the same. How do you train these people, how do you line incentives, how do you make sure that the message you’re putting out is the message they’re putting out to your customers? So some of those problems were interestingly very similar even though it was a very different environment.

Michael: You mentioned that, you know, there were no surprises working with Mercy Corps, but there may have been environmental things that you couldn’t have predicted without being in Indonesia. Could you elaborate on what any of those may have been.

Emily: Sure I mean one of the, I think one of the more interesting ones was when we got there, we were sort of evaluating a franchise model for them. You know what that entailed for us was coming up with an incentive structure financially that would make sure that different people at different levels of the franchise were doing what we wanted them to do and, you know, you do that through things like, you know, franchise fees, or royalty payments on revenues and things like that. And so, you know, trying to align relationships that were purely business-oriented. Whereas, you know, when we looked at franchises sort of in the area a lot of them were family based. And so you got loyalty because you were the cousin or the son or the nephew, you know, and so there was a little bit looser standard and things were sort of aligned that way. And so the concept of having an incentive structure for a purely business relationship seemed a little unorthodox. And that was an interesting thing to try to explain to people that we were working with on the ground and work through and develop.

Michael: Thank you guys.