



Moving Forward: The role of transport & logistics in bringing social enterprises to scale

Overview of survey results

Executive Summary

For centuries, transportation and logistics have played an instrumental role in socio-economic development and progress. Today's global economy relies more than ever on international logistics chains to connect markets, people, businesses, and countries. Billions of people around the world depend on logistics for a steady supply of food and goods. The magic of the logistics that connect producers on one side of the planet to consumers on the other is how seamless the whole process appears to be. Rendering the process invisible are companies like Maersk Line, one of the largest container shipping companies, and Geodis, one of the largest freight management companies. These companies are increasingly extending their reach into developing countries as well, including low-income countries and developing countries, by providing shipping, delivery, and freight forwarding solutions. Their combined expertise translates in the ability of assisting customers in managing complex supply chains and in unifying under one process all stages of the delivery of goods from producer to consumer via land, sea, air or a combination of the three.

Not surprisingly, social entrepreneurs too have incorporated transport and logistics infrastructure in their operations to support and fulfill their causes both at a local and global level. Social entrepreneurs and socially-driven enterprises are often the engine behind the global threads that connect products and services to the people who need them the most. Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems across various fields ranging from health to education, economic development and housing. Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities to improve systems, invent new approaches, and create solutions to change society for the better. They often rely on global logistics to deliver their services and products – and to bring change to the communities they are serving at large scale.

Currently, such enterprises use whatever transportation solutions are available to them in their region of operation to facilitate transport of goods such as vaccines, technology or perishable goods. However, it stands to reason that more efficient logistics solutions will positively and significantly influence the efficiency and impact of social enterprises.

To this end, leading companies in global transportation and logistics, Maersk Line and Geodis in collaboration with Ashoka have made a first attempt at evaluating transportation and logistical needs of social enterprises to explore the importance of efficient logistical solutions in bringing social enterprises to scale.

"We have lost years in our expansion efforts due to poor logistics support."

Kovin Naidoo, Deputy CEO, Brien Holden Vision Institute, Ashoka Fellow

Survey Participants, Methodology, and Findings

To understand the transportation and logistical needs of social enterprises, a survey was conducted between November 2014 and January 2015. The survey targeted social enterprises for whom transportation or logistics currently features as part of the operating model or is expected to feature in the near future. 95 organizations from 35 countries contributed to the survey presented in this report.

The survey findings point to the challenges experienced by social entrepreneurs with their current logistics solutions. Problems like delayed delivery, damaged goods, as well as occurrence of unexpected custom taxes have been faced alongside the lack of support and accountability across the transportation process. The biggest challenges are seen in high costs of transport and low volumes translating into low negotiation power and complexity in customs procedures.

An inadequate or substandard logistical infrastructure becomes a barrier to growth for social entrepreneurs. Delays and uncertainty affects the whole supply chain, making it increasingly difficult for teams to plan and execute a smooth flow of traffic and to control the quality and timing of the offered service. Often, in order to cover the costs of additional transport and warehousing, products become more expensive and less affordable by the end user. These costs and the complications involved can be enough to prevent social enterprises from attempting to enter the global marketplace.

It is hoped that the results of the survey will contribute to the emerging research on social enterprises and provide a basis for discussion and action on how improvements in logistics and transportation services for social entrepreneurs could unblock the potential of their innovations to reach a higher number of people across the globe. Furthermore, it informs Maersk Line and Geodis on the potential need for developing customized logistical solutions and transportation concepts that can cater to this important segment in the global economy, thereby further accelerating the sector's positive impact on society.

"Import-export barriers are one of our greatest limitations for scaling up our water solutions in Mexico and Latin America. Lack of knowledgeable customs agents have resulted in material losses, inability to import important supplies, high taxes (when as a non-profit we could avoid some of them), and long delays. We are very interested in working with a logistics/transportation company that understands and sees the value of social entrepreneurs."

Fermin Reygadas, Executive Director, Fundacion Cantaro Azul, Ashoka Fellow

"We want to create integrated delivery through cross-sector collaboration to make logistics cheaper, faster, better and easier."

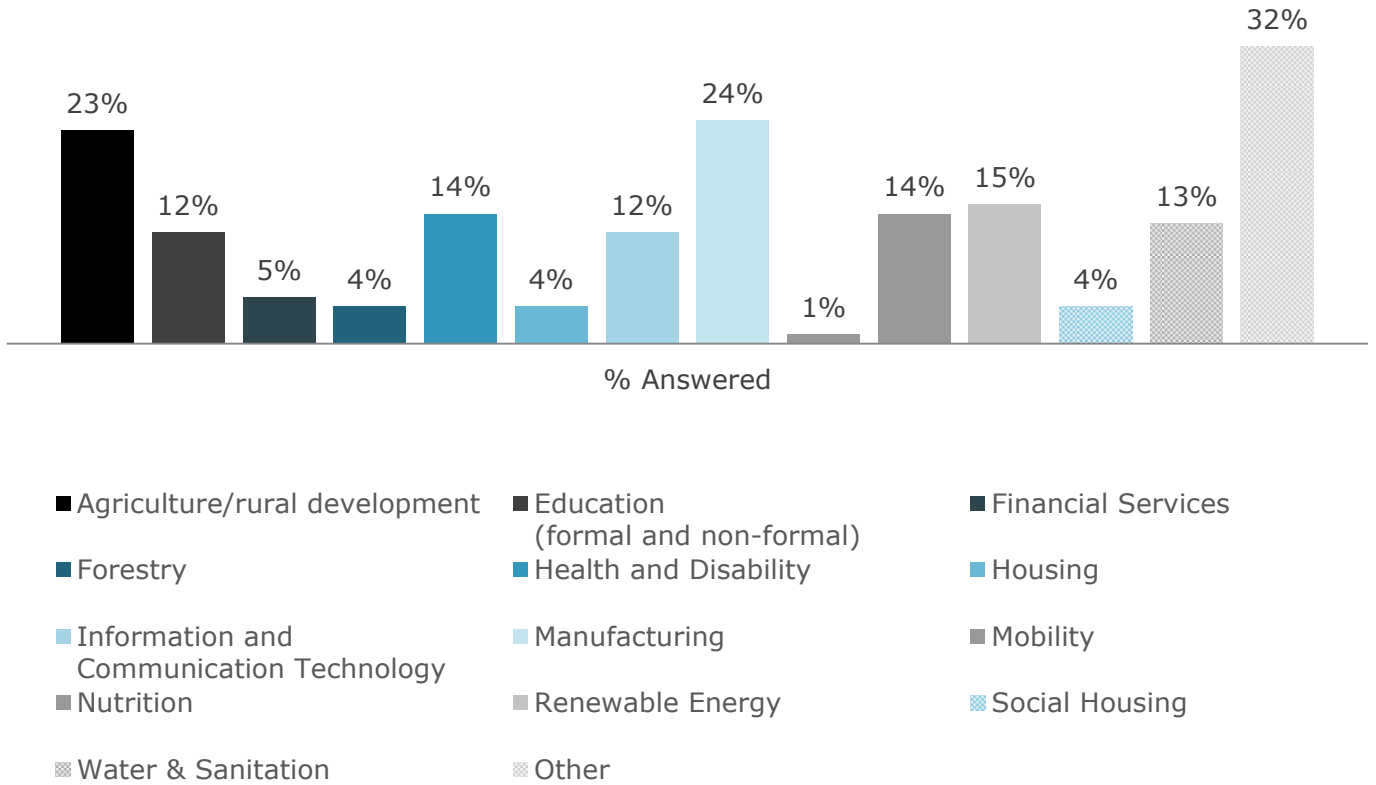
Jack Sim, Founder, World Toilet Organization & BOP HUB, Ashoka Fellow

Analysis of the Results

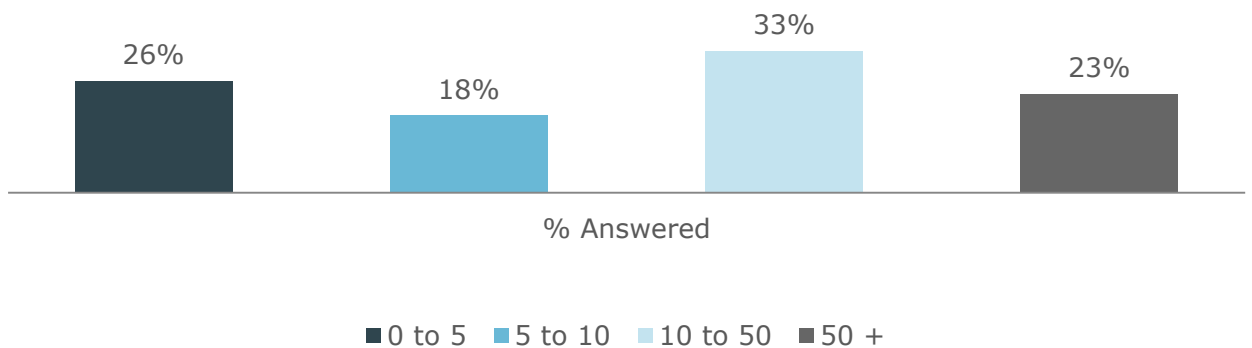
The results of the survey were analyzed and structured under the following sub-sections:

- Profile of the organizations surveyed
- Mapping of current logistical needs
- Challenges faced by social enterprises
- Relevance of logistical services to social enterprises
- Differentiators to social enterprises

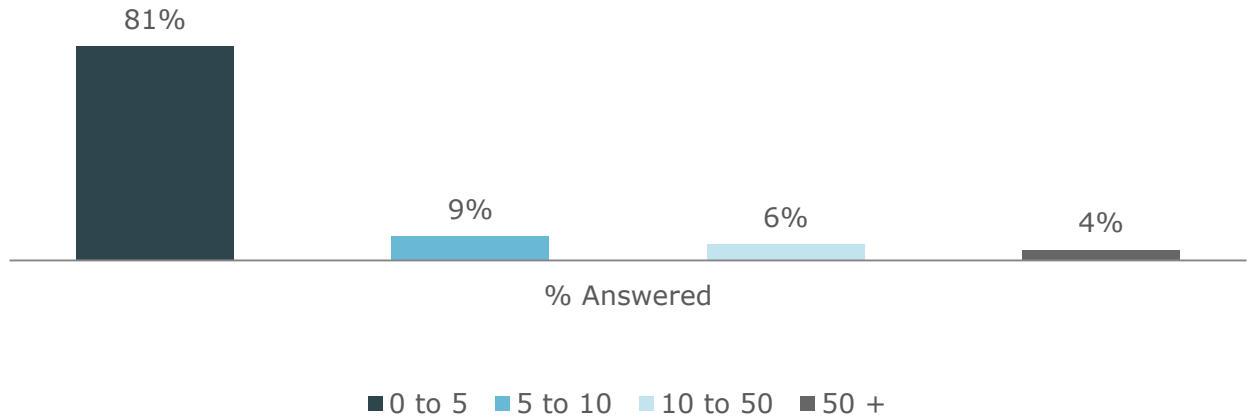
Surveyed organisations by activity



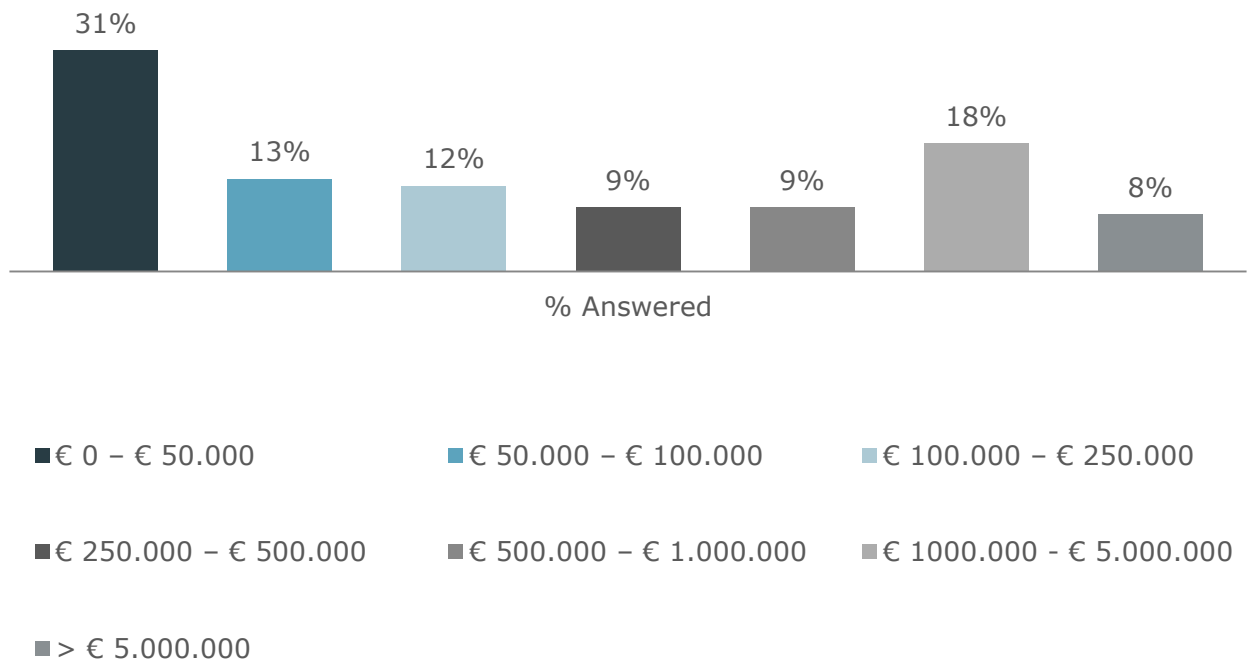
Number of employees in surveyed organisations



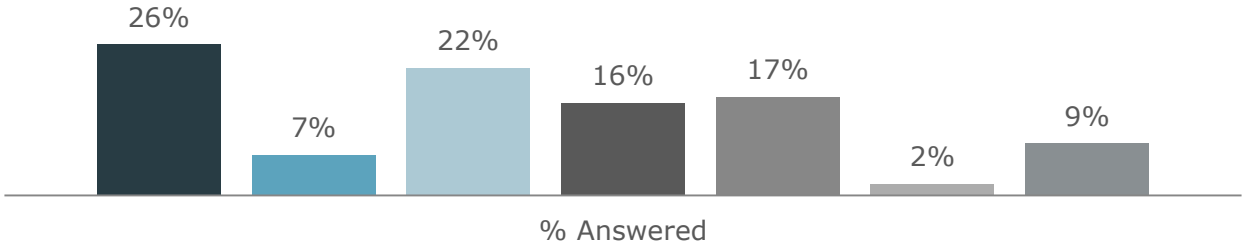
Number of employees dedicated to logistics



2013 Turnover

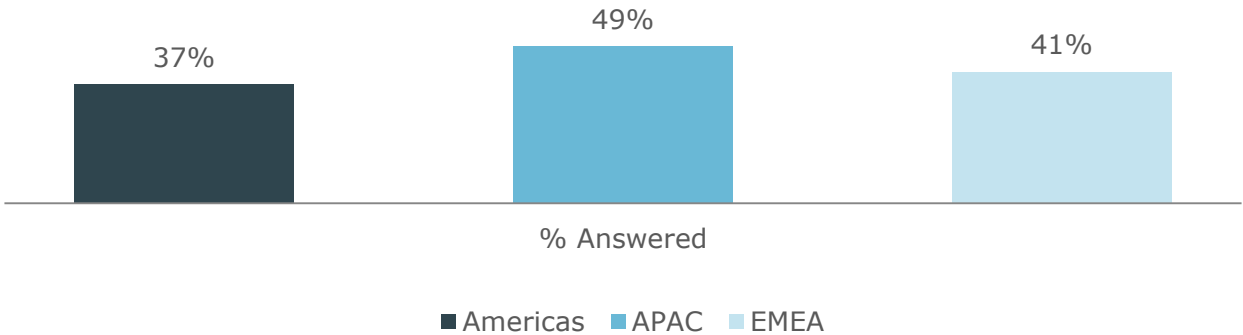


Type of organization

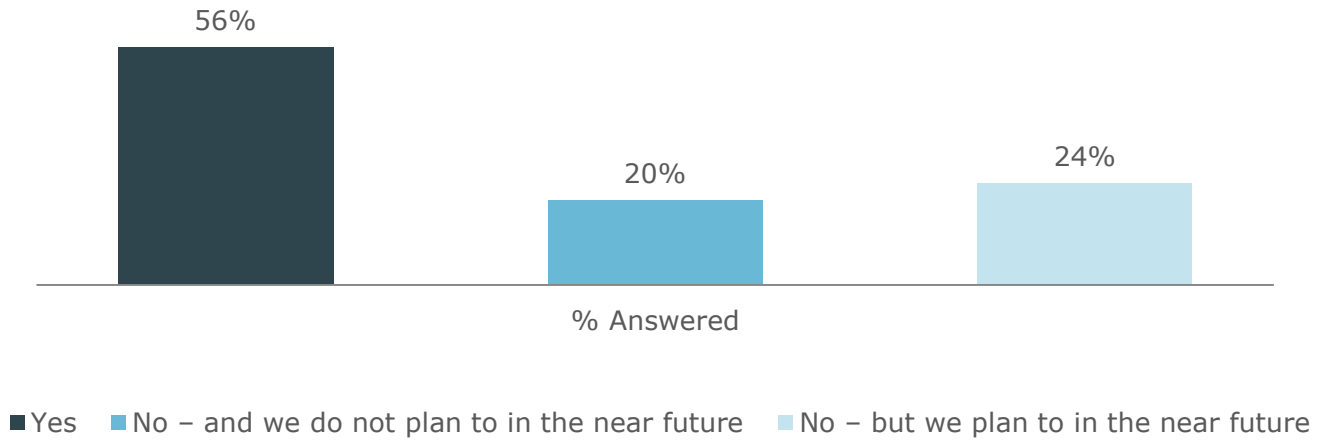


- Non-profit with revenue generating activities
- Non-profit without revenue generating activities
- For-profit where some profits are reinvested in the social mission
- For-profit where all profits are reinvested in the social mission
- Pure for-profit but with social impact as an explicit purpose
- Registered B-Corporation
- If other, please specify

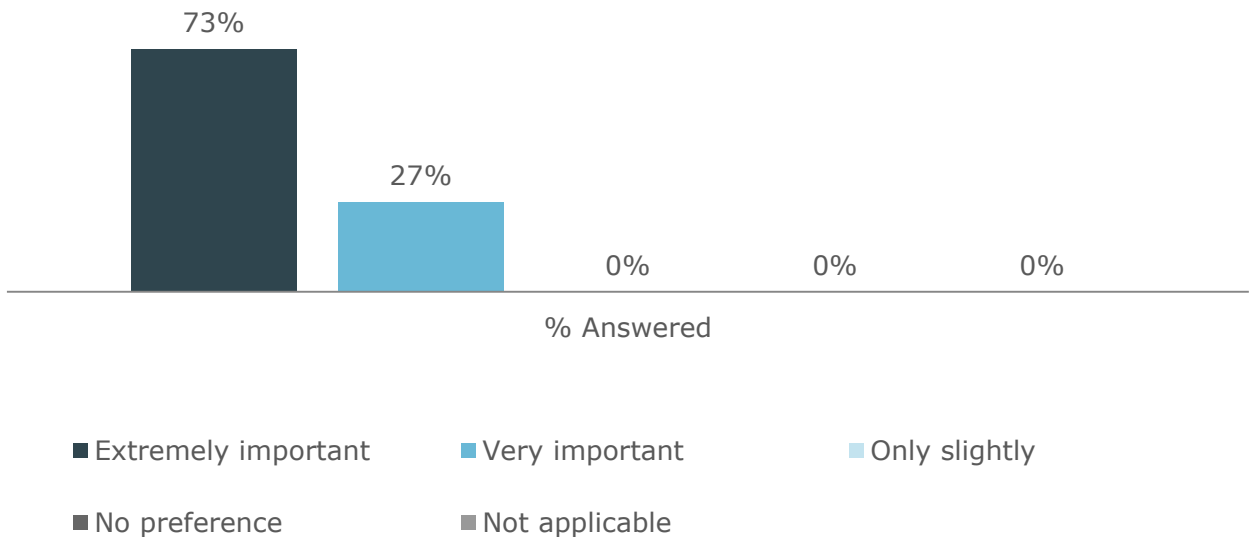
Regional scope



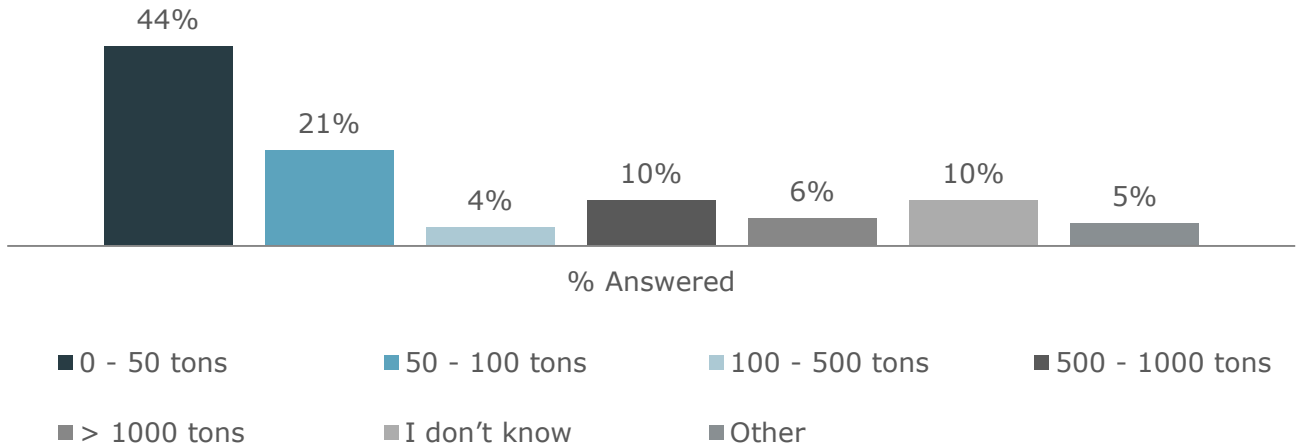
Relevance of transportation & logistics to your business



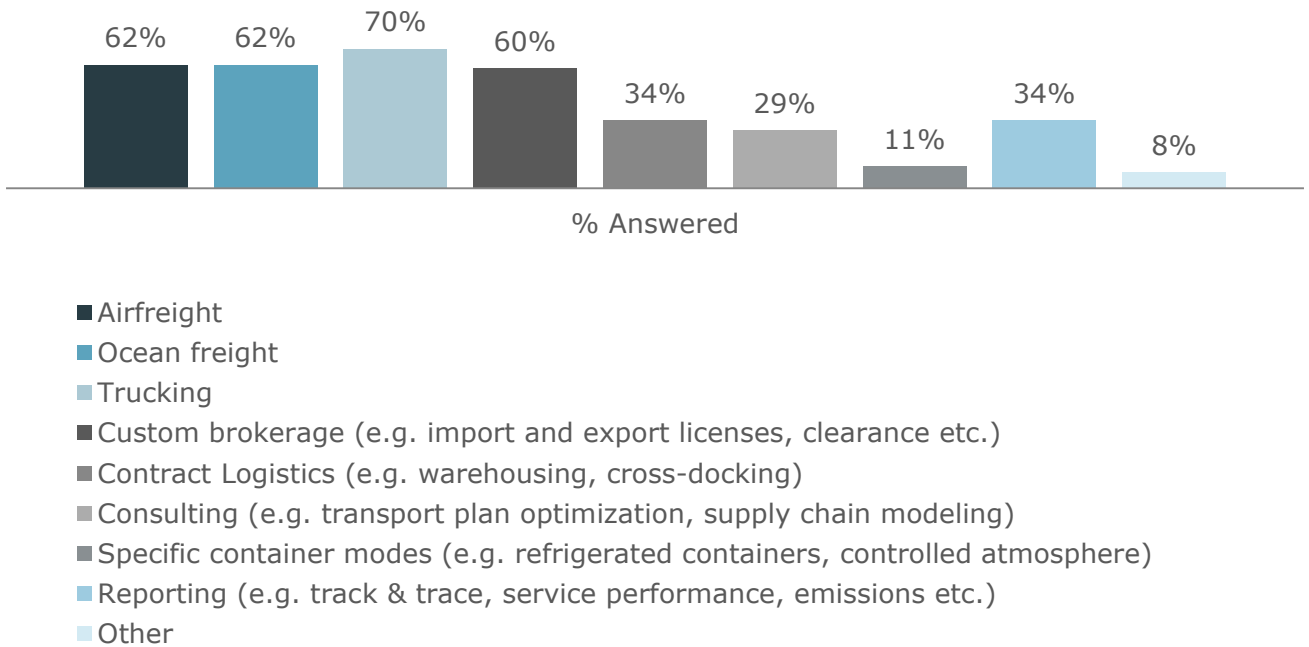
Importance of logistics and transportation for the current and future success of your organization



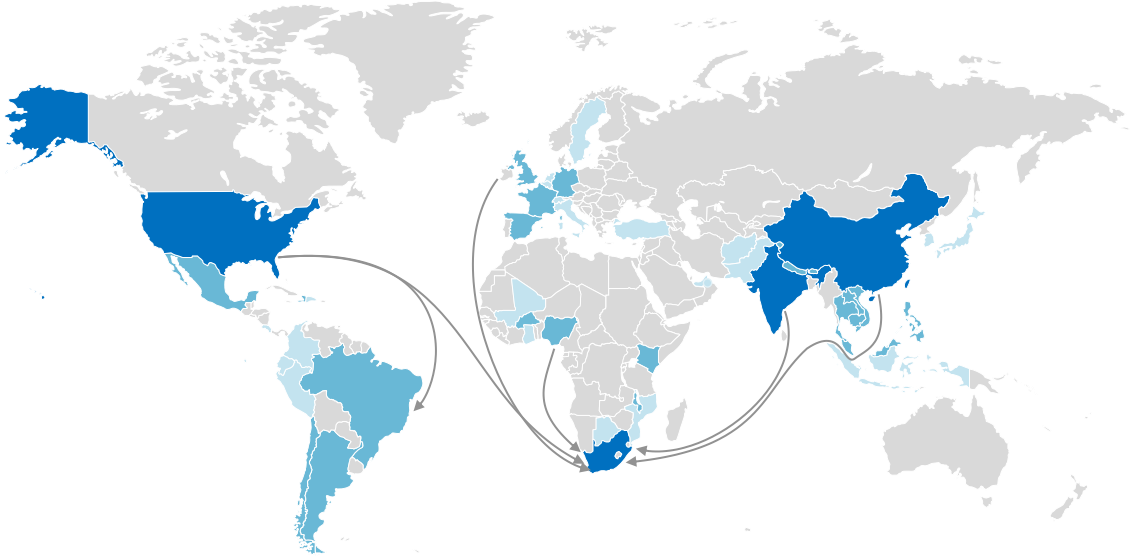
Tonnage currently transported per annum



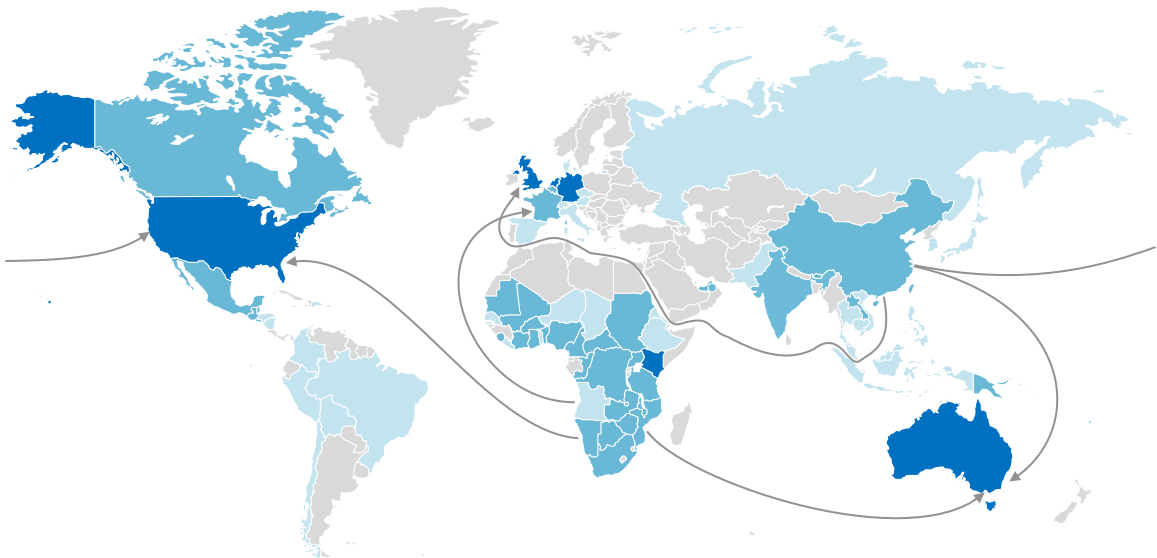
Types of transportation and logistics services required by your organization



Countries transported from



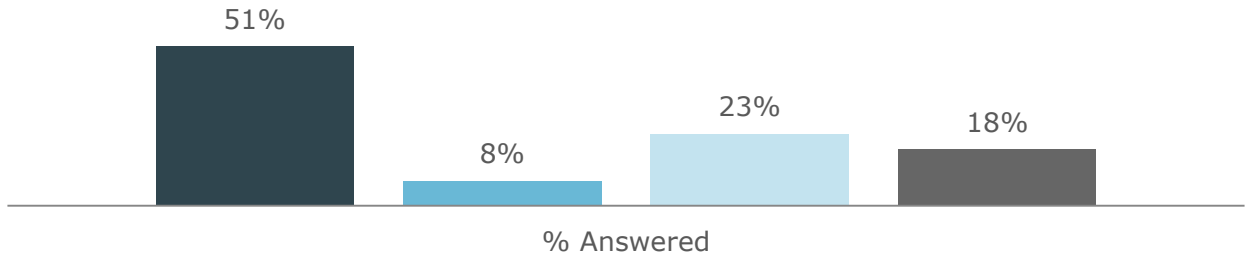
Countries transported to



Highly Featured

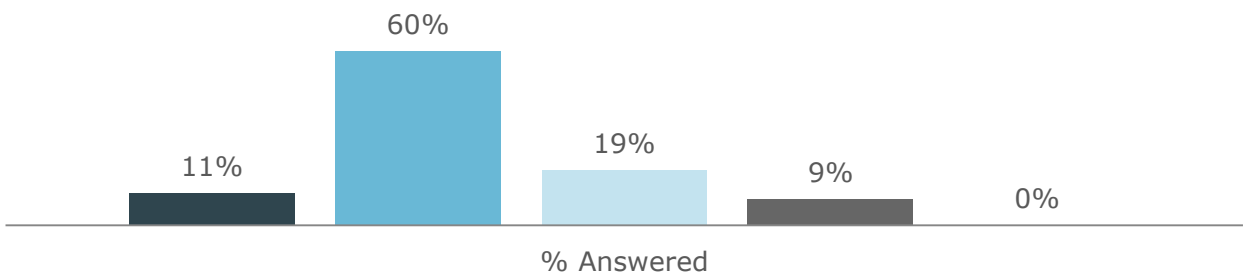
Not Mentioned

The way logistics and transportation needs are managed today



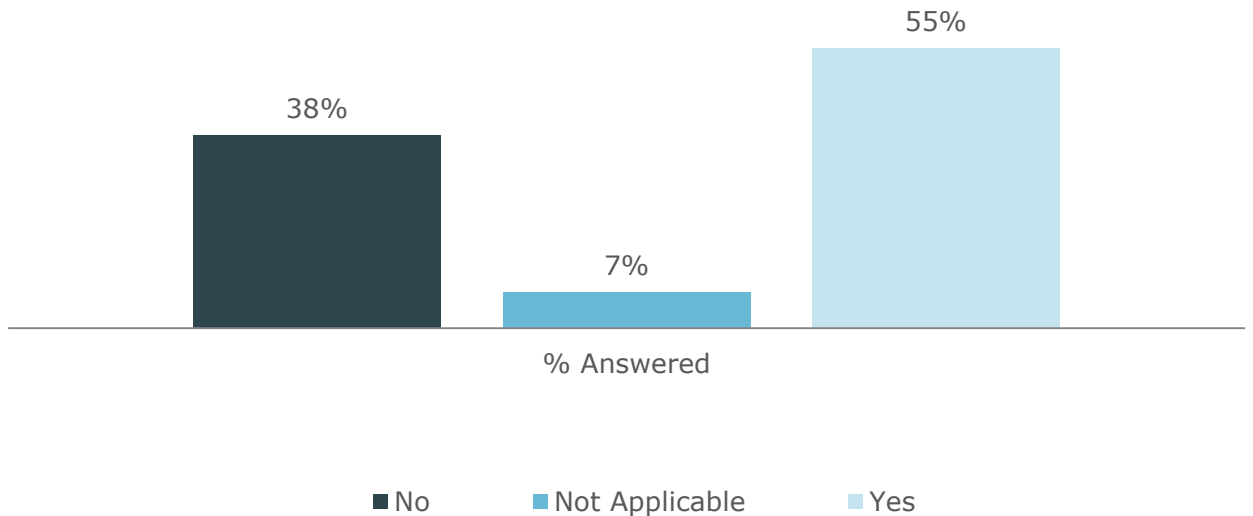
- We have our own employees dedicated to distribution, transportation and logistics
- We have outsourced all services to one logistics supplier who sources transport on our behalf
- We have outsourced all services to several logistics suppliers who sources transport services on our behalf
- Other

Success of current logistics solutions



- Not successful
- Somewhat successful
- Successful
- Very successful
- No idea

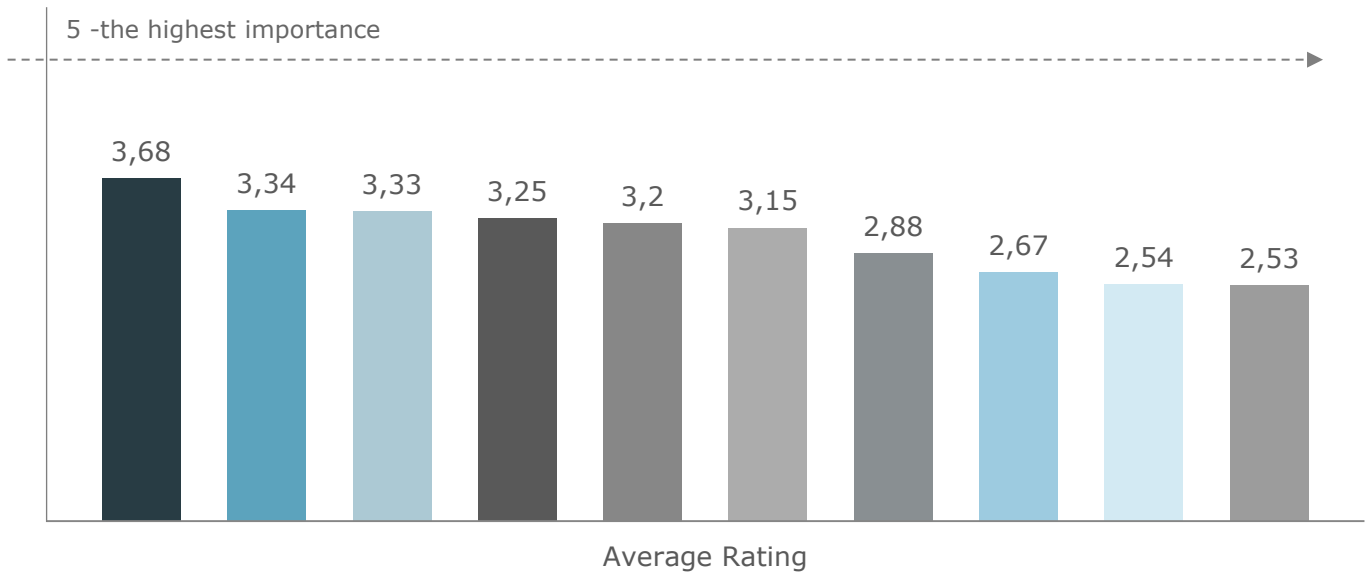
Problems, incidents or anomalies with operational logistical service during the last 12 months



Main problems mentioned:

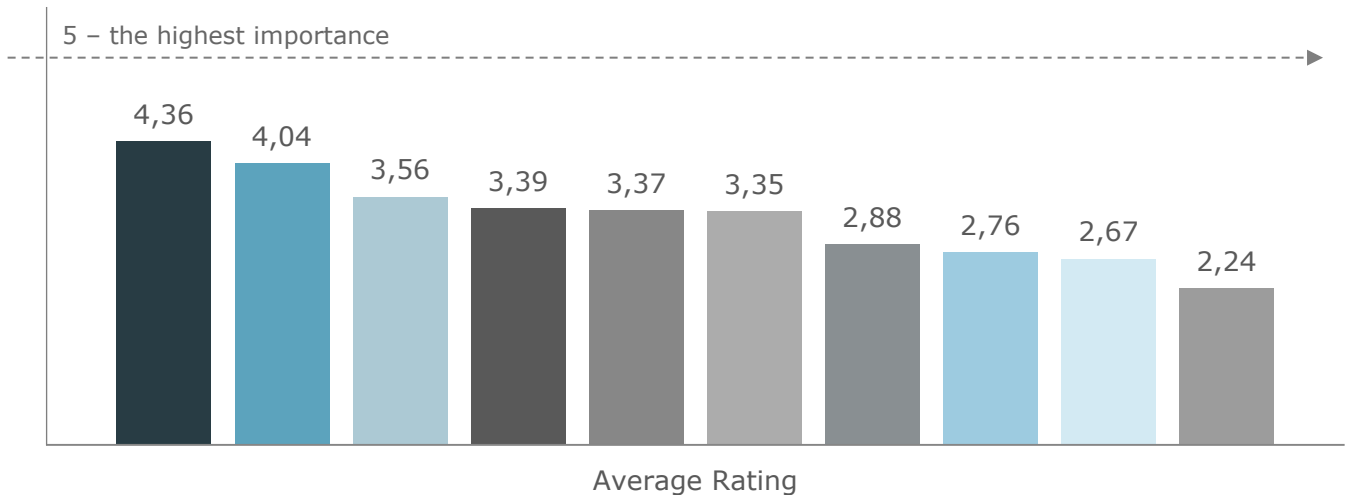
- Delayed delivery due to customs issue
- Mis-shipments
- Availability of empty containers, port & vessel congestions
- Unexpected custom taxes
- Much higher billing than agreed upon
- Damaged goods
- Loss of business due to delays in delivery
- Lost goods
- Blocked cargo in customs
- No deals or discounts available
- Non food grade containers supplied

Main issues with logistics and transportation providers you have faced in the past



- Operational Quality issues
- Unsupportive approach
- Unforeseen costs
- Customs brokerage issues
- Unreliable service
- Lack of information provided to my company
- Lack of ability/flexibility to cope with the volume changes
- Lack of compliance with applicable regulations, e.g. export & import requirements
- No issues – we have generally been happy with our providers
- Disrespect for the integrity of my goods

Challenges with regards to logistics and transportation applicable for your business



■ High costs of logistics & transportation

■ Low volumes thus low negotiating power

■ Unpredictability and complexity of customs procedures

■ Long transit times

■ Limited cash flow

■ Limited logistics knowledge

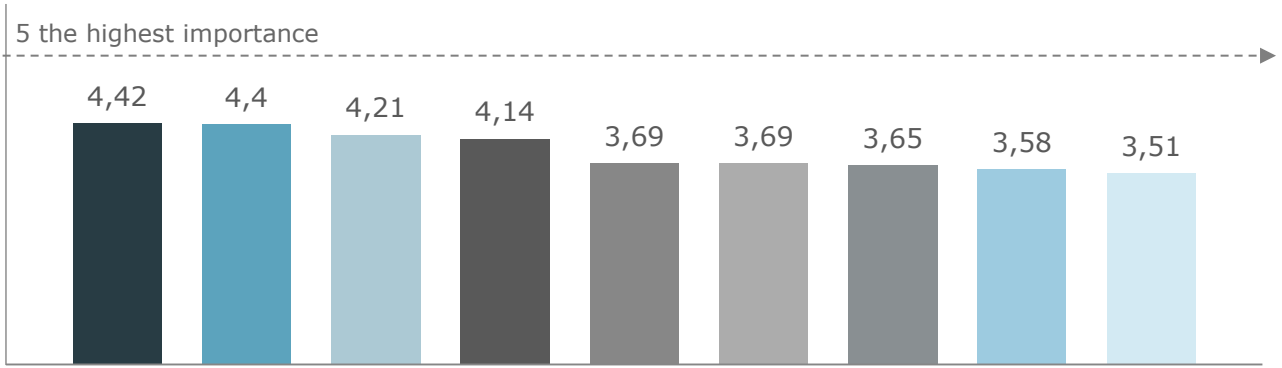
■ Limited tracking

■ Lack of accountability of logistics and transportation suppliers

■ Unfair business practices

■ Others

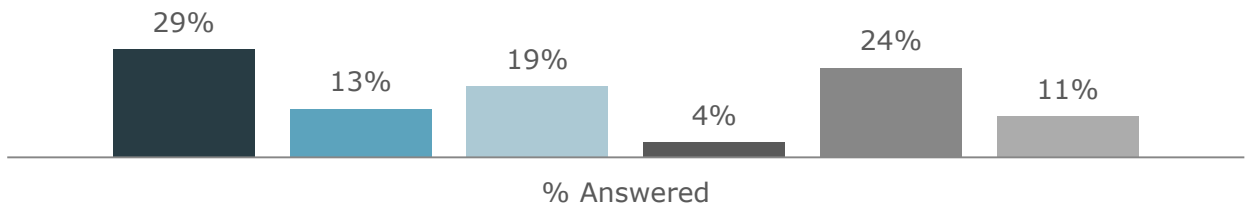
Most important about the services provided by logistics and transportation providers



Average Rating

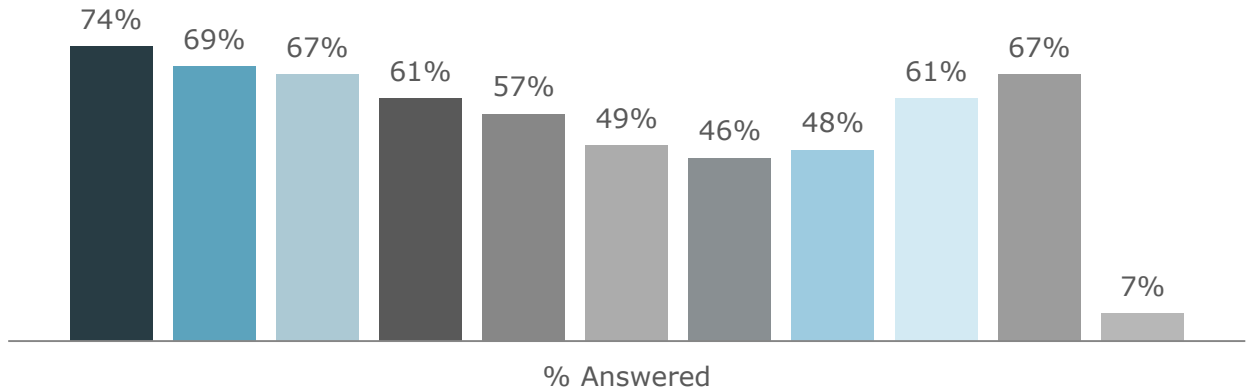
- High reliability and assurance that goods will arrive on time
- Fair and competitive pricing
- Speed of response to your requests
- Ability to provide end-to-end solutions that fully meet your needs
- Ability to deliver the most environmentally efficient transportation solutions
- Favorable credit agreements and terms
- Knowledge of your company and a proactive attitude with regards to your service needs
- Other
- Global coverage and network

Expected tonnage to be transported within the next 3-5 years per annum



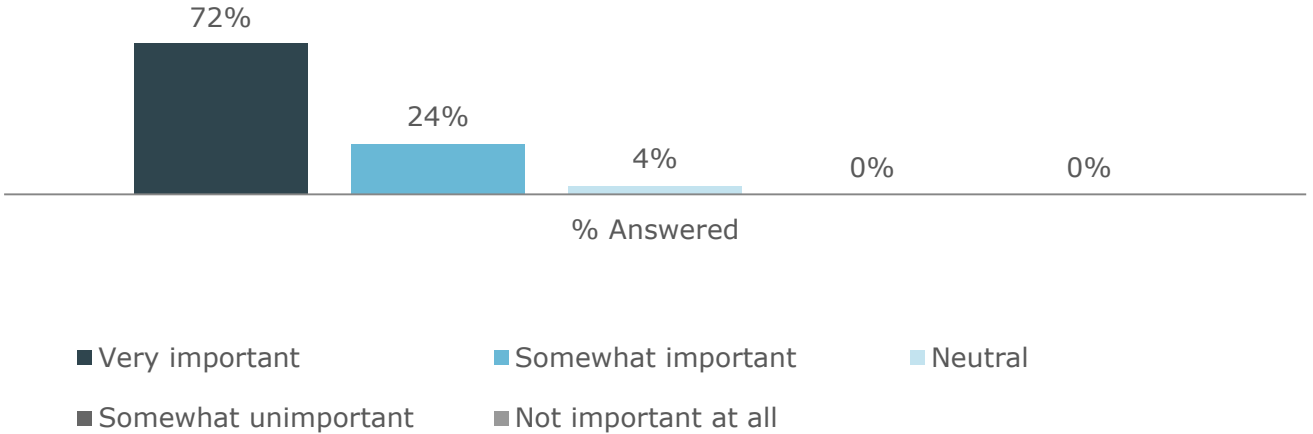
- 0 - 50 tons
- 50 - 100 tons
- 100 - 500 tons
- 500 - 1000 tons
- >1000 tons
- I don't know

Offerings most appealing to your organization

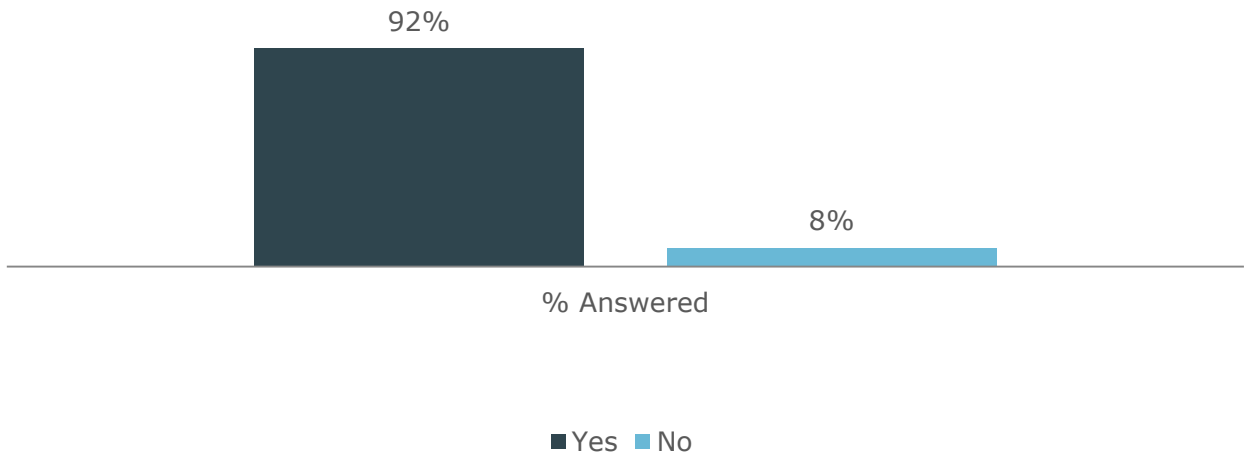


- Assisting with customs issues and clearance
- Dedicated contact/resource within Geodis Wilson and Maersk Line to help service your needs and operational requests
- Pick-up and delivery services that can improve quality of "first" and "last" mile distribution activities
- Develop efficient warehousing and distribution
- Sophisticated end-to-end planning, e.g. transportation plan optimization and supply chain modelling
- Data and support for developing the most environmentally efficient routes and vendor choices for your shipments
- Joint communication & branding efforts, e.g. on Maersk or Geodis social media and sustainability reports, to further promote your social business
- High reliability of your cargo deliveries and space guarantee
- Develop efficient warehousing and distribution
- Pick-up and delivery services that can improve quality of "first" and "last" mile distribution activities
- Other

The importance you generally place to the sustainability/CSR performance of your partners



Interest of being contacted to explore a customized client program for social enterprises



Quotes from survey respondents

"Our current need is to resolve issues of transport and logistics within Argentina to cut costs and achieve greater efficiency in the transport of supplies and finished products. The logistics operation represents 10% of our billing."

Sergio Giombelli, Coordinator, Red Activos para la Autonomía de las Personas con Discapacidad A.C.

"Better understanding of logistics and transportation costs to help accurate pricing is needed."

Clémence Boulle Martinaud, Marketing Specialist, Gret, Nutrifaso program

"Small Businesses like mine spend a lot on shipping and transportation because of the low volumes of order. It will be great if you can create customized options for small business and social enterprises."

Kwabena Danso, CEO, The Yonso Project

"We would really like to see a study of unused/underutilized trucking and warehouse space and see how we could form an alliance of partners - corporate and social enterprise - to capitalize on this to deliver quality, affordable products to last-mile consumers. Cost of distribution really drives up end-user cost, in many ways prohibitively."

Megan Mukuria, CEO and Founder, ZanaAfrica

"Advice on reducing potential damage of goods would be appreciated."

Shona McDonald, Managing Director, Shonaquip

"Support fair trade movement!"

Agung Alit, Founder and Director, Mitra Bali Fair Trade

Organizations who supported the survey

Ashoka

Ashoka is the first and largest network of social entrepreneurs worldwide, with over 3,000 Ashoka Fellows in 80 countries putting their system changing ideas into practice. Founded in 1980, Ashoka has provided start-up financing, professional support services and valuable connections to social entrepreneurs addressing a wide range of societal issues. Ashoka launched the field of social entrepreneurship and has activated multi-sector partners across the world who increasingly look to entrepreneurial talent and new ideas to solve social problems. Working in partnership with private, philanthropic and citizen sector players we are achieving large-scale social innovation and advancing toward an "Everyone a changemaker world".

Geodis

GEODIS Freight Forwarding, a Supply Chain Operator with 30,600 employees in 67 countries, ranks amongst the top companies in this field in Europe and the world. GEODIS is part of SNCF Logistics, the number one Transport and Logistics operator in France and ranked number four in Europe. It belongs to the French SNCF Group. GEODIS' five lines of business (Supply Chain Optimization, Freight Forwarding, Contract Logistics, Distribution & Express and Road Transport) manage their customers supply chain by providing end-to-end solutions. GEODIS positions itself as a true growth partner for its clients, designing innovative solutions to overcome the logistical constraints of an evolving international market place.

Maersk Line

Maersk Line is the container shipping division of the Maersk Group which employs 89,000 people in 130 countries and is headquartered in Copenhagen, Denmark. Not only do we power some of the world's largest ships – we also propel the growth ambitions of businesses and individuals all over our planet. Every day, our 32,000 employees in 374 offices around the world bring their expertise to help customers optimise their supply chains, maximise their distribution networks and most of all realise their business potential. We are devoted to supporting our customers and to continuously lifting industry standards while enabling global trade and economic development in the most sustainable manner possible. What's in our care is not just cargo. We deliver promises. Promises from customers and businesses all over the world. Promises our customers have made to theirs – promises we will keep for them.

In case of any further questions about the survey or the topic, please contact us:

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