

Caselet - Operations

COMPARISON OF TBL BUSINESS MODELS OF NGOS WORKING FOR UPLIFTMENT OF RAG PICKERS

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By

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BACKGROUND

Mumbai generates approximately 8,000MT of solid waste daily. The Municipality of Greater Mumbai collects and transports the waste to the landfill. With increasing population and preference for disposable items, the waste in Mumbai city is growing rapidly. The landfills are getting saturated. To solve problems associated with ever-increasing waste, MCGM wants Mumbaikars to segregate waste at source.

The waste can be segregated into wet and dry. The wet waste can be used at composting, vermiculture or biogas site while the dry waste can be further sorted to recover recyclable items such as paper, plastic, glass, metal. Only non-recyclable / non usable waste needs to go to landfill.

There are many NGOs in Mumbai who are directly or indirectly helping MCGM and Mumbaikars in reducing waste going towards landfill. Although their missions vary, their activities result in reducing waste at landfill. Examples of various kinds of NGOs:

1. NGOs that promote less generation of waste (e.g. promoting cloth shopping bag instead of plastic shopping bag)
2. NGOs that process wet waste (e.g. setting up & maintaining Biogas Plant, Kitchen Garden, Vermi-culture Site)
3. NGOs that process dry recyclable waste (e.g. organizing Rag pickers' associations in collecting, segregating, recovering and transporting of recyclables to recycling factories)
4. NGOs that facilitates waste segregation at source practice (e.g. assisting large venues in sustainable implementation of segregation at source practice)

OBJECTIVE

The objective is to assess the triple bottom line impact of not-for-profit organizations' business operations.

STUDY

We compare operations and impact of two NGOs -NGO A and NGO B -both working for the upliftment of Rag pickers.

NGO A vs. NGO B

	NGO A	NGO B
Mission	Working for upliftment of Rag pickers	
Services	Collection of mixed dry waste	
Target Market	Any Commercial venue	Corporate Offices
Operations	<ul style="list-style-type: none"> ⇒ Collection ⇒ Transportation ⇒ Sorting ⇒ Selling of Recyclables ⇒ Profit distribution to Rag pickers 	<ul style="list-style-type: none"> ⇒ Collection ⇒ Transportation ⇒ Sorting ⇒ Selling of Recyclables ⇒ Purchasing Corporate Stationary ⇒ Returns to Corporate in terms of Corporate Stationary ⇒ Welfare services to Rag pickers
Finance	<p><u>Expenditure</u> <u>Labour:</u> Hire services of Rag pickers for collection, sorting and retrieving of recyclables, Administration <u>Material:</u> Van, Sorting Centre, Administration</p> <p><u>Revenue Generation</u> Sell recovered recyclables to intermediate recycling vendors</p> <p><u>Profit Distribution</u></p> <ul style="list-style-type: none"> • 60% to Corporate in terms of monetary benefit • 40% to Rag picker in terms of monetary benefit 	<p><u>Expenditure</u> <u>Labour:</u> Hire services of Rag pickers for collection, sorting and retrieving of recyclables, Administration <u>Material:</u> Van, Sorting Centre, Corporate Stationary, Administration</p> <p><u>Revenue Generation</u> Sell recovered recyclables to intermediate recycling vendors</p> <p><u>Profit Distribution</u></p> <ul style="list-style-type: none"> • 60% to Corporate in terms of Stationary made out of recycled paper • 40% to Rag picker in terms of scholarship, medical check-ups, counselling sessions

<p>Example</p>	<p><u>Collection:</u> 1000kg of mixed dry waste from an office</p> <p><u>Revenue Generation:</u> Sell at Rs. 5/- per kg which amounts to Rs. 50,000/-</p> <p><u>Expenditure:</u> operational expenses of the NGO be around Rs. 12,000/-</p> <p><u>Profit:</u> Rs.38, 000/-</p> <p><u>Returns to Corporate:</u> Rs. 20,000 (60% of Profit)</p> <p><u>Returns to Rag pickers:</u> Rs. 18,000 (40% of Profit)</p>	<p><u>Collection:</u> 1000kg of mixed dry waste from an office</p> <p><u>Revenue Generation:</u> Sell at Rs. 5/- per kg which amounts to Rs. 50,000/-</p> <p><u>Expenditure:</u> operational expenses of the NGO be around Rs. 12,000/-</p> <p><u>Profit:</u> Rs.38, 000/-</p> <p><u>Returns to Corporate:</u> Books and Pens made out of Recycled Items worth Rs. 20,000 (60% of Profit)</p> <p><u>Welfare Services to Rag pickers:</u> Scholarship, medical check-ups, counselling sessions worth Rs. 12,000 (40% of Profit)</p>
<p>Impact on Triple Bottom-line</p>	<p><u>Social: Low</u> The money is given directly to rag pickers who may end up spending on alcohol, cigarettes, drugs and hence their standard of living may not improve at all</p> <p><u>Environment: High</u> The environmental impact is high because this model is acceptable everywhere. This approach suit all as one gets direct cash for their recyclable waste. Thus more waste is collected from various establishments and hence more recyclable waste is diverted away from landfill.</p> <p><u>Economic: Medium</u> The economic impact is good</p>	<p><u>Social: High</u> The money is used for the welfare of its employees to improve their standard of living. Also, corporate office is given stationary made out of recyclable material instead of money. This enables their continuous attachment to green lifestyle.</p> <p><u>Environment: Low</u> The environmental impact is less because this model may not be applicable everywhere. This approach might suit a corporate office which is always in need of office supplies but this will not work, for example, with a mall. As the reach of this model is limited, the amount of waste collected is also limited. Hence the waste diverted away from landfill is limited.</p> <p><u>Economic: Medium</u> The economic impact is good</p>

CONCLUSION

As can be seen, both the NGOs are into social business. Both have same vision and mission. However, their business operation strategies differ and hence operations' impact on triple bottom line varies greatly.