



ANNUAL REVIEW — 2013

Stanford Institute for Innovation in Developing Economies (SEED)



Stanford | SEED
Stanford Institute for Innovation
in Developing Economies

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Founding Donors

The Stanford Institute for Innovation in Developing Economies (SEED) was established in 2011, with an extraordinary gift from Stanford alumnus and venture capitalist **Robert King**, MBA 1960, and his wife **Dorothy King**.



Learning By Doing

As we mark the second anniversary of the launch of SEED, I feel personally gratified that we have been able to build on the successes of SEED's first year.

- Convention of global fund managers, in collaboration with the Stanford Management Company
- The Stanford-Endeavor Leadership Program
- Development of case studies for Stanford students

For our second year, we have focused on distilling our strategy, especially as it relates to our work on the ground in developing economies.

Importantly, we also established SEED West Africa—our first regional innovation center—in Accra, Ghana.

The launch events in Ghana were received with high energy and enthusiasm and attended by representatives from a number of countries covering a broad spectrum of potential stakeholders, including governments, multilateral organizations, universities, financial/investor institutions, and civic organizations.

Our founding donors Dottie and Bob King joined us for the launch, as did Stanford Business School Dean Garth Saloner, SEED faculty who taught in our inaugural workshops, and Stanford faculty who support us in a variety of ways.

The reception and current progress of the Transformation Program—SEED's signature initiative in West Africa, which includes 29 high potential companies from 5 West African countries—has more than met our expectations.

A special thanks is due to our alumni volunteer coaches and both Stanford and local staff who have shown great dedication and commitment to SEED's mission.

As the second year closes, we have revisited and affirmed our strategy to integrate our assets at Stanford—including faculty, students, and alumni—with direct and sustained presence on the ground as a distinctive feature of our approach to accomplish our mission.

The agenda for year three is topped by plans to inaugurate our second regional innovation center, this time in East Africa.

Additional priorities focus on firmly establishing our programs, broadening our engagement at Stanford and on the ground, and further defining our platforms and strategy for sustainability and scalability.

Finally, it is important to note that over the past year we have enjoyed extraordinary support from many groups within Stanford and the GSB. As we have navigated new waters, with no precedents or charts to follow, we are thankful for the entrepreneurial support that allowed us to accomplish so much in a short time.

—Dr. Tralance Addy, Executive Director



I joined the Stanford Institute for Innovation in Developing Economies (SEED) in August 2012, towards the end of its first fiscal year, and the year following has been one of both learning by doing and taking significant strides on our ambitious journey to make a massive impact on the lives of the poor in developing economies—in the foreseeable future.

SEED's first year demonstrated the agility of the young institute as it launched a variety of signature events:

- SEED Research Forum: Innovations and Entrepreneurship for Poverty Alleviation in Developing Economies
- Major gathering anchored by Tony Blair's visit to Stanford

Poverty And The Role Of The Private Sector

Despite improvements achieved through the United Nations Millennium Development Goals,¹ poverty continues to challenge global organizations intent on providing relief to the over 1 billion people who live in poverty.

The Stanford Institute for Innovation in Developing Economies (SEED) bridges a critical gap in global efforts to address prosperity around the world.

While our approach may differ, our goals align with those who focus on the private sector as the engine for sustainable growth.

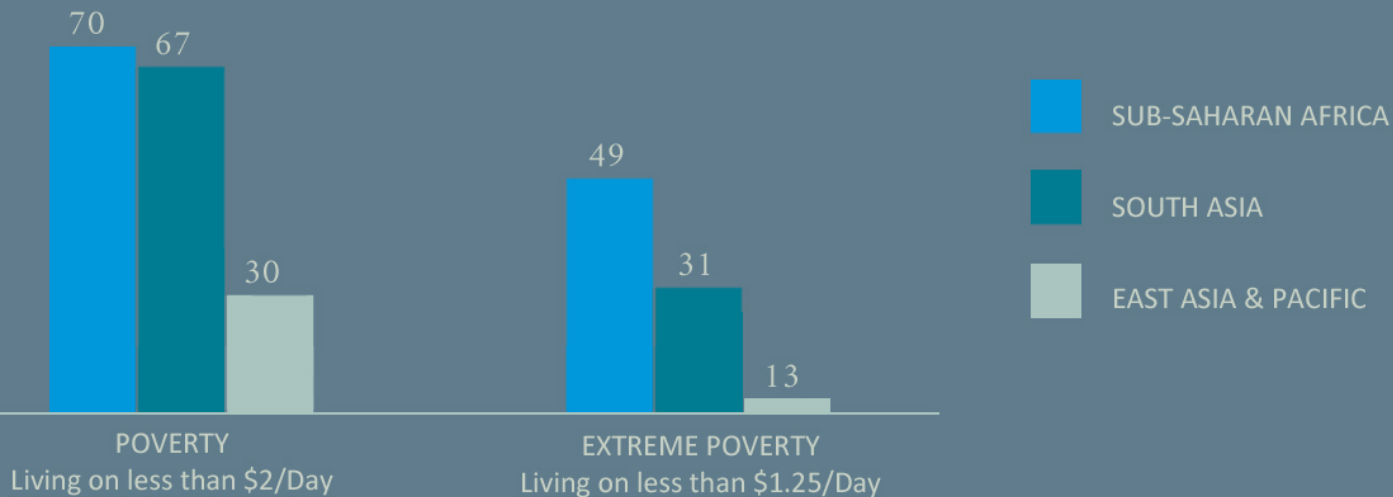
As various organizations have concluded,² the role of the private sector in creating and expanding enterprises is among the most effective sustainable vehicles in addressing poverty—if not the most effective.

It is estimated that by 2015, there will still be more than 1 billion people on earth living in poverty.

Jobs and job creation are of critical importance to poverty reduction. Jobs promote economic mobility and social cohesion and provide solid foundations for improving social and political stability.

SEED aims to stimulate the creation of economic opportunities that reach and benefit people who live in poverty through innovation, entrepreneurship, and the growth of businesses.

POVERTY RATES BY POPULATION (%)



¹Established at a United Nations conference in 2000, the Millennium Development Goals aim to reach specific development targets by 2015.

For more information visit

www.un.org/millenniumgoals

²World Bank; IFC.

MISSION

The Stanford Institute for Innovation in Developing Economies (SEED) seeks to stimulate the creation of economic opportunities through innovation, entrepreneurship, and the growth of businesses that change the lives of people who live in poverty around the world.

VISION & VALUES



Innovation Centers & Key Distinctions



SEED's ambitious goals on the ground are anchored by regional innovation centers which serve as focal points for a wide range of programs and services to entrepreneurs, businesses and other stakeholders. Targeting local and regional businesses with exceptional growth and impact potential, centers offer experiential learning workshops to promote innovation and the scaling of businesses. Centers also form the nucleus of our initiatives to build supportive ecosystems.

KEY DISTINCTIONS

Physical and sustained presence on the ground

Regional innovation centers as focus points of direct engagement

Multifaceted training and experiential learning

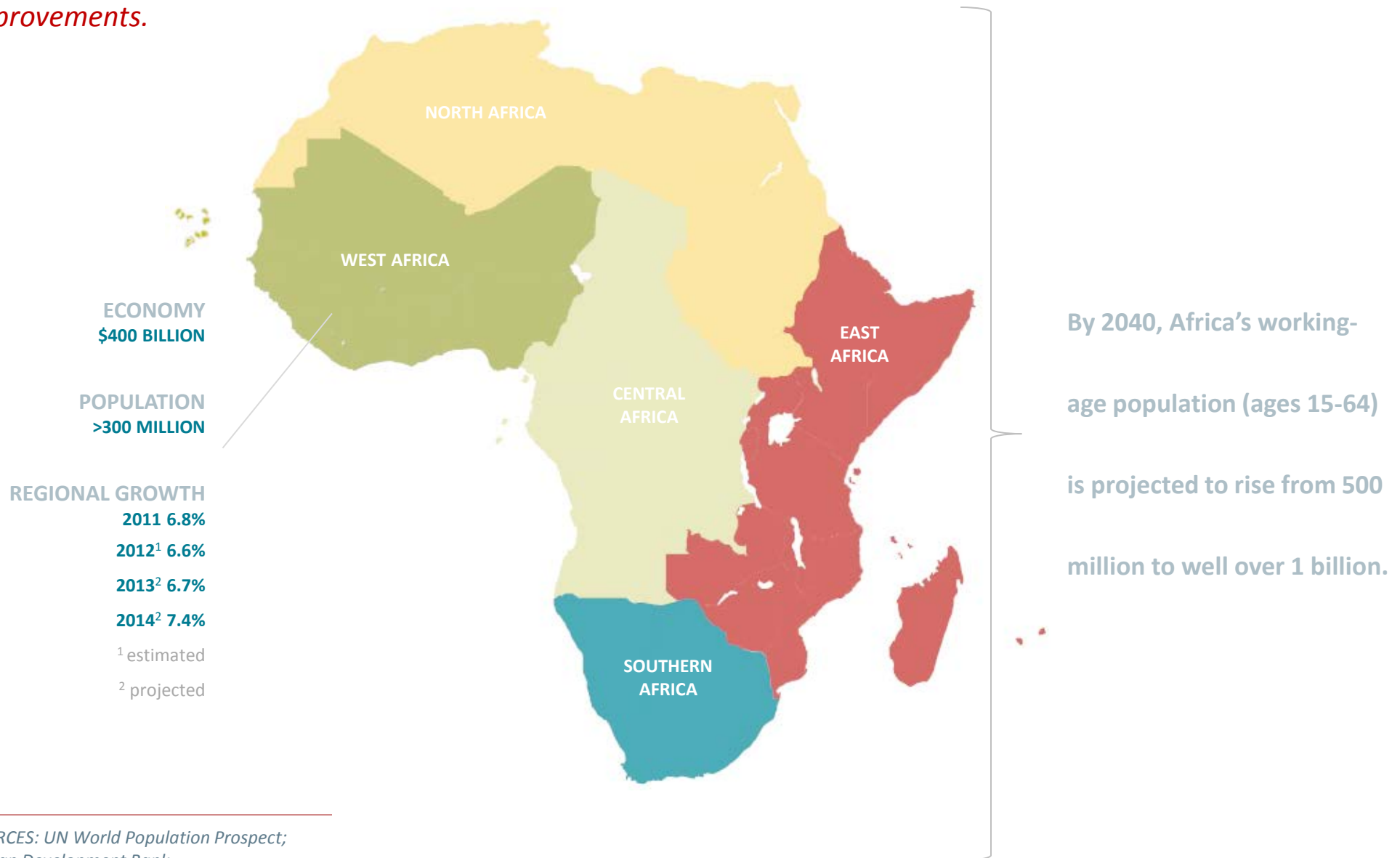
Facilitate/enhance ecosystems

Long-term, hands-on coaching

Special focus on critical barriers to entrepreneurship and business growth

West Africa – One Of The Fastest Growing Economies

West Africa is a rapidly growing region where efforts to scale businesses will pay massive dividends in the form of jobs and life improvements.



Priority Sectors

SEED's goal is to transform lives on a massive scale. In order to achieve large-scale impact, our business-building initiatives preferentially target sectors that have been demonstrated to yield high economic and social returns, including:

- ✓ Healthcare
- ✓ Education
- ✓ Food & Nutrition (Incl. Agriculture)
- ✓ Energy
- ✓ Water & Sanitation
- ✓ ICT Enablers



The opening of SEED's first regional innovation center in West Africa marks a milestone in our efforts to drive entrepreneurship and innovation through direct on-the-ground engagements in West Africa.

We are excited about the impact these efforts will have on businesses and their ability to scale the growth of their companies. This is just the beginning.

Garth Saloner

*Philip H. Knight Professor and Dean,
Stanford Graduate School of Business*

Target Audiences

As centers become fully established, they will offer programs for the following target audiences:

Aspiring entrepreneurs with viable concepts and with promise to scale but with minimal or no revenues.

Small and emerging businesses with annual revenues greater than \$150,000 up to approximately \$10 million

Established growing and “stalled” businesses with revenues in the range of \$10 to \$20 million.

Well-established businesses with revenues in excess of \$20 million.

SEED volunteer business coaches meeting at the innovation center in West Africa. From left: Ed Forman, Kweku Fleming, Bill Scull, and Jan Swanberg (not shown is Clinton Etheridge).



Targeted Program Offerings At Regional Innovation Centers

SEED programs offer on the ground engagement and sustained support to stimulate economic opportunities providing aspiring entrepreneurs and emerging businesses in the regions in which we operate with practical management training, networking opportunities, and, uniquely, continuous hands-on coaching, designed to accelerate new enterprise formation and scale.

Transformation Program	Highly selective program for exceptionally promising small and medium-sized companies transforming them to industry leadership for high economic and social impact.
Aspiring Entrepreneurs Program	Promoting innovation and facilitation of new enterprise formation.
Maker's Workshop	"Transforming thinking and society by making." Offering resources to entrepreneurs to turn ideas into tangible prototypes and products.
Business Workshops	Providing fundamental tools that undergird effective business management.
Networking Events	Building supporting ecosystems, bringing together regional stakeholders necessary for nurturing innovation and entrepreneurship.
Speaker Series	Highlighting and promoting inspirational innovations that spur entrepreneurs and business leaders to accelerate business growth.
Community Outreach Program	Exposing the young and local communities to the tools of innovation, as part of our "walking with" our clients and communities in the journey to transformation.

CLIENT PERSPECTIVE



We are producers of fresh herbs, vegetables, and fruits—we grow the vegetables, herbs and fruits, we package them, and send them out to the shops.

I'm like a sponge, I'm here to soak in knowledge, innovation, experience, the know-how—so that when I take this to my company, we'll use it to turn my company around.

And one day, I will also be in a position to give back to someone who also is ready to learn.

Catherine Krobo Edusei
Managing Director
Eden Tree Limited
GHANA

First Client Cohort by Sector

ENERGY	1
FOOD/NUTRITION (INCL. AGRI-BUSINESS)	6
HEALTHCARE	2
ICT	8
MANUFACTURING	3
CONSTRUCTION/ REAL ESTATE	2
SERVICES	4
WATER	3



RECRUITMENT AND SELECTION

Client companies apply to attend the program and are selected based on a number of factors, which include the candidate's potential for rapid growth and job creation, as well as the level of commitment expressed by its management.

Transformation Program

Immersion Week Workshop: Product Innovation with Jim Patell and David Janka



David Janka (l) and Jim Patell (r) during the product innovation session



Top and bottom four photos: Clients during a design thinking exercise – learning empathy in product innovation

Transformation Program

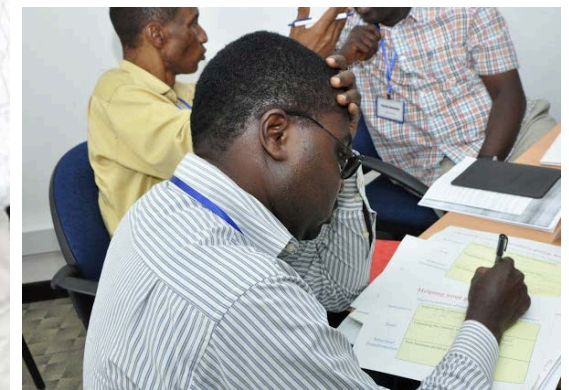
Immersion Week Workshop: Supply Chain with Hau Lee



Top and bottom left: Participants learning about global supply chains



Professor Hau Lee engaging with participants during Supply Chain session



Top and bottom right: Participants learning and engaging with fellow students and activities

Transformation Program

Immersion Week Workshop: Leadership Development with Collins Dobbs



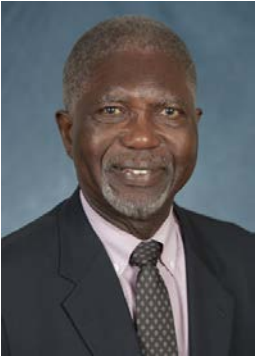
Top and bottom four photos: Participants working on their legacy statements

Instructor Collins Dobbs during the Leadership Session

Milestones 2012

AUGUST

- SEED hires first Executive Director



DECEMBER

- SEED Challenge for MBA Class of 2014



The SEED Challenge is a graded assignment all first-year MBA students must take during their first quarter at the Business School.

Teams select a case study from a developing economy and pick a specific topic or need for which they develop and present a business plan. Finalists present their ideas and plans to an audience of faculty and alumni and the winning team is celebrated during the Executive Challenge, which follows the next day.

Why is the institute called SEED?

The institute became known as SEED even before its official announcement in November 2011. The nickname came about naturally as the institute's actual acronym (SIIDE) lends itself to being pronounced SEED, a term its founders and supporters embraced for its fitting metaphor.

Milestones 2013

APRIL

- Registration of Ghanaian entity granted.
- First team of volunteer business coaches selected and announced.



- SEED Faculty Director for Product and Service Innovations James Patell's interdisciplinary course [Design for Extreme Affordability](#) celebrates its 10th anniversary.

To date, students have completed 90 projects with 27 partners in 18 countries.

The course was also the subject of a [30-minute segment on CNN's *The Next List*](#).

MAY

- Launch of *Value Chain Innovations in Developing Economies: Exploring the Future*.
- Kriss Deiglmeier, Executive Director, Center for Social Innovation, Stanford Graduate School of Business leads extensive on the ground efforts to assess the viability of SEED operating in Myanmar.



The Myanmar assessment team clockwise from top left: Kriss Deiglmeier, David Janka, David Klaus, and Jim Patell.

JUNE

- 10 student teams showcase their projects during the 2013 Extreme Affordability Design Expo.
- Briefing over 20 ministers, ambassadors, government representatives and business leaders in West Africa in advance of launch of regional innovation center in Ghana.
- Business Operation permit granted.
- Volunteer business coaches arrive in Ghana.



Volunteer business coaches (from left): Ed Forman, Bill Scull, Clinton Etheridge, and Kweku Fleming (not shown is Jan Swanberg).

Milestones 2013

JULY

- **14-20th** - Thirty-six executives representing 29 companies from Cote d'Ivoire, Ghana, Nigeria, Senegal, and Sierra Leone begin inaugural Transformation Program.
- **18th** - Official launch of center in West Africa with opening celebrations at the Ghana College of Physicians and Surgeons in Accra, Ghana.



Tralance Addy and Robert King celebrate the successful launch of SEED's innovation center in West Africa. Seated in front from left: Dorothy King and Garth Saloner.



Top: Hon. Haruna Iddrisu, Minister for Trade and Industry, Ghana.

Bottom: SEED West Africa, our first regional innovation center, located in Accra, Ghana

SPEAKERS AND PANELISTS AT OPENING CELEBRATIONS

Mr. J. Kofi Bucknor (MC)

Managing Partner, Kingdom Zephyr Africa

Dr. Tralance Addy

Executive Director, SEED

Hon. Dr. Kassi Jean-Claude Brou

Minister of Industry

Cote d'Ivoire

Madame Marthe Ehui

President of the Federation of Small Enterprises

Cote d'Ivoire

Dr. Shaibu Ahmed Gariba

Director General at the Management Development
and Productivity Institute

Ghana

Hon. Haruna Iddrisu

Minister for Trade and Industry

Ghana

Hon. Omobola Johnson

Minister of Communication & Technology

Nigeria

Prof. Garth Saloner

Dean of the Stanford Graduate School of Business

Milestones 2013

AUGUST

- Impact assessment begins.
- Stanford MBA Admissions holds packed information session at center.
- Committed to serving the communities in which we operate, SEED launches Community Outreach program, introducing creativity, design thinking and innovation to future innovators and inventors. Program targets high school and polytechnic students.



SEPTEMBER

- Transformation Program - Workshop II in West Africa: Topics include operations (James Patell) and strategy (Stuart Coulson)



Stuart Coulson (l) , Consulting Associate Professor, Stanford d.school, during the Strategy session with client Richard Olatunde Fadiora, Group CEO for Richard Brainsworth Resources Limited, Nigeria.

- SEED announces weekly Development Economic Workshop Series

OCTOBER

- Omobola Johnson, Nigeria's Minister of Communication Technology, and Professor Adebowale Adefuye, Nigeria's Ambassador to the United States, visit Stanford University to discuss the development of Nigeria's technology sector.



Omobola Johnson, Nigerian Minister of Communication Technology

NOVEMBER

- Transformation Program - Workshop III in West Africa: Topics include Accounting (Madhav Rajan, Senior Associate Dean for Academic Affairs at the Stanford Graduate School of Business), governance, and ethics.
- Madhav Rajan offers an immersive workshop in accounting at the SEED center in West Africa for prospective MBA students.

DECEMBER

- SEED Challenge for MBA Class of 2015.

Research Initiatives

Value Chain Innovations Research Initiative

In May, SEED welcomed 35 supply chain academics, nonprofit and corporate leaders from around the world who met at the Stanford Graduate School of Business to discuss the evolution of value chain innovation in developing economies.

Discussions include d innovations in sourcing, distribution, finance and information technology that benefit the economically disadvantaged in developing countries.



Attendee Dr. Douglas Boateng, CEO PanAvest Partnership, South Africa

Economic Development Research Initiative

As part of the initiative, faculty members from the Stanford Graduate School of Business, Department of Economics, and the School of Medicine co-organized a Development Economics Workshop series.

Launched in September and already generating significant excitement, the series features scholars whose research focuses on micro-economic issues faced by firms, households, and governments in developing economies.

Workshops, held weekly on Wednesdays, already have formed the basis for related PhD and faculty reading groups and research collaborations.

[» Schedule and Registration](#)

Research Grants

Funded research is closely aligned with SEED's mission and covers a diverse range of topics and geographies:

- Identifying innovative private and public sector initiatives to promote a high-growth environment for young companies.
- Strengthening entrepreneurial ecosystems in developing economies.
- Increasing business literacy among women entrepreneurs in Mexico.
- Improving management practices and productivity in India's textile industry.
- Testing governance innovations in Sierra Leone.
- Identifying behaviors that trigger acts of innovation among low-income populations in rural India.
- Testing ways to improve trade systems to open up new markets in developing economies.
- Developing new cacao production business models in Latin America that can add more value in-country.
- Evaluating the impact of public funds audit information on support for above-average public leaders in Kenya.
- Assessing the impact of export opportunity on Myanmar manufacturing firms productivity and growth.
- Measuring the performance effects of private equity investment on Indian firms.

Total Number Of Awards Since Program Inception

Faculty Grants	13
PhD Grants	5
PhD Fellowships	3

Countries Covered In Research Proposals

Belgium	1
Chile	1
China	1
Ecuador	1
Ghana	1
India	8
Kenya	4
Mexico	2
Myanmar	1
Sierra Leone	1
South Africa	1
Uganda	1

Stanford Schools And Departments Receiving Grants

Economics	9
Environmental Earth System Science	2
Business	8
Management Science & Engineering	2
Mechanical Engineering	2
Political Science	2
Psychology	2

How can supply chain management help solve issues related to poverty?

Many entrepreneurs in these developing economies struggle for a long, long time, because they don't know how to increase their productivity. Supply chain management, through the use of simple, perhaps even mobile technologies, can help them remove bottlenecks, improve efficiency and expand their

markets, sales and income.

Take the example of a farmer [growing shea nuts in Africa]. Should he just be growing the crop? Should he be doing processing? Should he be doing distribution? Or should he be doing the final step of creating the highest value, at the conversion of shea butter into ingredients for cosmetic manufacturing step? Well, not everyone should do it all. But we hope to help companies identify where the biggest opportunities lie.



Hau Lee is the Thoma Professor of Operations, Information and Technology at the Stanford Graduate School of Business.

Lee, an expert in supply chain management, is the SEED Faculty Director for Value Chain Innovations and teaches Supply Chain at SEED's regional innovation center in West Africa.

Can you give a specific example of how your human-centered design approach resulted in a better product?

I'll give you an example from the *Extreme* course, where we use the human-centered design approach.

In Myanmar, which is largely a Buddhist culture, people are incredibly polite and conscious of putting their guests at ease. We would bring in prototypes [of potential products] and ask them, 'What do you think?' and the answers would be

uniformly positive: 'They're wonderful! We like everything about them!'

You couldn't get real feedback because people were so concerned about not offending you. So what did we do? We brought in two prototypes and asked, 'Which one do you like better?' No big deal – we adapted to their situation and made a better product.

[Another time] we made a mosquito net for migrant workers, and the only problem was that it looked just like the net they put over corpses at funerals. Not a big market for that, right? So we changed it. That's why we prototype quickly: to have these conversations at a rapid rate and home in on something that will be culturally appropriate.



James Patell is the Herbert Hoover Professor of Public and Private Management and also the SEED Faculty Director for Product and Service Innovations.

Patell teaches *Design for Extreme Affordability*, a popular two-quarter course at Stanford, and Design Thinking and Operations at SEED's regional innovation center in West Africa.

Why do firms in emerging markets find it so difficult to scale effectively?

While an essential part of scaling is to identify market growth opportunities, in our view this is often not the limiting factor. Instead, one of the most critical hurdles is the creation of formal organizational structures and processes that allow for planning, control, and rapid growth in staff. The challenges to such formalization are universal, but they are accentuated in developing economies characterized by weak institutions, poor physical infrastructure and inefficient labor and capital markets.

Critical to the transition to formal organizational structures is a shift in mindset, from a view of the firm as a set of relationships between the specific people working there to a set of relationships between abstractly defined positions and roles. This is a shift from thinking about the

particular people involved in the project, to the work that needs to get done. For example, you say that there's a job called sales director, and that job has a defined set of responsibilities that are the same irrespective of who is in the job.

This is a hard transition for entrepreneurs all over the world—from being involved in everything and having your hands on every decision to stepping back and saying, 'this is your responsibility and my job is to oversee whether or not this is all fitting together coherently.' This is even more difficult in a developing economy context.

A central focus of our Transformation Programs is to help our program participants make this transition. Fundamentally, this is about transforming the mindsets of both the leaders and their employees. This process takes time, and is unique to every leader and every firm. This is why SEED's volunteer business coaches are so essential to our program, and we have been so fortunate to work with coaches who understand these challenges so intimately.



Jesper Sørensen is the Robert A. and Elizabeth R. Jeffe Professor of Organizational Behavior at the Stanford Graduate School of Business, where he teaches Poverty, Entrepreneurship, and Development, among other courses.

Sørensen is also the newly appointed SEED Faculty Director and Faculty Director of Research.

SEED LEADERSHIP

SEED

Tralance Addy
Executive Director

SEED Executive Committee

Tralance Addy
Executive Director

Hau Lee
Faculty Director, Value Chain Innovations

James Patell
Faculty Director, Product and Service
Innovations

Jesper Sørensen
Faculty Director, SEED
Faculty Director, Research

SEED Advisory Board

A. Michael Spence, Chair
Nobel Laureate and Dean Emeritus

Matt Bannick
Managing Partner, Omidyar Network

Dorothy King
Founding Donor

Robert King
Founding Donor

Jacqueline Novogratz
Founder and Chair, Acumen

James Wolfensohn
Former President of the World Bank

Acknowledgements

We wish to acknowledge the extensive support we have received from

Stanford's Legal Counsel, Office of Global Services, Finance, HR, and the GSB's

Facilities, Finance, Marketing, IT, Global Center for Business and the Economy,

Global Innovation Programs, the Center for Leadership Development and

Research, and many others.

Transforming lives through innovation, entrepreneurship, and the scaling of businesses.

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