Vivo Activewear Limited

Decent work along the value chain

IMPACT CASE STUDY | NOVEMBER 2019
About Seed

The Stanford Institute for Innovation in Developing Economies (Seed) partners with entrepreneurs in emerging economies to build thriving enterprises that transform lives. Operating throughout Africa, India, and Sri Lanka, Seed’s vision is to end the cycle of global poverty. The flagship offering is the Seed Transformation Program, a one-year intensive entrepreneurship education program for leaders and their teams. Upon completion of the Transformation Program, leaders can access Seed Network services such as coaching, consulting, student interns and various networking and skills building events. Seed offers unique access to training which challenges leaders to reassess their company’s vision and make ambitious changes towards growth that will ultimately transform lives.

Introduction

Vivo Activewear Limited is a women’s apparel design and retail company founded by female entrepreneur Wandia Gichuru in 2011. Based in Nairobi, Kenya, Vivo designs fashionable apparel for modern African women. In 2016, Vivo joined the Stanford Seed Transformation program — a one-year intensive entrepreneurship training program for business leaders and their teams. In August 2019, Stanford Seed conducted a case study to analyze the impact of Vivo on its supply chain and key stakeholders. This study is guided by the following questions:

1. What is Vivo’s impact on people and the planet?
2. What is Vivo’s contribution to the United Nations Sustainable Development Goals (SDGs)?

Wandia Gichuru has been serving as Vivo’s CEO since the company’s founding. Vivo started with three employees and has grown significantly over the past eight years, currently employing more than 150 people. The company procures fabric and other materials from local and international suppliers, which are then used to manufacture women’s apparel. The designs for the apparel are produced by Vivo’s in-house design team and stitched together by a team of tailors and machinists. The goods are then retailed through Vivo stores in and around Nairobi and through online channels (e.g., website, Facebook, Instagram).
Since 2011, Vivo has grown both in terms of revenue and also in number of employees. Over the past eight years Vivo has experienced an annual revenue growth rate of 56.2%. Employment growth has kept a similar pace, with an annual jobs growth rate of 55.8%. Vivo currently serves about 3,000 customers every month.
Methodology

A variety of tools and methods were employed to understand Vivo’s impact on its supply chain and various stakeholders. A simplified version of the Impact Management Project (IMP) framework was utilized to understand Vivo’s impact on workers, suppliers, community and the planet. A survey tool called the B Impact Assessment, developed by B Lab, was used to assess Vivo’s policies and practices across five parameters — Governance, Workers, Community, Environment, and Customers. Indirect job creation effects in the value chain were estimated through interviews with key suppliers. Using this information an employment multiplier was calculated. Lastly, through employee interviews and site visits we assessed the quality of direct employment at Vivo.

Impact at a Glance

The most significant positive impacts we observed were in providing decent work to direct employees. Below is a summary of Vivo’s key impacts on stakeholders based on the IMP framework.

Figure 3: Impact at a Glance (condensed set of IMP dimensions of impact)

<table>
<thead>
<tr>
<th>Who experiences the outcome?</th>
<th>Suppliers</th>
<th>Workers</th>
<th>Community</th>
<th>Planet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What outcomes occur?</strong></td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
<td>6 DECENT WORK AND ECONOMIC GROWTH</td>
<td>5 GENDER EQUALITY</td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
</tr>
<tr>
<td><strong>How much scale and depth?</strong></td>
<td>At least 90 indirect jobs</td>
<td>160 jobs</td>
<td>Corporate social responsibility activities</td>
<td>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</td>
</tr>
<tr>
<td></td>
<td>Moderate</td>
<td>7:10 M:F ratio in middle and senior management</td>
<td>Marginal</td>
<td>Marginal</td>
</tr>
</tbody>
</table>

† The Impact Management Project (IMP) is a forum for building global consensus on how to measure, compare, and report environmental, social, and governance (ESG) risks and positive impacts. IMP Template used can be found here: https://impactmanagementproject.com/wp-content/uploads/Impact-Statement-Template.pdf
The B Impact Assessment results revealed that Vivo performs better than the benchmark, comprised of 715 businesses with 50-249 employees. Vivo’s score was 65.3 in comparison to the benchmark average of 53.6. The high scores on the Community and Workers sections suggests that Vivo’s impact is largely driven by the positive effect they have on their employees and the local community. Vivo often partners with NGOs and local community organizations to promote social development. For example, Vivo supported a reading program for women in prison by using their stores as book collection centers and subsequently donating the books. In order to support economic activity in the local community, Vivo donates its leftover fabric to local tailors who use these fabrics to make cushion covers and other items.

Figure 4: B Impact Assessment Summary

<table>
<thead>
<tr>
<th>Summary</th>
<th>Vivo Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>10.8</td>
</tr>
<tr>
<td>Workers</td>
<td>19.4</td>
</tr>
<tr>
<td>Community</td>
<td>25.3</td>
</tr>
<tr>
<td>Environment</td>
<td>5</td>
</tr>
<tr>
<td>Customers</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>B Impact Score</strong></td>
<td><strong>65.3</strong> (benchmark score is 53.6)</td>
</tr>
</tbody>
</table>

**Contribution to UN Sustainable Development Goals**

Vivo’s business growth has fueled job creation within the organization and also in its supply chain. The company contributes to several SDGs, as described below.

**SDG 8 - Decent Work and Economic Growth:** Most of the workforce at Vivo is young, with about 97% of employees under the age of 35 years and about 37% under the age of 25. Vivo has strict human resource policies to protect against discrimination in hiring and promotions based on gender, age, socio-economic background, ethnic background, etc. Vivo offers a wide range of benefits such as medical insurance and meal allowances to all employees — benefits not offered by other small and medium sized enterprises in Kenya. Along with such tangible benefits, we observed a positive working environment. Through a strong focus on providing benefits that promote employee well-being, Vivo provides “decent work” to about 160 employees. In addition to providing decent work to its direct
workforce, estimates based on interviews with key suppliers suggest that Vivo generates indirect job effects. The company supports at least 90 jobs through its supply chain. To calculate an employment multiplier, we divide direct plus indirect jobs by direct jobs, and arrive at a job multiplier of 1.56.

“Doing business with Vivo has added to our brand and we get many referrals through Vivo. Around 20% of our new customers are because of Vivo.”
- Tony, Bluestone Construction

Fig 2: Number of jobs from 2011 to 2019

“At Vivo, I have been able to grow, I came in as a store assistant and now I am a manager. It has been interesting and fulfilling. I feel motivated and satisfied at work.”
- Elizabeth, Vivo store manager

SDG 5 - Gender Equality: Vivo actively promotes inclusivity and diversity in its workforce. Currently, at senior management level there is a male-to-female ratio of approximately 1:3. The fact that the majority of senior leadership and the workforce at Vivo is female shows that the company makes a strong contribution to SDG 5.

SDG 12 - Responsible Production and Consumption: Vivo employs sustainable waste management techniques. Instead of burning leftover fabrics or dumping them in a landfill, Vivo donates these scraps
to local tailors. The tailors make cushion covers, bedspreads, and other household items from these scraps and supplement their income, thus spurring economic growth in the local community at no additional cost.

**Key Takeaways**

1. Vivo is a women-led socially conscious organization with a young, diverse, and inclusive workforce. The organization provides numerous pecuniary and non-pecuniary benefits to its employees along with a good working environment.
2. Vivo’s growth has led to the creation of more and better employment opportunities for the local Kenyan community. Today, Vivo supports a total of 162 direct and at least 90 indirect jobs.
3. Vivo designs clothes specifically for African women, offering them choices that didn't exist earlier.

“Clothes designed by Vivo are versatile. They are comfortable and fit my body type very well. Also, the shops offer a wide variety of clothes for all occasions.”
- Rachel, Vivo customer since 2012

**Vivo’s Impact Journey since the Seed Transformation Program**

“Seed has helped us develop a much better strategy and understand the various aspects of business from a structural point of view. I was also introduced to a large network of businesses which are in similar stages, and that has been an invaluable support in terms of peer-sharing, coaching, and mentoring.”
- Wandia Gichuru, CEO Vivo.

Being part of Stanford Seed program has benefitted Vivo is several tangible and intangible ways. Before joining Seed, the company had created 45 jobs. Since joining Seed in 2016, Vivo has been able to create 117 additional jobs. The program has also provided strategic direction and encouraged applying an impact focus to the business operations of Vivo. This shift in mindset has benefitted the firm by enabling the growth of the business and its impact, thereby creating shared value.
“Seed has enabled us to think bigger… We are creating value and wealth that reaches beyond just our shareholders.”
- Wandia Gichuru, CEO Vivo

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