Franchising Healthcare in the Developing World
A Paradigm Shift in Delivering Healthcare to the World’s Most Needful People

- Investing Capital for Social Impact
- Empowering Women to Own their Own Businesses
- Maternal Health and Education Services
- Sparing People From Needless Suffering and Death
- Reducing Morbidity and Mortality For Whole Countries
- Creating Jobs and Strengthening National Economies
- Enabling entrepreneurs to Achieve Social Missions
The Healthcare Challenge in Kenya
Children Dying in the Developing World

Approximately 17,000 children die each day. 1/2 of these children live in Africa, and 2/3 of them die because they lack access to effective medical treatment that costs less than a latte.
Many lack access to essential drugs

Many have substandard access

Many live too far from help
A large percentage of healthcare is not effective in Kenya because providers respond to perverse incentives causing them to deliver substandard care.

- Maximizing profits by selling cheaper counterfeit drugs
- Delivering substandard care because delivering an effective quality standard costs more
- Providers who deliver substandard care in rich countries suffer severe consequences (e.g. Jail) – In poor countries, they make more money

Business format franchising – effectively performed – incentivizes healthcare providers to deliver care at the standard necessary to achieve effective treatment.

- Franchisees own a valuable business, but only so long as they comply with quality standards.
- They are incentivized to follow the rules because if they break them, their franchise will be revoked and they will lose their business.
The Healthstore Foundation Franchise Model
Healthstore’s Mission:

To improve access to essential drugs, basic healthcare, and prevention services for children and their families in the developing world using business models that maintain standards, are geometrically scalable, and achieve economies of scale.
Healthstore concentrates on a *short list of preventable and treatable* diseases (and perinatal conditions) that account for approximately 70-80% of illness and death.
Franchising Clinics in Kenya

Through its nonprofit franchisor, Healthstore operates and funds a network of 57 for-profit CFWclinics owned and operated by franchisees.

The CFWclinics network serves 40,000 people per month in-store and through outreach events:

- Health screenings
- Deworming children
- Sanitation training
- HIV prevention & education
- Water purification training
- Health Camps
Healthstore’s Three-Point Test

1. **Does it maintain standards?**
   - Can it consistently deliver the quality standards necessary to provide effective treatment?
   - Can it be replicated?

2. **Is it scalable?**
   - Only what can be replicated, can be scaled.
   - Only what can be scaled, can deliver effective-quality care to large populations across a network of clinics that never gets too big to maintain standards.

3. **Does it achieve economies of scale?**
   - Networks that scale, reduce the cost per person served as they grow.
The Scalability Achievable with Franchising

![Geometric Scalability Graph](image)
HealthStore’s CFW clinic locations
Since 2000, The Healthstore Foundation’s CFW franchise network has served over 6 million people in Kenya with:

- High-quality essential drugs
- Basic primary healthcare
- Prevention services
- Health education
Ghana: 2005-2006

Healthstore advised a Ghanaian-American entrepreneur to launch his own franchise healthcare network in Ghana. From inception, this network was branded, financed, and operated independently from Healthstore and its CFW network in Kenya.

This network now has 17 comprehensive medical clinics and has been acquired by Sanford Health, who has plans to grow the network to 300 clinics by 2020 in partnership with the Ghanaian government.
Rwanda: 2007-2011

Healthstore launched a franchise healthcare network in Rwanda, then transferred it to an offshoot organization – One Family Health.

The network now has ~109 medical clinics in partnership with the Government of Rwanda, funded by GlaxoSmithKline and aims to grow to hundreds of clinics in the years to come.
Restructured CFW Franchisor

Modeled after successful franchise companies and launched in 2017. Healthstore East Africa will:

• Be funded by investment capital
• Achieve breakeven and eventually, profitability
• Generate a return of investment and a return on investment
Restructuring the CFW Franchise Model

Healthstore Foundation has established a Healthstore East Africa (HSEA), a wholly owned Kenyan for-profit subsidiary

• HSEA will implement Integrated Delivery Systems (IDS)

• Each IDS will deliver a full continuum of care

• HSEA will license territories to Master Franchisees who will franchise CFW “Spoke” clinics integrated with their own “Hub” clinics and hospitals

• “Output Payments” will pay for patients too poor to pay

• Since Franchisees will be paid in full they will pay normal franchise royalties rather than continuing to subsidize their own patients

• Royalties and other revenue sources will enable HSEA to earn profits and to pay a return on capital after reaching break-even

• With a view to future impact investment capital will be attracted so that grants and donations are not needed to fund HSEA

(See Diagram of Restructured Business on Next Page)
The Healthstore Foundation
501(c)(3) (Franchisor)

Healthstore Holdings II
(Public Benefit Corporation)

Healthstore East Africa
For-Profit, Kenya-based Company
(HSF Operating Subsidiary)

New CFW Franchisees

Existing CFW Franchisees

Grantors / Donors

Sustainable Healthcare Foundation
(Kenyan Nonprofit Franchisor)

License

Output Payments
- Payment for patients who cannot pay for the care they need

HSEA Revenue Sources
- Managed Care Contracting
- Data Products
- Brand Licensing

Rev. from Franchisees
- License Sales
- Royalties
- Sales of Products/Services
Partners & Media
Healthstore Past Financial Partners

- Arbor Foundation
- Acumen Fund
- Anbinder Family Foundation
- Brainstorm Design
- Bridgeway Foundation
- Chiron Foundation
- David Weekley Family Foundation
- Eleos Foundation
- ExxonMobil Foundation
- Flora Family Foundation
- GlaxoSmithKline
- Goldsmith Foundation
- Global Fund
- Hot Dish Advertising

- International Finance Corporation
- Kaiser Permanente
- Mark Gordon Family Foundation
- Michael Seid & Associates
- Mulago Foundation
- Oswald Family Foundation
- Postnet
- Procter & Gamble
- Rockefeller Foundation
- Rotary International
- UNICEF
- USAID
- Virgin Unite
- Weiss Communications
In the Media

NOW ON PBS

Forbes

Stanford Social Innovation Review

Harvard Business Review

FAST COMPANY

Financial Times

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