



The Child and Family Wellness Shops Story



Using Micro-Franchising to improve access to life-saving medicines

“I have been working in public health for over 20 years, and in my view the Child and Family Wellness Shops model represents one of the greatest opportunities to save lives and improve family health in the developing world of any program I’ve seen.”

Dr. Denis Broun, Former Director of Health Programs at UNICEF



The Problem

On average 25,000 children die every day in developing countries for want of basic medicines that cost less than a cup of coffee



- >> A short list of diseases treatable with inexpensive drugs accounts for over 70% of childhood illness and death in the developing world.*
- >> Almost a million people die each year of malaria in Africa alone. Shockingly, the cost of medicine to cure malaria is just 68 cents.*
- >> Millions of Africans live hours if not days from the closest clinic*
- >> Existing public and private outlets suffer from chronic shortages, poorly trained staff, prevalent counterfeit drugs.*

Mission and Key Goals

Mission

To improve access to essential drugs and basic health services for children and families in the developing world.

Key Goals

- To provide affordable access to essential medicines in communities where supplies are scarce, over-priced, or of poor quality.
- To reduce mortality and morbidity rates especially for children under 5.
- To encourage the replication of the health Micro-Franchising model in the developing world by demonstrating that the model is a secure, and highly cost-effective conduit to achieve public health goals.

Core Principles of the SHEF Micro-Franchise Model

- Create performance incentives through ownership. Health workers own and operate their own small Clinics or Shops. Each outlet provides a living income for its owner ensuring the sustainability of the model.
- Offer essential drugs and basic healthcare at prices affordable to the poor.
- Employ tight franchise controls and regulations to ensure that strict standards are followed:
 - Use rigorous, uniform systems and training
 - Maintain a consistent brand image across all outlets
 - Enforce careful selection of locations and operators
 - Leverage the combined buying power of the full network to obtain quality medicines at the lowest possible cost and strictly controlled prices at retail
 - Employ strict controls on quality backed up by regular inspections. Operators that do not consistently comply with standards are replaced or closed.
- Achieve efficiency through scale and standardization. At a target scale of 400+ outlets the cost of the model to provide access is less than 50 cents per person per year.

Jesmah Clinic



Credence (right) started and runs the rural Jesmah Clinic. She treats over a thousand patients per month and is one of the most successful operators in the CFW Shops network.



Jesmah Clinic



Credence offers free infant weigh-ins. She also provides informal insurance by extending credit to many of her customers when their money is tight.

Organization Profile



- There are a total of 67 outlets in Kenya:
45 shops and 23 clinics.
20-40 more will open in the coming year .
 - 37 Outlets in the Mt Kenya region
 - 10 outlets in Nairobi's Kibera slum with emphasis on TB
 - ~20 outlets in the highly impoverished western region
- Serving 200,000 patients per year on a run rate basis
- SHEF Kenya employs a management staff of ~14.
- US staff is minimal: 2 paid positions + pro-bono President
- 2005 budget is just \$740,000

Health Product Focus

Key Infectious Diseases

- Malaria
- Respiratory Tract Conditions
- Oral Rehydration
- Worms/Amoebiasis
- Tuberculosis / DOTS*

Preventatives

- Mosquito Nets
- Birth Control / Condoms
- Water treatment
- Nutrition Products
- Hygiene Products



Other

- Fever, Pain & Inflammation
- Skin Conditions
- Heartburn & Hyperacidity
- Fungal Infections
- Wounds and Burns
- Eye Conditions

**The first TB clinics will open in 2005 .*

In future SHEF plans to adapt its model to the delivery of AIDS treatments

Successes to Date

- 350,000+ patient visits since inception
- The Kenya network currently serves about 15-20,000 patients per month; more than 200,000 patients per year.
- Approximately 25% of patients are treated for malaria
- Drug sales grew 62% in 2003, and on track to increase over 40% in 2004.
- The SHEF Kenya network has already grown almost 50% in 2004 opening more than 20 new Outlets
- Expansion target for 2005 is to approx 95 total outlets
- The CFW Micro-franchise model is already being duplicated in other African countries

Joskar Clinic



Patient Register

CFWshops 9.3 PATIENT DAILY REGISTER LOCAL PARTNER'S NAME SERIAL NO. 985

NO	AGE	SEX	RESIDENCE	COMPLAINTS	DIAGNOSIS	TREATMENT	QUANTITY	COMMENTS
1	20	M	Wakamba	DL/Handing	DL	Handing	100	
2	20	F	Wakamba	STP	STP	Handing	100	
3	20	M	Wakamba	STP	STP	Handing	100	
4	20	F	Wakamba	Handing	Handing	Handing	100	
5	20	M	Wakamba	cut	cut	Handing	100	
6	20	F	Wakamba	FP	FP	Handing	100	
7	20	M	Wakamba	cut	cut	Handing	100	
8	20	F	Wakamba	Handing	Handing	Handing	100	
9	20	M	Wakamba	Handing	Handing	Handing	100	
10	20	F	Wakamba	Handing	Handing	Handing	100	
11	20	M	Wakamba	Handing	Handing	Handing	100	
12	20	F	Wakamba	Handing	Handing	Handing	100	
13	20	M	Wakamba	Handing	Handing	Handing	100	
14	20	F	Wakamba	Handing	Handing	Handing	100	
15	20	M	Wakamba	Handing	Handing	Handing	100	
16	20	F	Wakamba	Handing	Handing	Handing	100	
17	20	M	Wakamba	Handing	Handing	Handing	100	
18	20	F	Wakamba	Handing	Handing	Handing	100	
19	20	M	Wakamba	Handing	Handing	Handing	100	
20	20	F	Wakamba	Handing	Handing	Handing	100	

Pill Counting Tray



CFW Shops employs far more rigorous record keeping and analysis than most clinics in Africa. Every CFW outlet records details on every patient visit in a standard register. Field officers collect this data every month and enter it in a central database.

Key Sources of Funding and Support

- **Management Sciences for Health:** Technical assistance and funding
- **Rockefeller Foundation:** Supporting new clinics in Nairobi slums
- **Goldsmith Foundation:** Non-designated financial support
- **Acumen Fund:** Funding recently approved targeted to performance of existing outlets
- **World Bank / International Finance Corp** - Funding package currently being finalized, providing technical assistance in MIS etc
- **Global Fund:** Portion of 2006+ Kenya funding earmarked for SHEF
- **SHEF Board Members and Individual donors**

Key Objectives Going Forward



1 Increase Outlet Traffic

- Improve outreach/marketing, refine pricing and test new promotions
- Expand product/service offering
- Upgrade and standardize signage
- Restructure outlet financing package
- Set and enforce higher performance criteria for all outlets
- Refine and optimize location and franchisee selection
- New outlets will be mostly higher performing clinics (vs shops)

2 Broaden and Deepen the Donor Base

- Expand the Board of directors and grow the donor list at all \$ levels
- Prioritize and close funding with major institutions

Summary

- **The SHEF model is demonstrating the clear potential to:**
 - >> *Provide a secure channel for the delivery of essential drugs*
 - >> *Radically lower the cost providing these medicines*
 - >> *Save thousand of lives*
- **The number of patients SHEF is serving and the number of clinics in operation is growing robustly.**
- **SHEF has proven strategies for improving outlet performance that will both expand public health benefits *and* enhance financial sustainability.**
- **Major institutions are gaining interest in the franchising model as a critical tool to solve the problem of drug distribution:**
World Bank, Acumen, MSH, Rockefeller, etc
- **SHEF's budget is modest. A small group of committed donors can make a meaningful difference in the success of this powerful idea.**
- **SHEF has a strong board and senior management team to lead the program's growth. (see appendix)**

How You Can Make a Difference

- \$975 Will completely furnish, build out, and paint a new clinic
- \$2,215 Will provide 1,000 impregnated bednets to help prevent malaria
- \$2,900 Will support a delivery driver for a full year
- \$4,792 Sponsor a clinic for just \$4,792 per year for five years. For a typical community of 5,000 that's less than \$1 per person. (ask for our Clinic Sponsorship Pack)



Appendices

See deeper details on the
following pages

Bios of Key Officers and Staff

Scott D. Hillstrom, J.D., Co-Founder, Board Chairman: Scott co-founded the SHEF in 1997. He is presently CEO of Guardian Law Group, a U.S. based law and business advisory firm advising businesses and investors. Scott continues to participate actively in various businesses in the fields of healthcare, technology and New Zealand real estate. Previously, he co-founded and served as Managing Director and General Counsel of Rehab One, Inc., a rehabilitation physician network in the United States and spent five years as managing partner of Hillstrom & Bale, Ltd., a commercial law firm in Minneapolis, Minnesota. Scott also served for approximately ten years as the CEO of Steiger International, an international youth ministry, and has been actively involved with social and humanitarian activities for the past 25 years.

Chuck Slaughter, Acting President, Board Executive Committee: Chuck is the Founder of TravelSmith. TravelSmith the #1 brand in travel clothing with over \$100 million in sales and over two million customers. He earned both a BA and a Master's in Management from Yale. In the late 1980's he served as a Program Officer for Trickle Up, an organization that supports micro enterprise development in over 20 countries. After receiving his masters Chuck worked on corporate strategy for Fortune 100 companies at Marakon Associates, a management consulting firm. Chuck currently serves on the boards of the Spiegel Catalog, The Trickle Up Program, and Environmental Traveling Companions. In September of 2004 Chuck agreed to take on the role of Acting President for SHEF with responsibility for overseeing all day-to-day operations and fundraising. All SHEF staff report into Chuck who in turn reports to the Executive Committee of the Board.

Denis Broun M.D., Vice-Chair of the Board, Chief Medical Advisor: Dr. Broun specializes in tropical diseases and epidemiology. He is a graduate of the Paris Institute of Political Sciences. After several years working as a health economist in Africa and Asia, Dr. Broun joined the World Bank in 1991 taking charge of the pharmaceuticals and vaccines sector as a Senior Health Specialist coordinating the Bank's work in the essential drugs area. In 1996, he was appointed Chief of the Health Section of UNICEF and then joined the World Health Organization in 1998, first as a Deputy Director for the control of tropical diseases, then as Director of Resource Mobilization. In 2000, Dr. Broun joined Management Sciences for Health to head up their European office. He also leads the franchise aspect of the Gates Foundation funded Strategies for Enhancing Access to Medicines (SEAM) Program at MSH. Dr. Broun is SHEF's senior medical officer and has taken a highly active leadership role in creating and refining SHEF's medical strategies. Through his role at Management Sciences for Health he has lead several key studies that are advancing the SHEF model. Dr. Broun was elected Vice-Chair of the SHEF Board in Fall of 2004.

Bios of Key Officers and Staff

Liza Kimbo, CFWshops Kenya Executive Director: Liza specializes in finance and pharmaceutical services management. She earned her MBA through United States International University, in Nairobi Kenya, and her BA in Finance from the University of Connecticut in Connecticut, USA. She is currently studying for her Masters in Public Health degree on a distance-learning program from the London School of Hygiene and Tropical Medicine. She has run the Kenyan operations of the CFWshops since 2000. Prior to joining SHEF, Ms. Kimbo served six years in senior management in the Kenya branch of Standard Chartered Bank where she was responsible for the division in charge of strategic planning and business information analysis. Subsequently, she established and managed a retail pharmaceutical company with four company owned pharmacy outlets plus nine contract managed pharmacy and health center outlets for clients. Liza is currently the Chairperson of the Kenya NGOs/Private Sector Alliance against Malaria (KeNAAM), a body which brings together the major organizations involved in malaria in the country working in partnership with the Ministry of Health. She sits on the Malaria Drug Policy Technical Working Group, and is a past Chairperson of the Coalition for Access to Essential Medicines, a Kenyan advocacy group. Liza is based in Nairobi and is the chief of SHEF's Kenya office and operations. All the Kenya staff report to her.

Dr. Julius Ombogo, General Manager: Julius is the General Manager of SHEF Kenya, and joined the organization in June 2004. He holds responsibility for the day-to-day organizational management, and supervises the Finance and Administration Manager and the Operations Manager. Dr. Ombogo is a registered pharmacist with a Bachelor of Pharmacy degree from the University Of Nairobi and an MBA from Unites States International University – Nairobi (USIU). He also holds a diploma in Clinical Research from Maxwell Associates of UK and a Marketing diploma from the Marketing Society of Kenya. A former chairman of the Pharmaceutical Society Of Kenya, Julius is a serving member of the Pharmacy and Poisons Board of the Ministry of health, and is the chairman of the finance committee. He has extensive experience in the pharmaceutical industry having held senior management positions including Pharmaceutical Manager, Boots Pharmaceuticals; Marketing Manager Glaxo Wellcome Kenya; Regional Manager, Aventis Pharma Services and Marketing Coordinator Hoechst Merion Roussel. Julius is an active member of various professional organizations including the American Management Association (AMA), International Pharmaceutical Federation (FIP) and is the secretary of the Kenya Chapter of the International Network for Rational Use of Drugs (INRUD). He has recently been appointed a member of the National Steering Committee on continuing professional development in the Ministry of Health.

Summary Patient Statistics 2003

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	TOTAL %
Malaria	2,367	1,960	2,104	1,750	2,298	2,615	2,717	2,589	2,466	2,321	2,323	2,728	28,238	23%
Respiratory Infections	3,266	2,286	2,470	2,497	3,168	3,243	3,558	3,599	3,007	3,129	3,182	3,581	36,986	30%
Pain, Inflammation	1,236	1,239	1,218	729	717	771	1,008	1,154	1,149	1,105	1,136	1,330	12,792	10%
Hyper Acidity	402	334	413	342	339	489	617	581	608	587	580	642	5,934	5%
Worms	1,173	868	961	1,008	1,164	1,283	1,165	1,147	1,348	1,287	1,135	1,336	13,875	11%
Amoebiasis	753	590	649	677	730	970	710	797	944	848	887	892	9,447	8%
Wounds, Skin Conditions	209	183	229	291	348	278	271	354	332	296	308	424	3,523	3%
Eye Infections	74	77	76	76	63	85	185	99	87	94	87	101	1,104	1%
Anaemia	82	71	89	62	107	122	154	151	91	129	109	126	1,293	1%
Gastro-enteric, nutrition	296	343	344	254	390	534	466	518	484	521	542	574	5,266	4%
Other	387	404	402	348	349	390	345	434	443	501	613	638	5,254	4%
TOTAL	10,245	8,355	8,955	8,034	9,673	10,780	11,196	11,423	10,959	10,818	10,902	12,372	123,712	100%

Key Statistics Kenya

- Population: 32 million (2002)
- Number of districts in the country: 77
- Age structure
 - 0-14 years 43%
 - 15-64 years 54%
 - 65 years and over 3%
- Life expectancy at birth (2000-2005)
 - Total population 49.3 years
 - Male 49.9 years
 - Female 48.7 years



Outlet Performance



- The average outlet generates sales of ~\$1,875/year including consult fees. The long term target is for ~\$4500/year.
- Nurse operated Clinics serve 50-80% more patients per month than Shops and perform better financially
- Over 70% of patient contacts are well documented. This is superior to most private and public health clinics serving similar populations.
- Outlets serving high patient numbers are:
 - > Located in the more densely populated.
 - > Run by energetic, outgoing franchisees
 - > Not necessarily in the best locations
- Outlets serving fewer patients are:
 - > mostly located in poorer / more sparsely populated areas
 - > currently challenged in servicing their loans and are poorly stocked due to reduced working capital.