

“Frigo y Tú” – Inclusive business model to fight high youth unemployment in Southern Europe

1. The Company

UNILEVER is one of the world’s leading fast-moving consumer goods companies with products sold in over 190 countries and a turnover of €49.8 billion in 2013. According to company data, more than 2 billion people daily use Unilever products. Unilever has more than 400 brands, 14 of which generate sales in excess of €1 billion a year. Unilever España S.A. operates as a subsidiary of Unilever NV. In 2003 it had a total turnover of 700m (and around 400 employees people). It was founded in 1948 and it is currently based in Viladecans (Barcelona).

2. Sustainability Innovation

The project “Frigo y tú” (“Feet in the Street” in its international version) is an inclusive business proposal developed to fight young unemployment in Southern Europe (over 55% in Spain, around 58% in Greece, around 35-40% in Portugal and Italy) through the creation of a new retail business model: the mobile vending ice-cream, recovering the original spirit of ice cream consumption



and delivery, using low carbon emission vehicles and employing young unemployed people. From its idea creation, the initiative had the ambition of becoming a “bottom of the pyramid” business model initiative for developed countries.

It is important to note that the nature of the project was clearly influenced by the external context. The Spanish recession and economic crisis as well as Unilever moving offices to the city of Viladecans (also highly affected by the crisis) were two very important elements in prioritizing the social inclusiveness factor of the sustainability initiatives in the company. The success of the previous stakeholder- community engagement program Unilever Comparte was a clear enabler for defining the project essence as well.

The program is addressed to young unemployed people with high risk of social exclusion. The aim of the project is not only provide a temporary job, but also to offer mentoring, training and support to the users for acquiring the necessary skills in micro-entrepreneurship, food

handling management, marketing and finance to be able to run their own small business in the future. The participants are involved in the design, planning and the strategy of their small enterprise and provide continuous feedback for the improvement of the operation to Unilever.

The pool of potential participants is provided by Exit Foundation, an NGO that works on the employment of young people at risk of social exclusion through innovative training and projects, while recruitment and training is coordinated by Unilever and Manpower Foundation. Once selected, training modules are provided to the participants. After this short, but intense training period, the selected user entrepreneurs are provided with a vehicle (bicycle, caravan, adapted isocars Piaggio 200 or small pushcarts) and a selected distribution area for their business distribution (usually crowded places where people are enjoying leisure time). Unilever is responsible to obtain previously all necessary municipality licenses and permits. The user entrepreneur makes a minimum initial investment for buying the ice-creams. The benefits are according to its turnover performance.

The pilot program was launched in the summer of 2014 in Spain and Portugal, while it is expected to roll out in Italy and Greece in the next couple of years. In its first year, it was successfully implemented in more than 213 locations, deploying a total of 190 low carbon vehicles into the market and providing an opportunity to 410 people in Spain and Portugal to get their first seasonal job and acquire the necessary knowledge and skills to develop their own business eventually. The project is already on breakeven for Unilever) while there are indicators that brand awareness and trust has increased.

“Frigo y tú” has been recently selected as one of the most sustainable innovative projects at Unilever globally. The project leaders in Spain and Portugal received in 2014 from Unilever CEO, Paul Polman, the “Heroes” award, granted to the six best social and environmentally intra-entrepreneurship propositions amongst a total of 1,200 developed at different Unilever offices all over the world. At local level, in Spain, the company is currently evaluating with the Ministry of Labor and Employment its suitability for implementing the program in collaboration with other government initiatives enhancing young employment and socially inclusive employment at broader national level.

The main innovation aspects of Frigo y Tú with regards to sustainability can be summarized as follows:

- Integration of young unemployed (55% rate in Spain) and high- risk social exclusion groups in corporate value chain as suppliers/ micro-entrepreneurs.
- Micro-entrepreneurship coaching and training allow possibility of enhancing entrepreneurship initiatives potentially increasing employability opportunities of the users.
- Distribution through low carbon emission vehicles (bicycles, push karts) is more environmentally efficient than traditional high volume transportation (mainly done through trucks)
- Main impact of the project is to provide practical training and the necessary conditions to enhance inclusive entrepreneurship in Southern Europe, an area highly impacted by the economic crisis, with high youth unemployment rates and labor market exclusion.
- Allowing users- entrepreneurs to obtain the necessary skills, know-how and hands on experience to create their start-up or engage into self-employment activities in the future, will also contribute to their social welfare and a more sustainable and inclusive growth.

2. Engagement of End Users and Other Stakeholders

End Users - Entrepreneurs insights were gathered at the opportunity/challenge recognition, developing, testing and launch phase, mainly through methodology like field trials, user interviews and co-creation workshops. In more detail:

A. Opportunity and Challenge recognition

In this phase, several users were identified in order to launch the **Unilever Comparte community engagement program** in 2012. The initiative had as main goals and expectations to ensure a smooth integration of the company and its 420 employees in the new city where its headquarters would be located, Viladecans, but also, and more importantly to contribute in a positive manner and to improve the environment and livelihood of that community.

Several **consumer workshops, training, coaching and mentoring sessions and interviews** were realized during this program. Findings and insights were very valuable to incorporate them eventually at the “Frigo y Tú” project. Three were the main aspects considered: the first was that the coaching and mentoring element was a very strong motivator for the people to participate; secondly, that this training could be aimed at creating a small enterprise, the entrepreneurial aspect of the proposal should be enhanced. Third, that young unemployment should be a priority.

B. Ideation Phase

The idea of implementing micro entrepreneurship mobile vending schemes following the model applied in some developing countries was discussed as potential project for addressing high unemployment in Spain. Encouraged by Paul Polman, Unilever CEO, several meetings by top management members and the ice cream & beverages Business Unit director took place and the project started taking shape. Adaptation of this model to the European reality implied a first hand knowledge of the most successful initiatives (namely India, where there are Unilever micro entrepreneurship programs for food delivery in tricycle and Thailand). Several **face-to-face interviews to users** and meetings with mobile vending experts to assess the main characteristics of the model took place. For decisions on the vehicle mix, locations and routes definition, profile, training and coaching of entrepreneurs, a **co-creation workshop** was organized by the Unilever Singapore team in March 2014, with both mobile vending business responsible and user entrepreneurs from India, South Africa, Brazil, Mexico, Vietnam, Malaysia, and Thailand.

C. Development

Field trips and individual interviews with Spanish users and co-creation sessions with the Municipality of Viladecans assisted amongst others to further articulate the value proposition to the user entrepreneurs; identify segments and locations; start collaborations to obtain licences; refine value chain operations and specify revenue-generating mechanisms, cost structure and profit potential, amongst others.

D. Testing and launch

The pilot testing of this summer in Spain and Portugal can be considered a proper launch due to the size of the operation. It was good field trial experiment for the launch of the project next year. The two first pilot programs and the users insights gathered have provided invaluable input on how to improve and modify the model for subsequent editions, regarding points of sale, main features and feasibility of the operation

Other Stakeholders

Stakeholder engagement approach was a key enabler for the success of the project. As depicted in the table below:

Stakeholder-Collaborator	Type of organisation	Reason for participation
Viladecans Municipality	Public Administration	Assessment of Viladecans needs for development of actions and organization of workshops under the Unilever Comparte program Evaluation of the Frigo y Tú project proposal and feedback as well as modifications on action lines suggestions
Fundació Èxit	ONG	NGO with expertise in social integration of potentially excluded collectives through employability. Offered pool of potential participants from high-risk social exclusion groups for recruitment and selection purposes.
Manpower Foundation	Recruitment agency	Participation in recruitment- training and on the job monitoring activities The users- entrepreneurs are selected through a recruitment process, which is coordinated both by Unilever and an external agency.
Spanish Municipalities	Public Administration	Strategic alliances and negotiations for permits to deploy program in their respective towns and cities.

4. Inclusive business models: top leadership commitment and the role of multi-sector stakeholder partnerships.

The “Frigo y Tú” project was possible to a great extent to the personal involvement of Unilever CEO, Paul Polman, who was a strong advocate of the idea from the beginning. Spanish top management attitude towards intra-entrepreneurship was also an important enabling factor, allowing time and resources for the Program.

The adoption of the Unilever Sustainability Living Plan as key growth driver of the company has clearly influenced organizational culture. The company is open to alliances, collaborations and partnerships as a way of leveraging knowledge and sustainable impact. New products or project development are not only influenced by financial indicators, but also, to certain degree, to the contribution this innovation can yield in terms of sustainable or social impact. Rapid scalability and impact of the project has been key to its early success. This could have not been achieved without collaboration with public and local authorities and with other private partners (Manpower), NGOs (Fundació Èxit). A very sound approach to multi-stakeholder engagement has assisted the rapid implementation of the project.