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BanaPads: To grow or not to grow? That is the question

Introduction

In the summer of 2018, Richard Bbaale sat in a rural village in Uganda, looking over a banana plantation. He recalled the inspiration behind BanaPads as he contemplated what to do next. It had been 10 years since he had founded the non-governmental organisation (NGO) to help women and girls in rural settings overcome the challenges of menstruation – challenges that he had witnessed first as an older brother to his sister and then as a teacher at an all-girls' school.

Menstruation was a social taboo in many parts of the world and rural Uganda, where most women and girls were either unaware of or could not afford solutions to manage it, was no exception. As a result, women and girls were often excluded from society when menstruating. Frustrated by this, Richard founded BanaPads to produce affordable sanitary pads made from treated banana leaves. To raise awareness of the issue, BanaPads used a network of female sales agents, the 'Bana Champions', to distribute its products and educate the local community on menstruation.

Richard knew that BanaPads had created real impact in some communities in Uganda over the previous decade. Women and girls in those villages had been better able to manage menstruation and fully participate in their communities as a result. On top of this, Richard offered rural women job opportunities throughout the value chain of BanaPads, including the Bana Champions who formed the distribution network for the product.

Now was the time to scale the model further. Richard knew he had a huge opportunity to do so: currently only 30% of Ugandan women used commercial pads that were hygienic and safe. BanaPads entered the market with an affordable, accessible, eco-friendly pad for young women and girls across Uganda. He needed around US\$500,000 to increase production capacity. In order to be able to accept external financing, Richard converted BanaPads from an NGO to a for-profit company and reached out to investors. However, investors expressed concerns about whether the business was 'investable' in its current form and proposed several changes to the business model, including one option of eliminating the Bana Champions model to accelerate scale-up. Now Richard was faced with the decision whether to accept investors' terms for the future of BanaPads; terms that he was not totally convinced by.

He knew BanaPads needed, and was ready for, investment. He had a proven operating model with a loyal customer base. Investments in the operating capacity had already yielded strong returns. After semi-automating the production process, BanaPads had doubled sales in two years. Now, Richard wanted to fully automate production, which he estimated could increase

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