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Be The Change

Action and reflection from
people transforming our world

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Extract

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Katie Alcott



I realised that you couldn't lift people out of poverty until they had access to clean water.

Katie Alcott founded Frank Water as a social enterprise in 2005, and runs it with the support of her husband Tom, one part-time employee and a team of 15 volunteers. Frank Water is bottled at a spring in Devon and distributed to conscientious consumers throughout the UK via a network of ethical retailers. In June 2006, the 4,000 villagers and neighbours of Kothapeta village in Andhra Pradesh, India, were the first beneficiaries of Frank's policy of donating all profits to fund clean water projects in developing countries. A year later, 20,000 people in four communities in India are drinking clean water thanks to Frank. In 2008, the company plans to provide clean water facilities in eight more communities in India and Ghana. Every litre of Frank Water sold in the UK provides 200 litres of clean water overseas.

The story of Frank really began when I was 18 and I worked for a community school in India. The thing that hit me was the amount of effort that the family I stayed with had to go to, to get clean water, and then the incredible effort they put in to make sure the water was clean enough for me, to make sure I didn't get ill. The last thing they wanted was for me to get ill while I was living with them. So they would filter it three times, and boil it twice for half an hour, and they made sure that I only ever took water from their house, that was as clean as they could make it with the technology that they had.

My first meal out was with one of the teachers from the school, and it was really spicy. I'm not great with spicy food, but because it was offered, I felt obliged to keep eating it. I was suffering quite a lot from the heat of it, and I'd finished all the water that I took with me from my family. I asked the people I was with whether it was OK to drink the water that they had, and they said yes. I don't think they understood that what I was actually asking was, was it safe to drink, was it clean, and I think that because they drink it, they automatically thought it would be OK for me. They'd built up resistance and I obviously was still very weak in that respect. So I had this water, and the next day I came down with dysentery.

It didn't put me off travelling, but I found a real interest in water. I did a lot of research into water issues. Travelling to different continents, South America and Africa, and seeing the same issues in every place, I realised that actually, in Europe and most of North America we're really lucky. Every time I went away, quite often I was ill, but I always knew I could come home to England and everything would be fine. We've got good doctors, we've got clean food and we've got clean water. I knew I'd be better within a week, and realised how much we take everything for granted. I really wanted to do something about it. Also I did some journalism in Bolivia, where there's an issue with the privatisation of water. I realised there were so many issues surrounding water and how important it was, that you couldn't really lift people out of poverty until they had access to clean water. That was where the idea initially came from, and obviously I looked at a few different ways before I came to Frank.

Frank in business

I thought about how we can use business to create something much more sustainable long term, that would make a much bigger difference and also would

With social enterprise… people love what you're doing and you love what they're doing, and automatically you find a brilliant allegiance.

include and involve many more people than just myself. At the time, the bottled water industry in the UK was taking off. There were lots of articles in the newspapers about it, and there just happened to be lots of articles about world water issues as well. These two things came together — water for water. So many people were drinking bottled water, it just seemed like a perfect option. All the water companies at the time were run by big companies who notoriously have bad reputations for things that they do in developing countries, so it seemed like a perfect opportunity to offer people who do drink bottled water the opportunity to buy something that was actually giving something back. And it was a small thing, a small consumer item that wasn't asking them to dig deep into their pockets. We didn't really want to encourage the drinking of bottled water, just give people who were already drinking bottled water an opportunity to buy something different.

We contract bottle, which means we subcontract our bottling to a spring in Devon. Our initial expenses are quite a lot higher, but it also means that we have a lot less risk than if we owned our own spring. It took about a year for us to really understand the profit margins that we could make, so in our first year we waited till our year-end and donated our profit. Since then we've been able to clarify a lot more the way the business runs, which part of the money goes where, and we have a fixed price for each bottle we sell to the wholesalers and retailers, which is very unusual. Most companies tend to have different prices for different customers. We needed to keep the price fixed so that 20p for every litre of Frank sold in the UK can go to the projects.

Frank in India

The way it works is that we support a specific village. We work with our NGO partner in India to find a village that doesn't have access to clean water. They work with the villagers to identify whether they want a facility or not, where that facility would go, and do all the pre-education. Then we pay £7,000 for the installation of the project itself — the construction of the facility and the technology

inside it, which cleans the water. To be sustainable, the villagers have to own the project, so through discussions with the *panchayat*, who's the chief of the village, and the elders, an amount of money is agreed upon that the villagers are willing to contribute to the cost of the facility. They have to be part of it, so our projects employ three people from the village to operate the facility, deal with customer service, change the filters and repair anything that's damaged. Therefore, our projects are community-owned and community-run. £7,000 pays for the facility to go in and then the villagers pay one rupee for every 15 litres of water. That's the price set by Naandi, the local NGO, who have stated that this is a fair price, the villagers can all afford it. It works out as equivalent to 70p per person per year.

That one rupee is then split three ways. The first third goes to the operators to pay for their salaries, the second third goes into a pot which is used for repairs and new filters for the machinery (all the parts can be replaced within India), and then the last third builds a pot of money which the villagers put back into the community in some way, as they choose. The *panchayat* helps coordinate the project. Kothapeta are using that money to buy desks and books for their local school. The whole idea is that it's a sustainable project in many ways, not just in the way that it runs itself, but in the way that it involves villagers, it creates jobs, and it creates spin-off benefits for the community. The villagers are creating their own businesses. They found that there was demand from further afield. Some of the locals who have access to a vehicle are filling up cans and doing a delivery service for an extra quarter of a rupee to nearby villages, so more people have access to the clean water.

In our first year we donated our full profit of £4,000. That's a percentage of a clean water facility in Kothapeta village in Andhra Pradesh. In 2007 we'll have put in another three facilities. And then in 2008, things kick off in a different way, because we're also hoping that the water will only provide a percentage of the funds that we raise, so it will only be part of the business. We're hoping to create other ways of raising money for the projects, to become more of a charity.

Not just bottled water

We've found that Frank is a very strong brand. And because we do lots of festivals, we come into direct contact with a lot of our customers. A lot of people, because they like the brand, ask things like, do we have T-shirts, do we have

It's nice to be involved in something that's bigger than you as a person, something that makes a difference on such a big scale.

badges etc? So we've started to create merchandise. Organic fair trade t-shirts are a new thing that we've started selling on our website, and we're looking into doing reusable bags as well, as we get asked a lot for those kinds of things. Also we work with a water cooler company who are partnering with us as a charity rather than us as Frank Water Ltd, and for every water cooler they sell, they're donating a percentage of their profits. Instead of that coming to Frank Water Ltd, the business, it's going into our company limited by guarantee, which we're hoping to get charitable status with. It's like Oxfam in the company set-up, they can't trade directly from a charity. You have to have a separate trading arm. So we started Frank Water Ltd, trading, and then we have a policy that all profits made from that company go into Frank Water Projects which is the company limited by guarantee, awaiting charitable status. And then we also plan to do general fundraising in other ways.

The ultimate vision of Frank Water as a bottled water company really is to put ourselves out of business because everybody's been given access to clean water. Or to influence other businesses to do something similar. I mean, if Coca-Cola just put 1p on every can they sold, they would rid us of the whole issue in the first place. So if we could just encourage a few other water or drinks companies to contribute in some way, that would make a massive difference. So, more than anything, it's about hopefully influencing other businesses to do something similar that will help other people in other ways. To inspire others. We're certainly on the radar of a lot of the big companies, I know they're watching. Hopefully they're inspired and they're learning. Hopefully they will do something themselves.

Ethical business dilemmas

Distribution is probably our biggest issue. And it's costly as well. Every new distributor you involve is another bit of money going out. Although we were passionate about it, not everyone was going to be as passionate as we were about it. Just because we thought it was a good idea, not everybody was going to be willing to

cut down on their profits to enable it to work. Our initial idea was the idea of equity, in that the retail price of each bottle should be split into thirds — a third on manufacture and distribution, a second third to the retailer as their margin, and the last third to the Frank projects. That was our idea about it, but the fact is that shops and cafes have very different margins. So for example, if we sell through a shop, they might only put 20 per cent, maybe 30 per cent, on that bottle. Their overheads are less because they're selling so many products. Whereas if we sell through a cafe or a restaurant, their overheads are so much higher, they want to put on 100 per cent, if not more. So we couldn't really go into all these different sales streams with a fixed retail price, saying, 'You can only make 20p on this bottle because we're only making 20p on this bottle for the projects.' That didn't work, whereas initially we thought that was a great idea and that everybody would be up for it. That was showing our naivety in business, really.

So gradually we've learned, but at the same time I think what's hardest is sticking to your values. We always wanted to be as equitable as possible, and we always wanted a flat rate pricing policy. That's how we chose to show our equity, and it allows us to have that direct link to how much we can provide at the projects as well. Our retailers accept it, but we do have problems. We haven't gone towards supermarket sales. They would want us to compromise a lot of our values, and yes, that would mean we'd get more volume and that would ultimately mean that we'd probably put in more projects, but what's more important — putting in the projects, or putting in the projects using the most ethical values and ways of doing things that we could in the UK? It was getting that balance right, really.

We're trying not to encourage the buying of bottled water. We're the only bottled water company who have on all our bottles, 'reduce, reuse, recycle'. We're trying to encourage people to think more about the impact that they're having by drinking bottled water, and if you have the option to use tap water, then use it. Part of the issue about supermarket sales is that their largest market is the take-home market, and we really don't believe people should be going into a supermarket and buying packs of bottled water to drink at home when you've got tap water or you can use filters to make your tap water better if you don't like it.

A small percentage of people feel that bottled water is not an industry that should be encouraged, which is, to be honest, very much where we come from.

I haven't waited for other people or relied on other people for things. If I believe in something, I go and do it.

Water for water, just the simplicity of the idea seemed perfect. We weren't creating a new market. We were creating a new category in a market that already existed and was growing at some speed. We felt it was more important to enter a market with a new product, and a new concept, to inspire others to do something similar, than to not enter that market at all. Every business has its foibles, its areas that aren't 100 per cent perfect, that you can improve on, and certainly packaging is one area that we are aware of and working on.

Frank's delights

One of the best things about Frank is going over to India and seeing the results, going to Kothapeta and meeting the villagers. We've seen that we've helped them have clean water and the effect that that has. It's incredible. Last year, we had the most amazing welcome from the villagers. It was an incredible situation, going back. I saw someone I'd taken photos of the year before, which we had on our website and our postcard. He saw himself on our postcard, carrying this massive bowl of water on his head that he'd just carried from the desert. He looked so much healthier this time. It was an amazing feeling. Also, I was doing interviews with the operators and they said how, before they had this job operating the facility, they worked in a town ten kilometres away. They don't have their own transport, they either walked there or they tried to hitch with a lorry or whatever to get to work. I remember the guy's face when he said, 'It's amazing to be able to contribute to the health of my own family and my own village, and to be doing something for my own people rather than working for a big company ten kilometres away from my home. Here I can see the effects of the work that I do.'

I was talking to the villagers as they came and collected water. They were already seeing other benefits, like the fact that it makes the most amazing dhal, and they were so overjoyed about that. Of course, they have dhal for every meal, and it boils so much quicker, so it saves on the amount of fuel and it saves time cooking. It's to do with the hardness of the water, and it makes it much fluffier. That's one of the amazing things, going to the projects and seeing the end product.

In the UK, we've had amazing support and met amazing people through doing Frank. With the kind of business that it is, a social enterprise, you meet so many people who are on the same wavelength as you, doing similar things. You find so much support through that. When I worked for Tom's business, whenever we used to go to an event, everyone was just trying to sell to you, it was always sell, sell, sell. Everyone was so concerned with profit for personal gain. The majority of the people we've met through Frank, who are all doing similar things, have so much of a wider view and vision. Yes, of course they're concerned about themselves, and living a good life for themselves, but they also care about other people and the environment. You meet them and you don't sell to each other. It's not about selling to each other, it's about raising awareness of the issues that you're aware of, and through that people just love what you're doing and you love what they're doing, and automatically you find a brilliant allegiance with them. You're not sold to or bought from, it's just that the idea itself propels your relationship and you tell other people about it, and it spreads like that through goodness rather than people thinking about personal gain.

Frank relies a lot on volunteers. Having volunteers involved in your business is a challenge, but what's more amazing is the passion that you get from them, and the other things that they bring as well. Other ideas, other ways of expanding your business, other people that they know — it automatically increases your network. It's lovely to have volunteers involved, whether they are the core of the business or on the periphery. You get something so much more powerful than something that's just driven out of money. They feel that they can get involved because it's not profiting shareholders. There are no shareholders. Pete, our designer, created a really strong brand because he was so passionate about it. He's a volunteer. And because all the people that were involved in Frank in the start-up phases were so passionate about it, we created something that much more powerful, and that was crucial.

Frank's roots

My father and mother were both involved in farming, which is a very community-led business. Everybody helps everybody out quite a lot, so a lot of farmers have cooperatives where you share machinery and come together to do jobs and things, which is really nice. Working off the land, working with what you've

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already got, the self-sufficiency to a certain extent influenced me. They worked for themselves, so I've been brought up with that sort of working for yourself mentality. And my degree in fine art was very creative, and you had to be self-motivated in order to do it. I've always gone out and done stuff, I haven't waited for other people or relied on other people for things. If I believe in something, I go and do it.

If I started again there's nothing specific that I would do differently. We created a business very much based around a core of ethical values, and we've been strong enough to stick with that. Yes, it means that we haven't got as much distribution, we're not supplying the supermarkets etc, but ultimately, that's a decision we've made with informed reasoning, so I don't think there's anything I would have done differently.

Being the change

I would say, do it, be the change. So many people think about it. I think a lot of people don't do it because they're concerned about the finance, about where they'd get the funding from, or whether it would actually run in profit at all, how they could actually make it work as a business. I think you just have to be brave. Get all the advice you can possibly get. There are so many people out there who want to help and advise with social businesses. Just don't be afraid. Do it. Make sure you're in a positive position and you've got the support behind you before you do it. There is so much out there, you would find support without a problem. Through moving in the ethical/social business area, you do meet a lot of people who are being the change. I've met loads of people on a smaller scale, people who are out there, volunteering, working on projects just because they want to be part of the change in their own way.

What gives me hope is that since starting Frank, there have been other entrants to the ethical water market. The more of us there are, the more it will influence the bigger companies to do something; they really can make an even

bigger difference than we're making. The ethical market as a whole is growing phenomenally, and conscious consumerism is going mainstream. So many more people are aware of it. People are encouraged to think more about their impact on the environment and on other people, and we're encouraged to do what we can where we can. It's really positive, and that gives me a lot of hope.



www.frankwater.com