

Taho Factory: The Story of a Poor Woman's Enterprise

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The DFID-KaR research project on “Enabling Urban Poor Policy Making: Understanding the Role of Energy Services” reported a number of success stories on how poor women’s micro-enterprises using energy-efficient technologies were helping to reduce their families’ vulnerability to economic shocks. This is the story of Aling Nena from the Philippines and her taho factory. Taho is a nutritious food made from soft soybean curd in syrup, however the production is very energy intensive.

The Crisis Begins

An unemployed husband, four children and retrenchment – this is Aling Nena’s nightmare. She was employed for over ten years at one of the leading companies engaged in agriculture and food products in the Philippines. Since she was dedicated to her work, she was confident this would be lifetime employment, and this gave her some sense of security.

In the late 1990s, however, Aling Nena’s crisis began when, one night, as she was preparing to rest after a long day’s work, a neighbour came and informed her that they had seen her husband, Glenn, laying in the grass along the road, bathed in his own blood, and unable to walk.

Aling Nena, with only a few pesos in her wallet, rushed to the nearby houses of her work colleagues to borrow money to rent a vehicle and take her unconscious husband to the hospital for treatment. After an almost two-hour drive along a dark and slippery road at midnight, Glenn arrived at the hospital – thanks to the generous and helping hands of neighbours. Glenn had received several deep knife wounds and a broken skull. Friends and colleagues offered assistance from taking care of the children and watching over Glenn in the hospital, to lending cash to help offset transport costs and medical expenses. This is a good example of how strong social networks help poor people overcome threats to their livelihoods brought about by everyday incidents such as medical bills. Aling Nena’s social network came to her aid a number of times during this event.

An Enterprise to Overcome the Deepening Crisis

A year after Glenn’s recovery, and before Aling Nena could repay her debts, the company where she worked downsized. Aling Nena was one of those affected. She felt the world had collapsed as she was left alone to take care of the increasing needs of her family without a source of income.

Returning to their farm did not seem a good option if they were to provide their children with a good education. The alternative was to make productive use of the small compensation payment Aling Nena had received from the company on the termination of her employment. She decided to invest this money in an appropriate business. Here again her social network helped in finding a business. A friend recommended the taho business of a neighbour who was wanting to sell his business. At first sight this did not seem such an attractive option. The business was no longer profitable since it was faced with the problems of expensive fuelwood, increasing transportation costs and uncertainty over a steady source and supply of fuelwood. Not surprisingly, nobody was keen to take over a



Taho vendor in Manila (Photo: Approtech Asia)

bankrupt business with nine workers and vendors plus a factory, equipment, utensils, land and building facilities.

Thus, if Aling Nena was to make this business work, it would need careful planning. With help from Glenn, her friends and the *taho* employees, a simple formula was devised that could make the business profitable. The existing employees were the key to success since they knew the customers and the operations well. The operation of the business relies on a tight cash flow: all the *taho* made each day has to be sold by the vendors to pay their employees and buy the raw materials for the following day’s operation.

Fortunately, a reliable source of fuelwood was not difficult to locate since Aling Nena’s parents own a farm with a woodlot planted with *ipil-ipil* (*Leucaena leucocephala*) and *kakawate* (*Glyricidia sepium*). Their farm is two hours drive away, and transport costs could be kept to a minimum if they collected fuelwood just once a month. So the energy issue, which had been a major problem to the previous owner, could be easily solved. A decision to buy the business could now be made.

Micro-credit Rejected

Despite the tight operating budget, Aling Nena did not attempt to avail herself of the micro-credit facility operating in her district. She learned, in one of the orientation meetings, that the cycle of poverty created by borrowing money and trying to repay the capital and interest could lead to serious financial problems. She explained this to herself as meaning that she should never borrow money if she was unsure of her capacity to pay back the loan: missing payments would mean higher monthly amortizations. Also, she learnt that going into business means taking a risk, especially in the first twelve months when you lack regular customers. She took this as a warning sign for a struggling business.

For the first three months, the business was operating at around break-even point. Aling Nena and Glenn took the risk of increasing the volume of production and hiring four more vendors to sell in residential areas and in front of schools during specific hours of the day. The business picked up after six months and profits continued to increase.

Improved Cookstoves – Attractive Option

In 2004, Aling Nena learnt from a friend about the Improved Cookstove Programme offered by APPROTECH. With the help of this friend, she visited the Improved Cookstove (ICS) Center and inquired about the activities of the programme, and explained her situation. Together, Aling Nena and the staff agreed on the need to reduce fuel consumption in order to increase profits. Aling Nena became excited not only about the financial gains from improved fuel efficiency but also the health benefits from using the improved stove. She then arranged a visit by the technician to her taho factory to discuss the investment involved. The half-day visit paved the way to improving the kitchen and the construction of an energy-efficient stove.

The ICS Center staff told Aling Nena to record her fuel expenses and any complaints of the cook before the improvements to her kitchen and again over a three month period after the stove was installed. In the fourth month, the staff assisted Aling Nena to compare her fuel expenses before and after the installation of the improved cookstove. The staff also interviewed the cook and the helpers in the kitchen and observed the cleanliness of the walls and equipment.

Aling Nena realised that her benefits were not only in terms of fuel saving but even more importantly in protecting the health of her cook and her family, as well as in the clean and hygienic preparation of the products. Despite it being common knowledge that soybean curd will not be of the highest quality unless it is kept clean and carefully processed, taho processors tend not to pay attention to the cleanliness of their clothing. However, the clean and energy-efficient kitchen environment now reminds the taho processors that they too should physically look clean to attract more customers. The improved hygiene in taho preparation would also be good for customers.

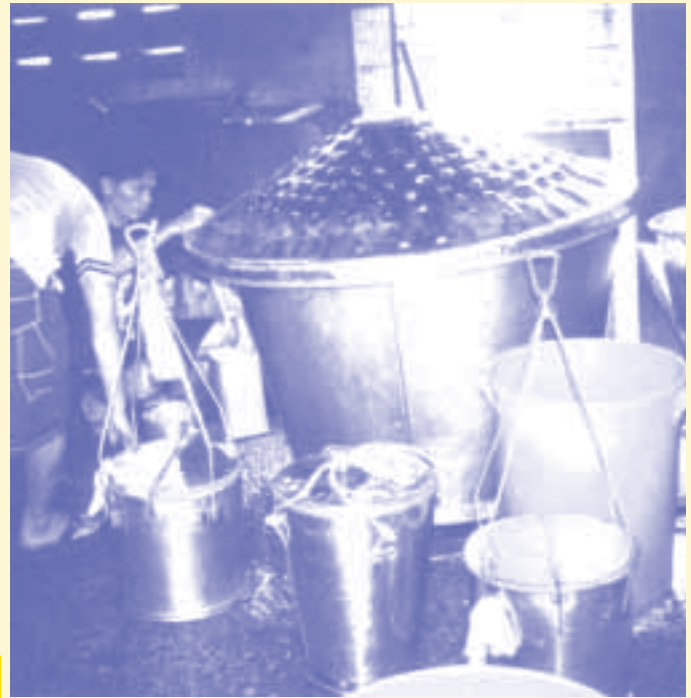
Keeping Ahead of the Competition

The taho business is rapidly growing. The economic crisis in the Philippines has seen the number of taho vendors double in the past year. This means that Aling Nena is facing increased competition, and she needs to ensure that her business stays profitable. Aling Nena is willing to invest further in the business. She plans to mechanise her kitchen and use stainless steel equipment for processing the ingredients. She has grown in confidence and is now seeking assistance from a micro-finance organisation, the very type of organisation whose help she had shunned a few months earlier. The organisation provides assistance to micro- and small-scale industries, and is helping in the preparation of feasibility studies to determine

the financial investment needed to upgrade the taho processing facility and how grid electricity can best be utilised within her enterprise.

Lessons Learnt

This case study shows how energy has played a key role in the vulnerability of an enterprise that requires process heat. Once a cheap and reliable source of biomass was found, the business could begin to move to a more secure future. It also shows how women entrepreneurs are reluctant risk takers. Aling Nena refused micro-credit when first starting her business. However, this might possibly be due to the approach of the organisation, which was not supportive to Aling Nena in the way that the ICS Center was. An energy



Aling Nena's taho factory (Photo: Approtech Asia)

technology with multiple benefits, as we see here with the improved stove, can be more attractive to entrepreneurs than options with only one benefit. Although the increased efficiency of improved stoves receives a lot of attention, the significant improvement in hygiene standards that accompanies the use of such a stove should not be underestimated in commercial situations. ■

◆ Feri G. Lumampao's contact details are on page 4.