****

9B18M101

Muskaan: How to Ensure Sustainability

Tushar Sankar Banerjee and Arunaditya Sahay wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

*This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e) cases@ivey.ca; www.iveycases.com.*

Copyright © 2018, Ivey Business School Foundation Version: 2018-07-13

November 2016 had been a chilly month, but it was about to feel more raw. Dr. Shanti Auluck, founder of the non-governmental organization (NGO) Parents Association for the Welfare of Children with Mental Handicap (with the brand name *Muskaan*[[1]](#footnote-1)), was reading a news report in her office in New Delhi, India. Muskaan had been empowering adults with intellectual disabilities for almost three decades. The news that morning reported that more than 11,000 Indian NGOs had lost their licenses to receive foreign funds.[[2]](#footnote-2) This seemed to be a sharp indicator that monetary support for NGOs was declining.[[3]](#footnote-3) Thus, an alarm bell rang for Muskaan about the future. The news left Auluck perplexed, wondering how Muskaan’s business model could be reworked to adapt to the changing environment. Should she continue to focus on social value creation, or should she give more importance to generating surplus from the market? What should be her strategy for ensuring Muskaan’s sustainability?

The Social Sector

The social sector was comprised of organizations that included not-for-profits and social entrepreneurial organizations[[4]](#footnote-4) working for the benefit of the society. The foremost aim of the sector was to achieve social development and growth. Various business models in the sector focused on different objectives. Some organizations were focused solely on generating economic value for their organizations, in terms of profit; others were focused on generating tangible social value. These included traditional organizations based on either products and services or collaborative models rooted in public (government)–private partnerships (see Exhibit 1). Further, there were organizations that depended on philanthropic and grant support or on international and national agencies with funding sources of their own. Until recently, the bottom of the pyramid/subsistence model and the inclusive development model of some organizations had adopted a unique combination of traditional for-profit models that focused on maximizing profit while also relying on charitable donations to support the less privileged and to contribute to the organizations’ goal of making a social impact.

Not-for-Profit Organizations: Value Creation

India had a long history of societal contribution based on the concepts of *daana* (giving) and *seva* (service). Indian organizations that were voluntary in spirit and run without profit-making objectives had always been active in culture promotion, education, health, and natural disaster relief from as early as the formal organization came into being. Worldwide, not-for-profit organizations were engaged in working for various causes related to societal needs, including environmental welfare and protection, to compensate for the inability of national agencies to raise the living standards of people residing in poor conditions, with minimal access to necessities, who had been denied their human rights. According to historical records, NGOs came into existence in 1945.[[5]](#footnote-5) In India, there were several legislative acts through which a not-for-profit organization could be registered.[[6]](#footnote-6)

Muskaan

Muskaan helped intellectually challenged adults to develop life skills, and it educated them to lead a life on their own. The organization encouraged these people to believe in their innate qualities and provided special training for them to build their self-confidence. Muskaan’s activities improved participants’ cognitive, social, vocational, emotional, and physical capabilities, to help them realize their full potential. Its core philosophy was the belief that the human mind was designed for learning. Muskaan believed that everyone, including persons with intellectual and developmental disabilities, had the potential to be great. It also believed that the diversity of the human mind called for acceptance and accommodation and, therefore, that there should be flexibility in approaches to learning styles. Certain core values guided Muskaan’s functions (see Exhibit 2).

How It All Began

Auluck, a psychologist and parent of a son who had been diagnosed with Down syndrome, began working as a lecturer at Lady Shri Ram College at the University of Delhi in 1976. Auluck was stunned when she learned that her son would have an intellectual disability. The news of her son’s disability had engulfed the entire family in gloom, and Auluck began to feel the weight of being the mother of a child with special needs.

The family soon realized that there was a dearth of proper facilities and guidance to help raise children with special needs; few mechanisms, public policies, or support systems were available to guide parents in providing a fulfilling life for their child. Auluck realized that the emotional crisis she had been going through would not lead to any kind of help for her child.

As a psychologist, Auluck’s natural instincts prompted her to study her son’s behaviour. Within a span of five years, she began to understand the mind of this special child and to realize that the difficulties of children with intellectual disabilities were rooted in the interpretation of abstract ideas, concepts, and social intelligence—notions that were simple for typical children. Otherwise, children with Down syndrome were, by and large, very caring, responsible, and keen learners, who had the capacity to remain content with small things and to spread joy. Those five years of study assured Auluck that she could understand her child a bit more every day. With her teacher’s instinct, she felt obligated to help others facing similar challenges in their lives. Thus, the idea of Muskaan was born.

Muskaan was registered under India’s *Societies Registration Act, 1860* under the name “Welfare Association for Down Syndrome.” Initially, the organization aimed to provide counselling and guidance to parents at the outpatient clinic in the genetics unit of the departmentof paediatrics at the All India Institute of Medical Science in New Delhi. Lectures and workshops were organized for parents on multiple occasions. Later, multi-service camps were organized once a year for parents and their intellectually challenged children.

In 1989, the name of the society was changed to “Parents Association for the Welfare of Children with Mental Handicap.” By then, the society had developed a program to train adults with intellectual disabilities to help them integrate into mainstream society. Thereafter, a vocational training centre called Muskaan was opened in a garage at Kalkaji, New Delhi, with a total strength of three young adults and one instructor.

The initiative started with a focus on training the intellectually challenged adults in hands-on work and encouraging them to perform vocational activities such as cleaning, grinding, and packing *masala* (spices). The success of this program led to the inclusion of many more vocational activities, including making gift-quality stationery items, block printing, *Diya* (earthen oil lamp) decoration, and candles, among other activities, within a span of just three years. Further, Muskaan initiated the designing of greeting cards to raise funds for and create awareness about intellectual disability. Several other methods were adopted to raise funds, such as selling coupons, organizing fundraising shows, and generating a greater number of donors from the community.

In 1995, the Delhi Development Authority allotted an acre of land to Muskaan in Vasant Kunj, Delhi, for running a training centre for people with intellectual disabilities. The construction of a new office building was in the plans when Muskaan’s volunteer team designed brochures and started working to attract more funding. Donors from Muskaan’s community of friends and relatives and from the larger community contributed generously to the cause, which resulted in the completion of a beautiful and spacious building in 2002. Auluck took voluntary retirement in 2005 to devote her full energy to Muskaan’s programs.

Intellectual Disability and Society

The oldest literature available on intellectual disability was found in the work of Hippocrates and dated from the late fifth century BCE. Historically, human society reacted harshly to the disabled, and people with intellectual disabilities were viewed as liabilities to their families. Until recently, in Western countries, these people were treated in churches and asylums and by other organizations that often deprived them of a nurturing environment, like that provided by a family. In India, intellectually challenged people typically lived with their families. Some families accepted the disability and tried to engage the person in simple responsibilities, while others neglected them, causing them to become a liability.

Intellectual Disability—An Explanation

Intellectually disabled individuals faced limitations when attempting higher intellectual functions and often faced challenges in learning, reasoning, solving problems, and adopting everyday social and practical skills. As a result, they were regarded as having a general learning disability and were sometimes treated differently in society. Intellectual disability typically became visible during childhood and revealed itself through delayed milestones (e.g., holding up the neck, sitting, walking, or talking) when compared to same-aged peers.

Persons with intellectual disabilities were broadly classified into four groups. The first was people with a severe intellectual disability with an intelligence quotient (IQ) below 35. These people needed more intensive support and supervision throughout their entire lives because they were unable to care for themselves without significant support from a caregiver, even into adulthood. The second group was people with a moderate intellectual disability with an IQ ranging from 35 to 49. Members of this group needed substantial support in school, at home, and in public in order to play a fully functioning role in these environments. They could be employed in places where support was available. The third group was people with a mild intellectual disability with an IQ ranging from 50 to 69. This group was capable of learning to read and completing calculations to approximately the level of a typical child between the ages of nine and 12. People in this group had high learning potential, and they could master elementary reading and writing skills, obtain vocational skills, and be employed in disability-appropriate simple jobs. The fourth group was people with borderline intelligence with an IQ ranging from 70 to 90. Though technically not included in the category of “intellectually disabled,” members of this group required support in education and at work.

For people with intellectual disabilities, care and treatment options included receiving appropriate training, education, and support.

Muskaan’s Initiatives

Few efforts were made in India to equip intellectually disabled people (referred to as “students” by Muskaan) with productive skills and bring them into the mainstream of society. Muskaan took up the challenge of helping them become valuable members of the society; it helped the students to become productive employees by giving them training through the training centre it had established.

Adult Training and Employment

Muskaan’s training programs focused on capacity building for young men and women with intellectual disabilities spanning from mild to severe levels. Every new entrant was assessed based on the entrant’s abilities and then directed to different training programs. The training programs were comprehensive in nature, and the family’s input played an important role. A rigorous training process, from assessment to continuous systematic reviews, was maintained to track each entrant’s progress. Muskaan’s training programs focused on the following four major areas to address the needs of the intellectually disabled.

Life Skills Training

Life skills included critical and creative thinking, decision-making, effective communication, and skills for developing healthy relationships and positive self-concepts. These skills promoted healthy lifestyles and could help participants become independent in dealing with day-to-day challenges. The skills consisted of personal adequacy development, social and emotional competence development, cognitive and communication skills, and development of self-expression. The activities under this umbrella were among the most-loved by the students. Papier-mâché, painting, pottery, jewellery-making, dance, theatre, and many other creative and expressive art forms were used as a medium to develop these skills, and the output was saleable.

Vocational Training

Vocational training provided job-specific technical training for working in the trades. These programs generally focused on providing students with hands-on instruction and were based on concrete mental operations requiring minimal abstraction and judgment capacity. Social skills development, like following instructions and group norms, was also a focus. The students could learn quickly because the whole task was divided into sub-units and put in order from simple to complex. This division of activities helped students recognize their interests and aptitudes, and thus gain self-identity and self-direction.

Physical Fitness Training and Recreational Activities

Muskaan engaged the students in various activities and games such as air hockey and *carrom* (a “strike-and-pocket” table top game) to help them develop their motor skills and physical fitness levels. Muskaan regularly organized events like sports days and cultural functions, where students could truly enjoy and demonstrate their capabilities. In addition, students keenly anticipated recreational activities like picnics and dinners out, and visits to tourist attractions, the cinema, and shopping areas—activities that helped the students bond.

Computer Training

Muskaan exposed its students to the technology revolution sweeping the world. It had been observed that playing computer games and tackling word processing not only strengthened users’ cognitive skills but also gave an incredible boost to their self-confidence. A whole new world of experience opened for students when they were given training in practices like graphic design and animation.

Employment Services

Muskaan provided support to trained students through its employment services. Such students were employed in organizations such as Lemon Tree Hotels,[[7]](#footnote-7) Four Points by Sheraton (as interns), and Hindustan Petroleum’s Petrol Pumps. A few students were absorbed by Muskaan itself in its employment centre and activity-cum-art centre.

Family Support Services

For Muskaan, the role of the family was extremely important in the development of intellectually disabled children. When a child was diagnosed with an intellectual disability, the entire family could be drowned in distress and despair. Auluck, having her own first-hand experience, could easily help to dispel the despair and bring emotional balance in that situation. Muskaan counselled families to accept and understand the nature of their child’s disability and its impact on the child and other family members by providing relevant literature and organizing lectures and workshops. Thus, parents faced with the challenge of their children’s intellectual disability could easily realize that their problems were not exceptional and that, together, they could create better opportunities for advancing their children’s futures. Further, Muskaan facilitated the process of obtaining disability certificates, legal guardianship, and other benefits of government programs for parents and families.

Awareness and Advocacy

Muskaan believed that only an aware and sensitized society could reduce the struggles of people with intellectual disabilities and their families. Muskaan used several forms of media to create awareness about the rights of people with intellectual disabilities. Its team delivered presentations at different schools, colleges, offices, and other public spaces, along with selling products made by Muskaan’s students. Marketing Muskaan’s products contributed immensely to raising awareness in society about the capabilities of persons with intellectual disabilities. Muskaan invited college students to meet and visit with its students and to work with the students and volunteer with its team on various projects. In addition, the organization shared its training program and model, to equip other NGOs working in the area.

Residential Facilities

In an exclusive initiative, Muskaan, in partnership with India’s National Trust, developed a residential facility for adults with intellectual disabilities. There was an immense need for such a facility to support intellectually disabled individuals who had aged or needed supervision throughout their lives, especially when their parents grew old, became sick, or died. The importance of recognizing these needs and the personal, social, and psychological needs required for fulfilled lives was fully acknowledged by Muskaan. Pursuing these goals led Muskaan to its residential facility in Delhi’s Dera Village in 2012. It provided an empowering model of residential facility known as “assisted living,” contrary to the traditional care model.

Muskaan’s Marvels—Products Manufactured by the Intellectually Disabled

Muskaan manufactured close to 200 useful products, which were also beautiful. These products could be broadly classified into three categories.

Lifestyle

Muskaan students crafted a variety of products, such as decorative Diyas, beautiful candles, gift stationery, placemats, coasters, and papier-mâché bowls, which not only showed the students’ creative skills but also led to productive results. The crafting of Diyas started in 1992 based on customer demand. Different students were allotted different tasks in the production process, such as making, washing, decorating, designing, colouring, quality checking, counting, and packing items. The students made beautiful and colourful decorative Diyas that were sold during festivals.

Candles and stationary had preceded Diyas; the practical training for making candles began in 1989. Students used moulds to give nice shapes to the candles, and used good quality wax to make the candles smoke-free and dripless. The different types of candles offered included scented candles, base candles, decorative candles, and regular candles. Manufacturing candles, following the training, also started in 1989.

Among stationary products, the production of envelopes began in 1989. This unit, in the beginning, was dedicated to internal use and proved to be cost-effective. Later, stationery products such as diaries, decorative gift bags, *shagun* (a token of good luck), envelopes, and seminar folders were developed. Major clients for these products included Lok Sabha (the lower house of India’s Parliament), NPTC Ltd. [formerly the National Thermal Power Corporation Limited], Auluck’s friends from the United States, individual clients, and academic institutes within India.

Food

Muskaan had taken a cue from the idiom “Good food leads to a good mood” and engaged its students in making different types of food items, including bakery products, spices used in Indian cuisine, pickles, fruit squash drinks, and snacks. Grinding and packing spices began in 1989, when the students began cleaning coriander and selling it as masala for daily use. This was expanded to include turmeric, red chilies, cumin, and coriander powders, among other varieties of spices. Later, these were complemented by pulses such as red lentils, kidney beans, black gram lentils, chickpeas, soya flour, gram flour, and ready-to-cook mixes.

Soon after introducing these products, Muskaan began producing healthy and eggless bakery products. Over time, its range of bakery products increased to 11 items, including bread, pizza bases, pavlova, leavened bread, muffins, cakes, cookies, patties, *matthi* (local biscuits), and chocolates.

Later, in 2005, Muskaan adopted food preservation technology. The students started operating an independent unit for which training was provided by Muskaan. They applied the traditional method of solar drying, using no chemicals or preservatives. As of 2016, consumers and hotels preferred to purchase lemon flavoured fruit squash drinks and seasonal pickles from Muskaan.

Artefacts

In 2008, with the support of Charities Aid Foundation India, an artefacts unit was created to address the needs of students with moderate to severe intellectual disabilities. Muskaan’s long experience of working with intellectually disabled children and adults allowed it to recognize a path for the development of cognition and life skills. This program included interesting artefacts like paintings, jewellery, pottery, and weavings.

Muskaan’s Financial Condition

Muskaan’s major sources of funding came from rental income, donations from large and small organizations, charitable foundations, and individual donations from its community of friends, relatives, parents, and other well-wishers within India and the United States. Muskaan’s annual reports indicate that, until 2014, Muskaan had a robust flow of funds, including donations, rents, interests, grants, and miscellaneous receipts. While income diminished in 2015 (see Exhibit 3), the surplus generated (see Exhibit 4) increased in 2015. Diminishing income compelled Muskaan to control its expenditures as well as exercise better financial discipline.

STUDENT ENROLLMENT AND PARENTS’ VIEW OF MUSKAAN

Muskaan’s efforts had gained attention in the community and the surrounding area in the past few years; as a result, more and more requests for enrolment had poured in from parents. The enrolment of students in various Muskaan programs had also risen, from 139 in 2014–15 to 171 in 2015–16. The students were sponsored by their parents.

Muskaan’s efforts to empower intellectually disabled adults and provide them with a scope for joining the mainstream of society were commended by the parents. One of the members of the parent community stated:

Parents of intellectually disabled children tend to suffer low self-esteem and are looked down upon for bearing such a child in the society, [at a] social gathering, or even while having a stroll in the park. Muskaan’s initiatives have allowed such parents to know more about their child, learn about disability [and] special education, and take good care of their wards. Muskaan provides an ambiance, an environment for them [the children] to breathe free of the judgmental society.[[8]](#footnote-8)

The Quandary

Auluck had a vision to scale up the developmental opportunities for all intellectually disabled persons before she retired. She was deeply concerned about Muskaan’s sustainability in the long run. She understood that it was necessary to create a sufficiently large capital reserve whose interest would provide a predictable, regular income for the future. She knew these efforts must not wait, despite the turbulent times.

In addition, Auluck was concerned about the sustainability of the organizational ethos. Muskaan’s ethos was not only reflected in its vision, mission, and values, but also in each decision and action the organization undertook. It was embedded in creating awareness about the capabilities of persons with intellectual disabilities in society, providing guidance to parents, sensitizing educational institutions about the developmental needs of these persons, and providing meaningful employment to let them lead dignified lives on their own. It was of the utmost importance that an ethos of genuine, honest, and dedicated effort should always be sustained, beyond the efforts made by the initial team that had set up the organization and committed their lives to improving the quality of life for those with intellectual disabilities and their families.

Realizing this need, Auluck started working on her next plan, one that could preserve Muskaan’s ethos and address the changed external environment while ensuring the organization’s sustainability.

Exhibit 1: Social Sector Models In INDIA

Note: NGOs = non-governmental organizations; UN = United Nations.

Source: Reproduced with permission from Nishith Desai Associates, “Figure 1: Social Sector Structure in India,” in *Corporate Social Responsibility & Social Business Models in India: A Legal & Tax Perspective* (2018), accessed March 31, 2018, www.nishithdesai.com/fileadmin/user\_upload/pdfs/Research\_Papers/Corporate\_Social\_Responsibility\_\_\_Social\_Business\_Models\_in\_India.pdf.

Exhibit 2: muskaan’s Guiding Values

Source: Created by the case authors based on the case author’s interview with Shanti Auluck, September 11, 2017.

Exhibit 3: Sources of Funds (Fiscal years 2014 & 2015)

|  |  |  |
| --- | --- | --- |
| Source of Funds | Amount Received (in ₹) | |
| 2013–2014 | 2014–2015 |
| Donations | 9,129,243.58 | 6,168,786.00 |
| Grant received from national trusts | 351,167.00 | 116,655.00 |
| Rent received | 6,309,000.00 | 6,169,051.00 |
| Interest received from banks | 3,368,066.74 | 6,138,860.00 |
| Transport receipt | 4,225.00 | 2,925.00 |
| Miscellaneous receipts | 143,869.00 | 53,410.00 |
| Total Funds | 19,305,571.32 | 18,649,687.00 |

Note: ₹ = INR = Indian rupee; US$1 = ₹66.612 on November 1, 2016.

Source: Created by the case authors based on company documents.

Exhibit 4: Income, Expenditure, and Surplus Generated (fiscal years 2014 & 2015)

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Total Income (in ₹) | Total Expenditure (in ₹) | Total Surplus Generated (in ₹) |
| 2014 | 19,305,571.32 | 16,389,148.68 | 2,916,422.64 |
| 2015 | 18,649,687.00 | 14,730,637.74 | 3,919,049.26 |

Note: ₹ = INR = Indian rupee; US$1 = ₹66.612 on November 1, 2016

Source: Created by the case authors based on company documents.

1. Muskaan was the Hindi word for “smile.” [↑](#footnote-ref-1)
2. Aloe Tikku, “Over 11,000 NGOs Lose Licence for Foreign Funding,” *Hindustan Times*, November 4, 2016, accessed October 27, 2017, www.hindustantimes.com/india-news/fcra-registered-ngos-halved-in-two-years-10-000-more-ngos-lose-fcra-licence/story-vkVod2CLyjedTmpuVUoE6J.html. [↑](#footnote-ref-2)
3. Deborah Doane, “The Indian Government has Shut the Door on NGOs,” *Guardian*, September 7, 2016, accessed October 22, 2017, https://www.theguardian.com/global-development-professionals-network/2016/sep/07/the-indian-government-has-shut-the-door-on-ngos. [↑](#footnote-ref-3)
4. James Austin, Jane Wei-Skillern, and Howard Stevenson, “Social and Commercial Entrepreneurship: Same, Different, or Both?,” *Entrepreneurship Theory and Practice* 30, no. 1 (2006): 1–22. [↑](#footnote-ref-4)
5. Thomas Richard Davies, *NGOs: A New History of Transnational Civil Society*. Oxford University Press, 2014: 3. [↑](#footnote-ref-5)
6. “How to Register an NGO,” *Times of India*, April 4, 2012, accessed November 22, 2017, http://timesofindia.indiatimes.com/city/goa/How-to-register-an-NGO/articleshow/12526127.cms. [↑](#footnote-ref-6)
7. “A Happy Workplace For ‘Happy Boys’ & Other Employees,” India Inclusive, 2015, accessed November 22, 2017, http://india-inc.info/portfolio/lemon-tree. [↑](#footnote-ref-7)
8. Rashmi Garg, in an interview with one of the case authors on the perspective of the parents, October 26, 2017. [↑](#footnote-ref-8)