

A D E L A N T E  

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S H O E C O .

2018 Impact Report



## Vision:

A world that uses for-profit business to create fair value for all stakeholders.

## Mission:

Adelante sells connective products and experiences to fund sustainable economic development in Latin America.







# Introductory Letter

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In 2013 I taught English and math at a tiny school in San Pedro Sula, Honduras. While there, I lived in a cinder block house in the neighborhood of Las Brisas, which was among the most violent neighborhoods in the world's most violent city. Having just graduated from college, I moved to Honduras to learn firsthand about the politics of development in Latin America.

When I arrived in Las Brisas, I was given a paper card with a phone number. If I should ever experience trouble, the locals said, call the number on the card and "security" would come. Days later, a gunfight erupted in the streets and I realized what "security" meant. A local narco trafficker controlled the neighborhood, and in return for community cooperation he enforced the law.

Regular shootouts in Las Brisas caused many sleepless nights, but privilege separated me from the full effects of the hardship around me. I wasn't being recruited into the local gang. I had a safety net at home. There was no structural ceiling on my potential. Many of the children I taught were not so lucky. Almost all were raised in poverty. Many were abused at home. Some dropped out of school to join a gang because it was their only economic option. Even my most gifted students — and there were many — saw a low ceiling on their potential.

In 2014, a wave of more than 60,000 child refugees arrived at the US-Mexico border, most seeking a new life away from poverty and violence in Honduras, Guatemala, and El Salvador. After living in Las Brisas, I understood why.

In 2016, I was a graduate student studying human security and social business at the Fletcher School. After the elections, the xenophobia that washed over our nation was visceral. Roughly 50% of my classmates were international, and many of my closest friends were Latinx. All had legal visas, yet all felt uncertain of their safety.

In 2018, Central American migrants fleeing neighborhoods like Las Brisas formed a caravan en route to apply for political asylum at the US-Mexico border. Our national response was hysteria; we deployed active-duty military to the border and labeled the caravan an invasion.

As we move into 2019, our world needs a new class of socially responsible business — one that not only challenges the capitalist status quo, but actively overcomes the barriers that divide us.

Adelante was founded on the belief that capitalism should not prioritize profit over human wellbeing. That's why we created the Living Well Line and built our cost structure around salaries that enable social mobility for our craftsmen.

But our full impact opportunity extends beyond the Living Well Line and into the realm of diplomacy. If we can connect people across borders and foster understanding and empathy between them, we can reduce the likelihood that they'll come into conflict.

In 2019, Adelante is doubling down on Cobbler-to-Customer connection to counter distrust with understanding, and replace fear with empathy. We want our customers to come as close to meeting their craftsman as possible without actually flying to Guatemala. When you invest in a pair of Adelante shoes, you're investing in an experience that will deepen your understanding of a person who lives across borders but shares the same values.

The Living Well Line is already having transformative impact on craftsmen in Guatemala. Data shows that in 2018, Adelante craftsmen lived healthier and more secure lives than ever before. Moving forward, we'll likewise monitor the number of meaningful two-way engagements between our customers and their craftsmen to help gauge our contribution to cross-cultural understanding.

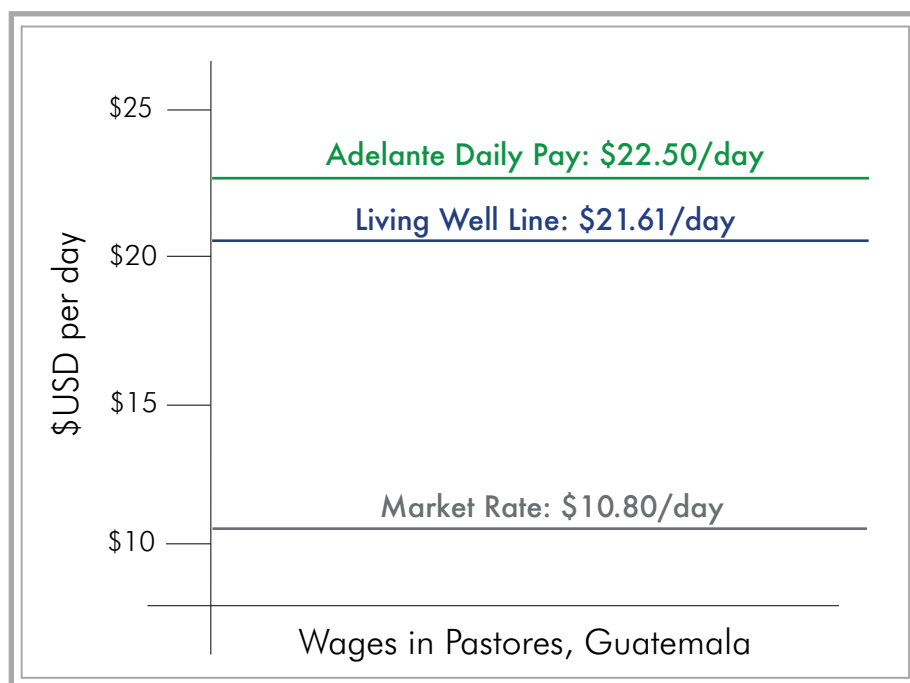
Ultimately, Adelante aims to show that good people have more in common than geography. Here's to a collective step *Adelante* in 2019.

# The Living Well Line

The Living Well Line is a social impact model that we created to define the relative cost of living well in Pastores, Guatemala. The methodology works by balancing an econometric analysis of World Bank data with in-person craftsmen interviews to define the goods and services needed to live well in Pastores. We believe that living well is a relative concept unique to any people in any place.

We created the Living Well Line because we saw traditional development efforts failing to: (1) be financially sustainable, (2) inspire stakeholder ownership, (3) promote stakeholder agency, and (4) understand and account for local contexts.

Adelante craftsmen earn over the Living Well Line for work well done, which inspires ownership. We pay craftsmen directly, ensuring they have the agency to advance themselves and their families. And we defer to our craftsmen to define living well within the local context that they know best. Perhaps most importantly, building a healthy and profitable business frees Adelante from development's typical dependence on grants for survival. The bigger we grow Adelante, the greater our impact.



# Our Theory of Change

## Company Level

A company decides to adopt the Living Well Line methodology and begins paying its workers over the Living Well Line.



## Individual Level

Workers who earn over the Living Well Line will reinvest their increased income back into their families and community.



## Community Level

If a critical mass of individuals within a community earns over the Living Well Line for a sustained period of time, then their increased wealth will catalyze broader ground-up community development.

# Employee Breakdown

15 full-time employees

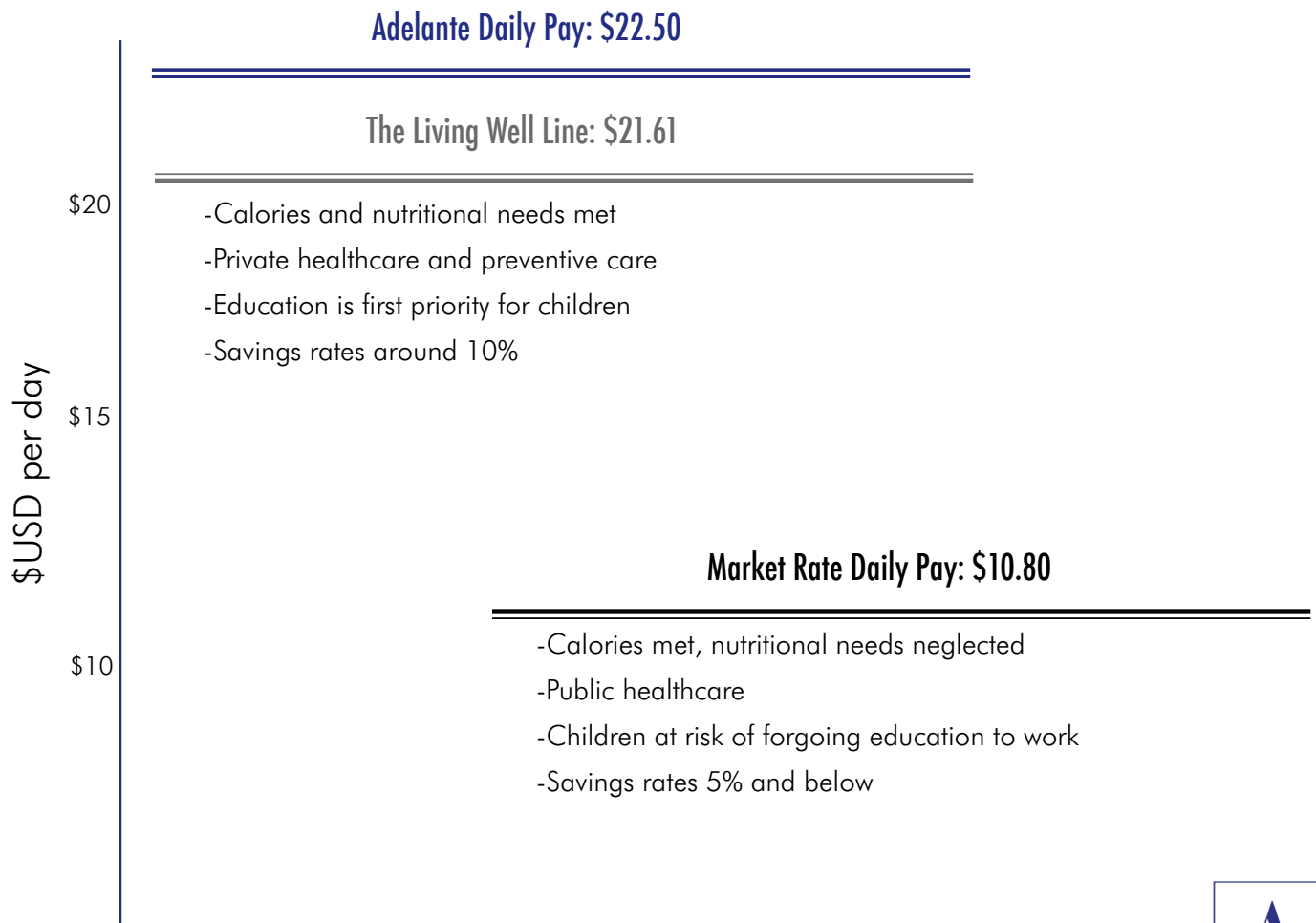
\$150k paid in craftsman salaries

Average family size 5.11

Average age of 32

Ages range between 20-46

83% Male ,17% Female







# Impact Measurement

Until proven effective, the Living Well Line theory of change remains just a theory. To measure whether the Living Well Line is an effective approach to economic development, we measure our impact against a host of United Nations Sustainable Development Goals. The UNSDGs define development across a broad spectrum of economic, health, and equality indicators.

## Direct Impact

SDG 8 — Sustained, full, and productive employment

## Indirect Impact

- SDG 1 — End poverty in all forms everywhere
- SDG 2 — End hunger, achieve food security, and improve nutrition
- SDG 3 — Ensure healthy lives and promote wellbeing for all
- SDG 4 — Ensure inclusive and quality education for all
- SDG 5 — Achieve gender equality
- SDG 6 — Ensure availability of water and sanitation for all
- SDG 7 — Ensure access to affordable, reliable, sustainable, and modern energy for all
- SDG 9 — Build resilient infrastructure
- SDG 10 — Reduce inequality within and among countries
- SDG 11 — Make cities inclusive and safe
- SDG 16 — Promote just, peaceful, and inclusive societies



# Direct Impact

## SDG 8: Decent Work and Economic Growth

2017

- 5 formal, full-time jobs created that pay over the Living Well Line
- 0 part-time, contract jobs created that pay over the Living Well Line

2018

- 10 formal, full-time jobs created that pay over the Living Well Line  
200% year-over-year increase
- 3 part-time, contract jobs created that pay over the Living Well Line



\*Full-time employment in Guatemala means 44 hours of day-shift labor per week.

# Indirect Impact

## SDG 1: End Poverty in All Forms Everywhere

2017

- 5 Guatemalan employees living over the Inter-national and National Poverty Lines
- 5 Guatemalan employees living in households with access to basic services

2018

- 18 Guatemalan employees living over the International and National Poverty Lines
- 18 Guatemalan employees living in households with access to basic services

*360% year-over-year increase*

*360% year-over-year increase*



\*The UN defines Basic Services as basic education, clean water and sanitation, waste removal, access to electricity, access to health care





# Nery

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“ Before Adelante I had more free time, but my pay was far less. There’s a huge difference in what I make now compared to what I was making before. Not only am I earning more, but my state of mind has changed. Before, I could only count on the work in front of me for the day. Now, I know that I’ll work every day and have money in my bank account.

Since starting to work with Adelante my life has changed completely. I just have so much more opportunity that didn’t exist in Pastores and I haven’t had in my life. Emotionally I am in a better place.

Because of what I earn with Adelante, my daughter can continue to study. She wants to be a nurse and because of what I am earning here she can continue to study, without Adelante that wouldn’t be possible. ”

One word to describe Adelante: *Mejor Vida*

## SDG 2: End Hunger, Improve Food Security, and Improve Nutrition

### 2017

- 40% of craftsmen regularly able to afford healthy food for their families
- 40% of craftsmen skipped a meal because they couldn't afford to eat
- 20% of craftsmen households ran out of food from lack of money

### 2018

- 56% of craftsmen regularly able to afford healthy food for their families  
40% year-over-year improvement
- 11% of craftsmen skipped a meal because they couldn't afford to eat  
72.5% year-over-year improvement
- 17% of craftsmen households ran out of food from lack of money  
15% year-over-year improvement



## SDG 3: Ensure Healthy Lives and Promote Wellbeing for All

### 2017

- 26% of employee households have healthcare coverage
- 100% of births attended by skilled health professionals in family in the past 2 years

### 2018

- 69.12% of employee households have healthcare coverage  
165.8% year-over-year increase
- 100% of births attended by skilled health professional in family in the past 2 years



# SDG 4: Ensure Inclusive and Quality Education for All

2017

2018

## Continuing Employees' Children

- 100% of young girls in school
- 100% of young boys in school
- 52% with basic computer skills
- 6% with advanced computer skills
- 100% literate and numerate

- 100% of young girls in school
- 100% of young boys in school
- 54% with basic computer skills  
4% year-over-year increase
- 17% with advanced computer skills  
183% year-over-year increase
- 100% literate and numerate







## SDG 5: Achieve Gender Equality

### 2017

- 100% of employees are men

### 2018

- 17% of total employees are women
- 25% of new employees are women
- 83% of total employees are men



## SDG 6: Ensure Availability of Water and Sanitation for All

### 2017

- 0% of employees have filtered drinking water at home
- 100% of employees have a bathroom at home
- 100% of employees have a sink with soap

### 2018

- 28% of employees have filtered drinking water at home  
28% point increase
- 100% of employees have a bathroom at home
- 100% of employees have a sink with soap



# Julio

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“ It was a big change for me to go from working at home to coming into the Adelante workshop, but the change has been well worth it.

Economically I am doing much better. Before, there was a low limit on what I could make, and it changed from week to week. I would have to ask people to lend me money that I wasn't sure I could pay back. Thankfully with Adelante everything is more stable. I know what I'll earn and when I'll earn it. Better yet, I have the opportunity to earn more than my base salary in bonuses.

Adelante has completely changed things for my family. Before, if my daughter needed money for school supplies it was a choice between that and food. Now I can pay for both. ”

One word to describe Adelante: *Excelente*

## SDG 7: Ensure Access to Affordable, Reliable, Sustainable, and Modern Energy for All

**2017**

- 100% of employees have electricity at home

**2018**

- 100% of employees have electricity at home
- 89% of employees have clean cooking stoves at home



## SDG 9: Build Resilient Infrastructure

**2017**

- 58% of employees have a mobile telephone at home

**2018**

- 86% of employees have a mobile telephone at home  
48% year-over-year increase





## SDG 10: Reduce Inequality Within and Among Countries

### 2017

- 80% of employees feel Adelante has improved their social status
- 40% of employees feel they have protected rights with Adelante

### 2018

- 94% of employees identify as members of the middle class
- 33% of new employees self-identify as a higher social class after joining Adelante
- 78% of employees feel they have protected rights with Adelante

95% year-over-year increase



# SDG 11: Make Cities Inclusive and Safe

2017

2018

## Continuing Employees

- 100% of employees have adequate and safe housing
- 100% of employees have accessible public transport
- 100% of employees feel safe walking in the area they live

- 83% of continuing employees have adequate and safe housing  
17% year-over-year decrease
- 100% of continuing employees have accessible public transportation
- 100% of continuing employees feel safe walking in the area they live



# Luis

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“ In the past I was always focused on my expenses for the week. If the weekend came and I hadn’t earned enough money I would have to try to find another way to pay for them.

Now everything is more certain. Adelante has changed my perspective. I can plan for the future, think about children, and improve my home. I have always had these visions for the future, but they weren’t economically possible until now. ”

One word to describe Adelante: *Oportunidad*



# SDG 16: Promote Just, Peaceful, and Inclusive Societies

## 2017

- 60% of employees paid a bribe to a public official in the past year
- 100% of employees are registered with a civil authority

## 2018

- 0% of employees paid a bribe to a public official in the past year  
100% year-over-year improvement
- 100% of employees are registered with a civil authority
- 56% of employees voted in a government election within the past year



