

Hadas

Hadas

hadas.pe



The Care Economy
Knowledge Hub

Profiling Businesses in the Care Economy

The care economy consists of paid and unpaid labor and services that support caregiving in all its forms. In Africa, Asia and Latin America, women spend between three to five times as many hours on unpaid care and domestic work as men. This represents 80 percent of a household's total hours devoted to unpaid care work.

Care economy businesses can help recognize, redistribute, reduce and reward – also known as the 4 Rs – unpaid and paid care and domestic work in the following ways:



Recognize: Initiatives that increase visibility and recognition of paid and unpaid care and domestic activity as "productive" work that creates real value and contributes to economies and societies.



Redistribute: Services and initiatives that redistribute care work from individuals to public and private sector entities, and redistribute care and domestic work within the household.



Reduce: Products and initiatives that reduce the time spent on and burden of unpaid care and domestic work.

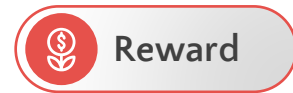


Reward: Products, services and initiatives that ensure that care and domestic workers are paid fairly and have professional growth potential. This provides them with financial reward and security.

The Care Economy Knowledge Hub aims to address the knowledge gap around care businesses by showcasing various business models and creating a resource base for relevant stakeholders. It also aims to raise awareness and increase knowledge of the state of impact-driven care economy business models and attract a broad range of funders to invest in care economy solutions by showcasing opportunities. These business profiles are intended to showcase said potential investment opportunities. They have been created from information and data provided by the business itself.

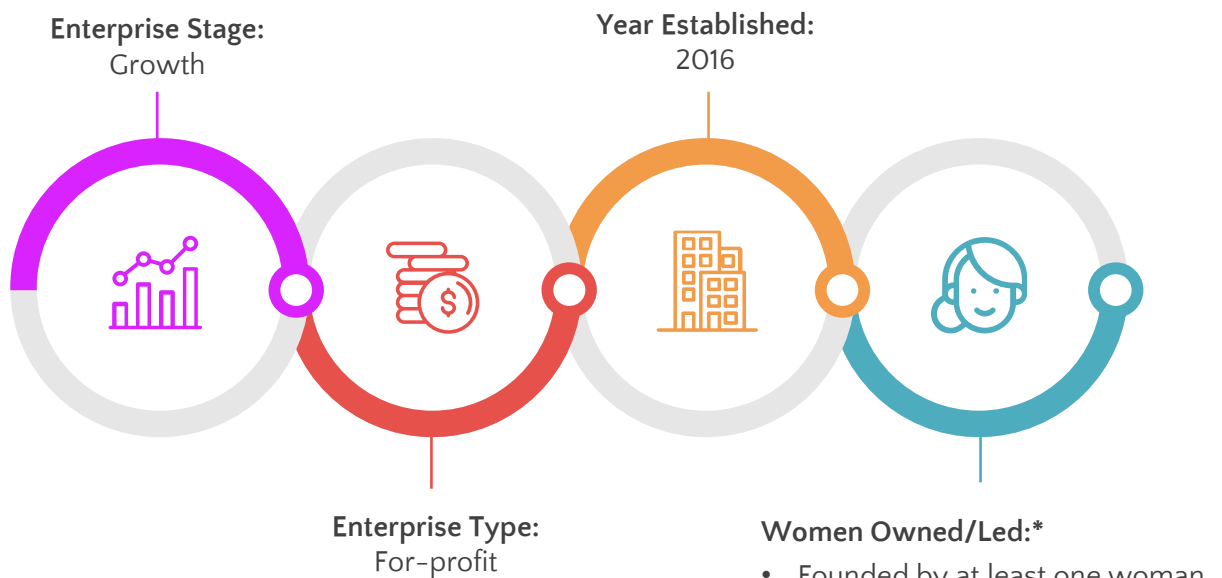
This project is supported by Canada's International Development Research Center, in partnership with the Soros Economic Development Fund at the Open Society Foundations. Building on their track record and commitment to transforming the care economy and mobilizing finance for gender equality, they have jointly launched this action research program to help transform the care economy through impact business and investment.

Executive Summary



Hadas is a for-profit digital platform that allows its customers to book hourly cleaning services according to their needs. The company goes beyond connecting the supply and demand of cleaning services. It is committed to providing its domestic workers with flexible jobs, job training, and soft skills (such as time management, work ethics, and goal setting). Hadas also offers workshops on self-awareness and self-care to increase its employees' well-being. Through the Hadas Academy, it equips its staff with onboarding training to help them perform their tasks and achieve personal goals. The Academy offers online courses on digital literacy and financial education. Furthermore, Hadas offers legal and psychological counseling to staff members who are survivors of Gender Based Violence (GBV).

To date, Hadas has served more than 10,000 customers, generated US\$ 150,000 in revenue in 2021, and currently employs 67 FTE.



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*According to 2X "women entrepreneurship" and "women leadership" criteria; [2X Challenge Criteria](#)

1. About The Enterprise

1.1 Problem

There are 420,000 domestic workers in Peru. 95% are women; 89% work informally, with no access to health or pension benefits; and 53% earn less than minimum wage (~US\$ 270).¹ Most domestic workers worked in their own households for years as unpaid domestic workers before fleeing for various reasons, including domestic violence, and to seek job opportunities that reward their work and help them to become economically independent.²

Traditional placement agencies and intermediary companies help domestic workers to connect with potential customers, but the process is rudimentary. For example, domestic workers are asked to bring their paperwork and references to intermediaries' offices and sometimes pay a fee upon being matched with a job opportunity. These offices are not concerned about domestic workers' working conditions, and they are unable to choose their schedules or working hours. Households also struggle to find reliable house cleaning services and can undergo lengthy and often unsuccessful processes to find a domestic worker. Such dynamics contribute to precarious work conditions for domestic workers in the informal sector.

1.2 Solution

Hadas works as a marketplace where customers who need regular or sporadic cleaning services connect with trained and background-checked domestic workers. Hadas offers customized corporate and domestic cleaning services. Services do not include cooking or supervising children under 12 years old, since insurance policies that protect domestic workers in the workplace do not yet cover such activities. Hadas stresses safe and reliable service delivery, addressing a relevant customer concern in Peru.

Other progressive, on-demand cleaning service platforms in Latin America have started to offer domestic workers a wider range of benefits, such as formalization, choice in scheduling working times, tracking hours worked and wages earned, and better remuneration.³ In Hadas's

¹ GHDx, (2019). National Household Survey on Living Conditions and Poverty (ENAHO). Retrieved from <https://ghdx.healthdata.org/series/national-household-survey-living-conditions-and-poverty-enaho>

² ILO. (2016). The Labour Situation of Indigenous Women in Peru: A study. Retrieved from: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---gender/documents/publication/wcms_546285.pdf

³ Hunt, A. & Machingura, F. (2016). A good gig? The rise of on-demand domestic work. *Development Progress*. Retrieved from <https://cdn.odi.org/media/documents/11156.pdf>

case, it offers competitive hourly rates, timely payments, health and accident insurance, training, and upskilling through the Hadas Academy. The training includes work-related content such as cleaning tips and digital literacy and non-work issues such as financial education. Additionally, Hadas contributes to its domestic workers' well-being by offering them legal and psychological counseling when needed.

1.3 Customer Segment

Customer Segment	Product / Service Provided	Paid / Unpaid
Households	Domestic cleaning services: This covers cleaning, laundry, and ironing. Around 70% of Hadas's clients are professional women between 25 and 45 years old with full-time jobs, and limited time for domestic tasks. This customer segment requires cleaning services once or twice a week and enrolls in cleaning plans that offer a predefined number of hours of service. 30% of these customers are elderly adults or single men who live alone and require sporadic cleaning services.	Paid: Households can book services from five to seven hours, depending on the household size. When the services are frequent, they can be reserved weekly or monthly in advance.
Private companies (commercial banks, coworking spaces, hotels)	Corporate cleaning services: This covers small, medium, and large offices and facilities. Corporations represent approximately 30% of Hadas's customer segment. These commercial agreements enable Hadas to offer its services to employees, which helps the company attract new household customers	Paid: Companies pay customized fees depending on the size, frequency, and the size or number of units being cleaned. Some enterprises also purchase cleaning packages for their employees working from home.

Customer Segment	Product / Service Provided	Paid / Unpaid
Domestic workers	Hadas Academy, legal and counseling services: Through its Hadas Academy, the company trains domestic workers in efficient cleaning techniques, and provides digital literacy, financial education, and soft skills courses. Hadas also provides domestic workers with legal and counseling services, in person or by phone.	Unpaid: Domestic workers affiliated with Hadas have free access to these services.

1.4 Team And Governance Structure

Hadas has a founding team of three people, two of whom are women, including the CEO. The company has six full-time employees (four women and two men) and one part-time employee. Their cadre of domestic workers is comprised of 50 women. Hadas' advisory board is made up of the three founders and a partner from Liquid Venture Studios, an accelerator with which Hadas previously worked.

1.5 Enterprise Policies

Policy	Yes / No
Overall HR Policy	Yes
Equal pay for equivalent work policy	Yes
Non-discrimination / Equal employment opportunity / Diversity and inclusion policy (gender, LGBTQ, PWD, etc.)	Yes
Anti bullying and sexual harassment policy / Respectful workplaces	Yes
Whistleblower policy / Employee grievance mechanism	Yes
Maternity / Paternity leave policy	Yes
Safeguarding policies for vulnerable groups (children, elderly, PWDs)	Yes
Safeguarding policies for the environment or to reduce detrimental impact on the environment (covers reducing carbon footprint, reduced water consumption etc.)	No
Other: customer service, cybersecurity, data privacy	Yes

2. Impact

2.1 Mission Statement

Hadas's mission is to revalue hourly cleaning services by leveraging the use of technology, providing opportunities and fair working conditions for domestic workers.

2.2 Intended Impact

Hadas's model benefits households and care workers while generating the following impact:

- It redistributes women in the household's domestic work burden to a private third party.
- It reduces the time families, especially women, dedicate to unpaid domestic work.
- It rewards domestic workers with regular work, fair salaries, flexible schedules, and training opportunities.

2.3 Monitoring And Measurement

Hadas tracks the number of services required and delivered and monitors service quality and satisfaction as follows:

- Number of services provided.
- Customer satisfaction is measured on a scale from 1-10 using a short survey filled out by customers upon service delivery.
- The annual social impact report collects data on customer experiences and domestic workers' satisfaction working with the company.

2.4 Results To Date

From 2016 to 2022, the company reached:

- 2,500 households
- 10 companies
- 800-1,000 domestic workers

Hadas conducts a yearly social impact report that has enabled the company to identify improvements in domestic workers' mental health and well-being as a result of the psychological and legal counseling. Domestic workers also report additional skills gains to the Hadas Academy. Moreover, domestic workers acknowledge Hadas as an important

psychological and legal support resource. Over the course of the pandemic, Gender-Based Violence (GBV) increased, affecting many female staff; some are still dealing with legal processes and psychological issues for which Hadas offers support.

Hadas's work is aligned with the following Sustainable Development Goals



3. Financials

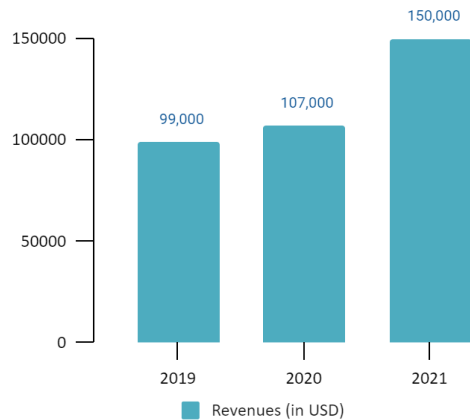
3.1 Financial Status

Hadas reports that the company is financially profitable

<i>(Amounts in US\$)</i>	FY 2019	FY 2020	FY 2021
Total Revenue	99,000	107,000	150,000
Total Expenses	94,600	138,000	153,000
EBITDA OR Profit/ Loss	4,400	-31,000	-3,000
EBITDA Margin	5%	-29%	-2%

3.1.1 Revenue Streams

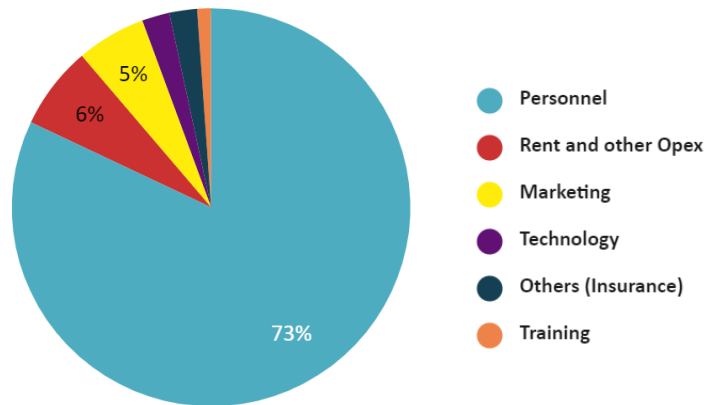
Hadas reports that 100% of the revenue comes from commercial operations.



3.1.2 Expenses

- Personnel: 73%
- Technology: 2%
- Rent and other opex: 6%
- Marketing: 5%
- Training: 1%
- Others (Insurance): 2%

Expenses split



3.2 External Funding Sources (Past and Current)

2019 was a pivotal year for Hadas’s growth trajectory. The company won US\$ 50,000 from a government program to support entrepreneurs. Hadas used this funding to strengthen its platform and make the booking process and online payment more efficient for customers. In addition, Hadas partnered with Liquid Venture Studios, an accelerator program that encourages digital start-ups to strengthen their business models, strategy, and product and service design. Liquid Ventures contributed its “know-how” to improve the app and in exchange received a 10% stake in the company. The funding Liquid Ventures provided was crucial to developing the branding and networking required to penetrate the Peruvian market in 2019.

3.3 Challenges Faced In Accessing Capital

- **Less investment capital available in Peru:** Although capital scarcity started during COVID-19, the situation worsened in 2022, with heightened tensions among the president, cabinet, and Congress undermining policymaking and implementation, increasing political uncertainty and discouraging national and international investment.
- **The care economy has lost momentum in Peru:** Hadas perceives that the sector has lost momentum compared to five years ago. Investment trends show that Fintech industries, which have higher short-term results, are prioritized over care economy businesses.

4. Path To Scalability

4.1 Potential Avenues For Growth

Hadas has identified the following avenues for growth:

- **Geographic expansion:** Colombia and Ecuador are principal targets due to market similarities. To enter these markets, Hadas is contemplating the possibility of merging with an international company in the sector with a similar mission. This is planned for 2023 and 2024.

4.2 Risks And Challenges

- **Financing challenges:** During the COVID-19 pandemic, and now with a global recession, it has been challenging for Hadas to access investment. In these types of scenarios, investors tend to prefer to invest in traditional business models with less risk.
- **Operational challenges:** As Hadas reports, business models that rely on human labor face higher operational challenges. The higher the number of direct employees, the higher the risks associated. These risks can include domestic workers not successfully completing a service, household or office items disappearing, among others.
- **Technology:** Hadas's platform is hosted on third-party servers which may be a risk in terms of data security and privacy.
- **Competition:** Hadas's principal competitor is the informal market. These types of matching platforms have an entry barrier called the network effect, which describes the difficulty of achieving an equilibrium between domestic services demand and supply.

- **Regulatory framework:** While there is no indication of this, Hadas is concerned about work-week regulation changes, specifically a ban of part-time or hourly based employment.⁴ This would imply higher costs for Hadas in its current model.
- **Social norms:** Hadas reports that domestic services, particularly cleaning services, are still deeply associated with class and gender since domestic workers are usually low-income women. Additionally, the employment relationship has historically been based on exploitation and this legacy remains today. Hadas's domestic workers are sometimes disrespected and suffer verbal abuse. Hadas also reports these situations happen more to immigrant workers than to Peruvian workers.

4.3 COVID-19 Impact On The Enterprise

Lockdown mandates in Peru significantly reduced the demand for cleaning services at the beginning of the pandemic. However, when the measures eased, demand increased significantly. People wanted their houses cleaned and disinfected to prevent the virus. As a result, Hadas's expenses increased to follow COVID-19 protocols and to preserve domestic workers' health. Those hygiene protocols are still in place to continue protecting them.

4.4 Support Received To Date

Hadas received technical assistance from a local accelerator in Peru called Liquid Venture Studios. Thanks to their technical advice, Hadas was able to reformulate its branding strategy as well as restructure its website to streamline the booking process and increase the number of bookings through an improved user experience.

4.5 Inputs Required For Growth

Financial support: Inputs required for growth are primarily financial. The company needs around US\$ 150,000 to grow its customer database, develop a more aggressive marketing campaign, and expand to new markets, such as Colombia and Ecuador. The company is open to equity or cash flow/debt. Hadas is currently looking for investment opportunities with NESST (fund for start-ups with a social focus) to get financial support to cover all or some of these needs.

⁴ The Peruvian work week is 48 hours maximum. Retrieved from https://www.trabajo.gob.pe/archivos/file/informacion/TRABAJADORES/INF_JORNADA_TRABAJO.pdf