Models for scaling your last mile distribution company

Webinar, 22nd February 2024

Supported by

Co-hosted by

Agenda and objectives

Welcome remarks (GDC)

Scene-setting (Spring Impact)

Insights from GDC members into four different scaling strategies

o Rocio Perez-Ochoa, Bidhaa Sasa

o Shanina van Gent, Essmart

o Sujatha Ramani, Pollinate Group

o Dennis Mtonga, Livewell Zambia

Discussion, Q&A and close

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British International Investment

Global Distributors Collective

SPRING IMPACT

Who you will hear from today

Russell Lyseight
Head of GDC

Emma Colenbrander
Managing Director
Spring Impact

Moderators

Rocio Perez Ochoa
Co-Founder &
Director
Bidhaa Sasa

Shanina Van Gent
Head of Projects &
Partnerships
Essmart

Sujatha Ramani
CEO
Pollinate Energy

Dennis Mtonga
Programs Manager
Live well, Zambia

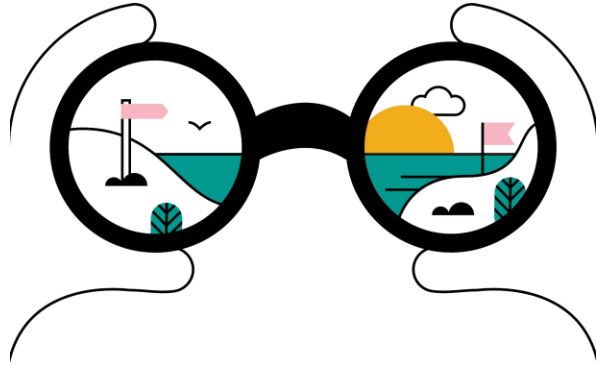# Why are we here today?

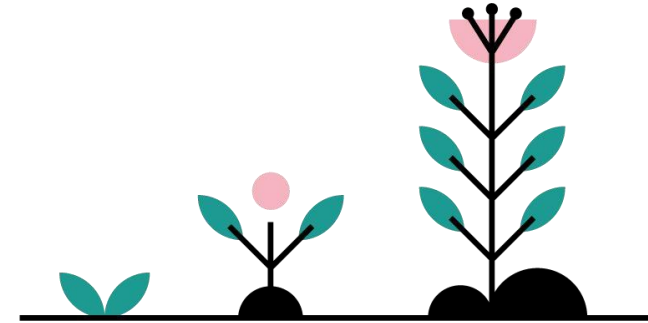## Scaling in last mile distribution

Models for Scaling Your Last Mile Distribution Company

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About Spring Impact

OUR VISION

A world where social and environmental problems are addressed at scale
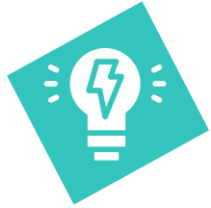

OUR MISSION

To scale up solutions successfully and sustainably

Since 2011, we've helped scale over 450 organisations around the world

Key questions along the journey to impact at scale

Are we **ready to start** our journey to scale? **What** do we aim to scale, and **is it scalable**?

How can we use **our unique leverage** for the most impact within the larger system?

What are our **strategy and portfolio of pathways** to achieve our goal for impact at scale?

Who are our payers at scale, and will they **pay at scale**?

Who are our doers and partners at scale, and will they **deliver and partner at scale**?

How can we set up the **right operating model** to support our scale pathways?

What **tools, systems**, processes, and governance do we need?

How can we ensure quality, impact, and **sustainability at scale?**

How can we shift **policies**, build **social movements**, and / or, activate **collective impact**?

How can we partner deeply with, strengthen, and influence **government**?

Scale vs Growth

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Understanding scale vs growth
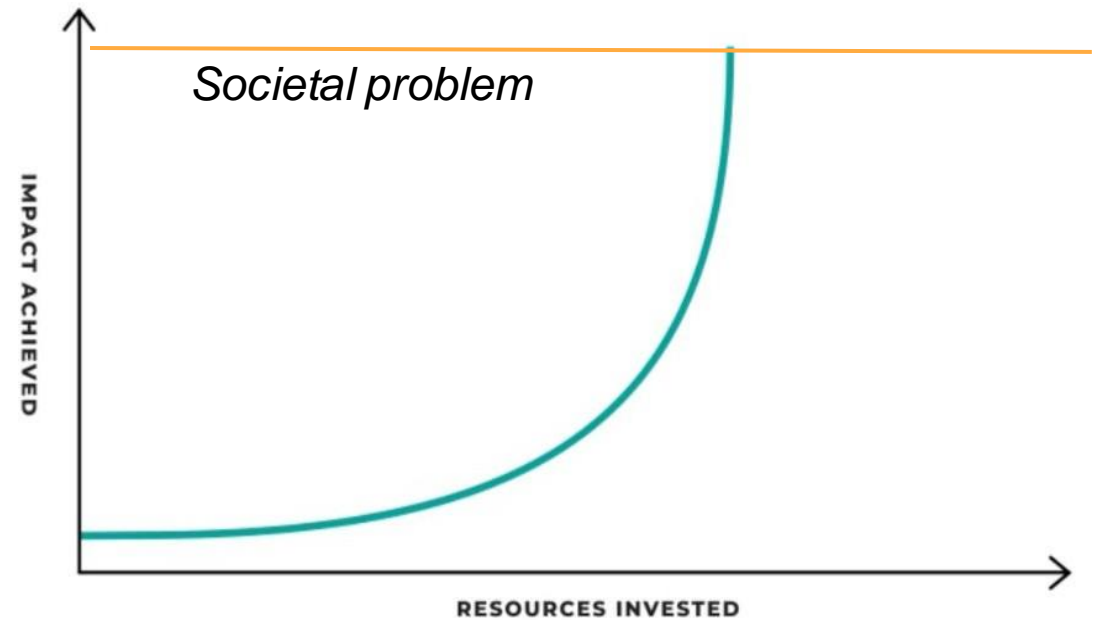
| Growth	Scale
- Growing the size of an **organisation** and/or a **solution** - Increasing revenue and/or impact at the **same rate** as adding resources to an organisation	- Impacting the ***problem*** **at scale** - Increasing revenue and/or impact **exponentially**, while adding resources **incrementally**

Understanding scale vs growth
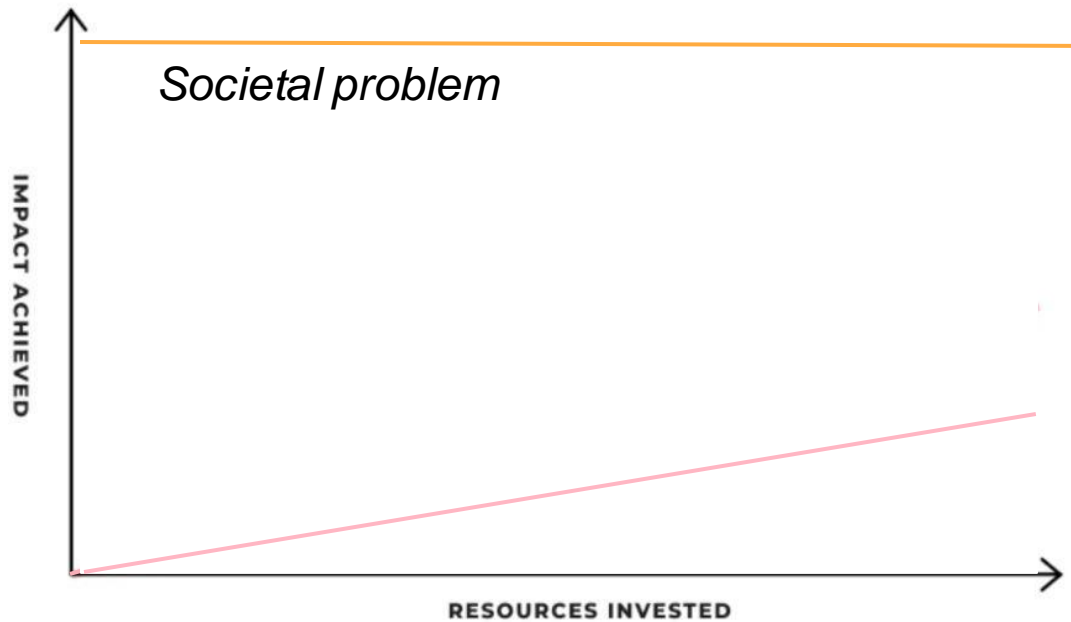
Pathways to scaling impact

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Pathways to scaling impact

There are different ways to scale impact to meet the size of societal problems
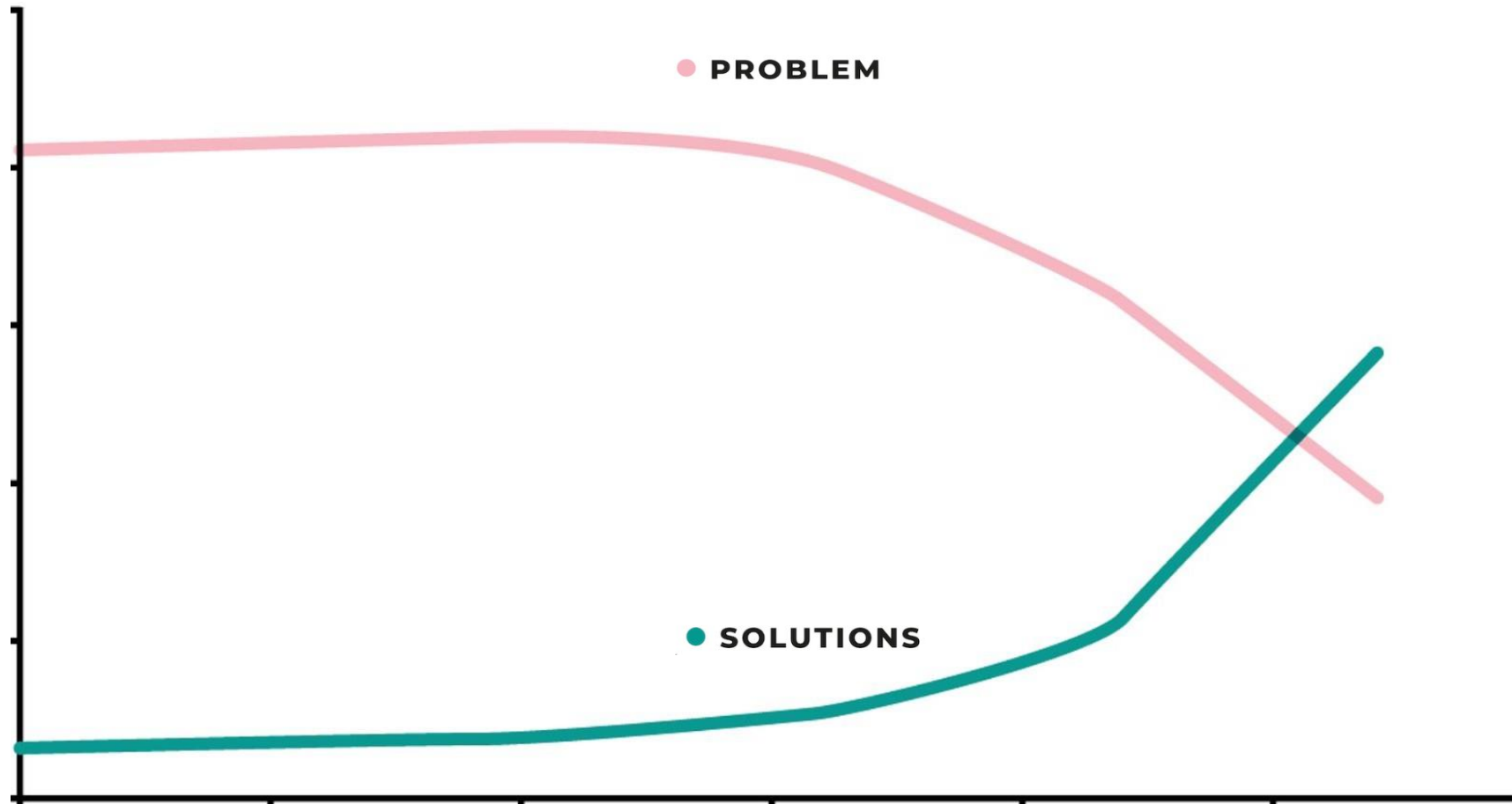
Pathways to scaling impact

1. Pathways to scale up solutions
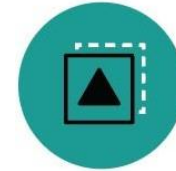
Open Sourcing

Training

Accreditation

Government Adoption

Strategic Partnerships

Social Franchising

Sub-Contracting

Branching

2. Pathways to change the system

Build a Movement

Influencing Public Policy

Change or Create Markets

Pathways to scaling impact

Pathways to scale up solutions

Flexibility

Control

Pathways to scaling impact

Pathways to scale up solutions

Flexibility   **Control**

Dissemination   Affiliation   Wholly Owned

Pathways to scaling impact

Pathways to scale up solutions

Flexibility   **Control**

Dissemination   Affiliation   Wholly Owned

Open
Sourcing   Training

Pathways to scaling impact

Pathways to scale up solutions

Flexibility   **Control**

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Dissemination   **Affiliation**   Wholly Owned

Pathways to scaling impact

Pathways to scale up solutions

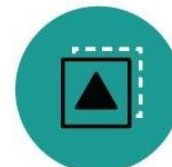**Flexibility**   **Control**

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Dissemination   **Affiliation**   Wholly Owned

| Accreditation | Government Adoption | Strategic Partnerships | Social Franchising | Sub-Contracting |

Pathways to scaling impact

Pathways to scale up solutions

Flexibility   **Control**

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Pathways to scaling impact

Pathways to scale up solutions

Flexibility   **Control**

Dissemination   **Affiliation**   **Wholly Owned**

Branching

Pathways to scaling impact

Pathways to change the system

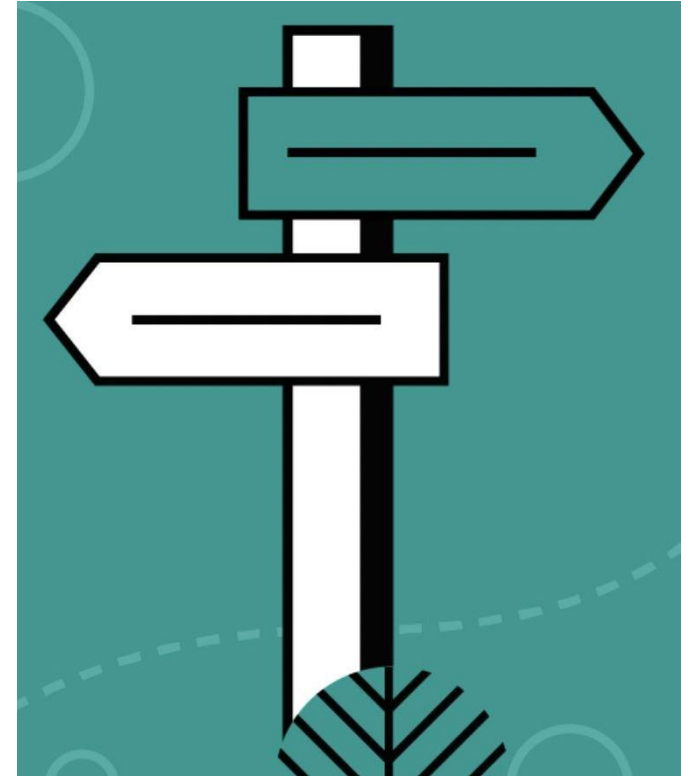**Build a Movement**

Influencing Public Policy

Change or Create Markets

Pathways to scaling impact

Key considerations

- The **nature of the problem** you're trying to tackle

- The **nature of your solution**

- What **role you will play** within the system

A quick poll

Which is your primary scaling pathway?

Thank you

emma@springimpact.org

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Bidhaa Sasa

## Scaling, lessons learned

22 February 2024

Lean Startup approach
to expand to Uganda in 2019

Support from GDC in 2019

- Following Bidhaa Sasa's Lean Startup methodology we suggested to develop a tool to guide us scaling into Uganda end of 2019

- Scaling = startup in another market

- Key question: how to adapt current business model to new market

- We developed and tested a tool to be shared with any other distributor

- Launched a Pilot early 2020

Lean Startup Principles

Set hypothesis

Collect data

Analyse

Pivot or proceed
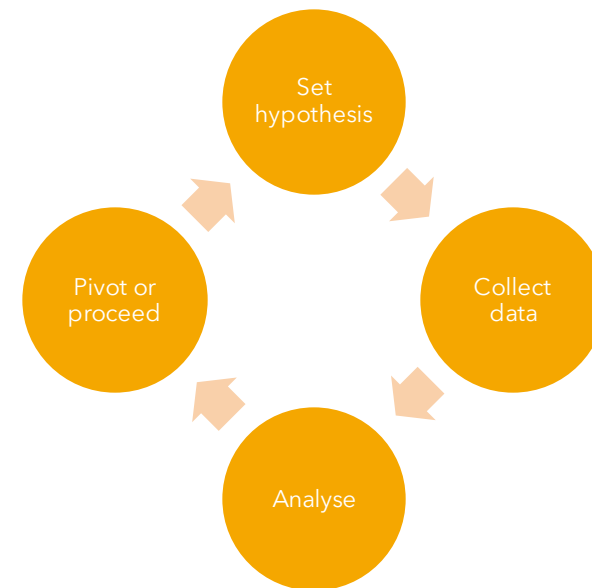
LEAP Tool
a methodology to scale while learning

Developed a framework

- 3 steps framework covering ALL business aspects. Q&A style tool

Leadership (mission, culture…)

Enterprise (finance, partnerships…)

Attraction (customers, value proposition…)

Provision (sales model, suppliers…)

- STEP 1: assess business in current market, ready to scale?
- STEP 2: establish red line
- STEP 3: set targets, experiments and learning objectives for pilot
- Draft was shared and feedback from other was collected

And tested it with Pilot

	Strategic questions	Rating (Yes = 1, No = 0)
Customers & product-fit	• In your current market, have you been able to grow your customer base beyond early adopters? • Can you define key demographic characteristics of your customer profile(s) such as gender, occupation, geography, and family size? • Do you have mechanisms in place to collect and act on customer feedback? • Have you optimised your product basket in response to customer demand?	
Competition	• Do you know who the competitors in your current market and what might be new entrants? • Do you understand your competitors' value-add to your target customer and how your value proposition differentiates you in the market?	
Consumer journey	• Are you realizing a continuous year-on-year growth in your customer base that is comparable to your early growth projections? • Are your customers generally satisfied?	
Pricing	• Have you optimised price points and repayment plans based on your understanding of customer segments and their repayment behavior?	

What worked
cost-effective learnings

Steps 1 and 2

- Finding the right questions across all business aspects that accommodate all different business models is difficult and needs sharing with others

- Finding the answers and reviewing the current business status takes time

- But deciding on the red lines is harder: cofounders and investors may have very different views

Step 3 the pilot

- Leverage Kenyan teams and expertise

- Stick to "cut and copy" as much as possible (replicate)

- Get client feedback from day one

- Exercise helped to find gaps in standard operations

- Centralised services

- Secured two small grants to launch pilot and maximise learnings

- ERP for multiple countries

What did not work
worst timing to launch in new country

Covid and more

- Timing of launching in Uganda could not be worst (early 2020), we suffered massive delays due to Covid restrictions (for 2 years)

- On hindsight we were not ready to scale as we thought end of 2019, but we could not have imagined the future then

- Uganda ecosystem is less developed (compared to Kenya) so it is harder to secure partners

Pilot targets were not met

- Could not meet promised targets because of all the COVID related disruption

- Remote managing of field teams in another country is not easy, and hiring senior and expensive manager is not justifiable when running at a pilot scale

- Suffered from stock outs on and off

- Not a clear post-pilot strategy

Lessons learned
my 3 take aways about Lean Scaling

Keep it simple

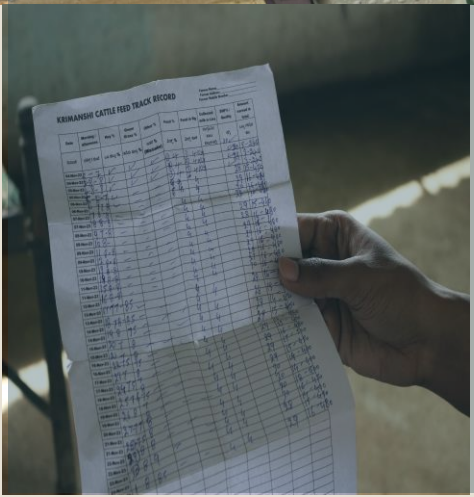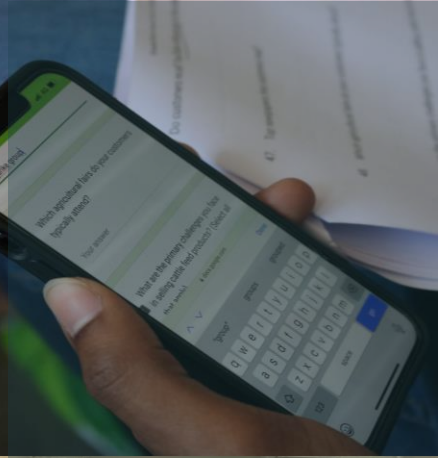Focus on understanding customers and value proposition: collect evidence of product-market fit

Experiment …

… as much as possible! Run A-B tests, change prices, change incentives, change suppliers
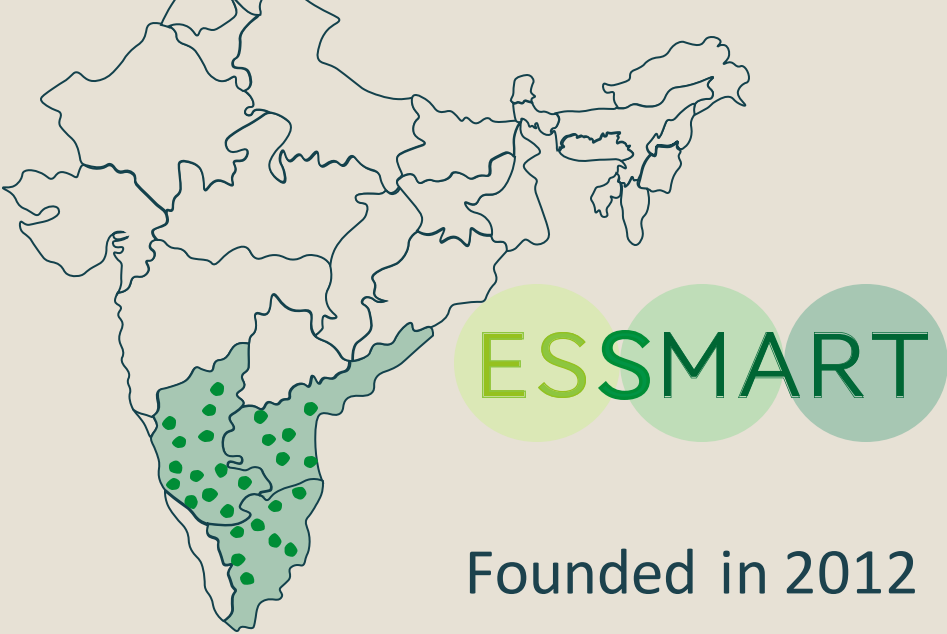
Don't get distracted

Avoid chasing the "funder" while still learning, they often have other priorities and goals

But do not spend 3 years running a PILOT like us

ESSMART

Essmart's Scaling Journey: Insights and Innovations

ESSMART

Founded in 2012

Essmart is an integrated ecosystem for bringing new livelihood products and solutions to rural markets.

5,300+ retail shops + **100+ FPOs** + **300,000+** products sold + **1.2M+** customers reached

A gap persists between innovative products and product adoption..

Lack of in-depth pre-launch market assessment

Insufficient product design tailored to rural needs and preferences.

Products designed with creator bias.

Limited access to information and awareness about innovative products.

High price point and affordability concerns

Approach to Scaling:
Market Research and Product Testing

Essmart **evaluates the feasibility of a new products and service through research conducted** directly with retail shops, end-customers and FPOs in rural India.

Why conduct market testing?

01.
Gain crucial insights and feedback from the community.

02.
Improve product design and marketing strategy.

03.
Increase the chances of product adoption.

"A product designed hand in hand with the community it is intended to benefit ...has a a **better chance for broader adoption and impact**."

The stage of products and prototypes that can most benefit from local market testing are:

- Products that are in the later prototype stage and require final user feedback on the product's design.

- Commercialized products that are being introduced into the Indian market but have yet to determine finalized pricing, packaging, and localized branding.

ESSMART

# Approach to Scaling: Results and Impact

10+ Market Research Projects

Agriculture, clean-tech and health care

Essmart specializes in helping companies identify their product-market fit and develop a robust Go-to-Market strategy, finely attuned to the unique nuances of the rural market.

1 Learning and Growth

Our market research not only enhances client experiences but also provides essential sector insights, laying the groundwork for future growth and strategic leverage
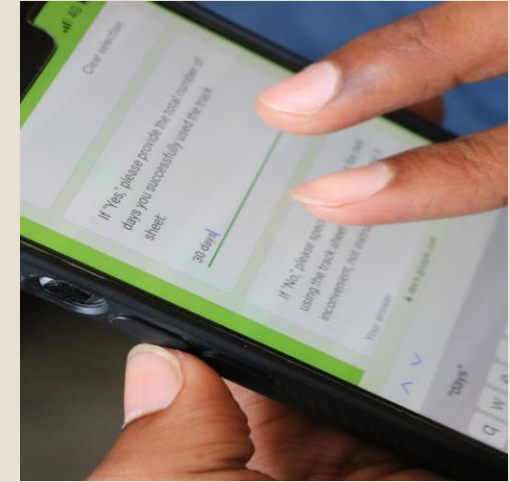
2 Integrated Distribution Opportunities

We've observed that post-market research completion, there is an opportunity to consider product distribution.

3 Ecosystem Impact

We incorporate rural voices into the design process and support shops by re-risking product adoption through shop placements.

Approach to Scaling:
Challenges and Adaptation

ESSMART

Challenge: Business Model Transition

A key challenge we faced was the necessity for a different business model when incorporating market research.

Potential challenges include redefining roles, adapting to a new revenue model, and ensuring the seamless integration of market research into our existing distribution network.

Transitioning team roles and balancing approach where we have feedback loops and a lot of iterative adjustments to allow us to find a balance in setting up this business.

Lessons Learned

1. **Power of network synergy:** Strong relationships with retail shops, end customers, and FPOs.

2. **Customer-centric innovation:** Understanding unique needs and aspirations of rural end-users.

3. **Strategic partnerships for growth:** Collaborating with incubators and organizations in the social impact ecosystem.

pollinate group
Empowering Lives Sustainably

Empowering women as leaders of change, to serve the most marginalized, toughest to reach communities by building a last-mile distribution channel for clean energy products.

IMPACT MODEL

SDGs Progressed

Pollinate Group identifies women leaders from the poorest communities that live on US$1.9 to US$3.2 per day.

The women are empowered through entrepreneurship skilling intervention.

And invest in the women to become clean energy entrepreneurs, that also helps us tackle the climate crises

Clean energy products brings visible changes in quality of life for the entire community. Children study more hours and have better health outcomes

With access to dignified source of income, these women leaders pull their entire communities out of poverty

SDG 1
No Poverty

SDG 5
Gender Equality

SDG 7
Affordable, Clean Energy

Presented by:
Dennis Mtonga
Programs Manager
Livewell, Zambia

Q&A

Time to dig deeper....

Thank you and wrap up

- Your feedback

- Recording, slides and speaker details

- Upcoming activities

Contact us:
GDC@practicalaction.org.uk