

**Global  
Distributors  
Collective**

# Benchmarking tool for last-mile distributors Value Proposition

20<sup>th</sup> November 2024

Supported by:



Delivered by:

**HYSTRA**  
hybrid strategies consulting

# Agenda

1. Introduction to benchmark – 10'

2. Value proposition KPIs – 60'

3. Q&A – 20'



Photo credit: Essmart

# Built with FCDO\* financing, the benchmark tool enables auto-diagnosis of businesses using 23 operational KPIs\*\*

Objectives	Scope	Methodology	Ways to use it
<p>The tool aims to help:</p> <ul style="list-style-type: none"> <li>• LMDs determine KPIs to track, assess their performance and compare with peers</li> <li>• Funders gain intel on operational parameters, streamline part of their DD, and identify TA needs</li> <li>• The sector become more transparent</li> </ul>	<p>Operational KPIs:</p> <ul style="list-style-type: none"> <li>• Value proposition and financing</li> <li>• Sales and marketing</li> <li>• Back-end infrastructure and overheads</li> </ul> <p>Complementing financial and Environmental and Social indicators</p>	<p>3 main sources:</p> <ul style="list-style-type: none"> <li>• Hystra's work with 63 LMDs since 2013 and 10 leading LMDs recently interviewed for this work</li> <li>• GDC survey of 109 LMDs in 2021</li> <li>• PayGo Labs for credit-related indicators</li> </ul>	<ul style="list-style-type: none"> <li>• Directly by companies for auto diagnostic</li> <li>• By funders in discussion with (potential) investees</li> <li>• By TA providers to help companies fill in and interpret the benchmark's results, and design optimal support interventions</li> </ul>

# How to interpret benchmark values

## Methodology to define benchmark values

**“Best practice”:** best seen across LMDs who participated

**“Good”:** sufficient to allow an LMD to become sustainable

**“Can be improved”:** KPIs to improve in priority for LMDs looking to be profitable

Can be  
improved

Good

Best  
practice



**NB:** Companies should use this benchmark for a particular business unit/ geography at a time

## Disdaimer

- This is an evolving tool
- We have tried to define cross-sector, cross geography KPIs. Yet not all of them may apply to smaller LMDs, across diverse geographies, products, models or in exceptional circumstances
- All indicators should be considered as performance guide and inspiration more than as tests set in stone

# Why use this tool?

## Quotes from LMD entrepreneurs who tested it

*This allows for a **better understanding of the market, identifying best practices and areas that need improvement***



Samy Chaliar, CEO HERI

*This exercise offers the possibility to:*  
*1/ Think about KPI's you don't track yet*  
*2/ Check on which **key KPI's you have to focus on***  
*3/ Have an **executive short dashboard** including all components of your business*



Alexandre Coster, Co-Founder  
and Ex-CEO of Baobab+

*The tool presents a **comprehensive selection of KPIs that provide great perspective on the most important aspects of a LMD business***



Alexandre Tourre,  
CEO EasySolar

*This tool has enabled us to identify concrete, efficient actions to achieve our objectives. As a result, **we can assess our progress and gain a competitive edge***



Ahissou Prudence, Feu Vert Bénin

*Founders and managers often find hard to judge their relative businesses performance and position themselves in the larger ecosystem of players. A set of key common metrics with their corresponding benchmarks will help the entire sector*



Rocío Pérez Ochoa,  
Co-Founder Bidhaa Sasa

# Which 23 KPIs are included in the report?

## Value Proposition

Net Promoter Score (NPS)

Unique selling proposition

Market segments

Revenue streams

Gross margin

Inclusivity ratio

Product utilisation rate

## Sales and Marketing

Above-the-line marketing

Market penetration

Revenue per sales agent

Sales agent compensation

Sales agent cost ratio

Sales agent churn

Sales agents per manager

Cost of field force

Sales agent time efficiency

## Back-end Infrastructure and Overheads

Product servicing rate

Stock loss

Overhead ratio

Digitalisation indicator

CEO support system

Cash conversion cycle

Grant contribution

# Your moderators for today



Chitraksh Sharma  
Senior consultant  
**Hystra**

Session on value  
proposition and  
sales and marketing



Lucie Klarsfeld McGrath  
Partner  
**Hystra**  
(GDC advisory board member)

Session on back-  
end infrastructure  
and overheads

# Which 23 KPIs will we focus on today?

## Value Proposition

**Net Promoter Score (NPS)**

**Unique selling proposition**

**Market segments**

**Revenue streams**

**Gross margin**

**Inclusivity ratio**

**Product utilisation rate**

## Sales and Marketing

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# Question



Measuring the Net Promoter Score...

1. I don't know what the NPS is
2. Should be done monthly as a tool to detect causes of dissatisfaction
3. Should be done annually to measure customer satisfaction

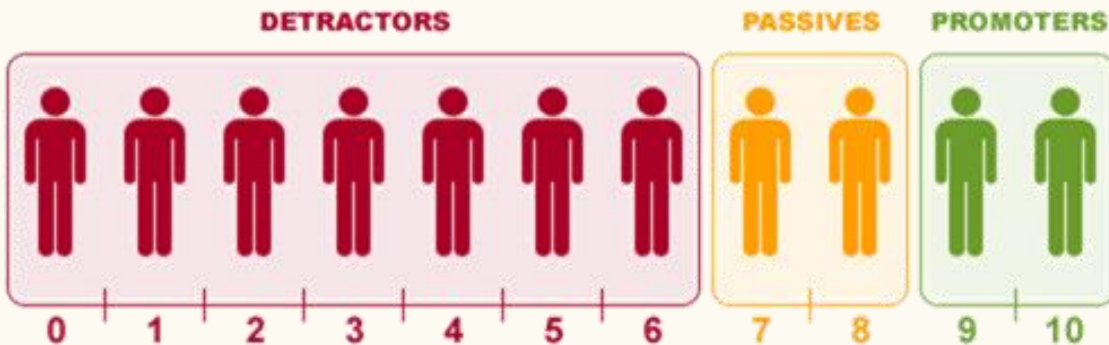
# Answer



Measuring the NPS...

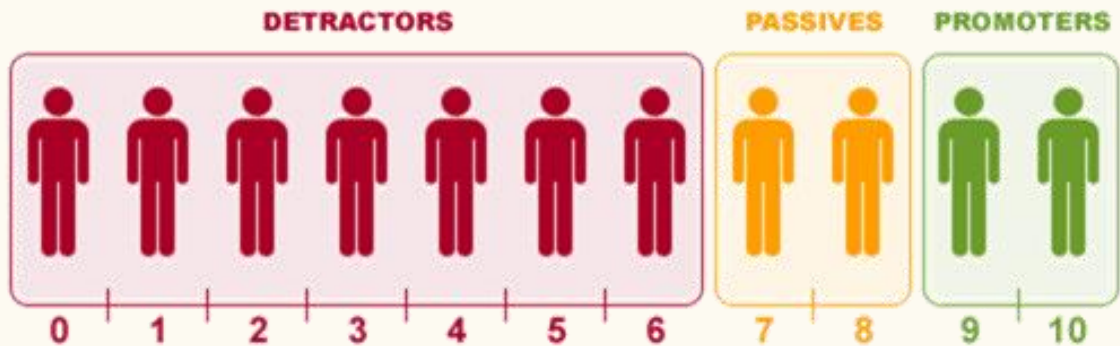
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# Net Promoter Score: What is it?



$$\text{NPS} = (\text{Promoters (\%)} - \text{Detractors (\%)}) \times 100$$

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$$\text{NPS} = (\text{Promoters (\%)} - \text{Detractors (\%)}) \times 100$$

## Best practices

Track the NPS separately for different products and for each customer facing staff

Add an open-ended question and conduct in-depth interviews for services scoring badly

Follow up with detractors to limit negative word-of-mouth

Align NPS with staff incentives

## Benchmark value

- **Can be improved:** Not measured or <40
- **Good:** 40-60
- **Best practice:** 60-100

# Question



To calculate your USP, you should survey...

1. Customers only
2. Customers and non-customers
3. At least 100 people
4. 20-100 people
5. Every two years
6. At least once a year
7. When course-correcting after facing a critical business challenge

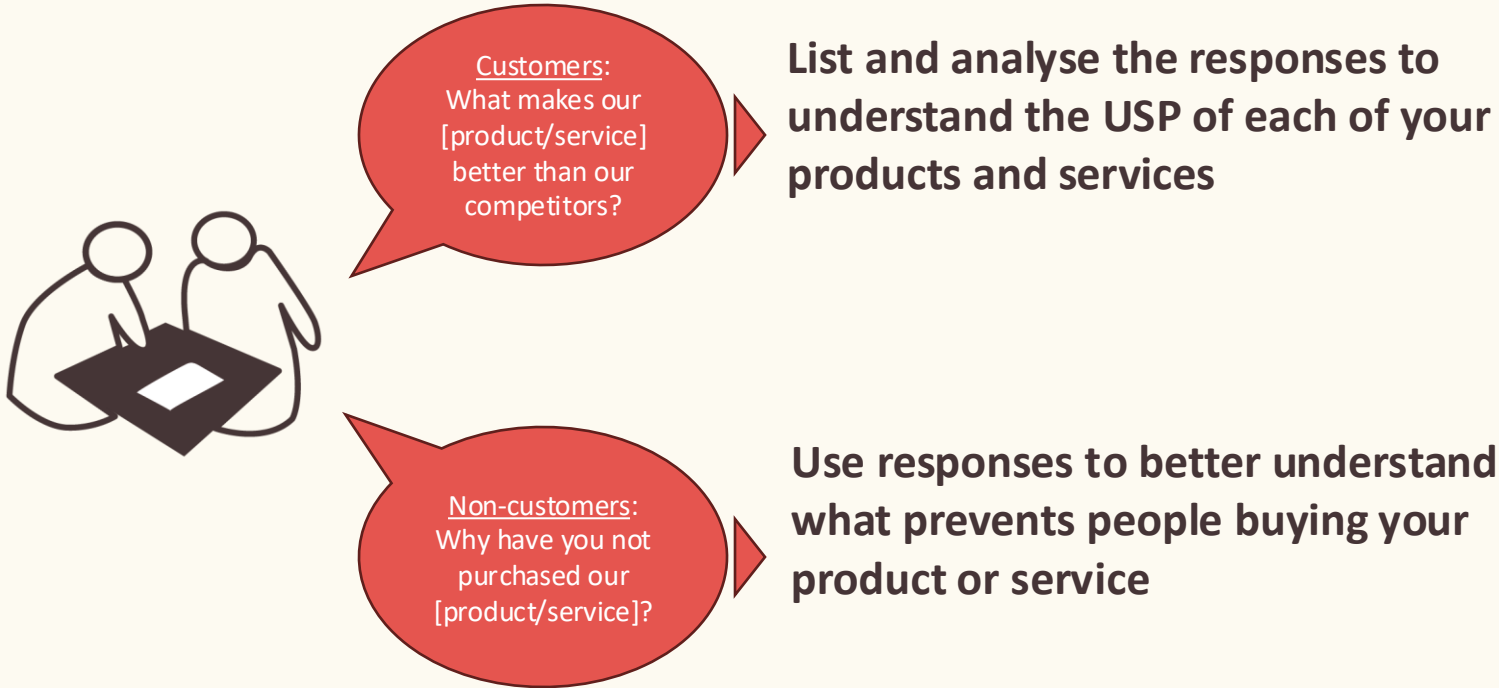
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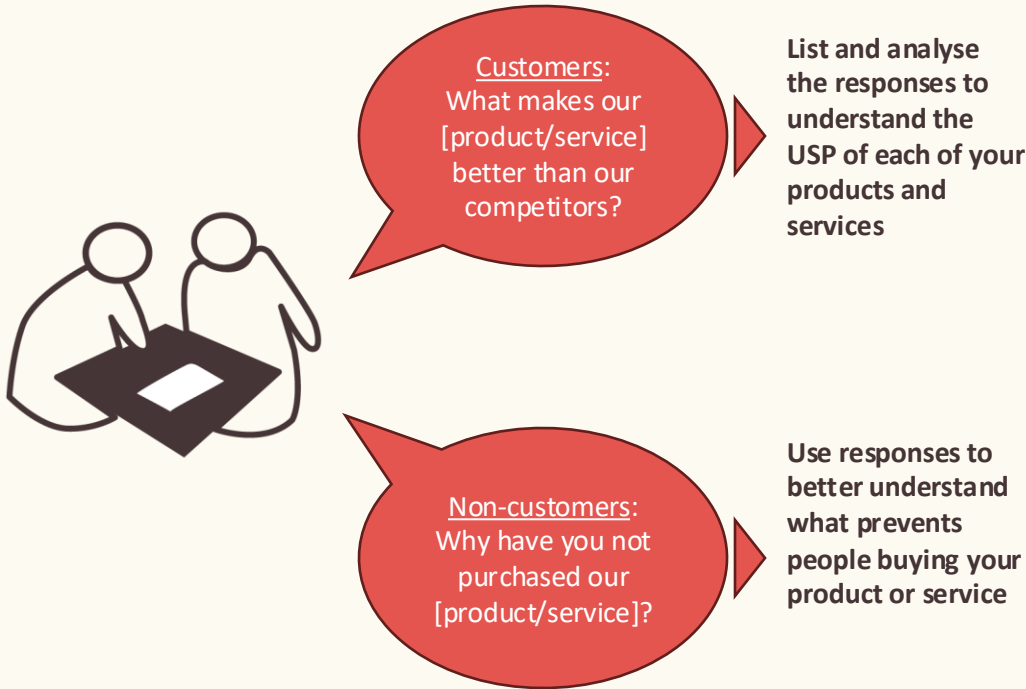


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# Unique selling proposition: How to identify it and build a well-rounded value proposition ?



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## Best practices

Segment your customers and non-customers

Understand why customers chose your product over competing offers

Discover barriers to purchase for non-customers

Research competitors

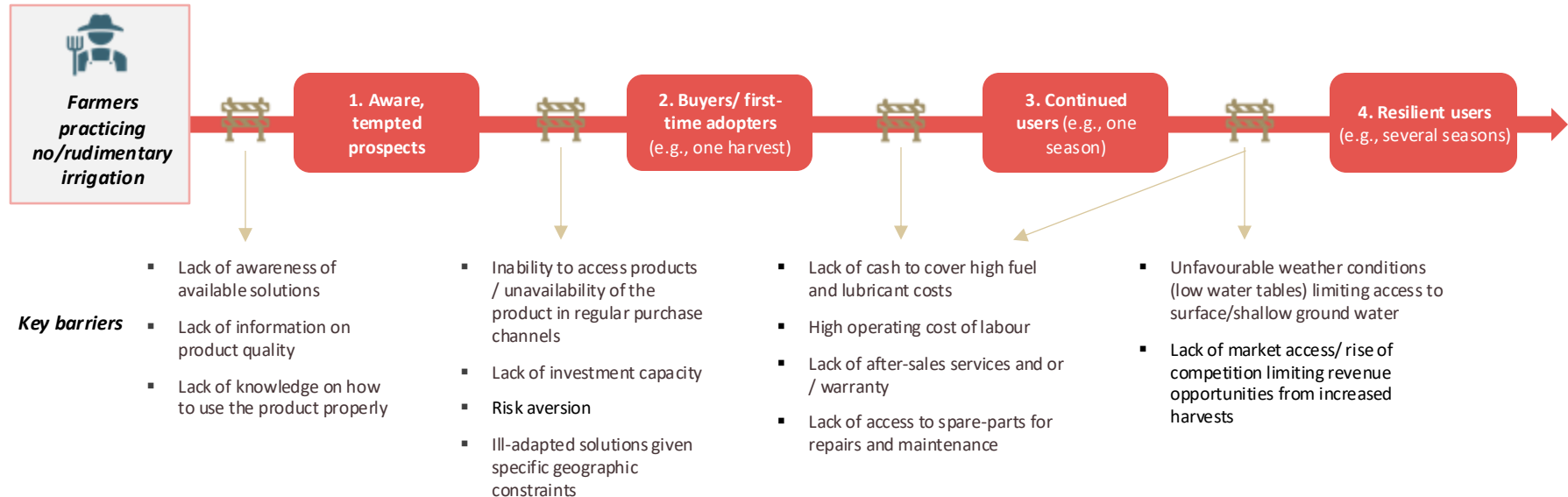
## Benchmark value

- **Can be improved:** We don't conduct surveys to validate our USP among customers or understand barriers for non-customers. Or, we do conduct surveys but have not done so in the past 24 months
- **Good:** We have conducted a survey to validate our USP among customers or understand barriers for non-customers within the past 12 to 24 months
- **Best practice:** We have conducted a survey to validate our USP among customers or understand barriers for non-customers within the last 12 months



# Unique selling proposition: How to identify it and build a well-rounded value proposition ?

## Irrigation pumps customer journey and corresponding barriers, from awareness to resilient usage



# Question



Diversifying your customer base can...

1. Increase resilience in face of adverse events
2. Help a young company to maximise profits and reduce risk
3. Generate new product ideas to replace existing products
4. All of the above

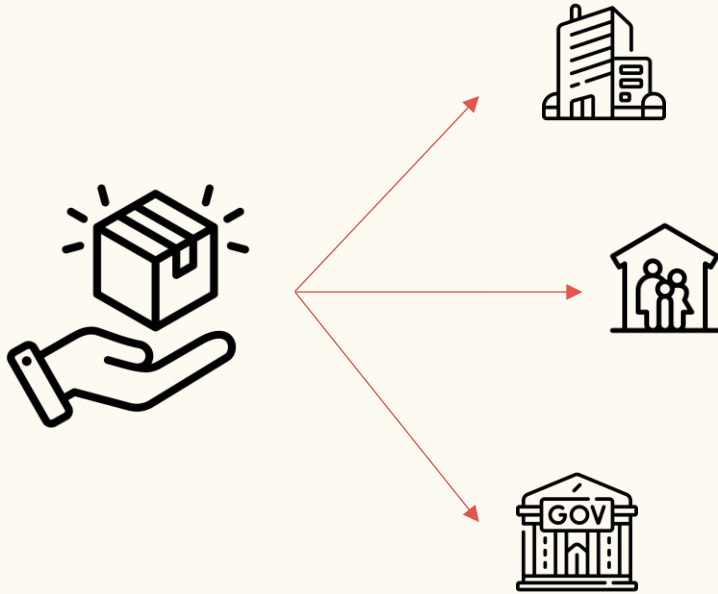
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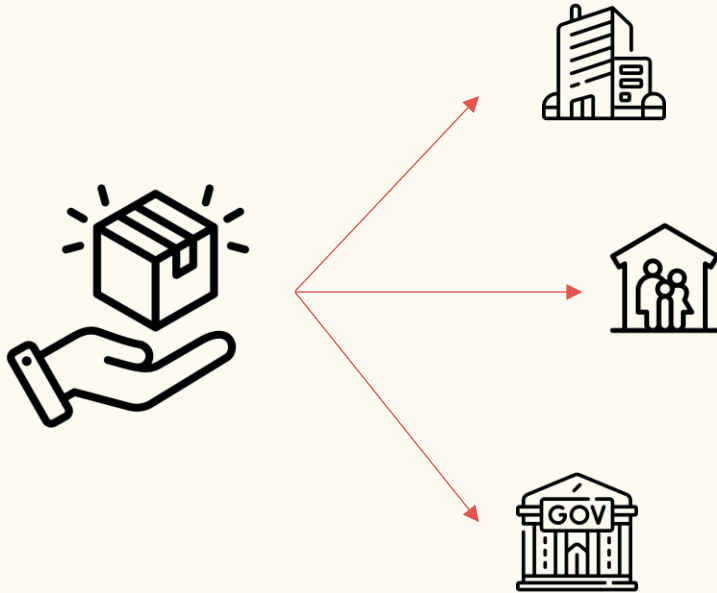
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# Number of market segments: How to better segment and serve different market segments?



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## Best practices

Clarify existing segments

Maximise existing products by creating dedicated marketing materials and sales channels for each segment

Prioritise segments that best enable you to reach your business, strategic and impact goals

## Benchmark value

### Refining or still proving unit economics

- Can be improved: 2 or more
- Best practice: 1

### Proven unit economics

- Can be improved: 1
- Good: 2
- Best practice: 3 or more

# Question



The key risk with diversifying your revenue streams is...

1. Lowering the overall gross margin of your business
2. Engaging in activities that do not bring value to the company's core activity and deprive core activities of key resources
3. None of the above

# Answer



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1. Lowering the overall gross margin of your business
2. Engaging in activities that do not bring value to the company's core activity and deprive core activities of key resources
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# Revenue streams: How to best diversify and increase your revenues?



Independent revenue streams excluding sales to core customer segment
RBF
Carbon finance
Consulting
Repair
...



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Independent revenue streams excluding sales to core customer segment
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...

## Best practices

Map your assets, revenue streams and costs - and assess who else might be ready to pay for it

Find synergies between different value-adding activities

## Benchmark value

- **Good:** 1
- **Best practice:** 2 or more

# Question



Measure gross margin...

1. For your entire business, every year
2. For each of your product, every quarter
3. For each client segment, every year

# Answer



Measure gross margin...

1. For your entire business, every year
2. For each of your product, every quarter
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## Gross margin: What is it?

$$\frac{(\text{Sales revenue at end-user price} - \text{COGS})}{\text{Sales revenue}}$$

*Include other revenues generated directly from sales*

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$$\frac{(\text{Sales revenue at end-user price} - \text{COGS})}{\text{Sales revenue}}$$

*Include other revenues generated directly from sales*

Best practices
Build resilience to endure economic shocks
Adapt gross margin to loan tenure for credit sales

Benchmark value	
Not providing financing	Providing financing
<ul style="list-style-type: none"><li>• Can be improved: 0 - 25%</li><li>• Good: 25 - 35%</li><li>• Best practice: Above 35%</li></ul>	<ul style="list-style-type: none"><li>• Can be improved: 0 - 35%</li><li>• Good: 35 - 50%</li><li>• Best practice: Above 50%</li></ul>

# Question



Calculating inclusivity ratios can be useful for...

1. Raising capital from impact investors
2. Diversifying your customer base to target higher-income markets which are more profitable
3. Leverage results-based financing programmes
4. All of the above

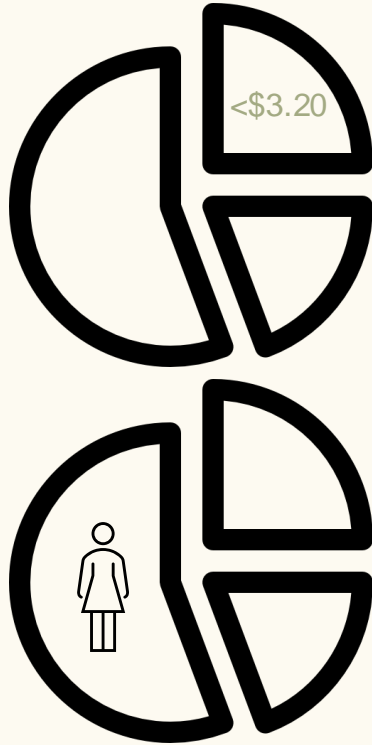
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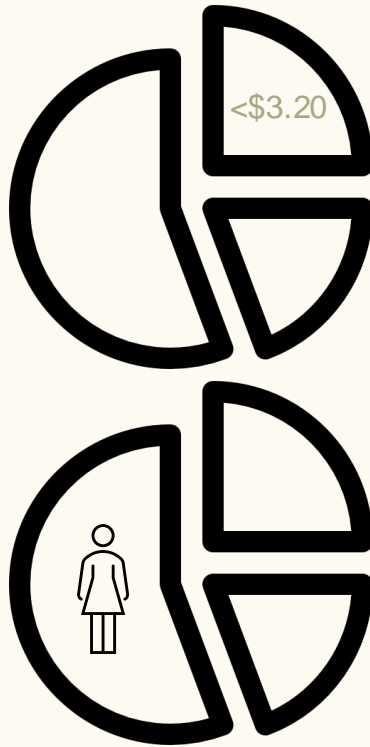
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# Inclusivity ratio: What is it and why should it be measured?





# Inclusivity ratio: What is it and why should it be measured?



## Best practices

Incentivise sales to target customers

Diversify customer base beyond only customers living below the poverty

Use tools providing objective poverty data for assessments and strategic decision-making

## Benchmark value

No set rules, depends on your objectives

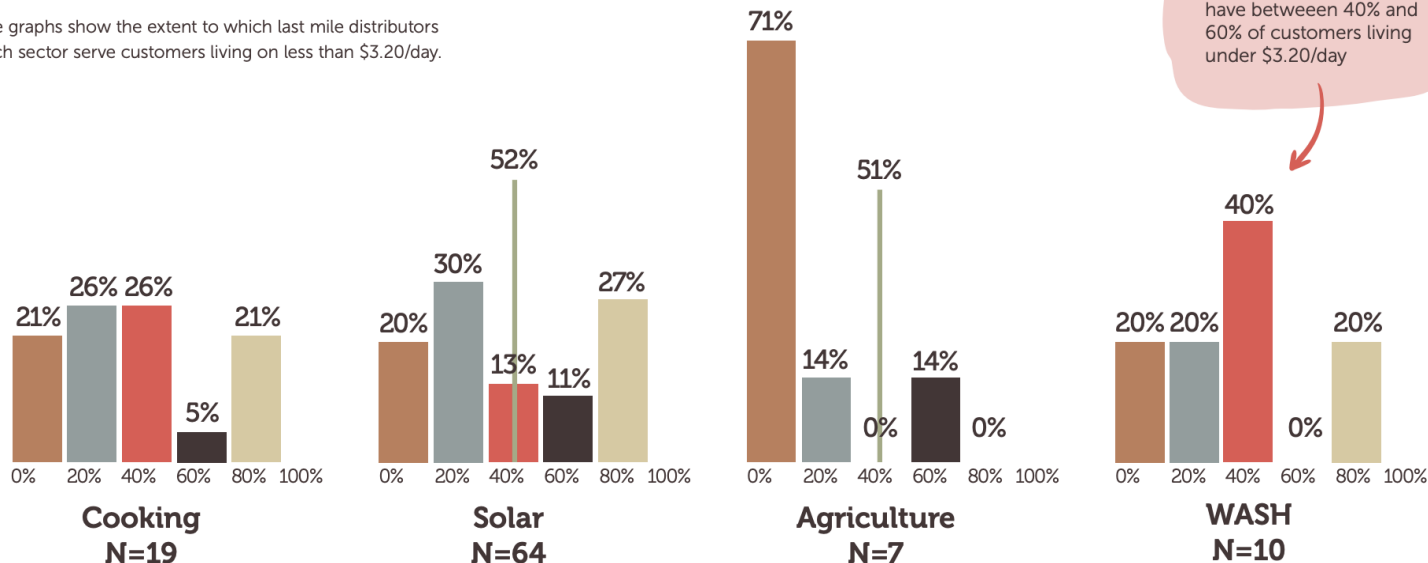
# Inclusivity ratio: How do GDC members perform on income inclusivity?

## Case study: Income inclusivity of last mile distributors

These graphs show the extent to which last mile distributors in each sector serve customers living on less than \$3.20/day.

### How to read this graph

40% of companies selling WASH products surveyed have between 40% and 60% of customers living under \$3.20/day



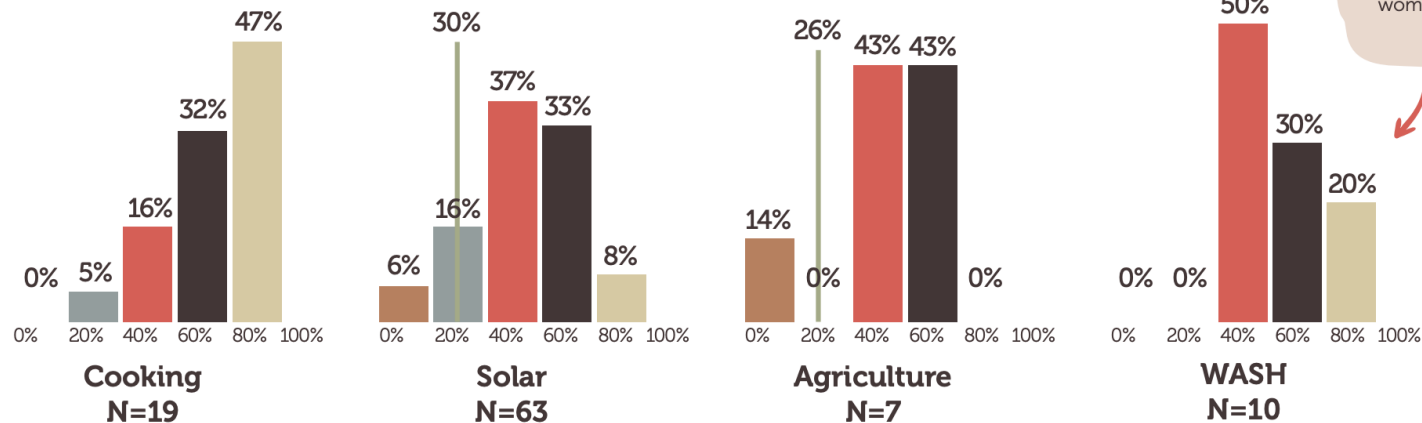
Median of companies surveyed by 60dB

Source: Global Distributors Collective member survey, 2021; data were cleaned for companies that had inconsistent answers. 60 Decibels, 2024.

# Inclusivity ratio: How do GDC members perform on gender inclusivity?

## Case study: Gender inclusivity of last mile distributors

These graphs show the extent to which last mile distributors in each sector serve women.



### How to read this graph

20% of GDC members selling WASH products have more than 80% women customers

— Median of companies surveyed by 60dB

Source: Global Distributors Collective member survey, 2021; data were cleaned for companies that had inconsistent answers. 60 Decibels, 2024.

# Question



For PayGo only: Measuring the utilisation rate at 60 days...

1. Can help assess the quality of client selection and onboarding
2. Can measure your current overall portfolio performance
3. Can help predict the final repayment rate of a cohort of clients
4. All of the above

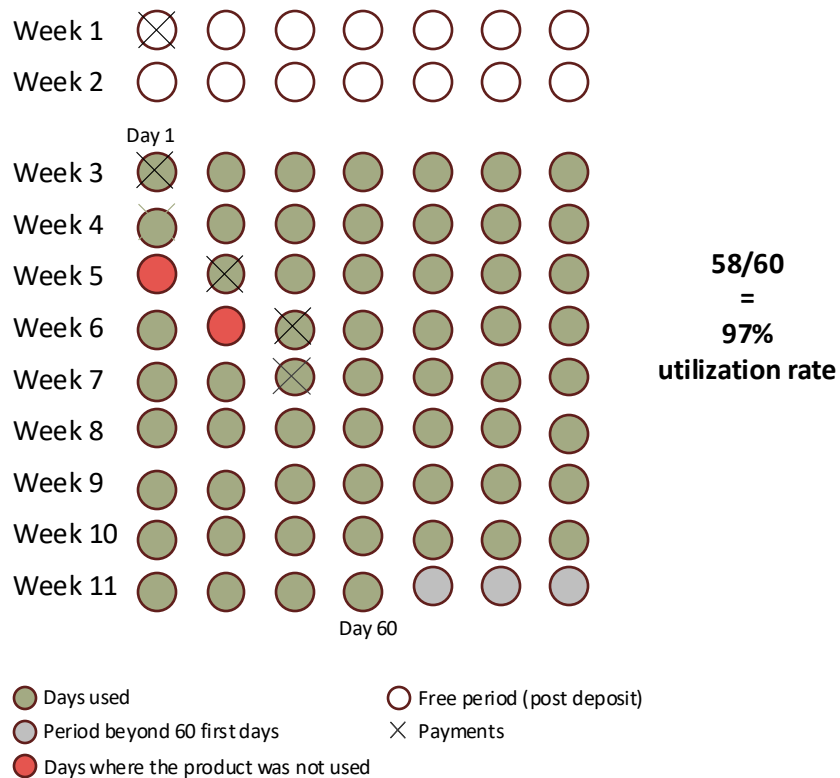
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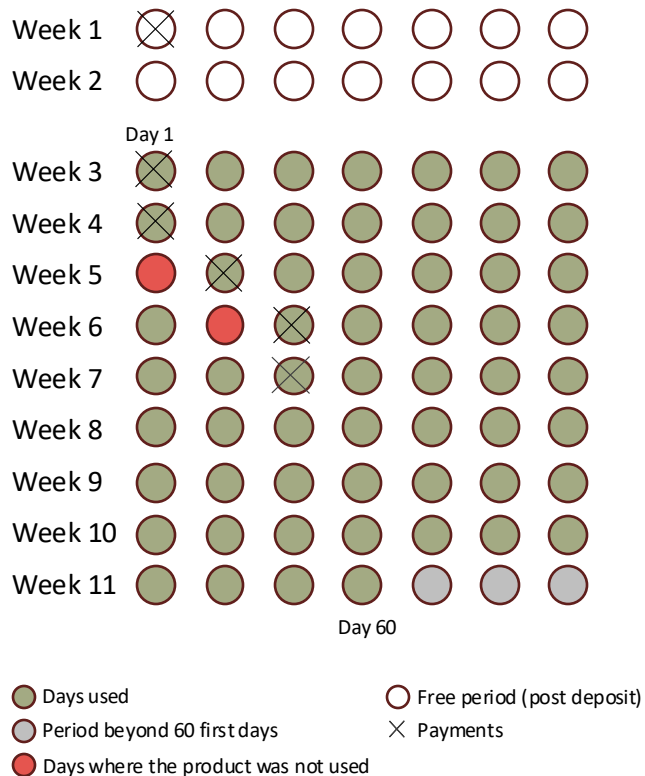
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# Product utilisation rate: how to best assess and increase it?



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## Best practices

Set up an early warning system to identify customers at risk early on and set up processes to act on those swiftly

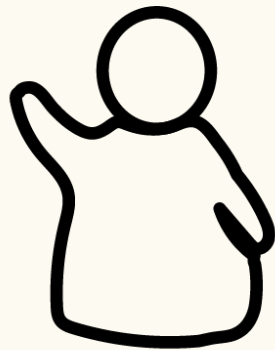
Conduct deeper analysis by measuring 30-day utilisation rate and repossess products for 'bad sales'

Ensure that agents properly explain what "pay as you go" means

## Benchmark value

- Can be improved: <80%
- Good: 80-90%
- Best practice: >90%

# Q&A





# Thank you and wrap up

- Your feedback
- Recording, slides and speaker details

**Contact us:**  
**[GDC@practicalaction.org.uk](mailto:GDC@practicalaction.org.uk)**



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