

# **Hult Case Competition: Team Kellogg**

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# Microfranchising: The key to clean water and sanitation provision for the BoP\*

**Three keys** to successfully serving the bottom of the pyramid (BoP):

- **Employ and/or train** significant numbers of poor people in its main business activity
- **Produce or offer essential products or services** at affordable prices to people who earn US\$2 or less a day.
- **Offer technical, material or financial assistance** to enable the poor to engage in family-run businesses, with returns to investors generated from products made from the activities



## **Microfranchising**

- Adapts traditional franchising concepts to small businesses in the developing world
- Leverages limited philanthropic dollars to train local individuals to development of local
- Three primary microfranchise models:

### **1. Hub & Spoke Water Delivery**

### **2. Community-Based Sanitation and Waste Disposal**

### **3. Infrastructure maintenance & Repair**

\*Those making less than \$2 per day

# Urban and peri-urban India is the highest impact target for Water.org



## **Water.org's stated mission**

- Bring water and sanitation services to 100M people over the next five years



## **Limiting factors:**

- Philanthropic dollars
- Time required for deployment
- Localized demand



## **Solution:**

- Focus on high-need urban areas (geographically focused)
  - More efficient spend
  - Increased impact speed
  - Quicker education of population
- India currently projected to have 590 urban residents by 2030
- 90% of Indians currently subsist on less than \$2 per day

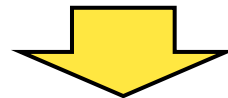
# Urban Indian communities face a host of water and sanitation issues

## Water provision

- Distance to local water sources
- Waiting time/frequent interruption of local sources
- Limited storage abilities
- Cost of primary and/or replacement water sources
- Cleanliness of available water sources
- Inadequate education as to importance of clean water

## Sanitation

- Overall lack of clean facilities
- Inadequate disposal of waste products, or disposal into drinking sources
- Distance to current facilities and associated dangers, especially to women
- Lack of private facilities
  - Cultural issues associated with both public exposure and exposure of menstruation



**We recognize that not all communities will share each issue**

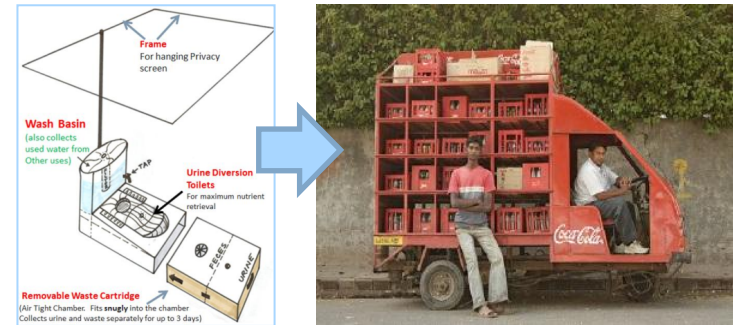
# Microfranchise: Hub and Spoke Water Delivery System

What it is	Problems solved
<ul style="list-style-type: none"> <li>• Leverage private investment dollars to build large public water tanks in areas without water supply</li> <li>• Employ community members to:               <ul style="list-style-type: none"> <li>- Fill the tank</li> <li>- Purify the water</li> <li>- Sell water                   <ul style="list-style-type: none"> <li>▸ Subscription model</li> <li>▸ Pay-per-use</li> </ul> </li> </ul> </li> <li>• Repay private investors using a portion of the proceeds from water sales</li> </ul>	<ul style="list-style-type: none"> <li>• Accessibility/Availability: Centrally located, consistent</li> <li>• Drinkability: Clean water</li> <li>• Sustainability: Provides jobs to community members while incentivizing government and private insurers</li> <li>• Allows community members to spend their time on value-added activities</li> </ul>
Strategic Partnerships	Success metrics
<ul style="list-style-type: none"> <li>• Government / Health Insurers (SEWA)               <ul style="list-style-type: none"> <li>- Both have financial incentives to provide health education and lower disease incidence rates through providing access to clean water which contributes to scalability</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Households served</li> <li>• Reduced incidence rate of water-born illness</li> <li>• Number of people employed</li> </ul>

# Microfranchise: Community-based sanitation and waste disposal

## What it is

- Rent toilets to small groups of families (dignity co-ops)
- Remove cartridges to bio-digestion plant or disposal unit (complementary franchise)
- Earn revenue via:
  - Rental fees (with rent-to-own option)
  - Fees for alternative energy
- Works similarly to other success stories
  - Mobile phone sharing in sub-Saharan Africa and South Asia (e.g. Movirtu)
  - Shared-use commercial kitchen space in Maine (e.g. York County Community Kitchen)



## Problems solved

- Lack of convenient, safe toilet facilities esp. for women
- Leakage of waste into existing water sources

## Strategic Partnerships



- Toilet Manufacturers
- Bio-generation complementary franchises
- Distributors (e.g. Coca-Cola)

## Success metrics

- # families w/ toilet facilities
- # entrepreneurs employed
- Measured decrease in related illness



# Microfranchise: Infrastructure maintenance and Repair

What it is	Problems solved
<ul style="list-style-type: none"> <li>• Integrative WatSan Plumber training model :               <ul style="list-style-type: none"> <li>-Repair services for governmental &amp; private infrastructure (e.g. sewers, pumps, taps)</li> <li>-Preventative scheduled maintenance</li> </ul> </li> <li>• Large urban and peri-urban opportunity               <ul style="list-style-type: none"> <li>-37% sewage drains are broken - contamination</li> <li>-50% water taps broken- limiting access/availability</li> </ul> </li> <li>• Payment provided via governmental partnership</li> </ul> <p>  <b>riders</b> Riders for Health manages and maintains vehicles used in the delivery of health care to rural communities in Africa  <a href="http://www.riders.org">www.riders.org</a> </p>	<ul style="list-style-type: none"> <li>• Availability – timely repairs</li> <li>• Affordability – low costs from bulk parts for highly skilled</li> <li>• Clean water – lower contamination</li> </ul> 
Strategic partnerships	Success metrics
<ul style="list-style-type: none"> <li>• Government contract with water.org franchises               <ul style="list-style-type: none"> <li>-Reduced costs, timely service</li> </ul> </li> <li>• Local community partner provide training to local plumbers</li> </ul>	<ul style="list-style-type: none"> <li>• Time to repair</li> <li>• Decrease in # of broken products</li> <li>• Fewer break downs</li> <li>• Lower costs for government/communities</li> </ul>

# Microfranchises can adequately address each of Water.org's implementation concerns

Key Water.org requirements	Hub & Spoke	Sanitation	Repair & Maintenance
<b>Demand Driven</b>	●	●	●
<b>Philanthropically Efficient</b>	●	●	●
<b>Availability</b>	●	●	●
<b>Accessibility</b>	●	●	●
<b>Drinkability</b>	●	X	●
<b>Sustainability</b>	●	●	●
<b>Scalability</b>	●	●	●

●	Fully addressed
●	Partially addressed
X	Unaddressed



# The business model possesses both limitations and potential for future growth

## Limitations

- Strong dependence on community-based endeavors are less suitable to rural areas or divided neighborhoods
- Requires some strategic governmental partnership (Infrastructure repair in particular)

## Opportunities for growth

- Ability to customize micro-franchises to specific needs of community outside of water requirements
  - Small-scale solar generators,
  - Information-based services (e.g. notifications of water delays, community events, etc)
- Strategic co-location with current meeting places (e.g. schools, marketplaces, etc)

# Any questions?

