



SAMA SAMA
Strategy Enhancement

April 2018

Broad goals remain unchanged

- Support health-improvements in 50 districts in Northern Ghana through increasing access to sanitation
- Use proven models of 'kick-starting a market' to structurally create enterprise infrastructure
- Develop to self-sufficiency, with market ambitions, product development driving toilet-ownership

First experiences have changed detailed goals

- Original goal of 61,000 installations not realistic – 25,000 by end of 2021 can work
- Original goal of entering a new district every month not realistic – move to scaling 'waves'
- Still work to 50 districts operational by Q1 2020, with fully active sales agents
- Adaptation of sales & prospecting process support less sales agents, more customer touches

Consider long term goals - TBD

- If Sama Sama is to become a self-sufficient business, how can iDE 'direct' its focus
- Choices in coming years regarding (re)investment into diversification: products, markets, role

Goals - roundup

Current Goals

- 50 districts by December 2019
- 61,000 installations
- New district every month
- New districts chosen regardless of type
- Full 45 minute pitch for every door knock

Enhanced Goals

- 50 districts by Q1 2020
- 25,000 installations
- 4 waves of 10 districts, on average every 6 months
- Focus on urban first, then rural, then last-mile
- 10 minute prospecting calls, then qualify lead
- Separate education effort for non-leads
- Consider future of Sama Sama beyond this scope

Product & Price

Proof of Concept – a solid foundation for the Sama Sama Product

- Consultative product design model successful – product viable, both in terms of sales and realization
- First 600+ units sold – product generates market appetite, clients generally very happy with product
- Local network of TBO's engaged, material specifications, quality well controlled

Product enhancements

- Sitter option about to become available – more market demand than anticipated
 - Sitter is perceived as aspirational option – sales agents indicate they have customers lined up for this
 - Two substructure options ('Squat' to 'Sit) to become available, at different pricing, with same margin
 - Opportunity: first steps to product diversification (see long term strategy), immediate upsell opportunity

Further Product enhancements

- Improved process for product enhancement: from contention to upsell opportunity
 - Clients' wishes for adaptations – additional height, footprint – create some contention. TBO's are unable to realize upsell opportunity, sales agents are not involved in adaptive design / pricing process, quality and commercial officers then 'confronted' with the client's wish, having to sell 'no', or handle cost-'issue'
 - Create 'Spec-Cheat-Sheet' for sales agents with what is / is not included in STD price, so they can explain specs with client, and call in commercial and quality officer at sale-close to upsell, agree with client and brief TBO to ensure delivery. TBO back in their role of builder (not Sama Sama representative), avoiding future payment disputes
 - Opportunity: improved customer satisfaction, additional margin Sama Sama AND TBO, reduced payment / pricing disputes

Product & Price

Product Realization enhancements

- Enhance program for further TBO / Realization support, as Sama Sama scales:
 - Ensure material making stays at quality level – ring moulds, inter-connecting block moulds
 - Continue distribution squat pans, sitting bowls – assures quality and margin opportunity
 - 6-monthly material & labour pricing analysis: stay ahead of cost / pricing discussions
- Opportunity:
 - increase 'pre-emptive' grip on quality, own core of product, own price & cost-control

Product & Price

Further Product Realization enhancements

- Materials & Transport single largest cost item, 2nd half 2018 to look into cost-reduction options
 - Consider alternative manufacturing, distribution & transport options (internal HCD project)
 - Possibly moving material production further in-house – as with pans, bowls – for rings, blocks, doors
 - Would require investment, may lead focus away from core business, but also path to profit
- Opportunity:
 - shaving off 10% - 20% cost through process changes provides better path to profit / sustainability
 - TBO financing through Kiva for them to invest in transport etc
 - FSM model driving either product sustainability or contributing to financial viability (Internal HCD project)

Product & Price

Pricing revisions one of two most crucial re-alignments

- Gross Margin (GM) need to be increased & re-aligned to provide path-to-profit
 - Cash sales substructure and superstructures bring 6-7% GM
 - Installment sales deliver 11% GM on substructure and 25% on Superstructure
 - Higher proportion of substructure-only sales than expected unfavorable at lower GM's
 - Average GM 14 % insufficient to support a sustainable business, or reinvestment - re-align
- Finance charges remain included in price, then discounted for cash option
 - Finance charges lift GM above 6-7% – but sufficient GM needs to be payment-method-independent
 - Deposits are unequal – double on the lower priced substructure than the superstructure
 - Finance charges appear as very 'precise amounts', even though basis is hypothetical – re-align

Product & Price

Pricing revisions one of two most crucial re-alignments

- Perception within organization is that room for price enhancement exists
 - Small cost re-alignment (increase) to TBO's to account for inflation has not been passed on
 - Customers understand rising prices, as all other prices rise in the economy
 - Perceived price-levels deemed workable:
 - *Around GHS 1,200 for substructure, GHS 300 standard deposit, GHS 75-125 for monthly payments*

Product & Price

Current Pricing

Product / Payment		Price	Disc.	Net	Deposit	Delivery	Mthly	Mths	GM%
Substructure	Cash	954	(54)	900	300	600	-	-	6.4%
Substructure	Credit	954		954	300	-	109	6	11.7%
Complete	Cash	2,220	(422)	1,800	150	1,650	-	-	7.1%
Complete	Credit	2,220		2,220	150	-	107	18	24.7%

Re-aligned Pricing

Product / Payment		Price	Disc.	Net	Deposit	Delivery	Mthly	Mths	GM%
Substructure	Cash	1,200	(200)	1,000	300	700	-	-	15.7 %
Substructure	Credit	1,200		1,200	300	-	75	12	29.8 %
Complete	Cash	2,370	(150)	2,220	300	1,920	-	-	24.7 %
Complete	Credit	2,370		2,370	300	-	115	18	29.5 %

Pricing for sitter variations is derived from the re-aligned pricing for squatter products

Product & Price

Pricing for Kohler Sitting Toilet

Product / Payment		Price	Disc.	Net	Deposit	Delivery	Mthly	Mths	GM%
Substructure	Cash	1,500	(150)	1,350	300	1,050	-	-	29.3 %
Substructure	Credit	1,500		1,500	300	-	100	12	36.3 %
Complete	Cash	2,550	(150)	2,400	300	2,100	-	-	25.7%
Complete	Credit	2,550		2,400	300	-	125	18	30%

Product & Price - roundup

Current Offering

- Product development method successful
- Standard (squat) product only
- Non-standard construction requests are 'issue'
- Quality support 'control' focused
- Materials & Support costs a 'given'
- Price-elasticity untested
- High finance charge equates high cash discount
- Gross Margin was never a consideration

Enhanced Offering

- Maintain product development method
- Squat & Sitter options first step to diversification
- Non-standard construction requests are upsell
- Quality support 'development' focused
- Materials & Support costs control: path to profit
- Price elasticity offers opportunity for increase
- Lower discounts– improved GM on cash option
- Gross Margin of 25% to 30% in 2020

Scaling revision is the other of the two most crucial re-alignments

- Original scaling plan of 1 district per month requires ongoing large effort in opening districts
- Districts sales ramp up after a number of months of operation – referrals, visible first sales etc
- Focus on opening districts takes away focus on accelerating sales to the point of ‘switch-on’
- Urban districts provide fastest and largest sales opportunity, rural medium, last mile lowest

Change scaling strategy to a series of waves, rather than straight line

- While maintaining 50 districts entered by ultimo 2020, new order and timing arranged
- 1st 10 districts already operational, 4 more 6-monthly waves of 10 each, from Jun 2018
- Strategy: Urban first, move to neighboring rural districts, then last mile districts

Scaling

Second Wave – August 2018			Third Wave – December 2018		
East Gonja	Rural	Northern	West Gonja	Rural	Northern
West Mamprusi	Rural	Northern	Tolon	Rural	Northern
East Mamprusi	Rural	Northern	Central Gonja	Rural	Northern
Naunumba South	Rural	Northern	Bole	Rural	Northern
Bunkpurugu-Yunyoo	Rural	Northern	Saboba	Last Mile	Northern
Gushiegu	Rural	Northern	Garu-Tempene	Last Mile	Upper East
Zabzugu	Rural	Northern	Binsuri	Last Mile	Upper East
Bawku West & Municipal	Urban	Upper East	WA Minucipal	Urban	Upper West
Kassena-Nakana West	Rural	Upper East	Sissala East	Rural	Upper West
Talensi	Rural	Upper East	Jirapa	Rural	Upper West

Scaling

Fourth Wave – June 2019			Fifth Wave – January 2020		
Chereponi	Last Mile	Northern	Builsa South	Last Mile	Upper East
Sawla Tuna Kalba	Last Mile	Northern	Nadowu-Kaleo	Last Mile	Upper West
Tatale Sanguli	Last Mile	Northern	Lawra	Last Mile	Upper West
Kpandani	Last Mile	Northern	Lambussie-Kani	Last Mile	Upper West
Mamprugu-Moagduri	Last Mile	Northern	Daffiama-Bussie-Issa	Last Mile	Upper West
Bongo	Last Mile	Upper East	Nandom	Last Mile	Upper West
Builsa North	Last Mile	Upper East	Sissala West	Last Mile	Upper West
Pusiga	Last Mile	Upper East	Wa East	Last Mile	Upper West
Bawku-West	Last Mile	Upper East	Wa West	Last Mile	Upper West
Nabdam	Last Mile	Upper East			

Scaling to new districts one of two largest management challenges

- Separate scaling work from day-to-day sales & operations, under Ebenezer
- Dedicated scaling team, including: sales agent recruitment, training, on-boarding, TBO search, selection, recruitment, and preparation of district launch-marketing campaigns
 - Sales Agents: roving recruitment team, with central on-boarding & training (see below)
 - TBO: roving TBO recruitment team, including provision of material moulds, training, quality control
 - Marketing: from push to pull, local launch campaign, demo unit, PR activities, initial door knocks

Scaling Sales Agents, role & character Sales Manager

- Recruit sales agents in the districts where they are needed, then bring them to a hub
 - 3 week period in the hub, 1 week class-room training, 2 weeks prospecting (see below)
 - Non-recoverable commission for first 3 months, to cover on-boarding & intro period
- Add Sales Exec role: commission driven, larger mobilization fee
 - Provides step up for 'super-sales agents'
 - Take on leadership role, support improved conversion rates
- Commission program unchanged: GHS 40/ unit sales agent, GHS 10/unit Sales Mgr

More targeted prospecting / sales methodology

- Current practice is not effective in Ghana to scale conversions or motivate sales talent
 - Door knocks, 45 minute information pitches to each respondent – 90%+ time spent on non-buyers
 - ‘Hand-raiser’ sales order, but insufficient time to make enough sales for a good monthly income
 - As door knocks is the goal, no coordinated sustained sales activity on qualified prospects
- Introduce target audience segmentation, and segmented approach...

Introduce target audience segmentation, and segmented approach

- Door knocks prospecting, with a max 10 minute conversation to segment into 3 groups
 - ‘hand-raisers’ – buyers, estimated around 2% currently (the actual converters), to gradually grow to 5%
 - ‘qualified prospects’ – potential buyers, need active sales activity to convert them into buyers – all upside
 - ‘non-buyers’ – those who do not qualify as buyers, mostly due to lack of funds, need information effort
- Separating sales activity from information function means that
 - prospecting can be done by new recruits as part of their introductory program, out-of-their home town,
 - Prospecting done under supervision of Sales Exec who can help them close the sales with hand-raisers
 - Qualified prospects distributed to sales agents to pursue, upping their ability to close 10+ sales monthly
 - Dedicated program to develop to work with non-buyers, to seek other ways of improving their sanitation

Scaling - roundup

Current Scaling

- Continuous scaling main goal, usurps sales
- Scaling part of sales team, focus: scaling
- Scaling execution little economies of scale
- Marketing focused on 'visibility'
- Uniform sales method inefficient

Enhanced Scaling

- Growing sales main goal, scaling supports
- Scaling dedicated team, sales team focus: sales
- Scaling method gets programmed, polished
- Marketing focused on lead generation, sales
- Prospecting for qualified leads improves success

Basis for the revised 4-year sales forecast

- Approx. 200,000 households identified as potential market in three Northern regions
- 90% on credit - 10% sitters, up to 30% in 2021 – 70% substructure only, down to 50% in 2021
- Each district has a planned growth trajectory from the month in which it is 'opened':
 - 1% market share end year 1, 5% end year 2, 11% end year 3 and 15% end year 4 (if started in 2017)
- Sales Agents, Prospectors (sales agents in training) and Sales managers calculated from f'cast
 - 20 door knocks per prospector per day, 2% hand-raisers in year 1 , rising to 5% in year 4
 - Sales from qualified prospects not at present included in the forecast – is upside, therefore
 - Avg # sales / agent per month: Urban - 20 in 2018, growing to 40 in 2021, 50% rural, 25% last mile

25,000 toilets sold by end 2021, effectively a 12.5% market share

**THE
STRATEGY
BUREAU**

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Toilets Sold - Cumulative	613	775	981	1,187	1,393	1,603	1,812	2,063	2,332	2,632	2,976	3,352
Toilets sold - in the month	163	163	206	206	207	209	209	250	269	300	344	376
Sales Executives needed					10	20	20	20	20	20	20	30
Sales Agents needed	18	18	20	20	13	8	8	21	22	25	25	17
Prospectors needed	-	-	-	-	43	43	61	61	64	54	50	51

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Toilets Sold - Cumulative	3,803	4,278	4,799	5,320	5,841	6,491	7,140	7,795	8,469	9,144	9,866	10,699
Toilets sold - in the month	451	475	521	521	522	649	649	655	674	675	722	833
Sales Executives needed	30	30	30	30	30	40	40	40	40	40	40	50
Sales Agents needed	19	32	34	34	33	42	41	60	58	58	60	70
Prospectors needed	67	70	63	48	71	70	87	83	77	71	102	101

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Toilets Sold - Cumulative	11,458	12,219	12,934	13,650	14,364	15,219	16,074	16,927	17,760	18,558	19,310	20,116
Toilets sold - in the month	759	761	716	716	714	855	855	853	833	798	751	806
Sales Executives needed	50	50	50	50	50	50	50	50	50	50	50	50
Sales Agents needed	64	68	66	66	63	101	99	94	89	81	78	107
Prospectors needed	90	78	48	48	106	103	48	28	13	13	39	37

[illegible]

Sales Forecast - roundup

Current Sales Forecast

- Unrealistic market share of 1 in 3 households
- Based on squat pan installations only
- Linear growth in each new district
- Based on door knocks and standard conversion:
 - Hand-raisers get converted only

Enhanced Sales Forecast

- Realistic market share of 1 in 8 households
- Sitters more important, aspirational upsell
- Curved, exponential growth in new district
- Based on segmented approach
 - “doubters” get converted over time too
 - Diversified lead-gen improves conversion

Marketing program starting Spring 2018 to achieve 3 strategic goals, in two 'lines'

- A. Above the Line – brand recognition, sanitation, launch support, inbound leads
- B. Below the Line - both geographically directed as well as project-based
 - 1. Geographically – improved conversion by improving lead quality
 - 2. Project based – reach new specific audiences, B2B: e.g. company employees, landlords

Above the Line

- Radio Advertising
 - Start campaign May 1, 2018, 90 second universal ad
 - Key radio-stations in the 3 Northern Regions, in line with scaling waves by district / regions
- Demo Launch Sites
 - Demo-toilet at District Assembly offices, in each new launch district
 - Painted in Sama Sama style – “working billboard”
 - Empowers Environmental Health Officers to support sanitation goals and support Sama Sama

Below the Line – aimed at direct lead generation

- Customer referrals – leverages happy, existing customers to support new leads
 - Develop welcome pack for each installed customer, including leaflets for interested neighbors / relations
 - Consider development of a “Friends & Family” referral deal structure, potentially with referral rewards
- “Agent”- referrals – requires personal contacts, networking, contact strategy
 - Government officers and natural community leaders in the districts to identify ‘hand-raisers’
 - NGO’s – UNICEF list of 2,000 names: homeowners / landlords with expressed interest in buying toilet
 - Experience is that leads from these referrers have a closing rate of 36% - far above the average

Below the Line – aimed at direct lead generation

- Digital marketing methods
 - Currently working to obtain prospect lists with mobile numbers, addresses
 - Use WhatsApp / bulk SMS services to promote Sama Sama offering in specific geographic areas
 - Send direct marketing materials to interested prospects who identify themselves as leads
- Project Based
 - Specific (semi-) business audiences – eg. landlords, local markets, hospitality facilities
 - Specific employee groups - sales events to businesses, reaching focused, home-owning audience
 - New Product launches – e.g. water filtration, pit cleaning services

Current Marketing

- Largely focused on visibility, materials
- No direct link to sales activity – door knocks
- Little diversification

Enhanced Marketing

- Shift focus to brand recognition, inbound leads
- Specific attention to quality lead generation
- Diversified:
 - ATL – radio, demo launch sites
 - BTL – referrals-focused, digital marketing
 - Specific project based activities: geo's, groups

Organization & Staffing

Management Structure

- Wash! Program manager to become effective CEO Sama Sama, with high degree of autonomy
- Sales a separate 'department', with National Sales Manager (Isaac) in the Leadership Team
- Scaling team to be formed, under the responsibility of Ebenezer, including sales agent scaling, TBO scaling and district launch marketing, making National Sales Manager internal customer
- Sales Management structure strictly in line with forecast:
 - Leadership: National Sales Manager + 2 Regional Sales Managers
 - Middle Management: Sales Managers, promoted from Sales Execs, each with 2 districts
 - Sales Execs – super Sales Agents, to ensure talent stays with Sama Sama, on-the-ground leadership
 - Sales Agents – based on conversion and productivity variables, in line with Sales Forecast

Sama Sama to be a self-sufficient unit

- Make Sama Sama a separate unit in every way – holding up its own end
- Include support operations: financial admin, payroll, payments, transport & asset mgt
- CFO runs finance, branch with finance accounting team and a field commercial operations team
- Separate cash & working capital management from the rest of iDE Ghana
- Consider incorporation of Sama Sama early 2019, with iDE as single shareholder
- Opens way for future scenarios of stock options, employee ownership or business sale
 - See long term options for diversification – product, market and / or model diversification

Organization & Staffing

Sales Staff growth

- Detailed and carefully managed sales scaling staff planning, in step with actual performance
- Maintain current sales managers at their package, introduce new Sales Exec role
- Consider ongoing optimization – sales agents with smartphones (avoiding double admin work)
- Three different levels (excluding Regional and National Sales Leadership)

Role	Status	Salary	Transp / Mob	Commission
Sales Manager	Employed	GHS 1,100	GHS 250	Progressive, small
Sales Executive	Self-employed	-	GHS 1,100	Progressive, Monthly Target
Sales Agent	Self Employed	-	GHS 400	GHS 40 / order

Organization & Staffing

Sales Staff growth

Sama Sama
Sales Staff Growth
National Sales Manager
Regional Sales Managers
Sales Managers
Sales Managers
Sales Executives
Sales Agents (incl Prospectors)
Sales & Marketing

Jan-18	Apr-18	Jul-18	Oct-18
1	1	1	1
1	1	1	1
1	1	1	1
5	5	5	5
		10	10
		20	20
18	20	69	79
26	28	107	117

Jan-19	Apr-19	Jul-19	Oct-19
1	1	1	1
1	1	1	1
1	1	1	1
5	5	5	5
15	15	20	20
30	30	40	40
86	82	128	129
139	135	196	197

Sama Sama
Sales Staff Growth
National Sales Manager
Regional Sales Managers
Sales Managers
Sales Managers
Sales Executives
Sales Agents (incl Prospectors)
Sales & Marketing

Jan-20	Apr-20	Jul-20	Oct-20
1	1	1	1
1	1	1	1
1	1	1	1
5	5	5	5
25	25	25	25
50	50	50	50
154	114	147	94
237	197	230	177

Jan-21	Apr-21	Jul-21	Oct-21
1	1	1	1
1	1	1	1
1	1	1	1
5	5	5	5
25	25	25	25
50	50	50	50
113	90	96	83
196	173	179	166

Organization & Staffing - roundup

Current Organization

- WASH! Is a program, with a program manager
- Sales part of Operations Department
- Scaling effort part of various groups in Ops Dept
- Sales Agents to Sales Manager large gap
- Wash! Program interlinked with iDE in every way
- Difficulty maintaining sold sales force, need enhanced roles and remuneration

Enhanced Organization

- Sama Sama becomes autonomous unit
- Sales separate team, Manager in Leadership
- Form dedicated scaling team
- New Sales Exec role for rockstar Sales Agents
- Sama Sama considers commercial future, incorporates, with iDE as single shareholder
- Opens route for future ownership scenarios
- Sales Staff growth scaled with sales projections

Working Capital changes

Loan / guarantee to cover installment payments

- As soon as growth levels out, Sama Sama becomes cash positive
- For the growth period, a single loan (rather than piecemeal customer based financing) would be ideal. Sama Sama is good at collections, creating a great credit risk
- Such a loan acts as a guarantee, rather than a grant – and interest could be charged
- Avoid need for Kiva, which customers find bothersome and greatly improves access to the Sama Sama product, particularly for the 'qualified buyers
- Clear loan repayment schedule focuses disciplined business decisions & management

Costs associated with bringing sales agents to hubs for prospecting work (= training)

- Rent house – GHS / 1500 a month, 12 months upfront – need 18 months?
- 6 bedroom house, is 12 people. Maybe 2 x 3 bedrooms to split male / female

Other, Mid Term strategies

Mid Term - Government

- From engagement to lead generation, specifically in last mile communities
- Show connection by working with government on demo unit locations, then donating them once district is going

Mid-term - TBO's

- Consider ongoing material supply for material making – ensure moulds are good, maintained
- Consider concentration of TBO's to a smaller number of larger operators, willing to invest themselves

Mid-term - Material Supply Chain

- Largest cost factor – if it can be reduced, will drive profitability wedge, needed for reinvestment
- Reinvestment will be needed in product diversification, or market diversification, or both (see below)
- Option 1 - Sama Sama gains control of material costs & quality, requires setting up materials business
- Option 2 – Find another way of increasing economies of scale – task a single TBO, when sufficient scale?

Other, Long Term strategies

Long Term – develop healthier OPEX ratio

- Current Opex financed by RUSHING, up to November 2019
- Sales Growth improves OPEX efficiency to 50% of sales for 2020, at 27.5% Gross Margin
- It is absolutely possible to bring OPEX efficiency to 25% - 30% of sales by 2020, through:
 - **New sources of sales supported by same standing organization – increase sales**
 - **Reduce COGS by focusing on Materials & Transport costs – increase Gross Margin**
 - **Reduce OPEX by focusing on improved sales conversion, lead quality – decrease OPEX**

Long-term – product diversification, market diversification and model diversification

- Sales start to slow down in 2021 as initial districts become saturated. Sama Sama will need new impulse
- Product diversification (start 2019) – other toilet, water, or energy products + accessories
- Market diversification (start 2020) – other geographies, either in Ghana or elsewhere
- Model diversification (start 2021) – replicate model elsewhere with locals, JV's or as consultants?