

HELPING MAMAPRENEURS INCREASE THEIR INCOME

TKS x  kidogo

Executive Summary

Helping Mamapreneurs Increase Their Income



The Problem.

Currently, Kidogo is not able to support Mamapreneurs to the extent that they would like too. Kidogo would like to support Mamapreneurs more than they currently are, and at the same time, maintain, if not improve the quality of care.



The Solution.

A three part resolution, covering some current flaws in Kidogo's model by utilizing an incentive program, optimizing centre usage, and implementing vertical farming.



The Outcome.

More profit overall which will allow for Kidogo to improve their quality, as well as increase the amount of income that the Mamapreneurs receive.



OBJECTIVE

What are the main problems we are solving?

Helping Mamapreneurs Increase Their Income



Incentive Program

Kidogo, and Mamapreneurs lose upwards of 30% on children fees from no-shows. Parents either sign up, and don't show up, or purposely keep kids at home as they don't want to pay for that day. Those wasted slots can be used by other kids who will actually pay. By adding an incentive program through an upfront payment, we can mitigate the losses in new centers that kidogo are establishing.

Pages 5 - 10



Optimizing Centre Usage

Despite seemingly irreducible costs, rent is an area of great potential when it comes to cost reduction. For the Kidogo centres rent and utilities are a major cost second only to food. The potential for reducing cost is by maximizing the usage of the space. By making the centres available to be rented out for various events and activities, Kidogo can gain an extra edge and become more profitable.

Pages 11 - 16



Vertical Farming

The price that Kidogo is paying for food is increasingly alarming. For centres, Kidogo is paying a whopping \$113 per day, and in the long run it is not the best option. With the use of vertical farming and Farm Africa, Kidogo will be able to provide higher quality food with a cheaper cost at the Kidogo-ran centres, allowing Kidogo to make a profit. With this profit they can increase the quality of their centres as well as pay Mamapreneurs more.

Pages 17-21

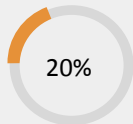
INCENTIVE PROGRAM

1. Advertising

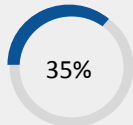
2. Upfront Payment

Summary: Incentive Program

Through an incentive program, Kidogo can charge an upfront fee to help mitigate the costs of no-shows, where the upwards of 30% of revenue from childcare fees are lost. By giving an option for families to save more by paying some of the fee upfront, Kidogo, and Mamapreneurs can ensure that they're still making money from that slot for x certain kids who don't show up. An upfront fee can also attract families who can't possibly afford the bi-weekly, or daily payments (these biweekly/daily payments will become cheaper as an incentive to pay the upfront fee in the first place).



LOSS ON CHILDCARE FEES WITH KIDOGO-RAN CENTRES



LOSS ON CHILDCARE FEES WITH HOME-BASED CENTRES

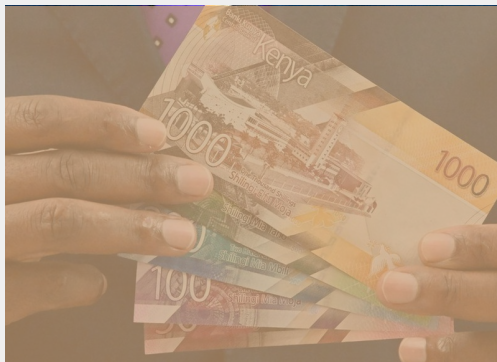
#1 - Advertise

Through telemarketing, Kidogo can reach tons of people before setting up a franchise in a certain area. The main problem with an upfront fee is that many people can't afford to pay a large sum of money at one time. Letting them know about Kidogo before hand can allow them to save up and pay the fee once a Kidogo franchise has opened up in their neighbourhood.

#2 - Charge an upfront fee

An upfront fee can help generate some revenue even when a certain kid doesn't show up / doesn't pay for the week. Adding an **incentive** will encourage people to pay the upfront fee, as it will be cheaper for them in the long run. Having a system where they pay the upfront fee first, and then save on bi-weekly/daily would still allow for some flexibility for the parents if they can't send their child in, but at the same time minimize losses for the Mamapreneurs and Kidogo.

Possible Problems With The Incentive Program



People can't afford it

Job security doesn't really exist in Nairobi. Single mothers wake up everyday not knowing if they can put food on the table for their kids. So asking them for a large sum of money isn't realistic. They'll have to at least start saving up a couple of months in advance to afford the payment (also ties in with the other problem with current centers as most parents can't save up for an upfront fee the next year while still paying for this year)



Existing Kidogo Centers can't apply it

As kids are already attending these centers, Kidogo can't ask them for an upfront payment in the middle of the year. They'll have to wait for their whole year cycle to complete, and even then - parents who are in the system now would prefer to have the flexibility they do now, so it'll be hard to convince them to switch to an upfront fee first.

Advertising

Allow people to save up for childcare fees.

1

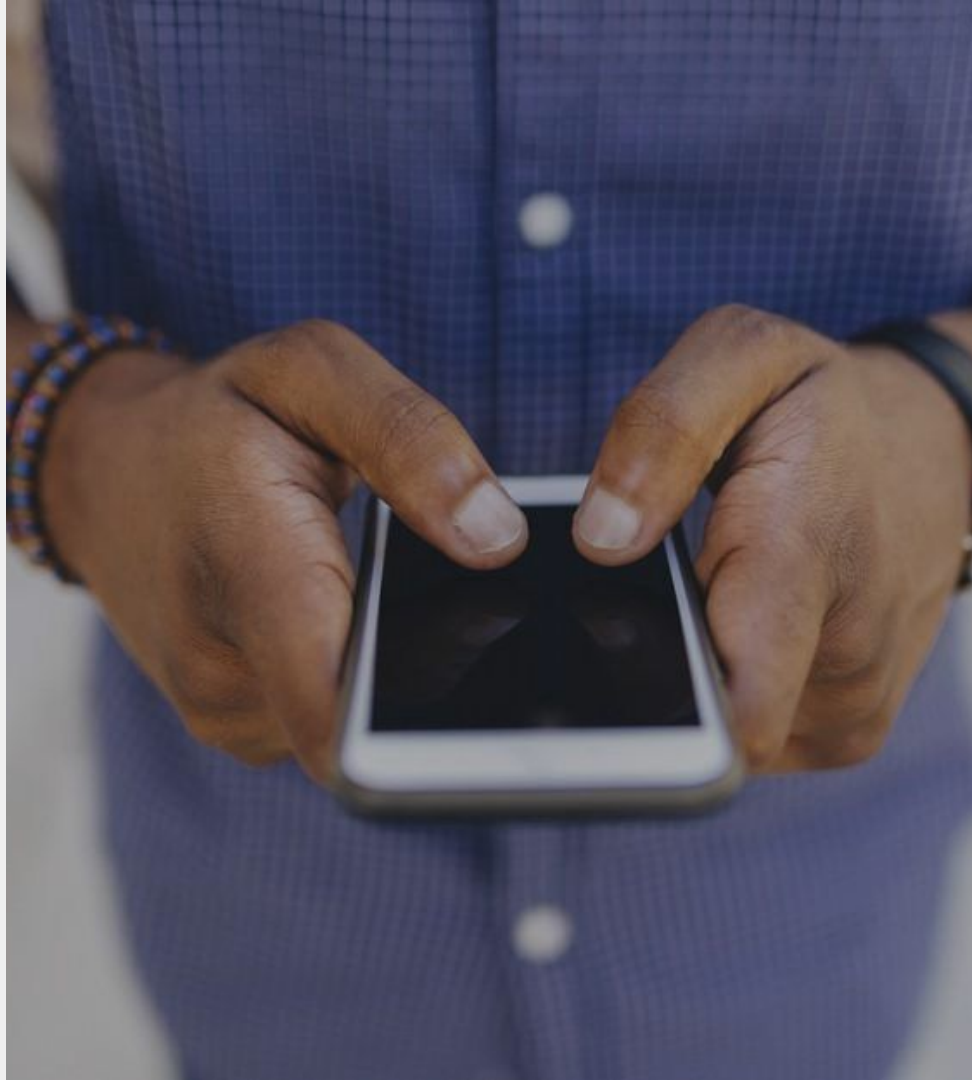
Why do we need advertising if we're talking about an upfront payment?

To allow parents to save for an upfront fee to send their kids to Kidogo, they obviously need to first know what Kidogo is months in advance. Through telemarketing, Kidogo can spread the word of an upcoming centre to allow potential parents and their kids save up for an upfront payment once a Kidogo centre opens.

2

Advertising through telemarketing

Most people in Nairobi have some type of access to a phone - One telecom company that offers advertising through calls and texts, along with a huge database of phone numbers is **Astracom**. Through their "Mass Voice, SMS, Fax Broadcast" service, Kidogo can advertise their daycares months in advance before a mamapreneur opens up a franchise in that area. Telemarketing is the best way of advertising as billboards, tv's and other means are not viable in the slums, where as many have access to a mobile phone.





Astraqom offers tons of ways to contact potential parents not only in Kenya, but in different parts of Africa as well. (can come in handy when scaling up)

With their help, Kidogo will be able to prep these parents by letting them know about payments way before they're due. This can drastically help mitigate missed payments and help recover losses from no-shows even after the upfront fee has been paid.

What we're proposing is that Kidogo themselves pay the fee that Astraqom charges for the service, as it can be used with multiple centers across Nairobi.

IMPLEMENTATION COST

- To have 4 lines constantly running is about \$19.99 (USD) a month
- Outgoing texts are \$0.0012
- Calls cost \$0.02/minute

In Nairobi, a neighborhood/slum can have anywhere from 170 000 to 400 000 people, Nairobi also has a mobile penetration amount (mobile phone ownership) of about 87%, meaning that in these neighbourhoods, 147 900 to 348 000 have access to a phone.

Calls might be a more interactive way to try and reach potential parents, especially if they've missed a payment/haven't been sending their child - but for advertising a centre before hand, sending mass texts would work just fine.

If we take the lower end of the range (if there's more, Kidogo can split them up over a couple of months), it would be \$177.48 for the calls plus the fee for the lines which would come to a total of \$197.48 (USD) . This seems like a lot of money, but if we put it in perspective of a home-based centre, they can save an upwards of \$556.34 (explained on slide #10). Keep in mind that there are multiple centres in a single area, so savings can be way higher than what's listed

Upfront Payment

The Financial Breakdown



Currently

- Childcare fees for Home-Based centres cost 80 ksh/day, and Kidogo-ran centres cost 100 ksh/day
- A child going 5 days a week, for the whole year would have to pay 24 000 ksh (centre-based) or 23 040 ksh (Home-Based)



Home-Based Centres

If an upfront fee of 10 000 ksh is charged:

- $13\ 040 / 12\ \text{months} / 4\ \text{weeks} / 6\ \text{days} = 45\ \text{ksh per day} \rightarrow \text{becomes } 32$ as an incentive to encourage the upfront fee as it's cheaper in the long run.
- $32 \times 6 \times 4 \times 12 = 9216 + 10\ 000 = 19\ 216$, savings of 3824 ksh compared to before
- Profit of 192 160 ksh, instead of 149 760 ksh (35% missing)



Kidogo-Ran Centres

If an upfront fee of 10 000 ksh is charged:

- $14\ 000 / 12\ \text{months} / 4\ \text{weeks} / 5\ \text{days} = 58\ \text{ksh per day} \rightarrow \text{becomes } 53$ as an incentive to encourage the upfront fee as it's cheaper in the long run.
- $53 \times 5 \times 4 \times 12 = 12\ 720 + 10\ 000 = 22\ 720$, savings of 1280 ksh compared to before
- Profit of 340 800 ksh, instead of 1272 640 ksh (20% missing)

OPTIMIZING CENTRE USAGE

1. Opportunity and Solution
2. Implementation

Summary: Centre Usage Optimization

Arguably Kidogos most concrete and unchangeable cost is the cost of rent for their centres. Kidogo pays \$93 USD a month for rent and utilities per centre. This cost is locked in each month whether the centres are used to their full capacity or not. This is where optimization of the centres comes into play.

By allowing Kidogo centres to be used by others, whenever Kidogo is not, Kidogo can earn more profit at the same cost. Kidogo can make profit on their centres 7 days a week instead of the current 5 day system with minimal extra work.

In this section, **we've outlined how exactly Kidogo can approach leasing property to make the most of their centres and capitalize on what is already being paid for.**

\$200 - \$1000

ACCORDING TO POPULAR EVENT PLANNING ORGANIZATIONS SUCH AS CVENT AND MEETINGSBOOKER, AN EVENT AT A SIMILAR SIZED VENUE IN NAIROBI CAN COST BETWEEN 200 AND 1000 USD

1

2

3

Opportunity And Advantages

Kidogo Centres would be great spots for all types of relatively small events. A great perk for Kidogo in terms of competition is that kidogo centres are widespread. This allows Kidogo to have a greater ability to reach out to targeted audience and gather customers from a

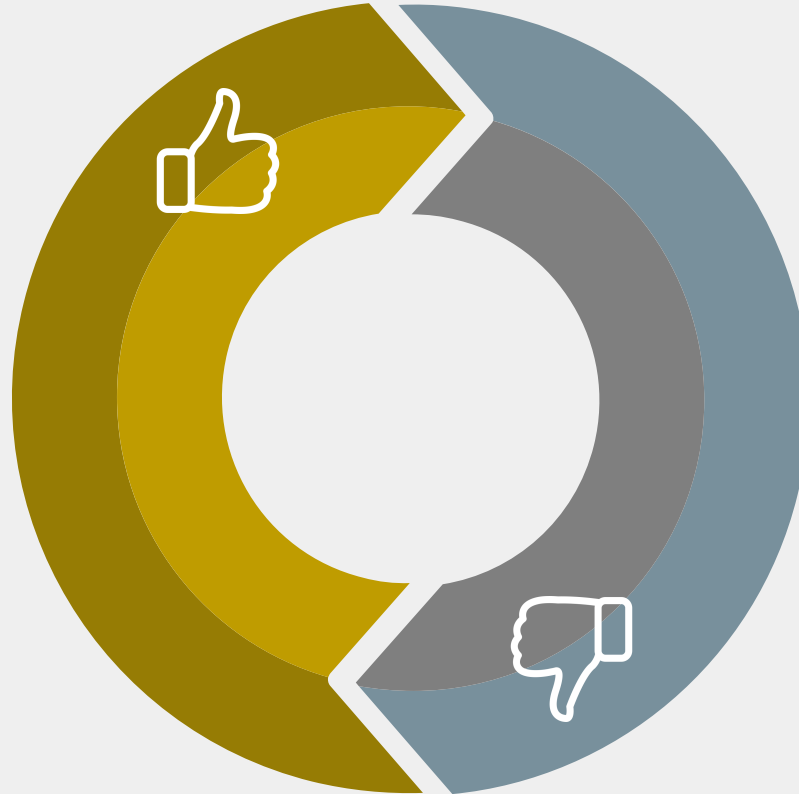
Variety and Type of Events

Considering the size of Kidogo Centres, They would be perfect for an array of different events. Examples of possible events are various small parties like birthdays and religious confirmations. Furthermore the space could be used for certain one off workshops or classes.

Pros and Cons of Renting Out Centres

Advantages

Renting out the centres allows for a new stream of revenue for Kidogo. This results in Kidogo being more profitable and allows for Kidogo to support Mamapreneurs much more. Using the space to its full potential also helps the community in providing a wanted service.



Disadvantages

The disadvantages of renting out Kidogo centres are first, the slight increase in oversight it requires, and the efforts it requires to implement the solution. In order to implement this solution work must be done by the kidogo team in order to organize and market the availability and schedules of each kidogo centre.

IMPLEMENTATION IN BRIEF

Arguably the most difficult part about this solution is properly implementing it. Once it has been properly implemented the result is an added stream of revenue which increases Kidogos and Mamapreneurs profitability.

Schedule

The first step of implementing the solution is digitally planning each centres schedule to understand when during the week it is available.

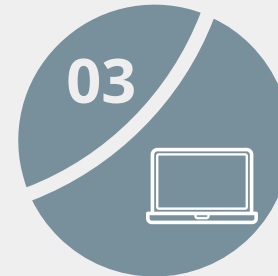
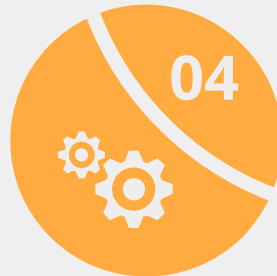


Workers

Implementing this solution requires varied oversight depending on the event. This requires finding extra people to work. This job could be done by existing Kidogo mamas or by parents of kidogo kids.

Hosting Events

With some clean up and preparation before hand, events will run smoothly and won't negatively affect the centres or Kidogo.



Marketing

Once schedules and availability have been worked out, the centres should be advertised online as well as physically, as event spaces.

Realistic Implementation Of Solution

What Kidogo Has To Do

Having an online schedule of when the centres are in use is a prerequisite to implementing the solution. Even though this does require some extra work, it won't cause any trouble.

After that Kidogo needs to announce and market their new services. The spaces should be marketed both online and offline as "small event spaces". A Great place to start for online marketing would be Cvent. Offline marketing should also be done in the form of posters at and around Kidogo centres. These posters should have a detailed description of who to contact in order to set up and book the space. Despite the cost of posters the marketing will help spread the word initially.

The Problem with dealing with such one off events is that it requires flexibility and great communication of those surveying the event as well as those participating in the event. However considering the current job market of Nairobi, we believe that this job creation would be very helpful and that there would be plenty of candidates available for the position. In terms of working with the customers, keeping a line of communication and being able to settle on a time is very important and enough to fully organize the event.



IMPACT

Profitability

By adding a completely new stream of revenue, Kidogo earns significantly more money. This means more power and resources for the Kidogo cause and in turn allows better and more profitable lives for Mamapreneurs and their children all throughout the Kidogo organization.

Job Creation

Depending on the given event or situation oversight will be required for events. Implementing this solution allows for job creation. It helps good Nairobi citizens and their families financially while at the same time welcoming them into the Kidogo family. This helps

Space Optimization

In renting out centres Kidogo is able to maximize their profits and make the best use of their monthly costs. It means getting much more for the exact same \$93 per month and not letting resources go to waste.



VERTICAL FARMING

1. Current Problem With Food Price For Centres
2. Vertical Farming
3. Farm Africa
4. Profitability

VERTICAL FARMING

THE SOLUTION

What Is It?

Vertical farms use sophisticated technology and climate-controlled buildings to grow crops.



Drawbacks

As of right now the two biggest problems with vertical farming are:

1. Having enough funding to help with the initial cost of implementing vertical farming.
2. There is a limited variety of crops that can be grown..

If these two issues are solved, then vertical farming is ideal.



Benefits

Vertical Farming has multiple benefits to it. The weather in Nairobi compliments vertical farming perfectly to make it effective to grow crops. Vertical Farms use 95% less water than farming on land.

Outcome

This will save Kidogo upwards of \$40 per month in terms of food at Kidogo Centres. This will allow for about \$20 to be allocated to improving Kidogo quality, and the other \$20 to be given to Mamapreneurs.



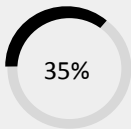


FarmAfrica is an initiative that helps farmers and NGOs in Africa to grow more and sell more.

With their help, farmers and NGOs are able to grow their profit margins. Farm Africa shares their expertise in growing the most appropriate and profitable crops. We help farmers and NGOs gain access to high-quality inputs, improve soil quality, conserve water, prepare for climate shocks, and grow high quality crops.

Farm Africa is able to bolster first-mile businesses that supply small farms and NGOs with high-quality inputs. They help businesses gain access to the finance they need and provide training on how to grow their crops in the most efficient way.

As per Farm Africa's knowledge on farming and vertical farming we can estimate the cost for Kidogo. A breakdown can be seen to the right. It will save Kidogo around \$40 or also 35% of the cost.



RATHER THAN THE ORIGINAL COST OF \$113, WITH FARM AFRICA AND VERTICAL FARMING THE COST COMES DOWN TO \$73, SAVING 35%

COST BREAKDOWN

Current Method:

- Overall Cost Per Month: \$113
- Fuel: \$20
- Porridge and Lunch: \$93

Proposed Method With Vertical Farming:

- Overall Cost Per Month: \$73
- Fuel: \$20
- Porridge and Lunch: \$53

IMPLEMENTATION COST

To implement vertical farming it will cost Kidogo and estimated \$8000. That is because equipment will cost around \$7000 and the operational cost will be around \$1000.

However with the aid of Farm Africa, the cost will be brought down to \$500. Now, because of the cost difference shown above with the original and proposed method, Kidogo will be making \$40 a month. **With this profit, it will take 1 year to break-even, and after that Kidogo will be able to make \$20 and put it back into growing crops and allow \$20 to be given to Mamapreneurs.**

THE THREE PHASES

VERTICAL FARMING + KIDOGO

Vertical farming will have a positive effect on Kidogo in the long run once implemented. Once implemented there will be three phases of growth, until Kidogo will start making profit.



Phase 1 - Implementation

Currently, the implementation will take about 3 months to implement the entire vertical farming. To implement it there are certain actions to take::

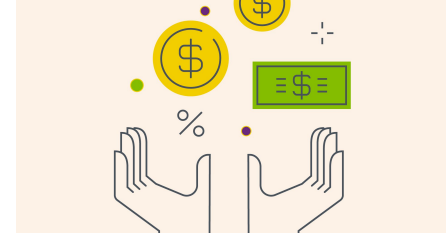
- Contact Farm Africa.
- Free up a decent amount of land with sunlight.
- Have an estimation as to how much crops you would want to produce based on the number of kids.



Phase 2 - Breaking Even

After the implementation, it will take about 1 year to break even after paying \$500 of the installation cost. Once you have broken even it is all profit.

In the short-term, it will seem as you are paying more money buy implementing vertical farming, however this is a long-term plan that will not only benefit Kidogo's quality but it will also benefit Mamapreneurs.



Phase 3 - Profit

This is the last phase which is the profit. This will come after the 1 year, until you have broken even. Per day, Kidogo will be making \$40, and that will allow the Mamapreneurs to get \$20 more profit and the other \$20 can go back to purchasing the necessary crops to feed the children. As per the calculations, the \$20 will cover about 66% of the money required for the crops. **With vertical farming Kidogo will be improving the quality of food and providing income to the Mamapreneurs.**

Summary Of Recommendations

Increasing The Income Of Mamapreneurs

Incentive Program

Kidogo loses an upwards of 35% on childcare fees from no-shows. By charging an upfront fee, and adding an incentive to that upfront fee, we can encourage parents to pay earlier, and push them to send their child everyday. This will allow the Mamapreneurs to generate more income, as even with no-shows, they are making some return back.

Optimizing Centre Usage

At the moment Kidogo Centres aren't constantly busy, and thus aren't being used as efficiently as possible. This means that money and space are being wasted. By making the space available to rent out for various events, Kidogo maximizes profits and usage of their centres. This results in increased profits for the company which allows for increased support and profitability for Mamapreneurs.

Vertical Farming

The current way of obtaining food for Kidogo centres is inefficient due to the cost being way too high. By utilizing vertical farming, Kidogo will be able to get food more sustainably, and in a cheaper way. This will allow them to provide more money to the Mamapreneurs, and put more money back into the company itself, increasing the quality.

On A More Personal Note

We'd like to thank you for giving us the opportunity to contribute to Kidogo's potential strategies in helping Mamapreneurs better their lives through more income. We appreciate your commitment of providing us with an abundance of information, as well as the time spent in order to make this opportunity available to us.

We sincerely hope that we were able to aid you for future decisions Kidogo makes, and hope we were able to make a difference in someone's life. Please feel free to reach out to us if you have any questions or comments about our recommendation.

The three of us are extremely excited to see the company strive and become something that will massively impact millions people in Nairobi by changing the lives of these kids, and the mothers around them.

Thank you!

Aayan, Krish, and Victor



Aayan Siddiqui



Krish Chandarana



Victor Novakov

