

Ten top tips for successful scaling up

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In November 2002 EnterpriseWorks Ghana launched the 'Gyapa' improved charcoal stove—a variant of the Kenya ceramic Jiko – with funding from USAID and the Shell Foundation. By July 2004, over 36 000 stoves had been sold. This equates to an annual savings of charcoal worth \$1 250 000 USD, a total of 3500 hectares of forest preserved, and around 28 000 tonnes of carbon dioxide emissions averted. With sales now climbing beyond 3000 per month, Alan Brewis, Country Director for the EnterpriseWorks Ghana office, gives us a few tips for successful scaling up.

- **Never tell your customer you are from an NGO:**

If the scale-up is going to be successful, then an independent, *profitable* supply chain must be built. Successful projects generally work with existing manufacturers and retailers; these are the project's clients, and they will be supplying a new product to their customers (the project's target group). The primary motive of the manufacturers and retailers for scaling up will be – and should be – profit. If the customers realize that the stoves are being promoted by a funded organization, then sustainable scaling up becomes much more difficult. Handouts or subsidized pricing should be avoided even in the early stages, since no customer will want to pay the full production and distribution price if their neighbour was given a stove for less.

- **Know your customers and their habits:**

When it comes to charcoal stoves, most of the customers will be urban women with a family. There will be times during the day when the majority of such women are listening to the radio; they probably like to listen to certain local dramas, or they might have favourite DJs or talk shows that they tune in to at specific times of the day. Get to know their daily routine by asking some of the following questions: Do they tend

to shop in the afternoons or mornings? Do they read a newspaper and, if so, which one? Or do they get their news from the local chat on the minibus they take to the market, or by socializing after a religious gathering or maybe at the clinic? Does someone else hold the purse strings? Is it their husband and, if so, do they sit together in the evening watching TV? What do they watch and when? With this sort of information, much of which can be collected during baseline surveys and verified during on-going project monitoring, an effective marketing strategy can be designed.

- **Copy the private sector:**

Okay, we are not going to copy all of their devious tricks, but many companies have been successfully selling products to your customers for a long time. EnterpriseWorks projects build strong brands for the products they are promoting; they develop brand names, design logos (see Gyapa, above), and even compose memorable jingles that will capture the attention of consumers. In Ghana, entertaining computer animated stove images were developed for TV adverts (you can view them on the Ghana Household Energy page of www.enterpriseworks.org); these were a great success. Many of the kids in Accra and Kumasi will now spontaneously sing out the jingle when they see Gyapa events in town. Social marketing will be essential: cooking and eating competitions at local markets are great fun, and an effective method of raising awareness and selling stoves. The project should never sell stoves directly at these events, instead invite local retailers, help them to set up a stand and refer all sales to them. It may be worth hiring the local FM radio DJ to be the emcee at these events – they really bring in the crowds. Use t-shirts, caps, pens, printed balloons etc. as advertising support. In Ghana, the sponsoring of local evening TV dramas has also been a good value for the money. If

possible, have the stove and its benefits featured in the script. This type of product placement, especially when it involves well-known and well-liked actors, is very effective.

- **Give the stove status and style:**

Affordability is important but it isn't the only factor that will lead to large sales volumes. Although the Gyapa stove is aimed at households that cannot afford LPG or kerosene, it is still sold as an up-market product with emphasis placed on the stove's modern appearance both in advertising and the design of the logo. It is important not to market the stove based on project goals alone; many Ghanaian cooks have more pressing issues to worry about than deforestation up-country, though they will appreciate the message of charcoal savings and reduced smoke. The Gyapa is marketed using attributes such as being modern and stylish, easy to light, cooking quickly and saving money. As a starting point, many of the features that are important to the target group can be gleaned from careful design of the baseline questionnaire, and then modified later as monitoring results are collected.

- **Balance demand creation with supply:**

There is little point in creating a healthy demand for your smart new improved stove if they aren't available at the local market (cover picture). This sounds obvious, but when building both supply and demand together from zero, it can become quite a tricky balancing act. Turn up the marketing to stimulate demand but be prepared to back off while the manufacturers and retailers catch up. Both will be sceptical at first, but as demand picks up and they notice your marketing efforts (you should be inviting them to local sales events and informing them of advertising schedules), they will become more willing to take on bigger orders and consignments.



Figure 1 Factory yard full of stoves ready for dispatch



Figure 2 Stoves need to be manufactured to a high quality

● **Pay attention to quality control:**

The early adopters that will buy the new stoves in the first months are often a little more affluent than the typical customer that will eventually make up the bulk of total sales. These early adopters are sometimes local characters and can be quite vocal; it is important that they have something positive to say about the new stove. In Ghana, our target was to train 25 manufacturers; in the end we trained – and re-trained – a total of 76. Of these, only 31 are reliably producing satisfactory quality stoves, and it is only these manufacturers that we link to retailers (Figure 2). The remaining ex-trainees may make a few low quality stoves now and then for sale directly from their workshops, but these account for less than 1% of total sales. EnterpriseWorks generally promotes and assists small-scale informal sector manufacturers. Mass production through larger scale engineering firms has been tried in the past and while this does result in a high quality product, mechanized production requires a feed of consistently high quality and expensive new raw material, which results in a more costly stove. In most stove projects EnterpriseWorks has found that well organized, small workshops with a production line system using hand tools and recycled materials, gives a good compromise between quality and price.

● **Treat your retailers well:**

For the first few months retailers won't be interested. Stoves are usually heavy and they take up a lot of valuable shop space compared to nesting buckets, basins and other kitchen equipment. Nevertheless, using established retailers is an essential component of successful *sustainable* scaling up.

Ideally you could try supplying retailers on a buy back basis: whatever they don't manage to sell, you buy back from them. However, the retailer has to pay up front for the stoves, so this rarely works in the early stages since they are uncertain that the stove will sell. Providing initial stock on a sale or return basis seems to be the best compromise. With sale or return a small batch of stoves are delivered, if they sell them then they pay full wholesale price, if they can't sell them then they give the stoves back. Some chasing around for cash from sales made by less reliable retailers is inevitable, but consider it as self selection: any retailers that cause more than minor problems can be dropped early, and you can concentrate your efforts on the more reliable ones.

Supplying retailers with an initial stock for free is to be avoided at all costs—there will be no way to judge the reliability of the retailer, stoves will be sold far below cost price, and the market for stoves in that area will be spoiled. It will also be necessary for the project to collect from manufacturers and deliver to retailers in the early stages, but as sales build, it will be possible to link good retailers with manufacturers, allowing them to sort out their own transport arrangements.

Retailers should be visited regularly and rewarded for high sales with t-shirts, caps and other promotional items. They are your link to customers, and you will need to cultivate a good relationship with them so that they will assist during monitoring exercises. During the first year of the project in Ghana we were working with 261 retailers in Accra and Kumasi; however, as project assistance in the form of

sale or return supply and transport was removed this dropped to only 62 retailers. Interestingly, total sales dropped by only 31% and after 3 months it had returned to previous levels.

If a good foundation of committed manufacturers linked to dynamic retailers has been laid, and a strong demand created, then sales – and, more importantly, benefits – will grow without further subsidy.

● **Pay your sales agents on a commission basis:**

This is not a normal NGO approach but it is essential. Do not hire staff with NGO experience for these posts; choose sales staff from the commercial sector with extensive and successful commission-based sales experience. Give them targets and bonuses if they reach them.

● **Beware of projects bearing (your stoves as) gifts**

It is very tempting to boost sales by supplying batches of stoves to not-for-profit organizations; unfortunately most of the stoves will then be distributed free or at a subsidized price. This short-term surge in sales does nothing to build the commercial supply chain that is essential for sustainability. In the long term, distributing stoves in this way will weaken the supply chain since it does not incorporate retailers, and does not build linkages between them and manufacturers.

● **Use it!**

Cook a variety of meals with the stove at home and in the office from time to time. You will then become more familiar with its performance, and better able to interpret, and respond to, any feedback from users.