

A Business Development Toolkit

Appropriate Technology for Water and Sanitation



Water and sanitation problems are primarily concentrated in areas where people live in extreme poverty, on an income of less than \$1 a day. Are viable solutions available for such difficult circumstances and if so, how can they best be implemented? In addition to the more traditional development aid programs, private companies are now finding ways to combine poverty alleviation with sound entrepreneurship. By adapting their products and their strategies to markets in developing countries, they are able to serve the poorest of the poor at “the bottom of the pyramid” (BOP).

Can this approach be applied to water and sanitation products? If so, how can they best be developed and launched onto BOP markets? Aidenvironment and BiD Consult, two Dutch consultancies, have gathered answers to these questions while supporting four Dutch entrepreneurial startups in India.

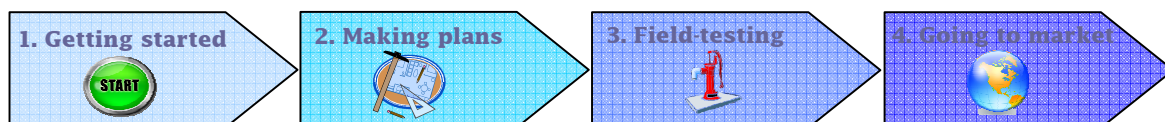
The lessons and insights gained from these projects have been collected in a Business Development Toolkit. Besides assisting entrepreneurs, the Toolkit will help development organizations and financial institutions to comprehend what it takes to launch a business on these markets. The Toolkit explains the principles of doing business at the bottom of the pyramid, offers a step-by-step business development approach, and provides practical tools, tips and background information, all based on and illustrated by the experiences of four Dutch entrepreneurs.

Principles of Appropriate Technology

To be successful on BOP markets, products must be purpose-built or adapted to local needs and conditions. In other words, they must be “appropriate technologies”. Appropriate Technology (“AT”) is defined as “technology that is designed with special consideration to the environmental, ethical, cultural, social, and economical aspects of the community it is intended for. AT typically requires fewer resources, is easier to maintain, has a lower overall cost, and has less impact on the environment.” The four Dutch entrepreneurs have found their way to the BOP markets for water and sanitation products in India. Their experience has shown that certain key conditions must be met for the product to be successful: physical and financial accessibility of the product, easy and low cost operation, and availability of spare parts.

Business development step by step

The experience of the four entrepreneurs provided the input for the business development process presented in the toolkit and offers an insight into the essentials of doing business at BOP markets. It is a four-step approach that will guide an aspiring entrepreneur through the preparation, trial and launch of his product onto the market. Every step provides information about four major elements: product, market, business and finance.



Step 1: Getting started

The first step is to translate an idea into a prototype, roughly define its potential market, and start thinking about a possible business set-up and how to finance the project.



Step 2: Making plans

In this second step the ideas set out in step 1 become a reality. The prototype is developed into an “appropriate” product. Based on targeted (field) research, a marketing strategy is identified, the business is further developed and financial requirements are addressed.

Step 3: Field-testing

Before actually launching a product on the market, the product and plans have to be tested in a real-life market environment. Based on the results of this trial and relevant feedback, the business plan is adjusted and finalized.

Step 4: Going to market

Thorough preparation and the trial results enable a favorable launch. Once the business is up and running the focus will shift to ongoing further refinement of the product and the marketing strategy, structuring of the organization and long-term financial management and control.

Lessons learned in India

The toolkit is based on experience in the water and sanitation sector in India, but will also hold for other markets in other developing countries. The enterprises showcased in the toolkit are at different phases of development. Their products also differ, varying from small household appliances to technologies for small communities and villages. This broad perspective has revealed key factors for success: the need to focus on product affordability, close cooperation with local entrepreneurs and NGOs, and creative distribution solutions in order to reach the consumer.



The toolkit is by no means an end product. It will evolve and expand over time, providing new business initiatives and projects focused on BOP markets with practical tools and information. It will also offer entrepreneurs, development organizations and financial institutions an opportunity to share expertise and experience.

To order the toolkit:

The toolkit will be available from the end of October 2008 and can be obtained via the website of AT@Work (www.atatwork.org). For more information, please contact Aidenvironment, Frederik Claasen, + 31 20 5818252, or claasen@aidenvironment.org

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