



Ideas at Work - Distribution Channel Development

In 2006 Ideas at Work (IaW) won the World Bank's *Development Marketplace Competition* and was awarded funds for setting up a water pump factory, doing a water quality study and finding the most suitable distribution channel. Most appropriate technology products, including our water pump, water filters, solar products, and other alternative energy products, considerably improve the quality of life of the user, family or community and often have a positive impact on the environment as well as the local economy. However, they all have a common challenge: they are not accessible to the people who need them because of the following issues:

Existing distribution channels:

- Private sector - hardware store: but mostly located in larger towns
- NGOs; often heavily subsidized, donor dependent and only reach a small area

Additional problems:

- rural people hardly travel to larger towns where they can buy new products
- rural people lack access to financing for capital purchase.

Our Plan:

IaW is committed to set up a sustainable and donor-independent distribution channel which provides:

- a choice of products in the village
- at a fair and honest price
- and available through micro credit

Purchase support will enable buyers also to build up credit history that can benefit them throughout their lives. IaW will be the guarantor for its products and therefore each product can be its own collateral. IaW has signed a MOU with PRASAC Microfinance Institution. This partnership enables them to access a customer group than their existing client base, as IaW is the guarantor of the products sold through this distribution channel.

Distribution channel process description:

Our distribution channel is different in that we bring the products to the villagers. The channel is being developed using IaW's water pump as the initial product. The IaW promotion team arrives in a village and together with the village chief they decide on a central place for installation of the demonstration water pump. After installation, villagers are invited and entertained with educational videos about the ROVAI pump and hygiene issues portrayed in a humorous way. People are then

invited to try the pump out for themselves. After 1-2 months the IaW promotion team comes back with a PRASAC credit-officer for follow up. Sales are closed, credit contracts are signed and pumps installed. After this, the promotion team will continue to visit the village every 6 months to offer new and current products. This is intended to cover both the “early adopters” and the “laggards” and ensures that everybody gets served at his/her right time.

Future

We expect to require start up funds for maximum of 2 years for setting up and fine tuning the structure and process of this innovative channel. Thereafter, the sales and promotion team that lead each circle should be able to make sufficient income such that they can be privatised and become independent from IaW. One distribution circle is expected to cover up to 100 villages, which will be visited twice per year with new and existing products. Our plan is to offer at least 4 appropriate technology products through the same channel in two years.

By 2012:

10 independent distribution channels servicing 1000 villages (approx 500,000 people) with 10 appropriate technology products.

The benefits of our channel are:

- creating access to appropriate technology products in rural areas
- improved quality of lives
- enable villager the access to finance
- private sector development
- job creation



1st micro credit partner PRASAC (local Kampong Chnaing branch)



Promotion in village



IaW Tuk Tuk for delivery and promotion