

# WHY WE SELL

“Wouldn’t it be better to just give your pumps away?”

This is a question we get asked a lot. By “better,” people usually mean “less expensive” or “more effective.” The answer in both cases is no. Let us prove it to you.

Let’s assume two different models—the KickStart model of selling our pumps through a profitable supply chain, and a giveaway model where KickStart would make and distribute our pumps for free. Let’s also assume we have \$2 million in funds from our generous donors. Our goal: to help the greatest number of people get out—and stay out—of poverty.

	GIVEAWAY	KICKSTART	
<b>DONOR FUNDS</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<i>We start with the same funds</i>
<b>Costs per pump</b>	<b>\$290</b>	<b>\$257</b>	As you can see, it is \$33 per pump cheaper to sell them, than to give them away.
<b>Manufacturing</b>	\$65	\$65	Why? It costs us \$65 to manufacture each pump, but we sell them to a wholesaler at \$72 giving us revenue of \$7 per unit. This earned income helps support the organization.
<b>Revenue</b>	--	(-\$72)	Costs for administration, fundraising, technology development and impact monitoring are the same in either model. The giveaway would not require marketing and promotion, but it would still cost us money to distribute the pumps. We’d need staff to coordinate as well as vehicles and gas to transport them. We would need to provide hoses or the pumps would be useless. In the KickStart model, distribution costs are handled by the wholesaler.
<b>Distribution</b>	\$85	--	
<b>Promotion and Sales</b>	--	\$124	
<b>Administration, Tech Development, Impact Monitoring, and Fundraising</b>	\$140	\$140	
<b>TOTAL UNITS DISTRIBUTED</b>	6,897	7,782	Donor funds divided by cost per pump. The KickStart model puts nearly 900 more pumps in the field.
<b>% Used in Enterprise</b>	30%	75%	Our goal is not to distribute pumps — it is to help people create small enterprises. It is here where the difference in the two approaches becomes apparent. When a person makes an investment, he or she is committed to making a better future. We know from our impact monitoring data that 75% or more of pumps bought are used to create jobs and income. The same research shows less than 30% of pumps given away are used to create a business. The KickStart model creates two and a half times more small businesses than the giveaway model.
<b># Used In Enterprise</b>	2,000	6,000	
<b>Average new profits and wages</b>	\$850	\$850	These businesses will generate an average of \$700 in new profits and wages each year.
<b>Net profits and wages over 4 years</b>	\$7,000,000	\$20,000,000	This is an estimate of the new profits and wages these new businesses will create in four years. The KickStart model leverages \$2 million in donor funds into over \$27 million in profits and wages for these families — three times more than the giveaway model. This is money that is spent locally, supporting other businesses and stimulating the local economy.
<b>People Moved out of Poverty</b>	10,000	30,000	We estimate that each enterprise supports a family of five. The KickStart model moves over 20,000 more people out of poverty.
<b>Cost Per Person out of Poverty</b>	\$200	\$67	— and it does it at one-third the cost per person of the giveaway model.

The KickStart model actually gets more people out of poverty, more cost effectively than giving the pumps away.

The difference is in the percentage of tools used to create a new, profitable business. Less than one-third of pumps given away are used to create a new enterprise. Why? Because the recipient, however grateful he or she might be for the gift, may not have the entrepreneurial drive and desire to get ahead. People who INVEST in our pumps have made a commitment to improving the quality of life for their families. There is also the benefit of creating a lasting supply chain.

Our pumps are machines and like any machine with moving parts, will wear out over time. We design our pumps to last at least four years, but in fact people use them far longer. Spare parts (like piston cups and bushings) are available cheaply at the same retail store where the pumps are sold. In the giveaway model, once the pump wear out, there would be no way to get parts.