

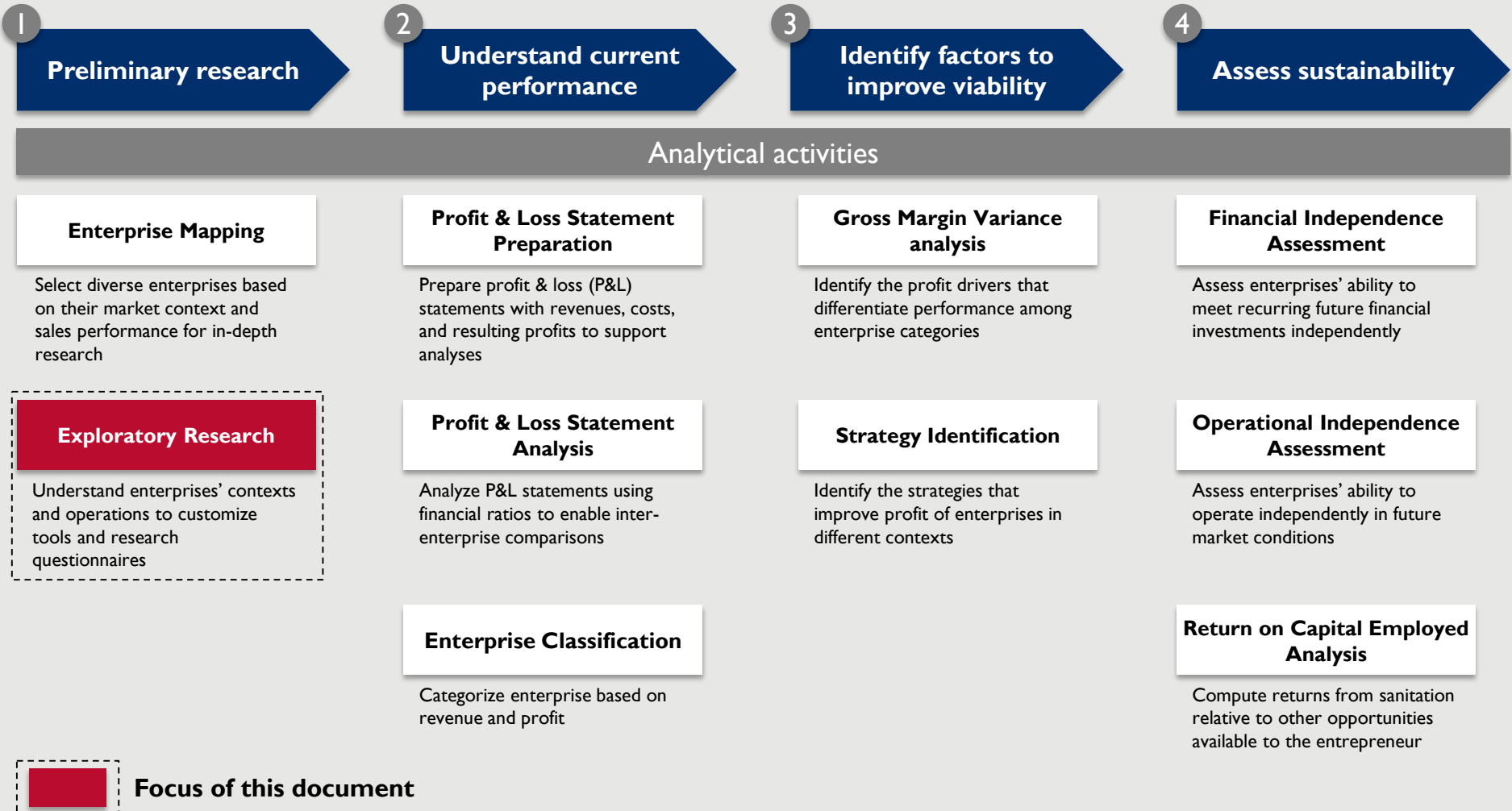
# USAID/WASHPaLS

## Enterprise Viability & Sustainability Diagnostic Toolkit

*Preliminary Research* | Exploratory Research



## Enterprise Viability & Sustainability Diagnostic Toolkit Modules



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- Introduction
  - Who to interview?
  - What questions to ask?
  - How to ask the questions?

# Objective of this document

## Intended outcomes

This document is intended to help MBS programs:

- Select the entrepreneurs and other market actors to interview for the exploratory research
- Identify the key research areas for each of the above actors
- Pose questions to understand the operations of sanitation enterprises and other actors to contextualize the research and analytical tools required in subsequent modules on viability and sustainability

## Value for MBS programs

- Provides **preliminary insights** into the business model of sanitation enterprises
- Enables **development of targeted questions for in-depth research** on viability and sustainability

## Additional reference material

This document is meant to be used along side two Microsoft Word documents – *Sample Exploratory Research Interview Guide for Entrepreneurs* and *Sample Exploratory Research Interview Guide for Demand Activators*. These sample interview guides provide a list of questions that MBS programs can use to conduct their own exploratory research.

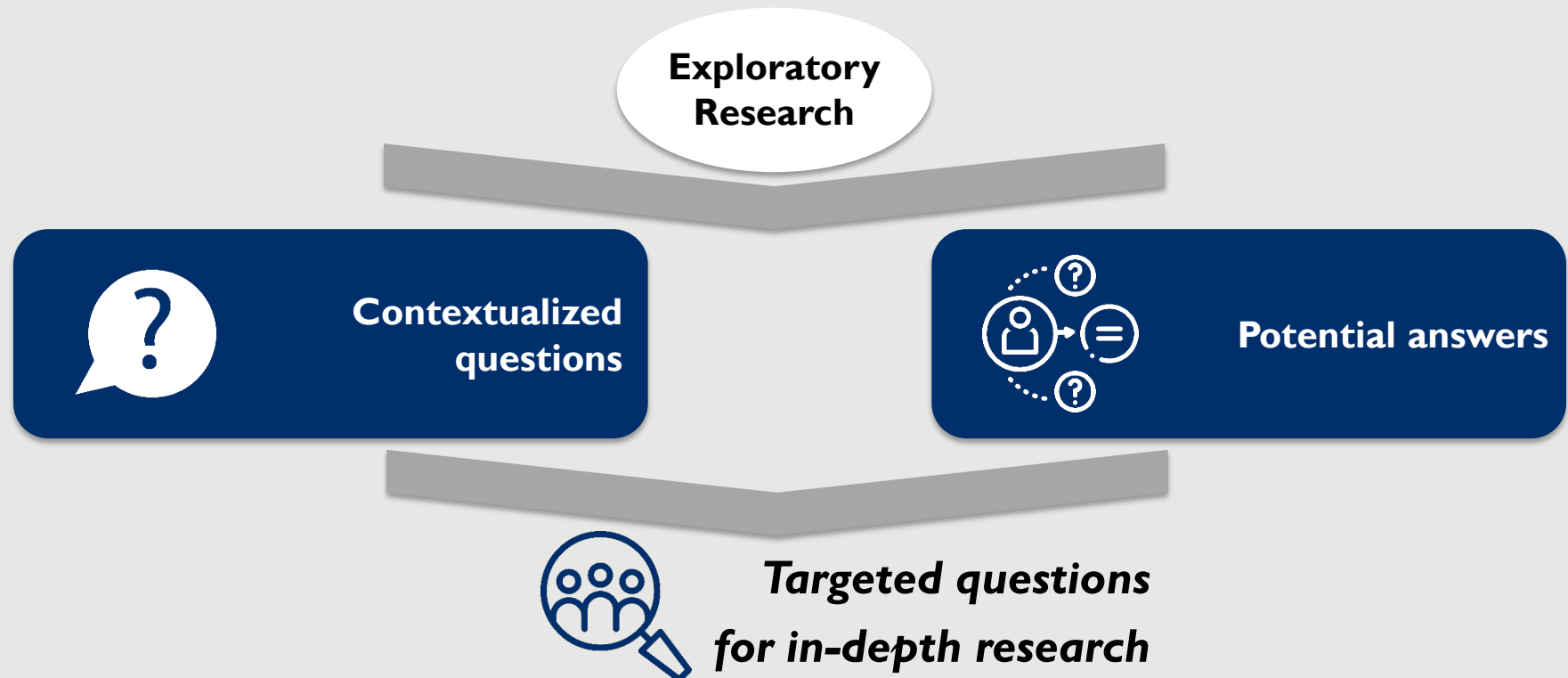
*Note: The methods in this document are intended to offer practitioners with guidance rather than a strict model to follow. Practitioners are encouraged to adapt the methods or consider other approaches for their contexts.*

# Exploratory Research – Generating targeted questions

**Exploratory research helps generate targeted questions for in-depth research by:**

- **Contextualizing questions to improve comprehension by entrepreneurs and other market actors**
- **Providing potential answers for different research areas, which can be used to codify questionnaires or develop additional probing questions**

**Such targeted questions make it easier to gather data from entrepreneurs and other market actors during field research.**



# Targeted questions – Example



Interviewer



Entrepreneur

## Generic question



What are your raw material costs for manufacturing a toilet?



I'm not sure...

*The entrepreneur may struggle to answer this question since he/she does not calculate raw material costs on a per toilet basis.*

## Targeted question



What raw materials do you use to produce a cement ring?



Cement and sand.



How many bags of cement do you use to produce a cement ring? How much does each bag cost?



1 bag. Each bag costs USD 10.

*The entrepreneur can answer this question since it **contextualizes the question** for the entrepreneur – the entrepreneur keeps an account of the different raw materials used to manufacture a cement ring.*

*The entrepreneur can answer this question since it **anticipates the entrepreneur's answer** – the entrepreneur measures and purchases cement using “bags” as the measuring unit.*

## Exploratory Research – Key steps



Who to interview?



What questions  
to ask?



How to ask  
the questions?



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# Who to interview?

**An exploratory research requires interviews with:**

- **Entrepreneurs running sanitation enterprises, as they are the core subjects of any future viability and sustainability analysis**
- **Related market actors, i.e., actors that enterprises typically interact with for running their operations, since these interactions can impact enterprise viability and sustainability**



Who to interview?



**Sanitation  
enterprises**



**Related  
market actors**

# Who to interview?

**MBS programs need to interview 2-4 enterprises in total, spread across 1-2 locations (such as the district, block or other administrative unit relevant in the context) for the purposes of an exploratory research.**



Which enterprises  
to interview?



**2-4 enterprises**

**across**



**1-2 locations**

# Who to interview?

**MBS programs need to interview at least one of each market actor (across 1-2 locations) that sanitation enterprises typically interact with for the purposes of the exploratory research. They may also interview market actors that enterprises do not currently interact with but may interact with in the future (such as lenders).**



Which market actors  
to interview?

**At least one of each market  
actor across 1-2 locations**

*Examples of market actors*



**Input  
suppliers**

*Provide inputs (such as cement  
and sand) for manufacturing  
toilets*



**Lenders**

*Lend capital to enterprises;  
may be formal or informal*



**Demand  
activators**

*Sell toilets to customers for  
enterprises*



**Tip**

- The above examples of market actors are not meant to be comprehensive. MBS programs can interview any other actors that may be relevant for their contexts.
- If MBS programs do not know the market actors that enterprises interact with, or do not have their contact details, they can source contacts through entrepreneurs.

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# What questions to ask?

**MBS programs need to ask enterprises questions on 3 broad categories:**

- **Product systems:** The products and services offered by enterprises
- **Business economics:** The prices and costs of the products and services sold
- **Entrepreneur profile:** The background and other businesses of the entrepreneur



What questions to ask enterprises?



## *Key research areas*



***Product systems***



***Business economics***



***Entrepreneur profile***

# What questions to ask?

## Key research areas

## Learning objective



### **Product systems**

- Understand the types of products and services offered by enterprises



### **Business economics**

- Understand enterprises' methods of pricing their products/services and calculating costs
- Understand the different types of costs
- Gather data on prices and costs



### **Entrepreneur profile**

- Gather data on entrepreneur's assets and other business lines



#### **Tip**

Sanitation enterprises have several types of costs (such as raw material costs, transportation costs, labor costs, land rent, etc.). MBS programs should enquire about each of these costs separately. The 'Sample Exploratory Research Guide' gives examples of the different types of costs.

# What questions to ask?

**MBS programs need to ask other market actors questions to understand the nature of their interactions with sanitation enterprises.**



What questions to ask  
other market actors?



**Key research area**



**Nature of  
interaction**

**Learning objective**

- Gather data on the financial transactions between enterprises and market actors
- Understand barriers to interaction

*Example questions for different potential market actors to understand the nature of their interactions with enterprises*



**Input  
suppliers**

- How frequently do you get orders from sanitation enterprises?
- Do you provide credit or bulk discounts?
- What are the challenges to supplying to sanitation enterprises?



**Lenders**

- Do you provide loans to sanitation enterprises? Why/why not?
- What are the typical loan amounts and interest rates for these loans?



**Demand  
activators**

- How frequently do you interact with sanitation enterprises?
- Do you get paid a commission by sanitation enterprises?
- What challenges do you face in generating sales?



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# How to ask questions?

An exploratory research consists of both open-ended and close-ended questions.



## ***Open-ended questions***

*Do not have a finite set of responses  
and can elicit a long-response*



How was  
your day?



I had quite a long  
day. I went to office,  
then went for a  
movie with my  
friends. I'm quite  
tired now.



## ***Close-ended questions***

*Have a finite set of responses and  
typically elicit a short response*



Which days  
do you go to  
office?



Monday to  
Friday

# How to ask questions?

Open-ended and close-ended questions each serve a different purpose and contribute towards developing targeted questions for in-depth research on enterprise viability and sustainability.



**Open-ended  
questions**

*Focus on understanding the context  
of the interviewee for a given  
research area*



**Close-ended  
questions**

*Focus on understanding the potential  
range of answers for a given research  
area*



**Targeted questions  
for in-depth research**

# How to ask questions? – Example

