

# 3. Marketing Tools



## 3.1 Introducing Marketing Concepts<sup>1</sup>

<b>SEASON</b>	Pre-Sowing
<b>OBJECTIVE</b>	To introduce the marketing of farmers produce and to come-up with a common marketing vision for the group. The idea is to set the scene for farmer engagement with different market actors
<b>TIMEFRAME</b>	1-2 Hours
<b>MATERIALS NEEDED</b>	Flip Charts and Markers
<b>IDEAL WORKSPACE</b>	Participants should have room to sit or stand

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

This is the basic process of introducing marketing to the groups. The facilitator should introduce the concepts and help farmers understand that in order to successfully adopt a market focus, the group has to change its approach towards production and improve their own practices.

The focus of this session is not only to introduce marketing to the groups, but also gauge their interest and seriousness in adopting a different mentality and attitude regarding their production.

By the end of this session, the farmer group and all its members should have a clear understanding of and orientation to marketing, a group agreement to produce with the market in mind, and mindfulness of the change in production practices if they adopt a market orientation. This process should ensure that the group is committed and ready to change their production practices and adopt a market orientation for their work.

1. Ferris, S., Kaganzi, E., Best, R., Ostertag, C., Lundy, M., and Wandschneider-Cali, T, CO. (2006). *A market facilitators guide to participatory agro enterprise development*. Central Internacionale de Agricultura Tropical (CIAT).



It should be noted that market success depends on a number of factor including the individual's ability to harness the opportunities that come to them.

## Steps to follow for the activity

► **STEP 1.** Remind impact group members why Pathways is different from other programs. This explanation includes the following ideas:

- Pathways is an empowerment program that promotes opportunities for community/group and family empowerment; it is not a grants, gifts, or provisions program.
- Typical agricultural enhancement programs focus on increasing yields; Pathways' goals are to increase productivity and also help participants engage with organized, formal markets.
- Pathways also aims to empower women to participate equitably in markets.
- Pathways is a program that helps identify market opportunities where participants will work hard in to improve their own lives.

► **STEP 2.** Have a discussion about how much effort the farmers will have to put into their production, their ability to work together and the fact that when producing for markets, commitment, hard work, and honesty are key for success. Ask them:

- Do they find these components necessary?
- Do they think that they can be successful in these efforts?
  - Which ones are most challenging?
  - Which ones do they feel confident doing?

► **STEP 3.** Ask the participants about their current marketing constraints. In group discussion, work towards providing solutions to these constraints.

Emphasize that most marketing challenges can be overcome if the farmers learn to produce with the market requirements and needs in mind.

► **STEP 4.** Using flip charts, ask the farmers to draw a map or picture of their current production, post harvest, and marketing practices.

Typically they will show the tools and methods they use, the post production activities such as drying techniques and preservation methods, as well as the marketing. This may include buyers picking the product from the farm.

► **STEP 5.** After they have drawn the first map, the facilitator should ask participants to visualize what changes they would make if they were to be more successful in their production, post-harvest, and marketing activities. They should make a new map to include these changes.

This market mapping process will help guide the farmer group on discovering changes they need to make to effectively achieve their vision.

► **STEP 6.** The facilitator should place the 2 maps side by side and discuss with the farmers some of the activities they could undertake to achieve their vision.

Ask the following questions:

- Where are we? Where do we want to be in 3-5 years?
- What changes do we make to our production and marketing practices to get to our 3-5 year vision?
- What activities should be done in the short, medium, and long term?
- What kind of resources would be needed to make some of these changes?
- What do you anticipate to be challenges when making these changes?



## 3.2 Selecting a Market Research Committee<sup>2</sup>

<b>SEASON</b>	Pre-Sowing
<b>OBJECTIVE</b>	To ensure that the farmer group has a small committee that is tasked to spearhead marketing activities for the group; to ensure that roles and responsibilities of this committee are understood and agreed upon by all the members of the group
<b>TIMEFRAME</b>	1 hour for discussion; 2 hours for selection and adoption of committee
<b>MATERIALS NEEDED</b>	Flipcharts and Markers
<b>IDEAL WORKSPACE</b>	Enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

In order to effectively plan for and implement marketing activities at the group level, the facilitator should work with the group to set up a marketing committee. This group should be comprised of a few group members whose responsibility is to spearhead all market related activities. The facilitator should introduce the idea and get members to understand the importance of these committees, provide guidelines for the election process of the committees, and then oversee the election/selection process of the committee. The roles and responsibilities of this committee should be outlined upfront and agreed upon by all members. This committee will be in more frequent contact with the facilitator outside of group sessions, so having a strong market research committee is very important.

### Steps to follow for the activity

► **STEP 1. Introduction.** At the group meeting, introduce the need to have specific individuals in the group to spearhead and take charge of marketing activities. Clarify that this is not a new management structure but a selection process of people that should take charge of all the marketing activities. Make sure that all participants understand the importance of having a committee; encourage them to add their own thoughts and ideas to the discussion.

► **STEP 2. Creating the Committee.** Ask the group members to brainstorm on the number of people that should be part of the committee. Talk about both the size of the committee and their proposed roles and responsibilities. Always emphasize that the role of the committee is to represent their members and provide feedback to the rest of the group for joint decision-making. The numbers and composition will depend on the size of the group but should usually be between 3 – 6 individuals at most.

Discuss with the group the required criteria for market committee member as well as their roles and responsibilities. The points highlighted below can guide the discussion.

#### Questions to ask:

- Why do we need committees to get work done?

2. Ferris, S., Kaganzi, E., Best, R., Ostertag, C., Lundy, M., and Wandschneider-Cali, T. CO. (2006). *A market facilitators guide to participatory agro enterprise development*. Central Internationale de Agricultura Tropical (CIAT).

- How big should a committee be?
- What should be the attributes of a person elected to the marketing committee?
- How long should the committee serve?
- What should be the roles and responsibilities of the committee?
- How should the committee relate to the other committees including the leadership of the group?
- How should the committee be selected?

#### ***Possible Roles of the Market Committee***

- Some of the roles of this committee will include conducting market research, negotiating with buyers, identifying market opportunities, and supporting members to plan for their production and marketing.
- The committee will help members estimate individual production and costs. They also maintain market information and constant communication with potential buyers.

#### ***Possible Criteria for Membership***

- Some of the criteria for membership should focus on having members that show commitment, good communication, reading, writing, & mathematics. Not all members must possess these skills but the committee should have some members that exhibit these skills.
- Other potential good qualities to look out for these committee members include: being an active farmer, experience in leadership role, knowledgeable, trustworthy, hard working, business skills (track record in selling), networking ability (especially with traders).

► **STEP 3.** Based on the group’s discussion, the group should determine a plan for selecting committee members. These selections should be made according to the ground standard. Once the committee is selected, be sure to plan your next meeting/communication with the committee.

Conclude by reminding the group that the marketing committee will lead all marketing initiatives from this point forward. It’s the work of the committee to undertake market opportunity identification and negotiate with traders on sale of their group’s products. The committee will follow up on production practices to ensure that farmers are producing the right quality and quantity of products, and will also ensure that the groups’ production and business plans are implemented.



## 3.3 Market Planning Part 1: Production Estimation

<b>SEASON</b>	Vegetative Stage
<b>OBJECTIVE</b>	To enable farmers to estimate average expected end-of-season harvests for individual farmers and groups in order to effectively target appropriate market outlets for end-of-season marketing
<b>TIMEFRAME</b>	1 – 2 hours
<b>MATERIALS NEEDED</b>	Checklist, simple calculator, pen and paper
<b>IDEAL WORKSPACE</b>	Enough space for all farmers and CBEAs to both stand and sit

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

In order to prepare the farmers for the marketing activities, the facilitator should support two key activities: estimating the farmers’ costs of production and their output at the end of the season. This guide helps facilitate the first key activity, generating production estimation. A production estimation ensures that the groups have an idea of the total output from each of the individuals at the end of the season. This helps the group in 2 ways:

- 1) It ensures that the marketing committee will talk to traders and identify opportunities that are within their means. Traders are also more confident dealing with farmer groups that have a rough idea of what their productivity levels are. This activity will enable the group and the facilitator to find the right markets for their products.
- 2) Once every individual farmer’s production estimate is determined, the marketing committee can use this to follow-up with farmers to ensure they are adopting the right practices that will get them to that level of productivity.

### Steps to follow for the activity

- ▶ **STEP 1. Preparation of checklist:** Before visiting farmers, work with the members of the marketing committee to generate a checklist that will be used to collect production estimation information. Make sure to agree on units of measurements for product and size of land (e.g. acre, hectare, or other size of plots; kilograms or bags, etc).
- ▶ **STEP 2. Preparation of Community-Based Extension Agents (CBEAs):** In advance of the session, orient the CBEAs to the production estimation checklist and the rest of this tool.
- ▶ **STEP 3. Bringing the CBEAs and farmers together:** The field facilitator (CARE staff or partner NGOs staff) brings the CBEAs and farmers together for the FFBS session. Instruct the CBEAs to demonstrate the checklist concepts in mime/ acting form for the rest of the farmer group. The group should ask questions in order to have a common understanding so that the information collected is consistent across the different groups.

► **STEP 4. Collecting checklist information for farmers:** The facilitator should instruct the CBEAs to work with all the farmers to collect the information based on the checklist; this information should be gathered on a farmer-specific level.

► **STEP 5. Combining checklist information for group:** Come together as a group and collect all of the checklists. You should aggregate the individual-level checklist for each farmer in order to provide a total production estimate for the entire group. Make sure to keep this information as part of the general documentation of the group. You should also provide the documentation to the marketing committee, so they can use it to follow-up production and support farmers to ensure they are meeting their production estimates.

Make sure the marketing committee understands how to use the information gathered; they should utilize it to determine which traders to deal with and to remind farmers the volume of produce that is expected at the end of the season. The marketing committee should make arrangements to check in with farmers throughout the season to measure their progress towards production estimates.



## 3.4 Market Planning Part 2: Determining Profitability of the Different Value Chains

<b>SEASON</b>	Vegetative Stage
<b>OBJECTIVE</b>	To enable the farmers to list all costs they incur in producing and marketing a product and calculate the material costs of production and marketing
<b>TIMEFRAME</b>	3 hours
<b>MATERIALS NEEDED</b>	Large flip charts, marker, and calculator
<b>IDEAL WORKSPACE</b>	Enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

For each of the farmer group’s value chains, a simple and participatory gross margin analysis will be conducted in order to determine the level of profitability of each of the selected value chains.

The farmer group members (particularly the marketing committee) will take the lead in determining the approximate costs of each of the activities involved in producing and bringing the product to the market. The prices offered for the final product will be considered based on existing market information, results of earlier undertaken market studies, and/or cross checking with farmers based on existing information.

Based on the cost of production and prices offered, farmers will be able to tell the approximate level of profit for each of the products they are working on. This exercise can be repeated for individual farmers on their land.

Throughout the season, actual costs should be collected, so that accurate costs and profitability of the selected value chains can be determined.

### PART A. Calculating costs of production and marketing

#### Steps to follow for the activity

► **STEP 1.** Explain to the participants that they will be calculating the costs of producing and marketing a particular product to determine that product’s profitability and decide whether it is a good idea to produce that product. You should also explain that if they understand where the highest costs in their production and marketing are, they may be able to look at ways of minimizing costs, thereby increasing profitability.

► **STEP 2.** Ask the farmers in your group to think about producing a “standard” amount of one product; this should be the amount produced in one season or over one year. The farmers should think of standard units of production that they are familiar with. For instance in some cases it may be a hectare, an acre, or any other standard production measurement.



► **STEP 3.** Ask the farmers to list all the items/activities they need to produce and market this product on a piece of flip chart paper– these will include material costs such as seed, fertilizer, land rental, irrigation, and labor costs for plowing, sowing, and weeding. The costs should generally be listed under 4 phases of the process; pre-production, production, post harvest handling, and marketing. Prompt them to categorize by these phases if necessary. The list should look similar to the example below (although activities may vary):

**EXAMPLE: Sheet of paper detailing items/activities and costs**

ITEM/ACTIVITY	UNITS	UNIT COST	TOTAL COST
<b>Pre-production</b>			
Rent land			
Buy tools			
<b>Production</b>			
Opening up land			
First weeding			
2 <sup>nd</sup> weeding			
Seed			
<b>Post harvest</b>			
Transporting product to home			
Drying mats			
<b>Marketing</b>			
Hiring vehicle			
Communication expenses with buyer			
Market fees			
<b>Overall Costs of Production (add all "total cost" lines):</b>			

► **STEP 4.** For each of the items/activities listed, ask the farmers to list the quantity needed and the average cost for one unit of the item/activity. They should then list the total cost of that item throughout the season/year (this is calculated by multiplying the quantity with the average unit cost to get the total cost of that item in the season.)

- For items that last beyond the calculating period (1 season or 1 year, depending on the unit of time chosen), the facilitator should try to get the actual cost in that period by dividing the cost of the item by the number of years. For instance if a hoe cost 1,000 shillings and last for 5 years, then the cost of the hoe to the business in the one year where you are doing the gross margin analysis will be 1,000 divided by the 5 years which is 200 shillings for the season of calculation.
- For labor calculations, the facilitator should ask the farmers how much it would cost if they hired or were hired to carry out a specific activity, either on a daily or monthly basis depending on the activity. For instance, to get the cost of 1<sup>st</sup> weeding, the facilitator would ask how many days it takes to weed the plot type chosen and how much they would pay someone to do it. Typically, farmers know the costs of carrying out an activity based on experience. If they don't know these costs, the facilitator should guide them through a process of what they do know in order to calculate the cost of labor.



► **STEP 5.** Once all of the individual item/activity's total costs are determined, add up each of the item/activities total cost to calculate the overall costs of production (i.e. add up each item/activity cost for all units).

## PART B. Determining Income and profit

Having listed all the potential activities involved in producing and bringing the product to the market, the facilitator should now assist the farmers to determine the level of income and profit associated with this product. This will help demonstrate the level of profitability and is key for farmers to compare across different value chains they may be interested in.

### Steps to follow for the activity

► **STEP 1.** Using the same unit of measurement used to calculate the costs of production, ask the farmers to estimate what yields will come from this plot of land during a production season if all the listed activities are carried out. For example, if you use and do all the items/activities on a 1 acre groundnut field, what would be likely amount of groundnuts harvested?

► **STEP 2.** Because the farmers may give different units of measurement for the amount harvested, you can help standardize units to kilos (bring it down from bags or up from heaps). If the farmers say he/she would get 5 bags of groundnut from 1 acre, work with them to determine how many kilos one bag weighs. Use this information to generate the total amount of crop harvested (in units). You should then work the farmers to list the price per unit, and then calculate the total income amount for the entire harvest.

#### Example to calculate income:

CROP	NUMBER OF UNITS (E.G. BAGS/ KILOS, HEAPS ETC.)	PRICE PER UNIT	TOTAL INCOME (UNITS X PRICE PER UNIT)
Groundnuts	300 kilos	30 shillings	9,000 shillings
Cassava	200 kilos	20 shillings	4,000 shillings
<b>Overall Income (add all "total income" lines):</b>			<b>13,000 shillings</b>

► **STEP 3.** Remember to always factor in possible losses. Even when farmers have what they consider to be a realistic expectation of harvest amounts, it's good to subtract a 5-10% loss from their total, so that their expectations for profit remain reasonable.

► **STEP 4.** To calculate crop profitability, help the farmers subtract the overall costs of production from the overall income from their crops. The resulting number is the gross margin, or profit. In many cases the levels of profit are usually low because some listed costs may be overestimations or not actually used. Usually when labor costs are taken out or reduced (if the farmer is doing labor, for example), the levels of profitability increase.

Thank the participants for their time, and remind them that although they have estimated their profits, they should make sure to record actual expenditures and incomes throughout the season and update their estimates accordingly. The marketing committee should arrange to check in with farmers throughout the season to ensure this is done, and to aggregate the information collected by each farmer.

## 3.5 Conducting a Market Survey

<b>SEASON</b>	Vegetative Stage
<b>OBJECTIVE</b>	Enable participants will be able to gather information about demand and markets for their products
<b>TIMEFRAME</b>	<p>This depends on the number of products and markets, and where the markets are; see below.</p> <p><i>Single product</i></p> <ul style="list-style-type: none"><li>• Day 1. Afternoon: select a product and plan questions.</li><li>• Day 2. Morning: visit market; afternoon: analyze information; evening: discussion.</li></ul> <p><i>Several products, several markets</i></p> <ul style="list-style-type: none"><li>• Day 1. Decide which markets to visit, prepare a questionnaire or checklist.</li><li>• Day 2. Visit markets to gather information.</li><li>• Days 3–5. Analyze information.</li><li>• Days 6–7. Present findings to group.</li></ul>
<b>MATERIALS NEEDED</b>	Survey questionnaire, large sheets of paper, colored marker pens, notepads, pens or pencils, transport to and from market, refreshments
<b>IDEAL WORKSPACE</b>	Enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

A market survey is an important way for farmers to gather information about the markets for their products. A simple market survey focuses on a single product in one market. A more complex survey may cover several products in several different markets.

## PART I. Planning and Conducting Interviews

### Steps to follow for the activity

#### PREPARATION

► **STEP 1.** Work with the Market Research Committee to decide what types of information to collect. This will depend on the nature of the product and the market. Generally the market research will focus on a product and its buying conditions.



- ▶ **STEP 2.** Have the Market Research Committee decide which market(s) to visit and determine when you can visit. List the market sites to visit (village market, assembly market, town wholesale market, retail market, processing factory, shop), and the best dates and times to visit them.
- ▶ **STEP 3.** Have the Market Research Committee plan the number of interviews in each market. Plan to interview several traders or buyers individually so you can compare their answers. Pairs of team members can conduct interviews, with one person asking questions and the other taking notes.
- ▶ **STEP 4.** Have the Market Research Committee prepare a questionnaire or checklist, based on the types of information you want to collect.
- ▶ **STEP 5.** Help have the Market Research Committee finalize plans:
  - Prepare an introduction explaining why you are doing the survey.
  - Rehearse. Discuss the interview procedure with the marketing committee, and rehearse it with different farmers playing the roles of interviewer and interviewee.
  - Arrange interviews. If necessary, contact the people you want to interview beforehand to determine a suitable time.
  - Arrange transport. If the market is far away, you may also need to arrange for the team to stay overnight.

## ACTIVITY

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- ▶ **STEP 1.** The facilitator should visit the market with the team of farmers. Make contact with any market officials, to tell them what you are planning to do in the market. If the place is unfamiliar, walk through it to find out where your products are traded and who the team might interview.
- ▶ **STEP 2.** Conduct interviews. Approach the person you want to interview, introduce yourselves, and explain why you want to talk to him or her. Follow the interview plan you have worked out, and make sure you collect the information you need. Feel free to also explore interesting topics that you had not anticipated.
- ▶ **STEP 3.** At the end of the interview, thank the interviewee for their time and information. Make sure your notes are in order before going to interview the next person.
- ▶ **STEP 4.** Afterwards, collate the information you have collected so you can analyze it and present

Questions to stimulate discussion:

- What do we need to know about the product and how it is marketed? What do we know already? What information do we need to check?
- How many people should we interview? What types of people – traders, managers, transporters, processors, consumers...?
- What is the best way to approach people we want to interview? Should we take notes during the interview, or immediately afterwards?
- What sorts of information may be sensitive or difficult to get hold of? Can we find out this information from any other sources?

## NOTES

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- Some of the questions (e.g., about prices) may be sensitive, and interviewees may be reluctant to answer – or give inaccurate responses. During an interview, start off with non-sensitive questions, then move on to the more difficult questions later. Ask about prices towards the end of your interview.
- Be sure that the person you are interviewing has time (if not, arrange to come back at a better time). Do not take more than 15–20 minutes with each person.
- Stop asking questions when the person is dealing with customers.
- Always thank the person you have interviewed for their time at the end of the interview.
- Adapt the interview guide or questionnaire (see interview guide) as necessary. The survey team can ask all of these questions for each product, or only the most important questions.

## PART II. Analyzing and reporting market information

### Steps to follow for the activity

- ▶ **STEP 1. Step 1:** The facilitator should bring together the members of the Market Research Committee that conducted the market study plus perhaps a few other group members to help with the analysis.
- ▶ **STEP 2.** Discuss the market survey experience with the committee to determine findings and implications for the farmers. Ask the group:
  - What did they learn?
  - What did they find most interesting?
  - What was surprising?
  - How will what they learned impact them?
- ▶ **STEP 3.** Summarize the information using a table.
- ▶ **STEP 4.** Decide who will present the information to the larger group of farmers. It may be best to divide up the task of presentation among several members of the survey team.
- ▶ **STEP 5.** Call a meeting with all the members of the group.
- ▶ **STEP 6.** Invite the team members to present their findings to the whole group.
- ▶ **STEP 7.** Facilitate a discussion of the findings to interpret the findings and explore their implications for the whole group.

### QUESTIONS TO STIMULATE DISCUSSION

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- What did the survey team members learn from the survey? What surprised them most? For each person, what was the single most useful piece of new information they learned?
- Of the various products and markets surveyed, which is the most promising? Which should the group explore further? Which are least promising?
- What would the group have to do to take advantage of the market opportunities they have identified?



## 3.6 Selecting Best Products and Market Outlets

<b>SEASON</b>	Vegetative Stage
<b>OBJECTIVE</b>	To ensure that the farmer group is able to objectively select the right enterprise option and buyers to work with in pursuance of their business objective
<b>TIMEFRAME</b>	3 hours
<b>MATERIALS NEEDED</b>	Flip charts, markers
<b>IDEAL WORKSPACE</b>	There should be enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

When the Market Research Committee and the facilitator visit different market outlets, they prepare a report that is provided to the rest of the group members. The group analyzes the report and identifies possible relationships or changes to make, including buyers and alternative value chains. This exercise will allow farmers to identify which products and market contacts they would like to engage with for production and marketing relationships. This activity also helps the farmers agree on the criteria to set in selecting the best market outlets and products.

This tool may also be used by farmers on an individual basis to determine what crops to produce on their own. Ensure that each participant understands how to use the tool and apply it to his/her personal production.

### Steps to follow for the activity

► **STEP 1. Setting up criteria for selection of products:** Once the farmers are brought together in a meeting, the group should refer back to the report made after the Market Research Committee visited different market outlets (see “Conducting Market Research” tool). The facilitator should then ask the farmer group to brainstorm the reasons they would want to choose one product over the other; they should then list all the reasons/criteria they would use to choose a product.

Some of the criteria could include:

- Initial investment required to start, price offered in the market, time it takes to get first income, demand and supply factors, and transport and production costs of product, profitability, post-harvest handling requirements, production knowledge and land availability to produce this crop

► **STEP 2.** After the list has been generated, the facilitator should work with the farmers to prioritize the most important criteria and agree on how many criteria should be used in the selection. The facilitator should let the farmers know that there are 3 critical criteria that all options should be subjected to:

- Market demand
- Ability for the farmers to produce
- Level of profitability

However, the farmer group may declare that there are additional critical criteria; these should all be listed out. There should not be more than 6 criteria.

► **STEP 3.** Ask the farmers to rank each of these criteria.

► **STEP 4. Final selection of products:** On a large sheet of paper, the facilitator and group should list all the enterprise options and ask them to discuss whether they:

- Have a high market demand (based on information from market study)
- Are profitable based on the cost benefit analysis done earlier
- Can be produced in the area by all farmers

Once these 3 basic criteria are met, then the other criteria that have been decided upon can be considered for the final selection. Using these criteria, the farmers should decide on one final product to pursue. Remind the farmers that they may also use this tool on an individual basis to determine what crops to grow on their own, and ensure that all participants understand the decision-making process before ending the session.



## 3.7 Designing the Business Plan

<b>SEASON</b>	Vegetative Stage
<b>OBJECTIVE</b>	To help the farmer group understand why they should develop a business plan, write a business plan, and plan activities for the production cycle
<b>TIMEFRAME</b>	3 hours
<b>MATERIALS NEEDED</b>	Flipcharts and markers
<b>IDEAL WORKSPACE</b>	Enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

Business plans are crucial for successful businesses; the farmer group will be able to have a more clear vision of their goals and achievements if they create a business plan. At this point in the season, the farmer group has gathered much of the information that should go into a business plan; it just has not been assembled into a formal business plan. This tool helps guide the farmers through the learning and creation of a business plan for their products.

### Steps to follow for the activity:

- ▶ **STEP 1.** The facilitator should first explain what a business plan is. In a session with the farmers, explain that a business plan is a document about the farmer group’s future. It describes the producer(s), the product(s), how the product(s) is produced, how the producer markets the product(s), the risks the producer faces, approaches to mitigating risks, and the producer’s financial situation and financing needs.
- ▶ **STEP 2.** Explain to the farmers that all the information that has been gathered so far gathered (the market, the costs calculated, the products agreed upon, and the developed action plans) needs to be brought together into one organized document; this will form a business plan.
- ▶ **STEP 3.** Explain why the business plan is needed. Some of the reasons for this include:
  - **To guide the group over the long term.** So far, the group has made a series of decisions about their product and market. A business plan brings your ideas and decisions together and puts them in concrete form in one document to guide the group’s direction.
  - **To facilitate understanding and agreement.** Despite intensive discussions, members of the group may have different understandings of what the group aims to do. An agreed business plan helps identify and remove such misunderstandings.
  - **To improve organization and decision-making.** Because a business plan follows a certain structure, it helps the group make sure it has gathered the information it needs and has organized it in a useable way. That makes it easier to make decisions.



- **To test and strengthen financial feasibility.** The business plan requires the group to compare its resources and income with its costs and expenditures. It shows whether the group can make a profit.
- **To measure performance:** The business plan gives the group clear targets, the members can use these targets to monitor their performance and make changes in the production season if the original plan needs to be amended.
- **To ensure continuity.** Farmers' groups change leadership. A business plan ensures that a new group of leaders can take over operations smoothly, reducing the risk of disruptions and abrupt changes in direction.
- **To "sell" the group.** Business partners such as major suppliers, contract partners, big customers, and business services may want evidence that the group has thought through their operations.. A business plan gives them the information and assurance they need.
- **To convince lenders and donors.** Banks and microfinance institutions want evidence that the group's enterprise will be profitable before they will agree to lend it money. They usually require a business plan as a condition for a loan. Donors also want to be confident that the group is viable, which may also be determined through a business plan.
- **To guide implementation.** The business plan shows what the group needs to do to achieve its goals. It keeps the members and the management focused on what has been agreed. It acts as a framework for the group's implementation plan (the list of tasks and activities the group members have to do each year or production cycle).

► **STEP 4.** After going through some of the reasons why it is important to have a business plan, the facilitator should then provide the main parts of the business plan and work with the group to identify the information already available to help fill in the parts of the plan. The content that has been collected through earlier processes needs to be brought together. This can be done using the "Sample Business Plan" form found in the **Annex 3A.2**.

Now that the farmers have created their own business plan, remind them that they can use it going forward to plan both their individual production and group production. Ensure that all participants understand how to design their own business plan before ending the session.



## 3.8 Gendered Value-Chain Analysis<sup>3</sup>

<b>SEASON</b>	Sowing/Weeding
<b>OBJECTIVE</b>	To map where women are present in the key value chains that the project is working on and whether they are present as participants (processors, value adders) or as controllers (sellers, managers)
<b>TIMEFRAME</b>	1 hour
<b>MATERIALS NEEDED</b>	Flip-chart and multiple colors of markers
<b>IDEAL WORKSPACE</b>	Any meeting place. The exercise can be carried out with men and women separately

### Background

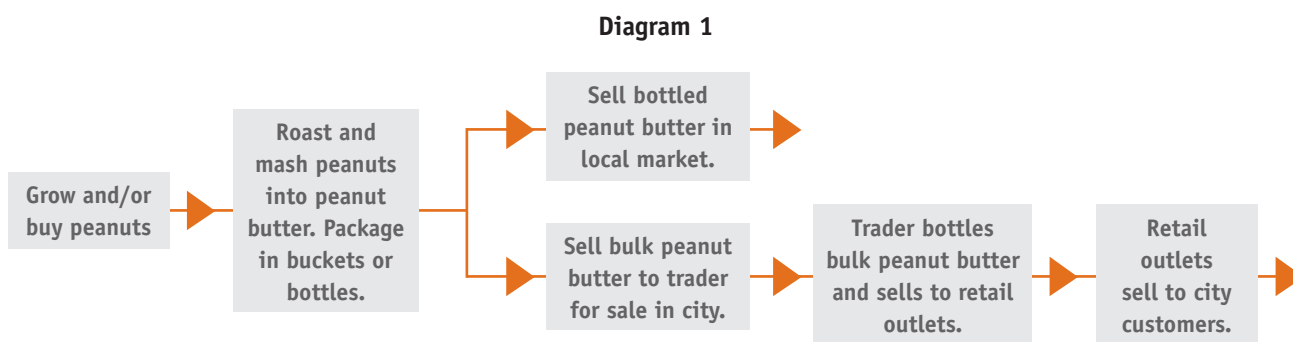
The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

This exercise is ideally completed through a focus group discussion with women who are all part of the same value chain, but it can also be done with a group of women involved in different value chains, provided that there are two or three women involved in one chain so that they can work on the assignment together. The facilitator should meet with the same focus group one year later to hold another discussion; consent should be obtained for follow-up when selecting the group for the first gendered value chain analysis.

### Steps to follow for the activity

► **STEP 1. Introduction and participant information:** Explain that we are going to spend some time to understand the enterprises that women are involved in and where they are placed in the production and marketing processes. Tell the group that the exercise will help us to identify relationships between players in the value chain, and where are the opportunities to boost women’s position and income-earning opportunities.

► **STEP 2. Drawing the value chain:** Ask the group to draw a diagram of their value chain, using paper and markers or materials collected from around the village. See diagram 1.

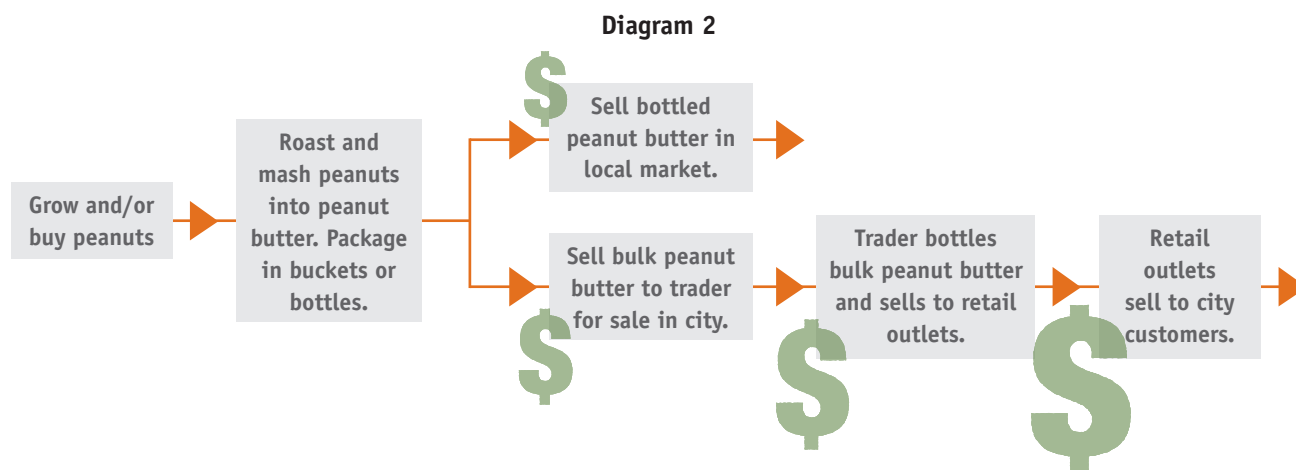


3. From *LINKAGES Guide to Measuring Ultimate Outcome Indicators*



**Note:** Make sure that they are diagramming the entire value chain and not just the processing or production stages in which Pathways beneficiaries are involved in their local village. If they don't have much information about downstream stages (such as international exports), they can take a best guess. The diagram needs to include all key steps, stages or processes, but does not have to be overly detailed.

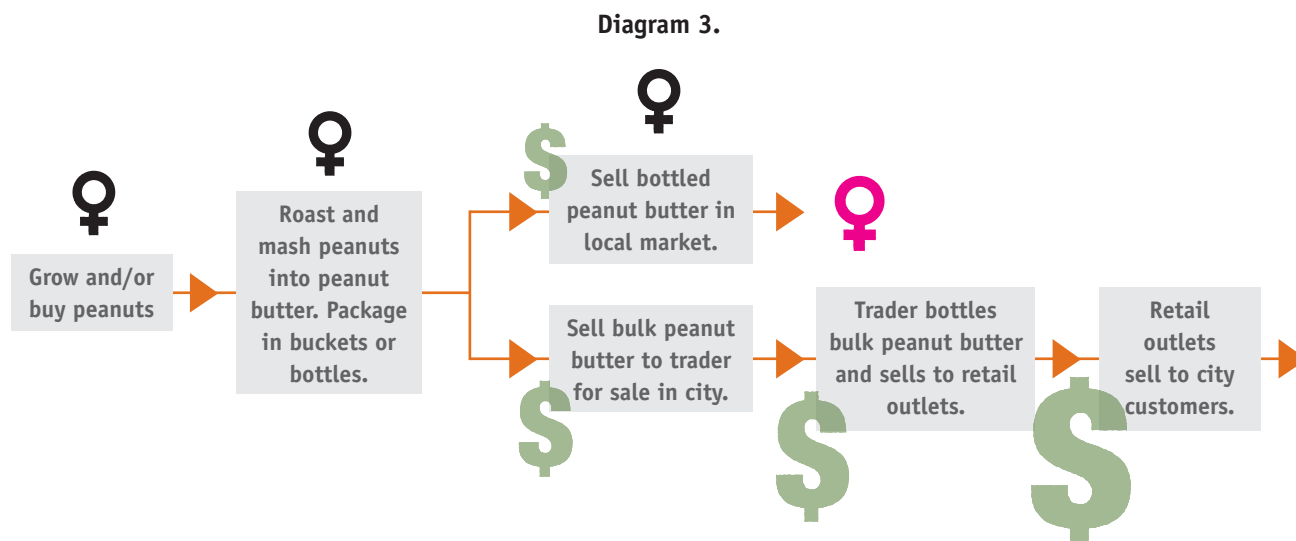
► **STEP 3. Most profitable stages:** Ask the group to mark the processes or stages in the value chain that are most valuable or that make the most profit, using a separate colour or symbol. See diagram 2 below.



**Note:** In this diagram, the larger the dollar sign, the greater the profit.

► **STEP 4. Women's participation and control:** Ask the group to mark the processes in the value chain where they participate, using a separate color or symbol. See diagram 3 below.

► **STEP 5.** Ask the group to mark processes that they control with another color. See diagram 3 below.

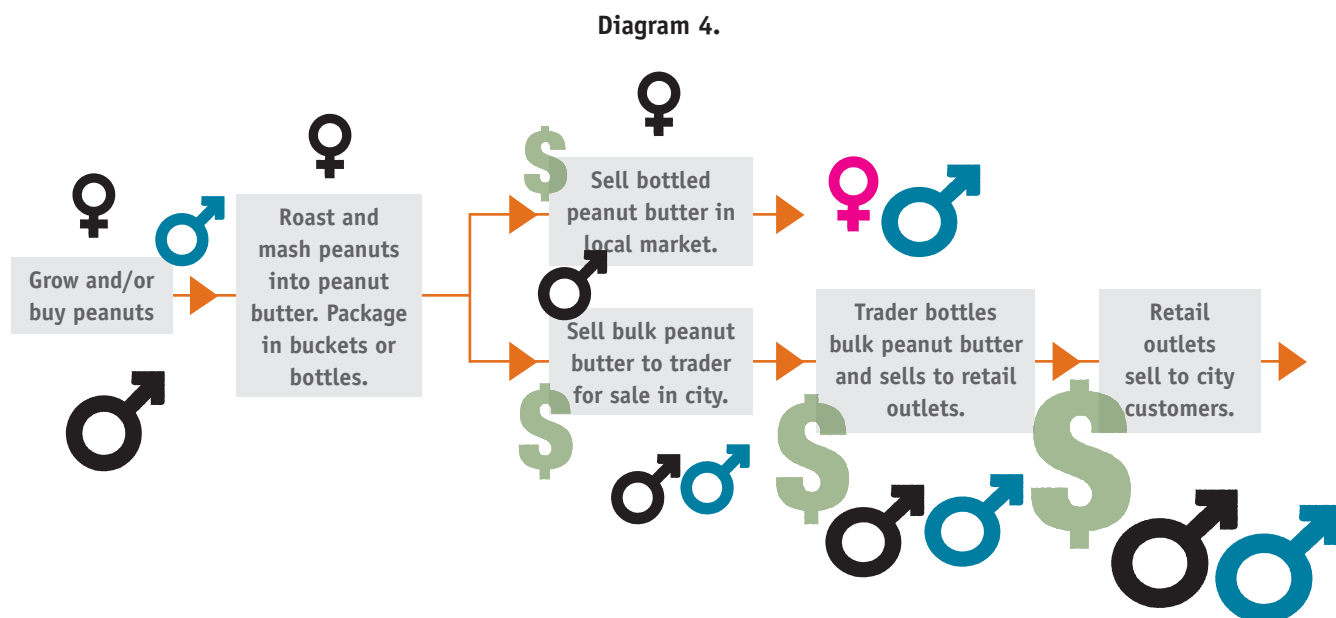


**NOTE:** In the sample above, "participation" is marked by the black sign for woman and "control" is marked by the pink sign for woman. The larger the symbol, the more participation or control the woman has. When completing this exercise use different coloured marker pens to make the distinction between participation and control.

► **STEP 6. Men's involvement and control:** Ask the group to mark the processes in which men are involved, using a separate colour or symbol. See diagram 4.



► **STEP 7.** Ask the group to mark processes that men control with another color. See diagram 4.



**NOTE:** In the sample above, the black symbols for man represent participation and the blue symbols represent control. Note again that the larger the symbol, the greater control or participation. When completing this exercise use different coloured marker pens to make the distinction between participation and control.

► **STEP 8. Analyzing the value chain:** Analyze the chart with beneficiaries to identify gender inequalities in control and access in the value chain. Ask the following questions:

- What are the stages along the value chain where there is greater value?
- Who are key actors in the processes that are the most valuable, women or men? Why do you think that is?
- Are women primarily concentrated in one or two processes in the value chain? Are these the most valued processes? The most skilled? The best remunerated?
- What skills, equipment, capital, information is required to enter the higher-valued stages?
- What are the main barriers for women to participate in these stages?
- What can women do to get into processes that are more valuable or that have more value add and control?
- What types of businesses are women more likely to be involved in, in this community? And men? Why is that?
- Within a household, who in the household typically makes the sale from this crop? Who makes the sale of the processed products? Can either partner make the sale, at any given time?
- What are the advantages or disadvantages that men and women have in finding markets and negotiating sales for their products? Why do you think that is?
- What happens at the household level, when earnings from the crop or processed products come into the household? How is the money from the crop or processed product distributed between spouses/and with other family members?



► **STEP 9. Identifying opportunities, constraints, goals:** Identify the goals for the season and the project period by asking the following questions:

- What changes do you hope to see along this value-chain (including at the household level)? Why?
- What skills, support, information is required to realize these changes?
- What information, understanding do men need to have to help realize these changes? How can they be brought on board?
- What rules need to change to help realize these changes?

► **STEP 10.** Summarize the key points of the discussion, and point out where the Pathways program will support some of the goals they have identified. Use the discussion to identify the specific power issues or gendered constraints that the project can help address, or the additional resources and connections that may be needed.

*Example summary of the sample diagrams charts and discussion:*

*Respondents noted that women have some role in growing peanuts, but the bulk of peanuts need to be bought, and this is men's job. Women are primarily responsible for making and bottling peanut butter. Women and men equally sell peanut butter in local markets and their control over the profits from this venture is about equal. It is primarily men who sell outside the village. There is a little more money to be made here, and men tend to hold this as part of household profits. Men are also primarily involved in and control interactions related to trading. This is where the most money is to be made. There are some women involved in retail sales and, if they own their own shops, they will control the profits, but mostly it is men who run these shops or own them and they control related profits.*

Make sure to store or photograph the diagrams so that they can be revisited in the next years of the project, to see if there have been changes.

### **Repeat after Year 1:**

Either by using the baseline diagrams and revising them or by drawing new diagrams, hold another discussion with the same focus groups after one year. Use the following questions:

- Has there been any change to where women are placed in the value chain? Where men are placed?
- Are women controlling more valued processes?
- Are there more women involved in the more valued areas in the value chain?
- Where have men moved to? Have they taken on less skilled, less well-paid tasks?
- Are men entering any areas where it used to be mostly women working, but where men are now seeing greater profit and opportunity because this area's value has increased?
- Are the activities to increase women's access to and control over the more valued areas in the value chain working? What can Pathways help do better?



## 3.9 Marketing as a Group

<b>SEASON</b>	Harvest
<b>OBJECTIVE</b>	To help farmers understand how their product can be marketed at the end of the season, specifically with a group
<b>TIMEFRAME</b>	One half-day (~4 hours)
<b>MATERIALS NEEDED</b>	Flip charts, Markers, Individual note books
<b>IDEAL WORKSPACE</b>	Enough space for both standing and sitting

### Background

The facilitator should read through the entire “Marketing” section of the FFBS toolkit and be well versed with the marketing concepts and ideas before introducing the subject to the group. He/she should prepare for any questions asked and be sure to know who to contact if he/she has questions that he/she cannot answer.

Marketing together has many advantages: higher volumes, better quality, and increased profit. As part of their business plan, farmers will have decided to produce a certain amount of product for a specific market. This tool helps farmers effectively organize themselves to market this product. It helps address why marketing as a group is beneficial and provides guidance for determining retail prices.

### Steps to follow for the activity:

► **STEP 1.** In the farmer group, initiate a discussion around the benefits of collective marketing. You can define collective marketing as the marketing when several farmers, groups of farmers, or collections of groups bring small amounts of their individual product together at harvest time and sell them as a batch.

Be sure to have the group talk about the benefits for both the farmers and the traders. Some of the possible advantages include:

- **Bigger volumes:** Farmers can pool their output (this is called bulking) so traders can buy more at the same time and can fill up their vehicles or stores more easily. The traders can negotiate with one seller – a representative of the farmers’ group – rather than with lots of individual farmers. They make one payment – often via a bank – rather than lots of small cash transactions. That is more convenient and saves having to carry lots of cash around. In some instances where group cohesion is not strong (like in the first season of a collective sale), it may be beneficial to have the trader pay all the farmers at the same site individually, if possible.
- **Uniform quality.** Traders do not want big and small, ripe and unripe produce all mixed together. They want the produce they buy to be the same size and quality, and free of dirt, sticks and other impurities. With a larger volume, it is worthwhile for farmers to clean, sort, and grade their product.
- **Reliable sellers.** Pests can attack a crop, the weather may spoil the harvest, and the farmer may fall ill. Many things can come in the way of a successful trade. But these things are more likely to happen to an individual farmer than to a group. If one farmer experiences a production problem, chances are that the other members of

the group will be able to make up the shortfall. That reduces the risk that the trader will have to drive home with a half-empty pickup.

- **Reliable buyers.** Reliability works the other way too. If a trader knows there is a big purchase waiting, she will make sure to pick it up as promised and will pay the agreed price. By selling collectively, the farmers can be more confident that the buyer will be reliable.
- **Continuous supply.** Many traders want a continuous supply of a product throughout the season. Groups of farmers can organize staggered plantings and harvests, or store produce, so they can deliver several truckloads of the product over an extended marketing period.
- **Higher price.** Bulk, cleaned and graded produce is more valuable, so traders are usually more willing to pay a better price for it. But by organizing as a group, the farmers improve their bargaining position – for example by negotiating with several potential buyers for the best terms and conditions.
- **Organization.** Marketing collectively means that farmers have to get organized. But organizing brings other benefits: farmers can learn from one another, improve the quality of their produce, set-up savings-and-credit arrangements, and buy bulk input.. Marketing collectively can be a good way to start a farmers' group or strengthen an existing group.

But remember, not all products and farmers benefit from collective marketing. Monitor the market and advise the farmers' group whether collective marketing is a good idea.

► **STEP 2.** The facilitator should let the farmers know that, collective marketing does not mean collective production! Farmers should still grow crops and raise animals as individuals. It is only at the time of sale that the product is brought together and offered for sale.

► **STEP 3.** Once the group is in agreement on the need to market as a group, the facilitator and the Market Committee need to take the lead in the subsequent organisation of activities involved in collective selling. In order to do this, the facilitator and the committee should have a discussion with the group to agree upon some of the costs that are likely to be involved in this collective activity; these may include communication expenses, storage, transportation, loading, travel etc. These should be explained to the farmers so that farmers know that these costs will be recovered from their end of season sales.

► **STEP 4.** The facilitator and marketing committee should make contact with the preferred buyers, which should have been agreed upon after the market visits earlier in the season. The facilitator can call the potential buyers and ask for further meetings with the Market Committee members. These meetings should focus on the quantities available for sale and discuss purchase conditions, including payment terms and delivery terms. A sample letter seeking an appointment with a potential buyer is included below.

► **STEP 5.** Once the facilitator and Market Committee have met with and agreed upon a buyer, they will need to negotiate terms with the selected buyer. Some of the things that can be negotiated with the buyer may include:

- **Price:** What price will the buyer pay? For the best-quality product? For second-best? Is there a premium for consistently top-quality produce, or for reliable deliveries? When will the price be fixed – at the start of the season, when the contract is signed, at the time of sale, or after the time of sale (for example, depending on the export price)?



- **Quantity:** What amount of the product will the buyer take? How will this be measured – by weight or volume? In kilograms, sacks, truckloads? Will each bag be weighed? Who will provide the scales? What if there is a surplus or shortfall?
- **Quality:** What quality requirements does the buyer specify? What production methods should the farmers use (for example, avoiding the use of pesticides, or drying for a certain period)? What are the grading specifications?
- **Place and transport:** Will the buyer pick the product up at each farm, or at a central location? Or do the farmers have to deliver it to a particular place? Who will pay for transport, loading and unloading and storage?
- **Packaging:** How should the product be packaged? In sacks, boxes, bags or crates, or loose? Who will supply the packaging?
- **Payment conditions:** When and how will the payment take place? Immediately on exchange of the product? After a delay (of how long)? In cash, by check, by bank transfer, or via mobile phone payment? Is the buyer will to pay all the farmers in one location, or can they be paid by cheque through an account?
- **Timing:** When will the sale take place? On what date and at what time will the buyer come to pick up the product? Is this a one-off sale, or does the buyer requires a regular supply throughout the season or over several years?
- **Formality:** Is there a written contract or agreement? Or is everything on the basis of mutual trust? A handshake? What happens if one side breaks the agreement – for example, if the farmers fail to deliver the right amount or quality, or if the trader fails to buy the agreed amount?

Once the facilitator and group have a basic agreement and understanding with the selected buyer, then the sale can take place. Ensure that what has been agreed to be understood by all the farmers, so that there is a smooth sale. The marketing committees are very crucial in this process and should facilitate activities of bulking, grading, storing, transportation and recording of sales. For a sample sales tracking form and a sample letter to potential buyers, see the **Annex 3A.3**.







## 3A.1 Conducting a Market Survey

### Example Market Questionnaire/Interview Guide

#### BASICS

Place and date of interview	
Type of product (e.g., Groundnuts, Soya)	
Interviewer(s)	

#### PERSON INTERVIEWED

Name	
Type of activity in chain (e.g., trader)	
Position, name of company	
Phone number	
Address	

#### PURCHASES OF PRODUCT (GROUNDNUTS AND SOYBEAN SEPARATELY)

How much of product X do you buy in all each day? Each week? Each year?	
How often do you buy product X?	
Who do you buy from?	
What is your main source of product X?	

#### TERMS OF PURCHASE

What is the smallest amount of the product that you would buy? The largest amount?	
What varieties of the product do you need? What size? What quality grade?	
How do you want sellers to package the product?	



What are your terms of payment? (e.g., full or partial payment on delivery, payment after a delay, provision of credit)	
Would you be interested in buying from a farmers' group? What amounts? At what price?	

### PRICES

What price do you pay? (per kilogram or sack)	
How does the price change from season to season?	
Do prices vary for different varieties, ripeness, size or class?	

### THE VALUE CHAIN

What do you do with the product after you buy it? E.g., do you sell it, process, package it, etc?	
What price do you sell at?	
What are your main marketing costs?	
Who do you sell it to?	
What do they do with it?	
Who are the end users?	

### THE MARKET FOR PRODUCT X

Is demand for the product growing, stable, or declining? Are sales this year higher, the same, or lower than last year? Why the changes?	
How many other traders are there like you in the market?	
How much of product X is bought and sold at this market each day? In the peak season? In the low season?	
Who is the largest trader in this market for product X?	

### OTHER PRODUCTS

What products are in highest demand?	
What products are very scarce?	
What new products are being sold in this market?	
What would you advise farmers to grow to earn more money?	



# 3A.2 Designing the Business Plan

## Sample Business Plan Guide

TOPICS	SUB-SECTIONS SUBSECTIONS	GUIDANCE
<b>Introduction</b>	Project Name:	Name of the producer group and goal of the business?
	Address:	What is your contact address?
	Phone number:	What is your phone number?
<b>1. Business organization</b>	Vision and Sales Goal:	What is the Vision of the producer group? Goal = sales target
	Describe business:	How long has this group been in existence? Is the group registered?
	Name key positions in the group:	Chair, treasurer, secretary, lead farmer, market agent, other
	Number of members by gender:	Number of men and number of women
	Current savings/bank statement:	Latest financial statement, savings levels,
<b>2. Value Proposition (Product)</b>	Product / Service name:	What product / service will you sell?
	Existing / new:	Is this an existing product/ service or new product / service being offered by your group?
	Benefits to buyer:	Why is the buyer(s) interested in product / service? What is unique? Is it cheaper, better quality, local, or have another benefit or advantage?
<b>3. Marketing strategy Introduction</b>	Define target market:	Define target market (local, district, national, supermarket)
	Location:	How far is this market from the production site (km)?
	Market type:	Is this an existing market or a new market for your group?
	Describe customers:	Type of trader, processor, and/or buyer?
<b>4. Product</b>	Describe key product attributes:	Explain attributes of the product (variety, quality, packaging, etc.)?
<b>Price</b>	Describe price setting:	How will the price be established? Offer price/contract price.
<b>Place</b>	How will you get product to market:	Sales team, street vending, carry, pick up, cycle, lorry, donkey



<b>Promotion</b>	How will you promote your product:	Voice, phone, through trader, person to person contacts, other
<b>5. Market risks</b>	Identify key risks to plan:	Indicate key risks to the action plan? And how can they be overcome?
	What risk mitigation plans:	Are there ways of minimizing the risks?
<b>6. Business operation plan</b>	Describe your business flow:	Describe the stepwise activities from production to sale
	Pre-production activities:	Pre-production: input procurement, nursery,
	Production activities:	Production activities: plowing, sowing, weeding,
	Post-harvest activities:	Postharvest activities: drying, sorting storage etc..
	Marketing activities:	Marketing activities: buyer linkage, negotiation, transport
	Key partners:	Partners may include extension, input supplier, transporter
	Key resources	Key assets include land, labor, staff, crops, processing methods
<b>7. Production costs</b>	<b>Total material costs</b>	Calculate costs / season / year
	<b>Total labor costs</b>	Calculate costs / season / year
<b>8. Income streams</b>	Project sales volumes	Planned Sales volumes / Give clear units of sale bag – 100kg
	Project sales price	Selling price of product Give dollar conversion, 250 MK /Kg \$1 =
	Estimate season income:	Estimate seasonal sales
<b>9. Profitability</b>	Gross Margin:	Calculate Gross Margin and Net Income
<b>Fine tuning</b>	Strategies to increase profit:	What changes can be made to increase Gross Margin?
<b>10. Financial requirements</b>	Startup capital requirements:	How much capital do you need to start the business?
	Capital funds available:	How much capital do you and your members/partners have?
	Capital funds required:	How much capital are you lacking?
	Method to raise funds:	How can raise the funds that you are lacking?



# 3A.3 Marketing as a Group

## Example Sales Tracking Form

SN	NAME OF FARMER	VILLAGE NAME	COLLECTIVE NAME	SEX M/F	SALES RECORD				Name and phone number of trader / buyer / coop
					Sales Date	TOTAL harvested (Sesame )	Total sold (Kgs)	Total sales Income (MK)	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									



## Example of letter seeking appointment to visit formal buyers

Director/ Manager

Name of Enterprise

Dear Sir/ Madam

### **RE: Market Opportunity Identification for CARE supported farmer groups in Malawi**

CARE International works in over 80 countries around the world to alleviate extreme poverty by supporting the poorest people particularly women, to improve their production techniques, improve access to and control of resources through better decision making, and developing better market linkages between the producers and consumers.

CARE International has been working in ... regions for ..... number of years.

One of the new CARE initiatives is a Pathways a program that aims to improve the productivity and market access of poor women and their families through adoption of better marketing practices and linking to better market opportunities for these women. The program has supported the women to form over producer groups focusing on the production of selected food crops. Through this support it is anticipated that these groups will produce and be able to market higher quantity of produce this year. With improved adoption of better practices, better organization and increased value from production, it is anticipated that these groups will further increase their productivity in the coming seasons.

As part of the market access activities, CARE is supporting the groups to identify and link with the most viable market options with potential for long term partnership. The program would like to expose the farmers to market practices, outlets and ensure that they interact directly with traders so that they can better appreciate and build good relationships with potential buyers of their produce.

The purpose of this letter is therefore to request you for a for a meeting between you and a group of 5-6 farmer representatives to come to your premises and hold discussion to explore the potential to develop a long term buying relationship with your company.

We would like to suggest that this meeting takes place on..... and your premises at .... ( time). It is anticipated that the discussion should last no more than 45 minutes.

We thank you for your support and look forward to meeting you.

Thank you and best regards,

