



The seven steps of marketing

A SMART SKILLS MANUAL

BOOKLET 1: ORGANIZING GROUPS FOR MARKETING



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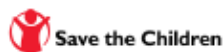
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Foreword

Cool and wet, the highlands of Kabale District, in southwestern Uganda, are a good place to grow potatoes. But diseases are a problem, so it is important to have disease-free seed.

The Nyabyumba Farmer Group was formed in 1998 to boost the production of clean seed, as well as to produce potatoes for the retail market (called “ware” potatoes). Members learned in a farmer field school how to produce disease-free seed potatoes. They were supported by Africare (an international NGO), PRAPACE (a potato research network) and the government’s National Agricultural Research Organisation (NARO).

The Nyabyumba group gave birth to a national association of seed-potato producers, which for several years produced seed potato. It sold most of its output through NGOs, which supplied seed to other farmers. The association grew to 120 members and had an annual turnover of \$50,000. But in 2004, the market for seed potatoes faltered when NGOs and farmers stopped buying seed, and the market was oversupplied.

The Nyabyumba farmers needed a new marketing strategy for their seed and ware potatoes. Together with Africare, the International Centre for Tropical Agriculture (CIAT) and NARO, they chose Nando’s, a fast-food chain, as a target market. The group developed a sophisticated production system to supply potatoes all year round. It overcame many technical, marketing and financial challenges, and eventually signed a contract to supply Nando’s.

The group’s membership has since grown to 300 farmers. To generate money to invest, it has established a savings-and-credit cooperative, which by the end of 2006 had saved nearly \$2,000. In 2012, the group still supplies Nando’s, but with increasing competition it wants to supply other fast-food chains too. The members know that they have to innovate continually to maintain their competitiveness in the marketplace.

The Nyabyumba group is an example of a new way of doing development with vulnerable rural communities. Five critical skills that smallholder farmers need to engage successfully with markets are integrated into a novel capacity-building approach.

- Self-selecting groups, like Nyabyumba, started by building their organizational management and production skills with support from NGOs, research organizations and government extension services.
- As the group grew, they improved their skills to produce sustainably and manage their natural resources.
- When their marketing environment changed dramatically, they learned new skills in market and enterprise skills to identify alternative markets and develop new marketing strategies to rebuild their business options.
- The new market opportunities required them to upgrade their financial management and invest more into their enterprise, this led to group to setting up savings and loan cooperative, which helped them to manage their internal savings and lending and also how to deal with other money lenders.
- And finally, to become and maintain their competitiveness in this new market area. They acquired new knowledge, tested new technologies (e.g. potato varieties appro-

appropriate for Nando's needs) and adapted management practices to suit its circumstances (e.g. small-scale irrigation to be able to supply all year-round).

Over the years CRS has made a dedicated effort to review and realign its agricultural development strategy according to the needs and demands of our partners and those we serve in developing countries. Ten years ago we saw the need to shift from a production-oriented response to recovery from disaster, to one that incorporates market- and business-oriented approaches. We observed that increased household food production alone is no vehicle for moving poor rural people permanently out of poverty. Understanding markets and building the capacity of smallholder farmers to engage in profitable enterprises that earn them cash income have therefore become integral parts of our agricultural development strategy.

This shift has required a new mindset among managers and technical staff alike. Opportunities for market-led responses to crisis situations and the building of business capacity in partners and other local development agents are replacing indiscriminate transfer of assets and provision of services with little thought about the sustainability of these interventions.

This approach requires new skills. Managers have to engage new staff with appropriate education and experience. And existing staff are retrained to acquire new skills. Farmers' demands go beyond production practices and new technologies. They now want to master a wider set of skills that include how to look for new markets and negotiate sales, how to manage savings and loans, how to calculate costs profits, how to do bookkeeping, and even how to develop environmentally sound products or technologies.

The modules in the SMART Skills series are part of CRS's response to these new needs. Their audience is the vast cadre of field agents, within CRS, our partners and other public and private extension and development agencies dedicated to supporting smallholder farmers finding a pathway out of poverty.

None of these skills by themselves are new or unique - farmers have always needed them to successfully engage with markets. But development agencies have seldom if ever provided integrated facilitation of these skills; they have been content to support farmers only in those areas of their particular expertise. Through strong and integrated capacity-building processes based on skills, we are reshaping the way we support vulnerable communities. As in the case of Nyabyumba, communities progressively become agents of their own change. They identify and grasp opportunities that turn previous desperation into a brighter hope for the future.

Carolyn Woo

President and CEO, CRS

Preface

This set of manuals on “Skills for Marketing and Rural Transformation”, or “SMART Skills” for short, presents an integrated and sequential approach to building vulnerable farmers’ capacity to link with markets. The guides are intended for use by development facilitators, field extension agents and community leaders working with poor rural communities. They focus on helping to improve the livelihoods of smallholder farmers by improving the production and marketing of their crops and livestock products.

This guide contains the following parts:

- **The subject matter:** the knowledge and skills you need to master in order to teach the skills. They are printed as lessons on the white pages.
- **Quizzes to test your own knowledge.** These are printed on the light green pages. The answers are given at the end of the guide.
- **Exercises:** these are guides to follow in helping the groups master the knowledge and skills they need. These are printed on the pages marked with a green stripe. The lesson plans are also available as a PDF document at www.crsprogramquality.org/smart-skills-for-farmers/. You can print out these pages and have them laminated so they last longer.
- **Staff exercises.** These give you and your colleagues practice in particular skills. They are also printed on pages with a green stripe.

The training methods it contains are proven, and take into consideration the capabilities of field agents and the populations across many countries in Africa, Asia and Latin America. Many examples and records used in the guide come from field experiences and real cases. Names and other information, however, have been changed.

HOW TO USE THIS GUIDE

As a user learning the material. Read through this guide lesson by lesson, section by section, trying to absorb the information presented. Read both the lessons and the accompanying exercises. At the same time, picture how you would use the information and techniques described to help you work with farmers on developing their agro-enterprises. At the end of each lesson, answer the short quizzes. Check your answers with the list at the end of the guide. If you get all the answers right, congratulations! Go on to the next lesson. If you did not get all the answers right, go back to review that section again before moving on to the next lesson.

As a trainer working with field agents. You can use this guide to teach other field agents. You can present the information in the text, then work through the exercises with the participants. Guide the field agents on how they should conduct and monitor the training sessions. For some of the exercises, you can ask the field agents to pretend that they are farmers.

As a field agent working with farmers and other rural people. Once you have taken this course and passed the quizzes, you can use the guide to work with community members to develop their skills. Every group and every situation is different, so this guide cannot anticipate every problem you may come across. You should adapt the relevant items as necessary and use this guide as a basis for building your own series

of learning events. If in doubt, check with your supervisor or ask your colleagues for advice.

Before teaching these materials, review and modify the following elements for your own local situation:

- **Names** of people, villages, and groups.
- **Currency.**
- **Amounts of the items** shared in the examples. These amounts could vary based on the target group's income levels. If the amounts are either too large or too small, participants may not feel that these tools apply to them.
- **Stories.** There may be more relevant examples for your community that will better communicate the objectives.
- Items being **bought and sold.**
- Types of **income generating activities.**
- When items are sold based on the **local seasons.**

Wherever possible, work in a **participatory manner** with the participants. This means you should make sure that it is the participants who are gathering and analyzing information and making decisions that will affect them. Your role is to facilitate their learning, not to do the job for them.

As a reference source. You can also use this guide as a reference. If you need to check on a technique or concept, look it up in the table of contents.

LEARNING ONLINE

If you are a CRS staff member or partner, you can also study the ideas in this guide online, through an e-course. Contact your CRS supervisor for a username and password. Once you have been registered for online courses you can begin the e-learning version.

The e-courses use the same text, quizzes and exercises as in this guide. Many of the tables are presented as **forms** that you can fill in online to help you record and analyze the data you have collected.

SMART SKILLS GUIDES

This series consists of the following guides.

- Introduction to SMART Skills for rural development
- Organizing and managing farmers' groups
- Understanding natural resources
- Managing natural resources
- Facilitating saving and internal lending and savings communities (SILC)
- Financial education
- Marketing basics
- **Seven steps of marketing (this guide)**
- Promoting innovation.

These titles are also being developed as distance learning products. As the process is rolled out and experimented with in different situations, we look forward to receiving feedback on modifications and improvements so that these learning products can be continually improved.

FARMBOOK SUITE

Farmbook Suite is a set of integrated mobile tools that have been developed to help agents support farmer groups. The tools are designed to assist with registration and basic data collection, improve training, support business planning, market analysis and monitor geo-referenced service delivery.

Farmbook Suite has several features to meet the needs of farmers, field agents and project managers:

- **Map & track for implementation and basic monitoring of farmer groups.** This application collects important farmer data to streamline and strengthen farmers' registration, e-learning, business planning and monitoring and evaluation at scale.
- **SMART Skills e-learning.** These courses provide agro-enterprise training to help farmers to increase production, grow their incomes and engage with markets.
- **Farmbook business planner.** This tool guides field agents and farmers through the process of creating business plans that are based on participatory value-chain studies.

These features will allow field agents to do the following:

- Register a farmer group
- Track the delivery of training to farmer groups by field agents
- Collect monitoring and evaluation information using digital forms
- Take e-learning courses
- Use the business planner to write a business plan
- Analyze pre- and post-season costs, revenue and profitability.

To learn more about Farmbook, visit the CRS.org website.

Acknowledgments

This manual and the other SMART Skills manuals in this series are the product of a process that was initiated in 2002 with Agroenterprise Learning Alliances in East Africa and Central America. Catholic Relief Services (CRS) and the International Center for Tropical Agriculture (CIAT) were co-facilitators and among the principal participants in these Learning Alliances. Since 2002, many other organizations and individuals have contributed to the content by adding new knowledge and experiences and by reviewing the materials brought together here.

The manual's production was supported by the United States Agency of International Development, through the Modernizing Extension and Advisory Services (MEAS) project, which funded editing, graphics production and a writing clinic.

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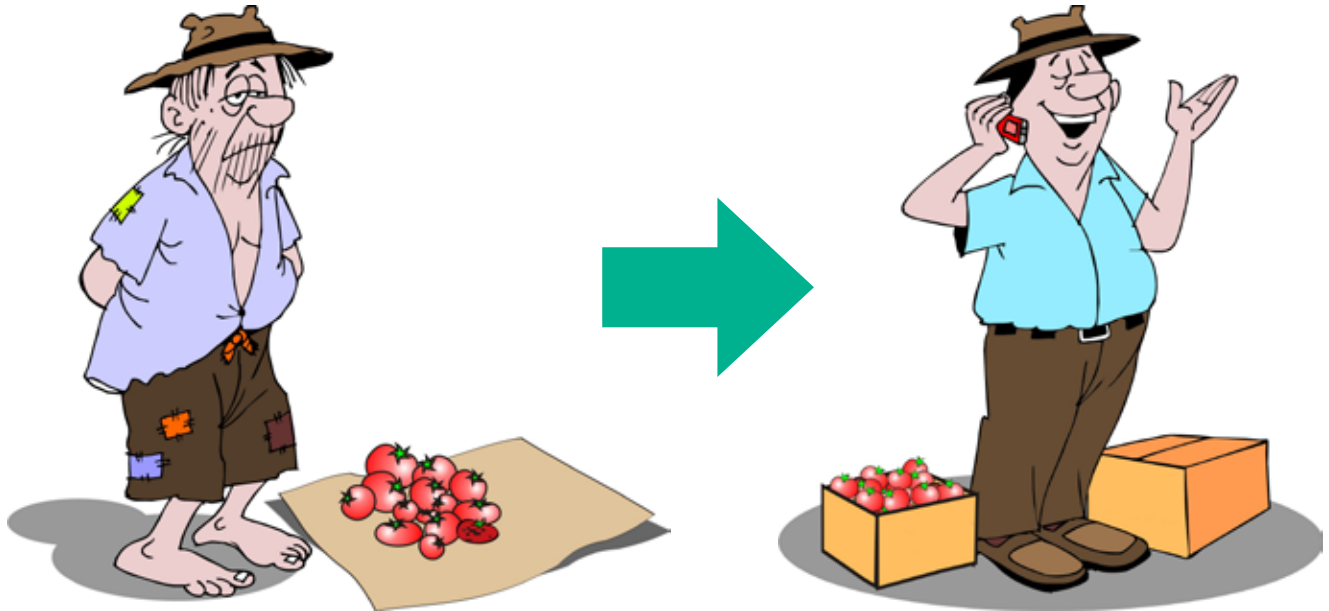
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- Jorge Enrique Gutiérrez, who produced the graphics.

Shaun Ferris

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Paul Mundy

Introduction



This guide, *Seven steps of marketing*, focuses on the practical aspects of linking vulnerable farmers with markets. The guide is the second part of the marketing skill set. The first part, *Marketing basics* should be consulted prior to reviewing this guide.

The marketing approach of this guide focuses on the needs of poor farmers. The aim is to ensure that farmers produce sufficient food crops for their household needs and improve income through sales of surplus produce at local and regional markets. The principles can also be used for helping to link farmers to higher value markets including national and export markets.

The types of farmers targeted in this guide typically produce on farms of two to five acres (1-2 hectares) of land. Typically, at the start of an upgrading process, farmers will not own mechanized tools, use limited inputs, are not well organized, have no savings schemes or links to formal financial lenders, and for the most part have opportunistic trading relationships with buyers.

Seven steps of marketing presents methods and tools to assist a field agent who is starting to work with a community on agroenterprise development. The approach can also be used to assist farmers in shifting from production to a market-led approach to agricultural investment. The methods described in this guide will help field agents assist farmers in:

- Providing a clear understanding of markets and marketing
- Building a marketing curriculum with farmers
- Identifying products with market opportunities
- Conducting a basic market survey to determine demand for specific products
- Upgrading a production system to meet market needs

- Writing and implementing a business plan
- Collectively selling produce to an identified buyer
- Assessing profitability of various marketing strategies
- Using results from one season to improve marketing activities in subsequent seasons.

The end goal is to use the process outlined in this guide to transfer skills to farming communities, and enable them to upgrade their farming systems based on new knowledge.

SEVEN STEPS IN LINKING FARMERS TO MARKETS

Here are seven steps you can follow to help farmers develop their agroenterprises:

1. Getting organized
2. Identifying products and organizing groups
3. Collecting information for the business plan
4. Building a business plan
5. Marketing as a group
6. Reviewing agroenterprise performance
7. Scaling up

We will guide you through each of the steps in turn.



HOW TO USE THIS GUIDE

Before using the contents of this guide, we suggest that field agents who plan to work on marketing first read and complete the lessons and exercises outlined in *Marketing basics*, the first part of this course. Having completed *Marketing basics*, the field agent can work with the project managers and community partners to carry out the practical side of marketing outlined in the Seven steps guide.

As with the first guide, the chapters are divided into lessons, exercises and field lesson plans. The field agent should first read the lessons provided in each of the steps. The field agent should work through any exercises that are provided. These

exercises are designed to help field agents practice ideas and calculations, so that you fully understand the concepts and can apply the ideas with farmers.

The exercises are outlines for sessions when field agents work with farmers in the field. There are 29 exercises in this manual. Each of the seven steps contains a series of sub-steps that helps the field agents and farmers to identify, build, and record information incrementally. This information is used to arrive at a decision point, and then proceed to the next step.

You **do not** have to use every exercise with every farmer group. However, we would advise that field agents complete all the exercises for the first season, and then make a decision on which to use and which ones to drop in subsequent seasons.

The exercises are designed to take a farmer group through all the sub-steps in a logical process. Farmer groups will learn more about markets, products with market opportunities, the information required to prepare a business plan, and the organization required to sell bulked goods to a buyer. The final steps help farmers to understand more about negotiating with buyers, selling collectively, and reviewing their actual sales against their plans. The last step helps field agents to scale up the marketing process with other farmers so they can grow their businesses.

Each of the exercises provides the farmers with new information that builds up to specific decision points. Farmers who work through this process will be able to apply this approach to other products after learning the process in the first seasons.

Step 1. Getting organized



This step helps the project team to get organized for an agroenterprise development project. It covers:

- **Lesson 1:** Organizing the project team, evaluating their agroenterprise skills, and identifying ways to improve these skills
- **Lesson 2:** Introducing the idea of agroenterprise development to the community, and exploring their interest in it
- **Lesson 3:** Understanding asset transfers within agro-enterprise
- **Lesson 4:** Deciding on the entry point for the agroenterprise project.

At the end of this step you will have:

- Held a series of meetings with project staff to outline the agroenterprise process and be able to explain this to the target community
- Met with the community and outlined what the agroenterprise project **will** do and what it **will not** do.
- Held discussions with community about the need for self-reliance in agroenterprise methods and clearly explained how asset transfers will be limited, in order to improve overall sustainability
- Made a decision within the project team and with the community on a suitable starting point for the project.

TARGET AUDIENCE

This first step is relevant to all the members of the project team, but specifically to the project marketing theme leader, supervisors, partners, and field agents.

LESSON 1. ORGANIZING THE PROJECT TEAM AND WORKING WITH THE COMMUNITY AND PROJECT PARTNERS FOR THE FIRST TIME

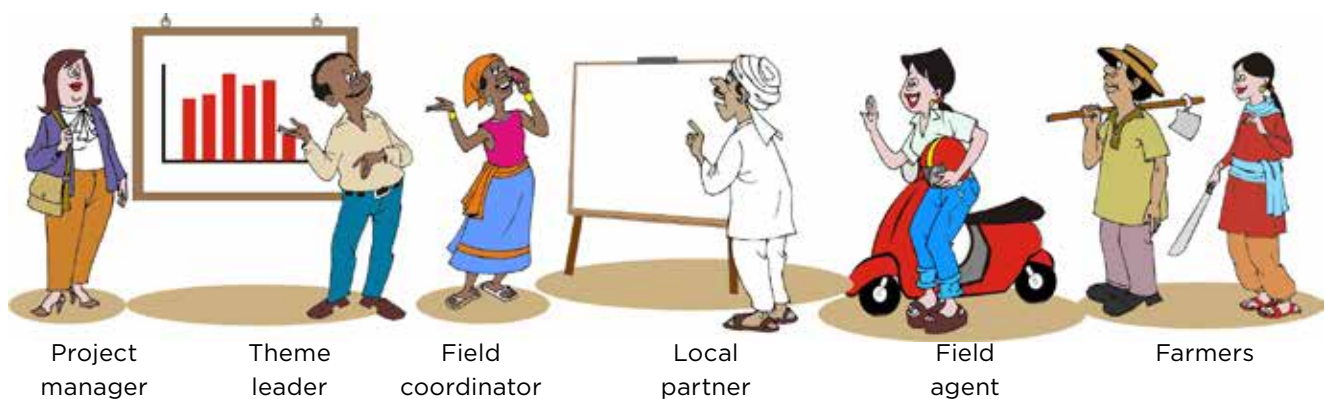
IN THIS LESSON

After this lesson you will be able to:

- List the seven steps in agroenterprise development, and describe each of the steps
- Evaluate the agroenterprise skills of potential team members
- Describe the differences between the production and marketing approaches to rural development
- List the types of information you will need about the target area
- Describe some considerations for working with partners on agroenterprise development.

THE PROJECT TEAM

Many agroenterprise projects are managed by a small team of people from a lead organization and perhaps one or more partners. This project management team works with many other people: district supervisors and field agents; traders, processors and retailers; business and financial services; and of course farmers and community leaders.



- The project team includes **theme** or **task leaders** who coordinate activities and provide training in different subjects such working with groups, inputs and business services, production, finance and marketing.
- The theme leaders train and coordinate **field staff** from the lead agency, who in turn coordinate **staff of local partner organizations**.
- **Field agents** from these local organizations work directly with **groups of farmers**.

This guide is aimed to support both the theme leader and the field agents working directly with farmers.

TABLE 1. ACTIVITIES IN THE SEVEN STEPS OF AGROENTERPRISE DEVELOPMENT

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
Step	Getting organized	Identifying products and organizing groups	Collect information for the business plan	Building a business plan	Marketing as a group	Reviewing agroenterprise performance	Scaling up
Sub-steps	Hire staff Train staff Identify partners Do participatory appraisal Plan with community	Identify target farmers Select products Register groups Develop work plans Plan training	Survey market Select production options Review finance Review business services	Write business plan Work with groups on implementation plans to produce crops or livestock	Store product Grade product Negotiate with buyers Bulk product Sell collectively	Analyze profit Check volume and sales Check group work	Re-invest Choose products for next cycle Draw up new business plan Form new groups Recruit new field agents
Field work	Rapid participatory appraisals to learn about location, businesses and community	Wealth ranking Product selection Registration	Production data Market surveys Financial analysis Service analysis	Production of crop or livestock product Natural resource management activities	Planning sales Identifying buyer	Review sales by group and farmer	Plan for next season or next year
Key decisions	Process and entry point agreed	Products selected Groups organized	Collect data analyze and compile data	Business plans made Implementation plans lead into production cycle	Agree on sales Agree on where to sell Agree on who to sell to Agree on price Sell goods	Evaluate agroenterprise performance	Select new market option Scale activities
Timeframe	From 2-3 weeks up to 2-3 months	2-3 weeks	Depending on # of products 3-4 weeks	1-2 weeks	1-2 weeks Or more if stored	1-2 days	1-2 weeks
Responsible	Project team leaders, field agents and partners	Field agent with farmer groups	Field agent with farmer groups	Field agent with farmer groups	Field agent with farmer groups	Field agent with farmer groups	Project team leaders, field agents and partners and farmer groups and cooperatives

THE SEVEN STEPS IN AGROENTERPRISE DEVELOPMENT

The agroenterprise development process has seven steps (Table 1). Each step consists of several sub-steps and activities. At each step, certain key decisions are made about the direction of the activities.

The project team members must have a good idea of these steps. See Staff exercise A for a way to introduce the steps to them.



EVALUATING THE PROJECT TEAM'S AGROENTERPRISE SKILLS

Promoting agroenterprise requires a range of skills. It is important that the project team and especially the field agents fully understand the marketing approach. Several people within the project team may need to acquire new skills and adopt a new mindset to be successful in marketing.

For the project managers: Before starting to work on agroenterprise, the project manager needs to evaluate the “in-house” agroenterprise capacity. This assessment will help managers to decide on the type of marketing the team should engage in. It will also indicate any training needs. If the team has a lot of experience in marketing, you are more likely to achieve rapid results than if the team’s experience is limited or if this is a first time you are working on linking farmers to markets.

QUESTIONS TO ASK YOURSELF AND YOUR TEAM

- What experience do you have in marketing?
- Is working with markets a new area for your team?
- Are your partners experienced in marketing and agroenterprise?
- Does your capacity affect what you want to do with farmers?
- What additional skills and experience does your team need? How can you get this?

The answers are important because agroenterprise work increases the amount of time and money farmers will invest in their farming activities. The farmers can earn more, but there are also risks. Sophisticated marketing efforts require more skills and experience than simpler efforts.



DO YOU KNOW THE KEY SKILLS IN MARKETING?

- Market analysis
- Business service analysis
- Financial analysis
- Business planning skills
- Profitability analysis
- Implementation planning

See Staff exercise A for a way to assess the team members' marketing skills and experience.

TRAINING PROJECT STAFF

Marketing requires many skills, supervisors, and field agents need to learn first then apply

Once you have determined the level of marketing skills of the team, you can design training to give them the skills they need. You can help your team improve their skills in various ways:

- Get them to read through the *Marketing basics* course and **this course**.
- Arrange a **face-to-face or online training course**.
- Enable staff to **learn on the job**, perhaps by being coached by a more experienced staff member.
- Hire **new staff** with the missing skills.
- **Work with partners** who have marketing skills and include private sector partners.
- Ask **local business people** for help. Many business people are more than pleased to support projects that aim to help local business efforts. Working with traders, business managers and economists is a quick way to learn how to support farmers in the business world.



DEVELOPING A NEW MINDSET

Many development projects focus on increasing agricultural production. They promote new farming technology and methods that help farmers grow more produce.



MAKE SURE THE FIELD AGENTS UNDERSTAND THE MARKETING AND BUSINESS APPROACH



But marketing projects need an additional set of skills. They aim to help farmers increase their income and profit, in ways that are sustainable in business, social and environmental terms.

That means marketing projects require a different mindset. You need to think not only about yields, but also about costs, income, and profit. You need to understand the agroenterprise process and how it helps farmers improve their market performance. You need to see farming as a business, not a hobby or a way of life for poor people.

Everyone in the marketing project – managers, field agents, partners, and farmers – must understand this and learn to think in this way.

Table 2 shows some of the differences in organizing a production approach and a marketing approach. To be successful in business project staff will need both sets of skills.

The production approach is useful to help farmers grow more food and produce a surplus for sale. But a “production only” approach that neglects markets is not likely to help smallholder farmers find their way out of poverty. For that, improved marketing and business decision making is needed.

A fundamental difference in a marketing approach is the emphasis on business planning. The project team and the farmers must be able to gather, organize, and analyze information, and then act on that information using a business plan. This plan outlines the specific products and sales targets, and then follow the plan. They must invest the time, energy, and money necessary to achieve their targets.

SUCCESSFUL MARKETING... .

.. requires project managers, field agents and farmers to have a new mindset: A marketing approach sees farming as a business

BEING EFFECTIVE IN AGROENTERPRISE...

...does not need brilliance, but it does require discipline in making and then implementing a business plan

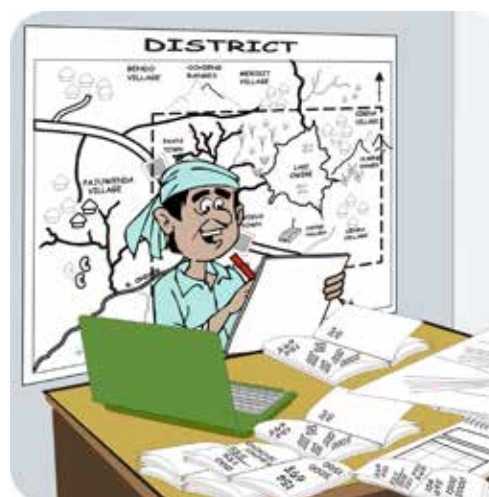
TABLE 2. DIFFERENCES BETWEEN PRODUCTION- AND MARKET-BASED STRATEGIES

	PRODUCTION STRATEGY	MARKET-BASED STRATEGY
Primary focus	Increase production to meet household food needs	Grow and sell products with an identified market demand
Business outlook	Sell surplus production to opportunistic buyers	Aim to make a profit. Farmers produce to supply identified buyers at a profit
Farmers' group formation	Farmers form group to learn new technologies (e.g., as part of a farmer field school)	Farmers' group sets targets for production, sales, and profit. They work together to increase productivity and incomes through collective marketing
Targets	Production levels based on new technology (such as improved seed)	Farmers set production, sales, and profit targets as part of the business plan
Collective action	Evaluation of new technologies	Focus on collective marketing
Technologies and asset transfers, (seed, fertilizer, agro-chemicals, etc.)	Typically provided free to farmers to boost production	All transfers come with a plan. Inputs paid by farmers. If subsidies used, project should move to co-investment and full payment using lenders
Microfinance	Not usually included	Includes use of savings and of loans from group or financial institutions to pay for input supplies
Monitoring and evaluation	Focus on training and production gains	Focus on impacts, volume of sales, profits, collective marketing, use of business services, ability to re-invest

GATHERING INITIAL INFORMATION ABOUT THE TARGET AREA

In order to advise the local community, project managers, supervisors and field agents must understand the situation they face. Here are some things to look for:

- **Social context.** General information on the local area, towns, climate, population, social groups, and business outlook.
- **Natural resources.** Information on soils, water, crops, livestock, and natural resources. Challenges faced, such as erosion, droughts, floods, diseases, etc.
- **Local production resources.** Data on farm sizes, growing seasons, typical farming equipment and practices irrigation, transport systems, market infrastructure.
- **Business and market organization.** Detailed information on the marketing system, major products and services traded, input supplies, microfinance and banking services, major business challenges and opportunities.



You may already have much of this information from previous work in the area, or from the project design documents and baseline surveys. If you need more

TABLE 3. POSSIBLE START-UP MEETINGS AND FIELD WORK WITH COMMUNITIES

STEP	MEETING TYPE	SUBJECT MATTER	LEAD	AUDIENCE	RESULTS	TIMEFRAME
Lesson 1	Workshop 1	Project orientation workshop	Lead agency	Project team	Establish basic ground rules for the project, staffing plan, capacity analysis, orient project team	3 days
Lesson 2	Field work	Participatory appraisal, rapid market survey, sensitize communities	Field agents	Field staff and community leaders	Gather initial project information from target communities and markets, start forming groups	1-2 weeks, depends on how market markets are assessed
Step 2	Workshop 2	Project planning based on results of participatory appraisal	Lead agency	Project team including private sector	Review participatory appraisal results, plan groups for agroenterprise, and savings	3 days
Lessons 4 and 5	Field work	Visioning, registration of groups, data flow mapping	Field agents	Field staff and community	Register farmer groups, select products	1-2 weeks
Lesson 4	Workshop 3	Project implementation plans	Lead agency	Project team including private sector	Agreement on entry points, method for implementing project and reporting responsibilities	3-4 days
	Project work	Start implementing	Field agents	Field staff and community	Training and implementation	Ongoing

information be sure that you only collect data that is going to help you to support agro-enterprise work. Be sure you have a clear focus on any information gathering; field agents should not gather general information that falls outside the scope of the project.

Consider conducting a participatory appraisal or rapid market appraisal to fill in any gaps in the information. You can gather information on markets by interviewing traders, support agencies, NGOs, extension workers, and business services. See Exercise 7b for ideas on how to do a market survey. You can prepare maps or use GIS tools to show the locations of important features.

INITIAL MEETINGS WITH STAFF AND COMMUNITIES

You will need to hold some initial meetings with other members of the project team, public and private sector partners, and the community to receive feedback on the enterprise project. These meetings draw on the project design to develop a detailed implementation plan. Table 3 shows a summary on how a project team could organize a series of start-up workshops to do this. Detailed information of the various topics of these meetings is presented in the subsequent lessons.



Between the workshops, the team members gather information through participatory appraisals and rapid surveys, and discuss issues with partners and communities. At the workshops, the participants analyze the information, make decisions, and plan the next field sessions.

These initial meetings give the team a chance to learn about the farmers' resources, assets, skills and business ambitions. The project team must set clear "rules of engagement" that explain to the community the purpose of the project, the approach, and the roles of the project team and farmers.

WORKING WITH PARTNER ORGANIZATIONS

Agroenterprise development can be complex, and it is unusual to have all the skills needed within one organization. So your organization may need to find like-minded partners from the public and private sectors to support the process and help you scale-up activities. These partners may be from local communities, NGOs, church organizations, government agencies, research institutions, private companies, and local entrepreneurs.

Here are some points to discuss with potential partner organizations:

- **Skills.** What skills does the partner offer the project group?
Does the partner have agroenterprise skills? Does the partner have staff trained in using participatory techniques? If not, will it agree to training?
- **Commitment.** Is the partner's management committed to support for 24–36 months?
Is the partner interested in a long-term commitment to agroenterprise?
- **Location.** Does the partner work in the same geographical area?
- **Resources.** Does the partner have the resources to engage in the project, or is funding required?
- **Information.** Does the partner agree to link field data and financial reporting into a single routine reporting process?



In many cases, agroenterprise development will be a new area of activity for at least one of the partners. The lead organization should provide training to partners when the project begins. The lead agency should also audit the quality of the marketing services being delivered.

CONDITIONS OF COLLABORATION

The partners should discuss conditions for their collaboration. Once agreement is reached, they should prepare a formal memorandum of understanding that outlines their roles and responsibilities and any financial arrangements.

Technical reporting is as important as good financial accounts. In any working agreement it should be clear that any financial support requires clear rules of financial accountability. It must also be made clear that technical accountability or reporting is as important as financial records. Both technical and financial reporting are required in order to maintain financial support.

As the agroenterprise approach is focused on market performance, it is particularly important that information on the market performance of farmer groups is recorded and information reported.

All financial transactions should be tied to technical reporting, according to agreed formats, specifically around farmer group market performance.

Where possible engage farmers in the evaluations of the project activities and try to incorporate their feedback into future plans. Mobile technologies facilitate farmer auditing and evaluations. If the partners provide field agents, these should be selected carefully. Field agents should be dynamic and interested in their new role, have strong participatory skills, and, if possible, have some business background. It may be necessary to hire new staff with these attributes. To support women in agroenterprise work, partners should include women field agents. Provide basic market training to all new staff of partner organizations to ensure they have the necessary skills and a clear market mindset.

DECIDING ON AN APPROACH

To build an effective marketing approach, the team needs to understand the local market conditions. It has to develop an approach that suits its own skills and capacity, and that matches the needs and abilities of the local farming community.

Here are some issues to discuss with the team members and partners:

- The team's own marketing experience
- The project time frame and scope of investments
- Technology packages that the project aims to supply
- The skills of partner organizations
- The farmers' marketing experience and organization
- The maturity of the local private sector.



NO DATA, NO PAYMENTS!



These issues will determine the best approach to use in your situation. Do not be too ambitious, especially with an inexperienced team and if you are operating in difficult circumstances.

CONCLUSION

This lesson has discussed how to organize the team to plan and implement an agroenterprise development project. It enables the project team to get organized, evaluate their skills, gain a basic knowledge of the agroenterprise approach, and initiate a working relationship with other partners and the community. The project team will begin to realize that the marketing approach is different from a purely production-based approach.

The next lesson will focus on how to begin work with the community.

QUIZ 1

Answers at the end of the guide.

1. Which of these is a marketing approach?

- A. Grow as much as you can, then try to sell it
- B. Form a group to learn new production techniques
- C. Test a new farming technique by comparing it with the method you already use
- D. Choose what crops to grow based on a market demand

2. Two of these statements are from farmers who have been working in a marketing project. Which two?

Select all that apply.

- A. "In our demonstration plot, we tested several ways to improve our yields"
- B. "We agreed to plant vegetables at weekly intervals so we could produce a continuous supply"
- C. "We sold our produce to the first buyer who came along – and we got a good price!"
- D. "We negotiated a contract with a buyer for a fixed price"

3. Select the skills that a marketing specialist will need.

Select all that apply.

- A. Helping farmers keep track of market prices
- B. Linking farmer groups to potential buyers
- C. Conducting market surveys
- D. Helping farmers organize a planting and harvesting calendar

4. What types of people might the project team work with?

Select all that apply.

- A. Business services
- B. Community leaders
- C. District supervisors
- D. Farmers
- E. Field agents
- F. Financial services
- G. Military leaders
- H. Processors
- I. Retailers
- J. Traders

5. Here are some steps in agroenterprise development. Put them in the correct order.

- A. Marketing as a group
- B. Build business plans and implementation plans
- C. Organize staff and meet community
- D. Collect information for a business plan
- E. Reviewing agroenterprise performance
- F. Scaling up
- G. Identify products and select groups

6. Before starting to work on an agroenterprise project, the project manager needs to evaluate the "in-house" agroenterprise capacity. What types of questions should you ask yourself and your team?

Select all that apply.

- A. What experience do you have in marketing?
- B. Is working with markets a new area for your team?
- C. What are your pay requirements?
- D. Are your partners experienced in marketing and agroenterprise?
- E. What is your marketing plan for this community?
- F. Does your capacity affect what you want to do with farmers?
- G. What additional skills and experience does your team need? How can you get this?

STAFF EXERCISE A. ASSESSING THE MARKETING SKILLS OF PROJECT STAFF

This exercise enables you to gather information about the project team members' skills and experience in agroenterprise development. It will help you identify their strengths and gaps in their knowledge, and hence their training needs. It can also be a good team-building exercise as it allows members to get to know each other's skills and experience in agroenterprises.

OBJECTIVE

After this exercise you will be able to:

- Assess the marketing skills of potential members of the agroenterprise team.
- Identify team members' training needs in agroenterprise development.

EQUIPMENT NEEDED

- Agroenterprise skills assessment forms (Table 4) (one per person)

EXPECTED OUTPUTS

- A list of marketing skills of each team member
- A list of training needs for the team members

TIME REQUIRED

- 30 minutes

PREPARATION

- None

SUGGESTED PROCEDURE

1. Ask each of the team members to list their skills and experience in agroenterprise development using a skills assessment form (Table 4). They can do this individually or in pairs, with each person asking the other about their skills and experience and filling in the form accordingly.
2. Ask the team members to count the number of items in each row of the table. Then multiply these numbers by the weighting factor to give the scores in each row. They should then sum the scores at the bottom of each form.
3. Table 5 gives an example of how to do this
4. Collate the results of the exercise and the scores using the agroenterprise team capacity form (Table 6).
5. If a team member scores highly (e.g., more than

30), he or she can be considered to have strong agroenterprise skills that are well suited to rural business development. If the score is less than 10, then the person would benefit from additional training and starting the agroenterprise process with some expert assistance. You can identify the specific types of training needed from the responses to each of the questions.

TYPES OF SKILLS INCLUDE

Participatory skills

- Crossing the river
- Transect walks to assess (farms and production assets, such as rivers, bore holes, irrigation)
- Crop ranking exercises
- Pair wise ranking matrix
- Venn diagrams
- Visioning
- Setting up farmer groups
- Establishing savings and loans groups

Marketing skills

- Market mapping
- Market analysis
- Business service analysis
- Financial analysis
- Business planning skills
- Profitability analysis
- Implementation planning
- Negotiating with suppliers and traders
- Supporting loan applications

TABLE 4. AGROENTERPRISE SKILLS ASSESSMENT FORM

Name			
EXPERIENCE AND SKILLS	SKILLS	MULTIPLY NUMBER OF SKILLS BY...	SCORE
What participatory skills you have?		2	
How many farmers' groups have you established?		3	
How many market visits have you facilitated and evaluated?		4	
How many surveys for marketing have you completed?		5	
How many enterprises have you supported?		6	
What is your level in your organization? (10 for management level; 5 for senior field technician; 3 for assistant)		1	
Overall score			

TABLE 5. EXAMPLE OF AGROENTERPRISE SKILLS ASSESSMENTS FOR TWO TEAM MEMBERS

EXPERIENCE AND SKILLS	SKILLS	SCORE	SKILLS	SCORE
Name	John		Mary	
List the number of participatory skills you have (score 2 per skill)	Crossing the river Pairwise ranking matrix Venn diagrams Market mapping Visioning	5 x 2 = 10	All four stages of appreciative inquiry dream, develop, design, deliver for gender analysis	4 x 2 = 8
List the number of farmers' groups you have established (score 3 per group)		0	Three farmers' groups for experimentation	3 x 3 = 9
List the number of market visits you have facilitated and evaluated (score 4 per visit)	Took two groups of farmers to local market and linked farmers with traders	2 x 4 = 8		0
List the number of surveys for marketing that you have completed (score 5 per survey)	Cassava market chain in local market Cashew nut market from farmer to port, including all market chain actors	2 x 5 = 10		0
List the number of enterprises that you have supported in the past (score 6 per enterprise)	Cassava chipping to sell to local glue factory Cabbage production for local market Potatoes for local shopping center	3 x 6 = 18		0
Level (add 10 for management level; 5 for senior field technician; 3 for assistant)	Senior technician	5 x 1 = 5	Assistant	3 x 1 = 3
Overall score		51		20

TABLE 6. AGROENTERPRISE TEAM CAPACITY FORM

POSITION	NAME	GENDER	AGROENTERPRISE SCORE	REMARKS
		M/F	From Agroenterprise skills assessment form, Table 4	Training needs, partner, etc.
Field supervisor 1				
Field supervisor 2				
Field supervisor 3				
...				
Field agent 1				
Field agent 2				

EXERCISE 1. EXPLAINING THE AGROENTERPRISE PROCESS

Teaching tip: This lesson plan explains the various steps in the agroenterprise process.

Audience: You can use it with the project team, partner organizations, community members, and farmers.

OBJECTIVE

After this exercise the participants will be able to:

- List the seven steps in the agroenterprise development process, and describe each step.

EQUIPMENT NEEDED

- Cards of different sizes, marker pens

EXPECTED OUTPUTS

- An understanding of the steps in the agroenterprise development process, and of the ideas on how to adapt the process to suit the local situation.

TIME REQUIRED

- 2-3 hours

PREPARATION

Write the steps on the big cards, and the sub-steps on the smaller cards (one per card). Feel free to add or delete steps or sub-steps to suit your situation.

SUGGESTED PROCEDURE

1. Introduce the seven steps in the agroenterprise development process one by one. As you discuss each one, put the corresponding card on the ground so all can see it.
2. Introduce the sub-steps and briefly describe them. Add the corresponding cards to a diagram you are building on the ground. Adjust the plan by adding new cards if necessary. See also Table 1 for points to discuss (time needed for each step, decisions to be made, type of field activities, etc.).
3. Invite questions and comments from the participants as you are presenting. It is important that everyone understands the concept of several steps, and how one step prepares for the next one.
4. Make a note of the final diagram. Copy it onto a large piece of paper and post it on the wall for reference.

NOTES

You may also choose to run this exercise with the farmers to help them understand the agroenterprise development process.

Seven steps in marketing



1 GETTING ORGANIZED



2 IDENTIFY PRODUCTS AND ORGANIZING GROUPS



7 SCALING UP



6 REVIEWING AGROENTERPRISE PERFORMANCE

3 COLLECTING INFORMATION FOR THE BUSINESS PLAN



5 MARKETING AS A GROUP



4 BUILDING A BUSINESS PLAN



LESSON 2. WORKING WITH THE COMMUNITY

IN THIS LESSON

After this lesson you will be able to:

- Explain the marketing approach to local people.
- Describe several tools used to familiarize local people with marketing ideas.
- Conduct a visioning session with villagers.

INTRODUCING THE IDEAS OF MARKETING, SELF-RELIANCE, AND VISIONING

If you are working in a new location, you will need to introduce yourself, get to know the local community, and gain their trust. Get the support of both formal and traditional local leaders. Such introductions can take time. See the manual *Introduction to SMART Skills for rural development* Lesson 4 for how to do this.

When you introduce the idea of marketing to the community members, be prepared and clear about what to tell them.



- Describe the **market approach** and how it is different from a production project, see Table 2. Explain why a market approach will be of interest to them. Explain that the proposed project is about marketing and farming for business.
- Explain that the project will work **with** local people by facilitating their marketing work. It will not do marketing for them. Explain this by using the role play “crossing the river”, and explain that self-reliance is a vital part of marketing.
- Explain that the project will target specific types of farmers. Generally projects will focus on farmers with less than 2 acres of land, but that other types of farmers may be included such as the more commercial smallholders with 2-10 acres and even farmers with more than 10 acres. An important point to get across is that even if the project is focused on one level of farmers, everyone in the community can benefit.
- Explain the **types** of target clients to be involved in the project. (Your target farmers

will depend on the goals of a particular project. Your project may focus on the needs of poor farmers, progressive farmers, women, young people, landless people, the ultra-poor, a combination of these groups, and so on.)

- Selecting target farmers needs the support from the community, and the consideration of factors such as land area, education levels, and wealth ranking. To select **poorer farmers** in a community, the local community council or leadership should work with the project supervisors and field agent to prepare a list of possible farmers, based on some basic criteria, such as land cultivated, asset levels, female-headed households, etc.
- Use the **visioning** method as a way of helping farmers to understand how a market based approach will help them to achieve their goals over time.

Farmers can sometimes be reserved when you start talking about markets, supply and demand, business plans, and profit. They may not be familiar with the “marketing language” or know how to respond to questions about revenues and costs. Keep your

TABLE 7. PARTICIPATORY TOOLS FOR INTRODUCING MARKETING

METHOD	WHAT'S THE PURPOSE	WHEN TO USE	HOW LONG IT TAKES	WHERE TO FIND IT
Games				
Crossing a river	Demonstrates that the project team are there to facilitate market linkage not do the work for the farmers	Opening sessions with community focus groups	1 hour	<i>Introduction to SMART Skills</i> exercise 4b
How to find your first 20 shillings	Ice breaker helps to stimulate farmers to think about on what they need to start a business	Opening sessions with community focus groups and farmer groups	30 minutes	<i>Marketing basics</i> exercise 10a
What makes a great business person	Evaluates farmers' enterprise spirit and showcase the characteristic needed for entrepreneurs	Opening sessions with community focus groups and farmer groups	1-2 hours	<i>Marketing basics</i> exercise 10b
Focus group methods				
How to run a focus group	Gather information on 2--3 major questions	Opening sessions with community focus groups and farmer groups	1-2 hours	<i>Introduction to SMART Skills</i> exercise 4a
Explaining the agroenterprise process	Explain the steps in developing agroenterprise	At planning workshops	2-3 hours	This manual; exercise 1
Visioning	Focus group method to help people think about long term ambitions and steps needed to get there	Various times, including opening sessions with community focus groups and at more detailed market focused sessions with farmer groups	1-2 hours	<i>Introduction to SMART Skills</i> exercise 4c and this manual exercise 2

language simple. Tell the group that the purpose of the work is to talk about markets, how to get to market, how to increase income, and how to grow your money.

FAMILIARIZING PEOPLE WITH MARKETING

You can use **participatory techniques** to establish the case for a marketing approach. Use the techniques list in Table 7 to set up introductions, organize local people, help them learn about the market, and build momentum for the project work.



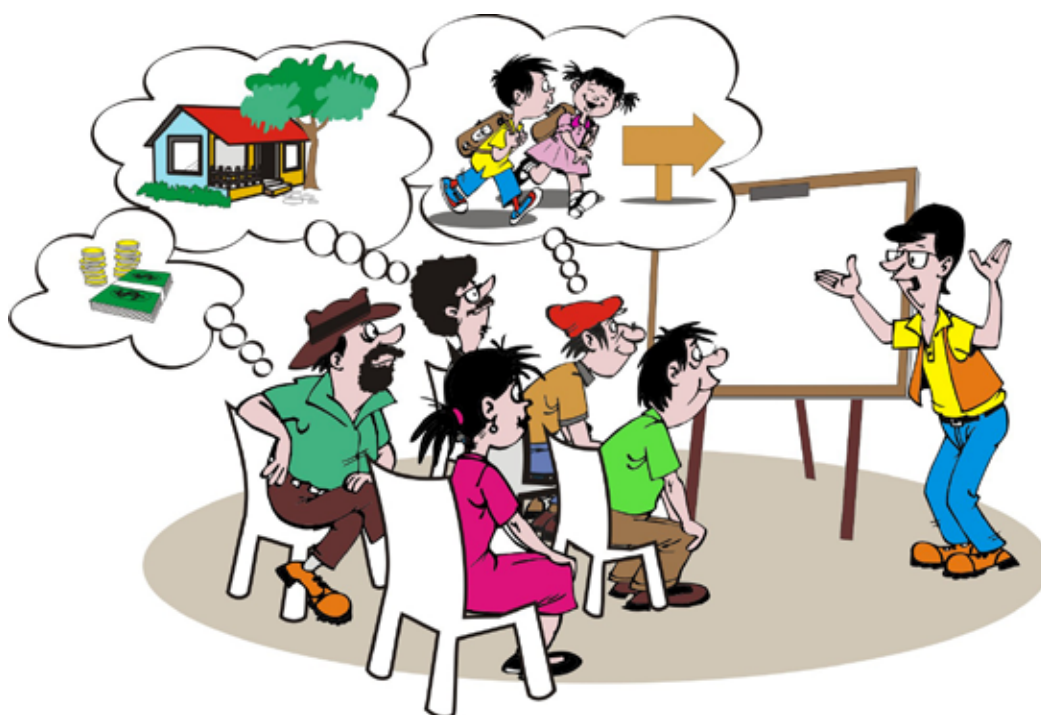
TRY TO MAKE TRAINING FUN!

Role plays help community members to present a new idea, act out the idea, and then discuss it amongst themselves. See the manual *Introduction to SMART Skills for rural development*, Exercise 4b, which outlines the “crossing the river” role play. Using this role play is an effective way of explaining the need for people to learn how to work with markets.

Games are a fun way to start taking about marketing and business. The *Marketing basics* course contains exercises that can be used to get people thinking about entrepreneurship and marketing and to help them learn the marketing words.

Focus groups are a kind of open-ended group interview (see *Introduction to SMART Skills for rural development* lesson 4a). They are a good way to gather information about a particular subject, identify challenges and opportunities, and explore interest in possible solutions.

Explaining the agro-enterprise process. It is important that the community members are clear about the process they are embarking on. They should realize that it consists of multiple steps, some of which may last up to several months. You can use Exercise



1 to introduce the ideas within the 7 steps to farmers. Consider repeating this exercise at various stages during the process to remind people of progress and the actions still to be taken.

Visioning is a technique used to help a community or any type of group think about what they want to achieve in the future and the steps they need to take to reach their goals (See *Introduction to SMART Skills for rural development* exercise 4c and this guide exercise 2a).

For this process, you can start by asking the group about their long-term vision. Start this process by asking the farmers to imagine what they would like their production and marketing to be like in, say, 5 or 10 years. This is a useful way of finding out the group's ambitions. Remember that different segments of the community may have different outlooks and aspirations.

Once they have done this, you then ask them to think of what the situation will be like in a shorter time frame – such as 3 years – and to ask them what they need to do to put these changes into effect. This forces the farmers to be more realistic, and to prioritize activities.

You then ask them to shorten the time frame again: what will things be like in 1 year. Again, ask them to say what they will need to do to make these changes happen.

At the beginning of a project, a visioning session can help people think about why they would want to be part of an agro-enterprise project. You can also use the visioning method for more detailed planning work, we will return to using visioning in Exercise 2.

QUIZ 2

Answers at the end of the guide.

1. Marketing projects are like production-oriented projects, only with marketing aspects added on.

- A. Correct. The two approaches are very similar
- B. Not necessarily. Marketing starts by looking at the market, then working out how farmers can produce and sell products that are in demand

2. A marketing project tells the farmers what to grow, then buys the produce from them and sells it.

- A. Correct. The project will buy what the farmers produce and take care of transport and sales
- B. Not correct. The farmers have to do these tasks themselves. The project will give them the skills they need

3. The project will work with everyone in the community.

- A. Correct. The project will work with everyone who is interested
- B. Not necessarily. The project will work with interested people, but only those who have the potential to produce and sell products to sell

4. You can use participatory techniques to establish the case for a marketing approach. Match the description to the correct approach.

APPROACH	DESCRIPTION
A. Visioning	1. Helps community members to present a new idea, act out the idea, and then discuss it amongst themselves
B. Focus group	2. A fun way to start talking about marketing and business
C. Games	3. A kind of open-ended group interview
D. Role play	4. A technique used to help a group think about what they want to achieve in the future and the steps they need to take to reach their goals

5. When you introduce the idea of marketing to the community members, what kinds of things should you be prepared and to clearly tell them?

Select all that apply

- A. Describe the market approach and how it is different from a production project
- B. Explain how the marketing approach will place control of the community in the poorer farmers' hands
- C. Explain that the project will work with local people by facilitating their marketing work. It will not do marketing for them
- D. Explain that the project will target specific types of farmers
- E. Explain the types of target clients to be involved in the project
- F. Explain how the marketing approach will make everyone in the community rich
- G. Explain that selecting target farmers needs the support from the community, and the consideration of factors such as land area, education levels, and wealth ranking
- H. We will use the visioning method as a way of helping farmers to understand how a market based approach will help them to achieve their goals over time

6. When is the best time to use a visioning session?

- A. At the beginning of a project
- B. At the end of a project
- C. In the middle of a project

EXERCISE 2. VISIONING “BASIC SESSIONS”

Teaching Tip: Visioning is a method that can be used at various levels in a project to help people imagine what their situation could be like in the future and the steps they need to take to achieve that future goal.

OBJECTIVE

After this exercise the participants will be able to:

- Describe the desired future for their community or farmers’ group.
- Identify the steps they will need to take to reach this desired situation.

EQUIPMENT NEEDED

- Large sheets of paper, marker pens

EXPECTED OUTPUTS

- A long-term goal and a series of concrete steps to achieve this goal.

TIME REQUIRED

- 1 hour

PREPARATION

- None

SUGGESTED PROCEDURE

1. Ask the community group to think about their current food security and income situation. Get them to draw a picture of their existing situation.
2. Ask the community members to imagine what they would like to change in their farm or village in the **long term**, in 10 years’ time. List these goals on a second sheet of paper under the same headings.
3. Ask the group members to think of the **long-term activities** they will need to do in order to reach this goal. For example, if they want to build a school, bring more land into cultivation? Install irrigation? Get a loan from the bank? List these activities on another sheet of paper.
4. Ask the group members to repeat this exercise, but this time to think of activities in the **medium term** – say, three or five years from now. Get them to be more specific and realistic about their suggestions. Their suggestions should lead them towards the long-term goals they have just set out. Record their answers on another sheet of paper.
5. Now get them to repeat the exercise for **short-term activities**, to do in the next year or production cycle. This time they should be very specific and realistic about what activities they will undertake, who will do what and when, and what types of support they will need. Record their ideas on another sheet of paper.
6. Mark which activities they can do themselves with their existing resources, and which will require external support.
7. Summarize the results of the discussions and notes.

Visioning



WHERE WE ARE
NOW



WHERE WE WANT
TO BE

LESSON 3. ASSET TRANSFERS AND SUSTAINABILITY

IN THIS LESSON

After this lesson you will be able to:

- Explain why giving free handouts is generally a bad idea
- List some alternative ways to ensure farmers get the assets they need to improve their agroenterprise.

THINK ABOUT SUSTAINABILITY

Before starting work with the community, the project must consider the sustainability of the project. This means the project team needs to have some clear rules about the way training and assets will be delivered. The project team should review the types of assets that will be used in the project and set rules about how they will be transferred to communities. The types of inputs used in agricultural projects include things like (seeds, tools, fertilizer but also, equipment, facilities such as mills, stores, drying platforms, plows, tillers, vehicles and buildings, etc.).

Remember that everything you or the project gives away free to farmers, will not be available for free when you leave. If you try to change the existing system by giving away inputs, the project will be less sustainable in the future. For this reason, try to have a light “investment footprint”. Do not give things to farmers, if local business men are selling the same products in your project area. The best market facilitators have a strict rule: “No free handouts!”

In many projects, we understand that the design means you need to provide farmers with some assets, so the project can achieve a measurable effect before it ends. Even in such cases, keep asset transfers as small as possible, and limit free handouts. Remember, the community will need to pay for all goods and services themselves when the project ends. The sustainability of a project will decline as the level of handouts increase.

THE BEST MARKET FACILITATORS HAVE A STRICT RULE: “NO FREE HANDOUTS!”



GIVING THINGS FOR FREE CAN MAKE IT MORE DIFFICULT FOR FARMERS IN THE LONG TERM

FREE HANDOUTS

Providing assets for free should be a **last resort**. Instead, try to find alternative approaches to managing assets, or make sure the farmers or the community pay for them over time. Whilst everyone likes being given free things, this does not work in a business approach, avoid being Father Christmas.



USING VOUCHERS

If your project focuses on the poorest and most vulnerable groups, consider using **vouchers** or similar subsidy arrangements to jump-start activities. Vouchers are a more accountable form of exchange than cash, as someone can redeem them only with certain vendors or for particular types of goods. For example, vouchers can be used by farmers with agricultural input dealers to access seeds, tools, fertilizers and agro-chemicals. Vouchers can either be full payment or partial payment, and linking the farmers with the inputs dealers through vouchers, helps to build a relationship between farmers and technology vendors.



CO-INVESTMENT

If you are working with the community to build specific assets, such as irrigation channels, check dams, grain stores, cement drying-floors etc. that require significant labor, discuss ways in which the community can co-invest. Work with the community to co-invest in the construction, for example, the project can provide basic materials and expertise in construction on the condition that the beneficiary community provides free labor.



PHYSICAL ASSETS

Avoid giving farmers large physical assets for free. For example, try to avoid giving farmers free hammer mills, or a free dairy coolers and seed stores, unless this is essential to making progress. If you do make major transfers, make sure that these large assets are transferred along with a clear business plan on how the community or an entrepreneur will use and manage the asset over time. This should include costing the use, charging fees for use, so that the asset can be maintained over its useful life and then replaced. These are important enterprise principles to avoid mismanagement, under-use or capture by a local elite.



AFTER A DISASTER

Following a disaster, farmers may have lost all their assets. In such situations it may be necessary to provide start up seeds, fertilizer and tools packages to help farmers' restart their agricultural production. However, for enterprise groups it is better to avoid hand-outs. If asset transfers are used, any such support measure should be clearly identified as a special start up investment, and such types of subsidies should not be considered as a regular annual handout. Farmers who are given seed get them only one time. Where possible, give farmers small amounts of improved seed and work with them to multiply this seed and manage it carefully in the future. Essentially, all groups should be formed to achieve a goal that merits a collective effort without having to resort to subsidized monetary incentives.



SHOULD TRAINING BE FREE?

Most farmers expect that training will be given for free. However, as projects seek greater scale, they are training local community workers who charge for their training after an initial grace period. It is likely that future development project services will use this process to increase both employment options and build in more sustainability. CRS is already training savings and loans agents to charge for their training. We anticipate integrating the SMART Skills into the services provided by local the private sector. Skills set training may be introduced to the community on a no-cost basis at first. But in the future, we anticipate that farmers will have to pay. For example, they may learn the first two skills free, but have to pay for training in subsequent skills.



CONCLUSION

This lesson has covered ways to introduce the idea of self-reliance, agroenterprise and marketing to local people. Because the project focuses on enterprise development, it is important to avoid giving away assets for free. That way the farmers will realize early on that they will have to think in a business way, and make the investments necessary to establish their enterprise and that in the future, they will need to invest to grow their enterprise.

The initial discussions with the community help orient the team members and farmers on what the agroenterprise project aims to do, how it is different from a purely production based project. The focus groups with farmers should start a discussion on product ideas, market risks and what it means to be a farmer marketing group.

The next lesson looks at choosing an entry point for your work in the community.

QUIZ 3

Answers at the end of the guide.

1. A mobile phone would be very useful for the farmers' group to contact potential buyers. But they say they cannot afford to buy one. What should you do?

- A. Give them a cheap mobile phone plus airtime for free
- B. Give them a cheap mobile phone, but ask them to pay for airtime
- C. Ask one of the richer farmers in the village to pay half the cost of the phone
- D. Suggest that the group invest some of their savings in a phone

2. The farmers need seed and fertilizer at the start of the season, but they do not have the cash to buy them. Here are some possibilities.

Choose three of the possible solutions below.

- A. Help the farmers organize a savings group so they can invest the money
- B. Arrange for a local moneylender to loan them the money at a fair interest rate
- C. Give them money to buy these inputs, but make it clear you will not do so again
- D. Give them vouchers to pay for half of the inputs they need
- E. Arrange for the dealer to provide the inputs on credit, for repayment at the end of the season at a guaranteed price

3. What are the advantages of using vouchers?

Select all that apply

- A. Vouchers are a more accountable form of exchange than cash
- B. Linking the farmers with the inputs dealers through vouchers, helps to build a relationship between farmers and technology vendors
- C. Vouchers promote co-investment
- D. If your project focuses on the poorest and most vulnerable groups, use vouchers to jump-start activities

4. Match the intervention to the correct situation.

SITUATION	INTERVENTION
A. The farmers have lost their animals in a flood, so the project provides them with some goats	1. Co-investment of labor
B. The project provides cement to build a check-dam; the farmers bring sand and stones	2. Co-investment of materials
C. The project provides cement, wood and roofing; farmers use it to build a warehouse	3. Vouchers
D. The project gives seeds to the farmers	4. Free handout
E. The project provides each farmer with a piece of paper that they can exchange for seeds at a supply store.	5. Post-disaster recovery

5. All groups should be formed to achieve a goal that merits a collective effort without having to resort to subsidized monetary incentives.

- A. True
- B. False

6. It is likely that future development project services will charge for training, increasing both employment options and building in more sustainability

- A. True
- B. False

LESSON 4. DECIDING WHERE TO START THE PROJECT

IN THIS LESSON

After this lesson you will be able to:

- Describe possible entry points for an agroenterprise project
- Help local people decide on the entry point.

CHOOSING AN ENTRY POINT

Where and how to start the agroenterprise process depends on a number of factors. They will be guided by the project document, in-house assessments, and the site assessment.



**IDENTIFYING THE
BEST STARTING
POINT FOR YOUR
PROJECT**

Projects rarely start from zero. Farmers already grow crops and raise livestock. Traders already do business, markets function, and consumers buy goods and services. Many projects are already running when funds become available to start work on agroenterprise. Even after a severe crisis such as a drought or civil war, markets can rebound very quickly. Rather than providing free hand outs or building parallel and subsidized marketing systems support agencies should find ways to rejuvenate existing marketing systems.

Below we discuss the various entry points that agroenterprise projects may use, with a checklist you can use to plan your entry point for your project. Some projects may use more than one entry point with the farmers.

ENTRY POINT 1: PRODUCTION AND NATURAL RESOURCE MANAGEMENT

In some cases it may be necessary to deal with some critical production or natural resource issues before an agroenterprise project can begin. For example, it may be necessary to control erosion or manage water by building dams or bunds before commercial production can begin. Protecting and maintaining soil and water resources is a vital part of sustainable agroenterprise development.

See the SMART Skills courses on natural resources for more information.



ENTRY POINT 2: START WITH SAVINGS AND LOANS

There is increasing interest in the use of savings groups as a means of organizing farmers before entering into agroenterprise. The first six to 12 months of the project is used to bring together farmers and to build their skills in group and financial management. There are several advantages to this approach. Farmers decide who they want to learn and save with; they generally choose people with a similar level of wealth and outlook. Regular meetings build trust and help them learn basic financial literacy skills. This approach is particularly helpful when working with poor farmers and with women as these groups tend to lack savings for basic investments in the farm. It may also improve the group's sustainability and increase their prospects of working together in a business environment.



ENTRY POINT 3: PRE-SELECTED COMMODITY

Many development projects are designed on a previous market study, which has already targeted a particular commodity or product. This means that the agroenterprise process can start immediately on working with farmer groups to develop business plans for the selected product. This fast start-up approach enables the agroenterprise team and farmers' group to get to the investment and production stage more quickly. The focus of this option is to increase sales of the selected product.



ENTRY POINT 4: PILOT TESTING

In some cases, a select market project is new to an area. For example, wheat farmers have never grown strawberries, but the market is growing very quickly. Farmers may want to evaluate the new crop or variety before they plant it on a commercial scale. It may be necessary to find ways to lengthen a crop's production season by using irrigation, mulch, or plastic greenhouses so that farmers can gain better market prices.

In such a case, consider starting a demonstration pilot project, so that the farmers can see and understand the approach. A successful pilot will allow both the agroenterprise team and farmers' groups to learn about the production and marketing issues of a product before going to scale.



ENTRY POINT 5: SUPPORT TO FARMERS ALREADY IN GROUPS

If the farmers are already working in groups, build on them. Start by assessing the groups' skills, markets and access to services. You can then help them upgrade their business linkages, bulk goods to sell collectively, and strengthen the services they need. The focus should be on:

- Strengthen key skills, such as group management, marketing skills, financial skills
- Optimize links to existing markets
- Research new, higher-value options
- Improve links to financial, marketing and business services.



ENTRY POINT 6: EXISTING BUYER OR CONTRACT FARMING

Sometimes, an entrepreneur, trading company, or support agency will seek assistance in supplying a particular product. For example a feed mill, factory processor, or an exporter will ask to work with an NGO that is linked with farmer groups to develop the supply of a specific product. In this case, work with the buyers to determine their delivery needs (price, quality, volume, etc.), and help the farmers' groups to increase the quality and competitiveness of their output. Support the farmers to negotiate a fair and sustainable deal that meet the commercial specifications.



ENTRY POINT 7: SUPPORT FOR BUSINESS SERVICES

The most important constraint to improving a marketing chain may be access to a particular business service: inputs, logistics, storage, milling, processing, packaging, etc. You can help the farmers develop a business plan that addresses the barriers that prevent them from accessing such services. You may also consider strengthening local business service firms, or introducing service providers to the project area.

Business services are also a vital part of any exit strategies at the end of the project. To improve the durability of the agroenterprise, make sure that services provided by external agencies are transferred to local business counterparts during the life of the project.



CONCLUSION

This lesson helps you decide on your entry point – where to start the agroenterprise approach. You will have discussed these ideas with farmers and selected one or more possible ways to get started.

You will use the insights you have gained more in the next step, which deals with identifying products and organizing groups.

QUIZ 4

Answers at the end of the guide.

1. You are working with a farmers' group that has worked together on pest and disease control, but has never worked on marketing before. What might an appropriate entry point be?

Select all that apply.

- A. Organizing the farmers into a group
 - B. Pilot testing: starting an agroenterprise on a small scale
 - C. Helping the group organize a savings and loan scheme in order to build their capital
 - D. Increasing their scale of operations
2. A restaurant chain has approached you for help in organizing farmers to grow fresh vegetables to supply it on a regular basis. Do you focus on helping the farmers...
- A. Increase their scale of operations?
 - B. Start a savings and loans scheme?
 - C. Build an irrigation scheme?
 - D. Plan how to supply the product on a competitive basis?
3. Your agroenterprise team is experienced in marketing, but the farmers' group is new, and many members can only just feed their own families. What should you do?
- A. Help the farmers to stabilize their food production first
 - B. Organize the farmers to sell in bulk
 - C. Develop detailed plans on improving profitability
 - D. Help the farmers diversify into specialty products

4. You find it is necessary to control erosion first before commercial production can begin. What entry point is this?

- A. Production and natural resource management
- B. Start with savings and loans
- C. Pre-selected commodity
- D. Pilot testing
- E. Support to farmers already in groups, farmers segments
- F. Existing buyer or contract farming
- G. Support for business services

5. A dairy wants you to help organize farmers to produce milk. What entry point is this?

- A. Production and natural resource management
- B. Start with savings and loans
- C. Pre-selected commodity
- D. Pilot testing
- E. Support to farmers already in groups
- F. Existing buyer or contract farming
- G. Support for business services

6. A lack of seeds, fertilizer and equipment is holding back farmers in your area. You decide to help input suppliers make such inputs more easily available. What entry point is this?

- A. Production and natural resource management
- B. Start with savings and loans
- C. Pre-selected commodity
- D. Pilot testing
- E. Support to farmers already in groups
- F. Existing buyer or contract farming
- G. Support for business services

STAFF EXERCISE B. CHOOSING AN ENTRY POINT

This exercise helps the project team to work with the community and the community leaders to choose an entry point for the agroenterprise development project and outline their initial activities.

The idea is not to dictate to the local community what they should do, but to evaluate the situation and narrow down the range of possibilities to those that are realistic. There may be only one realistic entry point; there may be several alternatives to choose from; or the entry point may be a combination of several of those considered here. Decisions on the entry point are likely to be determined based on the project proposal document, local conditions, and the wishes of the community.

This exercise may take place in stages:

- A discussion with the project team, partners, and possibly the donor.
- Focus groups with target communities to collect any relevant information.
- With feedback from the community and partners, a revision and selection of the entry point from the various alternatives.

OBJECTIVE

After this exercise the participants will be able to:

- Identify the most suitable entry points for the team to start helping the local community develop their agroenterprise.

EQUIPMENT NEEDED

- Large sheets of paper, marker pens

EXPECTED OUTPUTS

- One or more possible entry points for agroenterprise development efforts.
- A list of initial steps to undertake for each of the possible entry points.

TIME REQUIRED

- 2–3 hours with one or more sessions.

PREPARATION WITH PROJECT TEAM

Write the seven possible entry points (Table 8) on a large sheet of paper so everyone can see it. Identify important gaps in knowledge about the community

that may help influence a decision. Project team may be required to gather information from target community and target farmer types to make a clear decision.

SUGGESTED PROCEDURE

1. Bring together the project team and any information you have gathered about the local community.
2. Discuss with the group which of the seven entry points are relevant for the community. Eliminate those that are not relevant.
3. For each of the remaining entry points, discuss the situation in detail, identifying the situation, and outlining the preliminary steps the team would need to take in order to use this entry point. Note these on the large sheets of paper.
4. Discuss which entry point is likely to be the most promising. It is likely that you can combine elements of several entry points to come up with the most appropriate approach.
5. Summarize your findings in Table 8.
6. If additional information is required, the team should identify what information is required, and then form a focus group with farmers to gather the missing information.
7. Follow on meeting to finalize specific entry point for the project and target farmers.

QUESTIONS TO STIMULATE DISCUSSION

- What decisions have already been made (e.g., in terms of focus on a particular commodity)? What constraints are there (budget, time, staff skills, etc.)?
- What major problems do the farmers face? What opportunities might they have for improving their production and marketing?
- Are the farmers organized? Might existing groups be adapted to take on agroenterprise activities?
- What disadvantaged groups are there in the community (such as women or the landless)? Should they be the focus of the project? How might they be involved?
- What types of assistance would the community need? What kinds of investment are required?
- In what order should the project activities take place? E.g., should the project select a product

first and then establish farmer groups? Or register farmer groups first and then select products?

- Will the project begin with helping groups save money before they start working on agroenterprise activities?
- Will the project need to invest in some natural resource infrastructure investments prior to starting with production and agroenterprise?

- Will the farmers need to increase productivity to achieve surplus produce first, before they can engage with markets?

NOTES

If you are working with several communities, you may break the team into smaller groups to discuss each one.

TABLE 8. AGROENTERPRISE DEVELOPMENT ENTRY POINT FORM

Name of group	Location	Date	Field agent
ENTRY POINT	SITUATION AND FOCUS	IDENTIFY SITUATION	OUTLINE PRELIMINARY STEPS
1 Production and natural resource management	Critical natural resource management upgrading or production improvement		
2 Start with savings and loans	Help farmers to learn basic skills in group formation, savings and internal loans. Start agroenterprise after one year of financial training		
3 Pre-selected commodity	Product and market are already selected. Focus is on helping farmers organize and plan how to market this product		
4 Pilot testing	Pilot testing of a marketing process. Scale and investment are limited in first season as learning exercise		
5 Farmers already in groups	Farmers have limited market experience. Focus is on improving their market linkages or identifying new products or markets		
6 Existing buyer or contract farming	Existing buyer or contract arrangement drives the value chain. Focus on supplying the product in a competitive way		
7 Support for business services	Weak business services are main constraint. Focus is on strengthening these services and helping farmers access them		

Step 2. Identifying products and organizing groups



This step discusses how to identify a shortlist of products and market opportunities to consider for the agroenterprise development process. It shows you how to:

- Discuss and prioritize product and market options and evaluate their risks and gender implications (**Lesson 5**)
- Select and register farmer groups to work with (**Lesson 6**).

We have combined the selection of products and farmer group as these tasks can be done simultaneously.

At the end of this step you will have:

- Identified farmers who have agreed to work together on a specific market opportunity
- Worked with farmers to select a product for agroenterprise development.

LESSON 5. CHOOSING PRODUCTS AND MARKETS

IN THIS LESSON

After this lesson you will be able to:

- Guide farmers in listing the products they grow for food and for sale
- Help farmers consider new products for sale and alternative market options
- Assist farmers in assessing the risks of various product and market options
- Describe how to ensure that women can be involved in choosing products and markets.

CHOOSING A PRODUCT

What farm product should your agroenterprise development project focus on? Maize or mangoes? Cabbages or cotton? Meat or melons? Eggs or eggplants?

- Perhaps the decision has already been made: the project designers have decided to promote one particular product (see Staff exercise B). If so, you can start identifying farmers in the community who are interested in growing the product, and help them form groups to improve their production and marketing.
- But what if the product has not yet been chosen? You need to help farmers form groups and learn how to identify market opportunities.

There are no strict rules on whether it is better to choose a product beforehand or after the project has started. Some donors prefer to have products selected in the project design; others prefer the products to be chosen during the project itself.

PARTICIPATORY TOOLS USED TO ASSESS PRODUCT AND MARKETING OPTIONS

There are a number of participatory tools that can be used to help evaluate community resources, skills, and opportunities, as shown in Table 9. The project team should decide upon which tools are best for gathering information that will help in the task of selecting groups and products. These tools can also be used at other stages in the marketing process, but projects staff should be sure to use only the tools that provide useful information related to agro-enterprise development and marketing.

For more information on participatory tools, see *A market facilitator's guide to participatory agroenterprise development*, <http://tinyurl.com/hzlm12x>

DISCUSSING PRODUCT OPTIONS WITH FARMERS, TRADERS AND OTHERS

Discuss ideas for marketing products with farmers, traders, extension workers, and others involved in the potential value chain.

- With **farmers**, you can discuss marketing at their regular group meetings. It is usually in the farmers' interest to work together, so they will help each other come to a joint decision. See below for how to do this.



TABLE 9. PARTICIPATORY TOOLS TO EVALUATE FARMER TYPES AND PRODUCT OPTIONS

	WHY USED	OUTCOME	TIME FRAME
Community resource and asset map	Get to know your clients, their assets within the project area, and gather information on village resources, assets, and local markets	Gather information on what is produced, when, where, and why. Is there productive land available for expansion?	1 day
Farmer segmentation	Understand types of farmers, farm sizes, organizations, assets, income, crops, livestock, laboring, or off-farm activities	Gather information on farmer types, rich, medium and poor farmers, what distinguishes them?	Half day
Crop calendars	Understand what farmers grow during the year and compare labor needs for existing products and proposed new products	Produce a calendar of the basic cropping pattern or system being used in the target area	Half day
Product selection criteria	Set up some criteria for product selection, such as: <ul style="list-style-type: none"> • has a good market • price is high • we know how to produce it • we can eat and sell • labor use • number of farmers growing product 	Farmers understand voting system and use it to select a product They can vote by showing hands, or by putting stones next to pictures of the most desirable option. Voting with hands is quick; voting with stones is secret and can avoid people being dominated by richer or more powerful individuals	1 hour
Product ranking exercise	Based on selection criteria, a focus group can identify and prioritize top 5 food and the top 5 marketed products. Repeat exercise in focus groups with specific farmer segments such as men, women, youth	Identify top 5 food and income crops, Identify how many farmers grow and sell the top 5 marketed products. Come up with 1, 2 or 3 products that the field agent and farmers will investigate in more detail for investment	Half day
Assessing market risk for products	Identify how risky a product is in terms of market options and knowledge of product	Farmers learn how risky a product is for their investments	1 hour
Market visits	Gather information from markets on prioritized products. This process is an essential part of the business planning process	A visit to the market can confirm the demand for product proposed by the farmers and also identify any new products that were not suggested by the farmers	1-2 days
New product evaluation	Brainstorm on new products that the farmers would like to produce and why they would like to produce them	Identify if there are any products that farmers would like to invest in, which they are currently not growing	1-2 days

- With **traders**, it is best to interview them individually. Traders operate their businesses as individuals, so have little interest in cooperating with each other. If you interview a group of traders, they may exaggerate their answers, so it will be hard to get reliable information.
- Also discuss ideas with **extension personnel, local government staff**, and **service providers** such as input suppliers, banks, NGOs and other development projects. They may be able to provide information and insights into opportunities and challenges.
- You should also draw on information from **other sources**, such as the project document, your preliminary market survey (Exercise 7b), or participatory appraisals.



IDENTIFYING MARKET OPPORTUNITIES FOR PRODUCTS

You can start the process of selecting a product at a meeting with a mixed group of farmers – men and women, large- and small-scale, young and elderly. Based on the results of this group, you can also work with smaller groups (just men, women or young people) to get more detailed information about the specific needs of these groups if they are your target segment. See Exercise 5a and Exercise 5b for how to do this.

Farmers will probably have diverse views on which product is best. For example:

- Richer farmers may want to invest in larger livestock (but poorer farmers cannot afford to buy or keep large animals).
- Farmers with irrigation may want to grow vegetables all year round (but farmers with no irrigation may not be able to do so).
- Women may prefer items such as eggs, because they can produce and sell them close to their homes and can keep the income.



PRODUCTS AND MARKETING OPPORTUNITIES FOR WOMEN

In many communities, women do much of the manual farm work, but they tend to have little say in what is produced and sold. Women farmers also generally get less attention than men from extension services. So make a special effort to help women directly, looking into their production and marketing problems and opportunities, and giving them new skills.

The general marketing approach is the same for both men and women, but gender may influence the type of product, the scale of operation, and type of market.



HOW TO INCLUDE WOMEN IN AGROENTERPRISE DEVELOPMENT

- Hold meetings only with women and ask them what products they could work on where they could keep all or most of the income. Many cultures have products that are considered “women’s products”, to help women farmers you can work on these products.
- Hire women field agents work with women farmers.

- When working with mixed groups, make sure that women have the opportunity to speak. For example, direct questions to them, or separate men and women into different groups.
- If translation is needed, find a woman to act as translator. Make sure the women answer the questions, and not the translator. Make it a rule to ignore any comments offered by a translator, if a translator tries to answer a question themselves, ask them to put the question again to the group members.
- Combine agricultural development with savings and loans activities. These two skills will build their trust and confidence in production, finance and marketing. Women are often more interested in starting with a savings led approach than men.
- Raise women's issues with community leaders.
- Do not try to get women to work on community plots, as this creates an artificial production and marketing situation that will generally fail after the project ends. You can work on a demonstration plot, but get women farmers to work their own land for production and marketing purposes.

SOME THINGS TO ASK WOMEN

- Find out what women do in production and sales. Ask them the same types of questions that you ask the men about the crops they grow, and what they produce and sell. Ask them to suggest improvements in production and sales.
- Find out where they get vegetables and fruit for the family. Are there any crops that are normally thought of as women's crops? Would women be interested to work on field or intensive backyard production?
- If you can identify products that are controlled by women, find out if it might be possible to improve the marketing of these products. What business opportunities would suit women's role in the community?
- Explore whether women are members of mixed farmers' groups. Do they have women-only groups? Would it be better to form separate groups from men?



PRODUCTS AND MARKETING OPPORTUNITIES FOR MEN OR MIXED GROUPS

When selecting products for men or mixed groups, you can repeat the exercise above, but in this case, you can focus on the needs of the men or mixed farming groups. Be sure to ask people about specific crops with market opportunities.

ASSESSING RISKS OF PRODUCT AND MARKETING OPTIONS

All businesses are risky – and agriculture is particularly risky because of variable weather, pest and disease attacks, uncertain markets, and price fluctuations. When selecting products and market options, it is important to consider these risks.

One way to assess risks is using the product/market matrix (Table 10; see also the *Marketing basics* course). This shows the answers to two questions about a particular crop or livestock product:

- Do the farmers already sell the product? Or is it a new product for them?
- Do they already sell it to a particular buyer or market? Or do they want to sell it in a new market?

TABLE 10. MARKETING STRATEGIES: THE PRODUCT/MARKET MATRIX

	EXISTING PRODUCT	NEW PRODUCT
EXISTING MARKET	 <p>1 Market penetration lowest risk</p>	 <p>2 Product development medium risk</p>
NEW MARKET	 <p>3 Market development medium risk</p>	 <p>4 Diversification high risk</p>

There are four possible answers to these questions:

1. **Farmers already sell the product to a particular market.** This is the least risky option.
 - **Example:** You could help the farmers increase their yields of cassava (a crop they already grow and sell) to sell at the local marketplace.
2. **They want to sell a new product to an existing market.** This is a medium-risk option.
 - **Example:** You could help the farmers sell vegetables (a new crop) to the buyers in the local marketplace. The farmers need to learn how to grow vegetables, invest time and money, and build relations with the local buyers to sell their produce.
3. **They want to sell an existing crop to a new market.** This is also a medium-risk option.
 - **Example:** You could help them sell their cassava to a wholesaler in the city. You will have to help them assess market demand for the cassava in the new market,

then organize to produce more cassava and transport it to the city, as well as identify and negotiate terms of sale with the wholesaler.

4. They want to sell a new product to a new market. This is the riskiest option.

- **Example:** You could help them assess demand for vegetables to be sold into the city wholesale market. This approach is attractive because the returns are much higher. But the risks are higher too. The farmers need to learn new skills, be more organized and build their links to the new buyers. And there may be no secondary markets if that channel fails.

If the advisory team is experienced, the farmers are well-organized and skilled in marketing, and if they have a good relationship with a trader or processor, consider the highest-risk option. Otherwise, it is probably better to start with a lower-risk option. They can move on to riskier options later.

See Exercise 5c for how to assess the risk of different products and markets.

CONCLUSION

This second step in marketing helps farmers identify product and market options they think are interesting and want to explore further. You and the farmers may want to start work on a single product. But they may also wish to learn more about the market prospects of two or three products that they feel have potential. The next lesson will provide you with information about how to research market options and make a final decision. You should work with them to explore the most promising opportunities and start developing their agroenterprise skills.

QUIZ 5

Answers at the end of the guide.

1. As a field agent, you should agree if farmers want you to help them sell a new product to a new market
 - A. Correct. You should always agree to what the farmers want
 - B. Not necessarily. First help them consider other options, and point out the risks of being over-ambitious

2. The men in the village want to focus on marketing maize, while the women want to sell eggs. Which is the best alternative for you?
 - A. Support the men because they are the ones who make the decisions
 - B. Support the women to help them improve their status
 - C. Try to get the two groups to agree on a different product
 - D. Support them to market both products

3. When choosing products for marketing, which is the best way to find out the traders' opinions?
 - A. Conduct interviews with individual traders
 - B. Hold group interviews with several traders at a time
 - C. Right from the start, invite traders to meetings with the farmers
 - D. It is not necessary to get their opinions

4. Match these product/market options with the level of risk.

OPTION	RISK LEVEL
A. New crop, new market	1. Lowest risk
B. Familiar crop, new market	2. Medium risk
C. Familiar crop, familiar market	3. Highest risk
D. New crop, familiar market	

5. New crop, familiar market is considered a medium risk.
 - A. True
 - B. False

6. You are asking a group of women about their situation. Sort these questions into the correct categories.

QUESTIONS	CATEGORIES
A. What do you produce and sell?	1. Women's products
B. Where do you get vegetables and fruit for the family?	2. Family nutrition
C. What are the products that are controlled (grown, harvested, sold) by women?	3. Group membership
D. Would it be better to form separate groups from men?	4. Production and sales

EXERCISE 5A. CHOOSING FOOD PRODUCTS AND MARKET PRODUCTS

This exercise enables farmers to list the most important products they grow for food, as well as the most important products that they grow to sell.

OBJECTIVE

After this exercise the participants will be able to:

- Identify the five most important agricultural products the farmers grow for food and the top five they grow to sell.

EQUIPMENT NEEDED

- Large sheets of paper, marker pens

EXPECTED OUTPUTS

- A list of the five most important agricultural products they grow for food.
- A list of the five most important agricultural products they grow to sell.

TIME REQUIRED

- 1–3 hours depending on number of people, and groups (men, women, mixed, youth etc.).

PREPARATION

- For some farmers who are illiterate, you can prepare some large pictures of crops that farmers can either point to, or place a stone next to, in a selection process.

SUGGESTED PROCEDURE FOR FOOD CROP SELECTION

1. Divide the farmers into two separate groups: men and women. Then ask the members of each group to name and rank the five most important products that they produce as food for their own families.
2. Ask each group to rank the products in order of importance. They can vote with a show of hands, or put stones next to pictures of the products they think are most important.
3. Ask them why each of these products is important. If there is disagreement, stimulate a discussion about the different opinions. For example, perhaps some farmers do not grow certain crops that others think are important. List these products and reasons using the form in Table 11.
4. Ask each group to choose the five most important products they sell, and to rank them in order

of importance. Again, stimulate a discussion if there is disagreement. Find out where and how each product is marketed. List this information in the form in Table 12.

5. In some cases, women may raise the issue of income generation through handicrafts, or petty trading, take this into account, as this maybe something the project can accept as an income generating activity, especially for women who do not have access to land.
6. Summarize the findings of the sessions and write up a new table that shows the priority of products they sell, as shown in Table 13.

QUESTIONS TO STIMULATE DISCUSSION

- How many farmers grow each crop or livestock product? How much does each farmer produce (in terms of kilograms or sacks)? Is there enough left over to sell?
- How big an area of each crop do the farmers plant? How many animals do they raise?
- Is the product something that only rich farmers grow and sell, or is this something that poorer farmers with less land also regularly grow and sell?
- Where are the products sold? How far away from the village?
- Where do the farmers sell the crops and livestock products? From the farm, the roadside, or in a market?
- Do farmers sell together or as individuals?
- Who are the main buyers? Are they regular buyers? Or do farmers sell to whichever trader happens to be in the market?
- How should the products be ranked? According to market demand, high price, ability to grow the product, or other criteria?

NOTES

Instead of men and women farmers, consider splitting the farmers into different groups – for example, farmers with and without livestock, or farmers with and without irrigated land.

If you are sure there are no major differences between the opinions of different groups of farmers, do not divide the farmers into groups for this exercise.

TABLE 11. FORM TO LIST FARMERS' TOP FIVE FOOD PRODUCTS

The examples included are for illustration only.

TOP FIVE FOR MEN FARMERS		TOP FIVE FOR WOMEN FARMERS	
Product	Why important	Product	Why important
1 Maize	Staple food	1 Eggs	Important for health
2 Beans	Important food	2 Onions	Flavor in food
3 ...	...	3 ...	...
4 ...	...	4 ...	...
5 ...	...	5 ...	...

TABLE 12. FORM TO LIST FARMERS' TOP FIVE MARKETED PRODUCTS (CASH CROPS)

The examples included are for illustration only.

PRIORITY BY MEN FARMERS		PRIORITY BY WOMEN FARMERS	
Product	Where/how sold	Product	Where/how sold
1 Maize	Local market	1 Milk	Local trader
2 Sorghum	Local trader	2 Tomatoes	Local trader
3 ...	...	3 ...	...
4 ...	...	4 ...	...
5 ...	...	5 ...	...

TABLE 13. COMPARING MEN'S AND WOMEN'S MARKETED (CASH CROP) PRIORITIES

The examples included are for illustration only.

SELECTED PRODUCT	PRIORITY BY MEN FARMERS	PRIORITY BY WOMEN FARMERS	OVERALL PRIORITY
Maize	1	5	3
Sorghum	3	4	3.5
Milk	2	1	1.5
Tomatoes	5	2	3.5
Beans	4	3	4.5

In this example, the highest-priority product overall is milk.

EXERCISE 5B. LET'S THINK ABOUT NEW PRODUCTS

In some cases, farmers might want to try to sell a new crop, or the technical project team may have new information about a crop or livestock product that farmers are not growing, but can be produced in the area and has high demand. The field team can introduce the idea of new products to farmers which they could produce and sell. This exercise helps them think about the range of products that they may be able to grow and market.

OBJECTIVE

After this exercise the participants will be able to:

- List products they think they could sell: both those they currently grow, as well as products they do not yet grow but for which there is market demand

EQUIPMENT NEEDED

- Large sheets of paper, marker pens

EXPECTED OUTPUTS

- A list of crops and livestock products that farmers think they could grow and sell.

TIME REQUIRED

- 30 minutes – 1 hour

PREPARATION

- Bring with you the lists of crops and livestock products that farmers currently produce (from Exercise 5a).

SUGGESTED PROCEDURE

1. Briefly review the lists the most important food and marketed products.
2. Divide the farmers into small groups of 5-10 people each.

3. Ask each group to think of a crop or livestock product that they **currently produce** which the market wants and that they could produce more of.
4. When each group has chosen a product, ask them to list the reasons why they would like to grow this product.
5. If the field team has ideas, they can also introduce these products and get a reaction from the farmers about this new product.
6. For a new product ask the groups to think about a **new product** that they do not currently produce at all, but which they could feasibly produce without too much extra investment.
7. Ask them to list the reasons why they would like to grow this product.
8. Ask each group to report back to the plenary about their two choices (Table 14).
9. Stimulate a discussion about the different products suggested. Help the group agree on a shortlist of products to consider further.

QUESTIONS TO STIMULATE DISCUSSION

- Can you grow this crop (or raise this type of livestock)? Do you have the skills and resources? What other skills and resources would you need? How much would it cost?
- Where might the new product be produced? On land that is currently under-used? At what time of year? Would it interfere with the production of other crops or livestock?
- Is there are market for this product? How do you know? Would it be profitable? Who can we ask to find out about local prices and volumes required?

EXERCISE 5C. ASSESSING RISKS OF PRODUCT AND MARKETING OPTIONS

Teaching tip: Start with what the farmers know: their existing products and markets. Then ask about new markets for their existing products, followed by new products in existing markets. End with new products in new markets – the least familiar option.

This exercise helps farmers understand the various market opportunities open to them, using the product/market matrix.

OBJECTIVE

After this exercise the participants will be able to:

- Put agricultural products into categories according to whether they are existing or new products, and whether they can supply existing or new markets
- Describe the risks of growing and marketing each type of product.

EQUIPMENT NEEDED

- Flip chart or large piece of paper, marker pens

EXPECTED OUTPUTS

- A product/market matrix showing different combinations of products and markets
- For each product/market combination, a list of issues for farmers to consider further

TIME REQUIRED

- 30 minutes for preparation, 5 minutes per group for presentation

PREPARATION

- Draw a product/market table on a flip chart as shown on the next page.

SUGGESTED PROCEDURE

1. On a large sheet of paper, draw the product and market matrix. Ask the farmers to place their top 5 market products, and any new ideas into this matrix.
2. Invite the farmers to consider the various options they have come up with. Ask them to choose the top two or three options in terms of priority.
3. Summarize the discussion by listing the selected products in the product/market matrix shown earlier in (Table 10).

QUESTIONS TO STIMULATE DISCUSSION

- What sorts of risks are associated with each product and market? In terms of production, quality, quantity, storage, processing, transport, marketing, price variation, etc?
- Which combination of products and markets do the farmers think would be the easiest and least risky? Which would be the riskiest?
- Which combination would cost the least (in terms of money, time and effort)? Which would bring in the most income? Which would be most profitable?

Which product? Which market?



**Existing product,
existing market**



**New product,
existing market**



**Existing product,
new market**



**New product,
new market**

LESSON 6. WORKING WITH FARMERS' GROUPS

IN THIS LESSON

After this lesson you will be able to:

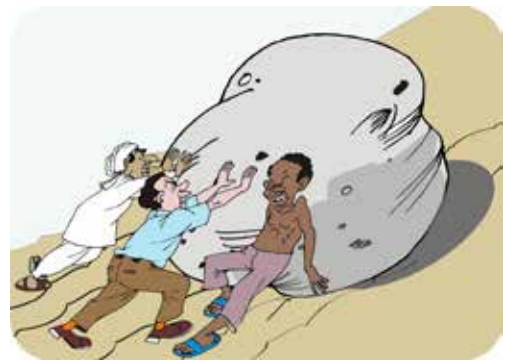
- Describe the requirements for a marketing group
- Assist a group to get organized and registered
- Plan a work program with the group.

BUILDING ON EXISTING GROUPS

Farmers' groups already exist in many communities. It is a good idea to try to work with such groups as this saves time and builds on local skills. You can work with any type of group on marketing. One of the most frequent is a **farmer field school**, which typically focuses on finding ways to improve yields (for example, by testing new varieties) or to control a pest or a disease. Other types of farmers' groups include **adult literacy groups, women's groups, youth groups, and village savings and lending groups**.

If there are no viable groups in the community - which is common after an emergency, for example - you may have to help farmers form new groups. The group members however, need to be clear that the project will focus on production and marketing. Farmers will have to invest their time and their own money in starting a business. They will need to understand the business mentality. They will not get regular free handouts or be paid to come to meetings. They will work on their own farms (not like in a farmer field school, where members often work on a group farm). Any demonstration plots will be small, and there will be no collective production farming. Farmers will come together to buy inputs and market their products collectively.

See Exercises 10a-10c in the course on *Marketing basics* for games that highlight the entrepreneurial spirit among farmers.



AS A GROUP, WE ARE STRONGER!



**MARKETING
GROUPS PRODUCE
AS INDIVIDUALS
BUT SELL
THEIR OUTPUT
COLLECTIVELY**



REQUIREMENTS FOR A MARKETING GROUP

Here are some guidelines for marketing groups. Table 15 gives a checklist you can use when checking a group's status.

GROUP SIZE

A group should have between 15 and 30 members – and never fewer than 10 members. This number is manageable, everyone knows each other, and there is trust among members.

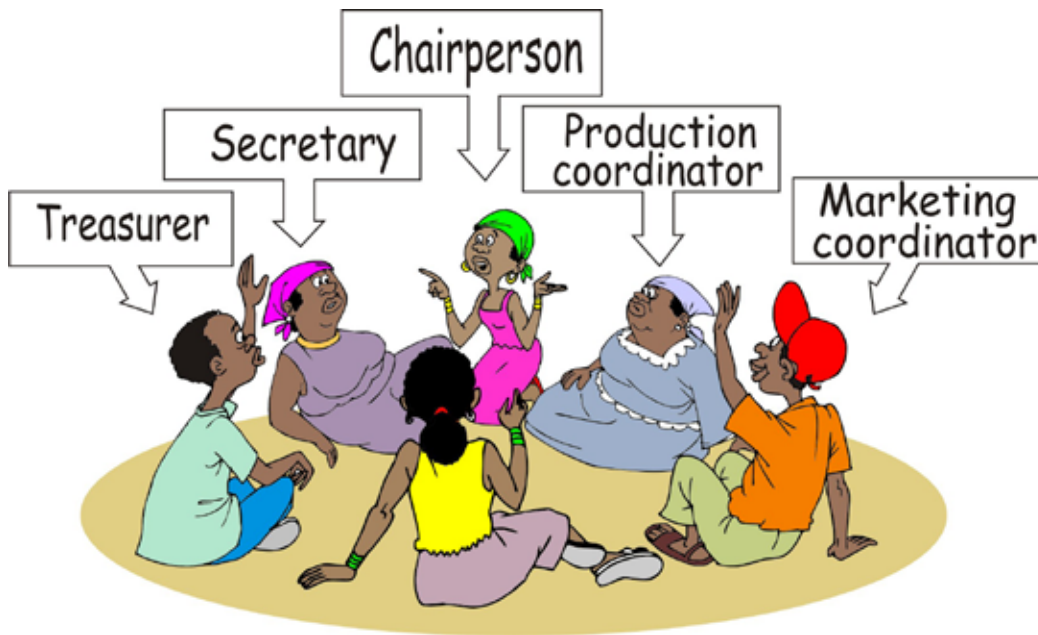
More farmers may want to join, and larger production may be needed to fulfill larger market requirements. If the group grows to more than 30 members, it should be split into two or more smaller groups, each with 15–30 members.

SELECTION OF MEMBERS

The process of forming a group should be transparent and open to all community members. The members should select themselves, not be appointed or forced to join. The group members should all have a similar culture and economic status. In some cultures, it may be important to have separate groups for men and women.

VISION

The members should establish a clear, shared idea about the purpose of the group, what they expect to gain from it, and what they want to achieve within a certain timeframe – say, 1, 3, or 5 years. These goals may be social or business-related. The members must be clear that they own the group, and that strong groups rely on the principles of purpose, unity, and self-reliance. Groups that are not clearly owned by their members are likely to fail.



LEADERSHIP

In some cases, the leaders will receive small payments to cover their transport costs and phone costs. If the team require people to stay for a longer tie, the group will cook meals to help thee leaders focus on the extra work!

A group of 25 farmers should have some or all of the following officers:

- Chairperson
- Treasurer
- Secretary
- Production coordinator (lead farmer)
- Marketing coordinator.

A person should be nominated and democratically elected by the group members for each of these posts. Each of the officers should be re-elected on an annual basis. The roles and responsibilities of each officer should be clear. The members should audit the performance of the officers at the end of each year. You can help them do this.

MEETINGS AND RECORDS

The group should meet regularly to plan and implement each stage in the work. These meetings and the decisions taken should be documented adequately. Investments and profits should also be documented adequately.

Here is one way to divide up the responsibility for keeping records:

- **Chairperson.** Overall coordination
- **Treasurer.** Financial records, membership fees, loans, purchases, sales, payments due
- **Secretary.** Records of meetings, lists of members, constitution, bylaws, business plan
- **Production coordinator.** Production targets and actual production figures
- **Marketing coordinator.** Marketing targets, profits, and actual amounts sold.

BYLAWS

The group should decide upon its own bylaws, and all members should understand them well. They should cover aspects such as the number of members allowed in the group, the level of membership fees, the frequency of meetings each month, how officers are elected, the duration of posts, how to share costs, how records will be kept, etc. They should also state what action should be taken when a member does not comply with one of these rules. Penalties are generally in the form of small fines. If a member does not attend three meetings in a row, he or she may be asked to leave the group.



CONSTITUTION

The group should have a written constitution. Many service providers have standard formats for such documents. The constitution is broader than the by-laws and it covers aspects such as the group name, list of members, purpose of the group, vision, bylaws, membership fees, shared costs, rules on how to hold meetings, record-keeping procedures, financial procedures, banking details, penalties, and monitoring or performance appraisal methods. In many countries, a formal constitution is required to register an organization with the authorities and to open a bank account.



BUSINESS PLAN

The group should develop a basic business plan. This should give the product type, production plan, financial investments and costs, the target production volume and quality, the target sales price, and target buyer(s). The business plan should include sections related to pre-production, production, postharvest, marketing, and monitoring and evaluation. The business plan should also be accompanied with an implementation plan, which provides details about who does what in the production and marketing cycle of a product. Each new business venture, or investment in a product value chain, should be supported with a new business plan.

Helping farmers develop a business plan is a key aspect of the agroenterprise development process. We will cover this in detail in Step 4.



INTERNAL SAVINGS AND LENDING

Agroenterprise groups should have access to a system where members save money into a common pool that can be lent out to other members at interest. This enables the group to generate capital, reduce the members' vulnerability, strengthen the group's capabilities, and enables members to learn financial responsibility and financial management skills.

RELATIONSHIP WITH THE SUPPORT AGENCY

The members should have a clear view of what they should expect from the support agency. Before the facilitation begins, both the group and the support agency should be clear about their roles, responsibilities and aims. The group members should realize that the support agency will not provide handouts, but will help them improve their ability to produce and market their products.

REGISTERING THE FARMERS' GROUP

Once the group has been formed (or an existing group has agreed to take part in the project), it must be registered with the project. This is necessary so the project can provide services to the group and monitor progress.

Use Table 16 to gather the information needed. In addition, you may also have to advise the group how to register with the government so it is officially recognized and can open a bank account.

PLANNING YOUR WORK WITH THE GROUP

Your work with the farmers' group will consist of several types of activities:

- Training and coaching
- Facilitating activities
- Monitoring and information gathering.

In a short (2-year) project, you should provide support to the farmers regularly throughout.

In a longer project of 3 years or more, you can organize your support in three phases:

- An intensive start-up training period (first production cycle),
- A coaching period (second production cycle),
- A consolidation period when you provide training intermittently or on request (third and subsequent production cycles).

This training plan pattern enables you to transfer your attention to other farmers' groups after the start-up period.

When you start working with a group you should visit each farmer group at least once a week, for 1–3 hours. The regular visits let you get to know the farmers, learn about their farming systems, help them identify marketing opportunities and plan their agroenterprise, and follow up on their progress.



TABLE 15. CHECKLIST OF REQUIREMENTS FOR MARKETING GROUP

Name of group	Location	Date	Field agent
CATEGORY	THINGS TO CHECK FOR	ACHIEVED?	NOTES
GROUP SIZE	15-30 members		
	Self-selected		
MEMBERS	Similar backgrounds		
	Clear business goals		
VISION	Strong unity of purpose		
	Strong sense of ownership		
LEADERSHIP	Elected positions		
	Regular elections		
MEETINGS AND RECORDS	Members evaluate performance		
	Regular meetings		
BYLAWS	Decisions documented		
	Financial records in order		
CONSTITUTION	Rules clear and agreed		
	Rules enforced		
BUSINESS PLAN	Written constitution		
	Business plan prepared		
INTERNAL SAVINGS AND LENDING	Business plan followed		
	Review at end of production cycle		
RELATIONSHIP WITH SUPPORT AGENCY	Plan adjusted as needed		
	Scheme established		
INTERNAL SAVINGS AND LENDING	Savings generated		
	Loans disbursed		
RELATIONSHIP WITH SUPPORT AGENCY	Loans being repaid		
	Clear understanding of relationship		
RELATIONSHIP WITH SUPPORT AGENCY	Regular meetings		
	Trust established		

TABLE 16. FARMERS' GROUP SIGN-UP SHEET

Name of group	Location	Date	Field agent
THE FARMERS' GROUP			
Registration (tick one)	New group <input type="checkbox"/> Existing group <input type="checkbox"/>		
Name of group			
Country			
District			
Village			
Diocese			
Phone number of group			
Number of members	Male:	Female:	Total:
New group?	Yes <input type="checkbox"/> No <input type="checkbox"/>		
Year group was formed			
Year group started work with CRS			
THE AREA WHERE THE GROUP FARMS (FROM GIS)			
Elevation (meters)			
Longitude (decimal degrees)			
Latitude (decimal degrees)			

TABLE 17. KEY ISSUES TO ADDRESS AT MEETINGS WITH FARMERS' GROUPS

TIME	PURPOSE	OUTPUT
Before production (market)	Identify product Analyze and plan marketing Analyze and plan production Analyze and plan finance Analyze and plan business support Develop a business plan Plan implementation	Business plan Implementation plan
Before production (crop)	Ensure that inputs are available Agree on when to plant, how to plant, and how to manage the crop	Crop established
During production	Review crop performance	Estimate of likely output
At and after harvest	Review harvesting plans, availability of required inputs, and storage facilities Train on harvest and postharvest handling – threshing, sorting, storage, packaging, etc. Facilitate contacts with traders to confirm intention to purchase and negotiate price	Crop harvested, threshed, sorted and stored Volume and quality for sale recorded Plans for sale confirmed
Marketing	Accompany sales process Advise on time of sales, market information, volumes to sell, etc.	Product sold Record of volumes and prices
After marketing	Evaluate production and marketing experience and results Support gross margin analysis and profit share-out Plan for next production cycle	Learning and new ideas Business plan for next cycle Implementation plan for next cycle

DESIGNING A CURRICULUM

For each farmer group you will need to develop a training timetable or curriculum. Table 17 lists some topics to discuss at each stage in the production and marketing cycle. Adjust this to suit the particular product and situation.

SOME GROUPS ARE MUCH STRONGER THAN OTHERS: HOW TO SHARE TIME?

However good your training and coaching, some groups will fail. It is better to focus your attention on those groups who are motivated and interested in investing their time and money in the developing their agroenterprise.

Some support agencies have clear rules on providing free market training: if members do not turn up to the meeting, they pay a fine. If the group does not make an effort to achieve its targets, the group is dropped. This approach puts responsibility onto the group to focus on the goals. It is your job to provide them with effective support that both meets their business needs and motivates them.

CHALLENGES WITH FARMER GROUPS

In some situations, farmers can gain little from joining a group, but may still be able to benefit by learning new methods and improving their marketing as individuals. You should be open to the possibility that groups are not always going to provide additional income gains.

In addition, groups may fail for many reasons. Some examples of group problems include:

- Highly dispersed population: people cannot meet to share ideas and plan or invest in an effective manner.
- Poor governance: weak rules, poor leadership, lack of record keeping, mismanagement of funds.
- Dominance by the rich and powerful, or by a particular tribe or ethnic group.
- High market access: where farmers do not need to bulk their products in order to access the market.
- Low barriers to entry within a specific market, for example farmers are all near to the market and can easily get there to sell their produce, so forming a group to sell produce confers no real income gains.

If it is clear that farmers will gain little from marketing collectively, it may still be useful to train them in groups. The members can then use what they have learned to improve their marketing as individuals. It is much more efficient for a field agent to train a group of people on a regular basis, than try to teach many individuals.

CONCLUSION

This lesson has focused on the characteristics that farmers' groups need for marketing and enterprise development, and how to register them and plan your work with them. It has not tried to cover all aspects of forming and strengthening groups. See the module on *Organizing and managing farmers' groups* for details on how to do this. As with savings and loans groups, marketing groups can in some ways be easier to facilitate than other types of groups because the members are committed to a single purpose - making money from their agroenterprise.



**BE PREPARED
TO SET RULES,
AND TO DROP
FARMERS' GROUPS
WHO DO NOT
COMPLY**

QUIZ 6

Answers at the end of the guide.

1. How many members should a marketing group have?
 - A. 5-15
 - B. 15-30
 - C. 30-50
 - D. As many as possible
2. The marketing group already has a chairperson, secretary, production coordinator and marketing coordinator. Which vital position must it still fill?
 - A. Treasurer
 - B. Deputy chairperson
 - C. Communication coordinator
 - D. Auditor
3. Match each of these documents with the correct description.

DOCUMENT	DESCRIPTION
A. Constitution	1. Notes of who attended and the decisions made
B. Bylaws	2. The ground rules of the farmers' organization
C. Records of meetings	3. The smaller rules that govern how the organization works
D. Business plan	4. A description of how the enterprise will work

4. "I have the time to start my own business. Can you give me some money to help get me started?" How should the field agent answer?
 - A. No. We may be able to help with some start-up costs, but you will also have to invest your own money. We don't give free handouts
 - B. Yes, how much money do you need?
 - C. It depends on the type of business
5. "I'd rather not work on a group farm. Can I work in my own farm instead?" How should the field agent answer?
 - A. Yes, you'll work on your own farm. This group may have some small demonstration plots but there will be no collective farming for production
 - B. No, you must work on the collective farm
 - C. Yes, but you will have to also work the collective farm
6. So we'll all work on our own farms, but market our products together? How should the field agent answer?
 - A. No, you must buy your own inputs and find your own sales outlets
 - B. Yes, the group members will also come together to buy inputs, like fertilizer, and tools
 - C. Yes, but you must buy your own inputs like fertilizer and tools

The seven steps of marketing

A SMART SKILLS MANUAL

BOOKLET 1: ORGANIZING GROUPS FOR MARKETING

This is the first of four booklets in the guide *Seven steps of marketing: A SMART Skills manual*.

Marketing is one of the biggest challenges for small-scale farmers in developing countries. Many farmers would like to improve their output or the quality of their products, but they need a way to sell their produce and increase profits.

This manual outlines seven steps that field agents, extension workers and program managers can follow to help farmers improve their marketing:

1. Getting organized
2. Identifying products and organizing groups
3. Collecting information for the business plan
4. Building a business plan
5. Marketing as a group
6. Reviewing agro-enterprise performance
7. Scaling up.

The manual consists of 21 lessons, each with guidelines, exercises to do with a group of farmers or with development agents, and quizzes to test your understanding.

This is one manual in a series on SMART Skills - the skills that field agents need to help farmers in developing countries improve their livelihoods. A companion manual on marketing basics describes the ideas that underlie the seven steps in this manual.

<http://www.crsprogramquality.org/smart-skills-for-farmers/>

