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# MICROLINKS SEMINAR SERIES | Exploring Frontiers in Inclusive Market Development

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**Margie Brand**  
EcoVentures  
International



**Annah  
Macharia**  
Technoserve



**Michael Field**  
Development Alternatives Inc.

Microlinks Seminar

## Simulating the Market to Change Agribusiness Behavior





## **Annah Macharia**

### **Technoserve**

Ms. Macharia is a Program Manager with Technoserve's Agribusiness Development Program in Kenya. She has 13 years' experience in market and financial service development. Ms. Macharia has both practical business experience as well as project development expertise. Most recently she has managed market systems development programming in Kenya's dairy sector for a Dfid-funded project targeting improvements in the performance of feed, breed, animal health and milk supply chain market systems.



## **Mike Field**

### **Development Alternatives Inc.**

With over 25 years of experience, Mr. Field is widely recognized as one of the world's leading experts on market and value chain systems approaches to private sector development, with a particular focus on market systems analysis, program design, implementation and management. Mr. Field is continually invited by leading donor agencies to provide technical support to develop internal capacity and learning mechanisms around market systems approaches. He has supported donors and their practitioner development organizations extensively in this capacity worldwide, including Gates Foundation, USAID, Dfid and SIDA. Mr. Field has extensive practical country-level experience with leading technical director roles in several key market development program, including: USAID's Agriculture Value Chain project in Bangladesh with DAI; Dfid's Market Assistance Program (MAP) in Kenya with Adam Smith International (ASI); USAID's ADVANCE project in Ghana with ACDI/VOCA; USAID's Agriculture for Children Empowerment (ACE) project in Liberia with ACDI/VOCA; and USAID's PROFIT project in Zambia with CARDNO EMG which has been widely credit with transforming the agricultural inputs industry in Zambia. Mr. Field was previously the Senior BDS Advisor for USAID's Microenterprise Development Office in Washington, DC where he played a key role in setting learning and research agendas in the field of private sector development. He has been a leading trainer at both USAID and the Springfield Centre's market development courses over the years.



## **Margie Brand**

### **EcoVentures International**

Ms. Brand, as a senior technical lead for EcoVentures International (EVI), has over 20 years' experience in strategic planning, tool design and technical support in enterprise and market development, with a focus on vulnerable populations. Ms. Brand has trained over 4,500 trainers and master trainers, and has developed curricula and tools which have been translated into over 15 languages and used in over 35 countries. Ms. Brand is co-author of USAID's "Economic Strengthening for Vulnerable Children Guidelines," "Pathways Out of Poverty" publication, "Livelihoods & Food Security Framework," and "Market Development Strategies for the Very Poor" and has been part of the teams that have developed many of the frameworks and thinking governing work around value chain development, market systems development, vulnerable populations, livelihoods, and youth development. She has provided support to organizations such as the SEEP network, FAO, ACDI/VOCA, Chemonics, Adam Smith International, Save the Children, World Vision, QED Group, FHI360, and USAID. She has designed and managed several multi-million dollar development programs and has worked in over 20 countries in Asia, Latin America and Eastern Europe, with a focus on her home continent of Africa.

# A Tool is not Powerful in and of Itself

A solution is only as powerful as the problem it is trying to solve, in the same way that **a tool is only as powerful as the behavior it is trying to change.**

A tool is not powerful within itself ...  
It is what it is trying to achieve and how it is used that gives it power.

# Key Questions for Projects in Market Systems Development Contexts

What behaviors need to change?

What message is needed?

Who are appropriate market actors to pass the message on?

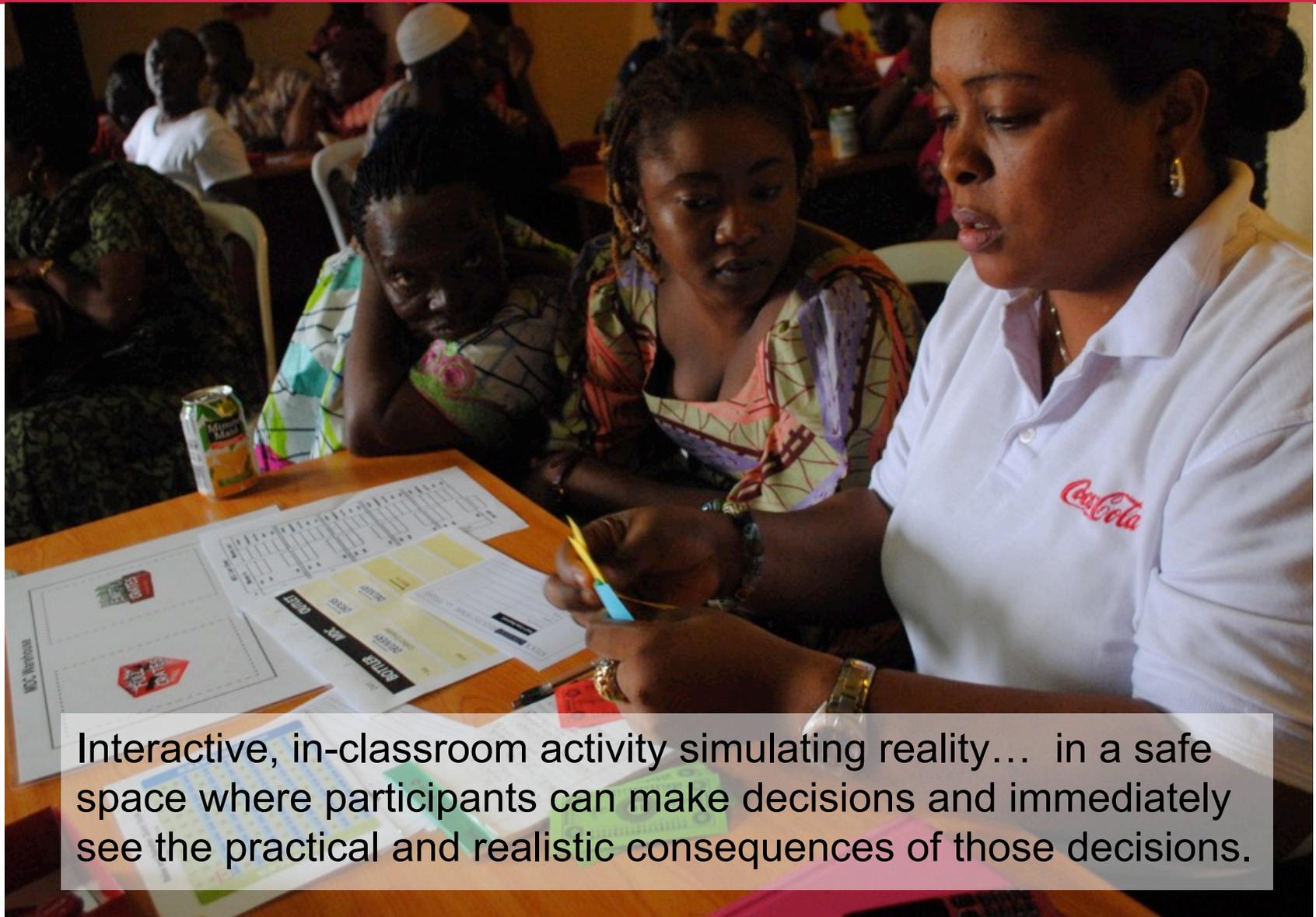
What are appropriate tools to use (such as simulations)?



# Experiential Learning Supports Behavior Change

- August 2015 McKinsey & Company Article:  
*“Experiential learning: What’s missing in most change programs”*
  - “Successful transformations demand new capabilities. ... To build them, experiential learning leverages the intimate link between knowledge and experience.”
- Simulations are an effective way to make learning more experiential especially for circumstances where it might not be possible working through a live case or on-the-job training.

# What do we mean by Simulations?



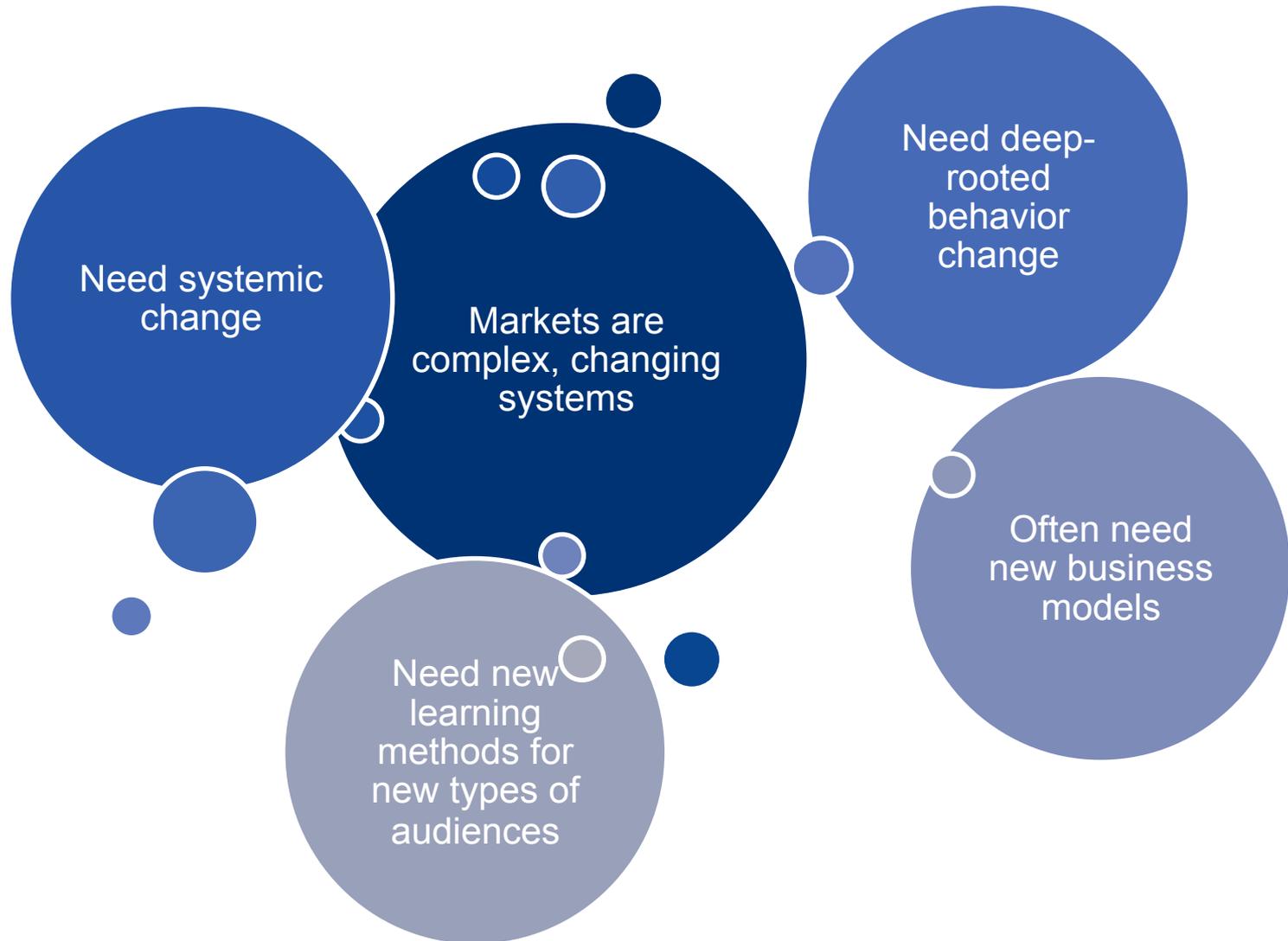
Interactive, in-classroom activity simulating reality... in a safe space where participants can make decisions and immediately see the practical and realistic consequences of those decisions.

# What do we mean by Simulations?



- Facilitator-led
- Non-computerized
- 2 – 3 hour modules
- Simulating different types of market systems  
Competing teams of 3-5 people each

# Why are simulations particularly effective in market systems development contexts?



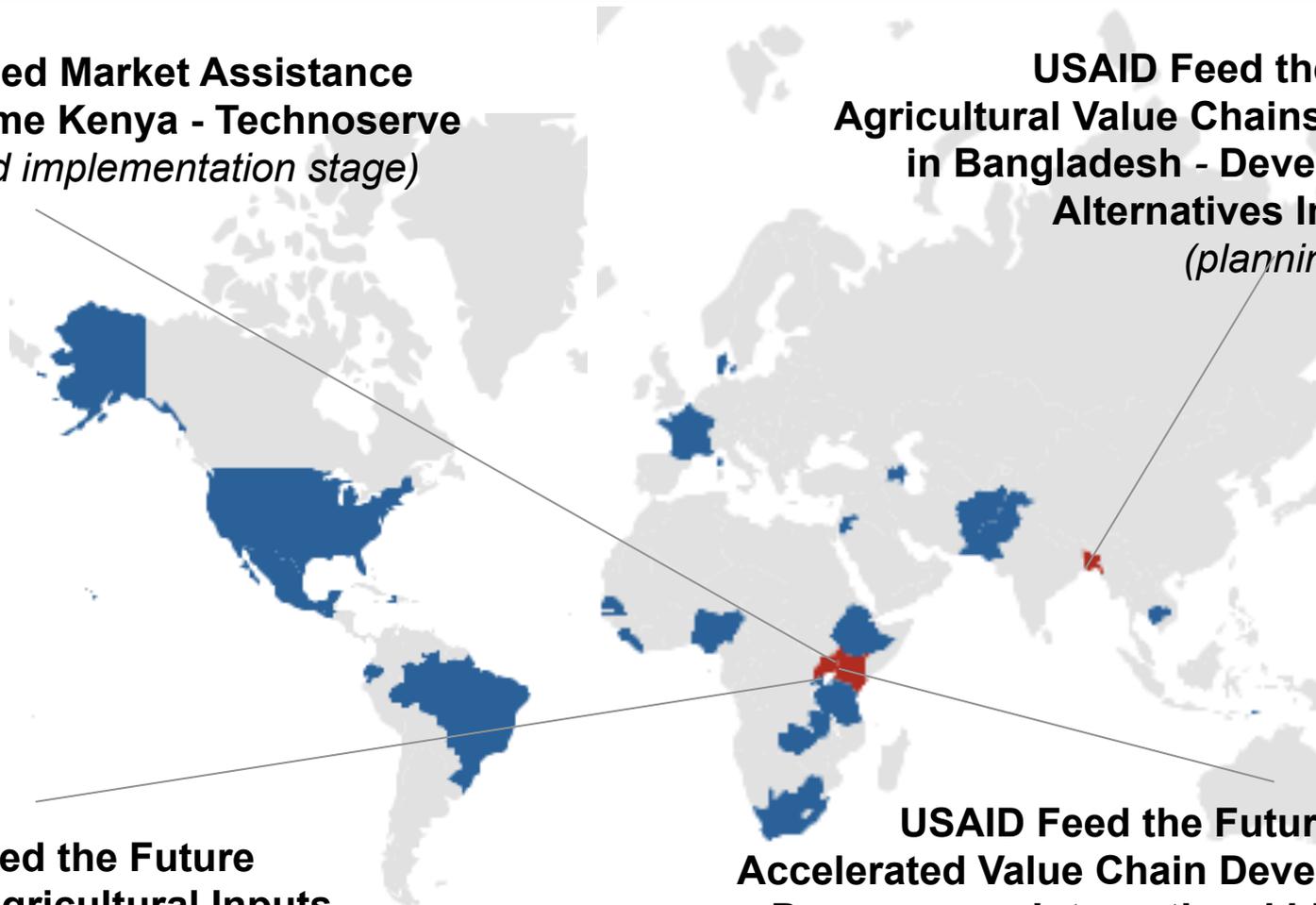
# Widespread rollout

**Dfid-funded Market Assistance Programme Kenya - Technoserve**  
*(advanced implementation stage)*

**USAID Feed the Future Agricultural Value Chains Project in Bangladesh - Development Alternatives Inc. (DAI)**  
*(planning stage)*

**USAID Feed the Future Uganda Agricultural Inputs Activity - TetraTech**  
*(implementation stage)*

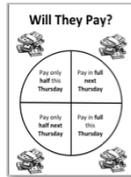
**USAID Feed the Future Kenya Accelerated Value Chain Development Programme - International Livestock Research Institute (ILRI) (with Technoserve) -**  
*(planning stage)*



# Quick overview



Characters Posters



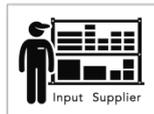
Will They Pay



Suppliers



AgriBusiness Cycle Chart



Input Supplier



Bank



Co-operative



Risks & Rewards Poster with cards

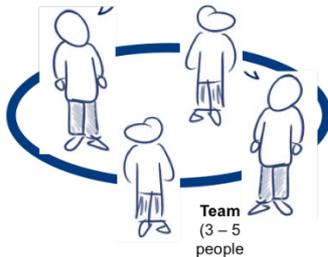


Customer cards    Bank Money    Stock    Risk & Rewards Cards    Record-keeping Sheets

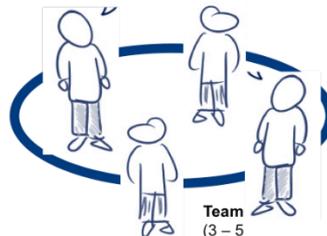
Facilitators Guide    Info Cards    Life Cards    Bank Statements



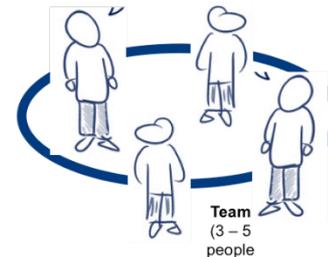
Investment Options



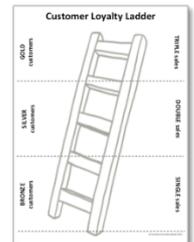
Team (3-5 people)



Team (3-5 people)



Team (3-5 people)



Customer Loyalty Ladder

# Key Learning Areas

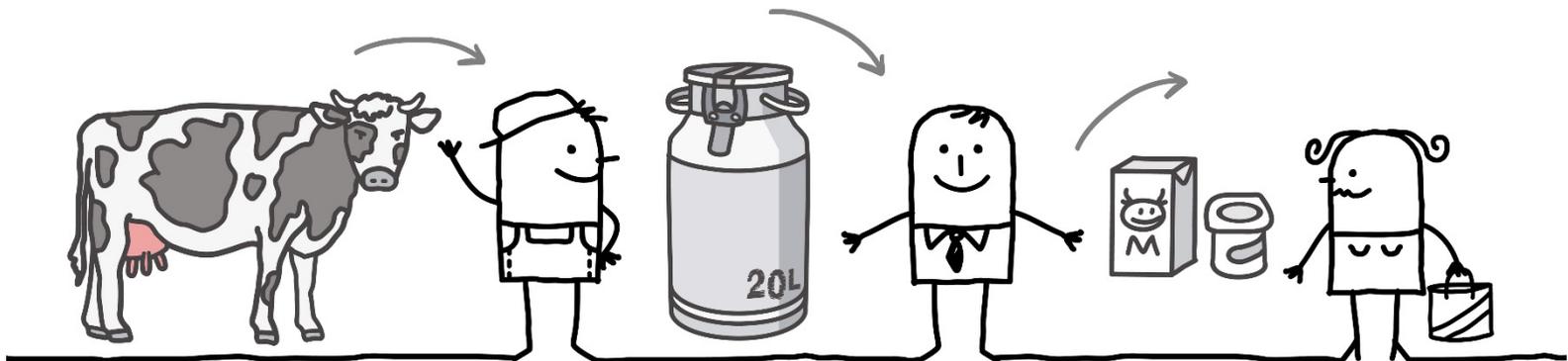
- 
- Recognizing common challenges faced by agribusiness owners and managers
    - Responding to social and community pressures
    - Balancing conflicting financial needs between business and family
    - Dealing with unexpected circumstances and unforeseen events
  - Managing finances and cash flow
    - Planning for loan repayments with interest
    - Experiencing the risks and rewards of buying and selling on credit
    - Managing and planning for smooth cash flow
    - Working with financial and non-financial record-keeping instruments
    - Experiencing the implications of supplier credit opportunities
    - Recognizing cash flow implications of agribusiness investment options
  - Strategizing and investing in agribusiness growth activities and systems
    - Recognizing the importance of staff training and management
    - Learning how to attract new customers / repeat customers
    - Recognizing the value of customer service for business growth

# Key Agribusiness Growth Investment Areas

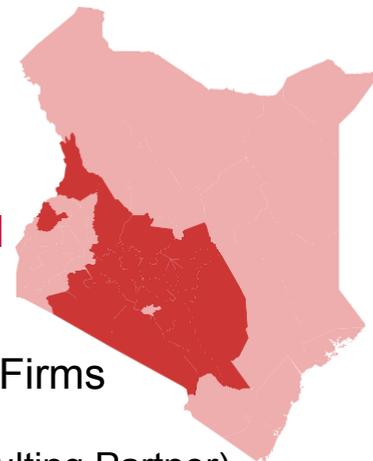
- Financial Management Systems
- Stock Management Systems and promotional activities
- Customer Management Systems and promotional activities
  - SMS Strategies
  - Promoting Seasonal & Soon-to-be-Expiring Stock
- Farmer Group Relationship-building and promotional activities
  - Farmer Field Days
  - Bulk Discounts
  - Trial Packs
- Store Remodeling & Layout
- Staff & Management Training
- Village Agent Networks
- Buyers' Clubs
- Demonstration & Sales Stands
- Preferred Stockists
- Radio Shows / Contests

# Case Study A: AgriMarket Simulation in Kenya

- Training is a major component of most Technoserve projects BUT there have been challenges providing low cost up-to-date trainings after the donor intervention.
- Recognize that:
  - Conducting direct training eradicates commercial training firms
  - Working with farmers can in some cases be the least effective entry point to gain system change as farmers have least influence on market system changes
  - Changing business practices of retailers to see the value of the farmer as the key component will allow for increased investments by retailers in changing the behavior of farmers



# Making an Impact



## Beneficiaries:

- Large Dairy Cooperatives
- Input supply dealers
- USIU Agribusiness Entrepreneurs
- USIU Agricultural Degree Program
- Agribusiness Service Providers, e.g. independent AI and veterinary providers

## Market Facilitators:

- Technoserve Kenya
- EcoVentures International (EVI)



## Delivery Agents:

- Private Sector Management Firms
  - KPMG
  - SEWA (local Deloitte Consulting Partner)
  - PKF
  - Local East African Firms: SetPro
- Private Sector Marketing Firms
  - DotMatrix, ConsumerPro, HubVentures
- Private Sector Training & Education
  - United States International University (USIU)
  - Catholic University
- Private Sector Processors
  - Dairy Milk Processors
- Government
  - Kenya Dairy Board
  - Egerton University
  - Jomo Kenyatta University (JKUAT)
  - Maasai Mara University
  - Karatina University

## Tool Developer:

- EcoVentures International (EVI)

# Behavior Change



## **FIRM-LEVEL UPGRADING:**

Increase in investments made in firm level improvements which drive benefits to poor farmers

## **INVESTMENTS:**

Made / committed to investments for investing in fee-for-service services

## **MINDSETS:**

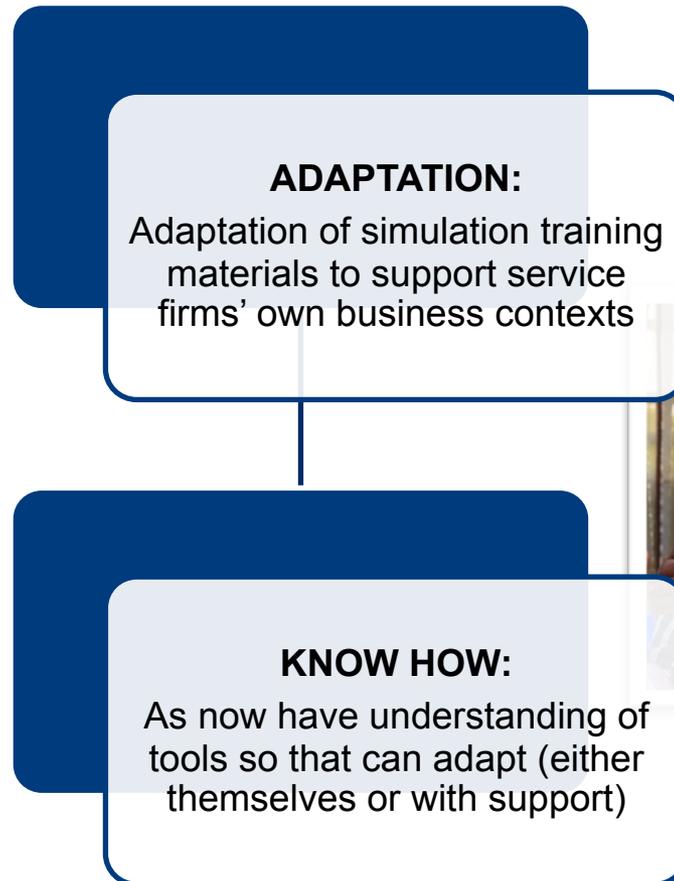
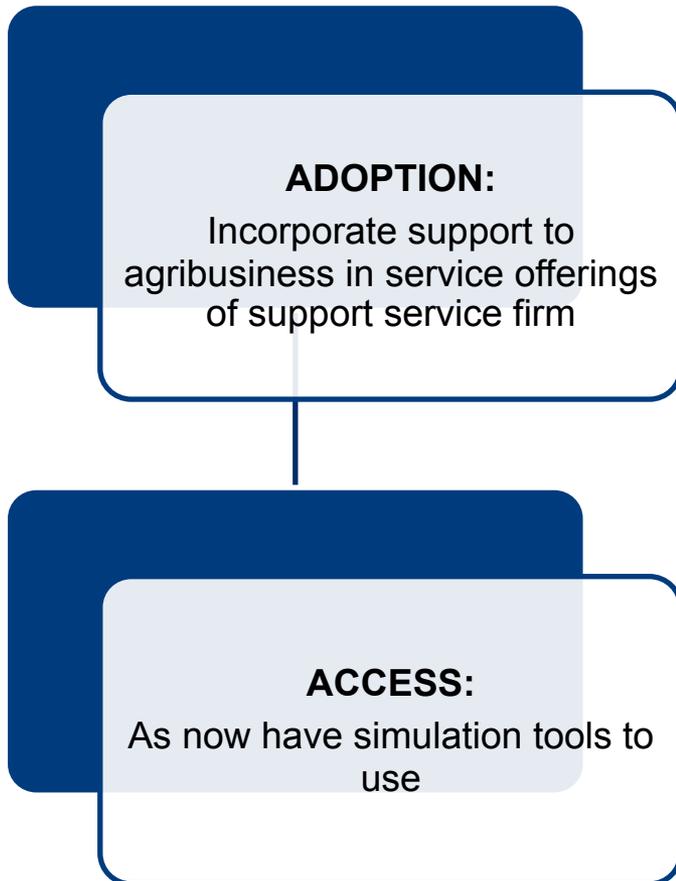
Value farmers and want to improve relationships within farmers

## **GROWTH-ORIENTATED BEHAVIOUR:**

Actions and strategies have moved from short-term gains to long-term growth

**INPUT SUPPLY DEALERSHIPS  
(AGRODEALERS)  
Kenya Dairy Market System**

# Behavior Change



**SUPPORT SERVICES FIRMS  
(Management, Marketing, Research, ICT Firms)  
Kenya Dairy Market System**

# Behavior Change

Increased investments in agricultural inputs

Reliable and quality supply of inputs that is resulting in increased milk production and therefore milk sales by co-ops

**LOW INCOME SMALLHOLDER FARMERS  
(Households with very few livestock)  
Kenya Dairy Market System**



# Case Study B: Youth Entrepreneurship

## Student internship program “AgriBusiness Consultants”

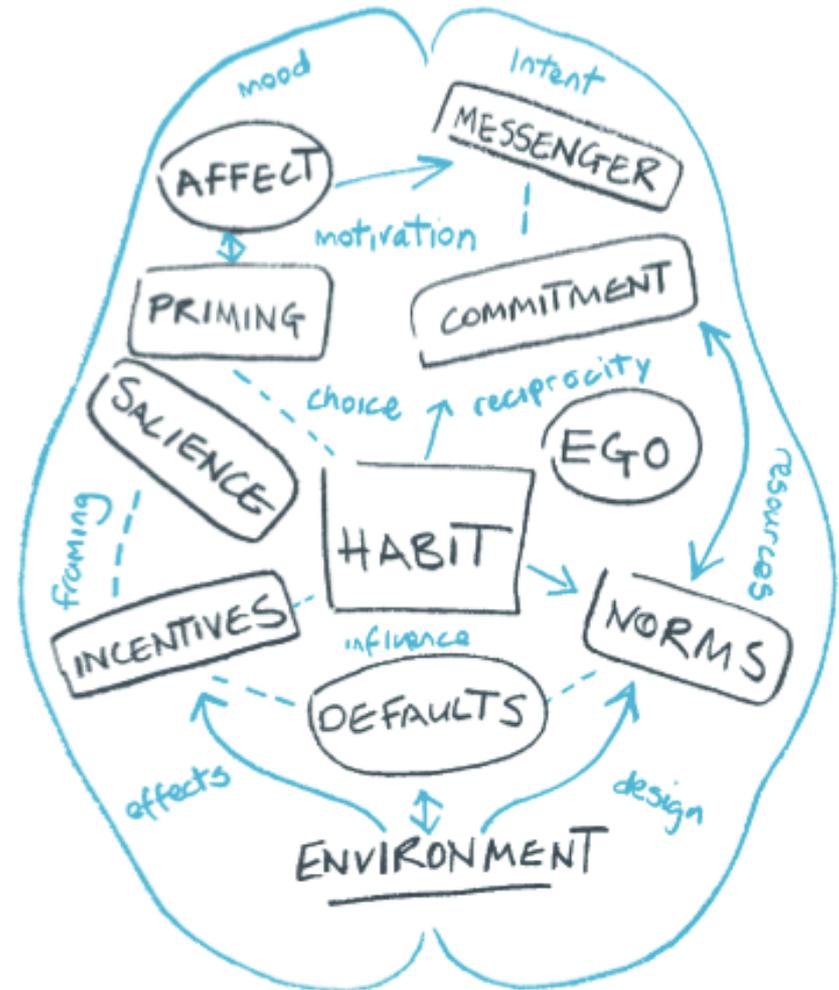
Assisted training institute:

- To set up / strengthen internship program
- To partner with other universities from which to draw students
- To partner with agri-inputs companies to host interns, i.e. how to “make the market offer” to companies (cost-sharing internships)
- To train the student interns from across faculties to understand the agribusiness sector (using the simulation tools)
- To train the student interns on tools to use with the agribusinesses (including the simulation tools)



# Simulation Methodology

- Reflect real-life contexts
- Highly interactive
- See impact of different business decisions immediately
- Contextually relevant
- Allows people to experiment first and learn in low-risk environment



# Designing simulations is not easy!

While it is really simple to design something complex ...

“It's really complex to make something simple. The thing is, getting to simple is not simple. It's hard.

Knowing how to simplify, and, actually, crucially, what to simplify is a hard, hard problem. ...

The best products are the ones that vanish in the hands of users, where they're not even aware of the complexity under the hood.”

*Jack Dorsey, creator of Twitter  
and founder of Square*



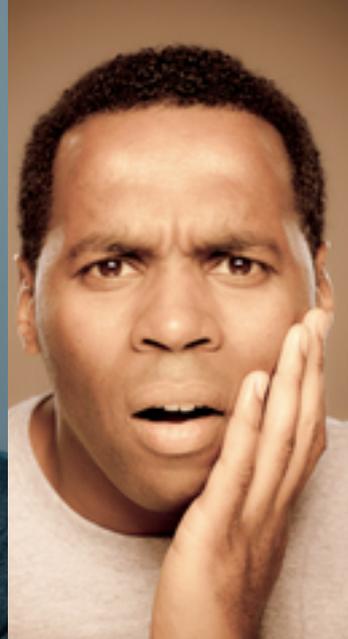
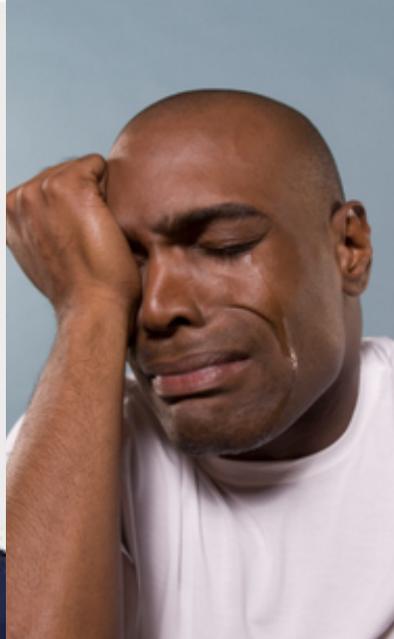
# Designing a Successful Simulation is not Easy

- Research market conditions & underlying behaviors
- Identify behavior & other learning objectives
- Initial design (non-linear)
- Testing (behaviors, numbers, AND emotions)
- Adaptation
- More testing and adaptation
- Production
- Training of trainers
- Continued support
- Continued adaptations



# Simulations allow risk-free experience of emotions

- What people seldom realize is that it is the **experiencing of emotions, particularly disappointments and shocks**, that really drive behavior change.
- Emotions need to be carefully crafted into simulations



# Simulations allow risk-free experience of emotions



Eish! I lost all my customers!

Ah no! That strategy made me go bankrupt!

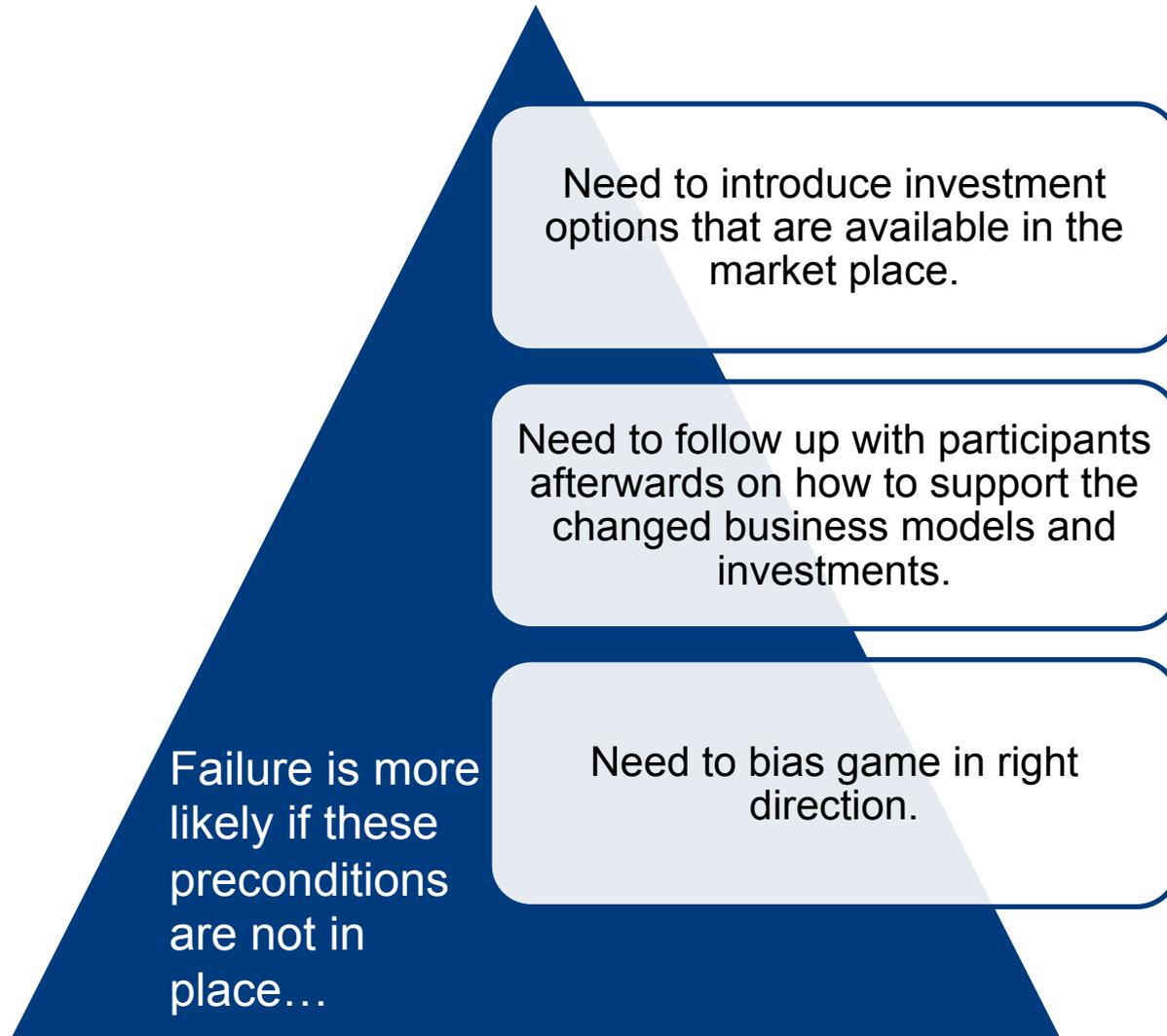
No way ... too much is going on – I can't handle the stress!

Whoa ... the social pressure is too much – I'll contribute even if I can't really afford it!

Whew – my strategy seemed perfect ... but the lack of cash flow burned me!

Hey! I never planned for that and I did not have any savings to cover me!

# Typical Conditions for Success or Failure





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