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CATALYZING VALUE CHAIN DEVELOPMENT: WHAT WE SAY, WHAT WE DO, WHAT SHOULD WE DO?

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WHAT WE SAY

CHANGE IS THE KEY TO SMALL FIRMS COMPETITIVE EDGE

Breakfast Seminar #1

June 23, 2005



D. Can Small Firms Compete?

- Yes.... By improving their efficiency
- Yes... By improving quality and taking advantage of product differentiation
- Yes... By taking advantage of increases and changes in demand



ENTREPRENEURS MUST RELENTLESSLY ADOPT AND IMPROVE TO GROW

*For growth to be sustained, producers must be **motivated to search** for and **adopt a never-ending** stream of such improvements. **Any single improvement** in technology or management **boosts growth only temporarily.***

*.... existing producers must continue to **behave as entrepreneurs,** **working relentlessly** to improve their products and reduce costs in order to **stay in business and earn profits.***



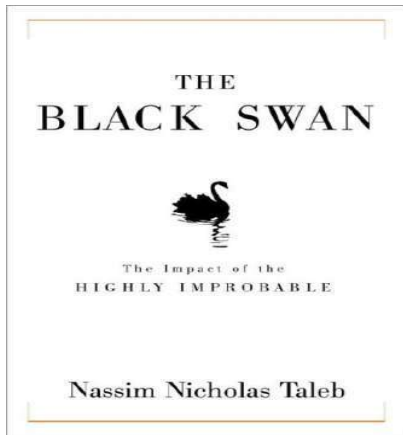
SECURING THE FUTURE A STRATEGY FOR ECONOMIC GROWTH



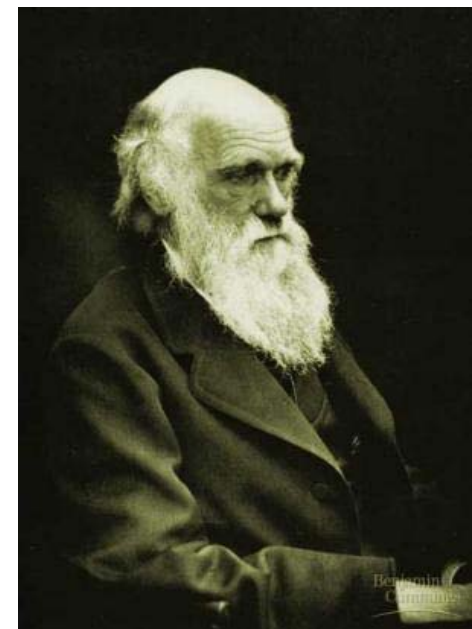
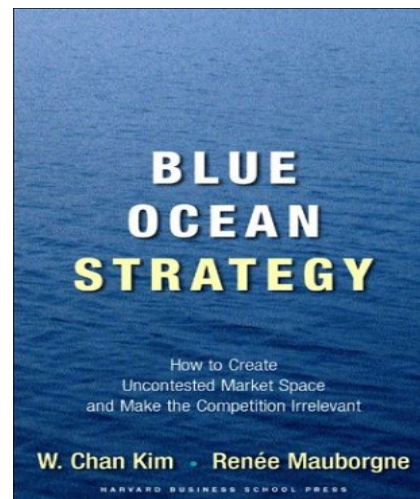
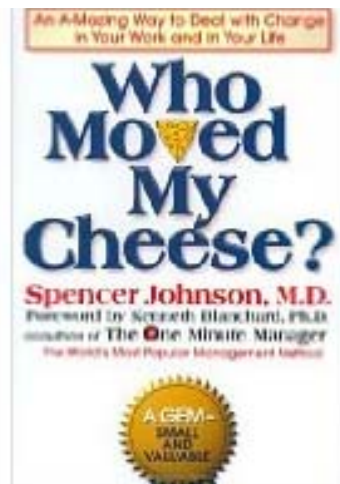
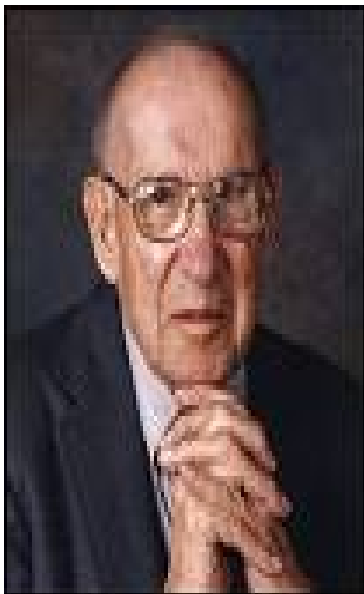
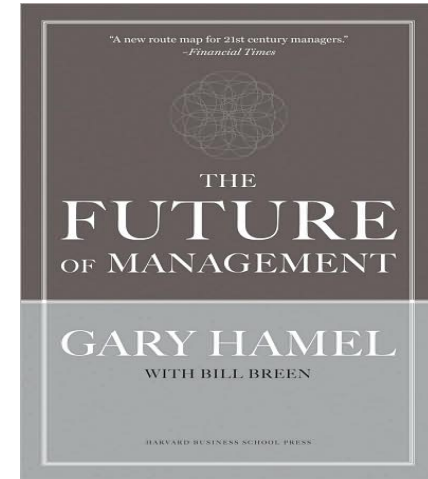
April 2008

U.S. Agency for International Development

WHAT THE GURUS SAY



Strategy is about identifying opportunities in your environment and adapting to take advantage of those opportunities.





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WHAT WE DO

CONTROL THE MARKETING PROCESS INSTEAD OF BUILDING UP CAPACITY



LOOK AT MARKET DATA YEARS AFTER THE MARKET TREND HAS OCCURRED

Understanding Today to drive the future tomorrow

Consumer Behavioral Change



Today

Store Market database Pick up Change



Months After

Value Chain Responds To Orders



Give Opinions About the Future by Looking at the Past

Industry Insiders Pick Up On Trends



Months to Years After

Reports, Press Releases & Others

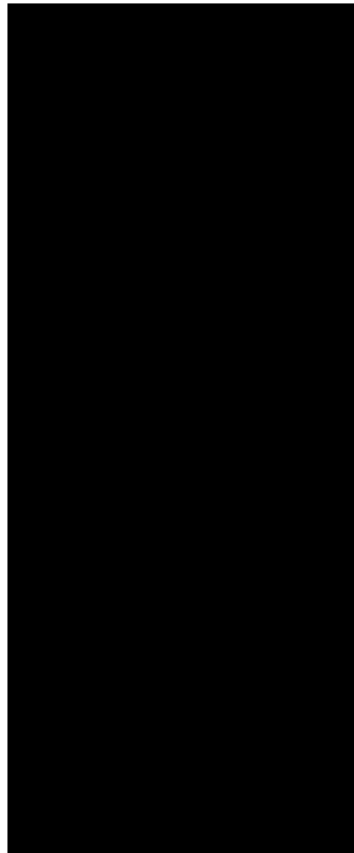


Year to Years Later

THE GAP BETWEEN TALK AND IMPLEMENTATION

What We Say:

- Learn about today's market opportunities
- Have the capacity to adapt to those market opportunities
- The project to be the catalyst for the value chain to change



What We Do:

- Work off of yesterdays market information
- Don't build capacity in the marketing process
- Create deals that are one time improvements for growth



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WHAT SHOULD WE DO?

CATALYZING CHANGES IN MARKETS

PROFIT (Zambia): Production, Finance, and Technology project

Problem: Agriculture input sector was small and showed little value to the market place

Solution: PROFIT gave incentives and technical assistance for input suppliers to become “Solution Sellers.” They learned about producers issues and finding products to solve those issues.

Outcome: After first movers became successful, others were motivated to join. Industry went from nothing to millions in sales.



USING PRIMARY DATA TO LEARN ABOUT MARKETS

Competitive Armenia Private Sector (CAPS) Project

Problem: Armenia had little knowledge of the tourism markets, creates aimless market strategies

Solution: Start the process of collecting visitor surveys at airport, gives market insights of actual visitors to Armenia

Outcome: Implement targeted marketing initiatives to Italian tourists, results in 35% increase in tourists (compared to 8% previously)



FACILITATING RATHER THAN ENTERING MARKETS

From Behind the Veil:

Access to Markets for Homebound Women Embroiders in Pakistan

Problem: The culture limits market access for homebound women embroideries in Pakistan

Solution: Train marketing agents on how to be entrepreneurial in seeking out new markets and products

Outcome: Sales agents increase sales with urban markets and move to export markets without project support



TAKE ON NEW FACILITATION ROLES TO CLOSE THE GAP

What We
Say

Be Catalytic



**Focus on Primary
Market Data**



**Build Capacity to
Engage & Innovate**



What We Do

IN SUMMARY.....

For Value Chain's to be competitive we must catalyze private-sector actors to learn, analyze and adapt to current market trends.

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.”

-Charles Darwin



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THANK YOU!

Please visit www.microlinks.org/breakfast
for seminar screencasts and related resources

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DISCUSSION QUESTIONS

- Am I wrong, are we doing enough to create an entrepreneurial private sector? What am I overlooking?
- Can this work in all environments?
- Do you know of other cases that demonstrate how we build the ability to adapt to market opportunities?
- Are there other activities you would recommend?