



MPEP SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

Facilitating Systemic Change: Experiences from Feed the Future's Projects in Uganda

Presentation Transcript

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Female:

Good morning everybody. Please, do sit down. Let's get started. Can you hear? Okay. I am very pleased this morning. Now you can really hear me. I'm very pleased this morning to have Eric Derks and Eric is an old colleague and, yes, we've all gotten old. We worked together when subsectors and subsector analysis was the rave and then enterprise development value chain development. So Eric has been around for quite a long time and now he has a pretty exciting job in Uganda. He is now the chief of party of a new project there called the Agricultural Input Activity.

This project itself has quite a history. I was out in Uganda some time ago with a colleague looking at USAID's portfolio there, their value chain portfolio and there was a project called LEAD but Eric calls it 1.0. LEAD 1.0 was kind of struggling. The mission asked for some help in maybe redesigning this project. So our office under AMAP hired Ken Smarzik who's in the audience from Tetra Tech and Mike Field who's an expert from everywhere and they redesigned LEAD and Eric is going to call it LEAD 2.0. Since the end of LEAD 2.0 there's a new activity and this is the Agricultural Input Activity. What Eric is going to talk about today is a trajectory of changing programming, of changing thinking about how to program value chains and one that is increasingly focused on complex systems and how to design projects focused on complex systems, how to intervene in projects that involve complex systems. So with that let me turn it over to Eric.

Male:

Thank you Jeanne and also to the people in the virtual land. Thank you to USAID Uganda for the opportunity. A bit of a story on adaptation first. I first back in 2009 joined AC _____ and went to a project in Burkina Faso and in order to adapt and become part of AC _____ you have to shave your head. When you join Tetra Tech you have to grow facial hair. So this is all part of that process. So achieving systemic change is the focus of this tale.

So like kind of talk about it, points along this presentation at that level told in more detail at different intervals with regards to the maize interventions and approaches that were being undertaken especially under LEAD 1.0 and 2.0 and with regard to looking at the AG inputs systems sector in and of itself which were components of LEAD 1.0 and agricultural inputs activity. So as Jeanne mentioned I came in to Uganda at the end of LEAD 1.0 to pick up or lead a shift in that project focus, making the case for facilitation and also kind of coincided with the application or advent of Feed the Future programming there. So where LEAD 1.0 was looking at multiple value chains LEAD 2.0 was focusing down onto the narrow Feed the Future selected ones; maize, beans, coffee and AG inputs. So I

managed that project for I guess a year, year plus and then transitioned to the new activity which has taken a bit of time in getting used to calling it activity. There is an overarching project but the activity and its activities. So those will be the three frameworks and we'll talk about the different progression of approaches in that process as it relates to achieving systemic change.

So LEAD 1.0, the basic project model, looking at – you can see from the diagram, the model it's very producer centric. There's a lot of activities going around it. There's some village savings and loans. There's some orphans and vulnerable children. There is some work in some of the output markets looking at the maize and et cetera but basically the lot of the structure of the project which ended up with 40 plus staff in the various offices 400, 450 people in the field providing lots of direct types of support to producers. Farmers, field schools and demo plots to shift behavior of farmers to new agricultural practices, increasing the use of adoption and use of inputs, working with producer organizations, strengthening their capacity as able to provide that link between farmers' input markets and output markets. So that was the link kind of focused on and that part.

Grants, large grant program with regard to maize, building up capacity within different actors along the system. Grants for storage, grants for drying and cleaning capacity and so on. There was also a bit of on and off again during that phase. Some training of AG input suppliers, product knowledge, how to manage their businesses so that they could provide better quality products and services to farmers in that link. So that's in general the approach they had, a large structure, very hierarchical, top-down driven. Most of the information things were going out, had their work plan, had their sets of activities, the gant chart for the 12 months and that ran.

In looking at results, and this is – I tried to phrase this for LEAD 1.0, 2.0 and others. In terms of what I think are some of the important aspects of looking at what these projects are achieved or at least the framework for talking about the lessons learned behavior change. Is there change in the behavior that they're looking for? A lot of good marks for what was happening. Farmers did improve production practices. Better planting practices, weeding practices, management of fields. Less so with regard to actually spending and making those investments in terms of buying more inputs and in terms of the efforts to build capacity of AG input suppliers and that training, et cetera. There was kind of a limited response on their part to actually get out and provide that better quality services.

We'll talk more about what we're seeing in AG inputs and the activity I'm focusing on is primarily on that. But it's worth sharing at this point that

what we're seeing in terms of the AG input sector is that it is basically a trading practices, trading business strategies on most of the businesses. Show up to work, you have a small little container-type store. Counter wood goes down and they're behind that for the rest of the day. It is a come and receive and sell product based upon who will come. People competing on price and et cetera. So the behavior change that would be required for them to actually provide better product knowledge and services and genuine products is the different business strategies that require them to be getting out from behind counters or actually have staff who can go and undertake those types of marketing and promotion, customer management type of activities. But there was limited response there.

In terms of the grants, kind of a mixed success rates there and I think the common denominators that determined a lot of those success rates can be correlated to grants, the amounts that were a high proportion of businesses' operating expenses or what they were involved had lower success rates. Just much less ownership, higher dependency upon those and the commercial practices, the commercial orientation of the grantees themselves was actually a huge determinant in their particular success. This is probably nothing incredible surprising but we were able to see this during this phase of the project as there were grants made across different spectrums of people.

In terms of systemic change, what I was saying the improvement of farming practices worked out but the links of farmers into input and output markets was somewhat limited. The producer organizations are a useful entry point in many cases. What we're finding here though is that they're not always the preferred go to people by the rest of the businesses in the systems whether they be from the output market or input suppliers. The producer organizations that achieved a certain amount of success in providing good linkage to these markets were the best organized, the best managed, et cetera but in and of themselves they had the collective management structure typical of many of the producer organizations or which was promoted and tried at the time under LEAD 1.0 was also a structure of producer organizations joining higher level uber producer organizations in some kind of a tiered system. The management structure of those was ultimately – not ultimately – proved unappealing to lots of the higher end businesses.

So a producer organization or a collective of producer organizations trying to sell maize were trying to link up with some like the millers based in Kampala. They had hurdles to overcome in terms of reliability or being able to communicate and have that kind of one on one relationship. We commissioned a study at the end of the 2.0 just to kind of look at what were these preferred linkages. What's out there in the marketplace now?

What does an input supplier want in terms of customers to go to whether it's book buying or just establishing a customer base or traders or large scale buyers of maize? Who do they want to be working with and where do they want to go? Invariably what was coming back was they want somebody who can take individual responsibility for these operations that they can count on, they can establish a rapport and relationships with. Things again in the commercial sense aren't entirely surprising.

The last thing, in terms of systemic change looking at in terms of 1.0 of note is the project of 1.0 was but three years long and during that time it spent roughly about \$30 million dollars. Lots of impact but most of those impacts were probably directly related to the actual resources and interventions that took place. There wasn't a lot of spillover effect or copying by other businesses or other actors in the system to adopt some of the improved practices that were going. So you have a limited leverage, in other words.

So the LEAD 2.0 model starts up with the start of Feed the Future. So fewer value chains overall to be looking at; maize, beans, coffee and AG inputs. Make the case for facilitation promoting an approach that would try to look to achieve sustainable impacts, performance improvements of sets of businesses in these systems that we could work with and in this case we were targeting and talk more about maize traders and input suppliers and retailers. So not working directly with farmers but working with businesses that we deemed are assessed to be critical components that could drive a lot of benefits in that system and close a lot of those gaps. So working with those to improve certain performance practices and also to leverage that change that we were able to achieve with these particular businesses throughout the rest of the system. I could talk about some of the tactics and strategies we were using for that. All of this, of course, to be driving more benefits to small holder farmers but not by providing those in that direct support from the project.

So maize traders, these were more up country based out of major trading hubs. People that had storage capacity about the size of this room or half the size of this room, people who were interested in improving certain supply chain management practices. Again, the trading practices I described earlier with regard to AG input providers is somewhat similar with the regard to the maize traders is come to the shop, behind the counter and then you receive sellers as they come. So the improvements we were promoting were a range of things for them to be getting out. Communicating what types of maize they were looking for, what was the quality, offering, quality differentiated pricing or other types of incentive structures that would get large quantities coming in from particular – offering a benefit for that.

One of the things we did with working with these businesses is hooking them up with sellers of equipment. Shellers proved to be a nice entry point for a lot of these maize traders to purchase because they could now offer shelling services to sellers of maize. Go out and say, “Tuesday I’m showing up in this community. Come and bring your maize. If you sell it to me the service is free. If you don’t well I’ll charge you market rate for getting your maize shelled.” Advantages being you can foster aggregation of maize at a particular time. It reduces the transaction cost for the traders, improves the quality of the maize because it’s not being done by hand on the ground. So it’s much cleaner as a result, et cetera. So these were a range of performance improvements of these traders and you can see how this would possible generate benefits for small holders.

We talked more the input, the retailer, the agro dealers. Basically a small shop, retailers spreading throughout the country looking to promote with them certain performance improvements, new retail strategies. Village agent retail model which I think a lot of people have – there’s been a lot written about it of course that there’s been a pilot or projects looking at this in Zambia and elsewhere. Stockist goes and recruits agents in communities. They are order takers, cash takers communicating back with the retailer who then they work on delivery of the products and order country with farmers. It’s also a conduit for more information, two-way information which is another thing that’s often lacking. It also offers them like I say opportunities for more marketing and promotion whether it be for use of media or through these agent models.

Then at the other side since we’re only working with certain early adopters of these improvements it’s not just everybody. It’s not like we’re going out into a community area and then putting up a notice, “We’re offering this training on these particular performance improvements.” We would go and talk with large numbers of businesses in particular areas and sell people on the ideas, the benefits to them of making these types of performance improvements. So those that get it see it. We ask and look for a demonstration of their commitment to that process and we can work more closely with them in making those improvements. But it’s not everybody. So how do you get everybody, other people to adopt and copy into these practices?

So some of the activities in this area with the targeted firms there’s a lot about just coaching, training. Some of the training is formalized. Some of it’s cost sharing of different things. With the equipment, the shellers, for example, we ran cost shares to get people to try out this equipment. We didn’t do the cost shares with the target firms themselves. We did it with the equipment sellers. So that’s where we sent them a list of eligible firms and the ones that we were working with to benefit from a 50 percent reduction in the purchase of those but then the equipment sellers also

leveraged those sales and those businesses using them to do further promotions. They were organized out in a particular area, somebody who had a sheller, to invite other businesses around to see what this guy was doing with the sheller and then be able to promote and sell more products that way.

We also did a lot of linking of the target firms. We were working with supplier markets and other buyer markets of the maize traders, working with them and linking them with higher quality markets for maize which exist. The performance improvements themselves aren't predicated on necessarily having that access to those high value markets because a lot of the performance incentives that these traders get offered to farmers in driving better quality would pay for themselves largely in reduced storage, reduced spoilage during storage, higher attraction by buyers, period. I mean to some degree most buyers are quality sensitive. So if you get very yellow-looking maize versus much fresher, drier, better looking maize even if they're not looking to buy maize into a really high quality differentiated market it still sells faster. They do get a better premium for it. So at the end of the day offering what ended up in terms of the initial performance incentives or at least for quality weren't a huge bonus but it was enough if they pay that back.

In some of the showcasing stuff was interesting where we would take some of the early adopters, the successes they were making so somebody is out organizing farmers in particular areas to develop a supply base for maize showcasing their improvements to others. We used a lot of the local professional networks especially in northern Uganda. There was an interesting maize dealers association in towns. So we'd work with these businesses in how to present some of the things they were doing and the benefits they were getting to their peers. Reports and studies were finding that this was actually fairly effective in driving that performance improvements elsewhere.

We did a lot of work with the media. We had an interesting roundtable at one point where we brought a number of the different radio stations, journalists from the different media companies together and talked about, "What's the story here? What story are you looking for as journalists to sell to your papers, that you want to broadcast or your television, et cetera?" Of course everybody comes back, "Well they want to see the improvements with the farmers. We want to see them benefitting the gain." Everybody likes to see the farmer out there with more ears of corn and better yields and the like. But mostly that story from the point of view of the journalist gets told from the perspective of, "This project comes in and helps out these farmers and achieves these impacts and everybody's happy."

So our pitch to them was, “Well this is even a better story because now you’ve got these businesses making their own investments to drive benefits and improve the lives of their suppliers or their customers.” So we got a lot of local press coverage, bringing journalists around to these areas and interviewing these businesses and mentioning our projects as secondary but putting the name of the business and the improvements they were making, the investments and efforts they were making as primary. While I think that was helpful in the process of showcasing and crowding others in other businesses to look at these and adopting it it wasn’t cited by a lot of businesses as the thing they saw as a means of driving that process. We can talk a bit more about that.

The end of the day, so the benefits that were driving indirectly from our work are the benefits of small holders, reliable access to markets, reliable access to technology, quality inputs and largely information. This is the asymmetries of information especially between the trading functions and the supplier functions or even one would think between the AG input suppliers and their consumers are tremendous either through lack of practice, lack of particular models and how to go about doing that. So this helped bridge a lot of that. The end results of end goal of all this was improving quality, expanding production and getting that investment and input which we saw to a greater extent under LEAD 2.0 than we did under LEAD 1.0.

So the behavior change. We feel pretty confident it’s there through the measurement we were doing and looking at the 30 plus maize traders and the 30 plus agro input suppliers. They adopted these practices. They adapted them to their particular contexts because we were promoting them but because they saw the interest and they owned that process and owned these improvements themselves. Benefits to farmers, were we achieving that, the behavior change at the farmer level? We saw quite a large increase in the footprint or the market base of a lot of the input suppliers and reliable supply base or a lot of the maize traders from 30,000, 50,000 roughly. The particular behavior change, that’s I think to be determined. We didn’t have in place the mechanisms and going out and exactly measuring what these farmers were doing beforehand and what they’re doing afterward.

Part of the thing that complicates that process is in starting this process you don’t know which farmers are going to be the indirect beneficiaries from this. You’re looking for the early adopter target firms, the maize traders and the AG input suppliers and you don’t necessarily know where you’re going to be finding them. You don’t know either if perhaps they start making some of these improvements early on whether they’re going to continue or whether they’re going to say, “Eh, it’s just not for me.” So having a system of rigorously tracking the before, during and after

behavior change of the targeted beneficiaries of the farmers is somewhat problematic and perhaps under a larger timeframe of a project which LEAD 2.0 was only a year and a half, two years and probably a year and a half of actual implementation it wasn't necessarily possible. However, in terms of anecdotally seeing the behavior change there's a lot of anecdotal evidence supporting that especially with regard to how we were seeing the systemic change we were able to achieve.

So some of the measurement we were able to do after a year and a half of _____ but a 14 percent adoption rate of non-target firms, the businesses we're not working directly in terms of support. A lot of that we're finding being driven by farmers themselves. So an AG input supplier who has a half dozen village agents adopts and expands that network of agents not necessarily because he's got an input supplier saying, "Hey, this is great and I'm going to work more with you because you're got a better distribution network." It's because the farmers in the neighboring village who don't have an agent are coming and knocking on the door saying, "Hey, we want an agent, too." So in terms of demonstrating value, farmers' value and how they value these improvements were they're the ones largely reinforcing and driving that process and supporting that process of change at the firm level.

In terms of the maize traders what we were seeing as driving those performance improvements by others who weren't directly targeted it was again they felt themselves increasingly crowded out of the market. If their standard practices of getting X numbers of tons of maize to put together for a particular market opportunity were hampered because this guy, their neighbor, had locked these people already in – when I say lock them in I know that has some thinking locking them in for the lowest price but what they were locking them in with was actual value and investment into that relationship with these farmers.

So the farmers said, "Hey, I'm getting a good thing over here. This guy is offering shelling services. He's offering quality differentiated pricing. He's telling me what the market wants, what the different grade levels are. He's telling me what I can do to improve that quality." So there's a lot of loyalty and commitment and interest by farmers to respect not necessarily these engagements but value this relationship. So other businesses, other traders who weren't providing that value into the system were finding themselves crowded out. So we saw them, some of the other adapters or adopters of some of these processes.

Lastly in terms of systemic change what we expect to see, again, could be measured if someone were to go and do that. See how these would expand on their own but given that the performance improvements are entirely owned by these businesses there's no dependency or reliance on

the project who was promoting them. We do expect them to be expanding on their own. Under 2.0 it was interesting to note compared to LEAD 1.0 that per dollar spent we were able to achieve more impacts for those particular resources just largely because of the leveraged affect of these and the change we were able to achieve in an incipient way in the system.

So some important lessons in this process. The first, really more has to do with a push to organizational management and shifting staff and the orientation of the project to a much more of a facilitative approach. While it was handy on the one hand to get people excited, staff excited by this village agent retail model it allowed for a certain amount of the staff that were used to providing direct support to farmers and understanding this approach to be able to take a step back, reorient towards a different business and talk more about business models and how this can benefit them and adopt more of an ownership approach. It also fostered a bit of inflexibility at the same time where the village agent retail model has almost become dogmatic in some circles in the country. Well you're not supposed to recruit your agents that way. That's not the model. You're supposed to be remunerating or providing certain performance incentives to your agent because that's the model this way but not the model this way.

Same happened kind of offering or promoting quality differentiated pricing. If we promoted them too much as a particular model it left too much – we became less flexible ourselves in terms of evaluating these particular models and helping businesses themselves adapt them to their context which at the end of the day is really what it's about. I think we would have liked to have brought in some of the supporting market actors earlier. I give the example of the equipment suppliers. Having them in helped to really kind of push out some of these improvements and helped the firms, the maize traders we were working with get more benefit from these improved supply chain management practices. I think bringing them in earlier could have accelerated that process to a greater degree. It's a bit speculative but it is a balancing act. You can't bring it in too soon, can't bring it in too late. But I think there was room to actually bring them in earlier, have discussions with these businesses at an earlier time.

When we surveyed the other businesses who were not receiving direct support they cited as some of the primary influences in terms of why they adopted or adapted some of these practices was because they were in close proximity to those who were and that their professional networks served as a hub of information in promoting these different types of practices. So being more explicit, intentional about leveraging these networks was something that we would have liked to have done earlier which I think in the next iteration or this next activity we talked about.

So, pause, now LEAD 2.0 ended as of yesterday, July 31st, the end of the contract. The doors are closed. These next generation of projects are under a different structure, if you will. So there is part of the Feed the Future and the economic growth team, the value chain development project which has three basic components. The first component up here is the one that I'm managing, the USAID Uganda Feed the Future Agriculture Inputs Activity and when we get together for our partners meetings we all have to say them in complete sentences. There's no calling it AI or AG Inputs and same with the Commodity Production and Marketing Activity or, sorry, the USAID Uganda Feed the Future Commodity Production and Marketing Activity which I continually get wrong. It's not CPMA. It's Commodity Production and Marketing Activity. All these three are part of the value chain development project of which there were components of each one of these under the LEAD project, the Livelihoods Enterprise for Agricultural Development project. I think I was remiss in probably not saying what that acronym actually stood for.

So these activities offer I think some unique opportunities and challenges in an approach to achieve similar objectives that we're wrestling with, we being the managers and implementers of these activities as well as USAID Uganda, recognizing that this is a new type of structure and there are opportunities and challenges. For example, I mean the first one is each of these is arguably conceptually in some way shape or form a unique system. The AG inputs system comprising not just a distribution chain of those but the international manufacturers, it's own enabling environment supporting markets of products and services, other opportunities to expand along those lines and yet at the end of the day they are inexplicably intertwined systems between the output markets and how things get produced and where are these inputs coming from and what is the enabling environment bringing them all together or providing a certain framework for good operations.

One of the advantages perhaps in separating these out is it does allow an activity, a group of people, an organization to dive deep into those particular systems and understand the interrelationships and workings to be able to identify in those systems where are leverage points to achieve larger scales of change and look at different business models. An example I can give in a conversation I had with the chief of cardio, the Commodity Production and Marketing Activity we were looking at – okay, so where do we start, where do they start, where do we leave off, how do we work together, what's the overlap? Some of the initial thinking is that well we're a customer service business strategy focus. So distributing agricultural inputs through a distribution chain. They are a supply chain management focus activity where they're looking at the similar types of performance improvements I was talking about earlier with regard to how

to buy products, how to manage and instill value in the relationships with your particular suppliers throughout that system.

So we looked at a particular example and Steve McCarthy, the chief of part of that activity was like, “Say we’ve got this maize trade and this maize trader wants to work with a seed company, buy seed to distribute to farmers in terms of investing in those relationships with their supply base. Would this be then an opportunity for the AG inputs activity to come in and train up the maize trader in terms of how to be a good handler or agricultural inputs and distributing those out?” Well maybe. Maybe not but why? Why?

Maybe that’s best just for the crop production and marketing activity to take and run with that particular model and we can run with particular models with regard to distribution chain from the seed companies to wholesale retail, retail networks of distributions and strengthen their ability to provide better customer service and value in those relationships. As these diverse models emerge let them figure out what’s the best way for that to proceed. Maybe an enlightened wholesale retailer at some point will work with the trading firms. “Hey, I can offer you a better deal,” or, “Hey, why don’t we do this together?” But it creates I think more dynamism and more opportunity in the respective systems for ultimately for a larger, broader systemic change. The challenge of course is going to be the learning and adaptation and collaboration between these particular activities.

Obviously this is a big part of I know USAID’s focus on collaboration learning and adaptation of which for myself I’d like to see the L be the first letter in that particular acronym just because that’s the biggest opportunity right off for activities such as these or any other project out there to find the opportunities perhaps for collaboration but it’s in how to learn together, how to construct the particular frameworks for – so what is a relevant framework for comparing what you’re learning and what I’m learning. One of the frameworks at least that we’re thinking of for this process is, “Well we’re trying to promote particular performance improvements.” Well they’re business practices, their customer service business improvements which at the end of the day are just the flip-side of the coin if not very similar to the types of supply chain management improvements.

But getting businesses to see, recognize, value these improvements, approaches to creating ownership by businesses in these improvements are things we wrestle with, are things we want to share that we’re learning and we’re dying to learn what other projects are finding in their success and what they’re achieving in that process in addition to the types of activities that you can undertake to drive more systemic change in those systems.

So for me and the challenges we're facing as an individual activity we'd really like to plumb the depths on those aspects but it's an open universe. I'm sure there's a lot more.

So taking a look now closer at the Agricultural Inputs Activity, in terms of the context it's booming _____ to increase the use of agricultural inputs. Our primary assumption in this process is it's hampered largely by low consumer confidence and market among farmers primarily and this is largely an issue of the availability, liability of inputs, the distribution channels and mechanisms are pretty weak. Everybody is selling to farmers. Everybody from the seed companies and the large importer distributors of agro-chemical companies to the wholesale retailers, to the retailers and those small little As down there at the end are the agents. In this case they're mostly the agents who kind of buy a lot of the lower cost often counterfeit products selling them into weekly market days.

So the availability and reliability is, again, exacerbated and largely a function of the basic business strategies of most of the actors in this chain which are the focus on margins, buying as cheap as possible and selling as expensive as possible typically, again, speaking in generalizations. Those business strategies are worse contrasting with strategies and the types of ones we're promoting all on customer service business strategies. Instead of figuring out how many products you can get in as cheap as possible out as with as high a mark up as possible instead of crafting your business and thinking of your business as, "How can you get more customers in, up sell to those customers, provide them with better information, retain those customers and expand your customer base," which require other types of business practice and strategies which just currently aren't the norm.

A lot of these trading strategies, the competing largely on price, the limited product ranges – most of the people selling agricultural inputs do not sell equipment which seems kind of odd because that's an easy up sell in many regards is to go from fertilizers and seeds to planters and other harder goods. That's just largely not the case. Most of these dynamics seem to exacerbate or create opportunities and this is the largest problem which is creating opportunities for counterfeit products. Whether those are coming from the larger scale seed companies and agro-chemical companies themselves, whether they've gotten pressure to buy particular products that are wanted on the market yet have been either blacklisted or just not been produced by any reliable international manufacturer in the last 20 years or with seed companies if they've all of a sudden got huge orders because there's an influx of the demand from FAO, NGOs, World Food Program and the like, the due diligence in terms of actually getting good quality grain or seed out there sometimes falters.

But we're also finding within these there are people who do actively bring in counterfeit products and find opportunities for channeling them in through the system. There are opportunities all along the way for adulteration to take place. There was an interesting study that looked at fertilizer coming in, being sold just in one locality and they were measuring the levels of nitrogen in the bags of fertilizer and at each link, step in the chain the level of nitrogen mysteriously shrank and disappeared throughout.

So our approach to addressing this is three-fold. We're trying to bring in some of the lessons learned to the LEAD 2.0 and apply some of these here. First, looking at the performance improvements again of particular actors in this system. We've expanded that to include wholesale retailers, seed and agro-chemical companies and industry associations. Talked a bit about that. So we're strategically selecting particular entry points where we think certain performance improvements of the like I've mentioned can drive larger amounts of change. Looking at, again, supporting market providers with additional service, bringing them in earlier to this process to support and expand their offer to these businesses in the system and leverage behavior change across professional and personal networks.

So in the first one the customer member service strategies. Again, this is somewhat similar to what I was talking about under LEAD 2.0. Early adopters improve here instead of saying just village agent retail models or this particular practice or this particular practice. We're categorizing them as in roughly four groups of which these can be unpacked quite a bit. I mean customer management from having contact cards that record purchases, contact details, what types of products people buy, what types of activities farmers are in, that morphing or revolving into more computerized, contact management systems or depending upon the systems which ones are appropriate, marketing and promotions that leverage some of these contact information, use of SMS based upon that, market days, leveraging the testimonials of some of your best farmers, your best customers or different practices that would come under some of these things.

Staff and organizational management is a huge issue in and of itself. Most of the businesses especially outside of Kampala, most of the wholesale retailers they're still single owned and operated types of businesses but in order for them to embrace and expand and adopt and adapt a lot of these strategies they require staffing policies and staffing practices and a comfort with that. Then there are a lot of operational types of practices; inventory management, financial management being just two of those.

So again similar to the past, selecting some of these early adopters who are interested, willing, committed to making these changes they own the

process, showcasing these role models to generate that copying and adapting by others. Largely again, closing the gaps of distribution chains that the promoters of genuine products are winning. They're coming to the fore and the channels for counterfeits are out.

In getting to these particular types of performance improvements we're mentioning so much depends upon the context of the businesses themselves, what's appropriate for them, what do they see as the most beneficial and valuable to their operations and to get that ownership and buy in quickest we adopted a bit of a process which for people who are doing strategic planning and thinking with businesses isn't that unfamiliar. Basically running businesses through a customer service workshop and this image just shows a bit of the output of that workshop.

So for example, we had a seed company with nine of its senior managers, marketers and the like thinking through, "What is the customer experience; what's the journey of their primary customers," which in this case were some of the wholesale retailers in that distribution chain. Break it down. What happens before they come to the store or they come into contact? What happens during that process and after? All steps of the way from the time they think they need seed to the time they get on a bus, negotiate, pre-order, et cetera, et cetera, et cetera. So working with businesses to identify all these steps and then look at and identify which ones are the most frustrating for their customers.

I can envision probably a number of ways strategic planners and the like can do this with particular businesses but what we're trying to promote this gets at it pretty well. So one seed company saw that they have a high degree of frustration by their customers who are walk-in. They either call in advance, say, "I want this seed." They come in two days to two weeks later. It may or may not be there. They've got to arrange their own transportation. The transportation is often inadequate or doesn't – by the time they get the seed back to where they were going it's been damaged, et cetera, et cetera. So the highest degree of frustration was amongst these businesses where those businesses who pre-ordered, managed a certain amount of pre-payment, organized transportation or were part of the seed company's own distribution operations and logistics were much more satisfied. So discussions with them during this workshop and since have been about how to shift more of their customers to this pre-order regardless of size. If they can get large numbers and high volumes of customers in a particular area ordering logistics should be able to manage delivery in a cost effective way. So those are the things working with them that came out of this.

Another business identified the – this was an agro-chemical company – identified the negotiation process. A customer needs a bunch of product.

They contact up the firm. They go through a negotiation process. “Well my neighbor over here, he’s getting that product from you cheaper.” This guy overhears this. They’re buying at this price. So the negotiation process itself was just exacerbating the relationships between the businesses. The end of the day what they identified in terms of ways to manage that is, “Well let’s get on the ball ourselves to manage the expectations of our customers so that this negotiation doesn’t always come down to such a heated adversarial discussion.” Right now the sellers of counterfeits are managing that, those expectations of customers. Other customers are managing the expectations of other customers but the business itself is not engaged in that process. So a quick win for them was, “Let’s make sure we have an SMS program to move this forward.”

This fairly self-explanatory, looking at other providers of products and services, getting them into the mix earlier. Again, equipment sellers, let’s help round out, provider some incentives for some of these businesses we’re targeting and the distribution channels to expand their products and services. ICT firms for communication purposes, also for their own inventory management purposes et cetera. These are some of the activities linking sessions and the like that we can do with them.

Leveraging networks. This is something we want to get involved in more in a big way outside in addition to just the social and professional networks but take this on as a large thrust. Trade networks, of course, that’s what they’re involved in but expanding that to the professional and formal and the friends and family networks. Why we want to do this is because the behavior change we’re looking at is such a huge component and influenced by who people are friends with, who they’re into business with, the people around them. So understanding who their networks are different socially and professionally can provide reinforcing mechanisms for that. Also in terms of scale of change across the system and leverage momentum once we do see starts of incipient change amongst these businesses, leveraging that through an understanding of who they’re connected with can be enhanced.

Some of the things we’re doing quickly. In terms of member services, this is with the industry association to help one industry association identify, “Well what membership services could it provide or might it provide?” We surveyed a whole range of industry associations in Uganda and who was doing what well? Who were existing role models of particular member services and brought them all around the table and they just had an interesting round table discussion of the different membership services and the target association and the inputs. Came away with a really clear picture of some of the things that they could do and who they could work with as resource people. The customer service workshop I alluded to earlier, what we would like to do is not just have this for the firms we have

identified as early adopters but have these early adopters bring in those who are influential to them especially in terms of business relationships. It doesn't have to be within the same sector but those who they see as their peers, colleagues and benefit from proximity to.

Farmer listener groups. We're also working with media stations in terms of shifting them to more audience led type of programming. So helping these businesses capture the networks of opinion and perspective of farmers and literally broadcasting that back to the rest of the system to drive the systemic changes as another way of doing this.

Some final thoughts. A lot of you are talking about behavior change, what that is. What we have found and I think the research has found and this is – these four things come out of the McKinsey Study of Organizational Management which we have found useful in applying to what we're doing is that behavior change has four underpinning components. People do need to know how to do something. They have to be convinced that it's going to benefit them. Role models in and around them reinforce that and just having other reinforcing mechanisms from the networks, from your suppliers, from your buyers reinforcing of a personal status for making types of improvements, et cetera. There are a range of reinforcing mechanisms that can support those behavior changes. But looking at them broadly in terms of the designing and crafting of activities we have found useful.

Interventions versus emergence. A lot of talk about what we're doing, approaches, designing of activities and things. We spend about as much time just waiting to see what happens without coming up with the next activity to weigh in right away. Where are these businesses going to take these improvements and what are they going to be doing on their own before we come in with like the next offer or some other type of support?

In terms of organizational management and this is an area which I find particularly interesting especially in the context of managing projects, trying to achieve more broad-based systemic change is they're managed very differently and compare LEAD 1.0 with the very hierarchical top-down structure, large numbers of staff achieving more systemic change and achieving a balance between intervention and emergence and understanding what's going on we have adopted a much flatter structure, leaner that can foster learning and managing for performance improvements of staff. Ways of doing that I'm sure there's lots in the literature and I myself would be interested to hear more of what people are finding.

Network mapping. So these diagrams of up here done a couple different slides and this is an area where we think we can look to gauge product

performance through looking at the interrelationships between businesses, looking for the patterns of change within the networks that businesses belong that, that business owners belong to that we would like to look closer and these are a couple of attempts on my part to kind of image what the network mapping might be for the current situation and the bottom one is if we succeed in achieving the types of performance – getting the types of performance improvements in the businesses this is possibly what could be happening. But this is kind of at an early stage for us but we'd like to move forward with this as a vehicle. Okay, I'm sure I've gone on much longer than I should have which tends to be the case.

[End of Audio]

