

Notes for 'Lessons Learnt in Market Development'

Slide 1 – Enterprise Growth Model & Markets Lessons

The enterprise stages of growth model provides intellectual coherence for the discussion of the markets lessons.

The start-up, gestation and roll-out phases are pre-revenue periods where the young business is searching for a business model that it can execute. In similar fashion, CLP during the livelihoods period, assists extreme poor households to acquire an income generating asset and learn how to turn it into a sustainable livelihood (business). In a way CLP is generating a new business venture and providing the seed capital, technical support and management training in similar fashion to say an incubation facility. The green part of the model is a visual of this component.

Once the business gets going and generates income there are other challenges to deal with. Growing its customer base, the need for working capital, better management, and the need to keep and use records is mandatory. The blue part of the model shows this and is also the kind of business CLP's markets projects focus on.

The lesson on behaviour covers both the livelihoods and markets work and shows how adopting new behaviours is necessary for businesses to increase productivity and incomes. Creating an enterprise culture where it is considered a good thing to start and own a businesses is necessary especially in the chars. Without this it will be difficult for livelihoods based on enterprise to be sustained. The final lesson looks at how private sector market players can be helped to innovate their current business models. These market players are the drivers of systemic change.

Slide 2 – Lesson 1: Behaviour Change

This slide introduces the lessons on behaviour change.

Slide 3 – Focus on Impact v Activity

This slide does not deal with the theory of behaviour change but instead hones in on the most important insights and how CLP succeeded in this area.

CLP's livelihoods and markets projects both focused on behaviour change with the latter introducing new technologies to improve productivity and create char demand for products (capacity building for sweetmeat and yogurt – increased demand for milk). Under the livelihoods project the approach was central to teaching the basics of livestock management – with a focus on producing healthy bulls and quality milk.

Through skilled facilitators (and demonstrators selected from within the groups) CLP was able to isolate the main activities that brought about the biggest impact and convey this to target groups. By showing groups how these are important – using the demonstrator as the example – and giving them the means to actually see and measure the impact, many farmers (this was open to all char farmers) were convinced to try the new approaches.

Slide 4 – Examples Behaviour

This slide provides a few examples of behaviour change practices by the char producers.

New technologies and new practices brought significant increases in milk and meat production which in turn increased the char farmer's income. New technologies included introducing grass chopper machines, silage making, production of milk products in the chars, training and demonstration of improved practices. CLP worked to motivate farmers to adopt these practices.

The results included a growth in assets and incomes which helped private sector actors to increase linkages and the supply of inputs and services in the chars.

Slide 5 – Behavioural Insight from Demonstrators

The lessons on behaviour change are relevant where the intervention uses a group based approach as CLP does in both the livelihoods and markets projects. The lessons here are drawn from our livelihoods work on getting farmers to adopt new technologies (hard and soft) and engage in new practises to improve productivity of their livestock farming.

In essence, it is important to think about the quality of the demonstrator as this is the main 'change agent'. Learn by doing, copying and modelling all combine in an environment where there is support and access to services.

The best demonstrators show strong entrepreneurial traits – even investing own monies into the business (buying better cattle) – and are willing to continuously improve their performance.

Slide 6 – Lesson 2: Enterprise Culture

This slide introduces the lessons on enterprise culture.

Slides 7 – About Enterprise Culture

Definitions of key discussion topics. Main aim is to stress the need for a supportive enterprise culture to foster business development in the chars.

Slide 8 – Business Conditions

Chars are desolate places and chars economies generally lack essential business services such as market information, appropriate finance, technical advice and access to input and output markets.

This slide sets the scene for describing why CLP had to invest to make it feasible for markets projects to operate.

Slide 9 – Example Culture

This slide provides us with clear example of cultural change in the chars in terms of improved cattle husbandry practices for higher yields and incomes. The availability of quality feed and medicine and farmer's knowledge of how to farm optimally resulted in cultural change in the char community.

The traditional practice of cattle rearing included rice straw as main feed and limited access to water. Cows did not have comfortable living conditions which resulted in poor production and low incomes. These practices have given way to new technologies and practices and are being replicated by the other farmers in the community as the supply of inputs like ready feed, medicines, vaccines and vitamins are increasing in char shops.

Private sector actors are trading with the chars. Continuous demand brought about an overall expansion of their business opportunities in the chars and they are now engaged with CIDs and CBCs for bulk selling and buying of products. Private companies have also placed their staff in a few high potential areas.

Slide 10 – Insights from Culture

To aid in creating an enterprise culture, CLP looked at interventions that cemented ongoing activities on the char. Despite being a desolate environment, there are small retailers, paikers and goalas doing business. They represent the right kind of person to energise the char and in looking for LSPs and CIDs these entrepreneurs proved ideal. Working with them as opposed to against them (such as trying to cut out the middle man) allowed many gains to be made.

In creating a 'marketplace' for vet services the CLP livelihoods project used a voucher system to ensure households (now businesses) acquired proper medicines and feed. This practise continued once the voucher system stopped (after graduation for instance) because households were willing to pay cash for services and inputs. This successful transition from vouchers to cash has occurred in virtually all CLP areas. There is however a need to ensure the quality of products (ie. medicines, vaccines) and services of LSPs being provided on the chars post-CLP. CLP's recent partnership with RDA to provide technical services and quality inputs to local service providers (LSPs, CIDs and AI technicians) on the chars should provide some supervisory assurance.

CLP bequeathed the char economy 70 CBCs. These collective action groups are the key to driving business growth not just for farmers but all the supporting businesses on the char. Any further work in the chars will have to consider how it can replicate CBCs or expand existing ones into new char locations.

Slide 11 – Lesson 3: Innovation

This slide introduces the lesson on innovation.

Slide 12 – About Innovation

This slide defines the main topics discussed in the lessons. It is important to emphasise that this lesson is aimed at working with private sector as the key drivers are commercial.

The business model is introduced and attention is drawn to the fact that this is the target for the intervention.

Slide 13 – Business Model Innovation

So what exactly does CLP do to help market players innovate?

As a facilitator with the capacity to do small investments in research, training and piloting the role is limited to influencing market players to change. The partnership is driven by market players acting in their own best commercial interest.

One way to understand this is through isolating our contribution using the Business Model Canvass, a popular tool to help firms think through innovation. Businesses use many others but essentially there is a period of 'searching' for a new way to create value through the product/service; followed by an 'execution' phase where the product/service is delivered and value is extracted.

In order to help create repeatable and scalable business models we help businesses to:

- Understand who the customer is – who are char farmers,
- What their needs are,
- What channels can be used to access them, and
- How to maintain a winning relationship with them.

We did this by engaging with market players as facilitators over an extended period of time.

Slide 14 – Examples Innovation

Before starting the markets projects there was no ready feed in the chars. Although CLP introduced this practise to farmers through training, it was difficult for people to get access to any ready feed unless they sourced it from mainland markets.

The introduction of CIDs made the lives of chars producers easier and the private companies had the opportunity to see results before scaling up their investment. Eventually the private sector became aware of the potential market in the chars which led to establishing supply channels through CIDs.

Access to finance is considered a main driver for business growth in the chars but what was available was inappropriate for the needs of chars farmers. Initiatives by CLP (VSLs and BSLs) helped char farmers become financially literate and generate savings.

The first formal access to appropriate finance for char producers occurred when United Finance started their seasonal loan product in the chars. A successful pilot led to United Finance expanding their business, which is now ready for further scaling up.

Slide 15 – Insights from Innovation

The lessons underpin that the market players must have a strong commercial incentive as demonstrated by a willingness to change their business model. If this is not possible and a 'business as usual' approach is adopted with some accommodation for poor farmers then it is unlikely that the partnership will contribute to systemic change.

The role of the facilitator is paramount. A facilitator with deep insight, networks and contacts in the specific industry / company that is being canvassed is necessary for breakthrough. For example, the Milk project started to gain momentum once the General Manager (at the time) of BRAC Dairy was appointed in charge of it. It immediately stopped the criticism from within and outside of CLP, especially the Annual Review Team of DFID, for having a non-milk background or inexperienced market project manager. However, the interventions which were already planned and ongoing, hardly changed anything new except a few. Positive results were also seen among some interventions. For instance, demonstrations notably improved and increases in yield were noted once an experienced Milk Coordinator was appointed. Outside of the Milk project, access to finance and breed development were two big areas where collaboration with experienced private

sector actors such BRAC, PRAN, Milk Vita etc. positively impacted the effectiveness and success of interventions.

It should also be acknowledged that piloting may not be enough to convince a company to scale up. Further investment should be considered.

Slide 16 – Markets Team

CLP Markets team is led by the CLP Operations Director Mr. Roland Charles (in the middle), implemented by the Markets and Livelihoods Unit Manager Mohammad Muktadir Hossain (2nd from left), Babul Deba Nath (1st from left), Markets Coordinator, Nazrul Islam (2nd from right), Agriculture Coordinator and AKM Enamul Haque (1st from right), Milk Market Development Officer.