

# MARKETING FACILITATORS' GUIDE



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# CA4MARKETS

CA4Markets, is a catch phrase for an approach that inspires farmers to first consider marketing strategies to improving their livelihoods, then farmers seek means such as conservation agriculture (CA) practices as a means to achieve the marketing strategies. In this way, farmers see the value of investing in CA to achieve a greater goal.

The marketing exercises in the manual complement CA techniques developed by the Global Affairs Canada funded project in East Africa referred to as the Scaling Up Conservation Agriculture program implemented by Canadian Foodgrains Bank (CFGB). Marketing is intended to inspire adoption of CA.

The goal of the CA4Markets approach is to empower farmers by focusing on what farmers can control. This helps them be proactive and not just passive sellers. Marketing is more than just selling, it is creating options. We refer in colloquial terms as not just be “price-takers”, but to market. These exercises seek to improve farmers’ capacity to make decisions in advance so to improve their marketing position. Farmers begin to understand how they need to offer something of more value in exchange for more favorable prices. These workshops will help facilitate farmers to arrive at strategies to improve their market advantage.

The CA4Markets material is designed to be delivered in a facilitative format (no lectures, no PowerPoint) whereby you will engage in learning activities and then capture your insights into a Planning Book. This book is an essential tool which will not only help guide you through the workshops but also serve as a record of the solutions, action items and new strategies that you will create as a result of the farmer discussions.

**This guide has been developed and refined for the Scaling Up Conservation Agriculture in East Africa program. Implementing partners have engaged thousands of farmers and contributed to the high economic impact from blending marketing skills with enhanced farming technology such as conservation agriculture. I am grateful for all who collaborated on the marketing work, and especially my admiration is to the farmers, who often surprised us with their insight. This manual celebrates the farmer, who can quickly find their solutions through facilitative and collaborative learning. - Loren Hostetter**

Throughout this Planning Book, you will see this icon shown on the right. It shows a list of items. This image serves as a reminder to these action lists and incorporate them into your farming business plan.



***Objective: Help participants identify market opportunities, assess their capacity to meet those opportunities and to plan for meeting the market.***

# THREE SPHERES

EACH DOING THEIR COMPARATIVE ADVANTAGE

## ONE

### NGO Partner

*Build their capacity in awareness of market environment and information: integrate market priorities with agronomic priorities beginning with mobilization*

## TWO

### Farmers Capacity

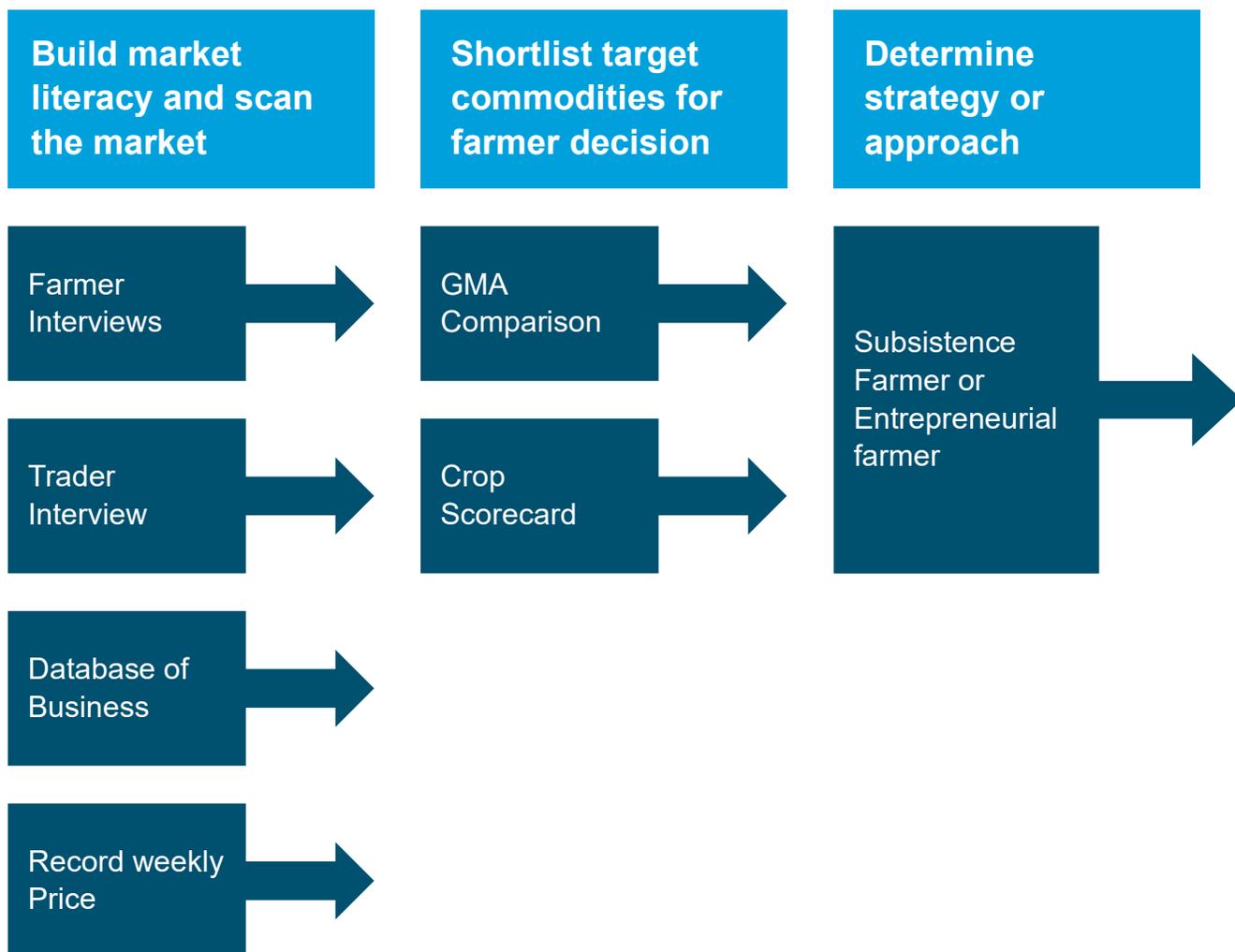
*Farmers to be market capable; set goals to ensure bargaining strength*

## THREE

### Strategic Partners

*Integrate into market platforms and Market Information Services*

# SPHERE ONE: THE NGO



*Objective: NGO understands market and agronomic factors and develops a strategy.*

# SPHERE TWO: THE FARMER

**Develop Market and business skills for farmers, and embed in recruitment and mobilization**

**Promote a culture of data/record keeping from farmers, to project: be adept at pinpointing factors of success**

Gross Margin analysis



Farmer recordkeeping



Participatory Mapping



NGO performance analysis



Price Calendar



Collaboration strategy



Goals and Actions



*Objective: Producers set market strategy and production goals.*

# SPHERE THREE: PARTNERS

Facilitate goals and aggregation strategies using private sector and market-based solutions

Facilitate market linkages with strategic market partners and institutions

Mobilize  
Entrepreneurs



Post harvest  
and Grades /  
Standards  
Training



CA and  
Productivity  
Upgrades



Forward  
Contracts or  
Agreements



E-markets  
Platforms



*Objective: Each partner applies core skills.*

# SECTION ONE: BEFORE YOU BEGIN

## BUILD YOUR ORGANIZATIONAL CAPACITY

### The Key Steps:

Conduct interviews, margin analysis and scorecard to make shortlist recommendations to farmers.

Begin assembling target farmers, conducting participatory exercises. Facilitate them to form aggregation groups.

Use participatory exercises to facilitate aggregation groups select crop and quantity (MT) and to organize their strategy and priority activities.

Connect aggregation groups to Market Platform Partners and market information systems.

Coordinate with partners to facilitate aggregation group to agree on private sector partner.

Use Conservation Agriculture methods to achieve maximum productivity farmers.

# SAMPLE WORKPLAN TIMELINE

## WORKPLAN FOR FACILITATING MARKETING FOR FARMERS

MAJOR ACTIVITIES	RESPONSIBLE	MONTH				
		1	2	3	4	5
<b>SPHERE ONE: BUILD NGO STAFF CAPACITY</b>						
Interview Traders (approximately 5)		■				
Interview Farmer Groups (approximately 5)		■				
Coordinate with Agricultural Technical Service Staff to develop 3-4 crop combinations for Conservation Agriculture.		■				
Conduct Gross Margin Analysis		■				
Conduct a score card for 3 conservation agriculture crop combinations to discuss priorities.		■				
Begin collecting weekly market prices in district for the shortlist crops, for the Life of Project.		■	■	■	■	■
<b>SPHERE TWO: PARTICIPATORY MARKETING</b>						
Assemble new conservation agriculture farmers, and conduct participatory exercises 1-5.			■	■	■	
Facilitate the formation of aggregation groups after exercises for interested farmers			■	■	■	
Organize; a champion farmer, and a marketing representative			■	■	■	
Aggregation groups commit to conservation agriculture crop combinations and commit to MT per grain for aggregation.				■	■	
<b>SPHERE THREE: STRATEGIC LINKAGE</b>						
Provide Aggregation group information to Market Partners				■	■	■
Facilitate Market Partners to profile groups and register on Market Information Systems				■	■	■
Coordinate with Partners to ensure aggregation center is established with agreed storage.				■	■	■
Facilitate agreement with market partner to assist with advance dialogue with buyers before planting to ensure seed variety.				■	■	■
Train farmer groups on post harvest/grades and standards				■	■	■
				■	■	■

# ACTIVITY 1: OVERVIEW

The first activity is designed to open the conversation with farmers to work at market and CA solutions. It is important to guide farmers to both.

Assemble a group of farmers: 10-30. **The goal of this is to:**

- hear the farmers articulate problems and solutions, and
- include external, market and value chain solutions for farmer-owned strategies.

## Questionnaire for Farmers

### Farmers' Experience

- 1) What crop have you sold last season?  
Kg of crop?  
Price?
- 2) What time in the crop year did you sell?
- 3) Who bought; at farm or town?
- 4) Who paid transport?
- 5) How did you know what prices were?
- 6) Did you store, or did you have storage issues?

### Challenges

- 7) What challenges do you face when selling crops?
- 8) Did the volume you have keep you from getting higher prices?
- 9) Did the quality you have keep you from getting higher prices?
- 10) Do you have market places, and if not, what reasons you have no marketing place?

### New Opportunities

- 11) What cash crop do you feel is best that you can grow and sell profitably?
- 12) What cover crop can you grow and sell profitably?
- 13) What ideas do you have for increasing volume, or aggregating?
- 14) How do you suggest collaborating with other farmers to market?
- 15) What is your priority that would help make a better price?

***Objective: Build your awareness of the private sector, understand the challenges of traders and their key role in the value chain.***

# Questionnaire for Traders

## Traders' Experience

- 1) What commodities are you selling? What price was your lowest price and highest price offered this year?
- 2) What commodities are most preferred, or you wish for more supply?
- 3) Where do you store commodities, and is it sufficient?
- 4) Where and how do you get your commodity?
- 5) How do they establish the price for selling?
- 6) What specifications for different crops?
- 7) What amount of commodity is sold at open market, and what amount sold as wholesale to other buyers?

## Traders' Challenges

- 1) What are your main challenges?
- 2) How are you getting working capital, or accessing financial services, and does this affect your business?
- 3) How do you get market information?
- 4) What are your main costs for doing business?
- 5) Is there challenge for you when there are different standards of measurement?

## Potential Opportunities

- 1) Is there opportunities for structured agreements with other buyers; big buyers?
- 2) How do you think you can get more market information?
- 3) Do you see opportunity for contract farming?
- 4) What is your highest priority for getting better prices?
- 5) How could you improve relationship with farmers by ensuring market to farmers?

- **Discuss which questions are most important. Avoid taking too much time. Get to most important questions. But ask same questions to each group.**
- **Do these questions synergize with your Conservation Agriculture goals?**

***Objective: Build your staff's awareness of the economics of farming and recognize the impact of recommendations and choices.***

# Assess Break-even Costs and Gross Margins (Gross Margin Analysis)

## FARMER COST WORKSHEET on Plot (Cash Crop and CA Crop)

(1) Size of cultivated land: \_\_\_\_\_ M<sup>2</sup> or \_\_\_\_\_ Acre  
 (Note: please use the average unit typical for your farmers. Maybe a 20x20 plot? Or 1 acre?)

Costs for intercrop on plot (local currency)

land rent	_____	_____
land preparation	_____	_____
seed	_____	_____
labor planting	_____	_____
fertilizer	_____	_____
herbicide	_____	_____
pesticide	_____	_____
labor weeding	_____	_____
labor harvesting	_____	_____
cleaning/drying	_____	_____
Purchase bags	_____	_____
fumigation	_____	_____
storage	_____	_____
cost for sacks	_____	_____
transport to markets	_____	_____
labor to markets	_____	_____

(2) Total costs: \_\_\_\_\_

(3) Yield: Cash Crop: \_\_\_\_\_ Bags Intercrop: \_\_\_\_\_ Bags

(4) Cost per bag: (2) / (3) \_\_\_\_\_

(5) Revenue: Price sold per bag \_\_\_\_\_

(6) Profit per bag: (5) – (4) (a.) \_\_\_\_\_ (b.) \_\_\_\_\_

(7) Profit per crop: (6a) x (3) & (6b) x (3) \_\_\_\_\_

(8) Profit on plot (total profit for both crops): (7a) + (7b) \_\_\_\_\_

**Objective: Your Staff Understands Crops Advantages and Disadvantages and Shortlists target commodities for farmers to choose for themselves. Consider both economic and other factors when choosing crops.**

# ACTIVITY 2: CROP SCORECARD

CA crop \_\_\_\_\_

Factors for Selection:	1- 10 (10 is most favorable)		
Rank on scale 1-10	Score	Priority Weight	Total
<b>CA Factors</b>			
Crop benefit as cover:			
Crop benefit as soil nutrient booster:			
Generation of biomass			
Vulnerability to drought			
Vulnerability to pest			
Other?			
Other?			
<b>CA Rating</b>		10	
<b>Market Factors</b>			
Cash return in market			
Predictable and stability of price			
Multiple and competitive buyers			
Potential HH food nutrition crop			
<b>Market Rating</b>		10	
<b>COMBINED RATING</b>			

<b>C.A Rating</b>	900									
	800									
	700									
	600									
	500									
	400									
	300									
	200									
	100									
		0	100	200	300	400	500	600	700	800
	<b>Market Rating</b>									

**Objective:** Strategy developed for recruiting target farmers, who will be targeted and why: target the most needy people or target those most likely to succeed? This will depend on if you are meeting an immediate need (most needy) or longer term transformation (entrepreneurial farmer) to model the most scalable aggregation groups.

# HOW WILL YOU RECRUIT & MOBILIZE

## STRATEGIC DECISIONS:

- Who leads you to farmers? A value chain actor, or some other entity? Do they understand market requirements?
- How do you select farmers, and are your selections likely to succeed?
- What are your criteria for farmers to participate?

These decisions will impact your success with markets.

## OPTIONS:

- a. Assemble groups you have already formed into production groups in years previous.
- b. Assemble new groups that already have some organization (formal or informal).
- c. Form new group based on interest (maybe you did a presentation on CA earlier).
- d. Seek entrepreneurs or entrepreneurial farmers and have them recruit associate farmers.
- e. Form through private sector connection.

***Objective: Facilitate farmers to self select, and not exclude any potential farmer based on assumptions. Let farmers develop their own market strategies.***

# SECTION TWO: FACILITATE FARMERS

## BUILD THEIR CAPACITY TO MARKET

Your organization's staff have completed interviews with farmers and traders and should now understand and appreciate the problems traders and private sector face when dealing with small scale farmers. The interviews with farmers and traders were intended to help the NGO staff maintain neutrality in marketing work, and be effective facilitators.

Next, NGO staff completed a GMA worksheet to become comfortable with analyzing costs, benefits, and comparisons. This background is important to be comfortable before being a facilitator with farmers.

Next the NGO staff completed score cards on 3-5 crops to determine what are crops fit the community's needs. The scorecard should reflect priorities in two major areas; agricultural considerations and market considerations. The score card takes into account priorities in both areas.

Now NGO staff are able to begin facilitating marketing exercise in the next section.

# TEN EXERCISES IN SEQUENCE

## Exercise 1: Market Map

### OBJECTIVE

This activity will help participants understand the volume and price of product moving from their communities, where they are sold and to see new markets and non-traditional buyers.

### WHAT PARTICIPANTS NEED TO CREATE

- A market map that represents the current activities of the cooperative

### MATERIALS

- Flip chart and markers
- Prepare examples in advance

### ACTIVITIES

#### 2.3.1: Create a Market Map

### INSTRUCTIONS

1. Divide each cooperative into **three groups** of five (there will be a total of **six** groups in the room).
2. Explain that each group is going to use flipcharts and markers to create a market map. Explain the following definition of a market map to the group:

“A market map is a simple overview of the different ways a product moves through the market from the farmer to the final customer. In this diagram, we will focus on how product from your members enters the value chain completed in the previous activity.”

3. Each group must first estimate total production using the worksheet in their **Planning Books**. On a flipchart, they should write the answers to the questions below. (Note: depending on the crop, “MT” may be to be changed to another measure such as 100 KG bags.)



On average, how many bags does a farmer in your group harvest?

(a)\_\_\_\_\_

On average, how many bags does a farmer keep for eating?

(b)\_\_\_\_\_

How many bags, on average, does a farmer sell?

(c)\_\_\_\_\_ = (a) – (b)

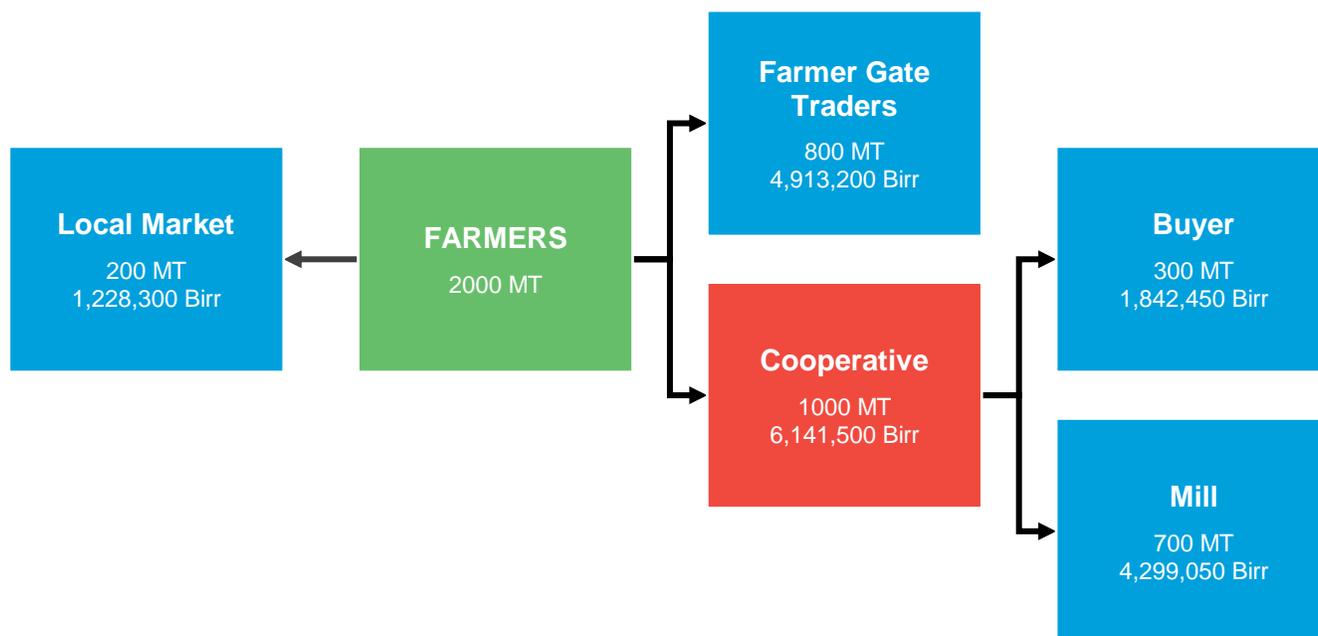
How many farmers are in your producer group?

(d)\_\_\_\_\_

How many bags can farmer-members sell?

(e)\_\_\_\_\_ = (c) x (d)

- Each group should map how the farmers are selling their product by showing both volume and price. Write this diagram on a flipchart as an example.



- After the groups finish their maps, ask each of the three groups to present their map to the other two groups.
- After each group has presented, have each cooperative create one map that they all agree on.
- Ask each group to present their map to the others.
- Ask members to share observations about the maps they made.
  - Where does most of the yield go?
  - Do they see any opportunities to sell differently?
- Ask members to copy their market map into their *Planning Books*.



## Exercise 2: Seasonal Calendar

### OBJECTIVE

This activity will help farmers understand the market timing and the importance of delayed sales, and leads to the key strategy of proper storage and aggregation.

### WHAT PARTICIPANTS NEED TO CREATE

- A seasonal analysis of their major crop(s)

### MATERIALS AND PREPARATION

- Flip chart and markers
- Prepare examples in advance

### ACTIVITIES

#### 2.4.1: Seasonal Analysis

### INSTRUCTIONS

1. Divide each organization into three groups of five people.
2. Ask each group to create a seasonality analysis on the flipchart. They can copy the table from the *Planning Book*.
3. For their primary crops, they should place a satisfaction image (😊😐😞) in each box to show their satisfaction as sellers:
  - For months when prices are high, the farmer is happy: 😊
  - For months when prices are normal, the farmer is neutral: 😐
  - For months when prices are low, the farmer is sad: 😞
4. Ask the three groups within each organization to agree on a single chart, making any changes as needed to reach consensus.
5. Ask each cooperative to present their single chart to the other cooperative. Here is an example:



			PLANTING			HARVEST							
	J	F	M	A	M	J	J	A	S	O	N	D	
Millet	50 😊	50 😊	55 😊	45 😐	42 😐	30 😞	30 😞	48 😊	52 😊	45 😐	43 😐	58 😊	
Maize	40 😊	45 😊	45 😊	35 😐	35 😐	30 😞	30 😞	40 😊	40 😊	35 😐	35 😐	40 😊	

6. Start a discussion with the group:
  - i. Are there any significant differences between the charts of the two organizations?
  - ii. *For the months when prices are highest, why are they high?*
  - iii. *For the months when prices are lowest, why are they low?*
  - iv. *In what months would you want to sell?*
  - v. *How could your organization sell more in those months?*
  
7. Ask participants to copy down their organization's seasonal analysis into their **Planning Books**. There is extra room in the table in case a cooperative has done seasonal analyses for multiple crops.



## Exercise 3: Profit Margins

### OBJECTIVE

These activities will help participants determine the break-even costs of production and operations and enable them to calculate costs and returns on investments. This leads farmers to think about farming as a business, and realize 4 things that they can control: costs (reduce), volume (increase production using CA vs non CA), price (marketing and delayed sales), and crop choice (compare profitability between different crops).

### WHAT PARTICIPANTS NEED TO CREATE

- They will identify the break-even prices for both the farmer-member and the primary cooperative.

### MATERIALS AND PREPARATION

- Farmer cost worksheet and cooperative cost worksheet in the *Planning Book*
- The facilitator may need to modify the cost worksheet depending on the measure (bags, MT, KG, etc.)
- Facilitators should complete cost worksheets in advance in order to be familiar with the forms.



### ACTIVITIES

#### 2.7.1: Farmer Break-even

### INSTRUCTIONS

1. To start this cross-cooperative activity, ask participants to organize themselves into groups with people from both organizations in each group. The groups should be based on the size of the land that they farm for a specific product (pick a primary product around which they are organized). For example, participants might form groups of 1 hectare, 2 hectares, 3 hectares, etc.
2. A group should be no more than eight people. If there is a group with more than 8 people, divide the large group into smaller groups of eight people or less.
3. Ask each group to create a flipchart similar to the page in their *Planning Book* and to fill in the cost information. See the example in Appendix 1.
4. Walk around and assist groups as they complete the flipchart.
5. When they are finished, ask each group to present their results.
6. After each presentation, facilitate a short discussion with all attendees to determine if the costs presented by each group are reasonable.



7. After all the groups have presented, ask participants to complete the relevant page in their **Planning Book**. Their goal is to fill in their worksheets with the information that best describes their own personal budgets; they should not simply copy the information that was presented.



8. Debrief the exercise by asking a few questions to confirm their understanding of the break-even price:
- What is the break-even cost per MT that you calculated?
  - Is there the number different among different farmers? Or is everyone's the same? Why might there be differences?
  - What happens if you sell your product at a price that is lower than your break-even price?
  - How far above the break-even price should you try to sell your product?

### FARMER COST WORKSHEET on Plot (Cash Crop and CA Crop)

(1) Size of cultivated land: \_\_\_\_\_ M<sup>2</sup> or \_\_\_\_\_ Acre  
 (Note: please use the average unit typical for your farmers. Maybe a 20x20 plot? Or 1 acre?)

Costs for intercrop on plot (local currency)

land rent	_____	_____
land preparation	_____	_____
seed	_____	_____
labor planting	_____	_____
fertilizer	_____	_____
herbicide	_____	_____
pesticide	_____	_____
labor weeding	_____	_____
labor harvesting	_____	_____
cleaning/drying	_____	_____
Purchase bags	_____	_____
fumigation	_____	_____
storage	_____	_____
cost for sacks	_____	_____
transport to markets	_____	_____
labor to markets	_____	_____

(2) Total costs: \_\_\_\_\_

(3) Yield: Cash Crop: \_\_\_\_\_ Bags Intercrop: \_\_\_\_\_ Bags

(4) Cost per bag: (2) / (3) \_\_\_\_\_

(5) Revenue: Price sold per bag \_\_\_\_\_

(6) Profit per bag: (5) – (4) (a.) \_\_\_\_\_ (b.) \_\_\_\_\_

(7) Profit per crop: (6a) x (3) & (6b) x (3) \_\_\_\_\_

(8) Profit on plot (total profit for both crops): (7a) + (7b) \_\_\_\_\_

## Exercise 4: Collaboration

### OBJECTIVE

Use the learnings from Market Mapping, Price Calendar, and Gross Margin Analysis to make strategies, discuss barriers to accomplishing the strategies and plan of action.

### WHAT PARTICIPANTS NEED TO CREATE

- A list of six specific ways that farmers participating in the workshop can collaborate together

### MATERIALS

- Flipchart paper
- Markers of various colors
- Tables prepared in advance

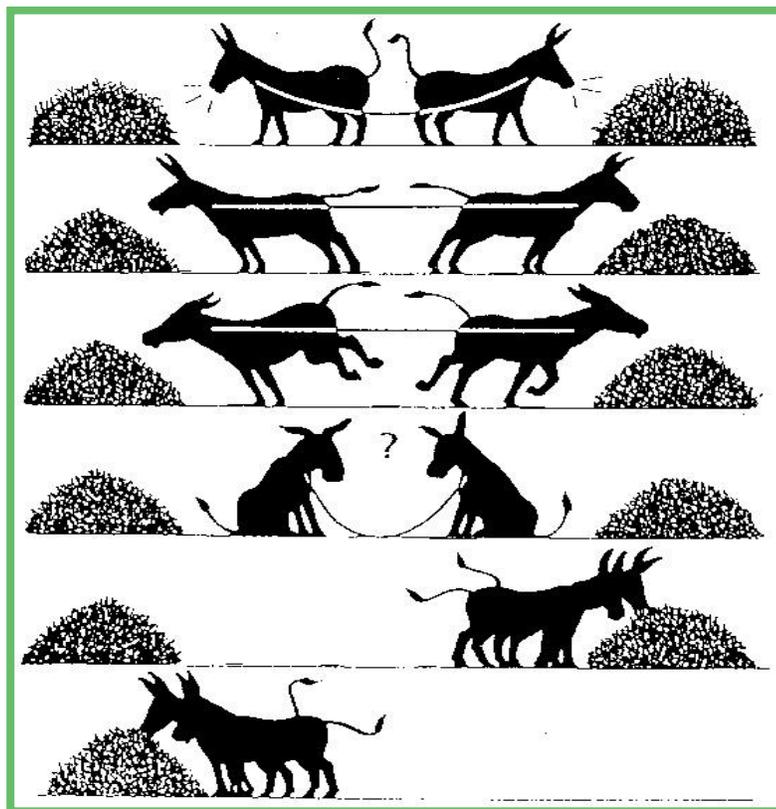
### ACTIVITIES

#### 2.10.1: Donkey Cooperation

The facilitator begins by instructing all participants to examine the donkey poster in the *Planning Books*.



#### Donkey Conflict/Cooperation Image



Facilitator should ask:

*“What do you see in this picture?”*

Wait for responses, and then explain:

*“The donkey cooperation image shows how cooperation can make work easier and successful. It also supports team spirit. Cooperation can make very difficult tasks manageable; it is the foundation on which cooperatives are formed and it is the basis on which different cooperatives can work together.”*

After participants have explained what they see in the picture, further clarify that:

1. Two donkeys are tied together with a rope and each has a heap of grass to eat.
2. Whenever the donkeys try to eat their respective heaps of grass, they pull against each other.
3. Each donkey pulls the rope to reach its feed, but in vain.
4. The two donkeys are exhausted and settled down to think about how to eat.
5. The two donkeys decide to share each other’s feed, starting with the first donkey’s heap.
6. And finally they go together to the second donkey’s heap.

This story illustrates that two cooperatives can work together to benefit each other.

## **2.10.2: Collaborating**

This cross-cooperative activity will help participants identify specific ways to collaborate with other farmer organizations.

### **Instructions**

1. **Ask the entire group to shout out ways that the two farmer organizations can collaborate.** Write the responses on a flipchart.
2. Group similar answers together so that you end up with a list of 5-8 items that will likely resemble the following:
  - Renting equipment and purchasing inputs
  - Bulking product and storage
  - Marketing
  - Sharing information
  - Training
  - Transportation
3. Divide the room into groups so that there is one group for each collaboration idea. Each group should be 4-7 people and must be a mix of participants from both farmer organizations.
4. Assign each group one of the topics.
5. Ask the group to answer the three questions listed in the *Planning Book*.
  - How could they work together on this topic?
  - What are the specific benefits, and how much money could be saved or earned?



- What are the next three steps to complete this idea?
6. Ask groups to report out on their results. Invite other participants to take notes in the *Planning Book*.



### 2.10.3: Collaboration Challenges

This cross-cooperative activity gives participants the opportunity to discuss challenges commonly faced by farmer organizations, and then identify strategies to overcome them.

#### INSTRUCTIONS

1. Ask participants to divide themselves into four groups, mixing the organizations.
2. As facilitator, write “CHALLENGES” on top of a flipchart.
3. Explain that there are common challenges faced by farmer organizations. On the flipchart, write:
  1. SIDE SELLING
  2. BREAKING A CONTRACT
  3. POOR QUALITY
  4. LOW PARTICIPATION
  5. (blank)
4. Ask each group to identify one additional challenge for the fifth item on the list.
5. Ask each group to create a flipchart of the table as shown in the *Planning Book* and in Appendix 3.
6. Ask groups to complete the flipchart for all five challenges.
7. When the groups are done, ask each group to present on one of the first four common challenges, giving each group a different common challenge.
8. After the group has presented on that challenge, ask other groups to call out any other items to add for that challenge in either column. Ask the presenting group to write down the additional items onto the flipchart. (Coach them in facilitating the room.)
9. After the first four are complete, ask each group to present the one additional common challenge that they identified (this should be different for each group). Again, they should record additional items and feedback on the flipchart as the other groups present.
10. After all groups have presented, ask participants to write the important items that they have learned and the ideas they have gathered into the *Planning Book*.



## Exercise 5: Profit Margin

### OBJECTIVE

This activity helps participants identify ways to maximize profit by pushing up their price or pulling down their costs.

### WHAT PARTICIPANTS NEED TO CREATE

- A list of strategies to increase prices and minimize cost

### MATERIALS AND PREPARATION

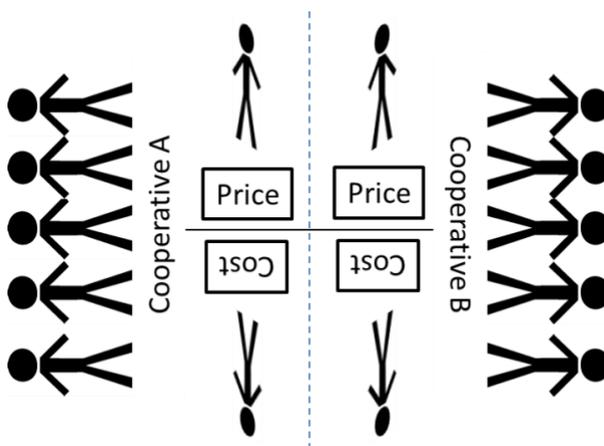
- Set up this activity in a wide open space.
- Four sheets of paper, two prepared with the word “PRICE” and two prepared with the word “COST”
- A line on the floor (with tape or some other delineation)
- Blank pieces of paper for every participant

### ACTIVITIES

#### 2.5.1: Profit Margin Lineup

### INSTRUCTIONS

1. Ask each organization to identify two volunteers.
2. Give one volunteer a sheet of paper that says “PRICE” and the other volunteer a sheet of paper that says “COST”.
3. Put a line of tape down on the floor in the middle of the room.
4. Have PRICE and COST face each other by standing on either side of the line. This should look like the diagram below. (Note: The vertical dotted line down the middle does not need to be made; it simply shows the division between the two cooperatives.)

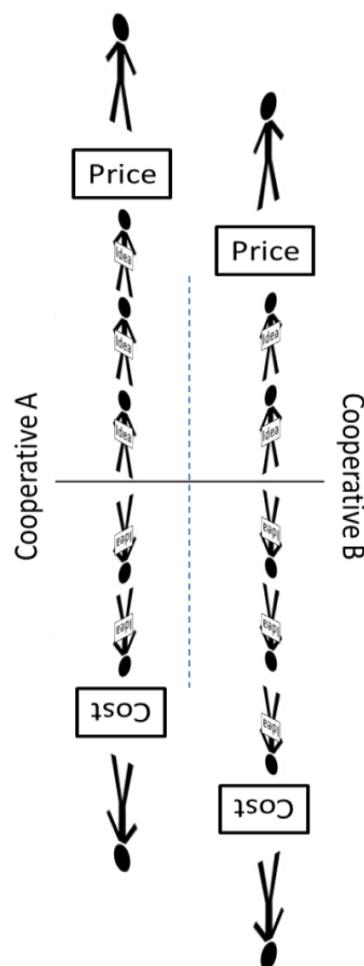


5. Ask the room, if price and cost are the same, how much profit does the farmer get?
  - a. The answer is zero. At the line on the floor, price and cost are the same and there is no profit.
6. Ask the room to give an idea of how to raise the PRICE up (hint: see last activity).
  - a. Write the answer on two pieces of paper. Have someone from each organization hold the paper and stand sideways (facing out) between PRICE and the line, moving PRICE farther away from the line.
7. Ask the room to give an idea of how to bring the COST down.
  - a. Write the answer on two pieces of paper. Have someone from each organization hold the paper, and stand sideways (facing out) between COST and the line, moving COST farther away from the line.
8. Explain that as the space between PRICE and COST gets larger, profit also gets larger. The distance between PRICE and COST is equal to profit, or the amount of money a farmer gets beyond the cost of producing a crop.
9. Give a blank piece of paper to all other participants.
10. Ask each organization to see how far apart they can move PRICE and COST in 15 minutes by coming up with as many ways as possible to raise the PRICE or to lower the COST.
  - a. Write each idea they come up with on a piece of paper.
  - b. For each new idea, a person joins their organization's line holding the piece of paper, moving PRICE up or COST down.
  - c. All the people of a group face outwards (away from the other group) so that members of the group can continue to brainstorm until all of the members are standing in line with an idea, or until the time runs out.

Raise the energy level by giving them a slight sense of competition. You can build excitement by announcing the number of minutes remaining, and announcing the number of ideas each team has generated. It is not a competition, but don't tell them that. See if they collaborate on their own.

11. You will have something that looks like the image to the right during the activity.

In this example, cooperative A has identified three ideas for raising the price and two ideas for lowering the cost. In the actual activity, all 13 people should try to come up with an idea to raise price or lower cost, so the lines should be much longer.



## 2.5.2: Strategy Synthesis

*This activity is a continuation of the previous activity. First debrief the profit margin lineup activity. Collect all the ideas and synthesize them for participants to write in their **Planning Books**.*



### INSTRUCTIONS

1. With the two cooperatives still standing in separate lines, ask them a few debriefing questions.
  - a. How did they generate ideas? Did they contact the other group?
  - b. Was this a competition? (They will probably think so.)
  - c. Should this be a competition? (No, we should work together.)
  - d. Did you identify overall strategies, increasing price or decreasing costs, which could be implemented if the two neighboring cooperatives worked together?
2. **Instruct everyone to tape their ideas from the profit margin lineup on the wall, keeping the PRICE and COST ideas separate. Then instruct everyone to either sit or stand around so that they can see all the ideas taped on the wall. Ask the participants to help in grouping and combining similar ideas.** The facilitator, standing at the wall, should physically move similar ideas, posting them next to each other.
3. **The facilitator finishes the activity by writing the master list of strategies on a flipchart.** The trainees should copy the list into their **Planning Books**.



### Examples of ways to improve profit margin:

- Transporting a product to a new area may increase value
- Provide higher quality product by using sorting and grading standards
- Minimize costs
- Timing the point of sale with a holiday when there is large demand or a season when supply is low and prices are high
- Improved packaging with better sacks, tied tight with zero spillage and larger or smaller quantities depending on the market's preferences

## Exercise 6: Sales Target

### OBJECTIVE

This activity helps participants select the appropriate buyers and desired volumes of their product.

### WHAT PARTICIPANTS NEED TO CREATE

- A table with their sales targets for the next season

### MATERIALS AND PREPARATION

- Flip chart and markers
- Cooperatives will need a list of buyers and the quantity of product they sold.

### ACTIVITIES

#### 2.6.1: Sales Targets

This is a complicated and incredibly important activity. To help orient participants and familiarize them with the table, it is helpful to start with a blank table and recreate it with the participants while explaining each column (Buyer, Quantity, Quality, etc.).

CROP: \_\_\_\_\_

1	2	3	4	5	6
Buyer	Quality	Volume	Price	Past Quantity	Desired Quantity
			MT Sold		
			# of Members		

## INSTRUCTIONS

1. Ask each cooperative to select a scribe to create the table above (and also shown in their *Planning Book*). Post both of these flipcharts on different walls so that each cooperative will have space to use their table.
2. Ask each group to list *past and potential Buyers* in column 1.
3. Ask each group to list the **Quantity** (MT) that you sold last year to each buyer in column 5.
4. At the bottom of column 5, calculate the total **MT Sold**. Also list the estimated number of members who contributed to quantity of product sold by the cooperative. (We assume they did not have 100% participation.)
5. Use the information below to familiarize the participants with the terms *quality*, *volume* and *price* which are columns 2, 3 and 4.



### Quality

Increasing quality of our products starts with what we do in the field. Every step of processing, cleaning, storing and transporting affects quality.

Questions:

- What do we consider to be high quality for our product?
- How do we know which is high quality and which is not?
- Which of our buyers pay a higher price for higher quality?
- Which buyers accept lower quality?

### Price

The rules of supply and demand are the largest influence on price, but we can negotiate and find ways to sell at a higher price.

Questions:

- What is the difference in price when you sell at the farm gate instead of taking the product to the market?
- How do we know what prices to ask for?
- Do we sell higher quality products for a higher price?
- Do lower quality products sell for a lower price?
- What is a low price for us?
- What do we consider a high price?

### Volume

Buyers operate at different levels of volume. Some will only buy large amounts, while others will make smaller purchases.

Questions:

- What is the total volume we produce?
- How much volume do our biggest and smallest buyers purchase from us?
- What is a large volume for us?

- What do we consider to be a small volume for sale?
- What is our preferred size of order?

6. Ask each group to complete **Quality, Volume** and **Price** (columns #2, #3 and #4) for each buyer.

- Put a ↑ in boxes for high quality, large volumes or higher price.
- Put a ↓ in boxes for low quality, low volumes or lower prices.
- Put a – in boxes for moderate quality, moderate volumes or moderate prices.

Note: help each group reach a consensus on completing this step.

7. Review the priorities from the previous profit margin activity and ask groups to complete the desired quantity (column 6) that they believe they want to sell to the buyers. Here are some questions you can offer to the groups as they complete this step.

- Are there certain buyers that we want to decrease quantity (sell less to)?
- Are there buyers we wish to increase quantity (sell more to)?
- Are there buyers that pay the highest prices and whom we want to target?
  - If so, what changes in quality or quantity are required?
- Are there certain buyers that will not change the volume they purchase?
- When considering the PRICE and COST ideas from the price margin activity, are there certain buyers that better align with our ideas?

8. Calculate the total of all entries to column 6 into **MT Sold**. This represents the desired amount to be sold by the group.

9. Have one group ask questions to the other group about their plan. As facilitator, check to see if they are being too conservative or too aggressive. For example, if there is a large increase in total MT, ask how they will reach that new volume.

10. Ask each group to identify how many members they will need to reach their goals. This number goes at the bottom of column 6. The number they provide may either be a greater percentage of the current membership *or* it may reflect a need to attract new members. Again, have the groups ask each other question. Check to see if they are being too conservative or too aggressive with their estimated volumes.

11. Ask participants to copy their group's sales targets into their *Planning Book*.



## Exercise 7: Planning

### OBJECTIVE

This activity will help participants identify the top priorities for their association. Attendees will have generated a lot of information and many insights from the marketing workshop. Now they need to identify priorities and clear action steps. This will help the association achieve marketing goals, and also demonstrate to leaders how to apply knowledge in a coherent and structured manner.

### WHAT PARTICIPANTS NEED TO CREATE

- Specific work plans for achieving some of their top marketing strategies

### MATERIALS

Paper for voting

### ACTIVITIES

#### 2.11.1: Prioritizing

### INSTRUCTIONS

1. Ask each cooperative to form three groups of five people each. There will be six groups in the room.
2. Ask each group to identify the top five priorities the association should pursue to improve their marketing activities.
3. When all the groups of an organization have finished, ask them to present their five priorities to the other groups in their cooperative.
4. When the groups are finished presenting, ask each cooperative to create a single flipchart with all of the ideas that their cooperative generated. Ask them to combine ideas that are similar.
5. Ask them to number the ideas from top to bottom. This is not a ranking. This just helps identify the ideas so that people can vote on them.
6. Distribute slips of paper to each participant. Ask them to vote on the three priorities that they think are most important by writing the idea's corresponding number on the paper. Remind them to print neatly!
7. After all votes have been submitted, ask the group to count the votes for each idea. Circle the top five ideas. (Note: Voting can also be done via tick mark voting as has been used previously, but the use of private paper voting is suggested here to minimize influence of certain leaders within the group.)

8. Ask participants to write the all of the ideas into their *Planning Book* and to label the top five.



## 2.11.2: Action Items

### OBJECTIVE

This activity will help participants identify specific actions for pursuing their top priorities.

### INSTRUCTIONS

1. Ask each organization to form three groups of five people each (there will be six groups total).
2. Ask the groups to look at the top five priorities identified by their organization. Each group should select one of these top five priorities. Be sure that each group has selected a different priority.
3. Ask each group to create an action planning chart, as shown in the *Planning Book*, onto a flipchart.



**Priority:**

Task	Who	When	Cost
1			
2			
3			
4			
5			

4. Each group is to complete the chart.
5. When the groups have completed the chart, ask them to present the plan to the other groups in their organization.
6. Ask participants to copy the plans into the *Planning Book*.



## Exercise 8: Forecast

### OBJECTIVE

Explain the three field assignments and designate who is responsible for accomplishing them

### WHAT PARTICIPANTS NEED TO DO

The facilitator explains the three assignments and then solicits small groups of volunteers to be assigned to each assignment. Remind participants that next session will begin with a review of all of these activities.

### ASSIGNMENTS

#### Assignment 1: Forecast

Based on the marketing targets, determine the following:

- What is our estimated production capacity with current membership and participation level, in terms of number of hectares AND productivity levels?
- What are members' needs in terms of inputs (seeds and fertilizer), production, PHH, storage and transport?
- How much losses have we encountered in the past and by how much do we hope to decrease that amount due to recent training in PHH?
- How much can our collection points bulk per day, per week?

## APPENDIX 1: EXTRA WORKSHEET (FARMER VERSION)

### FARMER COST WORKSHEET

(1) Size of cultivated land: \_\_\_\_\_ M<sup>2</sup> or \_\_\_\_\_ Acre

Costs for intercrop on plot (Ksh)

land rent	_____	_____
land preparation	_____	_____
seed	_____	_____
labor planting	_____	_____
fertilizer	_____	_____
herbicide	_____	_____
pesticide	_____	_____
labor weeding	_____	_____
labor harvesting	_____	_____
cleaning/drying	_____	_____
Purchase bags	_____	_____
fumigation	_____	_____
storage	_____	_____
cost for sacks	_____	_____
transport to markets	_____	_____
labor to markets	_____	_____

(2) Total costs \_\_\_\_\_

(3) Yield: Cash Crop: \_\_\_\_\_ Bags Intercrop: \_\_\_\_\_ Bags

(4) Cost per bag: (2) / (3) \_\_\_\_\_

(5) Revenue: Price sold per bag \_\_\_\_\_

(6) Profit per bag: (5) – (4) (a.) \_\_\_\_\_ (b.) \_\_\_\_\_

(7) Profit per crop: (6a) x (3) & (6b) x (3) \_\_\_\_\_

(8) Profit on plot (total profit for both crops): (7a) + (7b) \_\_\_\_\_

## APPENDIX 2: ALTERNATIVE PRICE CALENDAR FORM

### Market Price Calendar – At Farmgate

YEAR:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Beans												
Maize												
Groundnuts												
Greengrams												
Cowpeas												
Sesame												
Barbara												

### APPENDIX 3: COLLABORATION CHALLENGES

Challenge	Reasons for happening?	What can we do?
Side Selling		
Breaking a Contract		
Poor Quality		
Low Participation		
Other (selected by group)		

## Exercise 9: Contracts

### OBJECTIVE

Through these two activities on contracts, participants will be able to explain the advantages and disadvantages of contracts. They will also define the essential elements of an effective contract. Farmer organizations can sign a contract to reduce the risk of finding a buyer at harvest time. This protects a farmer if prices drop, but can frustrate a farmer if prices rise. Although there is a short-term temptation to break the contract, commitment to the contract can establish a long term-relationship. Farmer organizations need to be sure that they are able to take full advantage of the contract.

### WHAT PARTICIPANTS NEED TO CREATE

- A list of contract elements
- A list of ways to improve past contracts or a list of topics to be cautious about in future contracts.

### MATERIALS AND PREPARATION

- Flip chart and markers
- Cooperatives should have brought past contracts according to their assignment from the previous module.

### ACTIVITIES

#### 2.8.1: Contract Roundabout

This cross-cooperative activity will help participants identify the benefits and risks in signing a contract.

### INSTRUCTIONS

1. Divide the room into six groups of participants from both organizations.
2. Ask each group review the questions listed in the *Planning Book*.

#### Questions pertaining to contracts:

Question A. What are the benefits of a contract?

Possible answers:

- Contracts are guidelines
- They outline dos and don'ts
- The two parties are tied together in a contract, and will succeed together or fail together
- Contracts help ensure success
- Contracts help minimize traders' ability to pressure individual farmers
- Parties entering into contracts should treat the relationship well so a long term relationship can develop

Question B. When do we make the contracts? What are the benefits of making contracts:



Possible answers:

- At the beginning of the season? At the end of season? Before we even plant?

Question C. In addition to selling price, what else can be included in a contract?

Possible answers:

- Transportation
- Way to get inputs on credit

Question D. What percentage of our total sales do we want in contract? What are the benefits? What if most of our production is locked in contracts? What if we only have a small percentage in contracts?

Possible answers:

- Contracts with multiple buyers help spread risk.
- Perhaps having half in contracts and half for spot sale at the end of season is optimal

Question E. When do we want payment?

Possible answers:

- In the beginning?
- Half up front?
- At the time of delivery?

Question F. What happens if the organization fails to fulfill a contract?

Possible answers:

- The immediate business transaction is lost.
- It may cause long-term damage to our cooperative's reputation.

3. Ask each group to write as many answers to each question as possible onto flipchart paper.
4. When they are finished, the facilitator starts with a clean flipchart paper.
  - a. Starting with Question A, the facilitator goes from group to group to get an answer from each group. Groups are asked to not repeat answers they have heard from another group.
  - b. The facilitator writes the answers onto a piece of flipchart paper.
  - c. The facilitator continues with this process through all the questions (A-F).
5. The facilitator helps the room discuss the different perspectives in the answers.
6. Participants are asked to write down any of the items they have found to be helpful from the flipchart to the *Planning Book*.
7. Within the same groups of the previous activity, ask participants to answer the question: "What are the major elements of a good contract?" The facilitator should help each group brainstorm using the list below as a guide.
8. When all groups are done, the facilitator should collect answers on flipchart paper.
  - a. The facilitator should go from group to group to get an answer from each group. Groups are asked not to repeat answers they have heard from another group.
  - b. The facilitator should write the answers onto a piece of flip chart paper.



9. Ask participants to write these major elements of a contract into the *Planning Book*.



#### Illustrative list of common contract elements:

- Names of organizations
- Contact information
- Quality specifications
- Quantity
- Timing of delivery
- Packaging
- Price
- Transportation
- Payment method
- Timing of payments

#### 2.8.2: Contract Improvements

This intra-cooperative activity will help participants create a list of contract improvements.

#### INSTRUCTIONS

1. Ask each organization to form three groups of five participants each. There will be a total of six groups in the room.
2. If a group already has an existing contract, ask each group to identify three improvements that they can make to their contract. Be as specific as possible. If they do not have a contract, ask the group to identify three elements that they believe are the most important to define in a contract. Ask them to be as specific as possible.
3. When all the groups from an organization are ready, ask them to write their suggested improvements onto a single flipchart.
4. Encourage each organization to discuss and refine the items on the flipchart. They can combine similar ideas into a single recommendation.
5. Once they have reached consensus, ask each organization to present their ideas on contract improvement to the other organization.
6. After the presentations, ask each organization to make any additional changes to their list based on anything they heard from the other organization.
7. Ask participants to write the list of contract improvements into the *Planning Book*.



## Exercise 10: Negotiations

### OBJECTIVE

This chapter will help participants learn the purpose of negotiations, and how negotiations can lead to sustained business relationships.

Rationale: Farmer organizations can lack confidence when negotiating with a buyer. Even with confidence, a farmer organization may not know which terms can and should be negotiated. By understanding both the needs of their own organization and the needs of the buyer, farmer organizations can negotiate a contract that is beneficial to both parties. Effective and fair negotiation can result in a sustainable, long-term relationship.

### WHAT PARTICIPANTS NEED TO CREATE

- A list of strategies on how to prepare for negotiations

### MATERIALS AND PREPARATION

- Prepare the role-plays in advance

### ACTIVITIES

#### 2.9.1: Question Callout

### INSTRUCTIONS

1. Ask each person in the room to pair up with one person from the other organization. (If there is an odd number of people, there can be three people in one of the groups.)
2. Ask everyone to review the four questions in the *Planning Book*.
3. Ask pairs to discuss the first question. After five minutes, announce that they are to move on to the next question.
4. After all questions have been discussed, go through each of the questions with the entire room. Ask people to call out something interesting that they heard from their partner (not from themselves!).
5. Your goal as facilitator is to help the room reach an understanding of each of the four questions.



### Questions about negotiations

1. When in your life do you negotiate?

Answer: *In many situations – it is a common process for people to get what they need.*

2. What is negotiation?

*Answer: A discussion when two people commit to actions that will meet each other's needs. The process of coming to a mutual understanding before an agreement, e.g., when trying to agree on the price of a ton of maize.*

3. Why are negotiations important?

*Answer: They help people meet their own needs while also helping others.*

- Brings fairness in business
- Improves communication between parties
- Strengthens relationships
- Helps in buying of quality goods or services
- Helps in sharing of information
- Helps in building effective contracts

4. When is a negotiation successful?

*When both sides win.*

## 2.9.2: Role-Plays

### INSTRUCTIONS

Facilitators need to prepare in advance to act out these scenarios by making the story appropriate for the participating cooperatives. Facilitators should practice the role-play skit and determine the specific numbers (loan amounts, percentages, etc.) that they will be negotiating for.

The facilitators act out two negotiation scenarios. After each scenario, the participants must identify:

- What did each negotiator do well?
- What did each negotiator do poorly?
- What techniques did each negotiator use?

**Scenario 1: President vs. Banker.** The president of the cooperative enters a bank to seek a loan to construct a small storage facility. He negotiates with the banker on three aspects: amount of loan, interest rate and the period of repayment. The president aims to receive a {insert amount} loan at an interest rate of less than {insert an appropriate percentage, example 15 percent} for a term of five years. The banker pushes to provide a larger loan at {insert appropriate percentage, example 18 percent} over a two-year period.

During this role-play the president of the cooperative shows that he is prepared. He brings research on loans available at other banks and he has a clear strategy coming into the negotiation. The banker uses various techniques, such as quoting “norms” and doubting the prowess of the cooperative, to force the president to take a larger loan. While the banker tries to legitimize his points by making statements such as, “the bank president would not approve of such a low rate,” The president of the cooperative also draws on higher authority by explaining that he has also been instructed by his board to seek a loan of {insert amount} and no more.

#### Debrief:

- What did each negotiator do well?
- What did each negotiator do poorly?

- What techniques did each negotiator use?

**Scenario 2: Farmer vs. Trader.** A farmer is approached by a trader who wants to purchase the farmer's beans. The farmer is tempted to sell the beans because he needs money now, but he realizes that he is required to sell to the cooperative. The trader is trying to make a deal on the purchase as soon as possible. During the discussion, the farmer explains that he is guaranteed a better price by selling to the cooperative. The trader gets the farmer to admit that he is in dire need of money. The trader also highlights that even though his offer is lower than what the cooperative might pay, he can pay cash right now. The trader wants to sell just a little to the trader so that he can get some money now. The trader wants it all. The farmer and the trader negotiate on price and quantity.

There are two possible ways to end this scenario: The farmer can either make a decision (whether it be yes or no); or the scenario can end just before the farmer makes a decision to sell or not, and the facilitator can ask the audience what they think the farmer chose and why.

This role-play should demonstrate negotiation attributes that were not highlighted in the previous role play. In this role play, the farmer should appear unprepared, lacking specific numbers and prices and unsure of exactly how much beans he has. The farmer should appear unprepared in answering any questions the trader has about quality and quantity of the product. The trader uses this against the farmer by assigning a low value to the beans since the farmer cannot articulate the specific grade.

#### Debrief:

- What did each negotiator do well?
- What did each negotiator do poorly?
- What techniques did each negotiator use?

#### 2.9.3: Planning and Preparing for Negotiations

Based on the previous role-plays and debriefings, participants now answer as a large group the question, "How can you effectively plan and prepare for negotiating?" The facilitator should collect all of their ideas on a flip chart. Participants then enter this list into their *Planning Books*.



#### Strategies for planning and preparing for negotiations

- Arrange a good place for the negotiations
- Know what you are going to negotiate for
- Get more information
- Know who you will negotiate with
- Understand your products and the production process
- Have an objective for your negotiations
- Get all the information
- Be prepared to make concessions
- Have a strategy
- Know your tasks when negotiating as a group

In preparing for negotiations it is important to know what each side's needs are. Instruct the group to brainstorm specific examples of what a buyer needs and what the cooperative needs. The facilitator

should collect all of these ideas on two flipcharts (one labeled “Cooperative needs” and the other labeled “Buyer needs”). After the two lists are assembled, the participants should copy the information into their *Planning Books*.



