



USAID
FROM THE AMERICAN PEOPLE



MODULE 2: Marketing ^(v1)

SELL MORE FOR MORE

FACILITATOR'S GUIDE

Zambia Profit+

Farmer organization training and planning in improved business practices to improve quality and quantity of crops sold

February 2014

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government. The publication was prepared by ACDI/VOCA in compliance with the terms and conditions of Task Order No. AID-611-TO-12-00002.

Acknowledgements

Sell More For More was first launched by ACDI/VOCA in Rwanda to link maize cooperatives to markets by strengthening their management and production skills. It has been further developed by ACDI/VOCA to support a wider range of farmer group structures and products.

In collaboration with staff and partners of Zambia Profit+, Sell More For More has been adapted for the farmer cooperatives and Organizations of Zambia.

ACDI/VOCA trains local farmer organizations to support the implementation of Sell More For More. As part of a localization strategy to achieve sustainability, we then seek public and private institutional partners to continue strategic elements of ongoing training and capacity building. Although we share many resources with other institutions, ACDI/VOCA retains rights over materials to help maintain consistency in design and implementation.

Zambia PROFIT+ implemented by:

ACDI/VOCA (www.acdivoca.org)

Since 1963 and in 146 countries, ACDI/VOCA has empowered people in developing and transitional nations to succeed in the global economy. Based in Washington, D.C., ACDI/VOCA is a nonprofit international development organization that delivers technical and management assistance in agribusiness, financial services, enterprise development, community development and food security in order to promote broad-based economic growth and vibrant civil society. ACDI/VOCA currently has approximately 60 projects in 30 countries and total revenues of \$173 million.

Zambia Profit+

The Production, Finance and Improved Technology Plus (PROFIT+) program is a core activity of USAID's Feed the Future (FTF) global hunger and food security initiative in Zambia. PROFIT+ is fostering economic growth, significantly contributing to Millennium Development Goal one: halving the proportion of people living in extreme poverty and suffering from hunger by 2015. The program targets smallholder farmers and agro-enterprises to increase agricultural productivity and facilitate inclusive access to markets and private sector investment in target value chains. The project focuses on three objectives: 1) improved smallholder productivity; 2) greater access to markets and trade; and, 3) increased private sector investment in agriculture-related activities.

Introduction

This training manual is based on the Sell More For More methodology created by ACDI/VOCA. In this highly interactive training program, attendees create specific strategies to increase the quantity of their marketing output (“sell more”) and meet high quality standards to earn higher prices (“for more”). The program provides technical agricultural training of trainers for inputs, production and post-harvest handling. It also has four management training modules on membership, marketing, money and management for farmer organization leaders and board members.

The four management modules are intended to be delivered to members of two farmer organizations at the same time in order to facilitate learning and collaboration between groups. Each module lasts three days. Modules should be spaced in two-week intervals to allow time for the attendees to complete practical assignments. This material is designed to be delivered in a facilitative format (no lectures, no PowerPoint) whereby participants engage in learning activities and then capture their insights in individual *Planning Books*. This is an essential tool that not only guides participants through the workshops but also serves as a record of solutions, action items and new strategies resulting from the activities. The *Planning Books* logo (shown at right) designates activities that involve attendees entering information into their books. To this end, facilitators should bring plenty of flip charts, markers and tape. Additional supplies are listed in the activity descriptions. The facilitator must be flexible, as each workshop will be a unique experience with each new group.



These manuals use the term “farmer organization” or “Organization” to represent all types of cooperatives, Organizations and farmer groups. Feel free to use the appropriate term when facilitating your sessions.

Contact

For additional information on this and other Zambia Profit+ development activities, please contact Sylvester Kalonge, Chief of Party (SKalonge@profitplus-zm.org). For any specific questions related to the content and training methodology of this program, please contact William Sparks, ACDI/VOCA Vice President of R&D (wsparks@acdivoca.org).

Marketing

| | |
|---|----|
| Chapter 1: Assignment Debrief..... | 2 |
| Chapter 2: Human Value Chain | 3 |
| Chapter 3: Market Map..... | 5 |
| Chapter 4: Seasonal Analysis | 7 |
| Chapter 5: Profit Margin..... | 8 |
| Chapter 6: Sales Targets..... | 11 |
| Chapter 7: Break-even Costs | 14 |
| Chapter 8: Contracts..... | 16 |
| Chapter 9: Negotiations | 19 |
| Chapter 10: Collaboration | 22 |
| Chapter 11: Planning..... | 25 |
| Chapter 12: Field Assignment..... | 27 |
| Appendices | 28 |
| Appendix 1: Farmer Cost Worksheet..... | 29 |
| Appendix 2: Organization Cost Worksheet | 30 |
| Appendix 3: Collaboration Challenges | 31 |

Module 2: Marketing

This module will take three days to complete.

Goal:

Help participants identify market opportunities, assess their capacity to meet those opportunities and negotiate and enter into contracts.



Chapter I: Assignment Debrief

OBJECTIVE

Participants report on their previous assignments from the first module.

ACTIVITY

Instruct the small teams from each Organization who performed the same activity to meet together. For example, the people who created promotional pieces will now form a single group. Have each group discuss the questions below under each assignment. After each small group has had ample time to discuss, a representative from each group should report back to the rest of the group on their discussion.

Instruct each group to discuss the following questions:

Assignment 1: Interview a buyer

- Ask them to explain what they learned from the buyer.
- Ask them to explain the most surprising thing they learned from the buyer.
- Ask the others in the room (those who did not interview the buyer) if they have any questions for those who presented.
- Inform everyone that they will be using this buyer information later in the workshop.

Assignment 2: Document production history

- Did you collect the information you needed to collect?
- Was it difficult to find the information?
- Where did you get the information?
- Hold on to the information you collected because we will need it later.

Assignment 3: Bring a contract

- Did you find a contract?
- How recent is it? Can you describe what transaction it was for?
- What do the two contracts have in common? How do they differ?

Assignment 4: Explain the benefits of your Organization to three nonmembers

- How did this go?
- What questions did the nonmembers ask?
- Can you remember and recite the purpose statement that you created with the rest of the group?

Assignment 5: Create a promotional piece

- What did you plan and prepare?
- Share the product with the group.

Chapter 2: Human Value Chain

OBJECTIVE

This cross-Organization activity will help participants understand the many parts of the value chain, including the location of their Organization within the value chain.

WHAT PARTICIPANTS NEED TO LEARN

A better understanding of the important role their Organization plays in the larger industry, as well as the ability to predict how the value chain will react as the various actors and enabling environment change. This activity helps explain the concept of the value chain and will inform the market mapping activity as well as aid in the decisions on strategic marketing.

MATERIALS

- Two sets of value chain cards
- Flip chart and markers
- Tape

ACTIVITIES

2.1 Understanding the value chain

Instructions

1. (MIX) Divide the participants into two groups, mixing attendees from both Organizations.
2. In each group, distribute a set of value chain cards so that everyone receives a card.
3. Ask the participants within each group to form a line, each putting a hand on the shoulder of the person to whom they sell their products. If a value chain actor does not sell products, then have him/her put a hand on the shoulder of the person to whom he/she provides services.
4. Once the participants have created the value chain, ask them to tape their cards onto a flip chart.
5. Ask the two groups to compare their value chains for similarities and differences.
6. Ask participants to transfer the value chain map to their *Planning Books*.



Value Chain Cards (make two sets)

The 15 actors in this value chain game include the individuals listed below. Feel free to replace the general names with the names of actual market actors.

- Input dealer
- Farmer (member of Organization)
- Farmer (not in Organization)
- Organization
- Local trader
- Mill/Processor
- Consumer
- Urban supermarket
- Large-scale buyer
- Nearby market
- Wholesaler
- Transporter
- Financial institution
- Exporter
- Extension officer

Debrief

This is the main activity to facilitate discussion of the value chain and value chain approach, so take some time and encourage as much conversation as possible. Use the following questions as a guide:

- Where is our Organization located on the value chain?
- What does this model say about the need for many value chain actors to work together?

Answers:

- We are all working together to deliver and sell the product to the end consumer. We are not only individual pieces but rather we all create a large system or network. By working together, we can all be more successful.
- Relationships are important. Buyers need to communicate their product standards to the people who grow the products. Processors also need to communicate their business needs so that they can maintain production of their products and meet the market demands they are trying to meet.
- Value chain actors who buy and sell from each other or who provide services all need to collaborate and trade information. They need to learn from each other so that they can cut costs and better provide products and services that the next value chain actor will receive or sell. Credit also permeates throughout the system. Inputs dealers, Organizations and buyers all run into the need to give or receive credit.

Additional discussion questions:

- What does this model tell us about our potential markets?
- Besides selling to the value chain actor directly above us (or on whom we placed our hands during this activity) which other actors might our Organization be able to sell to? What would it take in terms of quantity and quality for us to be able to sell to them?

Scenario questions:

- What would happen to the value chain if new taxes were placed on the products that are exported? (*Effects would be felt all the way to the farmer. Having a viable market is the first critical step. We could no longer reach the market.*)
- What happens if the input dealers provide farmers with bad seeds? (*Farmers can't produce enough to sell to processors, buyers, and exporters, and everyone gets hurt.*)
- What happens if the apexes are unable to deliver processors with the quantity of product they promised in a contract? (*Processors also have contracts or marketing goals they have to meet with the product they needed for processing. The trust between value chain actors would be broken.*)

Chapter 3: Market Map

OBJECTIVE

This intra-Organization activity will help participants understand the volume and price of product moving through and around their Organization.

WHAT PARTICIPANTS NEED TO CREATE

A market map that represents the current activities of the Organization

MATERIALS

- Flip chart and markers
- Prepared Market Map example on a flipchart

ACTIVITIES

3.1 Create a market map

Instructions

1. Divide each Organization into three groups of five (there will be a total of six groups in the room). Do not mix Organizations.
2. Explain that each group is going to use flip charts 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 flip chart, they should write the answers to the questions below.



On average, how many bags does a farmer in your Organization harvest? (a)_____

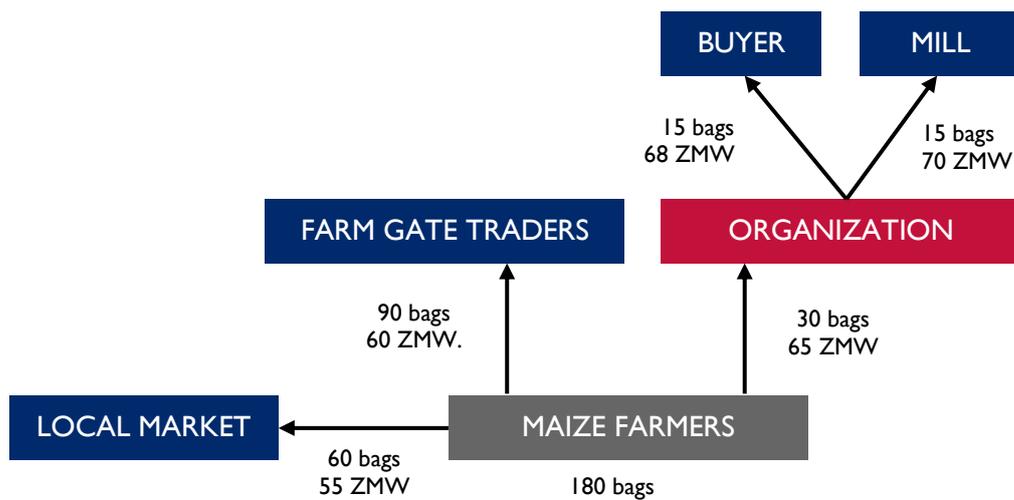
On average, how many bags does a farmer keep for eating? (b)_____

This is how many bags, on average, a farmer has to sell: (c)_____ = (a)–(b)

How many farmers are in your Organization? (d)_____

How many bags can farmers sell to the Organization or elsewhere? (e)_____ = (c)×(d)

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



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



Chapter 4: Seasonal Analysis

OBJECTIVE

This activity will help Organization members understand the impact that supply has on establishing a price.

WHAT PARTICIPANTS NEED TO CREATE

A seasonal analysis of their major crop(s)

MATERIALS AND PREPARATION

- Flip chart and markers

ACTIVITIES

4.1: Seasonal analysis

Instructions

1. (SEPARATE) Divide each Organization into three groups of five people. Do not mix Organizations.
2. Ask each group to create a seasonality analysis on the flip chart. 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 Organization to present their single chart to the other Organization.

Here is an example:

| | J | F | M | A | M | J | J | A | S | O | N | D |
|------|---|---|---|---|---|---|---|---|---|---|---|---|
| Rice | ☺ | ☺ | ☺ | ☹ | ☹ | ☹ | ☹ | ☺ | ☺ | ☹ | ☹ | ☺ |

6. Facilitate a dialogue with the group:
 - a. For the months when prices are highest, why are they high?
 - b. For the months when prices are lowest, why are they low?
 - c. In what months would you want to sell?
 - How could your Organization sell more in those months?
 - d. Are there any significant differences between the charts of the two Organizations?
7. Ask participants to copy down their Organization's seasonal analysis into their *Planning Books*.



Chapter 5: Profit Margin

OBJECTIVE

This activity helps participants identify ways to maximize profit margins 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

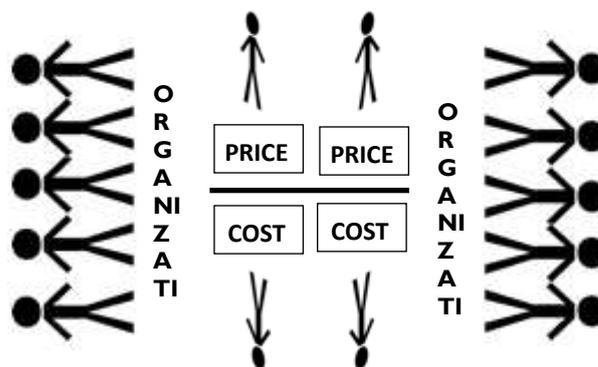
- Set up this activity in a wide open space.
- Four sheets of paper, two prepared with the word “PRICE” and two prepared with the word “COST”
- A line on the floor (with tape, rope or some other delineation)
- Blank pieces of copier paper for every participant

ACTIVITIES

5.1: Profit margin lineup

Instructions

1. (SEPARATE) 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.



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.

- 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. Show that the larger space between PRICE and COST is equal to profit, the amount of money a farmer gets above the cost of producing a crop.
 9. Give a blank paper to all other people.
 10. Ask each Organization to see how quickly they can move PRICE and COST as far apart as possible in 15 minutes by coming up with as many ways to move up the PRICE or to lower the COST.
 - a. For each idea that they come up with, write it down on a piece of paper.
 - b. A person joins the line for their Organization and holds the piece of paper.
 - b. Depending on the idea, they can move PRICE or COST further away from the line.

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.

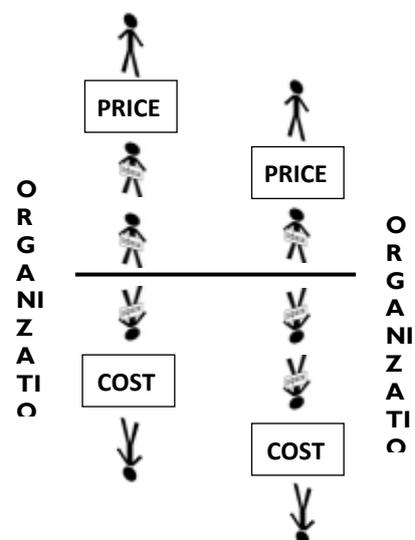
11. Get them started with high energy so there is a sense of competition, but never say anything that says "the Organization with more ideas wins." Eventually, perhaps they will share their ideas...and that is okay!
12. You will have something that looks like the image on the right during the activity.

In this example, ORGANIZATION A has identified two ideas for raising the price, and one idea for lowering the cost. Each black stick man represents someone who is standing with an idea.

In ORGANIZATION B, they have identified one idea that raises the price and two ideas that lower the cost.

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.

Be sure to 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.



13. At the end of the time, ask groups to read their recommendations.
14. Debrief the process: How did they generate ideas? Did they contact the other group?

15. Post all PRICE ideas from both groups together on the wall. Do the same for COST ideas.

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 Organizations 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 Organizations 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 flip chart. 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.

Chapter 6: Sales Targets

OBJECTIVE

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

WHAT PARTICIPANTS NEED TO CREATE

A chart with their sales targets for the next season

MATERIALS AND PREPARATION

- Flip chart and markers
- A list of buyers and the quantity of product they sold (from assignment activity)
- Create 2 Sales Target flip charts

ACTIVITIES

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.).

Instructions

- I. (SEPARATE) Create two flipcharts of the following chart and post on the wall for each Organization.

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

2. Ask each group to list all of the Organization's *past* and *potential* buyers (column #1).
3. Ask each group to list the quantity (MT) that the Organization sold last year to each buyer (column #5).
4. At the bottom of column #5, list the total MT sold. Also list the number of members currently in the farmer Organization.
5. Discuss the terms *quality*, *volume* and *price* with the room (both groups together).

Quality

Increasing quality of our products starts with what we do in the field and is affected by every step through processing, cleaning, storing, and transporting.

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 get a higher selling price.

Questions:

- What is the difference in price between selling at the farm gate instead of taking it to the market?
- How do we know what the prices to request?
- Do we sell higher quality products for a higher price?
- Does lower quality sell for a lower price?
- What is a low price for us?
- What do we consider a high price?

Volume

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

Questions:

- How much total volume do 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, Price (columns 2, 3 and 4) for each buyer.
 - a. Put a ↑ in boxes for high quality, large volumes or higher price.
 - b. Put a ↓ in boxes for low quality, low volumes or lower prices.

- c. Put a – in boxes for moderate quality, moderate volumes or moderate prices.

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

7. In reviewing the priorities from the PROFIT MARGIN activity, 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?
 - Are there buyers we wish to increase quantity?
 - 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 buyers that better align with our ideas?
8. Calculate the total of 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 this goal. This number goes at the bottom of column 6. Again, have the other group ask questions. Check to see if they are being too conservative or too aggressive.
11. Ask participants to copy their group's chart into their *Planning Book*.



Chapter 7: Break-even Costs

OBJECTIVE

These activities will help participants determine the break-even costs of production and operations. In the farmer break-even and Organization break-even activities, farmers need to learn the costs of production. This will ensure that they are operating profitably, and enable them to calculate costs and returns on investments. Likewise, farmer Organizations must know the transaction costs involved in order to establish profitable prices.

WHAT PARTICIPANTS NEED TO CREATE

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

MATERIALS AND PREPARATION

- Farmer cost worksheet (Appendix 1) and Organization cost worksheet (Appendix 2) 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

7.1 Farmer break-even price

This activity will help participants determine the costs of production.

Instructions

1. (MIX) Ask participants to organize themselves into groups with people from both Organizations. The groups are 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 acre, 2 acres, 3 acres, etc.
2. A group should be no more than 8 people. If there is a group with more than 8 people, divide the large group into smaller groups of 8 people or less.
3. Ask each group to create a flipchart similar to the page in their *planning book*.
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 are reasonable.
7. After all the groups have presented, ask participants to complete the page in their *planning book*. They can use any information from any of the presentations to complete their page.
8. Debrief the exercise by asking a few questions to confirm their understanding of the break-even price:



- a. What is the break-even cost per MT that you calculated?
- b. Is there the number different among different farmers? Or is everyone's the same? Why might there be differences?
- c. What happens if you sell your product at a price that is lower than your break-even price?
- d. How far above the break-even price should you try to sell your product?

7.2 Organization break-even price

This activity will help participants determine the costs of marketing for the Organization.

Instructions

1. (SEPARATE) Ask participants to divide their Organization into two groups each (thus, there will be four groups in the room). Do not mix Organizations.
2. Ask each group to create a flipchart similar to the page in their *planning book*.
3. Walk around and assist each group as they complete the flipchart.
4. When both groups from the same Organization have finished, ask the groups to present their flipchart to the other group.
5. After both groups have presented, ask them to agree on a single flipchart. They can make changes to the flipcharts to reach agreement, or even create a new flipchart if necessary.
6. When both Organizations are ready to present their agreed upon flipchart, ask them to present to the other Organization.
7. Facilitate a discussion to check if costs are reasonable. Encourage Organizations to edit their charts if necessary.
8. Ask participants to copy the completed flipchart into their *planning book*.
9. Debrief the exercise by asking a few questions to confirm their understanding of the break-even price:
 - a. What is the cost per MT for the Organization?
 - b. If different groups calculated different values, why was there a range of total costs?
 - c. What happens to the break-even price if the Organization pays the farmers a higher price? What happens if the Organization sells the product for less than the break-even price?
 - d. How much more than the break-even price should the Organization try to sell its product?
10. Finish this activity by connecting the previous activity (sales targets) to break-even prices. We identified sales targets (who we want to sell to) and now, after the break-even exercise, we know what our prices should be. The following sections will cover contracts and negotiation, which will both help us realize the business goals we have set.



Chapter 8: Contracts

OBJECTIVE

Through these 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
- Past contracts (from their assignment)

ACTIVITIES

8.1 Contract roundabout

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

Instructions

1. (SEPARATE) Divide the room into six groups of participants from both Organizations.
2. Ask each group review the questions listed in the *planning book*.

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

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 Organization's reputation.

3. Ask each group to write as many answers to each question as possible onto flip chart paper.
4. When they are finished, the facilitator starts with a clean flip chart 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 flip chart 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 flip chart 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 flip chart 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



8.2 Contract Improvements

This intra-Organization activity will help participants create a contract outline with appropriate consideration.

Instructions

1. (SEPARATE) Ask each Organization to form three groups of five participants each. There will be a total of six groups in the room. Do not mix Organizations.
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.
 - a. 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 flip chart.
4. Encourage each Organization to discuss and refine the items on the flip chart. 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*.



Chapter 9: Negotiations

OBJECTIVE

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

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 needs for both the buyer and the organization

MATERIALS AND PREPARATION

- Flipcharts and markers

ACTIVITIES

9.1 Question callout

This activity will help participants learn the purpose of negotiations, and how it can lead to sustainable business relationships.

Instructions

1. (SEPARATE) 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. And invite people to write what they learn into their *Planning Books*.



Questions about negotiations

- a. When in your life do you negotiate?

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

b. 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 bag of crop.

c. Why are negotiations important?

Answer: They help people meet individual 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

d. When is a negotiation successful?

Answer: When both sides win.

9.2 Needs Ranking

This activity will help participants to define and rank the needs for both the farmer Organization and the buyer.

Instructions

1. (SEPARATE) Ask each Organization to identify a current or potential buyer that they want to sell to in the future.
2. Ask each Organization to divide into 3 groups of 5 people (there will be a total of 6 groups in the room). Do not mix Organizations.
3. Ask each group to list and rank the needs of the Organization, and to create a second list that ranks the needs of the buyer (encourage groups to get creative beyond price and quantity).
4. Ask the groups of each Organization to combine their ranked lists into a single ranked list for the Organization and a single ranked list for the buyer.
5. Ask each Organization to present to the other Organization.
6. After the presentations, ask the Organizations if they would like to make any changes to their ranked lists based on what they heard. If so, give them a few minutes to do so.
7. Ask participants to copy the lists into the *Planning Book*.

9.3 This-for-That

This activity will help participants practice negotiation skills using needs identified in the prior activity

Instructions

1. Ask for two volunteers (one from each Organization).
2. Ask them to sit in chairs in the front of the room. Select one person to be the buyer, and the other person to be the farmer Organization.

3. Post the flipcharts showing the ranked needs of the buyer and the Organization on the wall behind the buyer so that only the farmer Organization representative (and the room) can see it.
4. Ask them to begin negotiating a contract.
5. Encourage the farmer Organization person to ask for items on the needs list either directly, or in exchange for an item requested by the buyer (This-for-That).
6. As facilitator, coach the participants so that the transaction is realistic. Assist the farmer Organization person to use the This-for-That method.
7. After the two volunteers complete the negotiation, ask the room for their observations.
8. After a discussion, ask everyone to pair with someone from the other Organization. Ask one person to be the buyer and the other to be the farmer Organization.
9. Ask that the farmer Organization person have the *Planning Book* with ranked needs in front of them to assist with the negotiation. Ask that the buyer not use any lists.
10. After approximately ten minutes, ask the participants to switch roles.
11. Ask that only the farmer Organization person has the ranked needs list in front of them.
12. After approximately ten minutes, facilitate a discussion to ask people what they have learned. Write down these responses onto a piece of flipchart.
13. After the discussion, ask participants to write down any of the 'learnings' that are of interest to them into the *Planning Book*.

Debrief:

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



9.4 Planning and preparing for negotiations

(ALL) 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 Book*.

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 examples of what a buyer needs and what the Organization needs. The facilitator should collect these ideas on two flip charts (one labeled "Organization needs" and the other labeled "Buyer needs"). After the two lists are assembled, the participants should copy the information into their *Planning Book*.



Chapter 10: Collaboration

OBJECTIVE

Participants will be able to identify the benefits of collaboration, and identify specific ideas for collaborating with other farmer Organizations.

When opportunities or benefits are scarce, people naturally become competitive. However, through collaboration there can be additional opportunities created that increases benefits for everyone. Just as individuals collaborate through a farmer Organization to realize more opportunities, farmer Organizations themselves can collaborate with other farmer Organizations to increase the benefits for everyone.

WHAT PARTICIPANTS NEED TO CREATE

A list of six specific ways that the two Organizations participating in the workshop can collaborate together

MATERIALS

- Bag of sweets
- Flip chart and markers

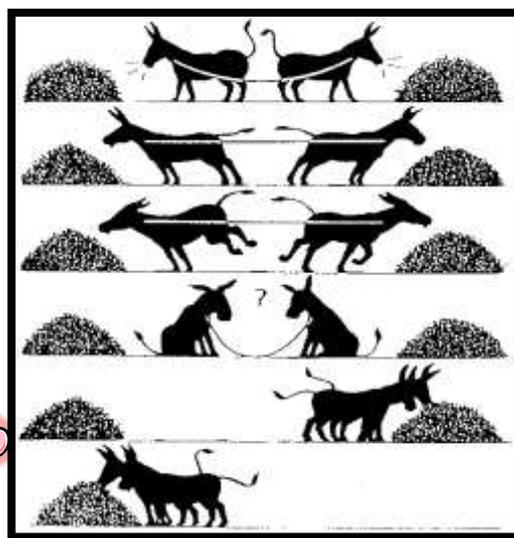
ACTIVITIES

10.1 Donkey and Collaboration

The activities will help participants recognize the impulse to compete, and how to shift their thinking into more collaborative ways.

Instructions

1. Ask for participants to look at this page in the *Planning Book*.
2. Ask them to pair up with someone and to discuss what they see.
3. After five minutes, facilitate a dialogue about what the pictures represent (see Talking Points below).



Donkey Talking Points

“The donkey Organization image shows how Organizations can make work easier and successful. Organizations can make very difficult tasks manageable; it is the foundation on which farmer Organizations are formed.”

- Two donkeys are tied together with a rope and each has a heap of grass to eat.

- Whenever the donkeys try to eat their respective heaps of grass, they pull against each other.
 - Each donkey pulls the rope to reach its feed, but in vain.
 - The two donkeys are exhausted and settled down to think about how to eat.
 - The two donkeys decide to share each other's feed, starting with the first donkey's heap.
 - And finally they go together to the second donkey's heap.
4. Now ask everyone to stand facing their partner with hands talking the palms of the other person, fingers pointing upwards.
 5. Give these instructions: "If your partner's feet move, then you will get a prize."
 6. Demonstrate this by standing with a partner and lightly pushing on their hands. Have the other person push your hands. When they push, gently stumble to show that your feet moved.
 7. Ask them to begin. (You will probably see a lot of shoving and pushing.)
 8. After a minute or so, ask them if they are competing or collaborating. Ask them to consider ways in which they can collaborate to get the task done. Remind them of the donkeys.
 9. Debrief the activity once all the participants learn how to do it collaboratively (and hopefully having collaborated with other pairs to figure this out). Demonstrate on how collaboration got partners to succeed, but everyone in the room to succeed as well.
 10. Hand out the sweets!

10.2 Collaborating on collaboration

This activity will help participants identify specific ways in which to collaborate with other farmer Organizations.

Instructions

1. (ALL) Ask the entire group to shout out ways that the two farmer Organizations can collaborate together. Write the responses on a flip chart.
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. (MIX) 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*.



10.3 Collaboration challenges

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

Instructions

1. (MIX) Ask participants to divide themselves into four groups, mixing the Organizations.
2. As facilitator, write “CHALLENGES” on top of a flip chart.
3. Explain that there are common challenges faced by farmer Organizations. On the flip chart, write:
 - a. SIDE SELLING
 - b. BREAKING A CONTRACT
 - c. POOR QUALITY
 - d. LOW PARTICIPATION
 - e. (blank)
4. Ask each group to identify one additional challenge for the fifth item on the list.
5. Ask each group to create a flip chart of the table as shown in the *Planning Book* and in Appendix 3.
6. Ask groups to complete the flip chart 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 flip chart. (Coach them in facilitating the room.)
9. Ask each group to present their one common challenge (different for each group). Again, they are to collect additional items on the flipchart from the rest of the room.
10. 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 flip chart as the other groups present.
11. 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*.



Chapter 11: Planning

OBJECTIVE

This activity will help participants identify the top priorities for their Organization. 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 Organization 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
- Flipcharts and markers

ACTIVITIES

11.1 Prioritizing

This activity will help participants identify the top priorities for their Organization.

Instructions

1. (SEPARATE) Ask each Organization to form 3 groups of 5 people each (there will be 6 groups in the room). Do not mix Organizations.
2. Ask each group to identify the top 5 priorities that the Organization 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.
4. When the groups are finished presenting, ask them to create a single flipchart with all of the ideas that they are 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 is just to help people to vote.
6. Distribute voting slips (paper) to everyone. Ask them to vote on the three priorities that they think are most important by writing the number of the idea 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.
8. Ask participants to write all of the ideas into the *Planning Book*.



11.2: Action items

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

Instructions

1. (SEPARATE) 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 flip chart.

| 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*.



Chapter 12: Field Assignment

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 acres AND productivity levels?
- What are members' needs in terms of inputs (seeds and fertilizer), production, post-harvest handling, 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 improved post-harvest handling?
- How much can our collection points bulk per day, per week?

Assignment 2: Recordkeeping preparation

Find all the recordkeeping books and bring them to the next session.

- Purchase new books and a case or bag if necessary

Assignment 3: Draft new contract

Based on the interview with a buyer and the areas of improvements (Contract Improvements), draft an improved contract with the suggestions the Organization created and prioritized.

Appendices

Appendix I: Farmer Cost Worksheet

FARMER COST WORKSHEET

Size of cultivated land: _____ Acre / Hectare
(circle one)

Size of bag: _____ Kg

Average yield: _____ Bags

Seasonal Costs (ZMW)

Seed _____

Fertilizer _____

Herbicide _____

Pesticide _____

Bags _____

Labor _____

Labor _____

Labor _____

Transport _____

Total costs _____ ZMW

Cost per bag _____ ZMW / Bag

Appendix 2: Organization Cost Worksheet

ORGANIZATION COST WORKSHEET

Size of bag: _____ Kg

Number of bags processed: _____ bags

Costs per bag

Cleaning _____

Handling _____

Fumigation _____

Supplies _____

Transport _____

Labor _____

Fee _____

Tax _____

Total Costs _____ ZMW

Organization cost per bag _____ ZMW / Bag

Farmer cost per bag _____ ZMW / Bag

Overall cost per bag (Farmer + Organization) _____ ZMW / Bag

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) | | |

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov