Identify Private Sector Partners – Value Chain Leaders

The fundamental requirement or *conditio sine qua non* for the successful launch of a novel product or marketing concept based on agricultural biodiversity is to link up with interested private sector players. Do this as early as possible when working on the marketing of native fruit species and varieties! However, not all traders or companies are interested in agricultural biodiversity as most companies are trend followers instead of trend setters. You need to identify and link-up with those traders that are ‘value chain leaders’. This guideline helps to answer following questions; *How to identify entrepreneurs or traders that are interested in participating in our marketing activities? Which type of trader, wholesaler, processor or retailer is interested in agricultural biodiversity? Where and how can I find them in local markets or distant markets? Business people are busy, how to keep them involved?*

Leadership is defined as influencing individuals to transcend their selfish short-term interests and contribute to the long-term performance of the group (Hogan 1994). Thus in a value chain setting, the essence of leadership is building a team within the value chain and guiding it to outperform its rival competitive market channels. A value chain leader could be defined as a company or entrepreneur that over time as been a role model and/or instigator to others in using market information, innovations & collaboration to improve the value chain.

Profile or indicators of innovative value chain leaders:

- Can be a farmer, trader, processor, transporter, wholesaler or retailer.
- Entrepreneur with interest in novel products or new marketing concepts.
- Known by other value chain actors as knowledgeable and often used as resource for market information by others.
- Thinks not only of his own profits, but focuses on improving and creating profits for the whole value chain.
- Sees the importance of collaboration within the value chain horizontally and vertically – sees other traders or farmers not only as competitors but also as colleagues who should work together on improving the value chain
- Willing to share market information on prices, margins or volumes with his suppliers or direct collaborators (farming households).
- Has a good network within private sector as well as government sector
- Has good reportage with farmers and local community

In our case we should look for value chain leaders that are working in areas closely related to agricultural biodiversity such as:

- organic farming,
- traditional food culture or native food products,
- fair trade or cottage/home industry,
- health products from native plants,
- agri-tourism or eco-tourism
- environmental friendly products or
- is known for addressing niche markets or high value markets.

Note that a careful and sound selection process of your private sector partners could provide you directly with *potential buyers and investors* that can take the business case forward! They will also improve your capacity to avoid common failures or
pitfalls such as selecting markets or product designs with little market potential or very high investment costs.

**Steps and tips to identify and approach value chain leaders:**

1. Ask for a list of registered companies from local government office, trade boards & trade associations or the farmer cooperative. Ask an established trader or market researcher/consultant about a list of companies active in the market.

2. Identify those traders and companies on the list that address novel markets or high value markets such as organic, fair trade, natural products, health products, traditional recipes & products or target exclusive high quality niche markets.

3. Visit trade shows and trade fairs in your area that are focused on the identified products and markets. Collect business cards and make appointments with the most promising entrepreneurs or companies.

4. Try to interview and find traders, processors, wholesalers or retailers during the rapid market appraisal that are interested to collaborate with you in the development of new products based on unique native fruit species and varieties.

5. Visit local fairs or product markets and ask around for knowledgeable traders, retailers or entrepreneurs that are often used as resource for market information by others. Make appointments to meet-up with the most promising ones.

6. Evaluate the potential company candidates using above listed profile criteria and indicators.

7. Discuss the promising companies and entrepreneurs during a focus group discussion with farmer- and women groups and evaluate which ones to invite for next meeting.

8. It is essential to invite the value chain leaders to jointly evaluate the results of the Rapid Market Appraisal and Impact Filter and to discuss the major market constraints that farmers and traders face. This will built trust and helps to make well-thought decisions and reduce the chance of failure.

9. Agree with the entrepreneurs and the farmers on the sharing of market information only among identified and listed group members. Later on you might need to conduct a special meeting to discuss how to share critical market information, new technologies or equipment or business plans related to novel products or market innovations, especially when several private sector partners are involved. Most simple agreement is that all knowledge is shared only within the group, not with outsiders and one can only receive information if one actively provides information. When business plans are developed it should be clear who will share in the profits and contribute to the required investments of the new business.

**Tips for implementation:**

- Business people are busy and never have time. When working on new products their interest can be limited as sufficient turnover and profits still seem far away. It’s better to make this clear up front. Do not ask the trader to come to the village, go to them or organize a workshop/meeting in the city. Make sure meetings have clear objectives and conclude with clear action plans.

- Initially the selection of private sector partners requires a neutral facilitator to create mutual beneficial collaborations between farmer and women groups and private sector players. Staffs of R&D institutes or NGOs can take up this role.

- The neutral facilitator needs to have knowledge about the socio-cultural sensitive aspects between actors or within communities. Key role of the neutral facilitator is the built trust among the different actors. The **Market Chain Sketch** can help to build this trust.
When working with several farmer groups, villages and private sector partners it could be beneficial to organise a business plan competition to guide your activities. Assist the farm groups and entrepreneurs to work out their own business plans in several steps; 1. Ask participants to formulate business start-ups 2. To conduct Market Assessment 3. To develop Business Plan 4. And develop proto-type product. Set-up an evaluation committee of respected market analysts (mix of market analysts of banks, consultancy firms and established entrepreneurs) and reward the best business plans or proto-type products with investment capital. Business plan competitions are often a very effective tool to ensure the efficient and effective allocation of investment/project funds and to maximize long-term economic sustainability of your marketing activities.

Source: Bernet et al 2003 Marketing Approach to Conserve Agricultural Biodiversity

References