



Market Oriented Value Enhancement

For Commodities and Services

**A trainer's
manual to
promote access
to markets
for the poor**



Market Oriented Value Enhancement

for Commodities and Services



Best Practices Foundation

Market Oriented Value Enhancement
for Commodities and Services

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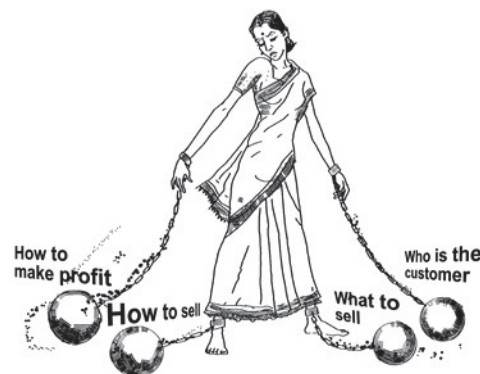
INTRODUCTION

Genesis of MOVE

Over the last three decades, both the Indian Government and NGOs have invested considerable resources in micro-enterprise programmes aimed at improving the livelihoods of the asset-poor. These interventions have largely focused on enhancing the skills of participants and encouraging them to establish small scale enterprises producing commodities from locally available resources. All too often the results have proven to be disappointing.

- Skill enhancement training has tended to focus on one activity – i.e., the production of a single commodity. Fixation on a particular product and sector has resulted in participants lacking the knowledge and skills to switch from one activity to another, making them vulnerable to changes in the market.
- Establishing production-based enterprises has often required participants to take large loans to fund the purchase of machinery and other materials. Repaying these loans depends upon the success of the new enterprise. For the poor, this represents a high level of risk; if the enterprise fails then they are saddled with debts they cannot afford, therefore threatening their future security and well-being.

In this traditional approach, markets have been woefully neglected. Important questions such as: “Who will buy this product?” and “Is there sufficient market demand?” have been routinely ignored. Thus, participants from countless projects have discovered, only once it is too late, that their products are not in demand and their enterprises are not viable. Wasted investments of time, effort, capital and hope have frequently left participants worse off than before they joined the programme.



MOVE: The Solution to Build Market Oriented Businesses

MOVE is a customer-centric approach to business. *Market Orientation and Value Enhancement* is a practical, sustainable, replicable, adaptable, profitable tool that has proven to be a viable alternative to improve livelihoods of the poor. This tool helps in setting up workable enterprises based on market needs, thus drastically reducing the failure rate.

Market Orientation – Instead of starting a small enterprise based on existing skills or locally available natural resources, participants are trained to undertake a business venture according to customer demand. Participants are trained to first ask, “What does the customer want?” and then, “How do I deliver it?” This approach increases the chance of success and sustainability of newly created enterprises.

MOVE

Value Enhancement – Is the process of continuously evolving new products and services to cater to customer demands. By adding value according to the customers' wants, participants can move up the value chain and access specific markets that generate higher returns. They can also identify market niches that larger producers do not, or cannot, cater to.

The main concept in MOVE is that a business has to be customer oriented for it to succeed. The customer has to be placed at the centre of business development right from the outset. Participants have to first understand their target customer base thoroughly. Once the customers' requirements in the target market are understood, participants are then in a position to evaluate whether it makes good business sense to provide a particular product or service. Customers may have demands that are difficult to meet in which case it may not make good business sense to pursue that activity. Only if participants are satisfied that there is sufficient demand for a product or service should they devote time for other aspects of business such as developing human resources (skills), securing finance, and purchasing equipment and materials.

Traditionally, development of income generating activities (enterprises) has been approached in the opposite way. Participants have been taught to build upon existing skills and available resources, take loans and purchase materials, and to begin production. Systematic thinking about markets has been neglected until the participants have had a product ready to be sold. It is at this point that most have discovered that there is an inadequate market; their products have not sold as expected and they have incurred losses. The first loss a poor participant makes is a turning point: having failed once she will rarely try again. Often participants continue



an activity only because they have gone through intensive skills training and do not have the tools to shift to other products or services. This is the approach that MOVE tries to negate. Participants are trained to develop an understanding of the marketplace, and be sure they will not make a loss because they are giving customers exactly what they want.

MOVE gives the trainee the ability to understand the markets even before they decide on the business. It provides the tools to not only understand customers but also to understand competitors. MOVE also inculcates a sense of

flexibility which allows trainees to adapt to changeable market conditions and not get fixated with any one product or service. Marketing starts even before the business starts and ends long after a product is sold or a service rendered.

MOVE Training

Training begins by motivating participants to set goals, understand co-operation, team work, and the importance of the customer. It progresses to basic concepts on buying and selling, building customer focus, identifying profitable businesses through market visits, and providing an understanding of the larger marketplace. Trainees are taught simple methods to survey and understand the demand for a product or service in a chosen market. They are taught to understand competitor products, how to position their product or service, package it and brand it. Finally they decide on the marketing strategy and the business plan. By the end, trainees are empowered to enter the market confidently as independent players.

Purpose of this Manual

This manual is a practical guide for trainers to replicate the MOVE process, which begins with motivation, progresses to general business concepts, market research, and finally the formulation of a business. By the end, participants should be empowered to enter the market confidently as independent players.

Market analysis is commonly perceived to be the monopoly of experts, but through innovative tools, MOVE has opened up possibilities for poor (even illiterate) individuals to understand markets. Complex business concepts are communicated through methods that have been tailored for an illiterate or semi-literate audience. In MOVE, participants learn by doing and every step forward is based on decisions that the participants themselves make.

The first edition of the MOVE manual, brought out in January 2006, specifically targeted rural or peri-urban women who were landless and illiterate. It focused on the development of enterprises that produced commodities. This enhanced second edition has been broadened to include a larger target audience of women and youth (both girls and boys) in urban as well as peri-urban and rural communities. The focus has been expanded to include enterprises that provide services (such as trading and retailing) as well as those that actually produce commodities.

Structure of the Manual

This MOVE manual consists of 12 modules broadly classified into several sections – motivation and management games; field visits; experiential learning; group learning; analysis; survey methods; skills training; and business plan development. The entire process requires handholding till the enterprise becomes successful. See Chart 1: The MOVE Path.

Each module in this manual articulates the goals of the session, the link to the entire MOVE process, followed by step-by-step exercises, key concepts, expected outcomes, lessons learnt and case studies. The instructions provide a guide and the case studies illustrate a variety of situations, approaches and outcomes. The process will vary widely across many different contexts, and deviation from the text is entirely expected. Trainers using this manual are encouraged to adapt and modify modules to make them more relevant to their own specific contexts, and to ensure that the primary lessons are understood by the participants.

Selection of Trainers for MOVE

When implementing MOVE, it is very important to select the right trainers. MOVE trainers – henceforth referred to as MOVERs – should have experience in community development and training. It is also preferable that MOVERs are members of a local SHG, Federation or grassroots NGO. This is important because they must have a good understanding of the local context and be able to adapt the training for local conditions. It is also important that MOVERs have built a strong rapport with the community before the training begins. Because MOVE training is an intensive process, it is advisable that MOVERs should not be involved in any other training programmes for the duration of the project.

MOVERs should ideally have experience in training in various areas such as motivation, leadership and livelihood development. They should be comfortable facilitating sessions with groups of 20–30 trainees. They should also be adaptable and creative individuals who are adept at improvising solutions to unforeseen challenges and be ready to deal with the any kind of business that participants may decide on (however out of the box these ideas may be). At times, MOVERs may also have to help participants address problems in their personal lives (such as with family or other members of the community), which may otherwise hold them back from successfully becoming an entrepreneur.

Selection of MOVE Trainees

It is equally important to select the right participants for MOVE training. All the trainees should:

- Be between 18–50 years old.
- Be keen on running a small enterprise.
- Have support from other family members to start an enterprise.
- Be a member of a group (SHG) with savings.
- Be eligible for business loans.
- Not be involved in other livelihoods training or activities of other agencies.

Whilst MOVE training is conducted in a way that even illiterate participants can understand, better results can be expected when the trainees have achieved 10th standard education.

The ideal Self Help Groups of which trainees are part of should:

- Be at least two years old.
- Have a good track record of savings and credit activities for at least two years,
- Be capable of providing loans at the time when the trainees need the money to start business during the course of MOVE training.
- Be eligible to receive loans from relevant agencies (banks, schemes, etc.)
- Have undergone capacity building training for leadership, group strengthening, gender and empowerment.

Time frame for MOVE Training

For better results, a MOVE project should run for a period of 12 months. Modules 1–5 are conducted in groups and can be delivered intensively over five to ten days or, alternatively, in evening sessions over a number of weeks. Handholding of participants between modules is important to ensure that all participants remain comfortable with the content and any problems are addressed in a timely fashion.

From modules 6 onwards, the training becomes increasingly tailored towards the individual needs of participants who will progress at varying speeds. Group sessions may have to be held with smaller numbers of participants who are progressing at similar speeds. Since each participant will begin to develop individual business ideas and will have different needs, MOVERS will be required to devote time to individual business planning sessions alongside delivery of formal modules. Ideally, all participants should complete all modules within six to eight months; MOVERS should then spend the remaining months of the year providing ongoing support and guidance to those participants who successfully establish enterprises. This process of business nurturing is very important to achieving positive outcomes.

Chart 1

