

## **Instruction Material on Practical Suggestions & Business Ideas (Deliverable No. 12 First Mile Phase 2, IFAD-Agridea)**

### ***Introduction***

Over the last twelve months instructional materials on practices, policy briefs, business ideas and impact stories have been developed. Practical suggestions to help the emerging market access companies and their information board managers improve their operations and increase incomes have been shared. These include suggestions on: a) how to get connected to the internet; b) how to make money with market information boards; c) how to set up market information boards; and d) how to make money with sms information feeds.

Business concepts that guide local entrepreneurs develop commercial services that improve market access for small farmers and market efficiency for all key players in the market chain have been developed. These include business ideas for: a) Information Board Managers; b) Trade Agents, c) Business-to- Business collaboration for transaction security services, and d) Using Tradenet the market on your mobile.

Six Policy Briefs have been prepared and widely circulated to government officials, NGO's, donors, and other development partners. They are as follows:

23. Learning Agenda for Operating Market Access Companies.
24. Learning Agenda for Technical Support to MACs.
25. Market Access Services Going Commercial: Five Questions.
26. Milestones in the Emergence of a Market Access Company.
27. Business-to-Business Collaboration for Sustaining Small Farmer Market Access.
28. New Food Shortages, Old Development Insights and the Need for Transaction Security.

Impact stories have been prepared that not only capture the benefits to small farmers from better market access, but also the emergence of new Market Access Companies and the way in which their emergence has been supported. The story titles are as follows:

- The Impact of Marketing Support for Umwale Paddy farmers in Arumeru District
- Organising Same Beekeepers' Association for Better Market Access
- Women's Group Succeeds as Micro Processors in Same
- Marketing Help for Ginger Growers in Same District
- The Marketing of Lablab in Same, Tanzania
- A Trade Agent's Eye View
- Farmers' Associations Need help for Successful Marketing
- The Role of a Regional Transaction Security Manager, Tanzania
- MuMac a new Market Access Company in Muheza, Tanzania
- Moving from Public Project to Private Enterprise: The Murumase Story
- New Thinking in Tanzania for Market Access

### ***Instructional Materials Developed***

#### **Practical suggestions**

##### How to get connected to the internet

This practical suggestion helps a MAC get reliable internet connection for its own head office. Remember that your office can also be the home of one of the members! Wherever the connection is it must be reliable which means that it is there at any time and fast enough. For some this might mean you need a generator to have reliable electricity. The MAC needs a good internet connection in order to:

- manage the daily updating of market information on the internet that is accessible over the SMS
- stay in contact with dealers and with the national support company in order to follow up on the brokered deals
- exchange with other MACs and with the national support.
- manage its own website
- use the skype internet telephone to talk with other MACs and clients who are also connected.

(for full text see Annex A)

How to make money with market information boards

This practical suggestion shows you how an information board manager can make money with their information boards. To make money managers must: 1) Collect prices of relevant commodities in the local market, 2) Send local market prices to the MAC, 3) Post the market prices from the MAC of the national main markets, district market of the MAC, local markets of other IBMs in the district, and prices from other MACs on the information board, 4) Post orders from the MAC on the info board and collects the advertising fee, 5) Find local clients interested in advertising on the info board and collects the advertising fees, and 6) Assist farmers who want to contribute to a MAC order get in touch with the MAC.

(for full text see Annex B)

How to set up market information boards

This Practical suggestion tells you about the business of information boards for marketing. Such information boards are the main tool for Market Access Companies (MACs) to stay in regular contact with the many rural trading points in their area. It also helps MACs to stay in contact with the producers and tell them about the opportunities for marketing. It is therefore very important that MACs fully understand this business. Information boards are a precondition for operating a MAC. Useful and profitable information boards are the first thing a new MAC must learn to operate. A MAC needs to be able to calculate this business. There is an example of the Excel calculation sheet called "IB-businessplans.xls" for the business calculations at the end of this document. You can download a copy of the Excel file from the DDS team library 'Practices' shelf.

(for full text see Annex C)

How to make money with sms information feeds

This practical suggestion shows you how you can make money selling sms information feeds to your local customers. An information feed is a specialized SMS with specific information that is regularly sent to a subscriber who has to pay for that service. We can start making money by sending SMS feeds to our clients manually. Later we will use Tradenet to automate the sending of SMS information feeds to interested customers.

(for full text see Annex D)

**Business concepts**

Business idea for an Information Board Manager

Information Board Managers work in the local markets in rural towns and usually have their own business there. The board is located where many people interested in market information regularly pass by. Board Managers collect price information each day in their market. Each day they then send this price information to the MAC they are working with (or the Tradenet information system when it is operating). For this they can use SMS with mobile phones, but it is easier via the internet. They also get price information feeds via SMS of the prices in all the surrounding markets in their area and of the major national markets. Each day they update this information on the board for everybody to see who passes by the board. The IBMs also put up notices on the board for anybody who wants to inform about events or is looking for deals or who wants to advertise their services. Such people have to pay for placing the 'advertisements'.

(for full text see Annex E)

Business idea for a Trade Agent

A Trade Agent (TA) works in an area roughly the size of a district. S/he has a network of direct links to producers and producer groups, local transporters, warehouse operators, middlemen, local processors and traders, and to the official agencies in the district concerned with trade. The TA negotiates secure deals between buyers and sellers of products. The buyers pay the TA for organizing the deals through a commission. This is the main income of the TA. Because of the registration everybody can see the particulars of the deal and the commission. If a deal is successful, all the participants can put this on their track record which can be seen by everybody. If somebody in a registered deal fails to fulfil the agreed commitments, then this is going to make a bad mark on his/her track record. Customers can check the track records of the people they want to deal with. People with a good track record get more customers in the future. They may also use their good track record of fair trading to get bank loans.

(for full text see Annex F)

### Business idea for Business-to- Business Collaboration for Transaction Security Services

Transaction security is defined as the assuredness of sellers and buyers along the whole marketing chain that their transactions are: 1) at agreed times and locations, 2) with agreed volumes and qualities, 3) payments according to agreed conditions and times, 4) track-able in case something did not work out as agreed and therefore corrections can be made without quarrels, 5) traceability of produce through the whole chain back to the producers. The issues of transaction security are critical for placing small holder farmers into a position where they can learn the required reliability for accessing profitable markets, trade with the markets at fair conditions, and break through the presently prevalent default behaviour of "everybody cheats everybody". Despite many attempts the 'large corporation' business model has not yet worked for most commodities. The business idea presented in the figure below relies on business-to-business collaboration for mutual benefits. It is a search for 'win-win' solutions between many inter-dependent small businesses. (for full text see Annex G)

### Business idea Tradenet the market on your mobile

TradeNet is an SMS subscription service for farmers and traders. Delivered daily, messages contain prices, offers, weather, forex, transport and more that is customized to suit the location and occupation of every subscriber. Users can filter the alerts to suit exactly what is important to them. TradeNet also allows people to submit field data from the field to track their crops, announce disease outbreaks, trace their produce and build their profile. Farmer, Trader & Gov groups can use the platform to manage their customers, help promote their goods, and reduce the cost to publish extension and marketing messages. (for full text see Annex H)

### Market Price Collectors at Major Markets

Market price collectors make the wholesale prices of key commodities available to everyone who request for their information via an SMS message. They make their money from receiving a small payment on each SMS request made. Price collectors can make more money from selling SMS feeds to their customers. They collect price information each day in their market. Each day they then send this price information to the national company operating the Tradenet information system. When fully operational this information can be uploaded to Tradenet directly by SMS with mobile phones, or via the internet. Everybody can then use their mobiles to send SMS to get those prices on their phones. The business depends on the wholesale price data being accurate and up-to-date. People will only request for the data if it so. (for full text see Annex I)

## **Policy Briefs**

### 23: Learning Agenda for Operating Market Access Companies

Market Access Companies (MACs) are small commercial enterprises that operate in rural areas roughly the size of a district. They are owned by the operators themselves and offer their clients services to: a) get better access to local, national and international markets; b) access locally relevant market information and intelligence; c) access suitable financial sources for R&D and for loans, and d) collaborate with all key players along the market chain for more efficient marketing. Over the next twelve months local learning groups using the LLL service in around forty districts in Kenya, Uganda and Tanzania will be exploring how to set up and run Market Access Companies. The pioneers have developed a learning agenda to guide the development of their companies focussing on how to operate local market information boards, how to broker deals along market chain and how to develop new income streams. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

### 24: Learning Agenda for Technical Support to MACs

Our experience indicates that small, isolated, rural, Market Access Companies (MAC) need support from many different service providers at the national level to establish and run profitable businesses. The challenge for service providers operating at the national level is to arrange for all these different demands of the MACs to be met in a commercial way. Over the next two years we will be exploring how to organize and run support services through 'Private National Companies' (PNC) to MACs on a commercial basis in Kenya, Uganda and Tanzania. The pioneers have developed the following learning agenda to guide the development of national technical support to MACs : 1) Accessing market intelligence; 2) Identifying and developing income streams; 3) Deal making with big national traders / processors; 4) Starting new ventures; 5) Setting up a commercial enterprise; 6) Learning and R&D using the LLLservice; and 7) Getting appropriate ICT connectivity. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

### 25: Market Access Services Going Commercial: Five Questions

In order to ensure continued flow of benefits to small farmers from better access to markets local market access services need to be commercially operated. Those who are involved in nurturing the emergence of commercial market access companies (MACs) face these key questions: 1) What are the headaches of the MACs clients? 2) What are the ways for MACs to earn money? 3) What are the key characteristics of a MAC? 4) Should MACs be inside or outside the market chain? And 5) How will MACs start? (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

### 26 Milestones in the Emergence of a Market Access Company

We have identified nine milestones which a MAC must reach to become profitable businesses as follows:

Milestone 1: Entrepreneurs committed to set up MAC.

Milestone 2: At least weekly ICT access.

Milestone 3: Registered on LLL and get business counseling from TSB (your mentor).

Milestone 4: Developed business model.

Milestone 5: Registered as a commercial company with authorities and opened a bank account.

Milestone 6: Operating IBMs.

Milestone 7: Provide proof of deals and commissions from clients.

Milestone 8: Get training from Traidcraft

Milestone 9: Get counseling to become profitable.

(full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

### 27 B2B Collaboration for Sustaining Small Farmer Market Access

A first step on building business to business collaboration for sustaining small farmer market access is to understand : a) what the business are; b) how we can develop commercial relationships between all the businesses; and c) what principles should guide the collaboration between all the businesses so all are profitable. All these points are covered in the brief through addressing the following questions:

Who are the clients?

What are the market access businesses?

What is the client to market access business relationship?

What is the business to business relationship in market access?

What supporting services are needed?

What guides commercial collaboration?

(full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

### 28 New food shortages and old development insights

In May this year a BBC story asked the question: “Can Tanzania reap a bumper harvest?” . It reported that the AMSDP “is an example of the basic interventions that could help bring about a green revolution”, the concept pushed by Kofi Annan and his successor at the UN Ban Ki-Moon. The story reports that AMSDP’s interventions in farmer credit for inputs, warehouse receipt systems, market infrastructure and linking farmers to markets do make a difference. The key lesson of AMSDP was that transaction security drives not just production increases but also better use of other development interventions like warehouses, and farmer credit. The old development insight that farmers will grow more if they have a secure market is again confirmed. New food shortages will only be dealt with when small farmers and big buyers engage in secure transactions. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net))

## Impact stories

### The Impact of Marketing Support for Umwale Paddy farmers in Arumeru District *Rebeca Mongi*

In Arumeru, the AMSDP core group have been helping with market training for Umwale farmers’ group. Before the training the farmers were selling as individuals and getting low prices; now they sell as whole group. We have helped them to find a good market by: visiting markets in Dar Es Salaam; using mobiles to get market information; attending Agricultural shows to advertise their products and visits to other AMSDP groups to learn from their experience. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

Organising Same Beekeepers' Association for Better Market Access *Jerome Maimu*

The Same Beekeepers' Association "SABEA" in Same district in the Northern part of Tanzania, have been supported by VECO, ELCT, SNV, FaidaMali and their partners to make good progress in the production of good quality honey. In this area the acacia trees add a distinctive flavour to the honey. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

Women's Group Succeeds as Micro Processors in Same *Penuel Kisse and Masasa Makwasa*

We are processors of banana chips, potato chips, cassava biscuits and banana and beetroot wine. Our ingredients come for the local area and we supply the town of Same and up as far as Himo. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

Marketing Help for Ginger Growers in Same District *Enirisha Magohe and Masasa Makwasa*

Ginger was introduced in Same District over ten years ago. Current yearly production is around six thousand tons. A third of its population is involved in ginger production. They also grow some cardamom coffee and cinnamon. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

The Marketing of Lablab in Same, Tanzania *Enirisha Magohe*

Lablab farmers need a sustainable supply chain for their lablab as it is one of their main cash crops. Until recently the lablab supply chain was not harmonized as farmers sold individually and were exploited by middle men and traders. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

A Trade Agent's Eye View *Bahati Tweve*

My name is Bahati Tweve. I am from the Murumase MAC in Mafindi. My role in the MAC is as a market investigator. I search for information from different markets and link my clients who are small farmers to small businessmen through deals. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

Farmers' Associations Need help for Successful Marketing *Mohamed Mtumbi*

At the moment farmers don't see the importance of associations so they don't join and they are therefore open to the middlemen who are causing interruptions in the chain. The middleman connects the buyer and the farmer; the buyer is normally unable to find the farmer easily as some are in the interior areas. Therefore the buyer negotiates the price with the middlemen who go to the farmers and say that they want to buy all the oranges at a certain price. The farmers do not know the buyer so in the farmers' minds the middleman is the buyer. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

The Role of a Regional Transaction Security Manager, Tanzania *Leonard Muhoni*

My role involves establishing a network to link our smallholder farmers effectively to the markets. Part of this networking involves finding big buyers and processors who need assistance to source the products they need. Another task is to visit the main markets to find market enumerators; people who will provide us with the essential information that we need on market prices, supply and transport. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

MuMac a new Market Access Company in Muheza, Tanzania *Geoffrey E. Mariki*

Following our work together in the AMSDP project as a successful marketing group, we have started a market access company, MuMac, to serve Muheza. MuMac will efficiently source fruit (oranges and mangoes), spices, cashew-nuts and milk in Muheza District area for seeking buyers. It will ensure to find and deliver the produce of a defined amount and quality at the right time for a price agreed upon with producers. MuMac's brokering services are subject to a commission of 5%. MuMac will inspect, load and, if required, transport the produce to the buyer as well as take care of payment to farmers out of the advance for the first load. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

Moving from Public Project to Private Enterprise: The Murumase Story Nuswe Nanzali

My name is Nuswe Nanzali. I am a crop officer in Mufindi district council and was a member of the AMSDP project group in Mufindi District. After the AMSDP phased out we needed to move on from public to private enterprise. We decided to form a company which is called Murumase (Mufindi Rural Marketing Service Company). The aim of the company is to provide market information brokering for the farmers and buyers. Our service will improve the quality of the farmers' produce and improve their incomes. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

New Thinking in Tanzania for Market Access John Kossima

It has taken time to start up MACs in Tanzania. With AMSDP we have had marketing groups in various areas in Tanzania. We thought we could convert these project groups into commercial companies but we have had problems with this. Most of our difficulties come from the lack of business skills and 'commercial' attitude of civil servants and NGO workers. (full text can be downloaded from [www.linkinglearners.net](http://www.linkinglearners.net)).

**Conclusion**

In conclusion based on the year's experience recommends that:

- Continue capturing stories on impacts
- Prepare business plans to support concepts and assess commercial viability of services
- Continue documenting and sharing practical suggestions for other projects to grow the network of MACs, Information Board Managers and Trade Agents.
- Continue preparing briefs to capture learning for others to support the up-scaling of market access companies.

**LIST OF ANNEXES**

Annex A. How to get connected to the internet	7
Annex B. How to make money with market information boards	12
Annex C. How to set up market information boards	13
Annex D. How to make money with sms information feeds	23
Annex E. Business idea for an Information Board Manager	24
Annex F. Business idea for a Trade Agent	26
Annex G. Business idea for B2B Collaboration for Transaction Security Services	28
Annex H. Business idea for "Tradenet the market on your mobile"	31
Annex I. Business idea for Market Price Collectors at Major Markets	32

## **How to get connected to the Internet**

### *What kind of Internet Connectivity does a MAC need and why?*

#### **Connecting at the office**

A MAC needs a reliable internet connection for its own head office. Remember that your office can also be the home of one of the members! Wherever the connection is it must be reliable which means that it is there at any time and fast enough. For some this might mean you need a generator to have reliable electricity. The MAC needs a good internet connection in order to:

- manage the daily updating of market information on the internet that is accessible over the SMS
- stay in contact with dealers and with the national support company in order to follow up on the brokered deals
- exchange with other MACs and with the national support.
- manage its own website
- use the skype internet telephone to talk with other MACs and clients who are also connected.

#### **Connecting on the move**

This connection is for members of the MAC who are moving around in their area and can access the internet in the field using their laptops or 'GPRS' enabled mobile phones like the 'Blackberry'. A mobile solution with a laptop can also be a bridge until a main connection is achieved. The MAC needs a mobile connection in order to:

- do all the things that are mentioned above in the main connection
- updating or calling up important information when out in the field
- showing clients out in the villages about things that are happening elsewhere by calling up the websites
- for international calls over the internet.

### *Suggestions on getting connected*

#### **For the main office connection**

The ideal option is for a cabled ADSL connection. Ask the Telecommunications providers operating in your area to tell you if they can put an ADSL connection to your premises, and when they can do it. Ask them to make you an offer how much it will cost to install. Once installed, the ADSL is by far the cheapest and most reliable internet connection.

If this option is not available to use explore the following alternatives:

- a) If you have a reliable internet cafe nearby make an arrangement with them. They may give you a good lumpsum price for 10 or 20 hours of internet surfing per month.
- b) You can now buy a GPRS/EDGE mobile connection which you take into the field. Celtel and other providers offer PCM/CIA and USB modems for laptops using sim cards and pay-as-you-go or subscription based services for accessing the internet wherever you find their mobile phone access. You can, of course, also use it at home until you get the much cheaper ADSL.

### **For the mobile connection:**

You can access the internet through a GPRS enabled mobile phone like a 'Blackberry' or through your laptop. To use your laptop you must buy a USB or PCM/CIA modem. That is already enough. You can pay for the connection using normal airtime vouchers to load your SIM card, or you can pay monthly subscriptions. Then you transfer your SIM card to the modem and connect it to your laptop. The signal is the same as the one that the mobile phones use. So wherever you have a good mobile signal, you can also connect to the internet.

### **Suggestions on technical support**

#### **Training**

It is no use being connected to the internet if you don't know how to log in and use the Email and Surf. It is not difficult to learn. But you need some training. Check out in your area where you can get some training. If you need training on how to use the LLL service get in touch with your national RKN coordinator who will assist in your training.

#### **Equipment**

If you do not have any equipment yet, then you must think carefully about what you need. For the office you need a normal computer, with screen and keyboard and printer. You will also need a modem (if it does not come with the computer) and equipment to protect against power surges. If your electricity supply is very poor you may even need to purchase a small generator. If you have access to a good internet café make sure you can make a good business case for buying this costly equipment for yourself. For the mobile connection you will need to buy a USB mobile modem and sim card for your laptop. Also if you are visiting places with no electricity you will need one or two reserve batteries for the laptop.

#### **Servicing**

Do not buy any equipment at all if it is not clear to you who will come and check it and service it regularly. Make sure this technician 'fundu' is reliable and trustworthy. Of course service support costs quite a lot, but we know from experience that paying for a good fundu is much cheaper over three years than losing business because your equipment breaks down.

#### **Rental Services**

Check out in your area whether there is a possibility for not buying the equipment, but for renting it. A rental fee should include maintenance, servicing and replacements. So you rent ICT equipment you pay a fixed price. For that price the rental company makes sure your equipment works and is always connected to the internet. If there is a problem, the rental company has to fix it at their own costs. If the system is down, you don't pay rent. You only pay rent when and if it works. If you no longer need it or want to change to another system, you can hand it back. But you are accountable to keep the equipment safe. We are currently promoting the development of rental services in Tanzania. If you want to know about technical details or rental services contact Amour Usi in Daressalaam Tanzania at [amourusi@yahoo.com](mailto:amourusi@yahoo.com) or +255 784 613 658. Amour can help you identify suitable computers, laptops, USB modems and with rental arrangements.



### **Online support**

We have started a discussion on the LLL service 'Firstmile' Team in which you can tell us about your experiences with connecting to the internet. Tell if you face any problems. We can discuss them there. Please use the checklist given below to assess your access to ICTs in your district.

If you need any help on using the LLL service or accessing the firstmile team you can contact your national RKN coordinator as follows:

Uganda – Paul Nyende      Email: [pvnyende@yahoo.com](mailto:pvnyende@yahoo.com)  
Kenya – Churchill Amatha      Email: [churchill.amatha@fao.org](mailto:churchill.amatha@fao.org)  
Tanzania – John Kossima      Email: [johnmazotz@gmail.com](mailto:johnmazotz@gmail.com)

If you have general questions or suggestions about this, send an Email message to [dds@linkinglearners.net](mailto:dds@linkinglearners.net) or send a mobile message to Ueli Scheuermeier in Switzerland at +41 76 426 38 70. We can ring you back.

**Check list for MACs to Assess their Access to ICTs**

**District (Name)  
Mobile phone coverage**

No	Provider	Services	Cost / service
1	Celtel		
2	Vodacom		
3	TIGO		

**Internet Connectivity**

No	Provider	Service	Characteristics	Cost
1	TTCL			
		Wireless dial up		
		CDMA		
		Broadband		
2	Local ISP provider (Internet Cafe)			
3	Celtel			
		USB modem		
4	Vodacom			
		USB modem		

**OPTION FOR SELECTION OF INTERNET CONNECTIVITY**

District can select Internet connectivity in this order.

- |                           |   |
|---------------------------|---|
| ADSL                      | 1st if this service present                                 |
| Broadband                 | 2nd if 1st ADSL service is not present                      |
| CDMA                      | 3rd if 1st and 2sd services is not present                  |
| Local ISP (Internet Café) | 4th if 1st, 2nd and 3rd services is not present in District |
| USB Mobile Modem          |   |

**Community Radio**

1	Coverage Radius	
2	Population	
3	Air time cost	
	60 min	
	30 min	
	15 min	

### Clarifications on some technical terms

#### **What is an internet provider?**

This is somebody who connects you to the internet and charges you for this connection.

#### **What is “broadband”?**

This means there is more information coming through the internet. It is like a water pipe: If you have a big water pipe, then you get a lot of water. If you have a small pipe you get less water. A broadband connection means you get a lot of information faster so you do not have to wait and wait until your email or website is downloaded onto your computer so that you can see it. When you share a broadband connection of course it is also like a pipe that has a lot of taps: When everybody turns on the taps at the same time, you get less water in one tap and it takes longer to fill the bucket. This is what happens in an internet cafe where everybody surfs at the same time. Having broadband is important for speedy surfing and emailing attached files with graphics and photos.

#### **What is a wireless connection?**

Here the connection is via a wireless signal coming from an antenna, like the mobile phone. It is difficult and therefore expensive to get good broadband through wireless.

#### **What is a cable connection?**

This is when you have a real cable coming from the internet provider to your computer. Cables can carry much more bandwidth and are therefore much cheaper than wireless. In Tanzania TTCL is presently building a lot of capacity in many districts to provide ADSL cable connections.

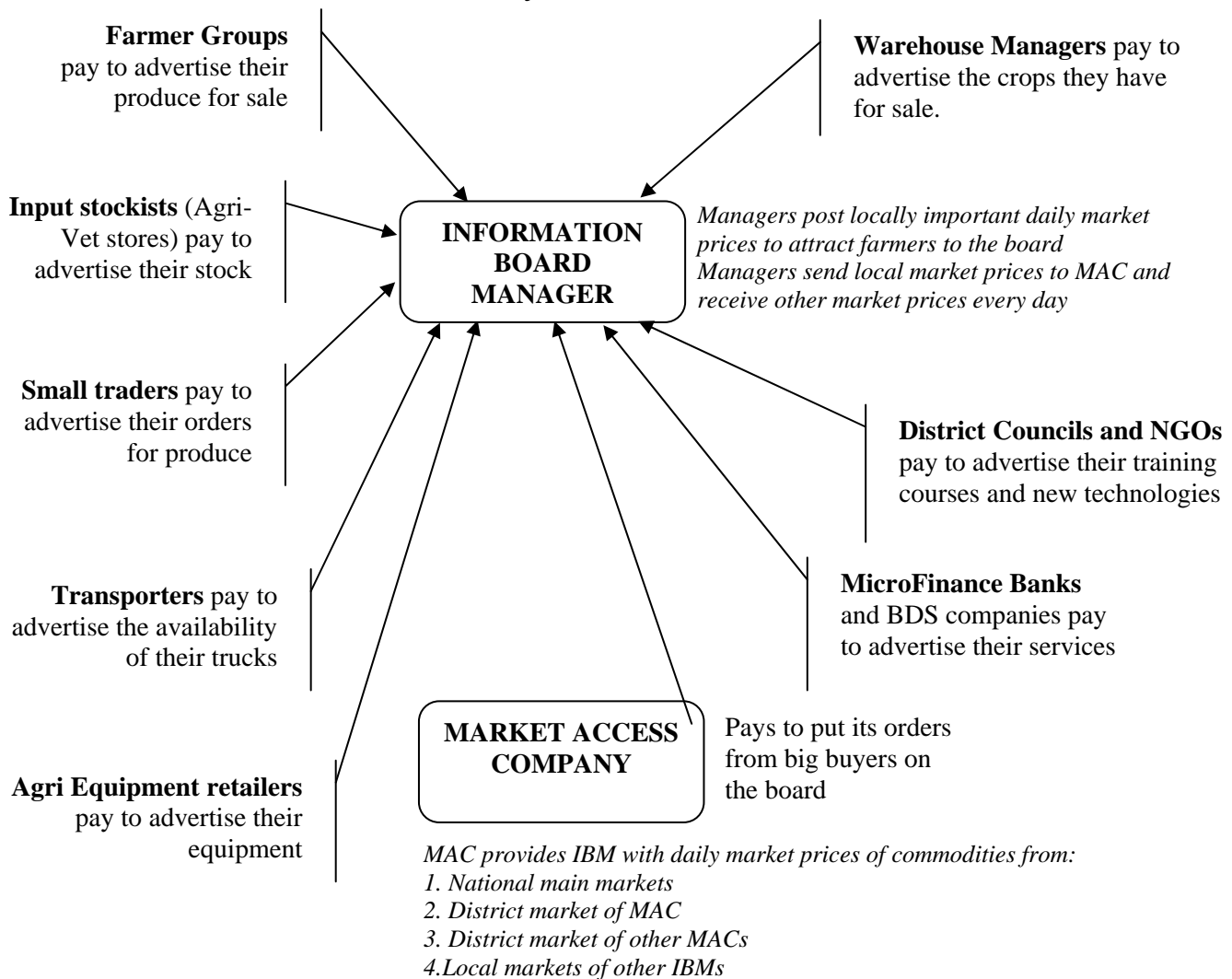
#### **What is a VSAT?**

This is a satellite connection. It is a wireless connection where the antenna is not a tower on a nearby hill but on a satellite. The antenna is a satellite 36'000 km above the equator in space. You need a satellite dish to pick up that signal. Satellite television works like this. VSAT can get us connection anywhere, but it is expensive.

#### **What is a modem?**

A modem is a piece of equipment that converts a specific kind of signal into a standard signal that your computer can read, and vice versa. The modem is what you need for your computer to link to the internet. Many modern laptops already have some kind of modem installed inside them.

## How to make money with market information boards



### What the information board manager does every day to make money:

- 1) Collects prices of relevant commodities in the local market
- 2) Sends local market prices to the MAC
- 3) Posts the market prices from the MAC of the national main markets, district market of the MAC, local markets of other IBMs in the district, and prices from other MACs on the information board
- 4) Posts orders from the MAC on the info board and collects the advertising fee.
- 5) Finds local clients interested in advertising on the info board and collects the advertising fees
- 6) Assists farmers who want to contribute to a MAC order get in touch with the MAC

### What the information board manager needs to run his business:

- 1) Information board that he rents from the MAC who owns the board.
- 2) Mobile phone that he owns or rents from the MAC
- 3) Pens, paper and pins to write the advertisements and market prices to pin up on the board

## How to set up the business of Information Boards

### **Introduction**

This Practical suggestion tells you about the business of information boards for marketing. Such information boards are the main tool for Market Access Companies (MACs) to stay in regular contact with the many rural trading points in their area. It also helps MACs to stay in contact with the producers and tell them about the opportunities for marketing. It is therefore very important that MACs fully understand this business. Information boards are a precondition for operating a MAC. Useful and profitable information boards are the first thing a new MAC must learn to operate. A MAC needs to be able to calculate this business. There is an example of the Excel calculation sheet called "IB-businessplans.xls" for the business calculations at the end of this document. You can download a copy of the Excel file from the DDS team library 'Practices' shelf on [www.linkinglearners.net](http://www.linkinglearners.net).

### **The business**

The business of information boards is very simple. Information boards are installed which have daily updated and important information for the people in the local area. This makes the board attractive and many people come regularly to inform themselves. Providing this attractive information is the expense of the business. Because many people come to have a look, it is also a place where notices can be put, like advertisements and posters and general information. Anybody who wants to put up a notice has to pay, like for an advertisement in the newspaper or on the radio. So this is the income of the business. Actually there are two businesses. One for the MAC, and the other for the Information Board Manager, ie. IBM.

1. The MAC rents the space from the owner of the wall and sets up the board, then rents it out to the IBM.
2. The IBM keeps the information board attractive and sells notices.

For launching the business here is the procedure that a MAC can follow:

1. Identify places where many people regularly meet at least once per week, or where many people who are interested about marketing regularly pass. This is usually at local markets.
2. At such places identify a wall where a board can be installed. Sometimes an own structure has to be made, but it is preferable that this is a wall.
3. Identify a person who works at the place or near the place where the information board is installed, and who wants to become an Information Board Manager (IBM).
4. Make an agreement with the owner of the wall to rent the whole wall. This is important because we don't want other posters to be placed near our information board. We also want to later to make the information board bigger.
5. Buy a board and install it on the wall.
6. Make an agreement with the IBM who will rent the information board from the MAC and who will be trained to collect market information daily and send it to the MAC. The IBM will also get market information from other locations from the MAC and post it on the information board which s/he rents.
7. Train the IBM on collecting the market information and sending and receiving it via mobiles. Train the IBM on how to organize the information board.

## **Business Calculations of Market Access Company MAC**

For calculating the business of the Market Access Company and of the Information Board Manager you will need the Excel Sheet "IB-businessplans.xls". You can download this from the DDS team library 'Practices' shelf on [www.linkinglearners.net](http://www.linkinglearners.net). The following explains how to use this spreadsheet:

1. First for safekeeping make a copy of the "IB-businessplan.xls". Leave the original in a file and only work on the copy. Open it.
2. You will see black figures and red figures. When a figure is black it means you can click on it and then change it according to your own information and assessment of costs and prices in your area. The red figures are automatically calculated from the black figures in other boxes. So do not touch them. When you change some black figures the red ones automatically also change according to the calculation.
3. You also see that there are two businessplans. One is for the MAC, the other is for the IBM. You can switch between these two businessplans if you click on the two boxes on the bottom left corner of the window called "MAC" and "IBM".

Now you are ready to go through the instructions below. When you are finished save your copy of the Excel sheet. Please tell us about your experience on the DDS team by sending an email to [dds@linkinglearners.net](mailto:dds@linkinglearners.net). Please also attach your copy of your businessplan so we can discuss it.

### **MAC Start-up costs**

These are the costs that must be covered before the information boards can even start to function. This is what the owners of the MAC must invest themselves at their own risk. Cash expenses should be reduced as far as possible. As much as possible should be covered by own work and using own assets like own mobile, public transport or combining with other trips, etc.

#### Budget heading 1 and 2: Own invested time

The time that members of the MAC invest to achieve all this is not calculated.

#### Budget heading 3: Mobile charges

There will be a lot of phones over the mobile to organize all this. I have taken here a lumpsum.

#### Budget 4: Travel costs

Column C explains the figures in the columns D, E, F. So the expenses per trip are entered as 5000, there are 3 locations for starting, and we plan for 3 trips to each location. Column G calculates what this costs. It is red, because it calculates this from the numbers in D11, E11 and F11. It calculates  $5000 * 3 * 3$ . If you change the black figures from 3 trips to 2 trips, or if you change the costs per trip from 5000 to 3000, then the red figure in G11 automatically changes too.

#### Budget heading 5: Material for boards

We are calculating here the minimal basic unit of board. I have calculated it to be able to hold 32 pages of A4 (see below at the lines 38-53). When there is need for more space another unit can be added. But for starting the business in three locations we just calculate one basic board unit for each location. Here we also calculate the yearly depreciation. We assume a board can be there for 5 years before it has to be replaced with a new one. That figure is in H12. So each year we have to save one-fifth of the costs of the boards in order to be able to replace them. Of course you can change from 5 years to 4 years, and then it automatically calculates one fourth.

Budget heading 6: Transport and installation

Of course these costs also return again when we have to replace an old board, so the same lifetime applies like in H12

Budget heading 7: Other

Here you can add any further start-up costs that have not been considered in this list

Line 16: Totals

So the total start-up costs are in G16, which is the total of all the numbers above it. For recovering all the costs of start-up we have to calculate again the costs over the full lifetime of an information board. So we get the figure in I16 that needs to be recovered each year.

**Operating costs for MAC**

Keep in mind, that the boards shall be in the ownership of the MAC, and the MAC rents them out to the information board managers. It is also important that the MAC can decide where to put the board. That is why it is the MAC which rents the space to put the board.

Budget heading 8: Rent for the wall

Note that this is the biggest regular expense of the MAC. The more you pay rent for the space on the wall, the more you can demand from the owner that the wall is also well maintained and clean.

Budget heading 9: Depreciations

The money from the depreciations is used to make any repairs. That way the boards are always in top order. If there are further negotiations and trips that are needed, then these too have to be paid for. The figure in G20 takes care of this. It is taken from I16

Budget heading 10: Other

Here you can add any further operating costs for MACs that have not been considered in this list

Line 22: Total costs per year.

So these are the total expenses that a MAC has to pay each year when the information boards are functioning, ie. after the initial start-up costs.

**Income for MAC:**

There is only one income: The rent from the information board managers. This rent must be part of an agreement between the MAC and the information board managers that includes not only the rent itself, but also quality standards and the tasks that the information manager must do for the MAC. For instance the MAC must provide the daily local market information to the MAC, and put up on the board the daily market information coming from the MAC about prices in the other locations.

Budget heading 11: Franchise rent for the whole business

Of course the question is: Can the information board managers pay this much rent for a board, ie. what is in D25? It depends on how good is their business. We have a look at that in the next sheet called "IBM" (see at the bottom left corner of this window).

Budget heading 12: Other

Here you can add any other income source that has not been considered in this list.

**Line 29: Profit for MAC.**

This is total income per year minus total costs per year

### **Line 30: Cashflow for MAC**

The cash that the MAC is getting is more than the profit, because in the costs is also the depreciation costs. So we can add those depreciation costs in G19 to the profit. This gives us an idea how much cash the MAC can use per year to further build the business.

### **Some further calculations**

This Excel sheet allows us to make some further interesting calculations.

#### Line 33

The money that comes back to the MAC, the MAC may want to use to expand the business to other locations. If the MAC wants to do this only with the income from the information boards themselves, how many new locations can it add to the already existing 3 after one year? In this example it is even a little bit more than 1. It is calculated as the cashflow in G30 divided by the total start-up costs G16

#### Line 35

Or another question is: How many new board units can the MAC add at the existing locations after one year? In this example it is 6. This is calculated by taking the cashflow in G30 and divide by the costs for one board, which is D12 plus D13.

## ***Business Calculations of Information Board Manager IBM***

### **Start-up costs**

These are the costs to start the operation until it begins to function

#### Budget heading 1: Own invested time

The time the IBM is investing to prepare everything is not calculated

#### Budget heading 2: Purchase of mobile

The mobile phone is crucial for the business with the information boards. An IBM without a mobile phone cannot do this business. So maybe s/he already has one, or has to buy one. However, the mobile is only partly used for this business, because it is also used for private and other purposes by the IBM. So there is a percentage in E9. Of course a mobile has to be replaced after some years, so put the figure in H9. This gives us the depreciation costs in I9

#### Budget heading 2: Other

Here you can add any other start-up costs that have not been considered in this list

### **Operating costs for the IBM**

These are the regular recurring costs

#### Budget heading 4: Franchise rent

This is the rent the IBM has to pay the MAC in a full year. It is the same like it is calculated in the MAC business plan on the other MAC sheet in D25

#### Budget heading 5: Depreciation

This of course is also a regular yearly cost. It is the same figure as in I9

#### Budget heading 6: Mobile use

The IBM needs the mobile to provide daily information to the MAC about the prices of products at his or her location, and to also receive from the MAC the prices from all the other locations. Of course these prices will not be for each of the 365 days of the year. For instance we can deduct the Sundays and major holidays. Note that this is the biggest expense of the IBM.



Budget heading 7: Paper

The IBM needs nice white clean paper A4, ie. photocopy paper. This is what he can use to make photocopies or printouts of price-lists, and for giving to people who want to make a nice notice for the information board.

Budget heading 8: Felpens, Pins, etc

The IBM needs this to make the information board nice, but also to give to clients who want to make a nice notice. Of course some clients will bring their own notices or even printed advertisements and posters.

Budget heading 9: Photocopies, Printouts

The IBM may need to make photocopies or printouts of various things to put on the information board.

Budget heading 10: Contribution to security

The information board will be at a location that is also being watched by watchmen at night. This is for contributing to the security provided by these watchmen.

Budget heading 11: Other

Here you can add any other operating costs of the IBM that have not been considered in this list.

**Income for IBM**

Keep in mind that the price information about all the other local markets and the big national markets is for free to the clients of the IBM. This market price information is what makes the information boards attractive to everybody and that is why they always come and have a look. And because many people come there to have a look, it is also interesting to put up notices there. It costs to put up notices, and that is the only real income for the IBM.

Budget heading 12: Income from notices

The basic unit of an information board has space for 32 sheets A4. Let us assume that the market price information which is updated each day uses the space of about 12 sheets of A4 (maybe that is even a surface where you can use chalk, or it is a whiteboard). The rest is therefore 20 sheets of A4. Not all this space will be filled with notices. If it is, then a next board unit needs to be installed alongside the first one.

How to calculate the income? Actually the pricing is something the IBM can decide him- or herself. All s/he needs to do is what is fixed in the contract, ie. the services concerning the providing of market price information and paying the monthly rent. The prices for the notices are not fixed by the MAC, they are fixed by the IBM. Of course the prices should be as low as possible in order to get as many notices as possible. The IBM earns more if s/he has a cheap price with many notices, than if the price is high and only few notices. In the beginning the rates should be low until the board is very well visited. Of course and IBM can also provide discounts for clients who want their poster or advertisements to be there all the time.

But let us make some suggestions to the IBM for beginning:

We must assume an average price for the space of an A4. Of course some notices will be only A5, ie. half an A4, so they can be only half price. A6 (which is half the size of an A5 and is as big as a standard postcard) will cost only one fourth. But in general let us enter a number for the space of an A4 sheet. So that price for an A4 can go into D25. Or course this average price also is per week, not a full year.

Then, in order to calculate an average income, we need to see how many notices will be there all the time. Of course they always change and are replaced. But we can calculate an average number of notices that together cover the space of a number of A4. That is in E25. Of course we have 52 weeks per year. So this gives us the projected income for the IBM each year in G12

Budget heading 13: Other

Maybe there are also other sources of income that can be added which are not considered in this list.

**Line 30: Profit of the IBM**

This of course is total income per year minus total costs per year. How much is this per month? See line 31. But is this a good source of income? Let us see: Let us assume that an IBM has to work a number of hours for the information board each day. That is in D33. So how many hours does s/he work per month? That depends on how many days s/he works per month. That is in D34 (ie. without the Sundays). So this allows us to calculate what the IBM earns each hour. That is the monthly profit in G31 divided by the number of hours s/he works on the IB business each month, which is the hours per day times the number of days, ie.  $D33 * D34$ . The result is automatically calculated in G35. How does this compare with a normal daily wage? Well, if we calculate 8 hours per working day, we get the figure in G36. Is this a good daily wage?

**Line 37: Cashflow for the IBM**

To the profit we must add the depreciation of the mobile, ie. G15, because that too is cash which s/he has in the pocket.

**Further calculations**

This Excel sheet also gives us the opportunity to calculate other interesting figures. For instance:

Line 40: Breaking even

How many A4 need to be on the information board at all times in order to make sure the IBM is breaking even, which means he is not making a loss? It is calculated from the total operating costs per year in G22, divided by the price of an A4 for one full year, which is  $D25 * F25$ . The number of A4 that have to be paying notices on the board at all times in order to break even are automatically calculated in C40. Of course the MAC will also place notices on the information boards. It is a good idea if the MACs pay for these notices in order to encourage the IBM. If the MAC can guarantee to buy this minimal number of notices space from the IBM at the beginning, then this will encourage him or her even more.

Line 41: Buying a new mobile

How many months does an IBM have to wait until s/he can afford to buy a new mobile with the profit s/he is making and if s/he does not calculate the own time? Of course this depends on what kind of mobile, but we have assumed a price for a new mobile in D9. So how long does it take to earn enough to buy such a mobile? It is the price of the mobile in G9 divided by the profit s/he can make each month, which is in G31. The result is automatically calculated in C41.

**Business Calculations for operating Information Boards**

These are primary variables: You can change them and see what the effects are on the other figures.  
**black figures =** figures.  
**red figures =** These are calculated from other figures. Do not touch them

<b>Business of the MAC</b>				TSH	Life years	Depreciation each year
<b>Start-up costs until information boards operate:</b>						
1	Own invested time for organizing not calculated			0		
2	Own invested time for instructing and training the local information board managers IBM not calculated			0		
3	Mobile charges for getting it all organized	lumpsum		20,000		
4	Travel costs for negotiations	Expenses per trip / No. of locations / No. of trips per location	5,000 <b>3</b> 3	<b>45,000</b>		
5	Material for first boards (One unit per location at 1.8m x 1.4m, providing space for 32 A4)	cost per unit / No. of locations	20,000 <b>3</b>	<b>60,000</b>	<b>5</b>	<b>12,000</b>
6	Transport and installation of boards	transport costs / No. of locations	10,000 <b>3</b>	<b>30,000</b>	<b>5</b>	<b>6,000</b>
7	Other....			0		
Total start-up costs for MAC				<b>155,000</b>	<b>5</b>	<b>31,000</b>
<b>Operating costs for MAC</b>						
8	Rent for the wall on which the board is	rent per month / No. of locations	10,000 <b>3</b>	<b>360,000</b>		
9	Depreciations, replacements			<b>31,000</b>		
10	Other....			0		
Total costs per year				<b>391,000</b>		

## ANNEX C: PRACTICAL SUGGESTIONS

<b>Income for MAC</b>					
11	Franchise rent for the whole business from IBMs	monthly rent / No. of IBMs	15,000	3	540,000
12	Other...				0
	Total income per year				540,000
	Profit for MAC				149,000
	Cashflow for MAC				180,000
	After one year of operation the cashflow allows the MAC to add X new locations.... X =			1.16	
	or:				
	After one year of operations the cashflow allows the MAC to add Y new board units to existing locations... Y =			6	

<b>Calculation for size of Information Board Unit:</b>		
A4 is the basic unit, ie. a photocopy sheet.		cm
	Short side	21
	Long side	29.7
A0 is 16 sheets of A4, ie		
	4 times short side of A4	84
	4 times long side of A4	118.8
A basic unit is 2 A0 side-by-side, ie. 32 sheets A4:		
	2 times short side of A0	168
	1 time long side of A0	118.8
Add 10cm margin for frame (both sides), etc.		
	Information board unit short side	138.8
	Information board unit long side	188

ANNEX C: PRACTICAL SUGGESTIONS

<b>Business of IBM manager</b>				TSH	Life years	Depreciation per year
<b>Start-up costs until information board operates:</b>						
1	Own invested time for organizing not calculated			0		
2	Purchase of mobile phone. Only partly because it is not fulltime for the IB business	costs of mobile / % of costs for IB	50,000	50	25,000	3 8333
3	Other...			0		
	Total start-up costs				25,000	
<b>Operating costs for IBM</b>						
4	Franchise rent to the MAC	see MAC business plan			180,000	
5	Depreciation of mobile				8,333	
6	Mobile use for price information	costs per day / No. of information days per year	1,000	300	300,000	
7	Paper	price of rims of A4 / no. per year	20,000	4	80,000	
8	Feltpens, etc.	lumpsum			20,000	
9	Photocopy	price per copy / No. per month	50	20	12,000	
10	Contribution to security of location (market guards)	lumpsum per month	5,000		60,000	
11	Other...				0	
	Total operating costs per year				660,333	

ANNEX C: PRACTICAL SUGGESTIONS

<b>Income for IBM</b>						
12	Income from notices	Price for one A4 notice for one week / average				
		No. of A4 notices on the board / No. of weeks per year				
13	Other...		2,000	10	52	1,040,000
						0
		<b>Total income per year</b>				<b>1,040,000</b>
		Profit for IBM per year (excluding own invested time)				<b>379,667</b>
		Profit for IBM per month (excluding own invested time)				<b>31,639</b>

<i>Calculate work remuneration:</i>			
Average time spent on IB business per day	hours	1	
Days per month (excluding sundays and holidays)	days	26	
Fee per hour of work			1,217
Equivalent to daily wage at 8hrs per day of			<b>9,735</b>
Cashflow for IBM per year			<b>388,000</b>

For breaking even, how many notices A4 must be on the board throughout the year?	<b>6.3</b>
The cashflow allows the IBM to buy a new mobile after X months.... X =	<b>1.6</b>

## How to make money with SMS feeds

An information feed is a specialized SMS with specific information that is regularly sent to a subscriber who has to pay for that service. We can start making money by sending SMS feeds to our clients manually. Later we will use Tradenet to automate the sending of SMS information feeds to interested customers.

### The simplest form of SMS information feed

For instance I am a trader dealing with grains. In order to check all the prices of grains in all the markets, I would need to make a number of phone calls or send a number of SMS to the price information system. Maybe I don't have time for that. I want this information sent to me automatically through an SMS every day. I want to buy from you a daily information feed for all grain prices on all the important markets. So I become a "subscriber" to your SMS feed service. You can sell this SMS feed service now, but you will have to manually send out the sms every day. The people who operate Tradenet can automatically send an SMS with the required information each day at a prefixed time to all the subscribers who want this information automatically sent to them. Tradenet will cut the cost and time it takes you to send your SMS feeds manually.

What you have to do is find out what market information your customers want and then find a way to get that information so you can send it to them as an SMS. Some customers might only want prices others might want to be alerted when someone is either buying or selling the commodity of their interest. Of course such a feed can be on any commodity at any market, eg. fish or goats or coffee or bananas. This can also be for transport, eg. as a transporter I may want to get a message sent automatically to me each day at noon which lists all the people looking for transporters who will move their cargo.

### Tailormade feeds with Tradenet for large groups or organisations.

Tradenet will offer many more opportunities for you to make money from selling sms information feeds.

- For instance a farmer association wants to regularly inform its members about certain prices or issues or available services or dates of meetings, etc. So you can assist the farmer association buy the right to send a tailormade feed to all its members. This can also be transporter association. Or it could also be a large processing factory like a sugar plant or fruit processing plant. They can buy from you an SMS feed to inform all its suppliers about routes of trucks and timetables of delivery, etc.
- As a small trader I can also buy the right from you to send specific messages to various types of my customers. For instance I can have a list of all the suppliers of potatoes in my area. When I get a large order for potatoes, I can alert all my suppliers by just sending one message, and everybody gets it. So whoever wants to contribute to fulfilling the order s/he can ring me back. This is like posting a notice on an information board, but this is an SMS version of it.
- There are many possibilities for using feeds. Your challenge is to come up with more ways of making money from sms information feeds.

### How do SMS feeds generate money

Whoever wants to make money from selling SMS information feeds must buy the possibility for doing this from the Tradenet operator in their country. This is either in cash or using the mobile account. Then they sell their feed to their customers on a subscription basis. For instance if I am a trade agent or information board manager, I can buy the possibility for sending 300 feeds for 10 dollars per subscriber per year. But I charge each subscriber 20 dollars each year. For these 20 dollars each subscriber gets regular information from me about things that interest him. So with each new subscriber I can make 10 dollars each year. If I have 200 subscribers, then I earn 2,000 dollars per year. Of course I can make all sorts of information feeds and sell them, so together maybe I have 1000 subscribers. That way I can earn 10,000 dollars each year by regularly providing very good information to all my subscribers who need this information for making good business. Note this is only an example. We still need to learn how much a feed will actually cost or how much customers will pay for a six month subscription. But, you can start selling your own manual SMS feeds right now at a price you decide with your customer. The more customers you can get now the better able you will be to work with Tradenet once we get it operational in your country.

### **Business Idea for an Information Board Manager**

Information Board Managers work in the local markets in rural towns and usually have their own business there. As a side income they also operate the information board. The board is located where many people interested in market information regularly pass by.

Board Managers collect price information each day in their market. Each day they then send this price information to the MAC they are working with (or the Tradenet information system when it is operating). For this they can use SMS with mobile phones, but it is easier via the internet. They also get price information feeds via SMS of the prices in all the surrounding markets in their area and of the major national markets. Each day they update this information on the board for everybody to see who passes by the board.

The IBMs also put up notices on the board for anybody who wants to inform about events or is looking for deals or who wants to advertise their services. Such people have to pay for placing the 'advertisements'. Such people can also decide to buy an SMS feed from the IBM, who will send the information of the advertisement to interested subscribers via SMS.

#### **Daily Activities**

Every day the information board manager must make time to do the following:

- Collect the price information at their local market
- Upload the information with codes via SMS or internet
- Update the daily prices of relevant markets in their area onto the information board.
- Help people who want to advertise something to formulate it and stick an advertisement on the information board.
- Collect fees for these advertisements<sup>1</sup>.
- Send SMS-feeds with information of a customer to interested subscribers, and collect a fee from the customer.
- Identify people who want price information to be sent to them automatically via SMS and sell them SMS-subscriptions.

#### **Required Start-Up Investments**

To start up this business the information board manager will need to buy the following items:

- A mobile phone
- An information board
- A laptop with GPRS modem unless there is a very good internet cafe already available in the market. If this cost is too high they should look into the possibility of renting a laptop with GPRS modem.

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<sup>1</sup> (Note: A customer may also want to place his/her advertisement on more than one information board throughout the area. In such a case the IBM will contact his colleagues in the other markets who will put up the advertisement also on their boards. In such a case s/he collects the fee from the customer and forwards it to the other IBM colleagues)



### Running Costs

To operate this business profitably the information board manager will have to sell enough advertisements on the board and SMS feeds to customer to cover the following costs:

- Interests on loans for the start up equipment, and their repayment or rental fees.
- Savings for replacing equipment when it gets broken or too old.
- Costs for collecting data each day (own time or hiring people to do it, plus SMS fees).
- Rent for the space where the Information Board is located (or local taxes).
- Security for the information board (for instance contribute to the salary of the market or building watchman).
- Paper and felt pens for writing notices and advertisements.
- Buying SMS feeds from Tradenet operator.

### Income streams

Information board manager can earn money in the following ways:

- Fees for advertisements on the information boards
- Sell subscriptions for SMS feeds to special clients who want automatic SMS with specific information.
- Sell SMS feeds to people who want to advertise through SMS to interested subscribers in the local area.

### What Type of Person Can Do This Business

The kind of person who can do this business must have the following:

- Be operating a business in the local market area in order to be around when people come and ask for more information or want to put up an advertisement. Keep in mind that in the beginning an Information Board is a side-income and not a main business.
- Not be a government official or tax collector, etc.
- Know very well how to operate a mobile phone and use the internet.
- Be willing to invest some time to learn how to do this business
- Be able wait until people start using the Information Board to put up their advertisements. (We expect about 6 months until first profits can be made, and about 1 year for fully developing this business to be a stable income).

## **Business Idea for a Trade Agent in Transaction Security**

### **The Business Idea**

A trade agent for transaction<sup>2</sup> security is licensed by the national marketing company. A Trade Agent (TA) works in an area roughly the size of a district. S/he has a network of direct links to producers and producer groups, local transporters, warehouse operators, middlemen, local processors and traders, and to the official agencies in the district concerned with trade. The TA negotiates secure deals between buyers and sellers of products. A secure deal means:

- The buyer gets the agreed amount of products at the agreed place, with the agreed quality and packaging, at the agreed time.
- The seller is paid the agreed amount at the agreed time according to agreed conditions.
- The process of the transaction is tracked by the TA so that in case something goes wrong the mistake can be easily identified and corrections can be made without quarrelling.
- The contents of any bag or crate or basket can be traced back to the producers.
- The deal is written up and registered with the brand of the national marketing company. The registered deal is published on the internet and can be seen by all buyers and sellers.

The buyers pay the TA for organizing the deals through a commission. This is the main income of the TA. Because of the registration everybody can see the particulars of the deal and the commission. If a deal is successful, all the participants can put this on their track record which can be seen by everybody. If somebody in a registered deal fails to fulfil the agreed commitments, then this is going to make a bad mark on his/her track record. Customers can check the track records of the people they want to deal with. People with a good track record get more customers in the future. They may also use their good track record of fair trading to get bank loans. So TAs sell transaction security and are paid through a commission.

Note that in order for the transaction security service to be successful the TA depends on information boards. S/he may therefore operate one or more Information Boards, or rent out a whole network of Information Boards to managers that he trusts. A TA may also specialize in certain products and coordinate with other TAs in other areas to grow the business. They can also grow their business over time from a one person TA into a local Market Access Company (MAC).

### **Main Activities:**

The Trade Agent must make time to do the following:

- Operate the network of information boards and coach and supervise the Information Board managers.
- Identify big buyers in the district and negotiate secure deals for them with the producers. Then organize and supervise the deals. Collect the commissions.
- Register and track secure deals according to the rules of the national company.
- Coach the clients on how they can improve the quality of their products and services.
- Sell subscriptions to SMS-feeds provided by the national company.
- Help clients to publish their offers for buying and selling over Tradenet

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<sup>2</sup> "Transaction" means all that is required to make a trading deal successful.

- Identify the information needs of the own clients. Then package such information into various tailor-made SMS information feeds and sell subscriptions for them.
- Attend trainings and workshops organized by the national company for learning to do all the above. Participate in the LLL learning exchange among all TAs for improving the own competence and capacity.

### Required Start-Up Investments

To start up this business the TA will need to buy the following items:

- Mobile phone
- Laptop with GPRS modem (possibly rented)
- Motorbike
- Signboard
- Start-up operational capital for one year (see more on expenses below).

### Running Costs

To operate this business the TA will have to cover the following costs:

- Interests of loans for the above investments, and their repayment
- Savings for replacement of equipment when it is broken or gets too old
- Mobile phone vouchers
- Rents for laptop and GPRS modem, or their servicing and repair costs.
- Rent for small office space when needed
- Fuel and servicing for Bike
- Insurances for bike and other equipment
- Buy feeds for SMS
- Pay for license for operating as TA of national marketing company, including use of brand for transaction security services.
- Costs for trainings and workshops and participating on LLL

### Income streams

TA's can earn money in the following ways:

- Commissions on successful and secure deals
- Sale of subscriptions of SMS feeds
- Sale of advice to clients on how to improve the quality of their products and services.

### What Type of Person Can Do This Business

The kind of person who can do this business must have the following:

- already be operating a trading business in the area
- have their own network of contacts to producers and traders which s/he can then expand
- not be a government employee or tax collector, etc.
- have his own mobile phone and know how to operate it
- already be active on the internet or want to learn how to be active. A TA must learn to be online daily in order to stay in contact with the national level company and operate the Tradenet.
- be willing to invest some own time to learn this business and be able to wait for some time until it is profitable. We expect the business to cover all the costs after about one year.

## **Business-to-Business Collaboration for Transaction Security Services**

### **The Business Idea**

Anyone who buys and sells agricultural products tells the same sorry story in East Africa. From small farmers through middlemen, processors and wholesalers to retailers all talk of markets being inefficient, unreliable, unpredictable and highly risky. Some notable exceptions exist. Commodity markets, like coffee, tea, sugarcane, organized through larger corporations binding producer to factory to exchange work better. But for the rest of small farmer products it's a sorry story. Bigger buyers can never get the right quantity and quality of produce at the right place at the right time. All players in the market chain want secure transactions for their produce and their payments.

Transaction security is defined as the assuredness of sellers and buyers along the whole marketing chain that their transactions are:

- at agreed times and locations,
- with agreed volumes and qualities,
- payments according to agreed conditions and times,
- track-able in case something did not work out as agreed and therefore corrections can be made without quarrels,
- traceability of produce through the whole chain back to the producers.

The issues of transaction security are critical for placing small holder farmers into a position where they can learn the required reliability for accessing profitable markets, trade with the markets at fair conditions, and break through the presently prevalent default behaviour of "everybody cheats everybody".

Despite many attempts the 'large corporation' business model has not yet worked for most commodities. The business idea presented in the figure below relies on business-to-business collaboration for mutual benefits. It is a search for 'win-win' solutions between many inter-dependent small businesses.

### **Who are the Clients?**

Key clients at local level are small farmer associations and savings societies (SACCOS) including those of pastoralists. Just as important locally are the small traders, transporters and warehouse owners. At main and national market levels key clients are processors, wholesalers, and the supermarkets. See red boxes in figure below.

### **What are the Market Access Businesses?**

Offering transaction security from producer to consumer, four independent small businesses operate. From local to national levels as shown in the blue boxes in the figure below the businesses are:

1. Information Board Manager (IBM) operates a frontline market intelligence service.
2. Market Access Company (MAC) operates a local market brokering service.
3. Transaction Security Broker (TSB) operates a business counselling and brokering service.
4. National Marketing Company (NMC) operates a service for transaction security and R&D on markets and business operations.

### **What is the Client to Market Access Business Relationship?**

Shown in the figure below as red arrows; three kinds of relationships: advertising fee, commissions and contracts link clients to these businesses.

1. Local clients of the IBM pay a small fee to advertise on the information board their produce, purchase order or any other service like transport and storage.
2. Clients to the MAC pay commissions, based on percentage of sales on the deals MACs arrange for their clients.
3. Clients of the TSB and NMC sign contracts for transactions security with pay them for it directly.

### What is the Business to Business Relationship in Market Access?

Profit incentives drive the business to business relationships. Being independent small businesses there is no command and control relationship between the different businesses. There are no franchise or dealership arrangements here. The businesses, however, do depend on each other for growth and profits. The relationships they develop are collaborative for mutual benefit and win-win operations. Thus all licensing fees that govern inter-dependence are managed as cost recovery and not as profit making. Profits for all the businesses come from advertising, commissions and contracts with their respective clients.

Thus the business relationship between IBM and MAC, as shown by the blue arrows in the figure below, has the IBM paying the MAC a registration fee covering rental of the information boards. In their turn the MACs pay the TSB a licence fee for access to larger deals and business counselling. TSBs pay the NMC a licence fee for access to transaction security service and R&D on new markets and operations.

### What Supporting Services are Needed?

In order to succeed the market access businesses need two supporting services. These businesses and their relationships with the market access companies are shown as brown boxes and arrows in the figure below.

First is an SMS accessible online trading platform. The online platform makes possible the rapid exchange of time sensitive information necessary for secure transactions along the market chain from producer to consumer. 'Tradenet' provides the online trading platform for all businesses and clients. The trading platform is operated in each country by the NMC. The NMC pays a subscription to Tradenet at 8% of all income resulting from the use of the platform. Income streams include a margin on every SMS, client user licenses, and advertising fees.

Second, is an online learning platform for all businesses and clients to enable B2B learning. Linkinglearners.net provides the online learning platform for this business-to-business learning. The LLL platform is operated by the NMC in each country. The NMC pays a licence fee to Linkinglearners.net based on the number of clients and businesses using the service in their country.

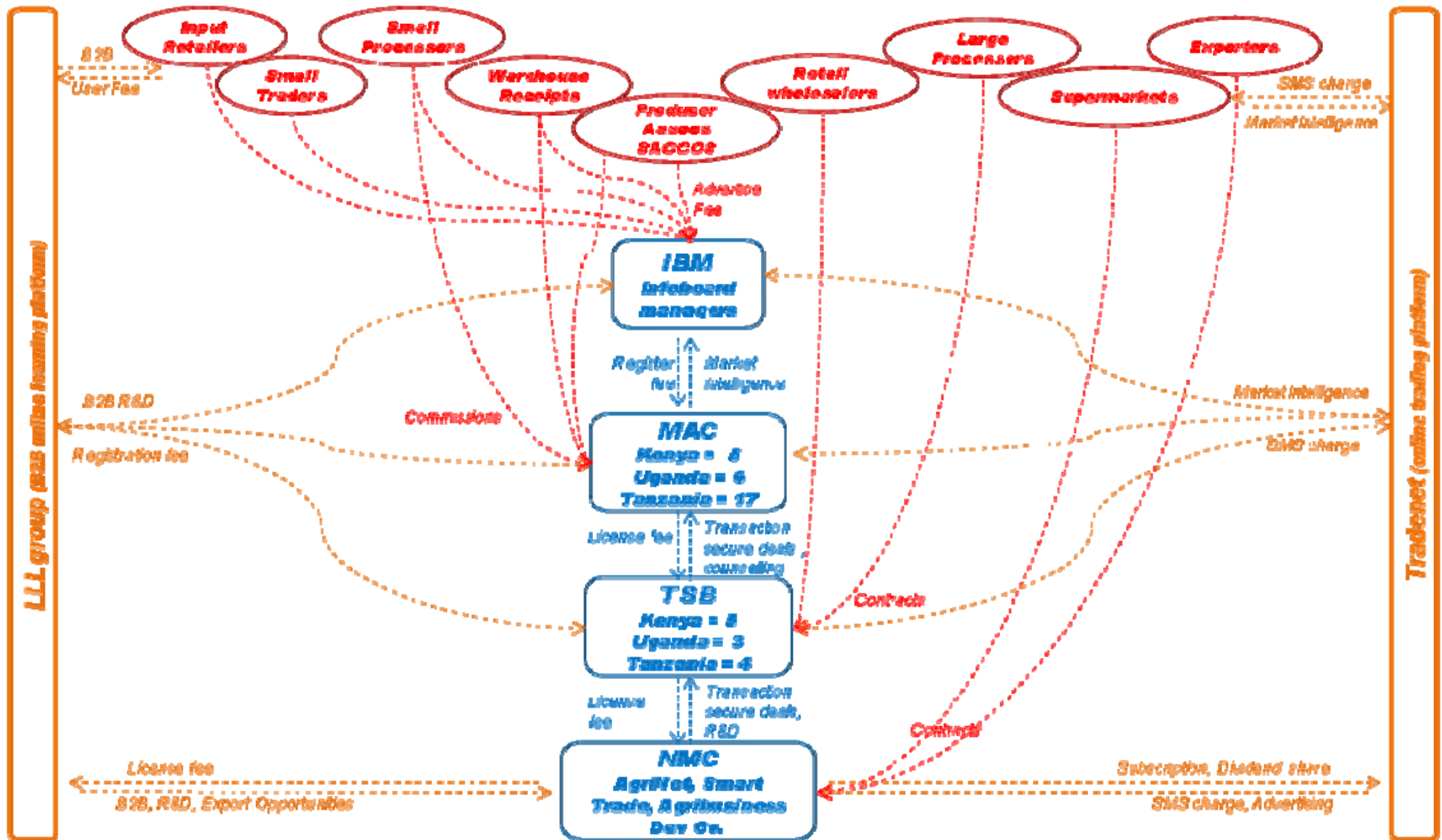
### What Guides Commercial Collaboration?

Building solvency from the bottom up. Sustained commercial success comes through ensuring solvency at the local level and then through to the higher levels. So IBM incomes from advertisements must be greater than their registration fees and operating costs. MAC incomes from commissions must be greater than their license fee and operating costs. TSB incomes from contracts must be greater than their licence fee and operating costs. NMC incomes from online trading and contracts must be larger than Tradenet subscriptions, linkinglearners licence fees and operating costs.

Passing opportunities downwards. TSB's should not manage contracts that could be managed by a MAC. The principle is always to pass business down and never take away business that could be operated by a MAC or IBM. Optimum commercial development passes business opportunities down to the lowest level at which they can be managed. This allows the higher levels to expand their client network.

Ensuring Transaction Security. Any commercial development must ensure the unique selling point of transaction security. Registrations and licences provide for control of service quality.

## The Developing Commercial Relationships between Market Access Businesses



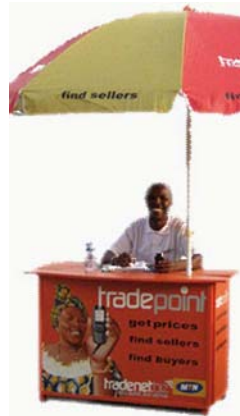


### 1. A mobile subscription service

Agents can set up mobile alerts that are customized for individual recipients and can cover weather, forex, current market prices, offers to buy & sell, harvest data, transport availability, disease alerts and extension messages

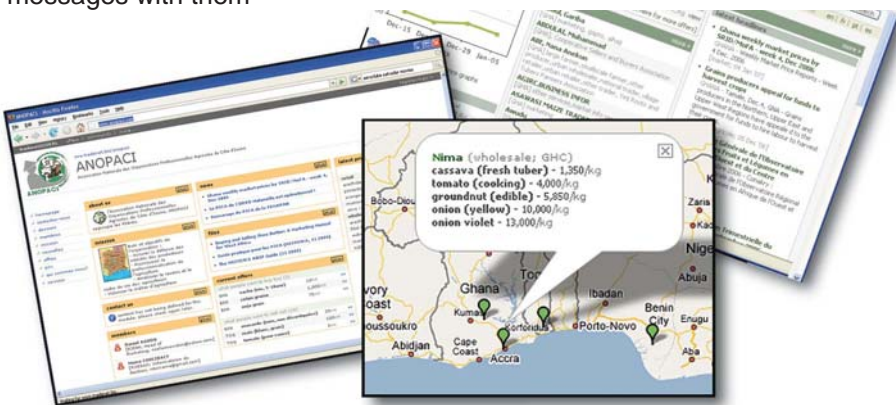
### 2. a profitable business

Specially trained trade agents will resell these market feeds as 3-month subscriptions (on a commission basis). These micro-entrepreneurs are embedded in markets, villages and communities and are incentivized to profile and support their customers and to complete any data gaps in the system. Groups may also sell websites and subscriptions to their more affluent membership to raise revenues and subsidize basic extension offerings to small scale producers.



### 3. a marketing and analysis webtool

any government, ministry, farmer group or public/private trade group can configure their own space on TradeNet Web. They can share price and offer information among their suppliers, manage reports on crop data, analyse price trends over time, and generate powerful maps that show price differentials and proximity offers to users. Every member of these groups can get a free website to describe and market their products, and to upload data to their webpage from their mobile phone. Groups or individuals can also setup SMS distribution lists on TradeNet to just a few suppliers, or thousands of stakeholders, their own space on TradeNet Web. They can and distribute messages to them via SMS at a fraction of the cost that currently it takes to reach those members. Buyers, Sellers, Input Suppliers, Processors, Government can all use the powerful SMS publishing system to identify users in a particular region or growing a particular commodity and share disease, weather, commercial or public messages with them



www.tradenet.biz info@tradenet.biz +23321258803

TradeNet is an SMS subscription service for farmers and traders. Delivered daily, messages contain prices, offers, weather, forex, transport and more that is customized to suit the location and occupation of every subscriber. Users can filter the alerts to suit exactly what is important to them. TradeNet also allows people to submit field data from the field to track their crops, announce disease outbreaks, trace their produce and build their profile. Farmer, Trader & Gov groups can use the platform to manage their customers, help promote their goods, and reduce the cost to publish extension and marketing messages.



## Market Price Collectors at Major Markets

### The Business Idea

Market price collectors make the wholesale prices of key commodities available to everyone who request for their information via an SMS message. They make their money from receiving a small payment on each SMS request made. Price collectors can make more money from selling SMS feeds to their customers. They collect price information each day in their market. Each day they then send this price information to the national company operating the Tradenet information system. When fully operational this information can be uploaded to Tradenet directly by SMS with mobile phones, or via the internet. Everybody can then use their mobiles to send SMS to get those prices on their phones. The business depends on the wholesale price data being accurate and up-to-date. People will only request for the data if it so.

### Daily Activities

The price collector must make time every day to do the following:

- Collect the price information
- Upload the information via SMS or internet
- Identify people who want price information to be sent to them automatically via SMS and sell them SMS feeds.

### Start Up Costs

To start up this business the price collector will need to buy the following items:

- A mobile phone
- A laptop with GPRS modem (or rent it if possible) unless there is a very good internet cafe already available in the market which means there is no need to invest here.

### Running Costs

To operate this business the price collector will have to cover the following costs:

- Interests of loans for the investments and their repayment.
- Savings for replacement of equipment when breaks or wears out (amortizations).
- Costs for collecting data each day (own time or hiring people to do it).
- Buy SMS feeds.

### Income streams

Price collectors can earn money in the following ways:

- Regular payments by the National Marketing Company for each price they upload. This should cover their mobile costs for uploading.
- Every time somebody anywhere requests over the SMS a price that the enumerator uploaded, s/he gets a few shillings. This means s/he must always be sure to send good information to the system, or else people will not request it over their mobiles.
- Sell subscriptions for SMS feeds to special clients who want automatic SMS with specific information.

### What Type of Person Can Do This Business

The kind of person who can do this business must have the following:

- be a respected member of the market organization.
- not be a government official or tax collector, etc.
- be daily on the market doing other business. This price collector business is a side-business.
- be willing to invest some time to learn how to do this and to wait until people start using SMS to check the prices. We expect about 6 months until first profits can be made, and about 1 year for fully developing this business to be a stable income.